

VERIFICATION REPORT FOR THE ENVIRA AMAZONIA PROJECT



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Summary

This report describes the verification of the Envira Amazonia Project - A Tropical Forest Conservation Project in Acre, Brazil (“the project”), a Reduced Emissions from Deforestation and Degradation (REDD) project located in Brazil, that was conducted by SCS. The purposes of the verification audit were (1) to conduct, in accordance with the VCS Program rules, an ex-post independent assessment of the GHG emission reductions and removals that have occurred as a result of the project during the

monitoring period from 01-01-2019 to 31-12-2021 (“the verification period”) and (2) to conduct, in accordance with the CCB rules, an ex-post independent assessment of the climate, community and biodiversity impacts that have occurred or are on track to occur as a result of the project during the same period. The verification engagement was carried out through a combination of document review, interviews with relevant personnel and on-site inspections. As part of the verification engagement 19 findings were raised: 1 Non-Conformity Reports, 13 New Information Requests and 5 Observations. There are also 4 forward action requests. These findings are described in Appendix A of this report. The project complies with the verification criteria, and SCS holds no restrictions or uncertainties with respect to the compliance of the project with the verification criteria.

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1 INTRODUCTION

1.1 Objective

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

1.1.1 Verification Objectives Under the Verified Carbon Standard

In accordance with Section 4.3 of the VCS Standard (see the below Section 1.2.2 for full reference), SCS carried out an ex-post independent assessment of the GHG emission reductions and removals that have occurred as a result of the project during the verification period, conducted in accordance with the VCS Program rules. In accordance with Section 2.1.2 of the VCS Validation & Verification Manual, V3.2, the objectives of the verification engagement were to evaluate the monitoring report and assess

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

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

1.1.2 Verification Objective Under the Climate, Community & Biodiversity Standards

In accordance with Section 4.1 of the CCB Program Rules (see the below Section 1.2.3 for full reference), SCS carried out an ex-post independent assessment of the climate, community and biodiversity impacts that have occurred or are on track to occur as a result of the project during the verification period, conducted in accordance with the CCB rules.

1.2 Scope and Criteria

1.2.1 Scope

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

- The project and its activities.
- The baseline scenario(s) applicable to the project.
- The carbon pools and/or greenhouse gases included in the project boundary.
- The verification period.

1.2.2 Criteria Under the Verified Carbon Standard

In accordance Section 4.1.8(2) of the VCS Standard (see below for full reference), the criteria for verification was the VCS Version 4, including the following documents:

- VCS Program Guide, V4.1
- VCS Standard, V4.3
- VCS Non-Permanence Risk Tool, V4.0

1.2.3 Criteria Under the Climate, Community & Biodiversity Standards

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

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

1.3 Level of Assurance

1.3.1 Level of Assurance Under the Verified Carbon Standard

In accordance with Section 4.1.8(1) of the VCS Standard, the level of assurance of this report, insofar as it describes work performed under the Verified Carbon Standard, is reasonable.

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

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

1.4 Summary Description of the Project

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

2 VERIFICATION PROCESS

The verification engagement included certain validation activities, as discussed in Section 3 below. The term “verification”, as used in this Section 2, applies to such validation activities as well as the verification engagement as a whole.

2.1 Audit Team Composition (Rules 4.3.1)

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

| Area of required expertise | Individual(s) on audit team containing required expertise | Summary of relevant qualifications |
|---|--|---|
| Proficiency in a relevant local or regional language for the project location | Diego Olivera | Native Spanish speaker, full professional proficiency in Portuguese |
| Relevant agriculture, forestry and/or other land use | Diego Olivera, Doug Baldwin, Letty Brown | Familiar with common agricultural practices and corresponding deforestation |

| | | |
|--|--|--|
| experience in the project country or region | | pressures in the project country. Knowledge of other REDD projects in the Amazon |
| Relevant social and cultural expertise | Diego Olivera, Letty Brown | Familiar with social and agricultural practices in the Amazon region |
| Relevant ecological and biodiversity expertise | Doug Baldwin, Diego Olivera, Letty Brown | Familiar with ecology and biodiversity best practices and measurements |

2.2 Method and Criteria

The verification engagement was conducted through a combination of document review, interviews with relevant personnel and on-site inspections, as discussed in Sections 2.3 through 2.5 of this report. At all times, an assessment was made for conformance to the criteria described in Sections 1.2.2 and 1.2.3 of this report. As discussed in Section 2.6 of this report, findings were issued to ensure conformance to all requirements.

The audit team created a sampling plan following a proprietary sampling plan template developed by SCS. The audit team identified areas of “residual risk”—those areas where there existed risk of a material discrepancy (either in terms of non-conformance to the verification criteria or in terms of errors, omissions and misrepresentations that, in aggregate, exceeded the materiality threshold established for the project as a percentage of the total reported GHG emission reductions and/or removals) that was not prevented or detected by the controls of the project. Sampling and data testing activities were planned to address areas of residual risk. The audit team then created a verification plan that took the sampling plan into account. This approach is justified as it has been designed in accordance with Section 4.4.3 of ISO 14064-3:2006 and the guidance provided in Annex A.2.4.6 of the same document.

2.3 Document Review

The monitoring report (“Envira Amazonia Project’s CCB VCS 2019-2021 Monitoring Report 2022.07.30 (Cleaned)” dated 30 July 2022; “MR”) and non-permanence risk report (“Envira Amazonia Project’s VCS Non-Permanence Risk Report (6-17-2022)” dated 17 June 2022; “NPRR”) were carefully reviewed for conformance to the verification criteria. The CCB and VCS project descriptions (“CCB_PROJ_DESC_1382_05MAR2015” and “PROJ_DESC_1382_04APR2015”; together “PD”) were also reviewed as part of this engagement to better understand the project’s design. The following additional documentation, provided by project personnel in support of the aforementioned documents, was also reviewed by the audit team:

| Document | File Name | Ref. |
|--------------------------------|--|------|
| Project summary | Envira Amazonia Project Summary Document, English (2-25-22) | /1/ |
| Calculation workbook | 2021_EnviraMonitoring_2022.02.25 | /2/ |
| Participatory Rural Assessment | Envira Amazonia’s 2018 PRA | /3/ |
| Community Survey | Community Engagement Template for Envira Amazonia Project (2014) | /4/ |
| Community Survey | Envira Amazonia Community Survey Results (2014) | /5/ |
| Degradation survey results | 2018 Degradation Surveys at Envira Amazonia Project | /6/ |
| Basic necessity survey results | BNS Results for Envira Amazonia Project (2018) | /7/ |
| Basic necessity survey results | BNS Results for Envira Amazonia Project (2022) | /8/ |

| | | |
|--|---|------|
| Basic necessity survey | Envira Amazonia Project's 2018 BNS | /9/ |
| Basic necessity survey | Envira Amazonia Project BNS (1 of 1) - 2022 | /10/ |
| Spatial data | EnviraPA_20140327 (shapefile) | /11/ |
| Spatial data | EnviraPA_20140327.kmz | /12/ |
| Spatial data | EnviraStrata_20140327 (shapefile) | /13/ |
| Spatial data | Landsat_003_066_29_08_2021_classification_clip_scene_area (shapefile) | /14/ |
| Spatial data | 366_2018FNFMonitoring (shapefile) | /15/ |
| Spatial data | 2018_AllDeforinPA_2019.03.12 (shapefile) | /16/ |
| Spatial data | 2018_EnviraMonitoring_2019.03.12 (shapefile) | /17/ |
| Spatial data | Landsat_003_066_29_08_2021_Clip (shapefile) | /18/ |
| Spatial data | Envira2021_FNF (shapefile) | /19/ |
| Spatial data | Envira2021_strata (shapefile) | /20/ |
| Spatial data | EnviraMonResults_2022.02.04 (shapefile) | /21/ |
| Accuracy assessment results | AA_ACRE_METRICS_TABLE_PATH_033_ROW_066_updated_2022.02.24 | /22/ |
| Community meeting minutes | ATA DA REUNIÃO DIA 05.06.2022 | /23/ |
| Agronomist's map of community area | DUDA-FORMATO A2 (Dazio's Map) | /24/ |
| Family lawyer's letter to auditors | Resposta 02 auditoria (Rege Vasques' Legal Letter) | /25/ |
| Proponent's Attestation about no deforestation | Carta de Não Desmatamento (Assinada) | /26/ |
| Proponent's Attestation about no deforestation | CARTAS ASSINADAS -PROPRIEDADES - DATA 27-01-2016 | /27/ |
| Proponent's Attestation about no deforestation | Letter from Francisco for Verification (3-7-22) - FINAL[9291]carta | /28/ |
| Project's response to public comments | Envira Amazonia Project's Response to Public Comments | /29/ |
| Carbonfund's IRS 990 form (2020) | CF-990-2020 | /30/ |
| 30 year project budget and workplan | Pro Forma for Envira Amazonia Project (7-22-19) | /31/ |
| Scientific article "Rapid Ecological Assessment of the birds on the upper Jurupari River, Feijó, Acre, Brazil", authored by Tomaz Nascimento de Melo | MELO (2016) - Birds of Jurupari river | /32/ |
| Registration Submittal to the State of Acre's Institute of Climate Change, including Tri-Party Agreement | Envira Amazonia Project's IMC Submittal (July 2016) | /33/ |

2.4 Interviews

2.4.1 Interviews of Project Personnel

The process used in interviewing project personnel was a process wherein the audit team elicited information from project personnel regarding (1) the work products provided to the audit team in support of the MR and NPRR; (2) actions undertaken to ensure conformance with various requirements and (3) implementation status of the project activities.

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

| Individual | Affiliation | Role | Date(s) Interviewed |
|-------------------------------|---|------------------------------------|----------------------------|
| Brian McFarland | CarbonCo | Executive Vice President | Throughout audit |
| James Eaton | Ostrya Conservation | Director | Throughout audit |
| Pedro Freitas | Freitas International Group (Carbon Securities) | Founder and president | 6 April 2022 |
| Marco Aurelio Freitas | Freitas International Group (Carbon Securities) | Project Manager | Throughout audit |
| Andre de Luca | Birdlife International Brazil | Ornithologist / Birdwatching guide | 6 April 2022 |
| Tomaz Melo | Amazonas Federal University | Ornithologist | 6 April 2022 |
| Francisco Umberto Prado Couto | JR Agropecuaria e Empreendimentos EIRELI | Company owner | 6 April 2022 |
| Maria Teresa Prado Couto | JR Agropecuaria e Empreendimentos EIRELI | Company owner | 6 April 2022 |
| José Elves Araruna de Sousa | JR Agropecuaria e Empreendimentos EIRELI | Project Lawyer | 6 April 2022 |
| Rege Ever Vasquez | JR Agropecuaria e Empreendimentos EIRELI | Family (land owner) Lawyer | 6 April 2022 |

2.4.2 Interviews of Other Individuals

The process used in interviewing individuals other than project personnel was a process wherein the audit team made inquiries to confirm the validity of the information provided to the audit team. The following personnel not associated with the project proponent and/or implementing partner were interviewed.

| Individual | Affiliation | Role | Date(s) Interviewed |
|--------------------------------|---|----------------------------|----------------------------|
| Marcos Luiz Jose Prado Lopez | Hired by JR Agropecuaria e Empreendimentos EIRELI | Dentist | 6 April 2022 |
| José Sunglei da Silva Rocha | Hired by JR Agropecuaria e Empreendimentos EIRELI | General physician (doctor) | 6 April 2022 |
| Kiefer Roberto Cavalcante Lima | Municipality of Feijo | Mayor | 7 April 2022 |
| Jorginaldo Da Silva Pedrosa | Community member in the Project Area | Project beneficiary | 9 April 2022 |

| Individual | Affiliation | Role | Date(s) Interviewed |
|-------------------------------------|--|---|---------------------|
| Calixto Raimundo Cunha Da Silva | Community member in the Project Area | Project beneficiary | 9 April 2022 |
| João Nascimento Da Silva | Community member in the Project Area | Project beneficiary | 9 April 2022 |
| Israel Souza Da Silva | Community member in the Project Area | Project beneficiary | 9 April 2022 |
| Maria Elinelma Orlanda Cardoso | Community member in the Project Area | Project beneficiary | 9 April 2022 |
| Samuel De Souza Da Silva | Community member in the Project Area | Project beneficiary | 9 April 2022 |
| Antonio Francisco Lopes Da Silva | Community member in the Project Area | Project beneficiary | 9 April 2022 |
| Raimundo Estevo do Nascimento | Community member in the Project Area | Project beneficiary | 10 April 2022 |
| Jose Souza de Nascimento | Community member in the Project Area | Project beneficiary | 10 April 2022 |
| Nazario Pedrosa do Nascimento | Community member in the Project Area | Unregistered community member - not a beneficiary | 10 April 2022 |
| Antonia Pedrosa do Nascimento | Community member in the Project Area | Unregistered community member - not a beneficiary | 10 April 2022 |
| Raimundo da Silva Lima | Community member in the Project Area | Unregistered community member - not a beneficiary | 10 April 2022 |
| Marina De Souza Rodrigues | Community member in the Project Area | Project beneficiary | 10 April 2022 |
| Sueli De Souza e Souza | Community member in the Project Area | Project beneficiary | 10 April 2022 |
| Francisco de Claves Santos de Souza | Community member - Project Zone inhabitant | Not a beneficiary - outside the project area | 11 April 2022 |
| Giovanni Souza Da Silva | Community member - Project Zone inhabitant | Not a beneficiary - outside the project area | 11 April 2022 |
| José Dazio Bayma | Hired by JR Agropecuaria e Empreendimentos EIRELI | Agronomist / Agricultural extensionist trainer | 12 April 2022 |
| Raul Vargas Torrico | Climate Change Institute (Instituto de Mudanças Climáticas - IMC) | President | 12 April 2022 |
| Charles Henderson | Climate Change Institute (Instituto de Mudanças Climáticas - IMC) | Technical specialist | 12 April 2022 |
| André Hassem | Acre's Environment Institute (Instituto de Meio Ambiente do Acre - IMAC) | President (not in charge since July 2022) | 12 April 2022 |

2.5 Site Inspections

The objectives of the on-site inspections were to

- Select samples of data and information from field observations in order to meet a reasonable level of assurance and to meet the materiality requirements of the project, as required by Section 4.1.2 of the VCS Standard.
- Perform a risk-based review of the project area and project activities to ensure that the monitoring and quantification of GHG emission reductions and removals for the verification period conforms to the verification criteria.
- Perform a risk-based review of the project area and project activities to ensure that the project conformed to the requirements of the verification criteria throughout the verification period;
- Confirm the validity of information presented in the non-permanence risk report.

In fulfillment of the above objectives, the audit team performed an on-site inspection of the project area on the dates 06 April 2022 through 15 April 2022. The main activities undertaken by the audit team were as follows:

- Interviewed project personnel (see Section 2.4.1 of this report) to gather information regarding the monitoring procedures and project implementation
- Interviewed residents of several communities (Feijo and Jurupari River community in the Envira project) located in the immediate vicinity of the project area to confirm the claims of the project proponents with respect to the extent of community engagement
- Carried out remote and on-site inspections of the project's measurement and/or monitoring methodologies through the following activities:
 - Reviewed project's calculations of stated emissions removals and reductions by repeating calculations on a sample of input data.
 - Downloaded Sentinel-2 imagery (10 m2 resolution, which is higher than project's forest/non-forest coverage map: 30 m2) from two points in time: August 7, 2020 and September 21, 2021. Two forest classification accuracy assessments were conducted with imagery from these separate dates. The audit team's assessment is more focused on the actual project area than the project's accuracy assessment, which was conducted across the entire Landsat scene used in their classification (Landsat scene is a much larger area than the project area).
 - Visited an area that had been deforested in the past year (according to the Sentinel imagery) to ground-truth the imagery, corroborate when the deforestation event occurred with the community members, and inspect how carbon stocks have shifted in these deforestation areas. The project had successfully detected deforestation in this area. There were little if any live standing trees in this area, and the area had clearly been burned, which aligns with the project's assumptions about carbon stocks and biomass burning in areas deforested in the project area.

2.6 Resolution of Findings

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

- Non-Conformity Report (NCR): An NCR signified a discrepancy with respect to a specific requirement. This type of finding could only be closed upon receipt by SCS of evidence indicating that the identified discrepancy had been corrected. Resolution of all open NCRs was a prerequisite for issuance of a verification statement. Note that the Verra equivalent is a Corrective Action Request (CAR).

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

As part of the audit process, 1 NCR, 13 NIRs, 5 OBS and 4 Forward Action Requests were issued. All findings issued by the audit team during the audit process have been closed. In accordance with Section 4.1.14 of the VCS Standard, all findings issued during the audit process, and the impetus for the closure of each such finding, are described in Appendix A of this report.

2.6.1 Forward Action Requests

The 4 Forward Action Requests that were issued as part of the audit process correspond to findings number 2, 7, 8 and 18. to be seen on Appendix 2.

FAR 1 is issued in Finding # 2 and deals with legal documentation regarding the delay of land tenure. The audit team requests a check on progress for required legal milestones in the land tenure process. The milestones have been described in the updated Monitoring Report. Note: most of the project benefits derive from the land titling, so demonstrating tangible progress on the land tenure process is directly tied to assessing the project's objectives for providing community-level benefits.

FAR 2 is issued in Finding # 7 and deals with employment opportunities. The audit team requests a check on the implementation of agricultural related training for the whole community with special attention to women. The implementation of this kind of training aligns with two CCB Community Gold Level Indicators the project claims and is directly tied to the project's Gold Level status.

FAR 3 is issued in Finding 8 and deals with agricultural extension courses. The audit team requests a check on implementation of agricultural extension courses, which should be in line with the ideas presented and proposed in the meeting minutes of 5 June 2022, which is supporting documentation for the current monitoring report 2019-2021. Sections 2.2.1 and 4.4.1 of the monitoring report should also be taken into consideration when revising this implementation. Note that this action aligns with at least two CCB Community Gold Level Indicators the project claims and is directly tied to the project's Gold Level status.

FAR 4 is issued in Finding 18 and deals with the agreements signed by the community members about land tenure. The audit team requests a check for the next verification period about the areas that were agreed by the landowner to be transferred to the inhabitants of the project area. The language of the supporting documentation states a certain amount of land, but does not designate the total land area per family or how many family members will receive land tenure.

2.7 Eligibility for Validation Activities

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

3 VALIDATION FINDINGS

3.1 Participation under Other GHG Programs

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

3.2 Methodology Deviations

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

3.3 Project Description Deviations (*Rules 3.5.7 – 3.5.10*)

3.3.1 Project Description Deviations for Purposes of VCS Rules

The below table identifies each project description deviation applied by the project were validated as part of the verification engagement described in this report. The audit team concludes, in summary, that all such deviations are valid.

| Identification of deviation | Assessment column 1* | Assessment column 2** | Assessment column 3*** |
|---|---|--|--|
| Last paragraph of page 69 to the end of section 2.2.4 (“As the UCEGEO (the GIS department within the Climate Change Institute of Acre State government) annual dataset on the extent and spatial location of all deforestation within Acre state is no longer available for use in the current monitoring period...”) | The application of the methodology is not impacted, since the forest/non-forest land coverage map that resulted from the new data processing and algorithmic approach to classify land cover is applied in conformance with VMD0015-M-MON for calculating the parameters ADefPA and ADefLB. | The project deviation does not impact additionality, as the audit team found no material errors in the land coverage classification approach when conducting an accuracy assessment on the project’s forest/non-forest coverage map. | The project deviation concerns ex-post credit calculations, so there is no impact on baseline/without-project scenarios. |

- *Assessment column 1 contains information regarding assessment of whether the proposed deviation impacts the applicability of the methodology.
- **Assessment column 2 contains information regarding assessment of whether the proposed deviation impacts additionality
- ***Assessment column 3 contains information regarding assessment of whether the proposed deviation impacts the appropriateness of the baseline/without-project scenario

The deviation identified above is appropriately described and justified and, in respect of each of the above deviations, the project remains in compliance with the VCS rules.

3.3.2 Project Description Deviations for Purposes of CCB Rules

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

3.4 Minor Changes to Project Description (*Rules 3.5.6*)

The MR states in section 2.2.3: The two minor changes to the Project Description were that the biodiversity monitoring involving a bird study, along with the third round of the PRA surveys were originally scheduled for May 2020. However, both activities were suspended due to the COVID pandemic. The bird study and surveys should be conducted in March-April 2022. Otherwise, there were no minor changes to the project description.

Each of the changes discussed above is appropriately described and justified and, in respect of each of the above deviations, the project remains in compliance with the project’s validated design. The audit team deems the COVID pandemic justifies the shift in both aforementioned activities. Furthermore, the audit team assessed biodiversity with respect to CCB conformance in the project area as part of the on-site visit (see section 2.5). The audit team also analyzed the latest PRA survey results in comparison to the 2018 PRA. Note: the 2018 PRA is still relevant for the 2019-2021 verification period.

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

This section is not applicable, the inclusion of new project areas and communities was not validated as part of the verification engagement described in this report.

4 VERIFICATION FINDINGS

4.1 Public Comments (*Rules 4.6*)

The public comment period extended from 28 March 2022 to 27 April 2022. The below table provides an assessment of each comment that was submitted. The audit team concludes, in summary, that the project proponent has taken due account of any and all comments and that each comment has resulted in revisions to the project design or other documented efforts, where appropriate.

| Comment No. | Assessment column 1* | Assessment column 2** | Assessment column 3*** |
|-------------|--|--|--|
| 1 | <p>The comment critiques assumptions of the baseline scenario, specifically the deforestation rate (note: the project’s projected deforestation for this planned deforestation project ended up as 8,000 ha per year for the first 4 years, then 7,301 ha the 5th year; total project area is 39,301 ha).</p> <p>The comment also mentions how there is a</p> | <p>The abridged project’s response to this:</p> <p>Following the procedures laid out in the VM0007 BL-PL module, and as the public commenter correctly points out, an annual deforestation rate of 16.1% was calculated for the Envira Amazonia Project. While it is unclear what is meant by “the project’s baseline is not plausible,”</p> | <p>The project’s response is appropriate. Both the deforestation rate and permit issues in the project’s response are consistent with the original project description. One more detail the audit team adds here is that there is nothing in the VCS guidelines that prevents the landowner (JR Agropecuária e Empreendimentos EIRELI)</p> |

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| | <p>lack of evidence supporting the deforestation action of the baseline scenario (conversion from forest to cattle ranch over 5 years), such as no suppression permits from the Environment Institute of Acre and no Environmental Impact Study and Impact Report documents, which is required for deforestation above 1,000 ha.</p> <p>Finally, the comment notes how JR Agropecuária e Empreendimentos EIRELI is the landowner and project owner, and how they were created in 2009 to clear 20% of the Envira Amazonia project area to mine the area and convert in a cattle ranch.</p> | <p>the project proponents felt that the calculated deforestation rate of 16.1% was higher than was likely to be observed in the with-project case due to concerns about the availability of equipment to clear 32,000 ha of forest in a single year. It is for this reason the project decided to reduce the annual area deforested in the baseline to 8,000 ha per annum, which effectively reduced the deforestation rate from 16.1% to 4.0%. This 4% deforestation rate is demonstrably conservative as this is less than the deforestation rate for each of the 10 proxy properties identified in Table 3.3 of the original PDD. The public comments are therefore irrelevant.</p> <p>The following “potential issues” all appear to be irrelevant as discussed below.</p> <ul style="list-style-type: none"> • The project demonstrated Government Approval in Section 3.1.1.3 of the approved original project document, as such any potential issues including IMAC permits would have been reviewed at the time of project validation. • An EIA RIMA (Environmental Impact Study and Environmental Impact Report) was not required as there was never a | <p>from being a project proponent.</p> |
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| | | <p>full request to deforest the project area, rather as stated in the project document “in the State of Acre to covert forest to pasture for domestic sales of cattle, the CAR (formerly known as the Licenciamento Ambiental Rural or LAR) process just needs to be opened.”</p> <ul style="list-style-type: none"> • Each proxy site was demonstrated to be representative of the project area in Section 3.1.2 of the approved original project document. Further, the VVB approved the project proponent’s approach namely that “Deforestation is inferred to be legally permitted as the property is fully georeferenced and registered with INCRA and the CAR and under the oversight of the state of Acre”. | |
| 2 | <p>The comment in its entirety is as follows: “The landowner, who is also a project proponent, is the full owner of the project area and has full resource access/use rights, which are not shared with anyone. The property was georeferenced and officially registered in the Rural Environmental Registry, a process that involved on-the-ground assessment of</p> | <p>The project’s response to this: “The Project has been validated to the CCB with Gold Level Distinction and has previously been verified three times to both the VCS and CCB; thus, demonstrating, amongst many things, the Project’s net community benefits and its FPIC process.”</p> | <p>The project has been successfully verified, but as this report notes, there are multiple findings about progress related to key project benefits (eg, land tenure, agricultural extension classes, etc). Covid did limit project activities during this verification, but the audit team required more information regarding the timeline and process of the</p> |

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| | <p>all property boundaries and consultation with neighboring landowners and resolution of any existing boundary disputes. There is a FPIC process described in documentation, although this analysis is not sufficient to conclude anything about its sufficiency and compliance to the CCB standard.”</p> | | <p>benefits sharing. We do note that benefits have been shared with the community during this verification period and during the auditor’s site visit (eg, new solar panels for registered families, visits by the agronomist Dazio to push forward the land tenure process, water filters for registered families). Also, the audit team has written 4 forward action requests to ensure progress has been made by the next audit.</p> <p>Overall, the project’s response is appropriate in the context that they have also addressed findings from the audit team and have 4 forward action requests to address by the next audit.</p> |
| 3 | <p>The comment in its entirety is as follows: “The project applies to the gold level in communities and for this it should show a functional and effective benefit sharing mechanism. This is not done. What you find in the Monitoring Report is a transcript of the Project Description section.”</p> | <p>The project’s response is: “As previously mentioned, the Project has been validated to the CCB with Gold Level Distinction and has previously been verified three times to both the VCS and CCB; thus, demonstrating, amongst many things, the Project’s net community benefits and its benefit sharing mechanism.”</p> | <p>The previous response from the audit team about Comment 2 applies here.</p> |
| 4 | <p>The comment in its entirety is as follows: “It is not clear from the project profile on the Verra website what the current verification scope is and what document is in the public consultation process. Apparently, the last period of monitoring and verification was from 2016 to 2018 (for this one there are already representation documents, the audit process is finished). We could not find any monitoring reports</p> | <p>The project’s response: “The 2019-2021 CCB-VCS Monitoring Report was posted on the Verra Registry for the Public Comment Period and this Monitoring Report is still publicly available. More specifically, the Monitoring Report can be found under the section, “CCB VERIFICATION DOCUMENTS.””</p> | <p>The audit team deems the response appropriate.</p> |

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| | covering the period 2019 to 2021, either for the VCS standard or for the CCB standard.” | | |
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- *Assessment column 1 contains a summary description of the comment.
- **Assessment column 2 contains description of how the comment was addressed by the project proponent through revisions to the project design or other documented efforts.
- ***Assessment column 3 contains an assessment of the extent to which the project proponent's responses are appropriate.

4.2 Summary of Project Benefits

The summary of project benefits has been correctly provided in Section 1 of the MR. The audit team has reasonable assurance that the all applicable and quantifiable information has been provided in an appropriate manner. The section is completed appropriately, according to the template requirements. The audit team can verify that all achievements reported are substantiated with information provided in the body of the document.

Note, given the covid pandemic, project activities were paused from 2020-2021, which makes up a significant portion of the verification period. The audit team has 4 forward action requests that should be addressed by the next audit.

4.3 General

4.3.1 Implementation Status (G1.9)

4.3.1.1 Implementation Status of the Project Activity(s)

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

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

| Item | Verification findings |
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| Existence of any material discrepancies between project implementation and the project description | <ul style="list-style-type: none"> ● No material discrepancies were identified after conducting document review, on-site and remote interviews of project personnel, on-site and remote interviews of stakeholders, and assessing the accuracy of deforestation claims. |

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| <p>The implementation status of the monitoring plan and the completeness of monitoring, including the suitability of the implemented monitoring system (i.e., process and schedule for obtaining, recording, compiling and analyzing the monitored data and parameters)</p> | <ul style="list-style-type: none"> Through on-site and remote interviews conducted with project personnel, on-site interviews with the project community, and document assessment, the audit team confirmed the implementation status of the monitoring plan and the completeness of monitoring, including the suitability of the implemented monitoring system. |
| <p>The existence of any material discrepancies between the actual monitoring system, and the monitoring plan set out in the project description and the applied methodology</p> | <ul style="list-style-type: none"> No material discrepancies were identified after conducting on-site and remote interviews, recalculation of credits, and assessing the accuracy of deforestation claims. The audit team did clarify the timeline for crucial benefits during this audit, such as the achievement and scope of land tenure through the findings process. As activity and visits to the project area were impacted from 2020-2021 from the Covid pandemic, the audit team has forward action requests that should be addressed and checked during the next verification period. |
| <p>Whether the GHG emission reductions or removals generated by the project have become included in an emissions trading program or any other mechanism that includes GHG allowance trading</p> | <ul style="list-style-type: none"> Through general knowledge of other emission trading programs (including any in Brazil or the state of Acre) and other mechanisms that include GHG allowance trading, as well as based on knowledge of the organizations involved in the project team, the audit team is confident that the GHG emission reductions or removals generated by the project are not included in an emissions trading program or any other mechanism that includes GHG allowance trading. The audit team also interviewed representatives of the Institute of Climate Change and Regulation of Environmental Services (IMC) while on-site, and this interview also confirmed that Envira's GHG emissions reductions/removals are not included in an emissions trading program or any other mechanism that includes GHG allowance trading. |
| <p>Whether the project has received or sought any other form of environmental credit, or has become eligible to do so since validation or previous verification</p> | <ul style="list-style-type: none"> Please see box above. The audit team is confident that the project has not received or sought any other form of environmental credit or has become eligible to do so since validation. |

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| <p>Whether the project has participated or been rejected under any other GHG programs since validation or previous verification</p> | <ul style="list-style-type: none"> • Please see box above. The audit team is confident that the project has not received or sought any other form of environmental credit or has become eligible to do so since validation. |
| <p>Sustainable development contributions</p> | <ul style="list-style-type: none"> • Through interviews conducted with project personnel and project communities, and document assessment, including close review of Section 2.1.10 of the MR, the audit team confirmed the project's sustainable development contributions. Yet, as noted in previous responses, the audit team required more clarity about the timeline and process of important benefits, such as community members acquiring land tenure. With the updated understanding of these timelines and processes, the audit team notes the 4 forward action requests in this report. |

4.3.1.2 Previously Validated Methodology Deviations

1) "Trees in the Cecropia genus will not be included as part of the forest inventory, due to the unavailability of applicable biomass equations. This has been proposed as a deviation as it stands in conflict with the CP-AB requirement that "all the trees above some minimum DBH in the sample plots" be measured."

2) "While sampling lying dead wood using the line intersect method:

- Two 92-meter transect lines were used rather than two 50-meter transect lines;
- The sampling lines did not bisect each sample plot, but rather ran from one plot center to the next; and
- The sampling lines were oriented to the north and east, and no randomization in the bearing of the first line was employed."

3) "Rather than using a root to shoot ratio to estimate belowground biomass as per the CP-AB module, belowground biomass was estimated using an allometric equation developed by Cairns et al.¹Cairns et al. is appropriate for determining belowground biomass as this equation is published in a peer-reviewed scientific journal. In fact, guidance for new methodologies as found in VCS AFOLU Requirements version 3.4 specifically mentions the Cairns et al. equations in reference to established procedures for quantifying belowground biomass, thus indicating the appropriateness of this source."

4) "The forest inventory has deviated from the criteria for selection (i.e., the equation is based on a datasets comprising at least 30 trees, with an r² that is ≥ 0.8) and validation of the allometric equation related to palm biomass, however the equation used is likely to result in a conservative estimate of palm biomass for the following reasons:

- Volume is calculated as the volume of a paraboloid [sic] rather than the volume of a cylinder; and
- Only stem biomass is estimated, thus conservatively excluding other aboveground biomass including palm fronds."

¹ Cairns, M. A., S. Brown, E. H. Helmer, and G. A. Baumgardner. 1997. Root biomass allocation in the world's upland forests. *Oecologia* 111, 1-11.

- 5) “Dead wood collected for density determination was opportunistically sampled from within forest strata present in the project area. The forest inventory collected a total of 39, 42, 37 samples for the sound, intermediate, and rotten² classes, respectively.”
- 6) “Parameter UP,SS,i,pool# will be monitored at least once every 10 years, on re-measurement of forest carbon stocks. While module X-UNC requires that monitoring of this parameter occur every < 5 years, this requirement is inconsistent with the VM0007 pools modules, which specify that stock estimates (from which uncertainty is calculated) are assumed valid for 10 years. Therefore, a deviation to module X-UNC is applied to permit parameter UP,SS,i,pool# to be monitored every < 10 years, putting it into alignment with modules CP-AB and CP-D.”
- 7) “Rather than monitoring Cpost using modules CP-AB and CP-D as described in the MON modules, C(post) can conservatively be assumed to be zero in the with-project case, not only for natural disturbance (CP,Dist,q,i , as stated in Section 5.2.3 of the M-MON module) but also for deforestation (CP,post,u,i). This deviation is conservative because subtracting zero from the baseline stocks, leads to the conclusion that $\Delta C_{pools,Def,u,i,t}$ is equal to $C(BSL,i)$, which leads to the maximum emission in the with-project case, which is conservative. This deviation may be used for the first and each subsequent monitoring period.”
- 8) “The parameter ARRL,forest was not monitored or updated in 2018 as the Acre dataset, the input for the calculation of ARRL,forest, was discontinued in 2017 and the follow-on dataset had not been released by the Brazilian government at the time of reporting. As this parameter does not drive project accounting, its neglect does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.”
- 9) “The frequency which degradation needs to be monitored has been increased from 2 years to less than 5 years to streamline monitoring requirements and ensure consistency throughout the M-MON module. The requirement to conduct the PRA every 2 years does not make sense because even where the PRA indicates degradation is occurring, degradation is then estimated by a “limited sampling” approach (as found in M-MON) which would only be implemented in the field at a sampling frequency of less than 5 years. Further, the degradation PRA is the only parameter (as listed in 3.1.2 Data and Parameters Monitored) which necessitates a frequency of measurement less than 5 years. This deviation “from the criteria and procedures relating to monitoring or measurement” as set out in the methodology has been first utilized during the 2016-2018 monitoring period. The deviation does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals. This is the case because this initial PRA is only used to indicate as to whether degradation is de minimis or not. This deviation relates only to the criteria and procedures for monitoring or measurement, and does not relate to any other part of the methodology as it only affects the degradation emission parameter in the M-MON module.”

4.3.1.3 *Previously Validated Project Design Deviations*

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

4.3.1.4 *Previously Validated Minor Changes to the Project Description*

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

² Note that 27 of the 37 rotten samples were sourced outside the project area as those sourced from within the project area did not return to the lab intact

4.3.1.5 Overall Conclusion

In summary, with the exception of the deviations to the project description as discussed above, the audit team can confirm that the project has been implemented as described in the validated project description.

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

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

- Through on-site and remote interviews conducted with project personnel, on-site interviews conducted with project community members, and through document assessment, the audit team confirmed the natural and human-induced risks to the expected project benefits are as stated in the MR.
- Through assessment of 10m resolution Sentinel remotely sensed imagery and interviews with the remote sensing specialists, the audit team confirmed that the majority of the project area is unfragmented forest, and is therefore at reduced risk to fire relative to fragmented areas. The audit team also agrees that most risks to the project are human-caused. Sentinel imagery from the 'wet' and 'dry' seasons show that a portion of the forest does visibly flood in the wet season, but that canopy cover is not affected by this in the dry season, which corroborates the statement in Section 2.2.6 that states "With respect to drought and flooding, the Envira-Jurupari-Purus River basin is a wetland ecosystem where the native habitat thrives under periodically flooded conditions." The audit team could not find any notable damage to the forest related to flooding when walking through the forest from a high to low-elevation area.
- The audit team did note in community interviews that the community members consistently explained how hunting occurs in a localized area around the community, and this is corroborated by observations made by the ornithologists the audit team remotely interviewed. The risk to biodiversity from hunting pressure appears low.
- Given these risks, the audit team agreed that project activities that have resumed after the covid-19 pandemic, like regular community meetings, the engagement of Dazio the agronomist with the community to map out land area for land tenure applications and for agricultural extension classes, and forward progress in helping the community obtain land tenure are designed to mitigate risks.

In summary, the audit team concludes that reasonable steps have been taken to mitigate the natural and human-induced risks to the expected project benefits identified by the project proponent.

4.3.3 Community and Biodiversity Benefit Permanence (G1.11)

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

- Tri-Party Agreement's Longevity: The audit team received an attestation (Ref. /28/) that JR Agropecuaria e Empreendimentos EIRELI, the landowner in the Tri-Party Agreement, has not deforested any of its land holdings. The audit team interviewed members of the Couto family who own JR Agropecuaria e Empreendimentos EIRELI, and they confirmed their support of the project and commitment to providing the local community the benefits described in the project description and monitoring report. Project personnel from CarbonCo and Carbon Securities were extensively interviewed and witnessed during the audit. From all of this, the audit team is confident that all parties are abiding by the Tri-Party Agreement's guidelines.

- Social Projects: The audit team did note the purchase of water filters for the registered families of the project, along with the establishment of solar panels for these families. In addition, the medical area appeared to be in good condition, and the doctor and dentist are resuming visits to the community following an interruption in activity stemming from the covid pandemic. Dazio has started mapping areas associated with each household for the land tenure application process, and agricultural extension courses are set to be undertaken. The audit team is confident that benefit sharing is occurring despite the covid pandemic, and that normal project activity has been resuming following the covid-related interruption. Note, we did set up FAR 2 about advancing employment opportunities, which will need to be checked during the next audit engagement.
- Education and Outreach: Agricultural extension courses are undergoing development, as the project considers how acai and potentially other produce may be reliably marketed out of the project area during periods of low river water levels. The audit team did witness Elves (JR Agropecuaria e Empreendimentos EIRELI) discuss the project in detail with Feijo’s mayor, which included future partnerships. The audit team heard firsthand from both the Climate Change Institute and Ministry of the Environment that they are aware of the Envira project and see it as necessary to preventing deforestation in the project area. The audit team did set up FAR 3 to check on the progression of agricultural extension courses, the implementation of which had been delayed during the covid pandemic.
- Legalization of Community Land Tenure: This is another component of project longevity that was delayed by the covid pandemic. The audit team gathered more information about the specific steps required for the community to obtain land tenure (see findings 2-4). Although the audit team is now seeing progress after the delay from covid, the audit team has set up FAR 1 and 4 to check on the progress of the community obtaining land tenure during the next audit engagement.

In summary, from interviews, site observations, and further documentation (Refs. /23-25, 28/), the audit team concludes that reasonable measures have been taken to enhance project benefits beyond the project lifetime in accordance with the validated project description document.

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

The audit team took the following steps to verify that the project proponent provided stakeholders with access to project information in accordance with G3.1 – G3.3.

| Steps taken to verify that... | |
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| Full project documentation has been made accessible to communities and other stakeholders. | <ul style="list-style-type: none"> ● The project has made documentation available on Verra’s website, has announced the public comment period from their website Carbonfund.org (see https://carbonfund.org/the-envira-amazonia-project-in-acre-brazil-submitted-for-ccbs-public-comment-period/), and the audit team noticed project descriptions in community member’s dwellings and the project headquarters. |
| Relevant and adequate information about potential costs, risks and benefits to communities has been provided prior to any decisions. | <ul style="list-style-type: none"> ● The project has undertaken community meetings to discuss plans and project activities, and from community interviews, the audit team found that they are free to express concerns and questions. Finding 5 lead to the audit team seeing the minutes from a recent (2022) community meeting, where it appears some issues of |

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| | confusion around land tenure were addressed with the community. |
| Appropriate actions were taken to explain the verification process to communities and other stakeholders. | <ul style="list-style-type: none"> All community members and stakeholders interviewed were aware of the auditor's visit and understood they would potentially be interviewed as part of the audit process. The members indicated this was communicated to them by the project during a community meeting that occurred a month before the site visit. Furthermore, there was direct and independent communication between the audit team and community members during the visit. The audit team conducted all individual interviews outside the presence of project proponents, and the community guided the audit team through the rainforest during our check for signs of degradation and for ground-truthing detected deforestation. |

In summary, given on-site interviews with community members and other stakeholders, follow up response to findings, and further documentation (Refs. /23-25/), the audit team concludes that the project provided appropriate access to information to communities and other stakeholders.

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

The audit team took the following steps to verify that the project proponent consulted stakeholders on project implementation in accordance with G3.4 – G3.5.

| Steps taken to verify that... | |
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| Community groups and other stakeholders have influenced project implementation through effective consultation. | <ul style="list-style-type: none"> The project interviewed project personnel from each of the 3 project proponents and witnessed them conduct a basic necessity survey and participatory rural assessment survey on-site during the audit. The audit team confirms the project is actively consulting with stakeholders and uses their feedback to help guide project activity implementation. |
| Stakeholder input on project implementation has been documented. | <ul style="list-style-type: none"> The audit team reviewed basic necessity surveys (Refs. 9-10), participatory rural assessments and community surveys (Refs. 3-5), and recent community meeting minutes (Ref. 23), which indicate the project takes stakeholder input into account and documents this input over time (also, see finding 12). |
| The project's plan for continued communication is being carried out. | <ul style="list-style-type: none"> The on-site interviews with community members indicated that community meetings with project personnel resumed following the interruption caused by the |

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| | <p>covid pandemic. The project has demonstrated another community meeting has occurred since the site visit (Ref. 23). This indicates that continued communication is being carried out.</p> |
| <p>All consultation and participatory processes have been undertaken directly with communities and other stakeholders or through their legitimate representatives.</p> | <ul style="list-style-type: none"> ● Through on-site interviews with project personnel and stakeholders, the audit team confirmed the consultation and participatory processes have been undertaken directly with the community. |

In summary, from on-site interviews with project personnel and stakeholders and from additional documentation (Refs. /3-5, 9-10, 23/), the audit team concludes that whether the project carried out effective community consultation.

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

The audit team took the following steps verify that the project proponent has enabled effective participation of all communities that want and need to be involved in project implementation, monitoring, and evaluation.

- The audit team conducted remote and on-site interviews with project personnel and stakeholders, as well as on-site interviews with community members.
- The main mechanism the project uses to engage stakeholder participation in decision-making is through community meetings at the project headquarters. The community members feel like they are free to bring forth concerns during the meetings, and audit team noted 2 findings (findings 14-15) that are based on a summary of audit interviews with the community members.
- The project’s participatory rural assessment and basic necessity surveys are based upon community input and have informed the project in what benefits to provide to the community. There are items in these surveys that members mentioned were received.

In summary, after conducting on-site community interviews, interviews with project personnel, witnessing project personnel conduct a PRA and BNS, and receiving meeting minutes from a meeting that took place after the site visit (Ref. 23), the audit team concludes that the project enabled community participation in project implementation.

4.3.7 Anti-discrimination (G3.7)

The audit team has the following conclusions regarding the actions taken by the project proponent to ensure that the project proponent and all other entities involved in project design and implementation are not involved in or complicit in any form of discrimination or sexual harassment with respect to the project:

After extensive on-site interviews with community members, the audit team can confirm that there is no forms of discrimination or sexual harassment with respect to the project. Individual interviews occurred with women and men well away from project personnel, where they could give an unbiased assessment.

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

The audit team took the following steps verify that the project proponent has implemented the project’s feedback and grievance redress procedure.

- The audit team reviewed the PD and MR, which outlines the Grievance and Redress Mechanism, and agreed that it outlines a clear procedure for receiving, hearing, responding to and attempting to resolve grievances within a reasonable time period.
- The audit team confirmed that the project has a clear process for handling unresolved conflicts and grievances through a third party grievance method in which the State of Acre's Climate Change Institute is a third party mediator of issues brought before them.
- The audit team confirmed that, as stated in the MR, no grievances were raised during the monitoring period to the Ombudsment from the Climate Change Institute.
- The audit team confirmed that, as stated in the MR, the Climate Change Institute has been reinstated after being briefly dissolved, and that the dissolution occurred during less than half of the monitoring period (early 2019 – May 2019).

In summary, the audit team concludes that the grievance redress procedure has been implemented according to the project's validated design.

4.3.9 Worker Relations (G3.9 – G3.12)

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

| Steps taken to verify that actions were taken or measures implemented that... | |
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| Build the capacity of the communities through job training and employment. | <ul style="list-style-type: none"> • The audit team confirmed that the MR contains a detailed description of training and capacity building measures that are planned or have occurred relative to project activities. • The audit team confirmed through interviews that the project currently provides opportunities for river transportation and cooking services around the project headquarters. • Interviews indicated that opportunities for agricultural work and child care opportunities are still being developed and discussed in community meetings. |
| Ensure people from the communities are given an equal opportunity to fill work positions | <ul style="list-style-type: none"> • Through observations onsite as well as interviews, the audit team confirmed that most employment opportunities to date have been temporary contract work for the project, and that local community members are paid for the specific services provided (e.g. helping with site visits, building project headquarters and river transportation). • The audit team confirmed that equal treatment is given to people in communities to fill work positions. |
| Ensure the project is in compliance with all relevant laws and regulations regarding worker's rights and workers are informed of their rights. | <ul style="list-style-type: none"> • The audit team confirmed that the MR contains a detailed description of Brazil's worker rights laws and regulations in section 2.3.15. |

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| | <ul style="list-style-type: none"> • The audit team conducted interviews with project personnel and confirmed that the project is in compliance with relevant laws and regulations related to worker's rights. • The audit team interviewed local community members and ensured they are being fairly compensated for transportation services and any other services paid for by the project (see finding 6). No labor violations were discovered by the audit team with respect to community members. |
| Inform workers of risks and how to minimize risk. | <ul style="list-style-type: none"> • The audit team confirmed that the MR described ways that the project ensures worker's health and safety protections, including an outline of risks and how to mitigate them. • The audit team confirmed with on-site interviews that community members on site are aware of the risks of river transportation, which is the highest risk service they are paid for by the project. • Through on-site observations, the audit team confirms risk mitigation measures outlined in section 2.3.16 of the MR are being implemented. |

In summary, after conducting on-site interviews and reviewing documentation, the audit team concludes that the relationship between workers and the project upholds the intent and design presented in the validated project description.

4.3.10 Management Capacity (G4.2 – G4.3)

The audit team took the following steps to verify that the project proponent has taken actions and implemented measures to ensure the capacity exists to implement the project over the project lifetime.

| Steps taken to verify information provided or measures implemented that... | |
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| Demonstrate(s) the project possesses or is acquiring the key technical and management skills required to implement the project successfully. | <ul style="list-style-type: none"> • The audit team reviewed the validated PD as well as MR and confirmed that they identify the project's governance structure as well as roles and responsibilities of all who are involved in project development and implementation. • The audit team raised finding 9 about further clarifying roles of monitoring in the community, and the project updated the MR adequately. |
| Demonstrate(s) the financial health of the implementing organization is adequate to support project implementation. | <ul style="list-style-type: none"> • The audit team downloaded Carbonfund's IRS 990 form for 2020 (CarbonCo is a wholly owned subsidiary of Carbonfund.org Foundation) and |

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| | <p>reviewed the company's revenue after accounting for expenses: the revenue less expenses is in the 7 digits, which is adequate to support project implementation.</p> <ul style="list-style-type: none"> Project personnel purchased school materials, water filters, and other supplies for the community during the site visit without any financial issues. |
| <p>Demonstrate(s) the ability of the implementing organization(s) to provide adequate financial support to new project areas included in the project at this verification event.</p> | <ul style="list-style-type: none"> Not applicable: there are no new project areas included in the project during this verification event. |

In summary, after a finding, document review, and on-site observation, the audit team concludes that the project has the capacity to implement the project in accordance with the validated project description.

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

The audit team has the following conclusions regarding the exclusion of any commercially sensitive information:

- This is not applicable. There is no exclusion of commercially sensitive information in the project's MR.

4.3.12 Rights Protection and Free, Prior and Informed Consent (*G5.1-G5.5*)

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

| Steps taken to verify actions taken or measures implemented that demonstrate... | |
|--|---|
| <p>Existing property rights are recognized, respected and supported.</p> | <ul style="list-style-type: none"> The audit team reviewed the validated PD and the MR for this reporting period and confirmed that they contain descriptions of rights as they relate to land, territory and resources in the project. The project area itself is under private ownership of one of the project proponents (JR Agropecuária e Empreendimentos EIRELI). Measures are being taken by the project to help secure statutory rights to local families by granting of official land title to formalize and strengthen local land tenure. Although there was a pause in the progress of land tenure application, the project has clarified the process with the audit team, and FARs 1 and 4 are related to a future check on the land tenure application process. |
| <p>The project does not encroach uninvited on private, community or government property.</p> | <ul style="list-style-type: none"> Please see above. Through the actions described above, the audit team confirmed that the project will not involve |

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| | any involuntary removal or relocation. In contrast, the project is taking active steps to grant official land title to formalize and strengthen local land tenure. |
| The free, prior and informed consent has been obtained of those whose property rights are affected by the project. | <ul style="list-style-type: none"> Through multiple interviews throughout the project area with local communities in group and individual settings, as well as through review of the FPIC process implemented by the project personnel, and through review of the “ata” (community meeting minutes) Ref. /23/, the audit team confirmed that FPIC was attained without coercion, intimidation, manipulation, threat, and bribery. |
| Appropriate restitution or compensation has been allocated to any parties whose lands have been or will be affected by the project. | <ul style="list-style-type: none"> Through the processes listed above, the audit team was able to confirm that this is not applicable as project area land is owned by the project proponent, and parties were not relocated by the project. |
| Project activities do not lead to the involuntary removal or relocation of property rights holders from their lands or territories, and does not force them to relocate activities important to their culture or livelihood. | <ul style="list-style-type: none"> Through the processes listed above, the audit team was able to confirm that this is not applicable as project area land is owned by the project proponent, and parties were not relocated by the project. |
| Actions have been taken, if necessary, to reduce illegal activities that could affect the project’s impacts. | <ul style="list-style-type: none"> Through interviews with the community, they regularly monitor the area around their homes and neighbors for any suspicious activity. The community is informally involved in monitoring for the project directly (see finding 9 for more information about updates to the MR). |
| No activities are undertaken by the project that could prejudice the outcome of an unresolved dispute relevant to the project over lands, territories and resources in the project zone. | <ul style="list-style-type: none"> After interviews with the community on-site, the audit team can confirm that there are no ongoing disputes among the community over lands, resources, and territories in the project area. The community meetings that have resumed after a pause from the covid pandemic facilitate interactions among community members to resolve potential disputes, including the ongoing land tenure process (Ref. /23/). |

In summary, after document review, on-site interviews, and findings resolutions, the audit team concludes that the project has protected the rights of Indigenous Peoples, communities and other stakeholders in accordance to the third edition of the Climate, Community & Biodiversity Standards and the validated project description.

4.3.13 Legal Status (G5.6)

The audit team has the following conclusions regarding (1) the assurances provided by the project that it is complying with all national and local laws and regulations relevant to project activities and (2) where relevant, how compliance is achieved:

- The lists in Sections 2.5.6 of the MR are comprehensive and include all such laws
- Review of relevant laws included in the MR, with particular emphasis on Brazil's Forest Code.
- Interviews with project personnel, including the owners of the land, as listed in Section 2.4 of this report, regarding compliance and enforcement.
- Audit team experience working in-country and with many of the same laws and regulations

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

4.4 Climate

4.4.1 Accuracy of GHG Emission Reduction and Removal Calculations

With the exception of any project description deviations and/or methodology deviations described in the above Sections 3.2-3.4 and/or 4.3.1, the GHG emission reductions and/or removals have been quantified correctly in accordance with the project description and the applied methodology.

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

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

4.4.1.1 Data and Parameters Available at Validation

| Data/Parameter | Steps taken by audit team to assess... | | |
|------------------|--|---|--|
| | Accuracy of GHG emission reductions and removals | Whether methods/formulae set out in project description have been followed | Appropriateness of default values |
| ΔCBSL, PAplanned | N/A as this parameter was evaluated during the validation process. | Confirmed that reported values in MR are equal to those reported in Section 3.1 of the registered PD (Table 3.17) | N/A as this parameter was evaluated during the validation process. |
| CF | N/A as this parameter was evaluated during the validation process. | Confirmed that reported value is equal to that in Section 4.1 of PD | N/A as this parameter was evaluated during the validation process |

| | Steps taken by audit team to assess... | | |
|--|--|---|--|
| Data/Parameter | Accuracy of GHG emission reductions and removals | Whether methods/formulae set out in project description have been followed | Appropriateness of default values |
| fj(X,Y) Allometric equation for species j linking measured tree variable(s) to aboveground biomass of living trees. | N/A as this parameter was evaluated during the validation process. | Confirmed that reported values are equal to those in Section 4.1 of PD | N/A as this parameter was evaluated during the validation process. |
| Root Biomass Density | N/A as this parameter was evaluated during the validation process. | Confirmed that reported values in Section 3.1 of MR are equal to those for Equation 4.3 of the PD | N/A as this parameter was evaluated during the validation process |
| LIF | N/A as this parameter was evaluated during the validation process. | Confirmed that reported values in Section 3.1 of MR are equal to those for Table 3.31 of the PD | N/A as this parameter was evaluated during the validation process |
| BEF | N/A as this parameter was evaluated during the validation process. | Confirmed that reported values in Section 3.1 of MR are equal to those for Table 3.7 of the PD | N/A as this parameter was evaluated during the validation process. |
| LDF | N/A as this parameter was evaluated during the validation process. | Confirmed that reported values in Section 3.1 of MR are equal to those for Table 3.31 of the PD | N/A as this parameter was evaluated during the validation process |
| LFME | N/A as this parameter was evaluated during the validation process. | Confirmed that reported values in Section 3.1 of MR are equal to those for Table 3.30 of the PD | N/A as this parameter was evaluated during the validation process |
| SLFs | N/A as this parameter was evaluated during the validation process. | Confirmed that reported values in Section 3.1 of MR are equal to those for Table 3.7 of the PD | N/A as this parameter was evaluated during the validation process. |
| OFts | N/A as this parameter was evaluated during the validation process. | Confirmed that reported values in Section 3.1 of MR are equal to those for Table 3.7 of the PD | N/A as this parameter was evaluated during the validation process |
| WWs | N/A as this parameter was evaluated during the validation process. | Confirmed that reported values in Section 3.1 of MR are equal to those for Table 3.7 of the PD | N/A as this parameter was evaluated during the validation process. |
| VBSL,EX,i,t | N/A as this parameter was evaluated during the validation process. | Confirmed that reported values in Section 3.1 of MR are equal to those for Table 3.32 of the PD | N/A as this parameter was evaluated during the validation process |

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

4.4.1.2 Data and Parameters Monitored

| | Steps taken by audit team to assess... | | |
|------------------------|---|--|-----------------------------------|
| Data/Parameter | Accuracy of GHG emission reductions and removals | Whether methods/formulae set out in project description have been followed | Appropriateness of default values |
| Δ CP,Def,i,t | This parameter has been appropriately calculated. The audit team checked the calculation links in the calculation worksheet (Ref. /2/) | The net carbon stock change as a result of deforestation in the project case in the project area has been calculated as a function of several other monitored parameters, which have been considered appropriate | N/A (calculated) |
| Δ CP,DistPA,i,t | This parameter has been appropriately considered as zero during the monitoring period per the calculation workbook /2/. No areas of natural disturbance were reported by the project proponent during this monitoring period. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD. | N/A (calculated) |

| | Steps taken by audit team to assess... | | |
|----------------|---|---|-----------------------------------|
| Data/Parameter | Accuracy of GHG emission reductions and removals | Whether methods/formulae set out in project description have been followed | Appropriateness of default values |
| ADefPA,u,i,t | The area of recorded deforestation in the project area has been considered appropriate. The verification of this parameter has been made independently by the audit team by means of geoprocessing assessment /11-21/ and entered into calculation workbook /2/. The audit team also visited a subset of the areas while in the field and confirmed the accuracy of data. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A (calculated) |
| ADefLK,,i,t | This parameter has been appropriately considered as zero during the monitoring period. The project proponent is considered as the deforestation agent because it is a APD REDD+ project. The legal attestation provided by the land owner /28/ state that no deforestation on their lands has occurred (also, see finding 1). | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A (surveyed) |
| ADistPA,q,i,t | This parameter has been appropriately considered as zero during the monitoring period. No areas of natural disturbance were reported by the project proponent during this monitoring period. All deforestation was considered as ADefPA,u,i,t | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A (calculated) |

| | Steps taken by audit team to assess... | | |
|------------------------------|--|---|-----------------------------------|
| Data/Parameter | Accuracy of GHG emission reductions and removals | Whether methods/formulae set out in project description have been followed | Appropriateness of default values |
| CBSL,i | This parameter has been appropriately estimated from the project's forest carbon inventory. Carbon inventory data has been previously assessed during validation process. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A (calculated) |
| $\Delta C_{pools,Def,u,i,t}$ | The audit team confirmed the parameter was appropriately calculated, and set equal to $C(BSL,i)$, per the previously assessed Meth. Dev. #7. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD (and per Section 2.2.2 of the MR) | N/A (calculated) |
| $A_{DegW,i,t}$ | This parameter has been appropriately set as zero during the monitoring period. Forest degradation was calculated as insignificant by the project proponent using T-SIG and PRA surveys. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A (calculated) |
| $C_{DegW,i,t}$ | This parameter has been appropriately set as zero during the monitoring period. Forest degradation was calculated as insignificant by the project proponent using T-SIG and the PRA surveys. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A (calculated) |
| API | This parameter has been appropriately set as zero during the monitoring period. Forest degradation was calculated as insignificant by the project proponent using T-SIG and the PRA surveys. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A (calculated) |

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

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

| | Steps taken by audit team to assess... | | |
|-----------------|--|---|-----------------------------------|
| Data/Parameter | Accuracy of GHG emission reductions and removals | Whether methods/formulae set out in project description have been followed | Appropriateness of default values |
| UBSL,SS,i,pool# | N/A as this parameter has not been monitored during the monitoring period. It is monitored every 10 years, assuming ongoing planned deforestation occurs in the baseline scenario. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A (calculated) |
| EBSL SS,i | N/A as this parameter has not been monitored during the monitoring period. It is monitored every 10 years, assuming ongoing planned deforestation occurs in the baseline scenario. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A (calculated) |
| UBSL,SS,i | N/A as this parameter has not been monitored during the monitoring period. It is monitored every 10 years, assuming ongoing planned deforestation occurs in the baseline scenario. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A (calculated) |
| Bi,t | N/A as this parameter has not been monitored during the monitoring period. It was assessed during the validation process. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A(calculated) |
| AGB | N/A as this parameter has not been monitored during the monitoring period. It was assessed during the validation process. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A (calculated) |

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

| | Steps taken by audit team to assess... | | |
|----------------|--|---|-----------------------------------|
| Data/Parameter | Accuracy of GHG emission reductions and removals | Whether methods/formulae set out in project description have been followed | Appropriateness of default values |
| ALT,i | N/A, as this parameter was available during validation process, and has not been monitored during this monitoring period. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A(calculated) |
| CXB,sawnwood | N/A as this parameter is monitored every 10 years, assuming ongoing planned deforestation occurs in the baseline scenario, and has not been monitored during this monitoring period. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A(calculated) |
| Pcomi | N/A as this parameter is monitored every 10 years, assuming ongoing planned deforestation occurs in the baseline scenario, and has not been monitored during this monitoring period. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A(calculated) |
| CWP100,i | N/A as this parameter is monitored every 10 years, assuming ongoing planned deforestation occurs in the baseline scenario, and has not been monitored during this monitoring period. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A(calculated) |
| CWP,i | N/A as this parameter is monitored every 10 years, assuming ongoing planned deforestation occurs in the baseline scenario, and has not been monitored during this monitoring period. | Confirmed that the monitoring methods were followed as set forth in Section 4.3 of PD | N/A(calculated) |

| | Steps taken by audit team to assess... | | |
|---------------------|--|--|-----------------------------------|
| Data/Parameter | Accuracy of GHG emission reductions and removals | Whether methods/formulae set out in project description have been followed | Appropriateness of default values |
| NewR _{i,t} | The calculated parameter was assessed during the validation process. New forest clearance began in 2018, during the previous monitoring period, as is accurately calculated per the validation process | Confirmed that the calculations match Table 3.29 in the PD | N/A (calculated) |

4.4.2 Quality of Evidence to Determine GHG Emission Reductions and Removals

4.4.2.1 Nature of Data and Information Supporting GHG Quantification

Certain data and information supporting the quantification of GHG emission reductions and/or removals were hypothetical, projected and/or historical in nature, as described in more detail below.

- Bi,t (average aboveground biomass before burning for stratum i): this parameter was calculated based upon data from the inventory taken when the project was validated. Given that it represents average biomass for the baseline case, it is conservative (eg, derived before forest growth over the course of the project).

4.4.2.2 Quality and Quantity of Evidence Used to Determine GHG Quantification

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

| Category | Steps taken by audit team to assess... | | |
|-----------------------------------|--|---|--|
| | Reliability of the evidence, and source and nature of evidence (external or internal, oral or documented) for determination of GHG emission reductions or removals | Information flow from data generation and aggregation, to recording, calculation and final transposition into the MR | Appropriateness of implemented calibration frequency of monitoring equipment |
| Reporting workbooks | The main workbook originated from Project Personnel and was determined, after thorough testing, to be of high quality and highly reliable; quantity of workbooks provided to audit team was sufficient | The audit team traced data contained in the monitoring report from the emission reduction workbook back to their respective sources, which is recorded in /2/ | N/A |
| Forest classification and mapping | The classification protocols were reviewed by the audit team, who confirmed that it was conducted using best practices and capable of capturing changes in carbon stock in conformance with the methodology | The audit team reviewed the forest classification method and conducted our own accuracy assessment to ensure high quality forest coverage mapping | N/A |
| GIS data | All deforestation information in workbooks and other demographic data was provided to the audit team, who confirmed that the data contained all the necessary information to recreate the processes employed by the project and found the calculations consistent with values stated in the project description, monitoring report and applied calculations. | The audit team re-calculated the total forested area from GIS data /14-21/ provided by the client in two points in time (beginning and end of the verification period), and we were able to recalculate deforested areas presented and used in ER calculations in the calculation workbook /2/. | N/A |

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

4.4.3 Non-Permanence Risk Analysis

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

The audit team did not perform a re-assessment of the risk analysis from first principles, but did assess:

- Whether any circumstances or conditions may have transpired since the previous risk analysis such that a previous determination having bearing on the risk rating is no longer valid.
- Whether items meant to address certain risks are in place and functioning as intended.

The audit team’s conclusions regarding the risk analysis are two-fold. The audit team concludes that:

- The assignment of risk scores to risk factors that did not change from the previous risk analysis remains appropriate and in conformance to the AFOLU Non-Permanence Risk Tool, to the extent that such assignment was appropriate and in conformance to the AFOLU Non-Permanence Risk Tool at the time of the prior risk analysis.
- The assignment of risk scores to risk factors that did change from the previous risk analysis is appropriate and in conformance to the AFOLU Non-Permanence Risk Tool.

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

4.4.3.1 Internal Risk - Project Management

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|------|--|--|---|
| (a) | <ul style="list-style-type: none"> • As tree planting is not included in project activities, risk score is justified | <ul style="list-style-type: none"> • N/A | Risk rating is appropriate |
| (b) | <ul style="list-style-type: none"> • Audit team agrees that ongoing enforcement is required to prevent encroachment by outside actors. The audit team verified that the community is engaged in ongoing monitoring and informally communicates any findings with the project. The community has patrolled the area during the verification period, based on on-site interviews. | <ul style="list-style-type: none"> • N/A | Risk rating of 2 is appropriate, since ongoing enforcement to prevent outside encroachment is required to protect more than 50% of stocks on which GHG credits have previously been issued. |

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|------|--|---|---|
| (c) | <ul style="list-style-type: none"> From SCS's previous engagements with the project proponents on other joint VCS+CCB projects, the audit confirms the management team does include individuals with significant experience in all skills necessary to successfully undertake project, the risk score is justified. | <ul style="list-style-type: none"> The audit team considers other verified VCS+CCB project descriptions and monitoring reports that were developed by the same project personnel (The Purus Project validation and 2020 verification, Envira Project's 2018 verification) as high quality. The audit team also considers SCS's previous engagement experience with the same project personnel as high quality. | Risk rating is appropriate |
| (d) | <ul style="list-style-type: none"> From site inspections, audit team can confirm that management team maintains a presence in Rio Branco and Feijo, and that the latter is within a day's drive from project area. | <ul style="list-style-type: none"> N/A | Risk rating is appropriate |
| (e) | <ul style="list-style-type: none"> Through interviews with project personnel, and through work with the project team to verify other CarbonCo projects, the audit team can confirm that the claims in the NPRR are accurate. | <ul style="list-style-type: none"> The audit team considers other verified VCS+CCB project descriptions and monitoring reports that were developed by the same project personnel (The Purus Project validation and 2020 verification, Envira Project's 2018 verification) as high quality. The audit team also considers SCS's previous engagement experience with the same project personnel as high quality. | Risk rating is appropriate |
| (f) | <ul style="list-style-type: none"> N/A as there is no adaptive management plan in place for the project. | <ul style="list-style-type: none"> N/A | Risk rating is appropriate |

4.4.3.2 *Internal Risk – Financial Viability*

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|-------------|--|---|--|
| (a-d) | <ul style="list-style-type: none"> The audit team downloaded Carbonfund's 2020 IRS 990 Form /30/ and found that the revenue, which exceeds expenses, is in the 7 digits. The audit team reviewed the project's 30-year budget and workplan /31/, and confirmed the breakeven point is 4 years or less or less from the current risk assessment. | <ul style="list-style-type: none"> The quality is high | Risk rating is appropriate |
| (e-h) | <ul style="list-style-type: none"> See above. The 30-year budget and workplan /31/ confirms that project has secured 100% of funding needed to cover the total cash out required before the project reaches breakeven; the risk score is justified. | <ul style="list-style-type: none"> The quality is high | Risk rating is appropriate |
| (i) | <ul style="list-style-type: none"> See above. Project Proponents are utilizing internal, non-restricted funds as evidenced in the Project database | <ul style="list-style-type: none"> The quality is high | Risk rating is appropriate |

4.4.3.3 *Internal Risk – Opportunity Cost*

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|-------------|---|---|--|
| (a-f) | <ul style="list-style-type: none"> The most profitable alternative land use activity is expected to be at least 100% more than that associated with project activities; the audit team reviewed the NPV analysis /31/. | <ul style="list-style-type: none"> The quality is high | Risk rating is appropriate |
| (g) | <ul style="list-style-type: none"> The audit team confirms from on-site interviews with project proponents and SCS's 2018 verification engagement with Envira that none of the project proponents are non-profits. | <ul style="list-style-type: none"> The quality of on-site interviews and the verification report for the 2018 verification engagement is considered high. | Risk rating is appropriate |
| (h) | <ul style="list-style-type: none"> The 30-year Tri-Party agreement /Ref. 33/ is still in effect as indicated by on-site interviews with project proponents. | <ul style="list-style-type: none"> The signed legal contractual agreement between the three project proponent partners is considered to be of high quality | Risk rating is appropriate |

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|------|--|---|---|
| (i) | <ul style="list-style-type: none"> The 30-year Tri-Party agreement /Ref. 33/ is still in effect as indicated by on-site interviews with project proponents. | <ul style="list-style-type: none"> The signed legal contractual agreement between the three project proponent partners is considered to be of high quality | Risk rating is appropriate |

4.4.3.4 Internal Risk – Project Longevity

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|------|---|---|---|
| (a) | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> N/A | Risk rating is appropriate |
| (b) | <ul style="list-style-type: none"> The 30-year Tri-Party agreement /Ref. 33/ is still in effect as indicated by on-site interviews with project proponents. To comply with requirement 2.2.4(3) of the Risk Tool, the audit team reviewed the submitted evidence of registration submittal to the State of Acre’s Climate Change Institute /also Ref. 33/. | <ul style="list-style-type: none"> The signed legal contractual agreement between the three project proponent partners /Ref. 33/ is considered to be of high quality. The official registration form is also considered to be of high quality. | Risk rating is appropriate |

4.4.3.5 External Risk – Land Tenure and Resource Access/Impacts

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|------|--|---|---|
| (a) | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> N/A | Risk rating is appropriate |
| (b) | <ul style="list-style-type: none"> Through on-site interviews both within and outside the community, along with interviews with the project proponents, the audit team has verified the claim about resource access and use rights. | <ul style="list-style-type: none"> The quality is high | Risk rating is appropriate |
| (c) | <ul style="list-style-type: none"> Through on-site interviews and after issuance and response to findings (see finding 17), the audit has verified the claim that 1.18% of the project area has been cleared. | <ul style="list-style-type: none"> The quality is high | Risk rating is appropriate |

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|------|--|---|---|
| (d) | <ul style="list-style-type: none"> After document review, on-site interviews, and findings responses (see finding 4), the claims about overlapping rights have been substantiated. | <ul style="list-style-type: none"> The quality is high | Risk rating is appropriate |
| (e) | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> N/A | Risk rating is appropriate |
| (f) | <ul style="list-style-type: none"> The 30-year Tri-Party agreement has been in effect since validation over multiple verifications, and on-site interviews with project proponents indicate is still in full effect. | <ul style="list-style-type: none"> The quality is high | Risk rating is appropriate |
| (g) | <ul style="list-style-type: none"> After document review (Ref. /23/), issuance of findings (see findings 2, 4, and 5), and on-site interviews, the audit team has verified that the project has implemented activities to resolve disputes or clarify overlapping claims. | <ul style="list-style-type: none"> The quality is high | Risk rating is appropriate |

4.4.3.6 External Risk – Community Engagement

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|------|--|---|---|
| (a) | <ul style="list-style-type: none"> Through on-site interviews with individual families and in group settings, the audit team is reasonably assured all households have been contacted about the projects. The children of households that were originally registered with the project 10 years ago have started creating their own households, and they are aware of the project. The community as a whole engages in community meetings where they are given the opportunity to participate. | <ul style="list-style-type: none"> The quality of the data is high | Risk rating is appropriate |

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|------|---|---|---|
| (b) | <ul style="list-style-type: none"> From on-site interviews with a sample of community members outside of the project area, the audit team learned that households close to the project area that may be reliant are aware of the project and can visit the project area for services, such as medical treatment. | <ul style="list-style-type: none"> The quality of the data is high | Risk rating is appropriate |

4.4.3.7 External Risk – Political Risk

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|-------|--|--|---|
| (a-e) | <ul style="list-style-type: none"> The audit downloaded and recalculated the World Bank Worldwide Governance score, and it matched with the client's calculation. | <ul style="list-style-type: none"> The quality of the data is high | Risk rating is appropriate |
| (f) | <ul style="list-style-type: none"> The audit team confirmed that the state of Acre is participating in the Governor's Climate and Forest Taskforce. | <ul style="list-style-type: none"> The audit team considers the Governor's Task Force webpage to be of high quality https://www.gcftf.org/ | Risk rating is appropriate |

4.4.3.8 Natural Risk

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|-------------|--|---|---|
| Fire | | | |
| L | <ul style="list-style-type: none"> Through asking about fire during on-site interviews with community | <ul style="list-style-type: none"> The quality of the data is high | Risk rating is appropriate |
| S | | | |

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|-----------------------------------|---|---|---|
| M | <p>members, the project's agronomist, and project personnel that regularly visit the project, and by making observations of a deforested area that had been burned a year earlier, the audit team concludes that the claims made by the project about fire risk are accurate. The audit team also conducted an accuracy assessment using Sentinel data (a different imagery source than Landsat used by the project) to verify that the project accurately detected deforestation during the verification period. No major disturbances were detected in the audit team's or project's imagery analysis. The project's assumptions for fire risk hold for this verification period.</p> | | |
| Pest and Disease Outbreaks | | | |
| L | <ul style="list-style-type: none"> Through asking about pest outbreaks during on-site interviews with community members, the project's agronomist, and project personnel that regularly visit the project, and by observing the high biodiversity of vegetation in the project area, the audit team concludes that the project's claims about pest risk are accurate. | <ul style="list-style-type: none"> The quality of the data is high | Risk rating is appropriate |
| S | | | |
| M | | | |
| Extreme Weather | | | |
| L | <ul style="list-style-type: none"> After on-site interviews with the community, the project's | <ul style="list-style-type: none"> The quality of the data is high | Risk rating is appropriate |
| S | | | |

| Risk | Assessment of rationale, assumptions and justification | Assessment of quality of documentation and data provided | Conclusion regarding appropriateness of risk rating |
|---------------------------|---|---|---|
| M | <p>agronomist, and other project personnel, the audit team does conclude that flooding may occur, but that the ecosystem is adapted to these events. The audit team noticed saturated conditions during a trek through low-elevation forest that also corroborated the project's claims about ecosystems adapted to wet conditions. A majority of the community members interviewed indicated that it appears conditions are getting dryer each year, but the audit team has experience working in the region and agrees with the project with their assessment of drought and carbon stocks in this project area. The project's assumptions for severe weather risk hold for this verification period.</p> | | |
| Geological Risk | | | |
| L S M | <ul style="list-style-type: none"> After the on-site visit and asking community members about natural disturbances they experience, the audit team can confirm the project's claims about no volcanoes and tectonic faults in the project area. Also, the audit team has experience working in the region and on this additional basis agrees with the risk rating claimed by the project. | <ul style="list-style-type: none"> The quality of the data is high | Risk rating is appropriate |
| Other natural risk | | | |
| L S M | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> N/A | Risk rating is appropriate |

4.4.4 Dissemination of Monitoring Plan and Results (CL4.2)

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

- While on site, the audit team confirmed that the climate monitoring plan included within the PD and MR was available for public review in the project headquarters, and that the monitoring report results (which include the results of the climate monitoring plan) were made publicly available in

the same way to communities throughout the project zone in the appropriate language of Portuguese.

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

4.4.5 Optional Gold Level: Climate Change Adaptation Measures (GL1.3)

The steps taken to verify the actions taken to assist communities and/or biodiversity to adapt to the probable impacts of climate change are described below.

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

The audit team concludes the following regarding how the activities implemented achieve the results indicated in the project's causal model:

- While on site, the audit team confirmed, through observations and interviews, that actions listed in Section 3.3 of the MR, both for communities and biodiversity, had been implemented or are being developed and discussed with the community. The 4 forward action requests concern items that generally have been delayed during the onset of the covid pandemic.

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

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

The steps taken verify the results of actions taken to assist communities and/or biodiversity to adapt to the probable impacts of climate change are described below.

- Prior to the site visit, the audit team reviewed Sections 4.1 and 5.3 of the MR, which documents benefits of the project to assist communities in adapting to climate change and to maintain or enhance biodiversity benefits. The audit team also conducted extensive interviews on site with the community and project personnel, as well as made on site observations. The benefits to the community are being tracked over time by the Basic Necessity Surveys and Participatory Rural Assessments. Agricultural extension courses are being developed to offer the community opportunities for alternate livelihoods other than cattle ranching that are also resilient to climate change. The land tenure process is ongoing, and the project has started making progress on this after the covid pandemic paused project activities. For biodiversity, the primary action to assist is through forest conservation activities, which the audit observed is happening in the project area.

In summary, the audit team concludes that the activities implemented assist communities and or biodiversity to adapt to the probable impacts of climate change.

4.5 Community

4.5.1 Community Impacts (CM2.1)

The steps taken to verify the reported impacts of project activities on each identified community group are described below.

| Community Group | Assessment column 1* | Assessment column 2** | Assessment column 3*** |
|--------------------------|---|--|--|
| Jurupari River community | Documents reviewed include: the MR Section 4.1.1, basic necessity surveys and participatory rural surveys (Refs /3-10/), community meeting minutes (Ref. /23/). | The audit team witnessed a basic necessity survey and rural participatory survey be conducted on site. The audit team interviewed community members and project personnel to verify claims made in the MR. | The project conducted the surveys effectively and showed how they are useful in identifying and tracking benefits for the community. The community members said the project has improved their lives and is providing positive benefits. |

- *Assessment column 1 contains details of documentation assessed in order to verify the reported impacts of project activities on the community group in question.
- **Assessment column 2 describes methods used to assess the quality of data provided in order to verify the reported impacts of project activities on the community group in question.
- *** Assessment column 2 describes observations made during the site visit in order to verify the reported impacts of project activities on the community group in question.

In summary, the audit team concludes that the assessment of impacts, as reported in Section 4.1 of the MR, is accurate.

4.5.2 Negative Community Impact Mitigation (CM2.2)

The steps taken verify the actions taken to mitigate any negative well-being impacts on communities and for maintenance or enhancement of the high conservation values attributes are described below.

- This section is not applicable in that while on site, the audit team interviewed local community members and confirmed the statements made in the MR in section 4.1.2 are accurate that there have been no potential negative community impacts.
- High conservation values are monitored through basic necessity surveys, rural participation surveys, and through satellite imagery. The audit team reviewed all survey results /Refs. 3, 7-8/ and conducted an independent accuracy assessment of the project's deforestation classification. The results indicate no high conservation values (e.g., biodiversity) were negatively impacted.
- The project's community surveys are designed to monitor for negative impacts, and the audit team witnessed the project conduct surveys to check their system.

In summary, the audit team concludes that the mitigation actions were implemented in accordance with the validated project description.

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

The steps taken to verify that the net impacts of project activities on all identified community groups are positive are described below.

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

In summary, the audit team concludes that the net impact of project activities on community groups is positive.

4.5.4 Protection of High Conservation Values (CM2.4)

The audit team took the following steps to verify the actions needed or implemented to ensure the maintenance or enhancement of the high conservation value attributes identified in the project description.

- The audit team agrees with the project team that no high conservation value area is negatively affected by the project.
- The audit team interviewed ornithologists Andre de Luca and Tomaz Melo about past biodiversity surveys that were conducted in the area and the 2022 survey. The audit team corroborated the ornithologists' answers with on-site observations (Diego Olivera is trained to inspect biodiversity and made observations on-site).

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

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

- The project identifies other stakeholders primarily as communities living outside the project zone and along the project area border along the Envira River. Per Section 4.2, The audit team conducted a group interview of a subsample of other stakeholders.
- The audit team reviewed the MR regarding measures implemented to mitigate the negative well-being impacts on other stakeholders, and included to mitigate potential negative impacts to the well-being of other stakeholders.
- The audit team agrees, based on on-site observations and interviews with project personnel and communities members, that the activities undertaken during the reporting period (related to long term protection of the project area forest, as well as project benefits such as health care access which was extended to other stakeholders as well) will result in a net benefit to other stakeholders.

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

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

The steps taken to verify that the community impact monitoring has been carried out in accordance with the project’s validated design are described below.

| Steps taken to verify... | |
|---|--|
| That the dates, frequency and sampling methods used are in accordance with the validated project description. | <ul style="list-style-type: none"> The audit team conducted on site interviews with community members and reviewed present and past community surveys taken by the project (Refs. /3-10/) |
| The results of monitoring. | <ul style="list-style-type: none"> See above |
| The evaluation of monitoring, including evaluations by the affected communities. | <ul style="list-style-type: none"> See above |
| The effectiveness of measures taken to maintain or enhance all identified high conservation values related to community well-being. | <ul style="list-style-type: none"> See above |

The steps taken to verify that the community monitoring plan also includes the areas particularly relevant to GL2 are described below.

| Categories of required indicators | Steps taken to verify inclusion in monitoring results |
|--|--|
| Indicators of well-being impacts and risks for smallholder/community members | <ul style="list-style-type: none"> The audit team, through review of documentation (Refs. /3-10, 23/) and through on-site observations and interviews with community members, verified the activities implemented to manage identified risks to smallholders/community members to participate in the project and measures taken to manage the identified risks. |
| Indicators of impacts on women | <ul style="list-style-type: none"> The audit team questioned community members (including female community members individually) specifically about women’s participation in community meetings and other project activities and whether they feel any discrimination. |

In summary, after document review and extensive on-site community interviews, the audit team concludes that the community monitoring plan was carried out in accordance to the validated project description.

4.5.7 Community Monitoring Plan Dissemination (CM4.3)

The steps taken to verify the actions taken to disseminate the results of community monitoring in accordance with the monitoring plan are described below.

The audit team confirmed the results of monitoring through on-site observations and interviews. For instance, the audit team discussed basic necessity survey results with community members and they confirmed the accuracy of the results. The audit team visited several facilities that were built by the project, including solar panels, the onsite health clinic, and the project headquarters.

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

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

The steps taken to verify that the project generates short term and long term net positive well-being benefits for smallholders/community members are described below.

The audit team, through review of documentation (including the indicators included in the community monitoring plan) and through on-site observations and interviews, verified the short-term and long-term net positive well-being benefits for smallholders/community members generated by the project activities. The audit team confirmed the project includes benefits that are both short-term (e.g. employment by hiring local communities as guides, boat drivers, and cooks; facilitation of on-site health visit with dentist and nurse) and long-term (assistance with obtaining land title, establishment of local health clinic). Through interviews with a large number of project participants/community members, the audit team found that benefits deriving from project activities are generally distributed equitably among smallholders, as well as to assist traditionally vulnerable groups including women and impoverished landholders. There was a pause in project activities during the covid pandemic, which affected the delivery of long-term benefits, but the 4 forward action requests in this report have been written to ensure meaningful progress has been made on the long-term benefits for the next verification period. The audit team agrees that the planned offering of agricultural extension courses as well as livelihoods diversification should deliver well-being benefits to communities by providing revenue from diverse sources.

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

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

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

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

The steps taken to verify that the project fulfilled the requirements of GL2.4 of the Climate, Community & Biodiversity Standards are described below.

| Steps taken to verify that the project... | |
|--|--|
| <p>Generates net positive impacts on the well-being of all identified marginalized and/or vulnerable community groups.</p> | <ul style="list-style-type: none"> ● The audit team interviewed members of the community extensively on site and asked specific questions about the well- |

| | |
|---|--|
| | being of community members after the project had started. The audit team also analyzed several community surveys across time (Refs. /3-10/). |
| Identifies and addresses any barriers or risks that might prevent benefits going to marginalized and/or vulnerable smallholders/community members. | <ul style="list-style-type: none"> • See above |
| Takes appropriate measures to avoid, or when unavoidable to mitigate negative impacts to any marginalized and/or vulnerable smallholders/community members. | <ul style="list-style-type: none"> • See above |

In summary, the audit team concludes that the project fulfilled the requirements of GL2.4 of the Climate, Community & Biodiversity Standards.

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

The audit team, through review of documentation and through on-site observations and interviews with community members, verified that the project generates net positive impacts on the well-being of women and that women participate in or influence decision making. Through interviews during site visit (see Section 2.4), the audit team met with female community members who attested that they do or will benefit from training or other services provided by the project, and that women have been part of ongoing community consultation meetings for the project.

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

The audit team, through on-site observation and interviews with project personnel and community members, verified that the project’s benefit sharing mechanisms meet the requirements of GL2.6. The project encompasses a relatively small number of families living within the project area, and both long-term and short-term benefits are equitably shared. The project is working on providing land tenure for not only the originally registered families but also their direct descendants who now also have households and make the surrounding land productive.

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

The audit team, through on-site observations and interviews with project personnel and community members, confirmed compliance to GL2.8 regarding the project’s governance and implementation structures. The small community within the project makes this a lower risk indicator. The audit team confirmed the traditional decision making structure of the communities, as stated in the MR, are correct, and that many decisions are made at the household-level. Through interviews with a large number of community members (see Section 2.4), and through review of project documentation /23/, the audit team confirmed that the project has enabled full participation of smallholders/community members in project decision-making.

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

The steps taken to verify how the project is developing the capacity of smallholders/community members, and relevant local organizations or institutions are described below.

- The audit team received a letter from the lawyer (Ref. /25/) Rege Ever Vasquez stating that the project will assist the community members with setting up their land tenure applications. The letter also states that the Union of Rural Workers of Feijo (STR-Feijo) can help the community with the getting the applications through court.
- Dazio the agronomist is developing trainings for the community that can account for low river levels during summer months when acai berries ripen.
- Dazio is actively delineating productive areas for each household in the community, which is essential for land tenure.
- The community is being actively engaged about land tenure and potential agricultural livelihoods, as shown in the community meeting minutes (Ref. /23/) from June 2022.

In summary, the audit team concludes that the project is developing the capacity of smallholders/community members, and relevant local organizations or institutions, to participate effectively and actively in project design, implementation and management.

4.6 Biodiversity

4.6.1 Biodiversity Changes (B2.1)

The steps taken to verify the reported changes in biodiversity in the project zone due to project activities are described below.

| Steps taken to verify... | |
|---|--|
| The accuracy and appropriateness of monitored data. | <ul style="list-style-type: none"> • The audit team downloaded Sentinel imagery data and did an independent accuracy assessment on the project's forest change mapping. • The audit team interviewed ornithologists during the site visit, partly about their next bird survey (see Section 2.4). Tomaz mentioned a study from 2015 of the birds within the project area that confirms near threatened and endemic bird species live in the project. • The audit team made in-person observations of different bird species encountered when on site within the project area. |
| The justification used to attribute biodiversity changes to the project's activities. | <ul style="list-style-type: none"> • See above |

| | |
|---|---|
| The overall accuracy of the reported impacts. | <ul style="list-style-type: none"> • The audit team has no issues with the accuracy of the reported impacts in the MR. |
|---|---|

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

4.6.2 Mitigation Actions (B2.3)

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

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

4.6.3 Net Positive Biodiversity Impacts (B2.2)

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

- The audit team visited the project area as well as assessed remotely sensed imagery and confirmed maintenance of forest cover relative to the without-project scenario. In addition, the audit team observed areas near to but outside the project area that have been cleared of forest largely for cattle grazing.
- The audit team interviewed the bird expert Tomaz Nascimento de Melo (Section 2.4) regarding his 2015 study of birds within the project area and Andre de Luca about his upcoming bird survey.
- The audit team reviewed the IUCN lists, and confirmed a subset of the 23 species that are listed as Vulnerable, Endangered and Critically Endangered as occurring in the project area (as listed in Section 5.1.4 of the MR).

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

4.6.4 High Conservation Values Protected (B2.4)

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

- Through visits to the project area, the audit team was able to confirm the benefits of the project activities, as well as the threats faced.
- As the entirety of the project area is considered a high conservation area and given that the primary project activity is the protection of forests in the project area, the audit team agrees with the project team that no high conservation value area is negatively affected by the project.
- The audit team reviewed the IUCN lists, and confirmed a subset of the 23 species that are listed as Vulnerable, Endangered and Critically Endangered, as occurring in the project area, and agreed that the WWF source is reputable for determination of endemic species.
- The audit team interviewed the bird expert Tomaz Nascimento de Melo (Section 2.4) regarding his 2015 study of birds within the project area and Andre de Luca about his upcoming bird survey.

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

4.6.5 Invasive Species (B2.5)

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

4.6.6 Impacts of Non-native Species (B2.6)

Please see Section 4.6.5 above.

4.6.7 GMO Exclusion (B2.7)

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

4.6.8 Inputs Justification (B2.8)

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

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

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

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

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

4.6.10 Net Offsite Biodiversity Benefits (B3.3)

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

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

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

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

The steps taken to verify that the biodiversity impact monitoring has been carried out in accordance with the project’s validated design are described below.

| Identification and discussion of... | |
|---|--|
| The extent to which the dates, frequency and sampling methods used are in accordance with the validated project description. | <ul style="list-style-type: none"> • While on site, the audit team interviewed (per Section 2.4) project personnel involved in the deforestation monitoring through satellite imagery assessment and confirmed their competency. • The audit team interviewed project personnel involved in the bird survey (per Section 2.4), and heard of the biomass teams involved in carbon plot monitoring, and confirmed their competence to perform the wildlife and vegetation monitoring protocols • The audit team reviewed and confirmed that the biodiversity monitoring plan selected biodiversity indicators that are directly linked to the project’s biodiversity objectives, and that the appropriate sampling methods, dates, frequencies, and reporting methods are used. |
| The results of monitoring. | <ul style="list-style-type: none"> • As stated in previous sections, the audit team interviewed project personnel involved in wildlife surveys and deforestation monitoring. • The audit team was able to independently confirm the accuracy of the GIS and remote sensing work performed by the remote sensing specialist. |
| Monitoring of the effectiveness of measures taken to maintain or enhance all identified high conservation values related to community well-being. | <ul style="list-style-type: none"> • As stated in previous sections, the entire project area is considered an HCV area, and the primary project activity is the protection of forests in the project area; the audit team agrees with measures taken to maintain and enhance the project area. |

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

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

4.6.12 Biodiversity Monitoring Plan Dissemination (B4.3)

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

- While on site, the audit team confirmed that the biodiversity monitoring plan included within the PD and MR was available for public review in the project headquarters, and that the monitoring report results, which includes results of the biodiversity monitoring plan, were made publicly available in the same way to communities throughout the project zone in the appropriate language of Portuguese.
- The audit team confirmed that the bird biodiversity study from the project area /32/ was published in the peer-reviewed literature as stated in the MR.

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

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

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

- As detailed in Section 4.6.4, the audit team took steps to confirm through interviews, observations made on site, and independent review of remotely sensed imagery used for monitoring of forest canopy cover that the project is having net positive biodiversity impacts through project actions; these actions are also thought to maintain or enhance the population status of many or all the trigger species in the project zone by reducing (forest) habitat loss and habitat fragmentation.
- The audit team interviewed the bird expert Tomaz Nascimento de Melo (Section 2.4) and assessed his 2015 study of birds within the project area /32/, which included at least two near threatened and 18 endemic bird species. Through the interview the process used to identify the 9 endemic trigger bird species and their population trends using the published Integrated Biodiversity Assessment Tool (IBAT) and IUCN data was confirmed.
- The audit team reviewed the IUCN list in Section 5.4 of the MR, and confirmed the information presented about them in the PD and MR as Vulnerable, Endangered and Critically Endangered are occurring in the region of the project area.

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

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

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

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

4.7 Additional Project Implementation Information

This section is not applicable.

4.8 Additional Project Impact Information

This section is not applicable.

5 VERIFICATION CONCLUSION

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

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

Verification/monitoring period: From 01-January-2019 to 31-December-2021

In summary, the audit team concludes the following regarding the validity of the net positive climate change adaptive capacity and resilience (if any), community and biodiversity benefits achieved by the project during the project implementation period.

| Summary comments regarding validity of the following achieved by the project during the project implementation period | |
|--|--|
| Net positive climate benefits | <ul style="list-style-type: none"> ● The audit team confirms the validity of the project’s stated net positive climate benefits |
| Net positive community benefits | <ul style="list-style-type: none"> ● The audit team confirms the validity of the project’s stated net positive community benefits |

| | |
|------------------------------------|---|
| Net positive biodiversity benefits | <ul style="list-style-type: none"> The audit team confirms the validity of the project's stated net positive biodiversity benefits |
|------------------------------------|---|

In summary, the audit team concludes the following regarding whether the project has achieved, or is on track to achieve, its stated climate, community and biodiversity objectives.

| Objectives | Achieved or on track to achieve? | |
|-------------------------|---|-----------------------------|
| Climate objectives | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Community objectives | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Biodiversity objectives | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

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

| Year | Baseline emissions or removals (tCO ₂ e) | Project emissions or removals (tCO ₂ e) | Leakage emissions (tCO ₂ e) | Net GHG emission reductions or removals (tCO ₂ e) |
|--------------|---|--|--|--|
| 2019 | 456,342 | 43,295 | 0 | 413,047 |
| 2020 | 456,342 | 43,295 | 0 | 413,047 |
| 2021 | 456,342 | 43,295 | 0 | 413,047 |
| Total | 1,369,025 | 129,884 | 0 | 1,239,141 |

- Net change in carbon stocks: 1,239,141 tCO₂e
- Non-permanence risk rating (see Section 4.6 above): 23%

Total number of buffer credits to be deposited into AFOLU pooled buffer account: 285,002 credits

APPENDIX A: LIST OF FINDINGS

Please see Section 2.6 above for a description of the findings issuance process and the categories of findings issued. It should be noted that all language under “Project Personnel Response” is a verbatim transcription of responses provided to the findings by project personnel.

NIR 1 Dated 20 May 2022

Standard Reference: VMD0009-LK-ASP v1.1

Document Reference: Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25

Finding: VMD0009 states in section 4: "The approach is to calculate the total area of deforestation forecast to occur across the land managed by the baseline agent of deforestation (including the baseline projected deforestation within the project boundaries). By calculating the total area of deforestation across all the lands managed by the agent it makes it possible to monitor possible activity shifting by agents to other areas under their management."

The Monitoring Report states in Section 3.1.3: "Activity-shifting leakage will be monitored by tracking areas of deforestation (AdefLK,i,t), across all lands outside of the Project Area owned or under management by the baseline agent, JR Agropecuária e Empreendimentos EIRELI, including properties listed in Table 3.4. This will be accomplished by examining remote sensing data, and/or legal records, and/or survey information."

The audit team requests evidence that the property list in Table 3.4 of the Monitoring Report is up to date and that JR Agropecuária e Empreendimentos EIRELI has not shifted deforestation activity to or are planning deforestation activity on their lands outside of the project area.

Project Personnel Response: JR Agropecuária e Empreendimentos EIRELI declares that it has not made, or requested, any deforestation request within its properties and that it has no news of occurrence of deforestation or requests for deforestation on the properties of third parties. There are no public sites to verify these properties; rather, the properties listed can be identified through searches in the property registry offices of the municipality where they are registered.

It is also important to note that the property listed in Table 3.4 as ""Propriedade Envira"" is a fictitious name. ""Propriedade Envira"" actually consists of the following parcels: Seringal Iracema; Seringais Palmaripé I, II e III; Seringal São José; Seringal Novo Japão; Seringal Novo Palmir; and Seringal Triunfo. A map showing these parcel names has been provided to the VVB. Gleba Canada II is the complex of all rubber plantations owned by JR Agropecuária e Empreendimentos EIRELI, it is not a specific property, but all of them together.

Other parcels previously owned by Duarte Jose do Couto Neto include the following Seringais: São Jorge; Cachoeira Grande; Murusinho; Soledade; Tabacal; São Viriato; República; and Guarani. Seringais São Jorge, Cachoeira Grande, Murusinho and Soledade (all located in the municipality of Jordão) are in the name of Duarte Jose do Couto Neto; however, an indigenous reserve was created over these properties a long time ago and for this reason, these Seringais were not part of the initial list, given that the properties are no longer owned. Seringais Tabacal, São Viriato, República, and Guarani (all located in the municipality of Boca do Acre, in the State of Amazonas) are also in the name of Duarte Jose do Couto Neto; however, these properties were invaded and the properties have not been owned for a long time and therefore were not part of the initial list, given that the properties are no longer owned.

All of this has been clarified in a footnote in Section 3.1.3 of the 2019-2021 Monitoring Report.

Auditor Response: Thank you for the additional information regarding ownership information and for the declaration from JR Agropecuária e Empreendimentos EIRELI about no deforestation on its properties. Note, one parcel has not been listed in footnote 74 that appears on the provided map 'Mapa Seringal Duarte.pdf' (Seringal Ajubim: maybe that was intentionally left out). The audit team requests information about the associated municipalities and size of the properties listed in Table 3.4 to confirm that the project has access to legal records for these properties and can locate the extent of these properties, which is a piece of evidence when assessing activity-shifting leakage.

Project Personnel Response 2: Table 3.4 in the 2019-2021 Monitoring Report has been further expanded to include the associated municipalities and sizes of the properties listed.

Auditor Response 2: Thank you for the additional information. Given the new properties listed, please confirm with the audit team how these properties will be monitored. In Section 3.1.3 of the MR it states: "Activity-shifting leakage will be monitored by tracking areas of deforestation (AdefLK,i,t), across all lands outside of the Project Area owned or under management by the baseline agent, JR Agropecuária e Empreendimentos EIRELI, including properties listed in Table 3.4. This will be accomplished by examining remote sensing data, and/or legal records, and/or survey information." In other words, what exact approach will the project take to monitor these properties for future verifications, given the difficulties in tracking records for these areas?

Project Personnel Response 3: The primary approach taken in the past, and in the future, will be the use of surveys with JR Agropecuária e Empreendimentos EIRELI attesting to no deforestation on its properties. This attestation letter for the current 2019-2021 monitoring period, as well as historical attestation letters, have been provided to the VVB.

Auditor Response 3: The additional information provided does assist in closing this finding. The audit team has confirmed the properties in Table 3.4 line up with the current and past attestations. Furthermore, we can see how remote sensing can be used as one possible means to monitor for potential deforestation non-project properties, but the language in the PD (same as Section 3.1.3 of the MR) does indicate 'and/or' when discussing monitoring approaches and survey information is part of these options. Given all of this information and review of the language about how activity leakage will be monitored (in both the PD and MR), the audit team decides to close this finding.

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

NIR 2 Dated 20 May 2022

Standard Reference: CCB Standard 3

Document Reference: Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25

Finding: The CCB standard states in section G.1: “11) Describe the measures needed and taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.” In section 2.2.6 the Monitoring Report states for Human-Induced Risks: “As previously discussed, community members that have been living on the land and who made the land productive (e.g., by growing agriculture or raising animals) for ten years, have the right to be titled. JR Agropecuária e Empreendimentos EIRELI will voluntarily recognize whatever area is currently deforested and under productive use by each family. All communities, whether they join the Envira Amazonia Project or not, will be titled the land they have put under productive use. If necessary, this process will be facilitated by an independent group such as STR-Feijó. Thus, this titling of land to local communities should prevent conflicts over local landownership because communities will receive at least the full amount of area recommended by INCRA. Improved agricultural techniques will be taught in addition to granting land tenure. Furthermore, job creation should allow for less dependency on the land.”

During the on-site visit, the audit team interviewed up to 7 individual families inhabiting the project area along with a group interview. None of the families have received land titles despite the ‘registered’ families being in the area and making land productive for over 10 years. The audit team interviewed the legal counsel for the project proponent, and they expressed how legal challenges have contributed to delays in the land titling process. The audit team requests documents that describe and support claims about the various legal challenges facing the land titling process.

Project Personnel Response: The legal advisor to JR Agropecuária e Empreendimentos EIRELI, Rege C. Ever Vasques, has drafted a letter to describe and support claims about the various legal challenges facing the land titling process. This letter has been provided to the VVB.

Auditor Response: The audit team requests a comprehensive list of steps for obtaining land tenure from a legal perspective. It is still unclear whether delineating potential property boundaries for each household is the only step in the legal process. Note, we will write a forward action request regarding a check on progress for required legal milestones in the land tenure process.

Please also confirm whether STR-Feijo is still potentially involved in assisting community members with land titling. The response in the letter 'Resposta 02 auditoria (Rege Vasques' Legal Letter)' indicates that after the property delineation and donation of the land, the community members may have to finalize the legal component of the tenure process with the relevant authorities individually. It is unclear whether this process has any chance of success if the community members attempt to do this individually, or whether they know the risks involved with finalizing the tenure procedure individually assuming there is an outside source of guidance they could potentially call upon.

Project Personnel Response 2: Section 2.2.1 in the 2019-2021 Monitoring Report has been updated with a comprehensive list of steps for obtaining land tenure.

Auditor Response 2: Thank you for the additional information. The process for community members to obtain land tenure is much clearer. This finding is closed.

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

NIR 3 Dated 20 May 2022**Standard Reference:** CCB Standard 3**Document Reference:** Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25

Finding: The CCB standard states in section G.3: "Explain how relevant and adequate information about potential costs, risks and benefits to communities has been provided to them in a form they understand and in a timely manner prior to any decision they may be asked to make with respect to participation in the project." In section 2.2.6 the Monitoring Report states for Human-Induced Risks: "As previously discussed, community members that have been living on the land and who made the land productive (e.g., by growing agriculture or raising animals) for ten years, have the right to be titled. JR Agropecuária e Empreendimentos EIRELI will voluntarily recognize whatever area is currently deforested and under productive use by each family. All communities, whether they join the Envira Amazonia Project or not, will be titled the land they have put under productive use. If necessary, this process will be facilitated by an independent group such as STR-Feijó. Thus, this titling of land to local communities should prevent conflicts over local landownership because communities will receive at least the full amount of area recommended by INCRA. Improved agricultural techniques will be taught in addition to granting land tenure. Furthermore, job creation should allow for less dependency on the land."

During the on-site visit, the audit team interviewed up to 7 individual families inhabiting the project area along with a group interview. None of the families have received land titles despite registered families living in the area and making land productive for well over 10 years. The community does not have a clear understanding about the titling process or when they could expect it to conclude. Although there are no community conflicts over land, the community members do not know how much land that would be titled to them or the would-be boundaries of this land. The audit team requests information regarding how costs, risks, and benefits have been communicated to the community members about the land titling process to assess conformance to CCB G.3 Access to Information indicator.

Project Personnel Response: The social action team of the Project is led by Maria Tereza Prado Couto, sister of Francisco Umberto Prado Couto, and her husband José Elves Araruna de Sousa. In all of the visits and meetings they carry out with the families, they always address issues related to the titling of the areas for the local families. It is known to the families, generated by the information that is passed on during the visits and meetings, that there is a plan for the donation and titling of a consolidated area of around 150 hectares for each one according to the registration carried out by the Envira Amazônia Project.

It is important to note, the titling process is slow and delicate, but it has already started with the measurement of the existing productive areas in the space destined individually for each family. These measurements were carried out by the agronomist Dazio. Recently, a unique situation was identified in which some of the children of families who have been living for a while at the Project are now getting married and are forming new families residing in the Project Area. During JR Agropecuária e Empreendimentos EIRELI visits and meetings, more precisely in the last visit in June 2022, JR Agropecuária e Empreendimentos EIRELI will discussed with these new families (i.e., , most of whom were born and currently live in the Project Area) the possibility of them establishing their own cultivation and production projects, outside what is expected to be donated to the families already registered. In other words, in addition to the 150 hectares that have an evaluation process for donating the title deed, there are still new families who seek to regularize more areas. This situation is now recognized and is being studied to make sure no adverse situations arise as to what was established as the general rules of no deforestation.

Auditor Response: Thank you for the additional information and providing meeting minutes ('ATA DA REUNIÃO DIA 05.06.2022.pdf'). We have a much clearer idea in how costs, risks, and benefits are being communicated to to community members. This finding is closed.

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

NIR 4 Dated 20 May 2022**Standard Reference:** CCB Standard 3**Document Reference:** Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25

Finding: The CCB standard states in section G.1: “10) Identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures needed and taken to mitigate these risks.” In section 1, the monitoring report states: “In addition to voluntarily foregoing plans to convert the forests to a large-scale cattle ranch, JR Agropecuária e Empreendimentos EIRELI will also implement numerous activities to assist local communities and mitigate deforestation pressures such as: offering agricultural extension training courses; beginning patrols of potential deforestation sites in the early stages of the Project; granting land tenure to local communities; and establishing alternative economic activities including commercializing the collection of medicinal plants and açaí.”

During the site visit, the audit team interviewed community members and the project’s agronomist (Dazio). The deforested areas surrounding community members' houses have started to be mapped, as well as coordinates taken of their area, which Dazio indicated the community members would need in order to sell produce at nearby markets. To better understand the recent agronomist activity and how it ties into project activities, the audit team requests a map from Dazio (agronomist) and a description of how these maps tie into project benefits.

Project Personnel Response: The map prepared by Dazio, the Project's agronomist, has been provided to the VVB. Also in the attached map, the areas where children from families registered in the Envira Amazonia Project are highlighted, most of whom are born and married among themselves and now live close to their parents.

Auditor Response: Thank you for the map. The audit team measured clearings as a comparison to the map and have no further questions.

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

NIR 5 Dated 20 May 2022

Standard Reference: CCB Standard 3

Document Reference: Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25; Envira Project's VCS Non-Permanence Risk Report (2-25-2022)

Finding: The CCB standard states in section GL2.4: "Demonstrate that any barriers or risks that might prevent benefits going to marginalized and/or vulnerable smallholder/community members have been identified and addressed." The monitoring report states for Negative Impacts in Section 4.4.2: "Granting a fixed plot of land may negatively impact those families with more children because over time, there will be smaller plots of land available for the children. The Project Proponents, in the future, will hire a trained professional in rural titles, to assist with the title measurements and to explain the process to all local community members." Further, for External Risk:Land Tenure and Resource Access/Impacts item (d) the non-permanence risk report states: "While no disputes over access/use rights exist, there are overlapping rights, where some members of the community want to deforest land for agriculture, but the owner of the property wants to limit this clearing of land in support of this REDD+ project. To resolve these overlapping rights, JR Agropecuária e Empreendimentos EIRELI will voluntarily recognize whatever area is currently deforested and under productive use by each family."

During the site visit, the audit team conducted interviews with at least 3 families that are children to those 'registered' for the project, but do not receive the same level of benefits (eg, no solar panel, no water filter) and they have no apparent prospects for obtaining land titles of their own. Although these families have not yet made the land on which they live productive for 10 years, they are 3-5 years away from doing so. The audit team requests more information about who the "trained professional in rural titles, to assist with the title measurements and to explain the process to all local community members" is, and whether there is a process for children of original project participants to eventually become registered.

Project Personnel Response: The process of titling areas to the local communities began with the hiring of a professional for the measurement, which is the agronomist Dazio. Dazio conducted onsite visits to all the families and produced a map containing the intended areas where the families live, including the adult children. With this data in hand, JR Agropecuária e Empreendimentos EIRELI is now arranging meetings with the families to carry out the sampling and knowledge of each one about the measured areas.

Auditor Response: Thank you for the additional information. From meeting minutes in "ATA DA REUNIÃO DIA 05.06.2022.pdf", the audit team can see that the second generation is being brought into the discussion of land titling, which is encouraging. No further questions.

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

NCR 6 Dated 20 May 2022

Standard Reference: CCB Standard 3

Document Reference: Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25

Finding: The CCB standard states in section GL2.6: “Describe the design and implementation of a benefit sharing mechanism, demonstrating that smallholders/community members have fully and effectively participated in defining the decision-making process and the distribution mechanism for benefit sharing; and demonstrating transparency, including on project funding and costs as well as on benefit distribution.” The monitoring report states in section 4.4.4: “All benefits described in section, Project Activities, Outputs, Outcomes, and Impacts, will be available (i.e., distributed) to local communities throughout the Project Zone. This includes employment opportunities (e.g., support staff and local project manager)...”.

When interviewing community members that operated boats for the transportation of project personnel and the audit team for this audit’s site visit, multiple operators mentioned they have been paid 300R\$ for transportation in recent visits by one of the project proponents, which is well under what the project proponent CarbonCo pays for the same trip (1050R\$). The operators explained how the 1050R rate is fair. Given that transportation across the Jurupari River is time consuming, hazardous, and one of the observed employment opportunities in the project area, and that 300R\$ does not adequately cover the cost of these trips, the project is not in conformance with upholding appropriate Gold Level benefit sharing to the “support staff” role with a compensation of 300R\$ to operators per trip.

Project Personnel Response: The following has been added to section 4.4.4 of the Monitoring Report: "During the onsite verification audit in April-May 2022, it was discovered that there was a discrepancy in the amount paid to the local communities for transport to and from the Project. Historically, CarbonCo paid above average amounts for their less frequent trips and JR Agropecuária e Empreendimentos EIRELI paid the average amount due to their more frequent trips to the Project. The Project Proponents recognize these values are outdated for the present situation (i.e., the time-consuming and hazardous nature of the transportation, inflation, etc.) and have collectively agreed to increase the amount paid for transport according to what is practiced."

Auditor Response: Thank you for the additional information to put the transportation payments into context. Please provide the audit team with a breakdown of transportation cost items (equipment, fuel, etc), so the new rates can be quantified and justified.

Project Personnel Response 2: The breakdown of transportation costs is as follows: For one boat to do one round trip to the Envira Amazonia Project, the average fees paid to the boat driver by JR Agropecuária e Empreendimentos EIRELI is R\$600 (six hundred reais). JR Agropecuária e Empreendimentos EIRELI believes that this amount should be increased by the end of this year (2022), given the various price adjustments for products in the State of Acre. JR Agropecuária e Empreendimentos EIRELI states that boat engines use diesel fuel, with an average of 60 to 70 liters per trip and with an average additional cost paid by JR Agropecuária e Empreendimentos EIRELI of around R\$600 (six hundred reais) per boat. The average rates for equipment (e.g. spare propellers, tarpaulins, etc.) paid by JR Agropecuária e Empreendimentos EIRELI is about R\$150.00.

Auditor Response 2: Thank you for the cost breakdown and commitment to higher rates that compensate for local price changes. No further questions on this.

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

NIR 7 Dated 20 May 2022

Standard Reference: CCB Standard 3

Document Reference: Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25

Finding: The CCB standard states in section GL.5: “Demonstrate that the project generates net positive impacts on the well-being of women and that women participate in or influence decision making and include indicators of impacts on women in the monitoring plan.”, and in section GL.9: “Demonstrate how the project is developing the capacity of smallholders/community members, and relevant local organizations or institutions, to participate effectively and actively in project design, implementation and management.” The monitoring report states in section 4.4.3: “Two valuable insights were shared and was incorporated into the Project to help ensure the Project generates net positive impacts for women... The second, related insight is that the Project should offer to compensate a few women to look after the community’s children in order to allow women to participate more fully in the courses.” Also, the monitoring report states in section 2.3.8 when discussing topics that would have been discussed during a planned visit in May 2020: “Future planned activities, including status of land tenure and temporary employment opportunities (i.e., and how to diversify opportunities to incorporate more families).”

During interviews with women during the site visit, the audit team was informed that childcare would be a welcome employment opportunity and would benefit women in the community. The audit team needs a better understanding of when planned employment opportunities will be offered to the community and, more specifically, any plans regarding the implementation of a childcare opportunity, which does not seem to have been implemented, yet.

Project Personnel Response: The following has been added to the 2019-2022 Monitoring Report: "In 2022, the Project Proponents revisited the idea of establishing a childcare facility. The families live relatively far away from each other and a daycare facility has not yet been designed due to the difficulty of transport at a certain time of year. With this idea revisited, JR Agropecuária e Empreendimentos EIRELI will discuss with the community how this process can be built and how to collaborate so that it is implemented as soon as possible. In addition to a daycare facility, JR Agropecuária e Empreendimentos EIRELI will look for course alternatives to offer to women seeking professional training in order to use the knowledge so that they can help increase family income. For example, JR Agropecuária e Empreendimentos EIRELI knows some of the women work in the production of manioc flour and help in the planting of fruits and vegetables."

Auditor Response: Thank you for revisiting the potential daycare benefit. The audit team acknowledges the challenges in organizing daycare opportunities, given the low water levels during approximately half of the year and associated difficulty in travel during that period. Revisiting discussions surrounding the implementation of daycare would keep this benefit relevant to the project's list of benefits for the immediate future. Providing professional training to women aligns with the CCB community gold standard. Note, we will issue a forward action request regarding the implementation of agricultural related training for the whole community that is also open and inviting to women.

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

NIR 8 Dated 20 May 2022**Standard Reference:** CCB Standard 3**Document Reference:** Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25

Finding: The CCB standard states in GL2.2: “Demonstrate that the project generates short-term and long-term net positive well-being benefits for smallholders/community members. Include indicators of well-being impacts on smallholder/community members in the monitoring plan. The assessment of impacts must include changes in well-being due to project activities and an evaluation of the impacts by the affected smallholders/community members.” The monitoring report states in section 4.1.3: “In contrast, the “with-Project” land use scenario will result in greater well-being impacts on the local communities. These expected net well-being impacts on Community Groups include, but are not limited to: ... participation in agricultural extension courses and participation in açaí, medicinal plants and rubber projects which increases and diversifies local incomes; ... transfer of technical knowledge and cultural exchange;”.

The audit team interviewed the agronomist Dazio about his role in project activities, but we require more information about when agricultural extension courses will be offered and the potential focus of these courses. It became apparent from community interviews that harvesting acai berries may not be practical, given the coincident timing of when berries become ripe and low river levels during the dry season, when it is generally impossible for community members to access markets downriver.

Project Personnel Response: Section 2.2.1 and Section 4.4.1 of the 2019-2021 Monitoring Report have been updated with the most recent information on agricultural extension services and about harvesting acai berries. Further, an "ata" from the June 2022 meeting with the local communities has been provided to the VVB.

Auditor Response: The new ideas for agricultural opportunities and extension training is encouraging, and the audit team confirms the updates have been added. Note, as in our response to finding 7, we will issue a forward action request regarding the implementation of agricultural training.

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

NIR 9 Dated 20 May 2022

Standard Reference: VCS Non-permanence Risk Tool v4.0

Document Reference: Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25; CCB_PROJ_DESC_1382_05MAR2015; Envira Project's VCS Non-Permanence Risk Report (2-25-2022)

Finding: For Internal Risks:Project Management item (b), the non-permanence risk tool states: "Ongoing enforcement to prevent encroachment by outside actors is required to protect more than 50% of stocks on which GHG credits have previously been issued." The project assigned a score of '2', which is highest risk, and states for this item: "Ongoing enforcement is required to prevent encroachment by outside actors. The Envira Amazonia Project employs forest patrols to prevent encroachment by outside actors into the Project Area." Also, in Section 2.2.1 of the monitoring report for forest patrols, it states: "Forest monitors will write down observations, document community meetings, input this data into the monitoring template, and share this information among the Project Proponents. A monitoring template will be completed, including the following information:". Also, section 2.2.1 of the monitoring report mentions João Nazario Rodrigues do Espirito Santo several times as the current person responsible for handling the monitoring report templates, and that the patrol frequency should be 60 days.

The audit team needs a clarification about whether these monitoring templates are still used after Mazinho retired from his project manager position during this verification period (December 2020) and about whether these patrols continue to be carried out each 60 days During the field visit, the audit team heard no mention of João Nazario and therefore we ask for complementary information.

Project Personnel Response: The following language has been added to the 2019-2021 Monitoring Report, Section 2.2.1: "João Nazário and Circlandio are constantly, informally monitoring for deforestation. During the June 2022 visit to the Project, JR Agropecuária e Empreendimentos EIRELI discussed with the local community members about hiring two people to assist on a rotating basis with more formally monitoring for deforestation. This will replace Mazinho's former role and these two people will restart using the deforestation monitoring template.

Due to the lower water levels on the Jurupari River and because there is no in-migration taking place at the Project, the two monitors will formally monitor four times a year instead of every 60 days (i.e., instead of 6 times a year).

To complement the two monitors, JR Agropecuária e Empreendimentos EIRELI has also started to explore investing in monitoring systems via satellites and is already studying the purchase of an aircraft to use for aerial monitoring."

The Non-Permanence Risk Report has also been updated.

Auditor Response: Thank you for the update. The audit team confirms this additional language has been added to the monitoring report and non-permanence risk report. This finding is closed.

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

NIR 10 Dated 20 May 2022**Standard Reference:** CCB Standard 3**Document Reference:** Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25; CCB_PROJ_DESC_1382_05MAR2015

Finding: The CCB standard states in GL2.2: "Demonstrate that the project generates short-term and long-term net positive well-being benefits for smallholders/community members. Include indicators of well-being impacts on smallholder/community members in the monitoring plan. The assessment of impacts must include changes in well-being due to project activities and an evaluation of the impacts by the affected smallholders/community members." The project description states on page 33 for Project Design and Boundaries, Reestablish Rubber Tree Collection: "JR Agropecuária e Empreendimentos EIRELI will reestablish a rubber trees project. The region is very rich in rubber, but the local families do not know how to sell the rubber because of the crash in rubber prices. Although rubber prices have recovered, the local families do not have the management and sales structure. JR Agropecuária e Empreendimentos EIRELI will also reforest approximately 1,000 hectares of deforested land with rubber trees."

During on site interviews, the audit team found that some community members are knowledgeable about tapping rubber trees and are curious about opportunities surrounding rubber. The audit team requests more information on how the "reestablishing rubber tree" planned benefit is progressing and whether this will be a focus on agricultural extension courses.

Project Personnel Response: Section 2.2.1 and Section 4.4.1 of the 2019-2021 Monitoring Report have been updated with the most recent information on reestablishing rubber tree production. Further, an "ata" from the June 2022 meeting with the local communities has been provided to the VVB.

Auditor Response: We appreciate the additional information found within "ata", and this satisfies this information request. Finding is closed.

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

NIR 11 Dated 20 May 2022**Standard Reference:** VMD0015-M-MON v2.1**Document Reference:** Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25

Finding: In VMD0015-M-MON version 2.1, Section 5, Step 2, the module states: “The method selected must be based on common good practice in the remote sensing field and will depend on available resources and the availability of image processing software. The same method must be used for the entire period for which the baseline is fixed.” The monitoring report states in Section 3.1.3 “Changes in forest cover (ADefPA,u,i,t and ADistPA,q,i,t) will be monitored using data provided by the State of Acre. UCEGEO, the GIS department within the Climate Change Institute, Acre State government, produces an annual dataset on the extent and spatial location of all deforestation within the state using Landsat images.”

The audit team requests more information regarding whether the same classification methods that the state of Acre used to classify forest vs. non-forest with Landsat-8 imagery were conducted during the current monitoring period and whether the imagery data was provided by the state of Acre for this verification period, given the change in how the State of Acre reports deforestation in the past period.

Project Personnel Response: Processing and post-processing steps meet the requirements of the methodology as laid out in Section 3.2.2 of the monitoring report. Similarly, classification methods have been used to produce the forest/nonforest layer, such that the analysis can be used to estimate deforestation that may occur in the project and leakage areas. Procedures used are compliant with best practices including GOFC-GOLD, 2008, Reducing greenhouse gas emissions from deforestation and degradation in developing countries: a sourcebook of methods and procedures for monitoring, measuring and reporting, GOFC-GOLD Report version COP13-2, (GOFC-GOLD Project Office, Natural Resources Canada, Alberta, Canada)

The following text has been added to Section 2.2.4 of the MR in response to this finding.

"As the UCEGEO (the GIS department within the Climate Change Institute of Acre State government) annual dataset on the extent and spatial location of all deforestation within Acre state is no longer available for use in the current monitoring period, this project uses classified Landsat imagery produced by the project proponent for monitoring purposes. While this potential was foreseen in the original project document as the project document states "In the case, where this dataset ceases to be available, ex-post deforestation will be determined by classification of remotely sensed imagery and land use change detection procedures" the procedures for classification during this monitoring period are only similar to the original UCEGEO procedures as opposed the "same" as called for by the methodology, below.

VMD0015-M-MON version 2.2 states: "The method selected must be based on common good practice in the remote sensing field and will depend on available resources and the availability of image processing software. The same method must be used for the entire period for which the baseline is fixed."

While the same source of remotely sensed data, LandSat, continues to be used for classifying land-use and land-cover, processing and post-processing steps differ slightly due to software availability and the different approaches of the remote sensing professionals performing the work. That said, the current classification approach meets the requirements of the methodology as laid out in Section 3.2.2 of the monitoring report. Classification methods have been used to produce the forest/nonforest layer, such that the analysis can be used to estimate deforestation that may occur in the project and leakage areas. Procedures used are compliant with best practices including GOFC-GOLD, 2008, Reducing greenhouse gas emissions from deforestation and degradation in developing countries: a sourcebook of methods and procedures for monitoring, measuring and reporting, GOFC-GOLD Report version COP13-2, (GOFC-GOLD Project Office, Natural Resources Canada, Alberta, Canada). This deviation does not impact the applicability of the methodology, additionality or the appropriateness of the baseline scenario, and the project remains in compliance with the applied methodology. This deviation will be used for this monitoring period and each subsequent monitoring period provided the UCEGEO dataset is not available."

Auditor Response: Thank you for providing the additional information in the monitoring report and clarifying with a project description deviation. The audit agrees the current approach follows best practice guidelines. This finding is closed.

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

NIR 12 Dated 20 May 2022

Standard Reference: Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25;
CCB_PROJ_DESC_1382_05MAR2015

Document Reference: CCB Standard 3, CCB VCS Monitoring Report Template CCBv3.0-VCSv3.4

Finding: The CCB Standard states in section CM4 that “community impact monitoring assesses changes in well-being resulting from the project activities for community groups and other stakeholders”. The Monitoring Report Template in section 4.3.1 requests the results of the community impact monitoring, including:

All communities, community groups, other stakeholders, and HCVs related to community well-being identified in the monitoring plan.

Dates, frequency, sampling methods used, and other information regarding the monitoring process. Results and evaluation of monitoring including evaluations by the affected communities.

The PD identifies the Basic Necessities Survey (BNS) and the Participatory Rural Appraisals (PRA) as the main monitoring tools and defines its frequency and variables. Additionally specific variables to be monitored are also defined:

Community’s Access to Basic Necessities;
Value of Owned Assets;
Value of Owned Assets per Capita;
Poverty Score;
Poverty Index;
Inequality of Owned Assets; and
Inequality of Owned Assets per Capita.

With the information presented in the MR, the VVB is not able to assess the changes in the well-being of the communities from the initial baseline survey and then the survey conducted in 2018, which is relevant for the 2019-2021 verification period.

1. The results of two BNS (2014 and 2018) are shown, complying with the defined monitoring frequency, but no way of tracking progress is found. The VVB interprets Figure 4.4 as the “progress tracking form”, but the economic valuation of the assets shown, is no proof that those assets have been paid by the project. The audit team was not able to find the values for the specific variables to be monitored that the PD and the MR define.

2. The PRA seems to be geared to leakage and degradation currently, and not as much tracking of community impacts (outside fuel- and timber-related activity). Both the PD (section CM4, Develop and implement a community impact monitoring plan, pag. 111) and the MR (section 4.3.1, pag. 183) define the PRA as one of the tools to monitor community information. The documents state “This PRA helps to, among many things, establish a baseline of economic activities and land-use practices that the local families practice, along with a mechanism to assess leakage. Furthermore, the PRA will be utilized to monitor and report progress on several project activities such as the collection, transportation, and commercialization of açai, medicinal plants and rubber, along with the implementation of agricultural extension courses”. The audit team understands that COVID prevented many activities that require information about the community to be gathered (by the agronomist for example). The audit team also considers that both the 2018 PRA and the 2022 PRA (witnessed during the field visit) leakage correctly, but it is unclear how it addresses community information or whether this tool will be adaptable, once economic activities are in implementation.

Project Personnel Response: The Monitoring Report has been updated with the BNS conducted in 2022, which demonstrate an increase in the average Total Owned Assets and an increase in the average Total Owned Assets per Capita, from 2018 to 2022. Please note, the assets listed in the BNS are not necessarily meant to be paid by the Project. The 2022 BNS and aggregated excel workbook have been provided to VVB. The original PRA asked numerous questions to help establish a baseline of economic activities and land-use practices. This longer version of the PRA will be used once economic activities (i.e., acai and/or rubber collection) are in implementation. For reference purposes, the longer version of the PRA and the aggregated excel workbook for the 2014 PRA have been provided to the VVB.

Auditor Response: Thank you for the additional context around the PRA and for including additional BNS data relevant to the following verification period. We acknowledge the 2014 PRA established a baseline of economic activities that later surveys have quantified and the project is now able to track. This finding is closed.

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

NIR 13 Dated 20 May 2022

Standard Reference: CCB Standard 3, CCB VCS Monitoring Report Template CCBv3.0-VCSv3.4

Document Reference: Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25

Finding: For section 4.1, the VCS template states “Complete the table below to describe all the impacts on each community group resulting from project activities under the with-project scenario. Impacts must include all those identified in the project description and any other unplanned impacts.”

In the table in section 4.4.2, two negative impacts are cited, one stating: “Granting a fixed plot of land may negatively impact those families with more children because over time, there will be smaller plots of land available for the children. The Project Proponents, in the future, will hire a trained professional in rural titles, to assist with the title measurements and to explain the process to all local community members.” The audit team requests more information about why negative impacts in section 4.4.2 are not listed in section 4.1.

Project Personnel Response: The two negative impacts cited in section 4.4.2 have now also been included in section 4.1 of the 2019-2021 Monitoring Report.

Auditor Response: Audit team confirms the two negative benefits are now cited in section 4.4.2. Finding is closed.

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

OBS 14 Dated 20 May 2022**Standard Reference:****Document Reference:**

Finding: The participatory rural assessments were well executed by the project personnel during the audit, as witnessed by the audit team. Furthermore, the design of the assessments is effective from the audit team's standpoint, as the PRA for the past verification period identified needs that community members brought up to the audit team during individual interviews with community members. One potential issue to the audit team observed during its interviews with community members is that some members see at least some items that are asked about or brought up during the PRAs as potentially 'promise items' that will be given to them eventually, which we know is not the case. The fast boat is an example, where some community members seemed to think it would be provided, while the monitoring report indicates the fast boat is a "future project" and not a certain benefit.

Project Personnel Response: Ok, duly noted**Auditor Response:****Bearing on Material Misstatement or Conformance (M/C/NA):** NA**OBS 15 Dated 20 May 2022****Standard Reference:****Document Reference:**

Finding: The project has instituted a grievance procedure the community members may follow to express concerns conforms well to the CCB Standard section G3. After the COVID pandemic, the project has resumed full contact with the community and conducted meetings shortly before the audit team arrived, where grievances can be expressed by anyone in attendance. The audit team has no issue with how the grievance and feedback procedure has been designed and for the most part does seem to be working, but one observation the audit team gleaned from individual community member interviews is that some community members feel intimidated or shy in expressing grievances or feedback in the community meetings. Although one cannot expect a grievance to be addressed unless it is communicated, the power dynamics between the project proponent, who owns the land and runs the community meetings, and the community may need to be considered in light of this observation.

Project Personnel Response: Ok, duly noted.**Auditor Response:****Bearing on Material Misstatement or Conformance (M/C/NA):** NA

OBS 16 Dated 20 May 2022

Standard Reference:

Document Reference:

Finding: The PD and the MR are consistent in the statements with regard to women participation and subsequently the project's net impact on women (CCB-GL2.5). The CCB Standard 3 in GL 2.5 says Demonstrate that the project generates net positive impacts on the well-being of women and that women participate in or influence decision making and include indicators of impacts on women in the monitoring plan. The audit team understands implementation slowed down due to COVID and therefore these foreseen activities (e.g., child care and further job opportunities) have not occurred yet, nor have women well-being indicators been defined. Additionally, during the field visit, the VVB obtained reasonable assurance to believe that nothing in the community prevents women from either voicing opinions or organizing their own space. However, the audit team is under the impression that more attention should be given to women-specific well-being activities and indicators now that COVID restrictions have been subsiding, and that other activities could be considered that were brought up during interviews between the audit team and community women, such as replenishing old kitchen equipment and considering a "women's only" space.

Project Personnel Response: Ok, duly noted.

Auditor Response:

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

NIR 17 Dated 20 May 2022

Standard Reference: VCS Non-permanence Risk Tool v4.0

Document Reference: Envira Project's VCS Non-Permanence Risk Report (2-25-2022)

Finding: The risk tool states in Table 6(c): "In more than 5% of the project area, there exist disputes over land tenure or ownership" as criteria for assigning risk scores for External Risk in Section 2.3.1. The project's risk report states for that item: "Community members that have been living on land adjacent to the Project Area and who made the land productive (e.g., by growing crops or raising animals) for ten years, have the legal right to have that land titled to them. If there were any land tenure or ownership disputes, these disputes would be limited to the 255.3 ha of land within the project boundary cleared since the project start. This cleared land only represents 0.65% of the Project Area." Although the audit acknowledges the cleared land is most likely <5% as the project states, we request more information as to how 255.3 hectares of cleared land was derived for the verification period.

Project Personnel Response: This value, 255.3 ha, is incorrect and was not updated properly.

The actual value is 465.0 ha which represents 1.18% of the project area. This value reflects the sum of ADEFpa from 2013-2021 for all strata. Effectively this is the sum of C88-F96 on the parameters tab of the calculation workbook.

These values will be updated in the nonpermanence risk report.

Auditor Response: Audit team confirms the correction has been implemented. Finding is closed.

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

OBS 18 Dated 6 Jul 2022**Standard Reference:** CCB Standard 3**Document Reference:** ATA DA REUNIÃO DIA 05.06.2022**Finding:** N/A**Project Personnel Response:****Auditor Response:** The meeting minutes document provided in response to finding 3 above indicates community members were presented with an agreement about what appears to be land area associated with land tenure. This will not be investigated further for this verification period, but it is relevant to the next verification period and a forward action request regarding the check on the land tenure process.**Bearing on Material Misstatement or Conformance (M/C/NA):** NA**OBS 19 Dated 3 Aug 2022****Standard Reference:** VMD0009-LK-ASP v1.1**Document Reference:** Envira Amazonia Project's CCB VCS 2019-2021 Monitoring Report 2022.02.25**Finding:** The audit team realizes attestations are sufficient to claim JR Agropecuária e Empreendimentos EIRELI's properties outside of the project area have been surveyed and are not being deforested by the baseline agent. One observation about this: providing the attestation for a verification period and eventually producing a map of all these properties would make the auditing process more efficient, as we try to confirm with reasonable assurance that activity-shifting leakage has been properly monitored.**Project Personnel Response:****Auditor Response:****Bearing on Material Misstatement or Conformance (M/C/NA):**