

THE RUSSAS PROJECT VERIFICATION REPORT



Document Prepared By: Aster Global Environmental Solutions, Inc

3800 Clermont St. NW, North Lawrence, OH 44666

Project Title	The Russas Project
Version	V2
Report ID	20014.00

Report Title	The Russas Project Verification Report
Client	CarbonCo, LLC 853 Main Street, East Aurora, New York 14052 Contact – Brian McFarland, bmcfarland@CarbonCoLLC.com , 240-247-0630
Pages	166
Date of Issue	17 September 2023
Prepared By	Aster Global Environmental Solutions, Inc.
Contact	Corporate Office: 3800 Clermont St. NW, North Lawrence, OH 44666 Phone: 330-294-1242 Email: smcmahon@asterglobal.com
Approved By	Shawn McMahon – Lead Verifier; Janice McMahon – QA/QC
Work Carried	Lead Verifier: Shawn McMahon; Verification Team Members: Caitlin Sellers, Caris Lyons, Taek Joo Kim, Mansfield Fisher, Kevin Markham, Richard Scharf, Matthew

Out By Perkowski, Matthew Campbell. Sandesh Shrestha, Keren Lapid (Translator for site visit); Senior Internal Reviewer: Barbara Toole O'Neil; QA/QC: Janice McMahon

Summary

Aster Global Environmental Solutions, Inc. (Aster Global) was contracted by CarbonCo, LLC., on 28 January 2021 to conduct the fourth verification (01 January 2018 to 31 December 2020) of The Russas Project (Validated Project Description (PD) dated 13 March 2014). The Russas Project follows the framework of Reducing Emissions from Deforestation and Degradation (REDD) and is achieving Greenhouse Gas (GHG) emission reductions as well as tropical forest protection and conservation through payments for ecosystem services.

Project activities include meeting with the local communities surrounding the project area, engaging Acre state officials working on similar strategies at a regional/state level, developing a plan which will result in lowering the pressure on land and forest resources in consultation with the local community, putting into operation the REDD project implementation plan with the help of local partners and Russas Project staff, undertaking a forest carbon inventory, and modelling regional deforestation. Activities implemented as part of the project to reduce deforestation include:

- Community outreach and education;
- Employment of local community members as project forest guards or other project staff (to replace other sources of income associated with deforestation and land use);
- Agricultural extension training which will help baseline agents to increase productivity on current lands (thus reducing the pressure to expand their farms in the adjacent forest);
- Supporting local farmers association;
- Assist communities in obtaining land tenure; and
- Sharing a portion of carbon related revenue for communities living on the Russas property (replacing other sources of income associated with deforestation and land use).

The verification assessed the Project's compliance with the Verified Carbon Standard (VCS) Version 4 (and all associated updates), the Climate, Community, and Biodiversity Project Design Standards (CCB) Second Edition, the selected methodology, and the validated PD. The method employed by Aster Global in the verification process was derived from all items in Aster Global's internal verification process, which included utilizing VCS and CCB documents and ISO 14064-3 to develop and implement a Verification & Sampling Plan. This verification assessed the GHG emission removals through Agriculture, Forestry and Other Land Use (AFOLU) criteria, specifically, REDD – Avoided Unplanned Deforestation (REDD-AUD) activities.

The scope of the verification included the GHG project implementation; physical infrastructure, activities, technologies and processes of the GHG project; GHG sources, sinks and/or reservoirs; types of GHG's; and time periods covered. The geographic verification scope was defined by the project boundary, the carbon reservoir types, management activities, growth and yield models, inventory program, contract periods, and the evaluation of the project's net climate, community, and biodiversity benefits. The verification criteria followed the guidance documents provided by VCS and included the following:

- VCS Program Guide (v4.4, 29 August 2023)

- VCS Standard (v4.5, 29 August 2023)
- VCS Program Definitions (v4.4, 29 August 2023)
- AFOLU Non-Permanence Risk Tool (v4, 19 September 2019)
- VM0007 – REDD+ Methodology Framework (REDD+MF), v1.4
- Validated PD and previous monitoring reports (VCS and CCB)
- CCB Program Definitions (v3.0, June 2017)
- CCB Standards (Second Edition, v2.0, December 2008)
- CCB Program Rules (v 3.1 June 2017)

A summary of all findings is included in Appendix B. There are no restrictions of uncertainty.

Aster Global confirms all verification activities including objectives, scope and criteria, level of assurance, monitoring and project documentation adherence to VCS Version 4, CCB Second Edition and all associated updates as documented in this report are complete. Aster Global concludes without any qualifications or limiting conditions that the 01 January 2018 to 31 December 2020 Monitoring & Implementation Report for The Russas Project dated 13 September 2023 (v5.0) and the Non-Permanence Risk Report meets the requirements of VCS Version 4 and all associated updates. In addition, Aster Global asserts the project meets the minimum requirements for projects set out in the Second Edition of the CCB Standards to achieve Gold Level distinction for Community.

The GHG assertion provided by CarbonCo and verified by Aster Global has resulted in the GHG emissions reduction or removal of 566,950tCO₂ equivalents by the project during the verification period/reporting period (01 January 2018 to 31 December 2020). This value is net of the 10% (66,532 tCO₂ equivalents) buffer withholding based on the non-permanence risk assessment tool.

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1 INTRODUCTION

1.1 Objective

The verification objective included an assessment of compliance with VCS Version 4 and all associated updates, the CCB Second Edition, the selected methodology (VM0007 v1.4) and the validated Project Description (PD). Aster Global assessed the GHG emission removals for the verification period 01 January 2018 to 31 December 2020 through Agriculture, Forestry and Other Land Use (AFOLU) criteria, specifically, Reduced Emissions from Deforestation and Degradation – Avoided Unplanned Deforestation (REDD-AUD) and CCB criteria. Aster Global assessed whether the project proponent adequately addressed project emissions, unplanned reductions in carbon stocks, any possible leakage outside of the project boundary, and the project's net climate, community, and biodiversity benefits.

1.2 Scope and Criteria

The scope of the verification included the GHG project implementation and baseline scenario; physical infrastructure, activities, technologies and processes of the GHG project; GHG sources, sinks and/or reservoirs; types of GHGs; and time periods covered. The Russas Project in Acre, Brazil follows the REDD-AUD framework. The geographic verification scope was defined by the project boundary, the carbon reservoir types, management activities, growth and yield models, inventory program, and contract periods. The scope of the project was outlined by the Project Proponent prior to the verification and is redefined as follows for the GHG project:

Baseline Scenario	Cattle-ranching and small-scale agriculture; deforestation
Activities/Technologies/Processes	Climate, community and biodiversity benefits utilizing VM0007 and CCB 2 nd edition
Sources/Sinks/Reservoirs	Aboveground biomass Belowground biomass Dead wood Biomass burning
GHG Type	CO ₂ , CH ₄ , N ₂ O
Time Period (start date, crediting period, verification period)	4 th Monitoring Period: 01 January 2018 to 31 December 2020
Project Boundary	41, 976 hectares Located in Acre, Brazil along the southern bank of the Valparaíso River

1.3 Level of Assurance

The level of assurance determines the depth of detail the Verification Team placed in the Verification and Sampling Plan to determine if there are any errors, omissions, or misrepresentations (ISO 14064-3). Aster Global assessed the project's implementation of general principles, data collection and processing, sampling descriptions, documentation, ex-post calculations, etc., to provide reasonable assurance to meet the Project Level requirements of the VCS Program. Based on the verification findings, a final evaluation statement reasonably assures the project GHG representations are materially accurate. The evidence used to achieve a reasonable level of assurance is specified in subsequent sections of this report.

1.4 Summary Description of the Project

The Russas Project was initiated by CarbonCo LLC to protect and conserve tropical forest in the state of Acre, Brazil by providing payments for ecosystem services. Economic incentives for preservation of the tropical forest are created by payments related to the sale of carbon credits generated by the project and issued by the Verified Carbon Standard (VCS). The project is also being developed and registered under the Climate, Community, and Biodiversity Standard (CCBS) for community development and biodiversity preservation.

The Brazilian state of Acre has historically had low deforestation rates until the recent paving of two primary roads near the project area. The previously inaccessible areas of forest in the project region are quickly opening opportunities for agents of deforestation, small subsistence farmers, to reach consumer markets farther away. The small-scale farmers are able to clear forests over a period of months and subsequently plant crops or convert the land to pasture. Involving local officials and community members, the project aims to lessen deforestation pressures by implementing a series of community enrichment activities. The sustainable revenue stream from carbon credit sales will support local community development, provincial government infrastructure, and project area protection. Community involvement is enhanced through employment in the project area, agricultural extension services, and assistance to communities for obtaining land tenure.

2 VERIFICATION PROCESS

2.1 Audit Team Composition (Rules 4.3.1)

The audit team was comprised of individuals with experience in the necessary fields to accurately and efficiently audit this project, including a Brazilian Portuguese translator, forest biometricians, a geospatial expert, and team members with experience in multiple VCS and CCB verifications. For VCS/CCB verifications, Aster Global maintains an experienced internal staff of Lead Verifiers, in addition to Certified Foresters, Registered Professional Foresters, TWS Wildlife Biologists, M.S. and PhD Forest Biometricians, Remote Sensing/GIS Specialists, and VCS approved AFOU Experts in IFM, REDD, and WRC categories. Direct employees of Aster Global conducted all desktop verification activities. Aster Global completed all calculation/modeling review in-house with our team of forest biometricians, GIS/remote sensing specialists, and soil scientist. Aster Global has been involved in over 68 VCS verifications and 36 CCB verifications, including 27 methodology assessments. Aster Global has a specialist on staff with ten years of CCB experience who oversees project review for CCB components. All Aster Global staff involved in the verification audit have ecological, biodiversity, natural resources, and forestry background to fulfill these requirements. During the site visit the Aster Global team added a local translator to ensure that the project team was able to demonstrate proficiency in the relevant local language.

2.2 Method and Criteria

The verification team assessed the Project's compliance with VCS Version 4, CCB Second Edition, and all associated updates, the selected methodology (VM0007), and the validated PD. The verification team assessed the Greenhouse Gas (GHG) emission removals for the monitoring period/verification period (01 January 2018 – 31 December 2020) through Agriculture, Forestry,

and Other Land-Use (AFOLU) criteria under the categories Reduced Emissions from Deforestation and Degradation (REDD). Specifically, the Project falls under the REDD+ category Avoided Unplanned Deforestation (AUD). Per ISO 14064-3, the verification criteria are the “policy, procedure or requirement used as a reference against which evidence is compared.” For this project, the verification criteria followed the guidance documents provided by VCS and CCB and included the following:

- VCS Program Guide (v4.4, 29 August 2023)
- VCS Standard (v4.5, 29 August 2023)
- VCS Program Definitions (v4.4, 29 August 2023)
- AFOLU Non-Permanence Risk Tool (v4, 19 September 2019)
- VM0007 – REDD+ Methodology Framework (REDD+MF), v1.4
- Validated PD and previous monitoring reports (VCS and CCB)
- CCB Program Definitions (v3.0, June 2017)
- CCB Standards (Second Edition, v2.0, December 2008)
- CCB Program Rules (v 3.1 June 2017)

The non-permanence risk analysis was completed for this verification. Further, following Section 2.1.2 of the VCS Validation & Verification Manual, V3.2, the objectives of the verification exercise 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 includes ensuring conformance with the monitoring plan (MP).
- The extent to which GHG Emission Reductions or Removals reported in the monitoring report (MR) are materially accurate.

The criteria followed the verification guidance documents provided by VCS and CCB. Unless otherwise indicated, the assessment was performed against the most recent version of the relevant VCS or CCB guidance document. Please also see Section 1.2 of this report.

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

At a high-level, the sampling plan consisted of a desktop review and two in-country site visits. During the desktop review, the VVB completed a full review of all project quantification including the creation of a full set of independent data checks. Similarly, the VVB completed a full review of all remote sensing analyses conducted by the project which resulted in a full set of independent data checks. The qualitative review consisted of reviewing verifiable evidence provided by the project, reviewing collected field data (interview notes), and conducted independent research as needed.

A detailed field plan was developed to guide the verification site visit and is embedded within the VSP. For the field sampling effort, direct measurement, observation, interviews, and review of the monitoring period emission reductions in the key areas were determined to be the greatest risk, followed by ground-truthing and review of project activities. Field sampling and techniques were based on the project parameters/scope and best professional judgment of the verification team to meet a reasonable level of assurance as directed by the professional judgment of the Lead Verifier.

2.3 Document Review

A detailed review of all project documentation was conducted as part of the desktop verification component to ensure consistency with, and identify any deviation from, VCS Program requirements, CCB program requirements, the methodology (VM0007), and the validated PD. Initial review focused on the validated PD and MR relative to the field conditions observed and interviews with project management staff. Project details, implementation status, data and parameters, and quantification of GHG emission reductions and removals were thoroughly examined. Key supporting documents were also reviewed. These included monitoring data (i.e., remote sensing/GIS data), Standard Operating Procedures (SOPs), financial analyses, boundaries, maps and aerial images, fire-specific monitoring data, biomass, and carbon calculation spreadsheets, CCB interview/survey results, and responses to Clarification Requests (CLs).

The VCS AFOLU Non-Permanence Risk Tool was used by the Project Proponent to assess overall project risk. The verification team reviewed the Non-Permanence Risk Report provided with the verification supporting documentation and confirmed that the project adheres to the requirements set out in the risk tool. Each risk factor was thoroughly assessed for conformance. Any identified nonconformance reports (NCR) and/or CL findings related to the AFOLU Non-Permanence Risk Tool/Report are in Appendix B. The final score was calculated to be 4%.

For a listing of all documents received from the project proponents for this verification, please see Appendix A.

2.4 Interviews

The initial site visit occurred between 24 January 2022 and 28 January 2022 in conjunction with the VCS and CCB verification of the adjacent Valparaíso Project. Onsite interviews and informal discussions were conducted with project staff, members and leaders of local communities, and Brazilian government representatives.

The verification team interviewed Ilderlei Souza Rodrigues Cordeiro, the landowner and Project Proponent of the Russas Project. Additionally, the landowner for the adjacent Valparaíso Project, Manoel Batista Lopes, and Project Proponent for the adjacent Valparaíso Project, Gleidson Honda Lopes, were interviewed by the verification team. In these interviews, it was noted that Ilderlei provided much of the project implementation oversight. The Project Proponent from CarbonCo, Brian McFarland, as well as the Project Proponent from Carbon Securities, Pedro Freitas, as well as Lelo Freitas from Carbon Securities were also interviewed.

The verification team also interviewed multiple project staff, including Willyan Deni Sarah (onsite manager), Maria de Fatima Dene de Carvalho (Fatima) and Nágila Deni Sarah (both onsite project staff) to gain a further understanding of their roles in project implementation, and glean more information regarding the overall operation of the project.

The verification team interviewed the President of the State of Acre's Climate Change Institute (Maria Jocilene Souza da Silva Nobec) to obtain a better understanding of their role as the third-party ombudsman for resolving grievances. Saymo Justiniano da Silva, the specialist responsible for completing the survey work associated with issuance Cadastro Ambiental Rurais (CARs), or land titles to community members. Maza, the lead forester from TECMAN, was interviewed to obtain more information regarding the forest reinventory effort associated with the concurrent baseline assessment. Joao and Jorge, two individuals contracted to construct the toilets in the project area, were also interviewed.

To confirm CCB related requirements, as well as to assess overall project implementation and attitudes towards the Project, community members from three villages within the project area (Tres Bocas, Queimadas, and Santa Luciana) were interviewed. While the verification team had intended to interview more community members, the site visit was cut short due members of the in-field project team testing positive for COVID-19 while on-site. Further members of the verification team tested positive for COVID-19 the following day and had to quarantine in country.

A summary of individuals interviewed, and their titles/organization is provided below:

Name:	Title/Organization:
Brian McFarland	Project Proponent, CarbonCo LLC
Pedro Freitas	Project Proponent, Carbon Securities
Lelo Freitas	Carbon Securities
Ilderlei Souza Rodrigues Cordeiro	Project Proponent/Landowner, I.S.R.C Investimentos e Acessoria LTDA (I.S.R.C)
Maria Jocilene Souza da Silva Nobec	President, State of Acre Climate Change Institute (IMC)
Saymo Justiniano da Silva	Trained professional in rural land surveys
Maza	Contractor for TECMAN, Forest Inventory/Reinventory Crew Lead
Willyan Deni Sarah:	Onsite Project Manager, Russas Project
Nágila Deni Sarah	Onsite Project Staff, Russas Project

Maria de Fatima Dene de Carvalho (Fatima)	Onsite Project Staff, Russas Project
Jorge and Joao	Contractors for Russas Project, construction of toilets
Community Members from Tres Bocas (members from both Russas and adjacent Valparaiso Projects)	21 males, 4 females
Community Members from Queimadas	4 males, 2 females
Community Members from Santa Luzia	4 males

After the initial site visit, it was determined that a second site visit was required to confirm aspects of the new “catch up” plan (See Sections 3.2, 3.3, and 4.3.1 of this report for more information). The primary objective was to interview community members regarding their consultation, consent to, and overall understanding of the new “catch up” plan. As the initial site visit was cut short due to COVID-19 infections on both the project and verification team, the second site visit provided the auditors another opportunity to interview additional community members. During the second site visit, interviews with community members were conducted with the Portuguese translator present on the initial site visit (Keren Lapid), with oversight and guidance provided by the verification team. In depth, individual interviews were conducted with a total of 17 community members from five communities. Names of individuals interviewed are summarized below:

Name:	Name:	Name:
Monica Barbosa Meireles	Antonio Nonato Ferreira Romã	Francisco Rodrigues de Menezes
Janison Souza da Silva	Antonia Roberta dos Santos Nazaré	Maria Elisangela
Braz Alves Meireles	José Rosimar Gomes da Silva	Maria da Conceição
Raimundo Nonato Felix da Siva	José Alfleison da Silva Carvalho	Maria Antonia Felix da Silva
Alailton Souza da Silva	José Lau da Silva	Antonio Gleison
Maria Elisani de Souza Silva	Maria Erlete	

2.5 Site Inspections

The verification site inspection followed our prepared Verification and Sampling Plan process and was conducted on 24-28 January 2022. The site visit aided the verification team to both understand application of the methodology on-site and to identify possible sources of error to focus desktop verification efforts.

Ground inspection of the Project Area and Leakage Belt were conducted during the site visit in order to allow the Verification Team to confirm the implementation of project activities. To further confirm the reported areas of ex-post disturbance extensive review of remote sensing data was undertaken. A drone was utilized to collect aerial imagery of areas of high concern.

During the field review of the project, the following aspects of the project were considered:

- Boundaries were inspected on-site to look for encroachment in the project area and view boundary postings
- Participatory Rural Appraisal – interviews were conducted with community members to ensure the accuracy of the PRA
- Disturbance detection and mapping
 - Confirmed accuracy of formal Accuracy Assessment
 - Confirmed deforestation during the most recent monitoring period
 - Sampled for potential missed deforestation from remote sensing monitoring components
- Risk
 - Assessment of any elements affecting non-permanence risk scores
 - Interviews with Project Proponents, community members, and project staff to discuss various Risk Score Ratings from the VCS Risk Tool
- Interviews with local legal representatives to discuss the legal status of the project

Field observations sufficiently satisfied the professional discretion of the verification team that the findings in the Monitoring Report were accurate

2.6 Resolution of Findings

During the verification process, there was a risk that potential errors, omissions, and misrepresentations would be found. The actions taken when errors, omissions, and misrepresentations were found included: notifying the client of the issue(s) identified and expanding our review to the extent that satisfied the Lead Verifier's professional judgment.

The process of resolution of findings involved formal rounds of assessment by the verification team. Findings were resolved during the verification by the Project Proponent implementing corrective actions such as amending the MR and calculations, as well as providing written responses. This resulted in project documentation that was in conformance with the requirements of the VCS Standard and CCB Second Edition for GHG projects.

Findings were characterized as:

Non-Conformity Reports (NCRs) were issued as a response to material discrepancies in a part of the project and generally fell into one category:

- Non-conformity to a VCS or CCB guiding document listed in Section 2.2 above
- Consistency among project documentation or calculations was lacking
- Mathematical formulae were incorrect
- Additional information was required by the verification team in order to confirm reasonable assurance for compliance

Clarifications (CL) were issued when language within a project document needed additional clarification to avoid ambiguity.

Opportunities for Improvement (OFI) were issued to the Project Proponent when an opportunity for improvement was identified.

During the verification 14 VCS and 17 CCB findings were identified for a total of 31 findings. Detailed summaries of each VCS finding, including the issue raised, responses, and final conclusions, are provided in Appendix B VCS NCRS/CLS/OFI summary. Please also see APPENDIX C: CCB NCRS/CLS/OFI summary for all findings raised during the CCB review. All NCRs/CLS were satisfactorily addressed and closed.

2.6.1 Forward Action Requests

During the verification, 15 Forward Action Requests (FAR) were raised that should be assessed by future verifiers. The FARs are described in greater detail in the relevant CCB indicators for which they were issued and are summarized below:

FAR #	Indicator	Forward Action Request (FAR)
1	G3.4	The verifiers for the next verification should ensure that the Certificado de Cadastro de Imóvel Rural (CCIR) is obtained and that all eligible community members have received Cadastro Ambiental Rurais (CAR) within one year of successful verification.
2	G3.4	The verifiers for the next verification should ensure that the 25 manioc kits promised to be delivered to the communities are delivered by the next verification.
3	G3.4	The verifiers for the next verification should ensure that internet has been provided to community members as described in the new “catch up” plan.
4	G3.4	The verifiers for the next verification should ensure that eligible community members have received payments from the Project Proponent in the agreed upon amount

		and in the manner described in the finalized new “catch up” plan.
5	G3.4	The verifiers for the next verification should ensure that all activities described in the new “catch up” plan are completed, or at least initiated, by their identified dates.
6	G3.4	The verifiers for the next verification should ensure that the local açai processing has been built, or construction has been initiated.
7	G3.4	The verifiers for the next verification should ensure that the single family that was not consulted during the development of the “catch up” plan is informed and consents to a payment method similar to those described in the “atas.”
8	G3.7	The verifiers for the next verification should ensure that the PDD is registered to the Brazilian Real Estate Registry Office upon completion of the CCIR within one year of successful verification.
9	G3.8	The verifiers for the next verification should ensure that the steps identified for improving communication in Section 2.3.1 of the MR (including semi-annual meetings) have been implemented and to provide an assessment as to whether communication has improved.
10	G3.8	The verifiers for the next verification should ensure that progress is being made in providing toilets for each individual household.
11	G3.8	The verifiers for the next verification should ensure that the maintenance and use of boats as described in the MR is occurring. Additionally, the verifier should interview community members to ensure the access and use of the boats as described in the MR is being adhered to.
12	G3.10	The verifiers for the next verification should, pending successful obtainment of the CCIR/CARs, assess if the community members receiving title to their land has been sufficient in closing an unresolved grievance pertaining to the size of land to be provided to individual families.
13	G4.3	The verifiers for the next verification should assess whether agricultural trainings have resumed at a frequency similar to before the onset of COVID-19.
14	G5.1	Pertaining to FAR#1, the verifiers for the next verification should ensure that the CCIR has been obtained and thus bring the project into full compliance with all identified laws.
15	GL2.4	The verifiers for the next verification should assess the size of plots of land granted to families of the identified sizes and ensure that they have received the amount specified in Section 4.2.2 of the MR.

In addition to the FARs issued by the verifiers during this verification period, the verification team assessed several outstanding FARs from previous verifications, to see if progress had been made and whether they had been appropriately resolved. The verification team confirmed that previously identified FARs were either sufficiently addressed during this verification period or were partially addressed and new FARs were issued (see above). Numerous discussions were held with Verra regarding the necessity and timelines for closing FARs. Previously issued FARs and the verification team's assessment of each are summarized below:

Previously issued FAR #	Previously Issued Forward Action Request	VVB Assessment of FAR
1	The VVB for verification #2 (2014-2016) identified inconsistencies between the agents of deforestation and drivers observed at the project's area (family agriculture and manual deforestation with the "coivara" techniques), and the agents and drivers assumed for the baseline's reference region (large deforestation polygons, with access by paved roads and with probable use of track tractors). They recommended revising, during the baseline revalidation, the deforestation rate (RRD) as well as deforestation location (RRL) established as baseline for the period of 2011 to 2021. The VVB for Verification #3 covering 2017 agreed with the FAR presented by the previous audit team and re-issued this relevant forward action request for the next verification [=for current verification, #4 covering 2018-2020] and for future consideration at baseline renewal.	This FAR is being assessed as part of the baseline revalidation occurring concurrently with verification and will be further assessed in that report.
2	The VVB for Verification #2 (2014-2016) noted that not all the elements of the PD implementation schedule were followed, including profit sharing on the commercialization of carbon credits. It was the VVB's understanding that this change in the project description implementation schedule could be considered as minor. The proponent presented a justification related to the downturn observed in carbon markets. This FAR was addressed in Section 2.2.3 of the MR for Verification #2 where activities not completed according	This FAR has been addressed during this verification period through the implementation of a Project Description Deviation. See Sections 3.2 and 4.3.1 of this report for further information.

	to the validated project implementation schedule are listed. The remainder of this section described the efforts the project had taken to fulfill the validated implementation schedule. The VVB for Verification #3 (covering 2017) understood that carbon credit profit sharing had not taken place in the 2017 reporting period therefore this FAR was re-issued.	
3	The VVB for Verification #2 (covering 2014-2016) noted the lack of CCIR or Rural Property Registration Certificate. CCIR requirement established by Federal Law No. 5,868, dated December 12, 1972, and regulated by Federal Decrees No. 72,106 of April 18, 1973 and No. 7,620 of November 21, 2011. VVB #2 determined CCIR was necessary to prove the regularity of the limits the property and to attest that the georeferenced polygon informed does not overlap with any other in the INCRA database. VVB #2 identified the referenced laws make the certificate mandatory for all rural properties in Brazil. Its proof must be carried out on an annual basis for tax purposes. The VVB for Verification #3 (covering 2017) reviewed this element at the request of the previous verifiers and adherence to requirements: VM0007 v1.4, section 5.1; VCS standard v3.7, requirement 3.11.1; CCBS, 2a ed. (2008) G1.3; VMD0015 v2.1, step 2. The third Monitoring Report (for 2017) referenced continued progress for both projects towards receiving the Certificado de Cadastro de Imóvel Rural (CCIR) and conversations on-site with proponents confirmed this to be the case. Verifiable evidence of the continued progress to obtain a CCIR for the project areas through INCRA was requested. VVB #3 noted the project may be in violation of the law for conferring land titles	During this verification the verification team noted that a CCIR had still yet to be obtained. The verification team received signed attestations from a firm hired by the landowner detailing where the Project is in the registration process as well as a signed contract with a lawyer detailing the future filing of the necessary documents with INCRA. Additionally, the verification team was provided an explanation of relevant land tenure laws from a lawyer and an explanation of where the project sits in the process. The verification team reviewed this explanation and with additional clarification from the project proponent, determined that a CCIR is only legally required to buy or sell the land. Finally, evidence of the registration of the CAR for the Russas property and an associated .kml was provided to the VVB. The verification team notes that the project is in the process of titling land to community members, and a completed CCIR will be required before this can be

	to communities. Lack of proper land certification may have cascading effects on the project, including granting titles to households, baseline deforestation projections and CCB Standards. The VVB for Verification #3 (covering 2017) determined the project is at a limited capacity to give out land titles to community members following measurements taken and consultations as part of the Cadastro Ambiental Rural (CAR) process until the project area itself could assert a valid CCIR or Rural Property Registration Certificate. Evidence was supplied to the VVB for Verification #3 by the project proponent to demonstrate that a CCIR was in the process of being obtained through INCRA.	completed. However, review of the provided evidence substantiates that the project continues to operate legally, and that progress is being made towards obtainment of the CCIR. Finally, the verification team has identified a Forward Action Request, asking the future auditors to ensure that the CCIR and community member CARs are obtained by the next verification.
4	Related to CCB Indicator B3.1, VVB for Verification #4 (covering 2018-2020) should ensure biodiversity monitoring is proceeding on schedule.	The VVB confirmed that biodiversity monitoring is proceeding as scheduled, noting that the second biodiversity assessment took place during this verification period.
5	Related to CCB Indicator B3.8, the VVB for Verification #4 (covering 2018-2020) is asked to observe whether communications with the community is improving, whether illiterate members of the community are getting project-related information in a timely manner and whether the problem of unmaintained toilets has been remedied.	This FAR has been resolved through the implementation of a Project Description Deviation, as well as actions taken by the Project Proponent during the verification period. See Section 4.3.5 of this report for more information.
6	Related to CCB Indicator B3.11, the VVB for Verification #4 (covering 2018-2020) should examine if project funding is adequate to implement the project at basic levels (full payment for employees, etc.) or shortfalls are preventing minimal implementation of project activities.	The VVB examined the provided pro form and IRS 990 form for CarbonCo for 2018-2020 and is reasonably assured that project funding is adequate to implement the project at basic levels.

2.7 Eligibility for Validation Activities

Aster Global Environmental Solutions, Inc., holds the required accreditation for the sectoral scope. Thus, this section is not applicable.

3 VALIDATION FINDINGS

3.1 Participation under Other GHG Programs

The verification team performed a search of other registries and confirmed the project has not been registered and is not seeking registration under any other GHG programs, nor are they involved in other forms of environmental credits from its activities. The Russas project currently only seeks carbon credits with the CCB label under the VCS program. This was confirmed through a risk-based internet review and interview with Project Proponents. The verification team deemed the project eligible to participate under the VCS Program.

3.2 Methodology Deviations

The following methodology deviations were applied to the project and assessed during the verification:

Methodology Deviation	Verification Findings
Trees in the Cecropia genus will not be included as part of the forest inventory. 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.	Verification team confirmed that Cecropia genus was conservatively omitted from analysis and this is permitted per VCS Standard Section 3.19.1 which states that deviations are permitted where they relate to data and parameters available at validation, data and parameters monitored, or the monitoring plan. Cecropia sp. generally does not grow in a consistent tree form to allow conventional volume estimates using allometric methods. Most species, within the genus, contain hollow portions within the stems making volume measurement difficult. Further, there are relatively few Cecropia sp. across the project area. The omission of Cecropia is conservative and does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.
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	The verification team confirmed that project proponents measured lying deadwood using two 92-meter transects and all dead wood greater than or equal to 10cm diameter was measured at the point of intersection. This measurement method differs from the requirements on module CP-D where Step 1 of Part 2: Lying Dead Wood states "Two 50-meter lines (164 ft) are established bisecting each sample plot and the diameters of the lying dead wood (≥ 10 cm diameter ≥ 3.9 inches+) intersecting the lines are measured. The first

	line is oriented along a random bearing, the second line is oriented perpendicular to the first.” The Project Proponent established two 92-meter transect lines, greater in length, to capture a larger and more representative sample of lying dead wood. These sample lines were permitted not to intersect a given sample plot center, but instead run from one plot to another. This method still ensures a random, but systematic sample of lying dead wood along a transect. The Project Proponent followed the same minimum diameter rule as the requirement, where lying dead wood greater than or equal to 10cm which fell on the transect line was sampled. The first sample line was not at a randomized bearing but rather the two sample lines were oriented at the north and east. The verification team believes that consistent line bearings among sample lines is still in line with good forest sampling practice as no sampling bias is introduced. Field going personnel of varying forest measurement experience are better able to replicate sample line measurements which are consistent in bearing. Further, the bearing of sample lines follows the perpendicular rule stated in CP-D. These deviations from the criteria and procedures related to measurement are appropriate given the good forest measurement practices employed, consistency in sampling practices, and conservativeness in larger sample sizes of lying dead wood. Further, the deviations are permissible per VCS Standard Section 3.5.1 given that the issue is a monitoring/measurement deviation, and its application does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.
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.	The verification team has agreed to allow this deviation as it has been demonstrated by project proponents that using the Cairns approach is a conservative allometric method to estimate belowground biomass. The Cairns et al. 1997 equation predicts root biomass density as a function of the aboveground biomass density, and it was chosen to replace the root to

	shoot parameter R. The Cairns et al. 1997 equation was confirmed by the verification team to be a widely referenced method during a related literature search. The project proponent demonstrated the conservativeness of the root to shoot parameter (R) substitution in a separate analysis where the default root to shoot ratios were compared to the Cairns root to shoot ratio. The Cairns et al. method employs an average root to shoot ratio of 0.2286 versus the value of 0.24 (Table 4.4 IPCC GL AFOLU Tropical Forest >125 t.ha-1). This alternative method for determining below ground biomass is acceptable as it is more conservative and accurate. Further, this method for determining below-ground biomass is a parameter available at verification and therefore a justifiable deviation.
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 r^2 that is ≥ 0.8) and validation of the allometric equation related to palm biomass, however the equation used is likely to result in a conservative estimate of palm biomass for the following reasons: -Volume is calculated as the volume a paraboloid rather than the volume of a cylinder; -Only stem biomass is estimated, thus conservatively excluding other aboveground biomass; and - A conservative measure of basal diameter (i.e., dbh) was used.	The verification team has found this deviation to be permissible as it has been demonstrated by project proponents that using a paraboloid is a conservative alternative to applying a traditional allometric to represent palm trees. Other assertions by the project proponent including the sole inclusion of stem biomass and lower dbh values employed are acceptable. Further, this method for determining above-ground biomass is a parameter available at validation.
Dead wood collected for density determination was opportunistically sampled from within the project area. The forest inventory collected a total of 13, 17, 13 samples for the sound, intermediate, and rotten classes, respectively. While the minimum number of samples, twenty, as stated in the CP-D module of the methodology was not collected for each class, the sample was still sufficient for a robust estimate of the mean as indicated by the low coefficient of variations for each of the classes (i.e., less than 20% for each class).	The verification team initially found that the number of samples does not equal the minimum number of samples required for the determination of densities required by the methodology. This deviation was inserted by project proponents to address the monitoring/measurement of the dead wood densities. The Project Proponent has chosen to employ the method of project-specific determination of dead wood density rather than a source of data from the literature for parameter DDWdc.

	Communication with the project proponent confirmed the nature of the dead wood density “opportunistic samples”. The samples were not collected from forest inventory plot locations but rather throughout the project area and were representative of the relative species composition and abundance as observed in the project area. Through assurances from the project proponent, the scale and representation of the samples is the representative of the forest strata and species composition determined from the inventory. Samples were collected to the widest extent possible given the difficulty in identifying the species of lying dead wood. Further, the samples were collected independently of the forest inventory plots due to the inherent challenge of storage and transport to the laboratory for analysis. Additionally, the conservative nature of the results from the field samples was supported by a demonstration where the Project Proponent compared wood density values of the field samples and literature derived wood density values that illustrated the sampled values are conservatively lower. CP-D states that mean value and 90% confidence interval are to be computed for each density class and “If the 90% confidence interval is equal to or less than 10% of the mean, the mean density value is applied in project calculations.” The Project Proponent provided a demonstration that the mean dead wood density value can be applied at the 90% confidence interval and validators duplicated this analysis and achieved the same result. Despite the minimum number of samples, a meaningful statistical inference can still be made. At the 90% confidence interval, mean density values of 7%, 5%, and 8% were achieved for rotten, intermediate, and sound respectively. Furthermore, an examination of the coefficient of variations and other relevant statistics justify the homogeneity of the samples collected. The Verification team concludes this deviation is acceptable per the VCS Standard
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	as it is a parameter available at validation and does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.
The similarities of the project boundaries were assessed using population density rather than settlement density. This methodological deviation is warranted due to obvious inconsistencies in the available data on the location of settlements within the state. Use of population density data still meets the intent of the methodology as both population and settlement density reflect the relative density of resident populations (and level of pressures associated with those population).	Settlement location data within Acre state is insufficient and therefore population density was used as a surrogate for settlement density to assess similarities in the project boundaries. The verification team interprets the intent of settlement density to capture the relative density of residents within the project boundaries. During validation, the Project Proponent stated that the Acre state level settlement density data is out-of-date (last updated 2006) and/or insufficient within the project boundaries. A demonstration was provided of the Acre state settlement data where it was illustrated that densely populated areas contain sufficient data but data was non-existent in many rural areas. Further, new settlements since 2006 are not evident but occur as confirmed by field visits. This is a permissible deviation because population density is also able to reflect land conversion pressure. Additionally, it is a parameter available at validation and does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals
The parameter TOTFOR has not been "limited to forest areas within 5km of roads and rivers suitable for conversion to agriculture / livestock" as mentioned in the methodology. As the resulting TOTFOR value is greater, the AVFOR value is also greater. The PROPLB parameter is therefore smaller thus resulting in more leakage outside the leakage belt and hence a conservative estimate. This deviation results in conservative accounting of leakage outside the leakage belt.	TOTFOR was derived from the source: FAO publication Global Forest Resources Assessment 2010, Brazil Country Report. As a result, the PROPLB parameter is smaller and produces a more conservative estimate as more leakage outside the leakage belt is accounted for. The verification team believes the monitored TOTFOR parameter is eligible as a methodology deviation because the alternative measurement method is more accurate and conservative. The verification team and the Project Proponent interpreted the comment noted for the monitored TOTFOR parameter "Limited to forest areas within 5km of roads and rivers suitable for conversion to agriculture / livestock" to be a mandatory requirement. The total available national forest

	area was derived from the Brazil FRA and it would largely be infeasible to determine an exact size of all forested areas within 5km of roads and suitable for conversion to agriculture/livestock. A total available national forest area available from the Brazil FRA is inherently more accurate and conservative in the overall accounting of leakage outside the leakage belt. Additionally, it is a parameter available at validation and does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals
The parameter COLB has not been “limited to areas demonstrated to be suitable for agriculture or livestock ranching” as mentioned in the methodology. COLB has conservatively been set to the largest forest aboveground tree carbon stock rather than the area-weighted average aboveground tree carbon stock. This deviation results in conservative accounting of leakage outside the leakage belt.	During the course of the validation project proponents adjusted this parameter from the FAO value for the Amazon basin to the country-specific Brazil value. The verification team believes the COLB parameter is eligible as a methodology deviation because it pertains to the conservativeness of a measurement method. The COLB value has been set to a value which is not limited to areas suitable for agriculture or livestock ranching. During validation the Project Proponent adjusted the COLB aboveground carbon stock value to a country specific value which is larger than the FAO default value for the Amazon basin. This new COLB value represents a wide range of areas which may include areas unsuitable for agriculture or ranching. The larger COLB stocking value represents a more conservative approach as there is a larger proportional difference in carbon stocks between areas of forest available for unplanned deforestation inside and outside the leakage belt. This change to a larger value was deemed more conservative and it also resulted in a larger proportional difference in carbon stocks between areas of forest available for unplanned deforestation inside and outside the LB. While this change in the COLB represents a methodology deviation, the verification team believes it is appropriate given the desire to achieve a higher level of conservativeness. Additionally, it is a parameter available at validation and does not negatively impact the

	conservativeness of the quantification of GHG emission reductions or removals.
The AVFOR parameter used in leakage estimation was stratified using information and data derived from official (government) publications, peer-reviewed published sources, or other verifiable sources. Stratification is not limited to the delineation of different strata where contiguous areas of at least 100 ha differ in stocks by $\geq 20\%$.	The verification team found that AVFOR was stratified by Amazon biomes, source: FAO publication Global Forest Resources Assessment 2010, Brazil Country Report. The requirement in LK-ASU states (Step 4, Definition of the Leakage Belt Boundary), "AVFOR shall be separated into different strata where contiguous areas of at least 100 ha differ in stocks by $\geq 20\%$." The project was stratified into contiguous natural forest biomes according to the FAO data that are larger than 100 ha and differ in in stocks by $\geq 20\%$, thus it meets the above quoted mandatory requirement. No divergences from the FAO document were identified during review. Since the AVFOR parameter is directly related to the TOTFOR parameter which contains a permissible methodology deviation, the verification team agreed with the Project Proponent it be mentioned along with the TOTFOR as a methodology deviation. However, the verification team concludes that the actual measurement method for AVFOR does not constitute a methodology deviation because this measurement was performed correctly.
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.	Verification team confirmed that project proponents are correct in that no other module requires forest measurements to occur in intervals less than 10 years. Since this project also includes remote sensing and is clearly planning to update the baseline carbon stocks at 10-year intervals with inventory sample points, then this deviation is considered to be an acceptable approach by the verification team. The verification team cannot find any other instance where updates to the inventory plots are required in less than 10-year increments, thus there would be no new inventory plots to use for the update of the sampling error, as suggested by this monitoring frequency requirement. The verification team concludes this deviation is acceptable.
The parameter ARRL,forest was not monitored or updated in 2017 as the Acre dataset, the	The verification team finds this methodology deviation for parameter ARRL,forest allowable.

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	Following the VCS Standard Section 3.6.1 (2) the 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. The deviation is appropriately described and justified in the Monitoring Report.
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The verification process confirmed that the above methodology deviations are reasonable and in compliance with the VCS Standard, Section 3.18 and have been appropriately justified. The listed deviations represent a deviation from the criteria and procedures relating to monitoring and/or measurement of GHG emission reductions or removals set out in the selected methodologies. Moreover, the deviations do not negatively impact the conservativeness of the quantification of GHG emissions reductions or removals (where degradation is deemed significant following the steps in T-SIG, it will be accounted for). No new methodology deviations were implemented during this verification period.

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

Two previously approved Project Description Deviations were included during this verification. An additional Project Description Deviation was implemented and validated by the verification team during this verification. These Project Description Deviation, as described in Section 2.2.4 of the MR, as well as the verification team's assessment are summarized below:

Project Description Deviation	Verification Findings
Rather than initially assessing the significance of illegal logging using temporary sample plots covering 1% of the potential degradation area (ADegW,i) as proposed in the project document and monitoring module of the VM0007 methodology; information gathered during the course of the participatory appraisals including amounts of fuelwood, charcoal, and timber collected by communities members will be used along with conservative assumptions to assess whether emissions due to degradation are significant using the T-SIG tool, and plot level monitoring of degradation is warranted.	The verification team interviewed individuals and traversed the project area during verification site visits to assess degradation activities. Community members were surveyed on the main required elements of the degradation Participatory Rural Appraisal (PRA) in M-MON and consistently responses indicated low (de-minimis) levels of timber and fuelwood extraction. The results of the verification team's series of informal degradation surveys were generally in line with the Project Proponent, suggesting that survey data for the Project is sufficient to measure degradation. The project remains in compliance with VM0007 V1.4 (where degradation is determined to be significant per the T-SIG tool, it will be accounted for) and the PD deviation is described and appropriately justified in Section 2.2.4 of the Monitoring Report. The project remains in compliance with the

	VCS Standard where Project Description Deviations are permissible at verification if the 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
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 does not negatively affect the conservativeness of project emissions. Setting parameter Cpost to zero ensures that the most conservative estimate of emissions is achieved. This deviation was reviewed at the previous verification and found to be permissible. The project remains in compliance with the VCS Standard where Project Description Deviations are permissible at verification if the 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
A new catch-up plan, which shall be implemented within one year of the successful verification of the Project's 2018-2020 activities, was designed in 2022 by I.S.R.C., in consultation with the local communities. This discussion with the communities has been memorialized via new "atas" signed in June 2022... (See Appendix D for the entire catch-up plan)	A minor change was implemented during the previous verification period (See Section 3.4 of this report) regarding shortcomings in implementation of community and biodiversity elements. After the first site visit, the verification team determined that several project activities had still not been implemented, the most important being the implementation of a profit-sharing mechanism and the issuance of land titles to eligible community members. Per CCB Requirement 3.5.7 "Either a new validation or the validation of a project description deviation is required at the time of verification if any of the following situations occur: ... 3) There has been a substantial change in the expected climate, community, or biodiversity impacts of the project, for example, a substantial change in the type of positive or negative impacts, or the affected communities or community group(s)." The verification team determined that not implementing the profit sharing and issuance of

	land titles constitutes a substantial change to community impacts of the project. As such a new “catch up plan” was designed and included as Project Description Deviation. This “catch up plan” is discussed in greater depth in Section 4.3.1 of this report, as it largely pertains to the Project Implementation schedule. The VVB provided guidance to the Project Proponent on what would be needed to reach a reasonable level of assurance that the implementation of this deviation would not affect compliance with CCB rules. An additional site visit was conducted to confirm that the deviation is being implemented as described. The site visit interviews, as well as the issuance of multiple Forward Action Requests pertaining to this deviation has provided the verification team with reasonable assurance that this deviation is appropriate and does not impact compliance with CCB rules.
With respect to the local association, and as previously discussed, there was an informal association of rural producers that existed prior to the Russas and Valparaiso Projects’ start dates and the association received a little support from the Projects. After the management of Russas and Valparaiso Projects split at the end of December 2018, the Valparaiso Project opened a general agricultural association. From 2019 to 2022, the Russas Project maintained the manioc and açaí association for residents of the Russas Project. In June 2022, Ilderlei Cordeiro consulted in person with the community about the association and as of July 2022, the Russas Project is now opening a general agricultural association for the residents of the Russas Project. Going forward, the manioc and açaí association will be discontinued and the general agricultural association will	Per CCB Requirement 3.5.7 “Either a new validation or the validation of a project description deviation is required at the time of verification if any of the following situations occur: ... 3) There has been a substantial change in the expected climate, community, or biodiversity impacts of the project, for example, a substantial change in the type of positive or negative impacts, or the affected communities or community group(s).” One of the initial activities described in the Project Implementation Schedule was to create an association to process açaí and manioc flour. This deviation indicates that it is no longer the Project’s intention to create an association to process açaí and manioc flour. Rather, the preexisting, informal açaí and manioc flour association will be discontinued, and

be implemented. It is important to note that these associations are not government-sanctioned associations, but rather, act as more of a cooperative and help, for example, to negotiate the sales price of the communities' manioc flour. To further clarify, while the manioc and açai association had a narrow focus (i.e., just manioc and açai), the general agricultural association covers several types of production in addition to açai and manioc flour, such as coffee, guarana, and other products that the local community already plants.	the Project now intends to create a general agricultural association that will cover additional types of production to açai and manioc flour including coffee, guarana and other products. This association was discussed and agreed upon with community member. The verification team is reasonably assured that the creation of this association in lieu of the initially identified açai and manioc flour association is an appropriate deviation, as it further expands the scope of the association to be created. The verification team is reasonably assured that this deviation is appropriate and does not impact compliance with CCB rules.
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3.4 Minor Changes to Project Description (*Rules 3.5.6*)

A minor change to the Project Description was implemented in the previous verification period. This minor change pertained to shortcomings in the validated Project Implementation Schedule for community and biodiversity elements. A FAR was issued by the previous verifiers, and in response the Project Proponent designed a “catch-up” plan that was include in Section 2.2.3 of the Monitoring Report to get the Project back on track to the goals of its validated design. Review of the FAR and associated “catch up” plan, when compared to the verification report for this Monitoring/Verification Period revealed that several goals identified in the “catch up” plan had not been met during this Monitoring/Verification period, mainly the implementation of profit sharing and providing community members with titles to land.

As such, the verification team determined that a new “catch-up” plan needed to be designed and included as a Project Description Deviation. Review of the new “catch up” plan, substantiated by interviews from the second site visit and the issuance of multiple Forward Action Requests for the next verifiers have provided the verification team with reasonable assurance that the project remains in compliance with its validated design. The initial “catch up” plan is justified as a minor change, but as previously noted, the creation of the new “catch up plan” warranted a Project Description Deviation. Please see Sections 3.3 and 4.3.1 of this report for more information regarding the new “catch-up plan.”

3.5 Monitoring Plans (CL3.2, CM3.3, B3.3)

At this time all the climate, community or biodiversity impact monitoring plans have been validated against the Climate, Community & Biodiversity Standards therefore this section is not applicable.

4 VERIFICATION FINDINGS

4.1 Public Comments (Rules 4.6)

The public comment period was held from 13 October 2021 to 12 November 2021, as stated on the Verra Registry. A second public comment period was held from 14 March 2023 to 13 April 2023. No comments were received during either period on the Verra website.

4.2 Summary of Project Benefits

Please see Section 1.4 of this report for a summary description of The Russas Project. Section 1 of the Monitoring Report appropriately describe activities implemented and/or planned as part of the project to reduce deforestation. Achievements reported (e.g. community outreach and education; employment of local community members as forest guards or other project staff (to replace other sources of income associated with deforestation and land use); Providing agricultural extension training which will help baseline agents to increase productivity on current lands (thus reducing the pressure to expand their farms in the adjacent forest); Supporting local farmers association; and assisting communities in obtaining land tenure) are substantiated with information provided in the body of the document.

4.3 General

4.3.1 Implementation Status (G3.4, CL1.5)

As noted in Sections 3.3 and 3.4 of this report, the verification team identified discrepancies between the project implementation and the project description, crucially that the profit-sharing mechanism as described in the project description had yet to be implemented and that community members had not received title to their lands. Section 3.3 of this report notes that during the previous verification period, a “catch up plan” was drafted to get the project back on track with identified goals. This “catch up” plan was included as a minor change to the project description.

During the first verification site visit, the verifiers interviewed community members and inquired if the activities as described in the initial “catch up” plan (including profit sharing and titling of lands) had been achieved since the previous verification. Community members indicated that they were unaware of any sort of profit-sharing mechanism and had yet to receive titles to their lands. Consultation with the Project Proponent and Verra after the site visit resulted in the necessity for a Project Description Deviation. Under CCB Requirement 3.5.7, it was determined that not implementing a profit-sharing mechanism or providing titles to community members serves as “a substantial change in the expected climate, community, or biodiversity impacts of the project, for

example, a substantial change in the type of positive or negative impacts, or the affected communities or community group(s)."

To remedy this, it was agreed upon that a new "catch up plan" be devised by the Project Proponent and validated by the verification team as a Project Description Deviation. The verification team stipulated that the new "catch up" plan be implemented as described within one year of successful verification and has issued multiple FARs in Section 2.6.1 of this Report to be assessed by the future verifiers.

The verification team was provided the new "catch up" which included plans for the initiation of profit sharing and providing titles of lands to eligible community members, amongst other smaller benefits to be provided. Documentary evidence was provided of consultations held with community members, and their agreement to the new "catch up" plan was memorialized in new "atas", or agreements, similar to those signed at the beginning of the project.

To obtain reasonable assurance that the proper consultations occurred, and that the community members consented to the new "catch up" plan, it was determined that a second site visit was to be conducted. The second site visit was conducted in the project area by the Portuguese translator present on the first site visit, with oversight and guidance provided by the verification team. Interviews with community members during the second site visit substantiated that those interviewed were appropriately consulted, and ultimately agreed to the new "catch-up plan". Interviewees were generally pleased with the proposed benefits, including the profit-sharing mechanism to be implemented. Additionally, while community members had not yet received titles to their lands, they were aware that the process was under way, and the verifiers were provided copies of maps of the land to be titled to several community members.

With the design and initiation of the new "catch up" plan the verification team is reasonably assured that the discrepancy between project implementation and the project description has been amended. As noted, multiple Forward Action Requests were issued to ensure that the Project adheres to the new "catch up" plan which should be reviewed for compliance by the auditors for the next verification.

Besides the aforementioned issues and resultant plans for resolution, the verification team substantiated that no other material discrepancies between project implementation and the project description exist. Key milestones stated as being achieved during this monitoring period were substantiated to have occurred through site visit interviews and observations and aligned with Section G3.4 of the PDD.

Site visit interviews with the landowner and one of the Project Proponents, as well as interviews with community members substantiated that the landowner visited the project area multiple times over the verification period. Site visit interviews with Willyan Deni Sarah substantiated that deforestation monitoring continued as described. Other activities, such as the conducting of courses by S.O.S Amazonia, provision of two transport boats, as well as various health services throughout the verification period were substantiated to have occurred through site visit interviews with community members and project employees.

While no land titles were granted to community members during the verification period, the verifiers confirmed through site visit interviews with Saymo Justiniano da Silva, the individual

responsible for conducting the survey work, that all surveys had been completed in 2018. Delays in the actual issuance of land titles to community members were caused by the onset of the COVID-19 pandemic, and the resultant shut down of government agencies. Again, while no titles were issued during the verification period, the verifiers were provided evidence of the Project Proponent procuring legal representation to expedite the land titling process. As mentioned above, the verifiers were provided evidence of several community members receiving maps of the land to be titled to them in conjunction with the second site visit.

Review of project documentation, in addition to site visit observations and interviews with Project Proponent's and project staff substantiated that the monitoring system is suitable, and that the monitoring system was implemented as designed. Through site visit interviews with community members and project staff, the verification team substantiated that PRA and BNS surveys were conducted during the verification period, in line with monitoring requirements. Additionally, the verification team substantiated that the second biodiversity monitoring event occurred during this verification period. The verification team interviewed Willyan Deni Sara, who received training from the biologist conducting the biodiversity monitoring and also participated in the monitoring and maintenance of camera traps utilized in the study.

Through interviews with Project Proponents, in conjunction with an internet search of multiple registries, the verification team is reasonably assured that the GHG emissions reductions or removals generated by the project were not included in any other emissions trading program or any other mechanism that included GHG allowance trading. Further the verification team is reasonably assured that the project has not been rejected from any other GHG program, nor have they received or sought any other form of environmental credit.

Section 2.1.10 of the MR provides information as to how the project contributes to all 17 of the Sustainable Development Goals (SDGs). Based on review of project documents and interviews and observations from the site visit, the verification team substantiated that the contributions to all 17 SDGs as described in the MR are reasonable and credible.

In addition to the minor change and project description described in this section, a comprehensive list of methodology deviations, project description deviations, and minor changes to the project description can be found in Sections 3.2, 3.3, and 3.4 of this report, respectively.

Though discrepancies were noted in project implementation as described above, the verification team believes the project has taken appropriate steps to rectify the discrepancies through the implementation of the new "catch up" plan (included as a Project Description Deviation). Interviews from the second site visit substantiated that community members were consulted and consented to the new proposed benefits. With the issuance of the identified FARs, the verification team is reasonably assured that the appropriate steps have been taken to ensure future compliance with and implementation of the Project Design.

4.3.2 Risks to the Project (G3.5)

The AFOLU Non-Permanence Risk Tool was utilized by the project to quantify the risks to carbon stocks within the project. The verification team reviewed documents and support necessary to achieve reasonable assurance of the project's reversal risk rating of 4%. Please see section 4.4.3 of this report for further non-permanence risk discussion. An initial analysis of likely risks to the

project was done prior to validation. Natural risks are unlikely, including natural fires. Extensive evidence was provided in this regard. Human-induced risks include illegal hunting, logging, collection of endangered flora, human caused fires and the expansion of the Lua Clara Ramal. In order to reduce the risk of the Ramal's intrusion into the Project Area, monitoring and discussions with the people at the end of the Lua Clara Ramal is occurring, while the project is offering them agriculture training. It is the verification team's opinion that reasonable steps have been taken to mitigate risks to the project.

4.3.3 Enhancement of High Conservation Values (G3.6)

The Monitoring Report identifies several HCVs in the project including possibly threatened species, threatened or rare ecosystems, critical ecosystem services, and a direct importance to local communities. The project has integrated HCVs into the project's main objectives, despite limited understanding of threatened, rare, and endemic species within the project area.

Community members have received training to assist with monitoring biodiversity with wildlife camera traps and the project proponent states they will focus additional conservation measures in areas where threatened and/or endemic species are identified.

Additionally, deforestation and community impacts are being monitored to mitigate deforestation of threatened and rare ecosystems in the project area. Maintenance or enhancement of project HCVs in the project area are dependent on the forest remaining in its current state, as the forest itself is the main provider of HCVs. By reducing deforestation, the project is helping to ensure the forest stays in its current state.

4.3.4 Benefit Permanence (G3.7)

The signing of the Tri-Party Agreement between Project Proponents and the creation of I.S.R.C are important measures in ensuring project longevity. The verification team issued a FAR asking the auditors for the next verification to ensure that the filing of the Tri-Party Agreement and the PDD are filed with the Brazilian Registry Office or with the State of Acre's IMC, as described in the PDD. The verification team believes this is an important step necessary to be taken to ensure benefits beyond the project lifetime.

As described in previous Sections, little progress was made within the actual verification period pertaining to issuance of land titles to community members, due largely to the onset of the COVID-19 pandemic. However, interviews with community members during the second site visit substantiate that community members are informed that the titling process for their lands should be completed in the near future, and the verification team was provided maps of lands to be issued to community members. The verification team believes, in line with the PD, that providing community members to legal title to their lands is important for ensuring benefit longevity. The verification team is reasonably assured that, while not within the verification period, adequate steps are being taken to provide community members titles to their lands.

Additional actions needed or implemented to maintain longevity of project benefits taken during this verification period include the conducting of an agricultural training in 2018, as well as the provision of boats and various health services. The verification team concluded that the steps taken during, and after the verification period, in conjunction with the issuance of the identified

FAR that reasonable measures have been taken by the Project Proponent to enhance project benefits beyond the project lifetime in accordance with the validated project description.

4.3.5 Stakeholder Engagement (G3.8 – G3.9)

The auditors from the previous verification issued a Forward Action Request, asking the verification team to observe whether communications with the communities are improving, whether illiterate members of the community are getting project-related information in a timely manner and whether the problem of unmaintained toilets had been resolved.

The verification team interviewed community members during the first site visit and determined that communications had improved somewhat from the previous verification period but were hindered due to the onset of COVID-19. As part of the implementation of the new “catch-up plan” plans to improve communication (including designating community “leaders” and increased consultations) were designed. The VVB interviewed community members during the second site visit and substantiated that communication had substantially improved since the first site visit.

The verification team assessed the steps taken to ensure illiterate community members are well informed of project related information. The verification team substantiated that the local project manager, Willyan Deni Sarah, often visits the communities and can read Project Documents to illiterate community members if necessary and that copies of summary documents are provided to local schools, where teachers can also read them if requested. Further, steps outlined in the new “catch up” plan should ensure that community members are well informed of project related information.

During the first site visit, the verification team inspected several of the toilets constructed in the project area and found that some were maintained and some were not, suggesting that the issue of unmaintained toilets had been partially resolved. However, the verification team interviewed the local contractors responsible for constructing the toilets, who informed the verification team that they plan to build a toilet for every household in the project area. As the issue of unmaintained toilets seemed to stem from overuse by multiple families, the verification team is reasonably assured that construction of more toilets should resolve the issue of unmaintained toilets. The verification team has issued, a FAR asking the next verifiers to ensure that progress is being made in providing toilets for each individual household. Overall, the verification team has determined that the previously identified FAR has been addressed.

As noted above, the verification team observed issues with the communication and consultation plan, but through the implementation of the new “catch up” plan, and activities previously described, the verification team determined that necessary adjustments were made.

Similarly, communication of project related information to illiterate community members had somewhat improved. The VVB is reasonably assured that the communication plans implemented as part of the “catch up plan” should ensure that illiterate community members are well informed of project related information. The issue of unmaintained toilets seems to have been somewhat resolved. The VVB interviewed the contractors responsible for building toilets in the communities and is reasonably assured that the education they are set to provide community members during their construction should mitigate the issue of unmaintained toilets.

The Monitoring Report states that project documents were uploaded to the CCBA website and announcements of the verification period were posted on Carbonfund.org's website and issued in a newsletter. Additionally, the Monitoring Report states Ilderlei made radio announcements of the public comment period on three radio stations, along with a television announcement. The verification team substantiated that the project documents were uploaded to the Verra registry. Community members interviewed during the site visit were largely aware of the scheduled auditor site visit and the verifiers observer project summary documents in Portuguese at one of the local schools. The verification team is reasonably assured that the public comment period was appropriately publicized of project related documents disturbed in line with the projects validated design.

The verification team substantiated through site visit interviews that several information meetings were held during the verification period but were limited due to the onset of COVID-19. However, the verification team is reasonably assured that appropriate information dissemination is occurring, as multiple project wide consultations occurred in the development of the "catch up" plan. Overall, the verification team determined that the project carried out effective stakeholder engagement.

4.3.6 Stakeholder Grievance Redress Procedure (G3.10)

A grievance redress mechanism was designed and communicated to community members during project development and stated to have been reexplained in 2014. Initial site visit interviews with community members suggested that community members were unaware of the formal grievance procedure but knew to contact Ilderlei with any issues they might have. As part of the new "catch up" plan the Project Proponent designated leaders from each community, who would be responsible for hearing any grievances community members may have and stated Nagila would revisit communities to ensure the grievance redress mechanism is understood. During the second site visit, community members were again asked if they know who to go to with grievances. Responses were consistent, in that they go to their community leader if they are unable to discuss with Ilderlei directly. These results from the second site visit have provided the verification team with reasonable assurance that the grievance mechanism is understood by community members.

During the initial site visit, the verifiers interviewed the President of the State of Acre Climate Change Institute, the organization listed as the third-party ombudsman responsible for dealing with grievances unable to be resolved within the Project. The President was unaware of the IMC's role as the third-party ombudsman given she was relatively new to the position. To remedy this, the Project Proponent's reached out to IMC to reconfirm their role as the third-party ombudsman. The verification team further substantiated that IMC's contact information is available in Project Documentation that the verification team observed on site.

A Forward Action Request was issued during the second verification, regarding an unresolved grievance regarding the size of plots of land community members are to receive title to. While this Forward Action Request was addressed during the third verification, information gained from the first site visit suggested that this issue was never formally resolved, as community members had yet to receive legal title to their land. However, interviews from the second site visit, after community members were consulted regarding the new "catch up" plan suggested that

community members were generally pleased with the size of lands they were set to receive, as maps of the land to be titled had been given to several individuals within the Project area. The verification team is reasonably assured that this grievance has been addressed for the purpose of this verification, but is issuing a Forward Action Request, asking the future verifiers to ensure that land titles are obtained by community members, and that they are happy with the size of the plot of land they have been provided.

While several issues were noted regarding the implementation of the grievance redress procedure, the verification team is reasonably assured that the steps taken in response to findings, as well as the implementation of the new “catch up” plan and associated FAR are sufficient to ensure that the implementation of the grievance redress procedure was and will be implemented according to the project’s validated design.

4.3.7 Worker Relations (G4.3 – G4.6)

The Monitoring Report states that relevant laws pertaining to worker’s rights are:

- The Brazilian Constitution, articles 7 – 11
- Consolidate of Working Laws
- Establishment of Regular Norms for Rural Workers.

Agreements between the project proponents and agreements between CarbonCo and its contractors stipulate that firms must abide by labor laws. CarbonCo has an employee handbook to ensure proper guidelines are followed by its employees. ISRC has an explanatory letter on labor rights that was presented to all employees. IRSC provided “Receita Federal, which certifies all taxes and insurance (including social) are paid.

The verifiers interviewed several project staff during the initial site visit including Willyan, Nagila, and Fatima. Interviews substantiated that they were informed of their rights as workers as well as the laws and regulations that pertain to them. Further, project staff all substantiated the claims in the MR that they were provided an explanatory letter explaining their rights as workers.

Interviews with Project staff also confirmed that they were aware of all risks that the Project Proponent had identified and presented in the MR. Further project staff interviewed confirmed they had reviewed and occupational risk and hazard document that was prepared and provided to them. Project staff were well informed of the steps needed to mitigate the identified risks. COVID-19 was identified as a new risk during this verification period, and the verification team substantiated that project staff were all aware of the risk, and the necessary measures required to mitigate the risk of COVID-19.

While the verification team interviewed three project staff, there are relatively few additional project related positions to fill. During the verification period, there did not appear to be any new hires, however, plans to advertise future positions include advertisement over radio and door to door communication. The verification team is reasonably assured that all community members are given an equal opportunity to fill work positions.

The verification team interviewed community members regarding measures taken to build capacity through job training and employment. Previously, several agricultural trainings had been provided per year through SOS Amazonia. However, due to the onset of COVID-19, the number of trainings provided during this monitoring period was markedly lower, with only one training had occurred. The verification team has issued a FAR asking the future verifier to ensure that agricultural trainings have resumed at a frequency similar to before the onset of COVID-19. Interviews with community members substantiated that trainings on COVID-19 prevention occurred, and that they were provided masks as an additional prevention measure.

Through all the described verification activities, the verification team is reasonably assured that the relationship between workers and the project upholds the intent and design presented in the validated project description.

4.3.8 Technical and Management Capacity (G4.2, G4.7)

The Monitoring Report lists the following technical skills required to implement this project:

- Stakeholder identification and community engagement.
- Biodiversity assessment and monitoring
- Carbon stock measuring and monitoring
- Regional deforestation and land-use modeling.
- Project management
- Local knowledge and fluency in Portuguese
- Carbon finance.

The Monitoring Report goes on to direct the reader to the validated PDD for biographies of the various project proponents and consultants that possess these skills.

Carbonfund.org is well established in the world of carbon offset credits. The other consultants and technical workers include TECMAN for measuring carbon stocks and TerraCarbon for all aspects of development and monitoring. These are also organizations known to be competent in their fields.

The Monitoring Report cites that Carbonfund.org has funded over 210 carbon reduction and tree planting projects and is aware of the financial mechanisms required. A revised pro forma was provided to the auditors, showing the financial situation if VCUs are sold at a variety of prices.

Ten-year cumulative net range for different rates for offset credits was provided. The IRS 990 form for Carbonfund.org for 2018-2020 was provided, indicating Carbonfund.org's net assets are sufficient to fund the project. Thus, the verification team is reasonably assured that the project has technical and management capacity that is significant enough to maintain the project.

4.3.9 Legal Status (G5.1)

Section 2.5.1 of the Monitoring Report includes an extensive list of laws and regulatory frameworks relevant to the project and has ensured that laws identified are up to date. The verification team reviewed the identified laws and identified an additional federal law that was subsequently added to the Monitoring Report. As noted in Section 2.6.1 of this report, the Project is in the process of obtaining the CCIR. The verification team notes that the CCIR will need to be obtained prior to issuance of land titles to community members. Through the verification team review of identified laws and the documentation provided, the verification team is reasonably assured that all laws have been appropriately identified, and the project is in compliance with all laws and regulations. .

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

The Project received approval from Ilderlei Souza Rodrigues Cordeiro, the private landowner of the Russas project property and one of the project developers prior to the start of the project. This approval is documented in the Tri-Party Agreement. As Ilderlei is the legal owner of lands in the Project area, the verification team is reasonably assured that the project does not encroach uninvited on private, community or government property.

The verification team is reasonably assured that property rights of community members are recognized, respected and supported, as Ilderlei is currently in the process of granting legal land title to community members. As community members are in the process of receiving legal title to their lands, the verification team is reasonably assured that project activities do not lead to the involuntary removal or relocation or property rights holders from their lands or territories.

At the outset of the project, community members in the project area signed “atas”, or agreements, demonstrating their voluntary participation in the project. During the land titling work conducted by Saymo Justiniano, additional families living in the project area were identified. During the consultations held for the new “catch up” plan, new “atas” were signed by representatives of these families. Interviews conducted on the second site visit substantiated that representatives from these families had signed the “atas” and were generally pleased with the new benefits to be provided through the implementation of the new “catch up” plan. As such, the verification team is reasonably assured that free, prior and informed consent has been obtained for community members living in the project area.

Overall, the verification team is reasonably assured that rights of Indigenous Peoples, communities and other stakeholders in accordance to the CCB Standards and the validated project design.

4.3.11 Identification of Illegal Activities (G5.5)

Hunting and fishing for protected fauna, illegal logging and illegal drug manufacture, transportation or distribution were listed as potential illegal activities. During the monitoring period, the project proponents and project staff monitored illegal activity in tandem with deforestation and biodiversity monitoring. Individuals interviewed regarding illegal activities noted that should illegal activities occur, they are to notify the proper authorities, as described in Section 2.5.4. The verification team is reasonably assured that the steps and actions taken and measures

implemented by the project proponent to reduce illegal activities in the project area are reasonable and were effective during this monitoring period.

4.4 Climate

4.4.1 Accuracy of GHG Emission Reduction and Removal Calculations

The verification team conducted an intensive review of all input data, parameters, formulas, calculations, conversions, statistics and resulting uncertainties and output data to ensure consistency with the VCS standard, the validated project PD and the methodologies. Further, the verification team reproduced select calculations and checked all formulae application for parameters that are derivative to net emission reduction values. Conversion factors, formulas, and calculations were provided by the project proponent in Excel worksheet format to ensure all formulae were accessible for review. The verification team recalculated subsets of the analyses to confirm correctness. The project proponent also provided a step-by-step overview as needed of calculations to ensure the verification team understood the approach and could confirm its consistency with the methodologies and PD.

An overview of the data and parameters monitored, along with verification team findings, are included in the table below:

Data Unit / Parameter	Accuracy of GHG emission reductions and removals	Whether methods and formulae set out in the PD have been followed	Appropriateness of default values
$\Delta CP_{Def,i,t}$	Verification team confirmed the net carbon stock change as a result of deforestation in the project case were correct by recalculating and checking input values. The value was traced to the quantification of carbon stock changes for project emission/removals and, ultimately net GHG emission reductions during the monitoring period. This value was found to be calculated correctly for the 2018-2020 monitoring worksheet according	This parameter was reviewed and recalculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.

	to the correct formula for the monitoring period.		
$\Delta CP, DefLB, i, t$	The net carbon stock change as a result of deforestation in the project case in the leakage belt was confirmed by the verification team through an independent check on source data from the Landsat 8 based deforestation analysis dataset. This value was found to have been calculated correctly in the 2018-2020 monitoring worksheet according to the correct formula for the monitoring period.	This parameter was reviewed and recalculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.
$\Delta CP, DistPA, i, t$	The MR describes natural disturbance as having occurred where river channels shifted from forest to water as distinguished in land cover classification. The verification team confirmed $\Delta DistPA, q, i, t$ was appropriately mapped using satellite imagery and provided geospatial files. Net carbon stock change as a result of natural disturbance in the project case in the project area was correctly determined.	This parameter was reviewed and recalculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.
$\Delta DefPA, u, i, t$	This data/parameter	This parameter was	Not applicable.

	was appropriately chosen because it pertains to the area of recorded deforestation in the project area stratum i converted to land use u at time t. This value was found to be computed and determined correctly from remote sensing/GIS data as confirmed by an independent workup by the verification team. Hectares deforested during the monitoring period in the project area were also confirmed to have been transcribed and collated properly in the 2018-2020 monitoring worksheet according to the correct formula. The verification team also confirmed the Project's accuracy assessment for landcover classification by randomly selecting points and reviewing them.	reviewed and recalculated using methods set forth in the methodology and the PD and confirmed followed.	
ADefLB,u,i,t	This data/parameter was appropriately chosen because it pertains to the area of recorded deforestation in the leakage belt stratum i converted to land use u at time t.	This parameter was reviewed and recalculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.

	This value was found to be computed correctly from remote sensing/GIS data as confirmed by an independent workup by the VVB. Hectares deforested during the monitoring period in the project area were also confirmed to have been transcribed and collated properly in the 2018-2020 monitoring worksheet according to the correct formula. The verification team also confirmed the Project's accuracy assessment for landcover classification by randomly selecting points and reviewing them.		
ADistPA,q,i,t	This data/parameter was appropriately chosen because it pertains to area impacted by natural disturbance in post natural disturbance stratum q in stratum i, at time t. The value applied was 0. The verification team confirmed the area of natural disturbance from the river shifting and converting forest to water was appropriately mapped using satellite imagery and provided geospatial files.	This parameter was reviewed and recalculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.

ADegW,i,t	This data/parameter was appropriately chosen because it pertains to the area potentially impacted by degradation processes in stratum i. The value applied was 0. This verification team reviewed the Project Proponent's degradation assessment and confirmed emissions due to degradation (for this monitoring period) are insignificant utilizing T-SIG.	This parameter was reviewed and recalculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.
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4.4.2 Quality of Evidence to Determine GHG Emission Reductions and Removals

During this verification assessment, the evidence provided by the project proponent was sufficient in both quantity and quality to support the determination of GHG emission removals reported by the project. Throughout the verification, the Project Proponent demonstrated a commitment toward conservativeness and took appropriate measures to ensure the reliability of evidence provided.

The threshold for materiality with respect to the aggregate of errors, omissions and misrepresentations relative to the total reported GHG emission reductions and/or removals was met for this project as defined in the Verification Sampling Plan. Materiality is a concept that errors, omissions and misrepresentations could affect the GHG reduction assertion and influence the intended users (ISO 14064-3). As defined by VCS Version 4, the materiality was 5% for this project.

The evidence provided to determine emission reductions reported in the Monitoring Report included values, notations, units and sources. This evidence has been cross-checked with supplied emission reduction calculation spreadsheets. The procedure for data recording, transfer and final transposition was also verified and found to be in compliance with the monitoring plan outlined in the PD. The verification team confirmed through cross checks that adequate monitoring mechanisms are in place where the required parameters need to be monitored. Interviews conducted (oral evidence) are outlined in Section 2.4 above, and the final documents received from the Project Proponent supporting the determination of GHG removals can be viewed in Appendix A.

4.4.3 Non-Permanence Risk Analysis

The VCS AFOLU Non-Permanence Risk Tool (v4.0, 19 September 2019) was used by the Project Proponent to assess overall project risk. The verification team reviewed the Non-Permanence Risk Report provided with the verification supporting documentation and confirmed that the Project adheres to the requirements set out in the Non-Permanence Risk. Each risk factor was thoroughly assessed for conformance. At all levels, the verification team evaluated the rationale, appropriateness, and justifications of risk ratings chosen by the project proponent. Each risk factor was thoroughly assessed for conformance. Any identified NCR and/or CL findings related to the AFOLU Non-Permanence Risk Tool/Report are presented in Appendix B. The final score was calculated to be 4%. A brief review of each factor is found in the table below:

Factor	Rationale & Quality	Conclusion
Internal Risks		
Project Management	The verification team substantiated that ongoing enforcement is required to prevent encroachment by outside actors (2). The verification team substantiated that management team does not include individuals with significant experience in all skills necessary to successfully undertake all project activities, thus this score is appropriate (2). The verification team substantiated that local management partners are based in Cruzeiro do Sul less than a day's travel from the project activity. There is a project manager living on the property and a project headquarters has been established on the property (0). The verification team substantiated that the management team includes individuals from CarbonCo and TerraCarbon who have successfully managed projects under the VCS program (-2).	A risk rating of 2 is appropriate given the rationale provided and all statements made are substantiated.

Financial Viability	Financial documents provided demonstrate the project has already reached breakeven (0), and that the Project Proponents are utilizing internal non-restricted funds (0).	A risk rating of 0 is appropriate given the rationale provided and all statements made are substantiated.
Opportunity Cost	The verification team substantiated that a NPV analysis is not warranted as baseline activities are confirmed to be subsistence driven (0). The verification team substantiated that a legal contractual agreement to maintain the project area as forest for at least 60 years (-2).	A risk rating of -2 is appropriate given subsistence driven baseline activities, lack of NPV analysis, and confirmation of a legally binding agreement.
Project Longevity	There is a legal contractual agreement to maintain the project activities and maintain the project area as forest for at least a 60-year period from the project start date $(30-(60/2)) = 0$. The project proponent at validation and at the initial verification presented a contractual addendum that provides for the maintenance of the project for a period of 60 years, justifying the score of zero.	A risk rating of 0 is appropriate given the rationale provided and all statements made are substantiated.
Total Internal Risks		0
External Risks		
Land Tenure and Resource Access Impacts	The landowner, Ilderlei Cordeiro, who is also a project proponent, owns the project area outright (see Section 1.12 of the PD) and has full resource access/use rights, which are not shared with anyone. The property was georeferenced and is in the process of being officially registered in the cadaster (Cadastro Ambiental Rural), a process which involves on the ground assessment of all property boundaries and consultations with neighbouring landowners and resolution of any existing boundary disputes. The verification team interviewed	A risk rating of 0 is appropriate given the rationale provided and mitigation deduction applied.

	individuals involved with the CAR process (see interviews section of this report), and reviewed documentation that supports that the CAR process is in progress (0) There is a legal contractual agreement to maintain the project area as forest for at least a 60-year period (i.e. greater than the length of the crediting period) from the project start date (-2).	
Community Engagement	The verification team is reasonably assured that the Project Proponent's statement that "to the best of the Project Proponent's knowledge all households living on the Russas property directly adjacent to Project Area were consulted." "Atas" were signed at the beginning of the project and again during this verification period regarding the implementation of the "catch up" plan (0). The verification team substantiated that the project has been validated and verified to CCB standards and that the social and economic benefits listed have occurred (-5)	A risk rating of -5 is appropriate given the rationale provided and mitigation deduction applied.
Political Risk	Independent calculation of the governance score for Brazil is -0.18, which includes 2015 through 2019 and is eligible for a score of 2. Acre, Brazil is participating in the Governors' Climate and Forest Taskforce. Further, Brazil has an established Designated National Authority under the CDM and has at least one registered CDM Afforestation/Reforestation project. Independent web search reveals that the statement made by the	A risk rating of 0 is appropriate given the rating for governance and participation in beneficial projects.

	Project Proponent is true (-2)	
Total External Risks		0
Natural Risks		
Fire, pests and disease, extreme weather, geologic risk	Fire - Based on historical MODIS data, the frequency of fires is less than every 10 years. The sources provided support the claim that fires would have an insignificant (less than 5%) impact on carbon stocks (2) Pests and Disease - There is an insignificant risk of pest and disease outbreaks due to the high diversity of tree species in the project area. There are no historic forest disturbance events due to pests or disease (0). Extreme Weather – Flooding of the river impacted carbon stocks by changing forest to water during this verification period. The verification team determined that the significance would be insignificant and likelihood of less than every 10 years as described is appropriate (2) Geologic – Geologic risk is minor based on the geology of the project area = 0.	A risk rating of 4 is appropriate given the rationale provided and all statements made are substantiated.
Total Natural Risks		4
Overall Risk Rating = 4		

The verification team substantiates that Overall Risk Rating of 4 is appropriate, however the verification team confirmed that the minimum 10% deduction was appropriately applied.

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

Results of monitoring are incorporated into Summary Documents (in both English and Portuguese) and shared with shareholders, including community members. Additionally, links to these summary documents are available online. The verification team confirmed that the referenced summary documents are available on the Verra Registry in both Portuguese and English and include a summary of the monitoring plan and results. During the site visit, the verifiers viewed a copy of one of the summary documents in a local community that was visited.

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

Not applicable.

4.5 Community

4.5.1 Community Impacts (CM1.1)

An initial PRA and BNS were used to develop a theory of change comparing the impacts of the 'with project' scenario to the 'without project' scenario. The results of this analysis indicated that the net community benefits would occur in the 'with project' scenario that would not occur in the 'without project' scenario .

The verification team noted that during the verification process, multiple benefits were provided that would not occur in the 'without project' case, including delivery of boats, provision of health services, and construction of bathrooms. The verification noted, however, that two of the main community impacts had not yet been provided including granting community members title to their lands and the implementation of a profit sharing. The verification team was provided evidence that several community members have received maps of the land to be titled to them, and others are anticipated to receive them soon. A profit sharing mechanism was designed as part of the new "catch up" plan (see Section 4.3.1 of this report). Interviews from the second site visit substantiated that community members were generally pleased with the benefits to be provided through the implementation of the new "catch up" plan. Overall, the verification team substantiated that the assessment of impacts is accurate.

4.5.2 Net Positive Community Well-being (CM1.1)

As noted in Section 4.5.1 of this report, the verification team substantiated that the project has provided multiple positive benefits throughout the life of the project. With the implementation of the catch-up plan and associated profit sharing mechanism, as well as the progress made towards provision of titles to community members' lands, the verification team determined that the net impact of project activities on community groups is positive when compared to the 'without project' scenario.

4.5.3 Protection of High Conservation Values (CM1.2)

The project identifies food from fishing and hunting, the preservation of medicinal plants, access to building materials, and the maintaining of traditional cultural significance as High Conservation Values (HCVs). By implementing project activities and protecting forest area in the 'with project' scenario these HCVs will be protected.

The verification team is reasonably assured that project activities and protection of forest area in the 'with project' scenario will lead to the preservation of HCVs. During the site visit, the verification team viewed signage in the project area prohibiting fishing and hunting, and interviewed community members who were appropriately utilizing building materials to complete livelihood projects, notably an individual building a manioc house on his property. The verification team observed protection of forest areas during the site visit, and thus is reasonably assured the medicinal plants are being preserved. Interviews with community members substantiate that

implementation of project activities are not impeding traditional significance. Through the verification activities identified above, the verification team is reasonably assured that the identified community HCVs have not been negatively affected.

4.5.4 Other Stakeholder Impacts (CM2.2-CM2.3)

No negative impacts have occurred, and the project proponents stay in contact with surrounding landowners for this and other purposes. There have been no increases in the cost of land, but it is mentioned the project could decrease the value of adjacent lands, because no roads will be allowed across the project area. This is considered an acceptable potential impact, given the CCB benefits. There has been no in-migration or out-migration, nor conflict, illegal activity, etc. To help prevent that, some benefits, like the health center and the school, will be available to those living outside project boundaries.

The verification team believes that these negative impacts are either unlikely to occur, unavoidable if they do occur or are reasonably mitigated by the project proponents. Land values are unlikely to be greatly affected, especially in comparison with other activities in the region. Outmigration due to forced relocation is not permitted to occur in a CCB project. Opening certain benefits to surrounding communities reduces any existing reason to move into the project area or become jealous of project communities.

Ongoing consultations will ensure the project does not result in a net negative impact. The verification team is reasonably assured that the positive benefits of the project outweigh the identified but unrealized negative benefits of the project.

4.5.5 Community Monitoring Plan (CM3.1, CM3.2, GL2.5)

The initial monitoring plan involved regular communications with the communities and informal communications with outside stakeholders. It also incorporated data from the Brazilian census. In the full community monitoring plan, it was determined the BNS, PRA and theory of change would be sufficient to monitor the communities and HCVs. The verification team reviewed the Project's CCB Project Implementation Report (PIR) which includes the full community monitoring plan. The community monitoring plan identified in the PIR is included in Section 4.3.2 of the Monitoring Report and includes implementation milestones for previous verification periods, as well as this verification period. The verification team reviewed the included Indicators of Activities, Indicators of Outputs, Indicators of Outcomes, and Indicators of Impacts. Many of these had been completed in previous monitoring periods, and many were identified as ongoing. The verification team substantiated that Indicators of Activities/Outputs/Outcomes/Impact were reasonably described as being met through the implementation of project activities.

Specific monitoring tasks to be completed during this verification period included the bi-annual conducting of the BNS and PRAs, as the surveys were last conducted in 2017. The verification team interviewed community members who substantiated that the surveys were conducted in April-May 2019, as stated in the Monitoring Report. The verification team substantiated that the required specific identified variables (access to necessities, value of owned assets/per capita, poverty score/index, inequality of owned assets/per capita) were recorded and are compared to the previous two conducted surveys in Section 4.4 of the Monitoring Report.

The PRA and BNS were designed to measure the community HCVs. The PRA asks about hunting, fishing, building materials and the collection of medicinal plants. The BNS identifies trends in the availability of basic needs, some of which are provided by the HCVs. As such the verification team is reasonably assured that the administration of the PRA and BNS surveys are effective in monitoring community HCVs. Further the initial BNS allowed the Project Proponent to identify the 50% of households with the lowest category of well-being. As the PRA and BNS are administered to both men and women and target the community members in lowest quartile for monitored variables, the project effectively identified the positive and negative impacts on poorer households and individuals and other disadvantaged groups, including women.

Through review and comparison of the community monitoring plan identified in the PIR and detailed in the Monitoring Report, and substantiation that the PRA/BNS surveys were appropriately conducted during this monitoring period, the verification team determined that appropriate variables were monitored and reported in accordance with the dates, frequencies and sampling methods identified in the validated project design. Overall, the verification team is reasonably assured that the community monitoring plan was carried out in accordance with the validated project design.

4.5.6 Community Monitoring Plan Dissemination (CM3.3)

Results of monitoring are incorporated into Summary Documents (in both English and Portuguese) and shared with shareholders, including community members. Additionally, links to these summary documents are available online. The verification team confirmed that the referenced summary documents are available on the Verra Registry in both Portuguese and English and include a summary of the monitoring plan and results. During the site visit, the verifiers viewed a copy of one of the summary documents in a local community that was visited.

4.5.7 Optional Gold Level: Barriers to Benefits (GL2.3)

Five potential barriers to project benefits identified in the Monitoring Report include:

- Greater distance from headquarters
- Few agricultural tools
- Lack of boat, motor or fuel for travel
- Communities might have poorer soil quality where they live
- Poorer health and less nutrition

The verification team substantiated that two boats were delivered to the project area and though initially there was some confusion on community member use of the boats, the verifiers determined steps taken by the Project Proponent after the initial site visit were reasonable and effective in mitigating this confusion. A Forward Action Request was issued asking the verifiers for the next verification to ensure that the maintenance and use of boats as described in the MR

is occurring. Additionally, the verifier should interview community members to ensure the access and use of the boats as described in the MR is being adhered to. The verification team substantiated that fuel had been delivered to some community members interviewed, as described in the Monitoring Report. The steps identified are reasonable in ensuring the barrier of distance to headquarters and lack of boat, motor, or fuel for travel are appropriately mitigated.

The Project has historically provided several agricultural trainings to mitigate the barriers of fewer agricultural tools, poor soil quality, and poorer health and less nutrition. Due to the onset of COVID-19, only one agricultural training was provided during this verification period. Understanding that COVID-19 impacted the amount of agricultural trainings provided, the verification team issued a Forward Action Request asking the next verifiers to ensure that agricultural trainings have resumed to the level prior to the onset of COVID-19. The verification team substantiated through site visit interviews that community members have received the agricultural trainings as identified in the Monitoring Report, and that they find them useful. The verification team determined the actions taken to mitigate these identified barriers are reasonable.

To mitigate the potential barrier of poorer health and less nutrition, the verification team substantiated the building of toilets in the project area, the existence of a clinic in the project area, and that a community health boat visited the Project Area during the verification period. Overall, the verification team is reasonably assured that the actions taken to address the identified barriers have been implemented and effective during this monitoring period and that they have increased the flow of benefits to poorer households.

4.5.8 Optional Gold Level: Protections for Poorer and the more Vulnerable (GL2.4)

The Monitoring Report states that poorer and more vulnerable community members are identified through community engagement and biannual completion of BNS and PRA surveys. The verification team substantiated that the biannual BNS and PRA surveys were conducted during this verification period and that the BNS targeted the four households in the lowest quartile.

One potential negative impact identified for families with more children was that 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 children. To mitigate this, the Project Proponent has determined that families with the most children will receive 20 hectares of land, families with a median amount of children will receive 15 hectares, and families with few children will receive 10 hectares. The verification team determined that this is a reasonable solution to mitigate the identified potential that negative impact, and the verification team was provided evidence that several community members have already been provided maps of the land to be titled to them.

Another potential negative impact identified for poorer households was that their traditional livelihoods may be impacted if they are not allowed to deforest as much as previously. To mitigate this, the Project Proponent has identified provision of agricultural trainings. While only one training occurred during this verification period, the verification team substantiated that communities are using knowledge gleaned from previous trainings. Additionally, the verification believes that the FAR issued regarding resuming the frequency of agricultural trainings should be an effective measure in mitigating this negative impact. Overall, the verification team determined that the project fulfilled the requirements of CCB Indicator GL2.4.

4.6 Biodiversity

4.6.1 Biodiversity Changes (B1.1)

Biodiversity monitoring was largely done through monitoring changes in forest cover, which is reasonable, given the high biodiversity of the region is dependent on intact primary forest. Further, the island biogeography methodology was used to estimate changes in biodiversity. It was demonstrated that the larger the “island” of habitat in the Amazon Basin, the greater the number of species and population sizes. The without project scenario involves continued unplanned frontier deforestation, further fragmenting habitat.

It is reasonable to assume fragmentation of primary forest habitat will have deleterious effects on biodiversity, especially in comparison with the with-project scenario.

4.6.2 High Conservation Values Protected (B1.2)

Biodiversity HCVs includes possibly threatened species, threatened or rare ecosystems, and critical ecosystem services. The Monitoring Report states no HCVs have been negatively impacted throughout the life of the project, including this monitoring period. The review of remote sensing imagery conducted as part of the VCS verification process suggests the forest is still largely intact, and the project has implemented a full biodiversity monitoring plan to monitor medium-to-large mammals using wildlife cameras. The first biodiversity monitoring event ended in 2015 and the second event took place during this monitoring period. The remote sensing imagery and results of the monitoring events suggest that these HCVs have not been negatively affected. It is reasonable to assume that the continued monitoring suggested in the Monitoring Report will ensure that HCVs are not negatively affected in the future.

4.6.3 Invasive Species (B1.3)

Given the nature of the project as a payment for ecosystems services forest conservation project and the fact that no planting has occurred, it is reasonable to assume that no invasive species were introduced. Furthermore, the tree species that are being planted by community members are not listed as invasive. During the site visit, the auditors found no evidence that invasive species are being used in the project area.

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

This indicator is not applicable to the project, as no planting is currently occurring, and non-native species are not used. During the site visit, the auditors found no evidence that non-native species were being used in the project area.

4.6.5 GMO Exclusion (B1.5)

The monitoring guarantees that no GMOs will be used in the project to generate GHG emissions reductions or removals and that no GMOs have been used in the project to date. Given the nature of the project, the auditors are reasonably assured that GMOs have not and will not be used. Additionally, during the site visit, the auditors found no evidence of the use of GMOs in the project area.

4.6.6 Negative Offsite Biodiversity Impacts and Mitigation (B2.2)

The Monitoring Report includes processes to mitigate activity shifting leakage, the only identified potential negative offsite biodiversity impacts. By monitoring deforestation and providing community benefits, the project is reducing the likelihood of activity shifting leakage.

Additionally, the project has aligned with The State of Acre's Payment for Ecosystem Services Scheme (SISA), a program focused on improving livelihoods of community members to mitigate the incentive of community members to move to adjacent lands. The project proponents have consulted communities and provided additional trainings throughout the life of the project in line with SISA.

The largest adjacent property has also been developed into a forest conservation project, the Valparaiso project. The project has implemented project activities to benefit the communities, and thus reduce their need to degrade forest both within and outside of the project area.

4.6.7 Net Biodiversity Benefits (B2.3)

The Monitoring Report states that the project has been successful in mitigating deforestation and preserving forest cover through the implementation of project activities, resulting in more preserved forest area. The increased preservation of intact forest area has resulted in net positive biodiversity benefits for the project area. Review of deforestation data when compared to the baseline scenario substantiates that the implementation of project activities has been successful in mitigating deforestation. The verification team is reasonably assured that the avoided deforestation and associated habitat preservation and habitat connectivity is a positive biodiversity benefit as described in the Monitoring Report.

The results of the second biodiversity monitoring camera trap study conducted during this monitoring period presented similar results to the first study, noting that two new species were identified during the study during this verification period. The results of this study do not indicate negative biodiversity impacts.

The project proponent has identified the potential for activity shifting leakage outside the project area as the only negative offsite biodiversity impact, but monitoring has indicated that leakage has not been substantial, and steps have been taken to reduce the associated impacts. The verification team is reasonably assured that the substantiated avoided deforestation and suggestion of positive impacts resultant from the biodiversity study, outweigh the risks of activity shifting leakage. The verification team is thus reasonably assured that the net biodiversity benefits are positive.

4.6.8 Biodiversity Monitoring Results (B3.1, B3.2)

The verification team reviewed the Project's CCB Project Implementation Report, which documents the full biodiversity monitoring plan. This plan includes the continued monitoring of forest cover and habitat availability, as well as monitoring the diversity, distribution, and populations of medium-to large-mammals with wildlife camera traps. The verification team substantiated that on the ground deforestation monitoring was conducted on a monthly basis by Willyan, as well as through satellite imagery. The verification team substantiated through the

deforestation analysis that deforestation has been reduced when compared to the baseline scenario resulting in habitat preservation and habitat connectivity.

The initial biodiversity study was conducted from August 2014 – July 2015. The auditors from the second verification issued a Forward Action Request for this indicator, requesting that the verifiers for the third verification ensure monitoring activities have recommenced. However, monitoring activities for biodiversity are only conducted every 4 years, according to the originally devised schedule. The verification team substantiated that the second biodiversity monitoring study occurred during this verification period. Interviews with Willyan, the onsite project coordinator, substantiated that he assisted in the biodiversity study. The verification team was provided with a copy of the report for the second biodiversity study. Review of the provided report substantiated that the biodiversity monitoring study was conducted as initially described in the full biodiversity monitoring plan, with discussions of diversity, distribution, and population. Results of the monitoring are provided in full in this study and summarized in the Monitoring Report.

The identified biodiversity-related HCVs depend on a healthy, intact primary forest. By reducing deforestation through the implementation of project activities, HCVs are effectively maintained when compared to the continued frontier deforestation associated with the 'without project' scenario. Adaptive management allows the project proponents to analyze the reasons for any detected deforestation and address those reasons. The verification team determined the explanation provided is reasonable and is reasonably assured the measures taken to maintain enhance all identified high conservation values were effective during this verification period.

The verification team substantiated that forest cover and habitat availability was monitored during this verification period and the biodiversity monitoring study was conducted as described. Overall, the verification team confirmed that the dates, frequency, variables, and sampling methods were conducted in line with the project's validated design, and appropriately reported in the monitoring report.

4.6.9 Biodiversity Monitoring Plan Dissemination (B3.3)

Results of monitoring are incorporated into Summary Documents (in both English and Portuguese) and shared with shareholders, including community members. Additionally, links to these summary documents are available online. The verification team confirmed that the referenced summary documents are available on the Verra Registry in both Portuguese and English and include a summary of the monitoring plan and results. During the site visit, the verifiers viewed a copy of one of the summary documents in a local community that was visited.

4.7 Additional Project Implementation Information

No additional project implementation is relevant for reporting here as details on project implementation are included in preceding sections.

4.8 Additional Project Impact Information

The project has been able to demonstrate impacts to all CCB indicators as mentioned throughout this report in addition to achieving CCB Gold Level. No further steps to verify additional

monitoring were warranted. The reported project impact information was sufficient and suitable for the verification of the project's CCB impacts.

5 VERIFICATION CONCLUSION

After review of all project information, procedures, calculations, supporting documentation and site visits, Aster Global confirms that the monitoring conducted by the Project Proponent, along with the supporting Monitoring Report, are accurate and consistent with all aforementioned VCS criteria, the validated PD, and the selected methodology (VM0007, v1.4). Aster Global confirms that the 01 January 2018 to 31 December 2020 Monitoring & Implementation Report for The Russas Project dated 13 September 2023 (v5.0) and the Non-Permanence Risk Report has been implemented in accordance with the validated PD.

Aster Global confirms all verification activities including objectives, scope and criteria, level of assurance, monitoring and project documentation adherence to VCS Version 4, CCB Second Edition and all associated updates as documented in this report are complete. Aster Global concludes without any qualifications or limiting conditions that the 01 January 2018 to 31 December 2020 Monitoring & Implementation Report for The Russas Project dated 13 September 2023 (v5.0) and the Non-Permanence Risk Report meets the requirements of VCS Version 4 and all associated updates.

The GHG assertion provided by the Project Proponent and verified by Aster Global has resulted in the GHG emission reduction or removal of 566,950 tCO₂e equivalents by the project during the fourth monitoring/verification period (01 January 2018 to 31 December 2020). This value is net of the 10% (66,532 tCO₂e equivalents) buffer withholding based on the non-permanence risk assessment tool.

Verification/monitoring period: From 01-January-2018 to 31-December-2020

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)
2018	243,657	21,884	10,613	211,160
2019	243,657	21,883	10,613	211,161
2020	243,657	21,883	10,613	211,161
Total	730,971	65,650	31,839	633,482

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APPENDIX A: DOCUMENTS RECEIVED/REVIEWED

Name	Modified
Russas PD RevalidationCalcs 2021.12.07.xlsx	1/13/2022 16:38
Russas Project 2022-2031 PD 2021.12.07.pdf	1/13/2022 16:39
Packing List and Safety Guidelines for Brazilian Amazon Travel (Updated 1-3-2022).doc	1/13/2022 16:47
Russas deg monitoring narrative.docx	1/13/2022 17:10
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Russas Project Summary Document (Final Version, Portuguese) (9-1-2021).pdf	1/13/2022 17:14
Russas Project Summary Document (Final Version, English) (9-1-2021).pdf	1/13/2022 17:14
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Ingles Contrato Advogado CCIR INCRA Russas.pdf	5/31/2022 13:25
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final classification ostrya brazi clipp AC boundary.cpg	2/17/2023 16:36
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final classification ostrya brazi clipp AC boundary.prj	2/17/2023 16:36
final classification ostrya brazi clipp AC boundary.sbn	2/17/2023 16:36
final classification ostrya brazi clipp AC boundary.sbx	2/17/2023 16:36
final classification ostrya brazi clipp AC boundary.shp.xml	2/17/2023 16:36

final_classification_ostrya_brazi_clipp_AC_boundary.shx	2/17/2023 16:36
REPORT PUROS PROJECT FINAL CG.pdf	2/17/2023 16:36
RRD_elevation_2022.10.26.shp	2/17/2023 16:37
Desmate TC 1988 2016.pri	2/17/2023 16:37
Desmate TC 1988 2016.sbn	2/17/2023 16:37
Desmate TC 1988 2016.sbx	2/17/2023 16:37
Desmate TC 1988 2016.dbf	2/17/2023 16:38
Desmate TC 1988 2016.shp.xml	2/17/2023 16:38
Desmate TC 1988 2016.shx	2/17/2023 16:38
final_classification_ostrya_brazi_clipp_AC_boundary.shp	2/17/2023 16:40
Desmate TC 1988 2016.shp	2/17/2023 16:42
1112 Exemption Denied Letter 24FEB2023.pdf	2/27/2023 19:07
CarbonCo's Letter to Verra (1-18-2023) (Signed).pdf	2/27/2023 19:31
COMUNICADO PROJETO RUSSAS PERÍODO DE COMENTÁRIOS.pdf	3/28/2023 11:03
2020_RussasMonitoring_Workbook_CONFIDENTIAL.xls	6/14/2023 14:21
CCB VCS V4 PRR 1112 01JAN2018 31DEC2020.docx	6/14/2023 14:21
CCB VCS V4 PRR 1112 01JAN2018 31DEC2020 (Brian and Ilderlei's Comments).docx	6/16/2023 16:13
2020_RussasMonitoring_Workbook_CONFIDENTIAL.xls	6/28/2023 19:49
Russas Project's CCB-VCS 2018-2020 Monitoring Report (1-12-2023) - CLEANED.pdf	6/28/2023 19:50
Russas Project's VCS Non-Permanence Risk Report rev2Aug2022 - CLEAN.pdf	6/28/2023 19:50
2020_RussasMonitoring_Workbook_CONFIDENTIAL (Updated 9-13-2023).xls	9/16/2023 14:12
Russas Project's CCB-VCS 2018-2020 Monitoring Report (9-13-2023) (Tracked).pdf	9/16/2023 14:13
Russas Project's CCB-VCS 2018-2020 Monitoring Report (9-13-2023) (Clean).pdf	9/16/2023 14:13

APPENDIX B: VCS NCR/CL/OFI SUMMARY

Finding Number	1
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Section)	Table 2 Financial Viability (FV)
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Description)	d) Project cash flow breakeven point is less than 4 years from the current risk assessment
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	Russas Project's CCB-VCS 2018-2020 Monitoring Report (9-1-2021).pdf
Aster Global Round 1 Findings	The NPRT states "Project cash flow breakeven point is 4 years or less from the current risk assessment. Details are provided in a cash flow analysis which can be found in the Project archive ¹ . The Project has already reached the breakeven point." The NPRT says to refer to the pro forma in the project database. The audit team reviewed the project archive and was unable to locate the referenced pro forma.
Aster Global Round 1 NCR/CL/OFI	CL: Please clarify where the referenced pro forma is located, or provide the audit team with a copy.
Round 1 Response from Project Proponent	The revised pro forma has been provided. This revised pro forma will demonstrate the project's cash flow breakeven point is 4 years or less.

Aster Round 2 Findings	The audit team reviewed the provided pro forma which demonstrates the project's cash flow breakeven point is 4 years or less. However, the audit team has identified several items in the provided pro forma that require additional clarification. 1. In Carbon Co's pro forma, the cost for the forest reinventory is identified as \$14,729. While the audit team understands that the cost of the reinventory is likely lower than the initial inventory effort, it is unclear how this number was derived. 2. In calculating yearly revenue, the price per VER is \$5 for years 1-9 and \$7.50 for year 10. It is unclear why they price per VER is different in year 10. Additionally, while the audit team understands the pricing for VERs used in all calculations is conservative given the current selling prices of VERs, Section 2.2.2 of the AFOLU Non-Permanence Risk Tool states: "When preparing the cash flow breakeven analysis, the assumptions on revenue from both carbon and other commercial sources (e.g., timber) must be conservative and clearly document the source, pricing assumptions, frequency of verification and other relevant variables." No documentation of the source or pricing assumption was provided to the audit team. 3. The landowner's pro forma includes the expenses "Upgrade Manioc Houses/Give Kits" and "Build Acai Processing Plant." During the site visit, the audit team noted that the upgrades to the manioc houses and providing of manioc flour kits has not yet been completed. Additionally, the acai processing plant has not yet been completed. 4. Several CCB findings pertaining to the implementation of profit sharing in accordance with the project's validated design have been issued. As profit sharing needs to occur in order for the project to remain in compliance with its validated design, it is unclear to the audit team why profit sharing is not listed as a future expense for the landowner. 5. The project is in the process of obtaining land tenure for community members, however the only cost associated with this in the landowner's pro forma are payments to Saymo for his CAR assistance. It is unclear to the audit team if there are additional costs associated with this process in addition to those noted. 6. It is unclear to the audit team how the registry costs for the land owner were calculated for 2012-2017.
Aster Round NCR/CL/OFI	Global 2 CL1: Please provide clarification for the cost of the 2021 forest reinventory. CL2: Please clarify why year 10 uses \$7.50 for the price of VERs while all other years use \$5. Additionally, please provide documentation of the source or pricing assumptions used for calculating yearly revenue. CL3: Please update the pro forma to reflect the noted discrepancies. CL4: Please update the pro forma to include profit sharing as an expense for the landowner in line with the project's validated design. CL5: Please clarify if there are additional costs related to obtaining land tenure for community members. CL6: Please provide clarification for the calculations for the registry costs for the identified years.

Round 2 Response from Project Proponent	CL1: The total cost of the forest reinventory was USD\$44,187.90 and was for the reinventory for three projects (the Russas, Valparaiso and Purus Projects). USD\$41,188 / 3 = \$14,729. This services agreement has been provided to the VVB. CL2: Carbonfund.org and CarbonCo have nearly 20 years of experience in the voluntary carbon markets and are very familiar with the price of VERs. \$5 was used in the earlier years and future years of the pro forma. This is considered conservative. USD\$7.50 or USD\$10 per VCU were not used in the revenue projections. However, this would be a reasonable price for future VERs. This can be documented via the N-GEO product of CBL, via the numerous voluntary carbon market newsletters (Quantum Carbon Daily, Carbon Pulse, CaliforniaCarbon.info, etc.), and via the State of the Voluntary Carbon Market reports. CL3: The pro forma has now been revised. CL4: The pro forma has now been revised. CL5: The pro forma has now been revised. CL6: The registry costs have been updated throughout the pro forma.
Aster Global Round 3 Findings	CL1: Thank you for the clarification. The VVB reviewed the provided services agreement and confirmed the cost as listed in the pro forma is appropriate. Item closed. CL2: Thank you for the clarification regarding the source/pricing assumptions used for calculating yearly revenues. The VVB confirmed that the use of \$5, \$7.50, and \$10 are all conservative given the historical and current prices of VCUs. However, the VVB notes that in cell D28 of the "10 year Revenues" tab, a price of \$7.50 is used in calculating Carbon Co' share. It is unclear why \$7.50 is used in the calculation for this year, as \$5 is used for all other years for the Russas Project, and all years for the Valparaiso Project. CL3: The VVB confirms the pro forma has been revised to include costs associated with the upgrading manioc houses, providing manioc kits, and building an acai processing plant. The VVB confirms the prices included are reasonable. Item closed. CL4: Costs associated with profit sharing have been included in the revised pro forma. The VVB has identified several items requiring further clarification regarding profit sharing in the CCB aspect of the review. The VVB is consulting with Verra regarding the implementation of profit sharing. As such, this item remains pending clarification from Verra. CL5: Costs associated with obtaining land tenure for community members has been included in the revised pro forma. The VVB confirms the prices included are reasonable. Item closed. CL6: The VVB confirms that registry costs have been appropriately updated throughout the pro forma. Item closed.

Aster Round NCR/CL/OFI	Global 3	CL: Please clarify why Cell D28 of the "10 Year Revenues" tab uses \$7.50 in calculation when all other years use \$5.
Round 3 Response from Project Proponent		The \$7.50 was a typo. Cell D28 is now \$5. No impact on the Project's NPV nor payback period results from this change.
Aster Round 4 Findings	Global	The VVB confirmed the appropriate change has been made. The referenced finding has been closed. However, this item remains pending clarification from Verra regarding implementation of profit sharing. While this item was initially marked pending, all VCS/CCB findings pertaining to the implementation of profit sharing have been resolved. Item closed.

Finding Number	2	
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Section)	Table 2 Financial Viability (FV)	
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Description)	h) Project has secured 80% or more of funding needed to cover the total cash out before the project reaches breakeven	
Requirement Met (Y, N or Pending)	Y	
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	Russas Project's CCB-VCS 2018-2020 Monitoring Report (9-1-2021).pdf	
Aster Round 1 Findings	Global	The NPRT states the project has reached 100% of funding needed to cover the total cash out before the project reaches breakeven and the details can be found in the cash flow analysis in the project archive. The audit team reviewed the project archive and was unable to locate the referenced cash flow analysis.
Aster Round NCR/CL/OFI	Global 1	CL: Please clarify where the referenced cash flow analysis is located, or provide the audit team with a copy.
Round 1 Response from Project Proponent		The revised pro forma has been provided. This revised pro forma will demonstrate the project has secured 100% of the funding needed to cover the total cash out before the project reaches breakeven.
Aster Round 2 Findings	Global	Item initially marked pending closure of above finding. This finding has been assessed and this item is no longer pending. Item closed.

Finding Number	3
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VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Section)	Table 2 Financial Viability (FV)
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Description)	i) Mitigation: Project has available as callable financial resources at least 50% of total cash out before project reaches breakeven
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	Russas Project's CCB-VCS 2018-2020 Monitoring Report (9-1-2021).pdf
Aster Global Round 1 Findings	The NPRT states the project proponents are utilizing internal, non-restricted funds as evidenced in the project archive. The audit team reviewed the project archive and was unable to locate a document confirming this attestation.
Aster Global Round 1 NCR/CL/OFI	CL: Please clarify where the referenced document is located, or provide the audit team with a copy.
Round 1 Response from Project Proponent	This historical document, entitled "CFO Letter of Support for Purus, Russas, and Valparaiso Projects," has been provided. This letter confirms that at the start of the Project, the Project was using internal, non-restricted funds.
Aster Global Round 2 Findings	The audit team reviewed the provided document and confirmed that the project was using internal, non-restricted funds at the start of the Project. Item closed.

Finding Number	4
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Section)	Table 3 Opportunity Cost
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Description)	d) NPV from the most profitable alternative land use activity is expected to be between 20% more than and up to 20% less than from project activities; or where baseline activities are subsistence-driven, net positive community impacts are demonstrated
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	Russas Project's CCB-VCS 2018-2020 Monitoring Report (9-1-2021).pdf

Aster Round 1 Findings	Global	Additionally, the audit team noted that the NPRT provides the above justification in the wrong risk factor. Note this item is also pending resolution of the community benefits issues.
Aster Round 1 NCR/CL/OFI	Global 1	CL: Please update the NPRT to include this justification in the appropriate risk factor section. Pending: Note this item is also pending resolution of the community benefits issues.
Round 1 Response from Project Proponent		The response has been moved from a) to d) in the Non-Permanence Risk Report. Further, the Project Proponents have responded to the CCB findings to demonstrate net positive community benefits at the Russas Project.
Aster Round 2 Findings	Global	The audit team confirmed the response has been appropriately moved in the updated NPRT. This item is still pending resolution of community benefits issues. The community benefit issues upon which this item was pending has been resolved. Item closed.

Finding Number	5
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Section)	Table 3 Opportunity Cost
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Description)	h) Mitigation: Project is protected by legally binding commitment (see Section 2.2.4) to continue management practices that protect the credited carbon stocks over the length of the project crediting period
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	Russas Project's CCB-VCS 2018-2020 Monitoring Report (9-1-2021).pdf
Aster Round 1 Findings	Global The risk report states: "There is a legal contractual agreement to maintain the Project Area as forest for at least a 60 year period (i.e., greater than the length of the crediting period) from the Project's start date." However, the audit team was unable to locate the referenced legal contractual agreement.
Aster Round 1 NCR/CL/OFI	Global 1 CL: Please clarify where the referenced legal contractual agreement is located, or provide the audit team with a copy.
Round 1 Response from Project Proponent	The Project's Tri-Party Agreement, and associated addendums, have been provided.

Aster Round 2 Findings	Global	The VVB reviewed the provided addendum to the Tri-Party Agreement. The provided document appears to be missing a page that includes evidence of the 60 year agreement in English. This language appears to be included in Portuguese later in the document.
Aster Round NCR/CL/OFI	Global 2	CL: Please provide the audit team with a complete version of the addendum to the Tri-Party Agreement.
Round 2 Response from Project Proponent		The Project Proponent is unsure why a page was missing. Nevertheless, the complete version of the Tri-Party Agreement has now been provided to the VVB.
Aster Round 3 Findings	Global	The VVB reviewed the provided addendum to the Tri-Party Agreement which confirms the agreement lasts for 60 years. Item closed.

Finding Number	6
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Section)	Table 4 Project Longevity
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Description)	b) With legal agreement or requirement to continue the management practice = 30 - (project longevity/2)
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	Russas Project's CCB-VCS 2018-2020 Monitoring Report (9-1-2021).pdf
Aster Round 1 Findings	Global The risk report states: "There is a legal contractual agreement to maintain the Project Area as forest for at least a 60 year period (i.e., greater than the length of the crediting period) from the Project's start date." However, the audit team was unable to locate the referenced legal contractual agreement.
Aster Round NCR/CL/OFI	Global 1 CL: The risk report states: "There is a legal contractual agreement to maintain the Project Area as forest for at least a 60 year period (i.e., greater than the length of the crediting period) from the Project's start date." However, the audit team was unable to locate the referenced legal contractual agreement.
Round 1 Response from Project Proponent	The Project's Tri-Party Agreement, and associated addendums, have been provided.
Aster Round 2 Findings	Global The VVB reviewed the provided addendum to the Tri-Party Agreement. The provided document appears to be missing a page that includes evidence of the 60 year agreement in English. This language appears to be included in Portuguese later in the document.
Aster Round	Global 2 CL: Please provide the audit team with a complete version of the addendum to the Tri-Party Agreement.

NCR/CL/OFI	
Round 2 Response from Project Proponent	The Project Proponent is unsure why a page was missing. Nevertheless, the complete version of the Tri-Party Agreement has now been provided to the VVB.
Aster Global Round 3 Findings	The VVB reviewed the provided addendum to the Tri-Party Agreement which confirms the agreement lasts for 60 years. Item closed.

Finding Number	7
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Section)	Table 6 Land Tenure
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Description)	f) Mitigation: Project area is protected by legally binding commitment (e.g., a conservation easement or protected area) to continue management practices that protect carbon stocks over the length of the project crediting period
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	Russas Project's CCB-VCS 2018-2020 Monitoring Report (9-1-2021).pdf
Aster Global Round 1 Findings	The risk report states: "There is a legal contractual agreement to maintain the Project Area as forest for at least a 60 year period (i.e., greater than the length of the crediting period) from the Project's start date." However, the audit team was unable to locate the referenced legal contractual agreement.
Aster Global Round 1 NCR/CL/OFI	CL: The risk report states: "There is a legal contractual agreement to maintain the Project Area as forest for at least a 60 year period (i.e., greater than the length of the crediting period) from the Project's start date." However, the audit team was unable to locate the referenced legal contractual agreement.
Round 1 Response from Project Proponent	The Project's Tri-Party Agreement, and associated addendums, have been provided.
Aster Global Round 2 Findings	The VVB reviewed the provided addendum to the Tri-Party Agreement. The provided document appears to be missing a page that includes evidence of the 60 year agreement in English. This language appears to be included in Portuguese later in the document.
Aster Global Round 2 NCR/CL/OFI	CL: Please provide the audit team with a complete version of the addendum to the Tri-Party Agreement.
Round 2 Response from Project Proponent	The Project Proponent is unsure why a page was missing. Nevertheless, the complete version of the Tri-Party Agreement has now been provided to the VVB.

Aster Global Round 3 Findings	The VVB reviewed the provided addendum to the Tri-Party Agreement which confirms the agreement lasts for 60 years. Item closed.
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Finding Number	8
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Section)	Table 7 Community Engagement
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Description)	a) Less than 50 percent of households living within the project area who are reliant on the project area, have been consulted
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	Russas Project's CCB-VCS 2018-2020 Monitoring Report (9-1-2021).pdf
Aster Global Round 1 Findings	The risk report states that all households living on the Russas property directly adjacent to the project area were consulted, however no evidence, report or notes from interviews was provided to support this claim.
Aster Global Round 1 NCR/CL/OFI	CL: Please provide verifiable evidence to support this risk score.
Round 1 Response from Project Proponent	There is ample evidence that the families were consulted about investments and actions in the areas of the Russas and Valparaiso Projects through the actions of: the construction of 2 health posts; renovation of 1 health post in Foz do Valparaiso; support in the renovation of the school in Foz do Valparaiso; purchase of 4 boats to transport agricultural production; construction of more than 50 toilets in the communities; the verification audits of the past; and the previously completed Atas.
Aster Global Round 2 Findings	Thank you for the clarification. In review of the CCB portion of the project, the audit team noted Section 1 of the MR states that 20 households were initially consulted. However, a follow up local census conducted in 2017 revealed that there are approximately 44 families living on the Russas Project. Additionally, in response to a CCB finding, the audit team learned that no new "atas" were signed during this monitoring period. Given the absence of "atas" signed with these communities, it is unclear to the audit team how all households living on the Russas property and directly adjacent to the project area were consulted.
Aster Global Round 2 NCR/CL/OFI	CL: Please provide verifiable evidence to support this risk score.
Round 2 Response from Project Proponent	Atas signed in June 2022 have now been provided to the VVB to support this risk score.

Aster Round 3 Findings	Global	The VVB reviewed the provided "atas." While the signatures present on these "atas" appear to substantiate that >50% of households living within the project were consulted, the "atas" are provided in handwritten Portuguese.
Aster Round 3 NCR/CL/OFI	Global	CL: Please provide the VVB with a translated version of the provided "atas" to assist in closure of this finding.
Round 3 Response from Project Proponent		A translated version of the ATAs has now been provided.
Aster Round 4 Findings	Global	The VVB reviewed the provided translated ATAs. The VVB determined that based on the amount of signatures of community members consulted, this requirement is satisfied. Item closed.

Finding Number	9
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Section)	Table 10 Natural Risks
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Description)	c) Extreme Weather (W)
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	20015.00_Brazil_Data_Extract_From_Worldwide_Governance_Indicators.xlsx
Aster Round 1 Findings	Sources provided demonstrate that extreme weather events are likely to have an insignificant impact on forest carbon stocks. However it appears that flooding occurred in the last monitoring period that affected carbon stocks.
Aster Round 1 NCR/CL/OFI	CL: Please provide greater detail regarding the risk of flooding impacting carbon stocks based on historical impacts.
Round 1 Response from Project Proponent	In the Amazon basin rivers rise and fall with seasonal precipitation and also regularly meander leaving sand banks and changing vegetation. Approximately 15.66 ha of this type of change was capture in this monitoring period, which is 0.04% of the project area.

Aster Round 2 Findings	Global	Thank you for the clarification. The NPRT states "As flooding within the project region is common, high water levels in the forest do not lead to reduction in the forest carbon stocks." As noted, if flooding is described as "common," and flooding occurred and impacted carbon stocks during this monitoring period, it is unclear to the audit team why flooding is not considered a significant risk. Furthermore, while the flooding was only "insignificant (i.e. <5% of carbon stocks), it is unclear to the audit team how the likelihood of "once every 100 years or more" is appropriate, given the occurrence of flooding impacting carbon stocks and how long the project has been implemented.
Aster Round 2 NCR/CL/OFI	Global	CL: Please provided clarification justifying the significance and likelihood of flooding in the project area or update the risk score in line with the findings.
Round 2 Response from Project Proponent		The NPRT has been updated to revise assessment of flooding risk.
Aster Round 3 Findings	Global	The VVB reviewed the revised NPRT and found that both the text and the likelihood for this risk have been appropriately updated in line with the findings. Overall risk for this natural risk is appropriately 2. Item closed.

Finding Number	10
VCS Methodology VM0007 Version 1.6, 8 September 2020 REDD+ Methodology Framework (REDD-MF) Sectoral Scope 14 (Section)	8 QUANTIFICATION OF GHG EMISSION REDUCTIONS AND REMOVALS 8.4.2 REDD
VCS AFOLU Non-Permanence Risk Tool, Version 4.0 19 September 2019 (Description)	The total net greenhouse gas emissions reductions of the REDD project activity are calculated using <u>Equations on pages 33</u> .
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR, 2020_RussasMonitoring_Workbook_72921.xlsx
Aster Round 1 Findings	Global Correct equations are used however, it is unclear to the VVB why the table (3.2.4 Net GHG Emission Reductions and Removals) in section 3.2.4 of the MR does not match the results of calculations in the workbook [2020_RussasMonitoring_Workbook_72921/4.4 Net ER Calculations].
Aster Round 1 NCR/CL/OFI	Global CL: Please clarify in line with the finding.

Round 1 Response from Project Proponent	Updated Table 3.2.4 in the MR
Aster Global Round 2 Findings	The VVB confirmed the referenced Table in Section 3.2.4 of the MR has been appropriately updated. Item closed.

Finding Number	11
Approved VCS Module VMD0013, Version 1.2 (08 September 2020), Estimation of greenhouse gas emissions from biomass and peat burning (E-BPB) , Sectoral Scope 14 (Description)	6 DATA AND PARAMETERS 6.2 Data and Parameters Monitored
Approved VCS Module VMD0013, Version 1.2 (08 September 2020), Estimation of greenhouse gas emissions from biomass and peat burning (E-BPB) , Sectoral Scope 14 (Section)	Aburn,i,t
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR, Updated PDD, Russas PD RevalidationCalcs 2021.12.07.xlsx, 2020_RussasMonitoring_Workbook_72921.xlsx
Aster Global Round 1 Findings	It is conservatively assumed that all areas in the project area were burnt (Aburn,i,t=ADefPA,u,i,t) for both monitoring and the baseline reassessment. However, it is unclear to the VVB why the value of "Aburn,q,i,t" for "FAB+FAP" strata in the MR (page 126) is different from the workbook (2020_RussasMonitoring_Workbook_72921/Parameters Monitored).
Aster Global Round 1 NCR/CL/OFI	CL: Please clarify in line with the finding.
Round 1 Response from Project Proponent	Updates the table in the MR
Aster Global Round 2 Findings	The VVB confirmed the value was appropriately updated in the MR.

Finding Number	12
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Approved VCS Module VMD0015, Version 2.2 (08 September 2020), Methods for monitoring GHG emissions and removals in REDD and CIW projects, Sectoral Scope 14 (Section)	5 Degradation through extraction of trees for illegal timber or fuelwood and charcoal	PROCEDURES
Approved VCS Module VMD0015, Version 2.2 (08 September 2020), Methods for monitoring GHG emissions and removals in REDD and CIW projects, Sectoral Scope 14 (Description)	If the results of the PRA suggest that there is a potential for degradation activities, then limited field sampling must be undertaken.	
Requirement Met (Y, N or Pending)	Y	
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	Section 3.2.2 of the MR, Russas deg monitoring narrative.docx, 2019_RussasDegradation_de_minimis.xlsx	

Aster Round 1 Findings	The project has implemented a PDD deviation since the first verification event suggesting that the project proponent use T-SIG to determine degradation as de minimis in lieu of assessing significance of illegal logging using temporary sample plots. The project proponent conducted a de minimis assessment (2019_RussasDegradation_de_minimis.xlsx) and provided the audit team with a narrative justifying the analysis (Russas deg monitoring narrative.docx). The audit team reviewed the assessment and confirmed that degradation can be excluded as de minimis using the T-SIG tool. Furthermore, during the site visit, the auditors spoke with several community members regarding their wood collection. The audit team found no evidence that a significant amount of wood is being collected by community members in the project area. While the audit team has determined that degradation can be excluded as de minimis, the audit team noted several errors/inconsistencies in the analysis. While these errors/inconsistencies do not affect the overall determination of degradation as de minimis, the audit team is requesting clarification on the following items: 1. It is unclear to the audit team what is the difference between "How Much Fuel Wood Does Your Household Produce per Year (kg)?" and "Fuel Wood per Year (kg) from within forest?" The audit team understands that all families live within the project and therefore it seems all fuel wood would be sourced from the project area. 2. It is unclear to the audit team how the root to shoot ratio of 0.23 was sourced/calculated. 3. It is unclear to the audit team why Column G of the "timber_calc" tab of 2019_RussasDegradation_de_minimis.xlsx appears to include data that belongs in the "Notes" column. 4. Cell A24 of the "Russas" PRA results 2019" tab in 2019_RussasDegradation_de_minimis.xlsx states that the community members interviewed inside the leakage belt are the "same as Valparaiso project." It is unclear to the audit team how these community members' responses can be used for both projects, as the projects have different leakage belts.
Aster Round 1 NCR/CL/OFI	CL: Please clarify in line with the findings.

Round 1 Response from Project Proponent	"Fuel Wood per Year (kg) from within forest?" is the amount recorded under "How Much Fuel Wood Does Your Household Produce per Year (kg)?" that is sourced from forest, identified under "What Type of Land is Fuel Wood From? (1 = Forest, 0 = Grasslands)." Fuelwood from "grasslands" (existing non-forest areas in the vicinity of communities) is not sourced from the project area, which is forest. Based on this and previous community consultations, much fuelwood is collected as relic woody debris and cut stems from brush in agricultural (non-forest) areas bordering communities and the project area. The communities do not live in the forest. The root:shoot ratio of 0.23 was calculated using the Cairns et al 1997 equation $\text{Root Biomass Density (t/ha)} = \text{EXP} (-1.085 + 0.9256 \text{ LN}(\text{aboveground biomass density}))$, based on the consistent plot level ratios from the 2013 inventory of the Russas/Valparaiso forest areas (see RusVal_Data_2014 02 17 _RS ratio, tab "Biomass stocks", column "RS ratio"). The value is consistent with the 0.2 root:shoot ratio from 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 4: Agriculture, Forestry and Other Land Use, Chapter 4: Forest Land, Table 4.4, and the fundamental results of the analysis are not sensitive to this parameter. The error noted in Column G of the "timber_calc" tab of 2019_RussasDegradation_de_minimis.xlsx has been corrected and average annual timber volumes extracted corrected in the degradation analysis – see "2019_RussasDegradation_de_minimis revMay2022.xlsx". Community members' responses are relevant to both projects. Communities within the Valparaiso area potentially source from the Russas project area, and vice versa, and so should be included in the full analysis. Note especially the conservatism here – these emissions are applied equally to both the Valparaiso and Russas projects and thus double counted.
Aster Global Round 2 Findings	1. Thank you for the clarification. The VVB now understands the difference and has determined this is appropriate. This finding is closed. 2. The VVB confirmed the root to shoot ratio calculated is consistent with the 2006 IPCC guidelines. This finding is closed. 3. The VVB confirmed that the error and column G has been rectified and the calculations appropriately updated. The VVB confirms these changes do not affect the overall determination of charcoal emissions being de minimis. This finding is closed. 4. Given the conservativeness principle, and the likelihood a broader PRA would be greater to find degradation activities, this finding is closed.

Finding Number	13
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Approved VCS Module VMD0015, Version 2.2 (08 September 2020), Methods for monitoring GHG emissions and removals in REDD and CIW projects, Sectoral Scope 14 (Section)	5 Monitoring areas undergoing natural disturbance	PROCEDURES
Approved VCS Module VMD0015, Version 2.2 (08 September 2020), Methods for monitoring GHG emissions and removals in REDD and CIW projects, Sectoral Scope 14 (Description)	For unplanned deforestation the sum of ADistPA,q,i,t shall be equal to the area of overlap between the delineated area of the disturbance and the summed area of unplanned deforestation in the project area (ABSL,PA,unplanned,t), summed to the year in which the disturbance occurred.	
Requirement Met (Y, N or Pending)	Y	
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	Section 3.2.2 of MR, 2020_RussasMonitoring_Workbook_72921.xlsx	
Aster Global Round 1 Findings	It is unclear how this criteria is satisfied.	
Aster Global Round 1 NCR/CL/OFI	CL: Please clarify in line with the finding.	
Round 1 Response from Project Proponent	Confirmed that all areas disturbed (water areas) overlap with the cumulative area of baseline disturbance . The Shapefile-Final_rank_reclass_russas_INWATER2020 shows the intersection of the baseline & the class of water disturbance.	
Aster Global Round 2 Findings	The audit team was unable to locate the referenced shapefile.	
Aster Global Round 2 NCR/CL/OFI	CL: Please provide the referenced shapefile or direct the audit team to where it can be found if it has already been provided.	
Round 2 Response from Project Proponent	Please see GIS folder	
Aster Global Round 3 Findings	Thank you for the clarification. The VVB reviewed the provided shapefile and confirmed that this criterion is satisfied. Item closed.	
Finding Number	14	

VCS Methodology VM0007 Version 1.6, 8 September 2020 REDD+ Methodology Framework (REDD-MF) Sectoral Scope 14 (Section)	3.14 Quantification of GHG Emission Reductions and Removals
VCS Methodology VM0007 Version 1.6, 8 September 2020 REDD+ Methodology Framework (REDD-MF) Sectoral Scope 14 (Description)	3.14.15 The number of GHG credits issued to projects is determined by subtracting out the buffer credits from the net GHG emission reductions or removals (including leakage) associated with the project. The buffer credits are calculated by multiplying the non-permanence risk rating (as determined by the <i>AFOLU Non-Permanence Risk Tool</i>) times the change in carbon stocks only. The full rules and procedures with respect to assignment of buffer credits are set out in the VCS Program document <i>Registration and Issuance Process</i> .
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR, 2020_RussasMonitoring_Workbook_72921.xlsx
Aster Global Round 1 Findings	During this review we have received feedback from Verra regarding the quantification of the buffer and they have clarified that the buffer should be calculated on the value net of leakage. This is stated in Section 3.14.15 of the VCS Standard. Specifically it states ""The number of GHG credits issued to projects is determined by subtracting out the buffer credits from the net GHG emission reductions or removals (including leakage) associated with the project. The buffer credits are calculated by multiplying the non-permanence risk rating (as determined by the AFOLU Non-Permanence Risk Tool) times the change in carbon stocks only. The full rules and procedures with respect to assignment of buffer credits are set out in the VCS Program document Registration and Issuance Process."
Aster Global Round 1 NCR/CL/OFI	CL: Please update the quantification of the buffer pool in line with the finding, all downstream calculations, and the MR.
Round 1 Response from Project Proponent	Application of risk buffer now revised (applied to net GHG emission reductions including leakage).
Aster Global Round 2 Findings	The VVB confirms that the risk buffer, all downstream calculations, and the monitoring report have been appropriately updated. Item closed.

APPENDIX C: CCB NCR/CL/OFI SUMMARY

Summary of Verification Findings

	Criterion	Required/ Optional	Conformance Y/N N/A
G1	Original Conditions in the Project Area	Required	Y
G2	Baseline Projections	Required	Y
G3	Project Design and Goals	Required	Y
G4	Management Capacity and Best Practices	Required	Y
G5	Legal Status and Property Rights	Required	Y
CL1	Net Positive Climate Impacts	Required	Y
CL2	Offsite Climate Impacts ("Leakage")	Required	Y
CL3	Climate Impact Monitoring	Required	Y
CM1	Net Positive Community Impacts	Required	Y
CM2	Offsite Stakeholder Impacts	Required	Y
CM3	Community Impact Monitoring	Required	Y
B1	Net Positive Biodiversity Impacts	Required	Y
B2	Offsite Biodiversity Impacts	Required	Y
B3	Biodiversity Impact Monitoring	Required	Y
GL1	Climate Change Adaptation Benefits	Optional	N/A
GL2	Exceptional Community Benefits	Optional	Y
GL3	Exceptional Biodiversity Benefits	Optional	N/A

Verification Non-conformance/Clarification Request

G1 Original Conditions in the Project Area

Indicator G1.1 – The location of the project and basic physical parameters (e.g. soil, geology, climate).	The project location is in Acre, Brazil, on the south bank of the Valparaíso River (41,976 ha). A more detailed location and description of basic physical parameters were addressed in the validated project description.
Evidence Used to Assess Conformance:	Section 2.1.7 of the Monitoring Report, PDD
Findings:	Section 2.1.7 of the Monitoring report provides information on the project location as well as multiple maps. This indicator does not need revisited during verification, as the location and basic physical parameters have not changed since validation. Item closed.
Date Closed:	04 February 2022

Indicator G1.2 – The types and condition of vegetation within the project area.	This indicator is not addressed in the monitoring report.
Evidence Used to Assess Conformance:	Monitoring Report, PDD
Findings:	This indicator addresses the types and condition of vegetation in the project area at the start of the project. An adequate description was provided in the validated PDD with the vegetation being described as primary tropical rainforest, ranging from dense forest to open forest with palms/and or bamboo. This indicator does not need re-examined during verification. Item closed.
Date Closed:	16 February 2022

Indicator G1.3 – The boundaries of the	Figure 1.8 provides a map of the project area and the
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project area and the project zone.	leakage belt, which together make up the project zone.
Evidence Used to Assess Conformance:	Section 2.1.7 of the Monitoring Report
Findings:	The boundaries of the project area and zone are defined in Figure 1.8. Item Closed.
Date Closed:	04 February 2022

Indicator G1.4 - Current carbon stocks within the project area(s), using stratification by land-use or vegetation type and methods of carbon calculation (such as biomass plots, formulae, default values) from the Intergovernmental Panel on Climate Change's 2006 Guidelines for National GHG Inventories for Agriculture, Forestry and Other Land Use5 (IPCC 2006 GL for AFOLU) or a more robust and detailed methodology.	The baseline carbon stocks were estimated to be 435.1 tCO ₂ /ha. The project was undergoing a revision of baseline carbon stocks in the project area in 2021. However, this baseline revision does not affect the current verification period covering 2018 – 2020. Carbon stocks were confirmed during validation and stratified forest categories are described in G1.4 of the validated PD.
Evidence Used to Assess Conformance:	Section G1.4 of the validated PD
Findings:	This indicator was addressed during project validation and does not need to be reopened. Item closed.
Date Closed:	14 March 2022

Indicator G1.5 - A description of communities located in the project zone, including basic socio-economic and cultural information that describes the social, economic and cultural diversity within communities (wealth, gender, age, ethnicity etc.), identifies specific groups such as Indigenous Peoples and describes any community characteristics.	This indicator is not addressed in the monitoring report for this verification. A description of communities in the project zone and local vicinity was detailed in the validated PDD.
Evidence Used to Assess Conformance:	Monitoring Report, validated PDD
Findings:	This indicator was adequately addressed in the validated PDD and does not need to be revisited during verification. Item closed.
Date Closed:	04 February 2022

Indicator G1.6 - A description of current land use and customary and legal property rights including community property in the project zone, identifying any ongoing or unresolved conflicts or disputes and identifying and describing any disputes over land tenure that were resolved during the last ten years (see also G5).	This indicator pertains to land use and property rights prior to and at the beginning of the project. These items were adequately addressed in the validated PDD and are not addressed in the monitoring report.
Evidence Used to Assess Conformance:	Section G1.5-6 of PDD
Findings:	This indicator was adequately addressed in the PDD and does not need to be re-examined during verification. Item closed.
Date Closed:	16 February 2022

Indicator G1.7 - A description of current biodiversity within the project zone	This indicator addresses current biodiversity within the project zone at the start of the project. While not
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(diversity of species and ecosystems) and threats to that biodiversity, using appropriate methodologies, substantiated where possible with appropriate reference material.	specifically addressed in the monitoring report, a detailed description was provided in the validated PDD that referenced multiple studies conducted in nearby geographic regions. While no specific biodiversity surveys were conducted in the project area, local experts concluded that the referenced studies were representative of the conditions in the project area.
Evidence Used to Assess Conformance:	Section G1.7 of PDD.
Findings:	This indicator was adequately addressed in the validated PDD and does not need to be revisited during verification. Item closed.
Date Closed:	23 February 2022

Indicator G1.8 - An evaluation of whether the project zone includes any of the following High Conservation Values (HCVs) and a description of the qualifying attributes. Indicator 8.1 - Globally, regionally or nationally significant concentrations of biodiversity values: a. protected areas b. threatened species c. endemic species d. areas that support significant concentrations of a species during any time in their lifecycle (e.g. migrations, feeding grounds, breeding areas). Indicator 8.2 - Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance. Indicator 8.3 Threatened or rare ecosystems. Indicator 8.4 - Areas that provide critical ecosystem services (e.g., hydrological services, erosion control, fire control). Indicator 8.5 - Areas that are fundamental for meeting the basic needs of local communities (e.g., for essential food, fuel, fodder, medicines or building materials without readily available alternatives). Indicator 8.6 - Areas that are critical for the traditional cultural identity of communities (e.g., areas of cultural, ecological, economic or religious significance identified in collaboration	This indicator is not addressed in the monitoring report. An evaluation performed at validation indicates the project area includes: - G1.8.1- Threatened species, possibly endemic species - G1.8.3- Threatened ecosystems (Amazon rainforest) - G1.8.4- Areas that provide hydrological services - G1.8.5- Areas that provide basic needs for communities.
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with the communities).	
Evidence Used to Assess Conformance:	Section 5.3.2 of monitoring report, section G1.8 of the validated PDD.
Findings:	This indicator was adequately addressed in the validated PDD and does not need to be revisited for this monitoring period. Item closed.
Date Closed:	16 February 2022

G2 Baseline Projections

Indicator G2.1 - Describe the most likely land-use scenario in the absence of the project following IPCC 2006 GL for AFOLU or a more robust and detailed methodology, describing the range of potential land use scenarios and the associated drivers of GHG emissions and justifying why the land-use scenario selected is most likely.	The validated PDD describes the most likely “without project” scenario to be continued frontier deforestation. This indicator is not addressed in the monitoring report.
Evidence Used to Assess Conformance:	Section G2.1-2 of PDD.
Findings:	This indicator was adequately addressed in the validated PDD and does not need revisited during verification. Item closed.
Date Closed:	16 February 2022

Indicator G2.2 - Document that project benefits would not have occurred in the absence of the project, explaining how existing laws or regulations would likely affect land use and justifying that the benefits being claimed by the project are truly ‘additional’ and would be unlikely to occur without the project.	This item is not addressed in the monitoring report. The PDD describes the most likely scenario to be continued degradation of the forest due to unsustainable subsistence agriculture and continued in-migration. The benefits associated with the implementation of the project would not occur in this scenario.
Evidence Used to Assess Conformance:	Section G2.1-2 of the PDD.
Findings:	This indicator was adequately addressed in the validated PDD and does not need revisited during verification. Item closed.
Date Closed:	16 February 2022

Indicator G2.3 - Calculate the estimated carbon stock changes associated with the ‘without project’ reference scenario described above. This requires estimation of carbon stocks for each of the land-use classes of concern and a definition of the carbon pools included, among the classes defined in the IPCC 2006 GL for AFOLU. The timeframe for this analysis can be either the project lifetime (see G3) or the project GHG accounting period, whichever is more appropriate. Estimate the net change in the emissions of non-CO2 GHG emissions such as CH4 and N2O in the ‘without project’ scenario. Non-CO2	This indicator was addressed during project validation and is not subject to change. The project was undergoing a revision of baseline carbon stocks in the project area in 2021. However, this baseline revision does not affect the current verification period covering 2018 – 2020.
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gases must be included if they are likely to account for more than 5% (in terms of CO ₂ -equivalent) of the project's overall GHG impact over each monitoring period.	
Projects whose activities are designed to avoid GHG emissions (such as those reducing emissions from deforestation and forest degradation (REDD), avoiding conversion of non-forest land, or certain improved forest management projects) must include an analysis of the relevant drivers and rates of deforestation and/or degradation and a description and justification of the approaches, assumptions and data used to perform this analysis. Regional-level estimates can be used at the project's planning stage as long as there is a commitment to evaluate locally-specific carbon stocks and to develop a project-specific spatial analysis of deforestation and/or degradation using an appropriately robust and detailed carbon accounting methodology before the start of the project.	
Evidence Used to Assess Conformance:	Section G2.3 of the PDD refers to the VCS PD for specifics.
Findings:	This indicator was addressed during project validation and does not need to be reopened. Item closed.
Date Closed:	14 March 2022

Indicator G2.4 - Describe how the 'without project' reference scenario would affect communities in the project zone, including the impact of likely changes in water, soil and other locally important ecosystem services.	This indicator is not addressed in the monitoring report. The PDD describes that the 'without project' scenario could result in communities being legally removed from the project area as they would not have a secure and legal title to the land. Likely impacts of changes in water soil are described. Loss of wildlife habitat is described as a locally important ecosystem service that would also be impacted.
Evidence Used to Assess Conformance:	Section G2.4 of PDD
Findings:	This indicator was adequately addressed in the validated PDD and does not need revisited during verification. Item closed.
Date Closed:	16 February 2022

Indicator G2.5 - Describe how the 'without project' reference scenario would affect biodiversity in the project zone (e.g., habitat availability, landscape connectivity and threatened species).	This item is not addressed in the monitoring report. The PDD explains that the 'without project' would result in more deforestation. As a result, there would be less available habitat and landscape connectivity would be decreased. Threatened species could disappear because of increased deforestation and their IUCN level of extinction risk could be increased.
Evidence Used to Assess Conformance:	Section G2.5 of the PDD

Findings:	This indicator was adequately addressed in the PDD and does not need revisited during verification. Item closed.
Date Closed:	16 February 2022

G3 Project Design and Goals

Indicator G3.1 - Provide a summary of the project's major climate, community and biodiversity objectives.	Section 2.1.1 of the Monitoring Report states: "The overarching objective of the Russas Project is to generate sustainable economic opportunities for the local communities and to implement social projects, while mitigating deforestation (i.e., which results in less greenhouse gas emissions) and preserving the Project's rich biodiversity." The project's major climate objective is to mitigate deforestation and reduce the amount of GHG emission by implementing project activities. An initial forest inventory was conducted, and another forest inventory occurred in 2021 for the VCS baseline reassessment. The project has conducted regional land-use and deforestation modeling for both the initial baseline and the current baseline reassessment. The project also aims to address underlying deforestation drivers through ag trainings, alternative incomes, and educating community member on the benefits of the forest. The project's major community objective is to generate sustainable economic opportunities for the local communities living in and around the project and to implement social projects through implementation of project activities. The monitoring plan lists several consultations as well as project activities initiated to achieve this objective. The project's major biodiversity objective is to preserve the project's rich biodiversity by generating sustainable economic opportunities for local communities, implementing social projects, and mitigating the release of GHGs from deforestation. The project has implemented a biodiversity monitoring plan and completed two wildlife camera-trap studies, one of which occurred during this monitoring period.
Evidence Used to Assess Conformance:	Section 2.2.1 of the Monitoring Report, Section G3.1 of validated PDD.
Findings:	The description of the project goals in the monitoring report aligns with the project goals initially stated in the validated PDD. Item closed.
Date Closed:	04 February 2022
Indicator G3.2 - Describe each project activity with expected climate, community and biodiversity impacts and its relevance to achieving the project's objectives.	The monitoring report lists project activities to be implemented to achieve major climate, community, and biodiversity objectives. Project activities to achieve climate objectives include: Forest Inventory

	Land-use/deforestation modeling Address underlying deforestation drivers to mitigate the release of GHGs Develop monitoring plan Monitor Deforestation Project activities to achieve community objectives include: Project awareness Social project design with community Implement social projects Develop monitoring plan Monitor community impacts Project activities to achieve biodiversity objectives include: Rapid Assessment of biodiversity on project Develop monitoring plan Monitoring biodiversity impacts.
Evidence Used to Assess Conformance:	Section 2.2.1 of Monitoring Report, Section G3.1 of validated PDD.
Findings:	The project lists and describes activities to achieve the climate, community, and biodiversity main objectives. If properly implemented, these activities should be sufficient in helping the project proponent achieve its main goals. Item closed.
Date Closed:	24 February 2022

Indicator G3.3 - Provide a map identifying the project location and boundaries of the project area(s), where the project activities will occur, of the project zone and of additional surrounding locations that are predicted to be impacted by project activities (e.g. through leakage).	The monitoring report includes several maps of the project area including: Figure 1.2- the project area boundaries overlaid on an aerial image. Figure 1.3-1.4- the project area boundaries overlaid on forest cover maps from 2001 and 2011 Figure 1.5- the project area boundaries overlaid on the strata of the project area and zone, including non-forest areas. An unnumbered figure of a political map of the state of Acre. Figure 1.6- the project area boundaries overlaid on a map of yearly deforestation Figure 1.7- the project area as well as the adjacent Valparaiso Project overlaid on an aerial image. Figure 1.8- The project area and project zone.
Evidence Used to Assess Conformance:	Section 2.1.7 of Monitoring Report
Findings:	The monitoring report includes maps of all necessary items for this indicator as well as additional information. Item closed.
Date Closed:	04 February 2022

Indicator G3.4 - Define the project lifetime and GHG accounting period and explain and justify any differences between them. Define an implementation schedule, indicating key dates and	The project lifetime and GHG accounting period is 17 March 2011- 16 March 2041, 30 years. Section 2.2.1 of the monitoring report provides an implementation schedule with milestones that align with
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milestones in the project's development.	those initially document in Section G3.4 of the PDD. Key milestones from this monitoring period include: The second biodiversity monitoring study using wildlife camera traps took place from July 2019-June 2020 PRA and BNS surveys were conducted in the communities in April-May 2019 Discussions with local company TECMAN began in 2019 regarding the forest carbon inventory that was conducted in 2021 as part of the baseline reassessment. TerraCarbon was contracted to assist with acquisition and classification of satellite imagery associated with the baseline reassessment. Ilderlei Souza Rodrigues Cordeiro, the landowner and one of the project proponents, visited the project area four times in 2018 and five times in 2019 as a continuation of stakeholder consultations. Willyan Deni Sarah continued monitoring deforestation throughout the monitoring period. Two transport boats were delivered to the communities of Tres Bocas and Queimadas in 2018. These boats are used for transporting crops to Cruzeiro do Sul for sale and bringing supplies back to the communities. Although not specifically mentioned as an item in the PD, this action is identified in the MR as part of the implementation of activities associated with creating an association to process açai and manioc flour. Several measures to improve community health were implemented, including two visits by the municipal health boat and the completion of two health clinics in Tres Bocas and Tartaruga. Additionally, COVID-19 prevention guidelines were shared in the communities throughout 2020 and 1,000 masks were distributed to the communities. S.O.S Amazonia provided a course on fruit tree seedlings and coffee in several communities in 2018. S.O.S Amazonia surveyed families interested in rubber latex extraction 2019. The process of providing community members legal title to their land began in 2017. The monitoring report states that Saymo Justiniano da Silva, the professional who had begun the land titling process, was to return to the communities to ensure they are still aware of the titling process and land tenure laws. Two Future Activities are also included in this section. These include: Future profit sharing of carbon credits The planned baseline revision. Section 2.2.3 of the Monitoring Report describes that there is one minor change to the project description. Section 2.2.3 notes that as of December 31, 2016, several activities had not been completed in accordance with the validated Project Implementation Schedule. Several of these activities were completed in 2017, but the project nevertheless committed to a "catch up plan."
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Evidence Used to Assess Conformance:	Section 2.1.5, 2.1.6, 2.2.1 of the Monitoring Report, Section G3.4 of the PDD, previous verification reports, site visit.
Findings:	The project lifetime and accounting period align with each other and match those defined in the PDD. The monitoring report milestones generally line up with those initially established in the PDD and each milestone completed or implemented beginning in previous monitoring periods is elaborated on. The auditors confirmed that TECMAN has completed another forest carbon inventory and that Terra Carbon has assisted in obtaining imagery. These items were completed, but the baseline reassessment is pending the completion of VCS verification. During the site visit, the auditors spoke with the local project manager, Willyan Deni Sarah about the deforestation patrols he has been conducting in the project area. The monitoring report lists multiple dates these patrols were performed, and discussions with Willyan confirmed he filled out the monitoring template associated with these patrols. However, the auditors do not have access to the completed monitoring templates from these patrols. During the site visit, the auditors confirmed the transport boats had been acquired for use in the communities as reported. Additional findings regarding this community benefit are covered in other indicators. The validated PDD states that profit sharing is a post-validation activity set to be implemented within 5-10 years of the project start date. The project start date was validated in the PDD as March 17, 2011. The MR states that years 5 to 10 are 2017 to 2022, but based on the validated project start date, the timeline in the PDD, and the dates used in the MR for the other implementation items, years 5 to 10 would be 2016 to 2021. Information presented in MR Section 2.2.1 indicates project sharing as a future activity not yet implemented. Site interviews substantiate profit sharing from carbon offset credits has not yet been initiated at the time of the verification site visit in January 2022, but this verification only covers the period from January 1, 2018, through December 31, 2020, which falls just outside the end of period identified in the PDD by which profit-sharing would be initiated. Regarding the minor change to the project description, the catch-up plan was designed to help the project proponents “catch up” and get back on track for completing project activities by the dates defined in the initial PDD. The auditors reviewed the catch-up plan and determined it has not been fully successful in getting the project back on schedule, as two of the activities listed have still not been completed.

	The first activity is helping community members obtain land tenure. Helping community members obtain legal tenure has been validated as a major activity used to help achieve the project's community goals. A FAR was issued in the second verification process pertaining to the legal requirement of the project obtaining a Certificado de Cadastro de Imóvel Rural (CCIR) and the Cadastro Ambiental Rural (CAR). In response, the project proponent initiated the process of obtaining the CCIR and CAR. Saymo Justiniano da Silva, a trained professional in rural CARs, went door to door to explain the land titling process with community members. During the site visit, the auditors interviewed Saymo, who indicated that he completed the delineation for families within the project area in March 2020 and has passed on the data to the Instituto de Meio Ambiente do Acre (IMAC). Saymo explained to the auditors that IMAC has paused its operations due to the COVID-19 pandemic, and thus the data he has gathered and provided has not yet been processed and the resulting CARs for community members have not yet been issued. While the auditors understand that the onset of the COVID-19 pandemic may have stalled the progress of obtaining the CCIR/CARs from 2020 onward, it is unclear to the auditors why demonstrable progress towards obtaining the CCIR/CARs does not appear to have been made during the first two years of the monitoring period (2018-2020). The second activity described in the catch-up plan is the creation of an association to process açai and manioc flour. While the auditors note that the project provided two transport boats to communities for the eventual use of transporting açai and manioc flour, it does not appear any progress was made during this monitoring period towards the creation of said association. Additionally, MR Section 2.2.1 has a footnote that states: "Please see the appendix for a revised "catch up plan" for the project." The catch-up plan does not appear to be included in the MR appendix but appears to be presented in MR Section 2.2.3 as a minor change to the project description. PDD Section G3.4 also identifies several items as "ongoing activities" for project implementation. Review of support documentation, site visit observations, and interviews substantiate that these activities have been implemented or are ongoing.
Clarification Request:	The auditors have identified the following clarification requests: Please provide the auditors with the completed monitoring

	deforestation templates associated with Willyan's deforestation patrols to demonstrate monitoring was conducted as reported. Please provide clarification in the MR for the correct dates for "Post-Validation: Years 5 to 10". Please provide clarification for the status of the profit sharing, along with appropriate documentation if profit sharing was initiated during the monitoring period under verification. If profit sharing has not been initiated, the auditors intend to issue a Forward Action Request (FAR) asking the auditor for the next verification period to determine if profit sharing with community members has been implemented by the end of year 10 (2021) in accordance with the implementation schedule provided in the PD. The audit team notes that progress was made towards obtaining the CCIR/CAR in 2020. However, it is unclear to the audit team why this progress was not made sooner in the monitoring period, as obtaining land tenure for community members is a central tenant of the project's CCB goals. Please clarify and provide verifiable evidence as to why no progress was made in 2018 and 2019 on obtaining the CCIR/CARs in accordance with the catch-up plan. Please clarify and provide verifiable evidence demonstrating progress towards the creation of an association to process açai and manioc flour during this monitoring period in accordance with the catch-up plan. Please provide clarification for the catch-up plan identified in the MR for project implementation referenced as being in the Appendix, and as appropriate, please provide a copy for review by the auditor if this catch-up plan differs from the catch-up plan presented in MR Section 2.2.3. The monitoring report states that Ilderlei plans on purchasing 25 manioc flour kits in 2021. While this event was scheduled to occur outside the dates of the monitoring period for which the project is being verified, the audit team visited the project in January 2022, after this event was scheduled to occur. As such, the auditors are asking for clarification as to whether these manioc flour kits were provided to community members as documented in the monitoring report. If not, please update the text of the monitoring report accordingly. The monitoring report states that starting in June 2021, internet access will be granted to all residents who would like internet access. While this event was scheduled to occur outside the dates of the monitoring period for which the project is being verified, the audit team visited the project in January 2022, after this event was scheduled to
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	occur. As such, the auditors are asking for clarification as to whether this promise documented in the monitoring report has been communicated to community members and fulfilled. If not, please update the text of the monitoring report accordingly.
Date Evaluated:	15 March 2022
Project Proponent Response/Actions and Date:	The monitoring reports from Willyan's patrols have been provided. The dates have been corrected for the "Post-Validation: Years 5 to 10". Regarding the profit sharing, the landowner, Ilderlei Cordeiro, states: "Yes, it was agreed that after the investments in the health center, purchase of boats and construction of toilets, an annual transfer will be made after the credits are sold and these funds will be transferred to a bank account for each family residing in the Russas Project. As the credits that were approved by the audits were only until 2017, these credits until 2017 were made in the area such as: renovation of the Project's headquarters, courses for instructions on agricultural production, support for health care at the Navio Hospital da Marinha, donations of basic food baskets, sports tournament, construction of 2 health centers, renovation of 1 health center in Foz do Valparaíso, support in the renovation of the school in Foz do Valparaíso, purchase of 4 boats to transport agricultural production, and construction of mass than 50 toilets in the communities. The investments that were made in the Project from 2011 to 2021 are of a significant value for the value of the credits sold until 2017, so the credits from 2018 to 2021 will still be sold and invested in the Project area and in the Project resident families." This language has also been added to the PD. Additional clarification of the CCIR/CAR has been added to the Monitoring Report. A contract between the landowner Ilderlei Cordeiro and the georeferencement firm has been provided. Further, the contract between Ilderlei Cordeiro and a law firm to help expedite the titling process has also been provided. The Monitoring Report has been updated on the latest status with the açai and manioc associations and with the current status of the manic flour kits being purchased. The Catch Up Plan can be viewed in the Appendix of the Project's 2014-2016 Monitoring Report. The downloaded PDF has also been provided as a supplementary document. Community-wide internet has been postponed to 2022 and clarification has been added to the Monitoring Report.
Round 2 Findings:	The VVB reviewed the provided deforestation patrols conducted by Willyan during the monitoring period and

	substantiated that the monitoring occurred as described in the MR. The VVB confirmed that the dates have been appropriately updated in line with the identified finding regarding “Post-Validation: Years 5-10.” CCB Program Rules, v3.1, Section 3.5.7 states that “[e]ither a new validation or the validation of a project description deviation is required at the time of verification if any of the following situations occur”, which includes as item (3): “[t]here has been a substantial change in the expected climate, community, or biodiversity impacts of the project, for example, a substantial change in the type of positive or negative impacts, or the affected communities or community group(s).” The VVB has determined that not implementing the profit-sharing benefit in accordance with the validated PD constitutes a substantial change in the expected community impacts of the project and therefore constitutes a PD deviation that would require validation in order for the VVB to issue a positive verification statement. The VVB has reviewed previous project documents to construct the following timeline of profit sharing throughout the project’s lifetime: Section G3.2 of the validated CCB PD states “Within the first five years, the community will start to receive from I.S.R.C. a small share of the payments for ecosystem services (i.e., carbon revenue) as a result of their assistance in achieving the social and environmental goals of the Russas Project. This revenue will be shared with the communities each time I.S.R.C. receives payment for its share of the verified emission reductions.” The auditors for the second monitoring period (01 January 2014 to 31 December 2016) issued a Forward Action Request regarding several activities not being implemented in accordance with the validated project design, including the initiation of profit sharing with community members. In response to this FAR, the Project Proponent devised a “catch up plan” to ensure the referenced activities were completed. This “catch up plan” was validated as a minor change to the Project Description. The auditors for the third monitoring period (01 January 2017 to 31 December 2017) reissued the FAR, as profit sharing had yet to be implemented by the end of the monitoring period. The statement provided by the landowner in the Monitoring Report for this monitoring period (01 January 2018 to 31 January 2020) notes that, as of May 2022, profit sharing has not yet been implemented. The statement provided by the landowner states “after the
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	investments in the health center, purchase of boats and construction of toilets, an annual transfer will be made after the credits are sold and these funds will be transferred to a bank account for each family residing in the Russas Project.” The timeline of initiating profit sharing outlined above demonstrates that the Project is not in conformance with its validated project design. The VVB reviewed the provided pro forma from the landowner which indicates that the revenue from the sale of credits generated during this verification period will be more than sufficient to implement profit sharing with community members. As such, the VVB is requesting the Project Proponent implement a Project Description Deviation to ensure that profit sharing is appropriately implemented. This Project Description Deviation will include a new “catch-up plan” and is described in detail in the “Non-Conformance Request” section of this Indicator. The VVB reviewed the additional clarification provided regarding the CCIR/CAR process. The VVB reviewed the contracts between the landowner and the georeferencing firm and the landowner and the lawyer regarding the CCIR/CAR process. The VVB is reasonably assured that steps have been initiated to ensure the CCIR/CAR are obtained. However, the VVB intends to issue a Forward Action Request (FAR), asking the auditors for the next verification to ensure that the CCIR has been obtained and that all eligible community members have received CARs within one year of successful verification. While the VVB believes the Project Proponent has initiated the necessary steps to obtain the CCIR/CAR, the VVB reviewed the dates of the provided contracts and found that they were not executed until 2021. While the VVB understands that the onset of COVID-19 pandemic in 2020 stalled progress, it is unclear to the VVB why these contracts were not initiated sooner, given Saymo Justiniano da Silva completed his work with local families in 2018. The VVB reviewed the updated status of the creation of açai and manioc associations. Section 2.2.1 of the MR now states that an association to process açai and manioc flour was already registered at the beginning of the project. Consultations with families in the project area determined that they did not want a new association. Creation of an association to process açai and manioc flour was described in Section G3.2 of the validated CCB Project Design Document as a project activity to be implemented to meet the Major Community Objective. Per CCB Program Rules, v3.1, Section 3.5.7, the VVB has determined that not creating an association to
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	process açai and manioc flour in accordance with the validated PD constitutes a substantial change in the expected community impacts of the project and therefore constitutes a PD deviation that would require validation in order for the VVB to issue a positive verification statement. While the VVB understands that an association to process açai and manioc flour currently exists, it is unclear to the VVB how this association supports the project's community objectives. Section G3.2 also states the project will “do a one-time update to modernize the communities’ manioc houses” and “a local processing plant will be built to industrialize the açai berries grown inside the Russas Project.” Interviews with community members and the landowners indicate that the update to communities’ manioc houses and building of an açai processing plant was not implemented. It is unclear to the audit team if these activities are still planned to be implemented. Regarding the purchase of manioc flour kits, the VVB noted that the purchasing of 25 manioc flour kits is now set to occur in 2022. As such, the VVB intends to issue a Forward Action Request (FAR) asking the auditors for the next verification to ensure these manioc kits were purchased as described in the MR. While Section 2.2.1 of the MR has been appropriately updated to reflect this change, the VVB noted that this change has not been updated in Section 4.4 of the MR. The VVB reviewed the “catch up plan” provided in the 2014-2016 Monitoring Report and the associated supplemental document. The VVB confirmed that the “catch up plan” listed as a Minor Change to Project Description in Section 2.2.3 of the MR is identical to the provided documents. Regarding access to internet, the VVB confirmed that Section 2.2.1 of the MR has been updated to include the postponement of providing community-wide internet to 2022. The VVB intends to issue a Forward Action Request (FAR), asking the auditors for the next verification to confirm internet has been provided as promised by 2022. While Section 2.2.1 of the MR has been appropriately updated to reflect this change, the VVB noted that this change has not been updated in Section 4.4 of the MR.
Non-Conformance Request (NCR):	The auditors have identified the following Non-Conformance Requests: Due the historic FARs outlined above, the Project is not in conformance with its validated project design of implementing profit sharing with community members.

	The VVB is requesting the Project Proponent to develop a “catch up plan” to initiate profit sharing within one year of successful verification, which will then be validated by the VVB as a Project Description Deviation. This PD Deviation must meet the following stipulations: The catch-up plan must include information that outlines specific dates for implementation, the entity responsible for implementing the profit sharing and means of distributing carbon revenue in line with the validated project design. The “catch up plan” must account for historic profit sharing that was required in the validated CCB PD. For reference Section G3.2 of the CCB PD states: “Within the first five years, the community will start to receive from I.S.R.C. a small share of the payments for ecosystem services (i.e., carbon revenue) as a result of their assistance in achieving the social and environmental goals of the Russas Project. This revenue will be shared with the communities each time I.S.R.C. receives payment for its share of the verified emission reductions. The total proportion of carbon revenues to be given to the communities will be tied to the preservation of forests within the communities’ area. Take for example, if a particular community successfully preserves 5 hectares of land in a given year (i.e., and this 5 hectares was projected to be deforested in that given year). If a total of 100 hectares were predicted to be deforested throughout the Russas Project (i.e., and the deforestation of this 100 hectares was successfully avoided), then the particular community would be granted 5% (i.e., 5 hectares / 100 hectares = 5%) of I.S.R.C.’s gross carbon revenue.” The proposed catch-up plan to initiate profit sharing will need to be approved by Verra. The VVB is requesting the Project Proponent implement a Project Description Deviation noting that creating an association to process açai and manioc flour is no longer a project activity to be implemented to meet the Major Community Objective. Additionally, please include information regarding what will be done to support the existing association in the Project Description Deviation. The auditors have identified the following clarification requests: Please provide additional clarification and evidence as to why no progress was made in 2018 and 2019 on obtaining the CCIR/CARs in accordance with the catch-up plan. Please clarify how the association to process açai and manioc flour that currently exists in the project area supports the project’s community objectives. Please clarify if modernizing communities’ manioc houses and the building of an açai processing plan are still planned project activities and provide a timeline for their
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	implementation. Please update Section 4.4 of the MR to reflect that change in date regarding purchasing of manioc flour kits. Please update Section 4.4 of the MR to reflect the change in date regarding providing internet access to community members.
Date Evaluated:	08 July 2022
Project Proponent Response/Actions and Date:	Ok, duly noted. I.S.R.C. is aware of the FARs to initiate profit sharing, to confirm the CCIR has been obtained, to confirm the purchase of the 25 manioc flour kits, and to confirm expanded internet access within one year of the Project's verification. A revised catch up plan has been added to the 2018-2020 Monitoring Report. Section 4.4 of the Monitoring Report has been updated regarding the dates of manioc flour kits and of internet access. Progress in 2018 and 2019 on obtaining the CCIR/CARs has been added to the Monitoring Report and submittal documents supporting these claims have been provided to the VVB.
Round 3 Findings:	The Project Proponent has acknowledged they are aware of the VVB's issuance of the previously identified Forward Action Requests. The VVB will issue the Forward Action Requests in their verification report, upon completion of successful verification. The VVB reviewed the Project Proponent's proposed catch up plan to initiate profit sharing. The catch-up plan appropriately identifies I.S.R.C as the entity responsible for initiating profit sharing, which is the same entity identified in the initial profit-sharing mechanism. While the VVB stipulated that this catch-up plan should include plans to initiate profit sharing in accordance with the Project's validated design, given this catch-up plan is being included as a PDD deviation, the validation team determined that the profit-sharing mechanism can be amended. The catch-up plan stipulates that instead of basing payments on preservation of forest as described in the Project's validated design, each family will receive flat fee payments for their participation in the project. The catch-up plan states that spatial modeling would need to be conducted to initiate profit sharing in line with the profit-sharing design. While the catch-up plan notes the cost and time associated with this process, the VVB concurs that this approach need not be implemented, as it seems logistically impractical based on the nature of the project. As such the VVB determined that an alternative approach is appropriate.

	Given the implementation of this catch-up plan represents a change in the benefits to be provided to community members, the VVB consulted with Verra regarding the expectations pertaining to the level of consultations needed. <u>The guidance provided by Verra was that the VVB must ensure that ALL community members were informed of, influenced the design of, and agreed to the terms of the catch-up plan as it pertains to the implementation of profit sharing and that documentary evidence must be provided to the VVB to substantiate this. Verra stipulated that documentary evidence for each individual community member is not required, but rather that agreements through representatives or family members may be deemed sufficient.</u> The VVB reviewed provided copies of the new “atas” which appear to partially address the stipulations outlined by Verra. The text of the catch-up plan indicates that community members were involved in the development of the catch-up plan and some evidence to substantiate this is provided through the provided new “atas”. However, the VVB noted that the “atas” only include approximately 26 signatures. It is unclear how, per Verra’s guidance, all community members were informed of, influenced the design of, and agreed to (either personally or through a representative) the terms of the catch-up plan as it pertains to the implementation of profit sharing. Additionally, the VVB noted that the payment amount and means of transferring funds are outlined in the “atas”. However, it is unclear based on the evidence provided how community members who signed the “atas” influenced and agreed to the payment amounts and the means of transferring funds. The VVB was provided an updated pro-forma which includes details regarding the distribution of funds via profit sharing. The VVB noted that the calculations of expenses associated with profit sharing indicate that only 40 families are included in the analysis. It is unclear to the VVB why only 40 families are included when the MR notes that there are 44 families living in the project area. Additionally, it is unclear why the payment amounted to be issued in year 2023 of the pro forma is listed as \$222,222 as this amount implies that families will receive R\$20,000 for this year, instead of the referenced R\$10,000. The payment amount for each family to receive R\$10,000 annually is included in the pro forma for all years in the Project Lifetime. However, it review of the new “atas” it is mentioned that several families will receive these payments for only 10 years. The catch-up plan provides details for the Project’s intent to share profit sharing payments with community members for the next verification period and review of the provided pro forma further suggest that these annual
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	payments will continue throughout the entire Project Lifetime. However, it is unclear to the VVB when these payments will be distributed. The catch-up plan states the previously validated statement of: “within the first five years, the community will start to receive from I.S.R.C. a small share of the payments for ecosystem services (i.e., carbon revenue) as a result of their assistance in achieving the social and environmental goals of the Russas Project. This revenue will be shared with the communities each time I.S.R.C. receives payment for its share of the verified emission reductions.” should have been interpreted as: “within the first five years, the community will start to receive from I.S.R.C. a small share of the payments for ecosystem services (i.e., carbon revenue) as a result of their assistance in achieving the social and environmental goals of the Russas Project. This revenue will be shared with the communities each time I.S.R.C. receives payment for its share of the verified emission reductions after the initial five years.” It is unclear to the VVB why this statement should have been interpreted as described, given the initial language does not include the stipulation “after the initial five years.” Regardless, the VVB determined that given the Project start date was 2011, based on the language of the initial PDD, profit sharing should have been initiated by 2016 at the latest. As previously noted, an initial catch-up plan was devised and verified and included the following stipulation on the implementation of profit sharing: “Ilderlei and Manoel shall also provide a revenue share of the carbon finance with the local communities. Due to the lack of financial resources, these activities will be attempted in 2018.” This language implies that the project shall attempt to implement this activity in 2018. Given the date of this statement in the first “catch-up” plan (Prior to December 31, 2017) it is implied that the referenced attempt will be made in 2018 to provide profit sharing for the years prior to the end of December 31, 2017. As such, noting that profit sharing should have occurred by 2016, it is unclear to the VVB why the catch-up plan does not include plans for payment to families for the years of 2016 and 2017. The catch-up plan states that all residents will open a bank account and the agreed upon amount will be transferred to these bank accounts as soon as the value of the credit sales is credited to I.S.R.C. While the VVB
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	has identified clarification requests regarding payments to community members described in the catch-up plan, the VVB is issuing a Forward Action Request, asking the auditors for the next verification to confirm that community members have received the agreed upon amount in the manner identified in the finalized catch-up plan. In addition to the plans for implementing carbon revenue profit sharing as determined to be necessary by the VVB, the catch-up plan also includes other activities that are planned to be initiated/completed. While many of these activities are in direct response to findings and their subsequent FARs issued by the VVB, multiple activities were identified to be completed within certain timeframes. As such, the VVB is issuing a Forward Action Request asking the auditor for the next verification to ensure that all activities described in the final catch-up plan, included as a PDD deviation, have been implemented, or at least initiated, within their designated timeframes. The VVB had requested a PDD deviation be included indicating that the project does not intend to create an association to process açai and manioc flour. The Project Proponent has included clarification regarding the requested PDD deviation pertaining to the creation of a manioc and açai association. However, it unclear to the VVB if this deviation is to be considered a part of the catch-up plan. It is unclear to the VVB how the association for manioc and açai that previously existed and was supported by the Project differs from the newly identified "general agricultural association for the residents of the Russas project" said to be opening in July 2022. While the establishment of this agricultural association represents a deviation from the initial project goal of creating a manioc and açai association, the VVB is requesting clarification for several items regarding the previously existing association as it relates to the new association to be implemented, identified in the "Clarification Requests" section below. The VVB reviewed the additional clarification and supplemental documentation provided regarding progress made in obtaining the CCIR/CARs during this monitoring period. The VVB confirms that steps were taken in the identified years, and as noted, understands the unforeseen delays that occurred thereafter. This finding is closed. Additional clarification was provided regarding how the association to process açai and manioc flour that currently exists in the project area supports the project's community objectives in Section 2.2.1 of the MR, as well as in the revised catch-up plan. However, closure of this finding is pending closure of the clarification requests identified
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	pertaining to the previously existing manioc association as it relates to the new agricultural association planned to be implemented. Section 2.2.1 of the MR has been updated to clarify that a local açai processing plant will be built in 2022 at the Russas Project. The VVB is issuing a Forward Action Request (FAR) asking the auditors for the next verification to ensure that the local açai processing plant was built, or building was initiated in 2022, as indicated in the MR. No clarification was provided regarding whether or not the modernizing of communities' manioc houses manioc houses is still a planned project activity, though construction of two manioc flour houses is identified as part of the catch-up plan. The VVB confirmed Section 4.4 of the MR has been updated to clarify the dates of providing manioc flour kits to the communities. This finding is closed. The VVB confirmed Section 4.4 of the MR has been updated to clarify the dates of providing internet access. This finding is closed.
Clarification Request (CL):	The VVB has identified the following clarification requests regarding the catch-up plan: Please provide additional clarification and documentation regarding how the community members were consulted regarding the contents of the entire catch-up plan to satisfy the requirements identified in consultation with Verra. Clarification should include information regarding how their inputs were heard, considered, and included in the development of the catch-up plan. Additionally, please include information pertaining to the requested information within the text of the catch-up plan. Regarding the profit-sharing aspect of the catch-up plan, the VVB has identified the following clarification requests: As noted in the "Findings" section, the "atas" do not appear to include the necessary number of signatures need to satisfy the requirements identified in the consultation with Verra. Please clarify how the provided "atas" demonstrate that these requirements have been met. If this cannot be done, please provide additional clarification and documentation sufficient to satisfy the referenced requirements. Please provide clarification regarding how the flat fee payment of R\$10,000 per family and the distribution mechanism were determined through consultation with community members. Please provide clarification regarding the number of families identified in the pro forma that are set to receive

	payments. Please provide clarification regarding the payment amount for 2023 in the pro forma. The catch-up plan states that eligible families will receive the R\$10,00 payment for 2018, 2019, and 2020 upon successful verification. The catch-up plan does not explicitly state that eligible families will receive R\$10,000 annually, for a total of R\$30,000. Please clarify if it is the intent of the Project to provide eligible families a total of \$R30,000 for years covered by this verification. Additionally, please update the text of the catch-up plan to explicitly make this distinction. Please clarify when payments will be made to eligible families. The pro forma suggests that the families will receive the payments every year, but it is unclear if this is dependent on a successful verification. For example, if a verification period is from 2023-2024, will eligible families receive a lump sum of R\$20,000 upon successful verification or will they receive payments for both 2023 and 2024 regardless of verification. Additionally, please update the text of the catch-up plan to clarify. The provided “atas” state that R\$10,000 payments are only guaranteed for 10 years, however the pro forma lists these payments as occurring through the Project Lifetime. Please clarify and include in the text of the catch-up plan how long the payments will continue. Please clarify why the referenced previously validated statement should have been interpreted as described by the Project Proponent as the text “after the initial five years” was not included in the previously validated statement. Noting the rationale described in the “Findings” section please clarify why the catch-up plan does not include plans for payment to community members for the years of 2016 and 2017. As stated in the initial finding requesting the catch-up plan, upon closure of all identified findings, the proposed catch-up plan will need to be approved by Verra. Regarding the VVB’s request to include a PDD Deviation regarding the creation of a manioc and acai association, the VVB has identified the following clarification requests: Please clarify if this deviation as listed in Section 2.2.4 of the MR is to be considered a part of the catch-up plan, or if it is to be considered its own deviation. If this is intended to be a separate deviation, please update Section 2.2.4 to more clearly indicate this. If this is not to be considered a part of the catch-up plan, please clarify how this deviation pertains to the catch-up plan. Regardless of whether this is to be included as a separate deviation or not, please provided additional clarification regarding how the community members were consulted regarding this deviation. Clarification should include
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	information regarding how their inputs were heard, considered, and included in the development of this deviation. Additionally, please include information pertaining to the requested information within the text of the catch-up plan. Please clarify how the “general agricultural association” to be implemented in 2022 differs from the “manioc and açai association” that previously existed and was supported by the Project throughout the monitoring period. Please clarify if the “manioc and açai association” will continue to operate once the “general agricultural association” is implemented. Should the “manioc and açai association” continue to exist, please provide clarification as to how the two associations will interact and how the project intends to support both associations. Maintenance of the boats is described as being conducted by the “manioc and açai association.” Should the “manioc and açai association” continue to exist, please provide clarification regarding if this association will continue to maintain the boats, and if the “general agricultural association” will use these provided boats as well. Regarding the finding pertaining to modernization of manioc houses, please clarify if modernizing communities’ manioc houses is still a planned project activity and provide a timeline for its implementation.
Date Evaluated:	03 October 2022
Project Proponent Response/Actions and Date:	The Project Proponents did not provide all of the atas / minutes from the June 2022 meetings, as the Project Proponents thought the VVB only needed select evidence. The Project Proponents are now providing four more atas from June 2022, which alongside the previously submitted atas, have a total of 69 signatures of the communities. Likewise, the additional “atas” have been provided to the VVB for additional communities at the Russas Project. Ilderlei Cordeiro, the owner of the Russas Project, held eight in person with the communities that are part of the Russas Project. Of the 44 families that are part of the Project, there were 43 families present in the eight meetings. In the meeting at Foz do Valparaíso, eight families from the leakage belt and two families (Fátima Deni and Chico Deni) that help in the Russas Project also participated. As for the share of profits, the communities were asked a variety of questions by Ilderlei Cordeiro during in person meetings as to what is their income from the sale of manioc flour produced per year in their planting areas and the communities said that it would be about R\$4,000 to R\$5,000 per year. Then, the communities were asked whether if they had a transfer (profit share) for their participation in the project’s profit in the amount of R\$10,000 per year, would their life would be resolved financially and with the commitment to no longer destroy and burn in their respective areas, all agreed and were

	happy because this amount of R\$10,000 is more than double what they earn throughout the year. As noted in the atas, some of the families would like a combination of direct benefits and profit sharing. As for the means of transferring this profit share, the payment by the Bank Santander was decided to be the best option because its banking fees are lower than other banks. For those families that cannot, or do not want, to open a bank account, the family will receive a check. The pro forma has been revised and provided to the VVB. The total families to receive the R\$10,000 per year is 44 families and the 40 families included in the previous pro forma was an error. To clarify, the payment in 2022 will be a total of R\$30,000 which is R\$10,000 for 2018, R\$10,000 for 2019, and R\$10,000 for 2020. The payment in 2023 (assuming there is a verification of 2021 and 2022 in activities in 2023) will be R\$20,000, which is R\$10,000 for 2021 and R\$10,000 for 2022. The payment in 2024 and onwards will be R\$10,000 for the previous year's verified activities (i.e., R\$10,000 paid in 2024 for 2023 activities). This clarification has been added to the pro forma. While some of the families would like a combination of direct benefits and profit sharing, the pro forma has included these costs all under profit sharing for the sake of simplicity. As previously mentioned, the Project was unable to provide profit sharing in 2016 and 2017, in part due to the very low prices for VERs during those years, and in part due to I.S.R.C.'s focus on health services and agricultural extension courses. During the meetings in June 2022 between Ilderlei Cordeiro and the communities, discussions focused on the Project's accomplishments over the past ten years and the plans for the next ten years, including profit sharing. However, the plan is to provide R\$10,000 per family per year for the Project Lifetime and the profit-sharing arrangement for years 21-30 will be discussed in year 20. Ilderlei Cordeiro has agreed to providing profit sharing on an annual basis, regardless of whether there was a verification and sale of the associated VERs. The Monitoring Report has been further updated to state the Project was unable to provide profit sharing in 2016 and 2017, in part due to the very low prices for VERs during those years, and in part due to I.S.R.C.'s focus on health services and agricultural extension courses. Nonetheless, I.S.R.C. will share R\$10,000 per family and this will be retroactive for the years 2018, 2019, and 2020 upon completing the current verification and the issuance/sale of I.S.R.C.'s VERs.
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	The agricultural association, as listed in Section 2.2.4 of the Monitoring Report, is to be considered its own deviation and this clarification has been added to the Monitoring Report. Ilderlei Cordeiro consulted in person with the community in June 2022 about the association. This can be substantiated by the June 2022 atas. In addition, the Monitoring Report has been updated to clarify how the “general agricultural association” differs from the “manioc and açai association.” Going forward, the “manioc and açai association” will be discontinued and the “general agricultural association,” (which also includes manioc and açai) will be implemented. Maintenance of the boats was originally to be conducted by the “manioc and açai association,” but since the manioc and açai association is being discontinued and replaced by the general agricultural association, this new general agricultural association will now maintain the boats. These clarifications have been added throughout the Monitoring Report. As previously stated in the new catchup plan, Ilderlei Cordeiro will build two manioc flour houses in 2022 and also in 2022, Ilderlei Cordeiro will deliver 25 more flour house kits for improvement of flour houses that already exist in the area of the Russas Project.
Pending:	The VVB received additional guidance from Verra regarding how to assess community member’s consultation and participation in the development of the catch-up plan. This guidance included the necessity for a second site visit, in which community members were interviewed to substantiate the evidence provided supporting their consultation. The site visit was conducted by the translator who was present on the initial site visit, contracted by the VVB. The VVB reviewed the additional “atas.” The VVB noted that the payment details outlined in the MR are not applicable to all families who signed the “atas” with some families preferring to receive a combination of direct benefits and profit sharing. Review of the provided “atas” and text in the updated MR substantiate that this has been appropriately documented and that family members have elected this combination of benefits. Further, interviews conducted on the site visit substantiated that all community members interviewed were at least of aware of the benefits to be provided, with most community members having stated they or someone from their family was at the meetings and signed the “atas.” The Project Proponent noted in their response that only 43 of the 44 families residing in the project area were

	present at the 8 meetings at which the “atas” were signed. Given the vast majority of families in the project area were consulted, the VVB has determined this item may be closed for verification, pending the results of a successful second site visit. However, the VVB is issuing a Forward Action Request, asking the auditors for the next verification to ensure that the single family that was not consulted is informed of and consents to a payment mechanism similar to those described in the “atas.” The VVB reviewed the justification for the distribution mechanism for profit sharing (i.e., direct payments through Bank Santander) and determined that it was appropriately consented to through consultation with community members. The VVB noted that while this was determined to be the most efficient option for most families, an alternative option, in the form of payments via check, was presented to and accepted by several families. Site visit interviews substantiated that community members were aware they would need to open a bank account and had agreed that this was the best method of receiving payments. The VVB reviewed the revised pro forma and determined that it has been appropriately updated in line with identified findings. The explanation provided in the Project Proponent’s response, and included in the Monitoring Report, substantiate that the profit-sharing payments for both 2018-2020 as well as for future payments are appropriate and accurately reflected in the pro-forma. The VVB acknowledges that the profit-sharing mechanism has been agreed to until year 20 of the Project Crediting Period. While this does not ensure that profit sharing will occur throughout the entirety of the Crediting Period, the VVB believes this is an appropriate approach. The language that this will be reassessed has been included in the “catch up” plan, and the VVB believes revising the benefits after approximately 10 years will allow community members to reassess their needs from the Project. The VVB acknowledges the landowner’s intent to distribute profit sharing payments on an annual basis, regardless of whether or not the Project completes a successful verification and has determined this to be appropriate. The VVB had initially issued a finding regarding the necessity of the Project Proponent to provide retroactive payments for the years 2016 and 2017, based on the timing of initiation of profit sharing identified in the initial PDD. Through consultations with Verra, the VVB determined that the timelines and initial benefits promised may be amended through the implementation of the new PDD deviation, even if the benefits are reduced, so long as the community confirmed the change was acceptable.
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	Site visit interviews suggested that most community members were unaware that they were initially intended to receive a share of carbon profits at the outset of the project. While the initial interviews indicated a general lack of interest in the project due to lack of payment, The community confirmed they had been receiving some non-revenue based benefits. When this issue was raised with the project proponent in the finding, the proponent developed a new catch-up plan for benefits, shared the plan with the communities who then signed “atas” agreeing to the revised benefits. A second site visit was then held to confirm the communities were pleased with the newly proposed plan and did indeed sign the atas agreeing to them. Noting that the newly proposed plan dropped retroactive payments for the 2016-2017 years, the communities confirmed they were generally happy with the amount of money to be provided as a result of the implementation of the catch-up plan. As such, the VVB has determined there is no necessity for the Project Proponent to provide these retroactive payments. Thank you for the clarification regarding whether the general agricultural association is to be considered its own deviation. The VVB confirmed the that “catch-up” plan has been appropriately updated to reflect that this is a distinct deviation. The VVB reviewed the “atas” as they pertain to the creation of the new general agricultural association. It was noted that not all of the “atas” appeared to include discussions of and consent to the creation of the new general agricultural association. However, community members interviewed were generally aware of the specifics of the new association. Review of the Project Proponent’s response and the revised “catch up” plan, further substantiated by interviews conducted during the second site visit provided the VVB with the necessary evidence to close all remaining clarification requests regarding the new general agricultural association and how it relates to the previous association. The VVB acknowledges that the new association will replace the old one and that members of the new association will be responsible for maintenance of the boats. The VVB confirmed that the “catch up” plan states that two manioc flour houses will be built, and 25 manioc flour kits will be delivered. As a result of the actions taken, generally substantiated during the second site visit, the VVB is reasonably assured that the new “catch-up” plan will help put the
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	project back on track to achieving its initially described goals. Further, the site visit interviews provided the VVB reasonable assurance that community members were appropriately consulted and consented to the catch up-plans. This item is closed for verification, noting the FARs to be assessed at future verifications.
Date Closed:	03 January 2022

Indicator G3.5 - Identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures adopted to mitigate these risks.	An extensive risk analysis was completed prior to validation. Natural risks were identified to be unlikely and extensive evidence was provided as justification. Identified human-induced risks include illegal hunting, logging, collection of endangered flora, human-caused fires, and the expansion of the Lua Clara Ramal. The monitoring report states that no natural or human-induced risks have significantly impacted the project from its inception to the end of this monitoring period.
Evidence Used to Assess Conformance:	Section 2.2.5 of Monitoring Report, site visit interviews.
Findings:	Risks to the project are described in detail in Section G3.5 of the validated PDD and reasonable measures to mitigate them are suggested or implemented. MR Section 2.2.5 restates the risks identified by the validated PD but is not clear on the steps needed and taken to mitigate each of the relevant risks during this monitoring period. Instructions in the MR Monitoring Report template are to "Describe actions needed and implemented to mitigate likely natural and human-induced risks to the expected climate, community, and biodiversity benefits during this monitoring period."
Clarification Request:	Please clarify what actions were undertaken during this monitoring period to mitigate natural and human-induced risks to expected CCB benefits.
Date Evaluated:	15 March 2022
Project Proponent Response/Actions and Date:	Section 2.2.5 has been updated to "describe actions needed and implemented to mitigate likely natural and human-induced risks to the expected climate, community, and biodiversity benefits during this monitoring period."
Evidence Used to Close CL:	The VVB reviewed Section 2.2.5 of the updated MR and confirmed that the identified actions needed and implemented to mitigate likely natural and human-induced risks to the expected climate, community, and biodiversity benefits during this monitoring period are appropriate.
Date Closed:	01 June 2022

Indicator G3.6 - Demonstrate that the project design includes specific measures to ensure the maintenance or enhancement of the high conservation value attributes identified in G1 consistent with the precautionary principle.	The monitoring report identifies several HCVs in the project including possibly threatened species, threatened or rare ecosystems, critical ecosystem services, and a direct importance to local communities. The project has integrated HCVs into the project's main objectives, despite limited understanding of threatened, rare, and endemic species within the project area. Community members have received training to assist with
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	monitoring biodiversity with wildlife camera traps and the project proponent states they will focus additional conservation measures in areas where threatened and/or endemic species are identified. Additionally, deforestation and community impacts are being monitored to mitigate deforestation of threatened and rare ecosystems in the project area.
Evidence Used to Assess Conformance:	Section 2.2.6 of Monitoring Report
Findings:	Maintenance or enhancement of project HCVs in the project area are dependent on the forest remaining in its current state, as the forest itself is the main provider of HCVs. By reducing deforestation, the project is helping to ensure the forest stays in its current state. Item closed.
Date Closed:	17 February 2022

Indicator G3.7 - Describe the measures that will be taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.	The monitoring report provides measures taken to maintain and enhance benefits beyond the project lifetime, including the longevity of the Tri-Party Agreement, the creation of I.S.R.C. Investimentos e Acessória LTDA, implementation of social projects, education, and outreach endeavors as well as the legalization of community land tenure.
Evidence Used to Assess Conformance:	Section 2.2.7 of Monitoring Report, site visit observations, site visit interviews with project staff and community members
Findings:	The Tri-Party Agreement and the creation of I.S.R.C are important measures in ensuring project longevity. Creation of I.S.R.C. was validated as implemented at the time of validation of the PDD. The PDD states that the Tri-Party Agreement and PDDs will be filed at the Brazilian Registry Office to ensure the Russas Project remains with the property even if the property is sold, and that the Project and its PDDs (both VCS and CCBS) will be registered with the State of Acre's Climate Change Institute (IMC). The MR does not provide an update on whether the filings of the Tri-Party Agreement and the PDDs at the Brazilian Registry Office, or with the State of Acre's IMC, have occurred. Review of information provided, and results of site observations and interviews substantiate that some of the social projects, education, and outreach endeavors have been undertaken or initiated, which should help ensure some of the CCB benefits are maintained beyond the project lifetime. However, there appears to be issues with the implementation of some of these programs and with obtaining land tenure for community members. Some of these issues appear to be presented in other sections of the monitoring report, specifically dealing with legalization of land tenure, but the status of legalization of land tenure is not addressed in MR Section 2.2.7. MR template instructions for Section 2.2.7 are to describe the measures needed and implemented during the monitoring

	period to maintain and enhance the climate, community, and biodiversity benefits beyond the project lifetime.
Clarification Request:	The auditors have identified the following clarification requests: Please provide clarification in MR Section 2.2.7 on the status of filings of the Tri-Party Agreement and the PDDs at the Brazilian Registry Office, and with the State of Acre's IMC. Please provide clarification in MR Section 2.2.7 for the measures undertaken during this monitoring period for legalization of land tenure for eligible community members. Please provide clarification and description as appropriate for any other measures needed and implemented during the monitoring period to maintain and enhance the climate, community, and biodiversity benefits beyond the project lifetime.
Date Evaluated:	15 March 2022
Project Proponent Response/Actions and Date:	Section 2.2.7 has been updated to include information on the Tri-Party Agreement and PDD filings, along with information on the legalization of land tenure. Measures needed and implemented during the monitoring period to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime have also been added.
Round 2 Findings:	The VVB reviewed Section 2.2.7 of the updated MR which states that the PDD registration in the Brazilian Real Estate Registry Office is still pending as the CCIR has to yet been finalized. While the VVB understands the rationale in waiting to obtain the CCIR prior to submitting documentation to the Brazilian Real Estate Registry Office, the VVB intends to issue a Forward Action Request (FAR) asking the auditors for the next verification to ensure the PDD is registered to the Brazilian Real Estate Registry Office upon completion of the CCIR. Given the extensive delays to date, this should occur within one year of completion of the current verification. Section 2.2.7 also states that the Project and its PDDs have been registered with the State of Acre's Climate Change Institute (IMC). The VVB confirmed that appropriate evidence substantiating measures needed and implemented during the monitoring period to maintain and enhance the climate, community, and biodiversity benefits beyond the project lifetime has been added to Section 2.2.7 of the MR. Full resolution of this Indicator is pending closure of the finding in Indicator G3.4 pertaining to measures undertaken during this monitoring period for legalization of land tenure for eligible community members.

Date Evaluated:	01 June 2022
Project Proponent Response/Actions and Date:	Ok, duly noted. I.S.R.C. is aware of the FAR to confirm the CCIR and PDD are submitted to the Brazilian Real Estate Registry Office within one year of the Project's verification.
Evidence Used to Close CL:	The Project Proponent has acknowledged they are aware of the VVB's issuance of the previously identified Forward Action Requests. The VVB will issue the Forward Action Requests in their verification report, upon completion of successful verification. The finding upon which closure of this Indicator was pending has been closed. Item closed for verification.
Date Closed:	11 August 2022

Indicator G3.8 - Document and defend how communities and other stakeholders potentially affected by the project activities have been identified and have been involved in project design through effective consultation, particularly with a view to optimizing community and stakeholder benefits, respecting local customs and values and maintaining high conservation values. Project developers must document stakeholder dialogues and indicate if and how the project proposal was revised based on such input. A plan must be developed to continue communication and consultation between project managers and all community groups about the project and its impacts to facilitate adaptive management throughout the life of the project.	The monitoring report provides a list of the main stakeholders involved in the project design and provides an attestation that consultations were culturally appropriate, inclusive, and that HCVs, local customs, and values were all respected. The project includes a list of stakeholder consultations that have occurred since the inception of the project, including consultations that have occurred during this monitoring period. Project proponents met several times in person during the monitoring period to discuss the project and Ilderlei visited the project multiple times in 2018 and 2019, but he as well as the other project proponents were unable to visit the project area in 2020 due to the COVID-19 pandemic. PRA and BNS surveys were again conducted in 2019 to reassess community needs, and SOS Amazonia conducted an ag training and gauged interest for the potential conducting of another. The previous auditors issued a Forward Action Request asking future auditors to observe whether communications with the community are improving, whether illiterate members of the community are getting project-related information in a timely manner, and whether the problem of unmaintained toilets has been remedied.
Evidence Used to Assess Conformance:	Section 2.2.1, 2.3.1 of Monitoring Report, previous verification report, site visit.
Findings:	Interviews with community members suggest communication has not improved since the last monitoring period. While Ilderlei, visited the project several times in 2018 and 2019, community members seemed uninformed that these visits were set to occur. As such, many of the community members were not present in the communities when Ilderlei came and were not able to receive project information or ask questions about the project. An NCR was issued by the previous auditors regarding ensuring that all stakeholders are informed on project

	benefits and responsibilities, with an emphasis on ensuring that illiterate community members are able to understand the project summaries. The project proponent responded by ensuring that the local project manager, Willyan Deni Sarah, often visits the communities and can read Project Documents to illiterate community members if necessary and that copies of summary documents are provided to local schools, where teachers can also read them if requested. This response should ensure that illiterate community members are also able to receive project information in a timely manner as well. Interviews with community members indicated that almost all the communities were aware that the auditors were coming, however, the community members seemed to be largely unaware of updates to project activities. The overall impression gleaned from the interviews was that their seemed to be little communication of project activities to community members during the monitoring period. While the COVID-19 pandemic is partially responsible for this, particularly in 2020, impressions from interviews suggest that information was not being adequately distributed prior to the onset of COVID-19 in 2018 and 2019. The monitoring report identifies adaptive management to be necessary to the Russas project, and it seems that community members are grateful for some of the benefits they have received from the project, particularly access to the malarial services provided at the health clinic. However, there seems to be some discrepancies between what has been promised to community members and what they have received. The previous auditors noted that the community members were eagerly awaiting the arrival of the two transport boats provided during this monitoring period. Interviews with community members suggested that there was confusion as to who could use boats and how approval for using the boats was granted. Furthermore, several community members were unhappy with the quality of the boats provided. Additionally, interviews with multiple community members revealed that they were promised electricity in their homes as a result of the project. None of the community members we spoke with had received electricity in their homes. Furthermore, community members were promised titles to their land. Community members are unaware of the current status of the land titling process and seem to believe this promise was just abandoned by the project proponents. The problem of unmaintained toilets seems to have been somewhat remedied. Interviews with community members
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	suggested that many community members did not see the toilets provided as a necessary benefit, though some were very excited to have access to them. The auditors visited several toilets built by the project and found that several were being adequately maintained, but several were not. Interviews with a local contractor hired by the project revealed that the project intends to continue building toilets in the project area. He mentioned that 25 toilets will have been completed by February 2022 and that the goal is to build 33 more, so that everyone in the project area has access to a toilet. While the toilets are not perceived to be a necessary benefit by all community members, it is important that training on maintenance of the toilets is provided so that community members who view them as a benefit have access to well-maintained, working toilets. Overall, adaptive management seems to be somewhat in place in the project. Community members are grateful for some of the benefits the project has provided, and it appears these were benefits they had wanted. However, the community members seem to feel that some of the benefits provided are not adequate and some of the benefits they had initially been promised have not yet been provided.
Clarification Request:	The auditors have identified the following clarification requests: Please clarify to the auditors the processes involved for using the provided boats. There seems to be confusion in the communities as to who can use them and for what purposes. Please ensure that this elaboration is communicated to community members who have access, so they can utilize the benefits of the provided boats. Several community members mentioned that they were promised electricity as a benefit provided by the project. The PDD and Monitoring Report do not list providing electricity for all community members as an intended benefit. Please clarify if the project intends to provide electricity for community members' homes. If this is an intended benefit, please provide an update as to how and when this benefit will be provided to community members. There seems to be a general lack of communication between the project proponents and local community members. While the COVID-19 pandemic is partially responsible, site visit interviews suggest that communication between project proponents and community members was not adequate prior to its onset. Please clarify and provide verifiable evidence of steps taken during this monitoring period to address the FAR pertaining to improved communications with community members. If this cannot be accomplished, please provide a justification as to why no steps were taken. Please clarify what actions were taken during this monitoring period to remedy the issue of unmaintained toilets noted in the FAR from the previous verification. Please clarify if any steps were taken during this

	monitoring period to explain to community members the status of the land titling process.
Date Evaluated:	21 March 2022
Project Proponent Response/Actions and Date:	Regarding the boat situation, the following has been added to the Monitoring Report: “Throughout 2021 and 2022, there has been some confusion over the local communities’ access to the transport boats. The reason for this confusion is that the Valparaíso Project’s social projects and programs are now being managed by the Valparaíso Project, as opposed to in the past, when the social projects and programs at the Russas and Valparaíso Projects were being jointly managed by Ilderlei Cordeiro. There was a total of four boats delivered during the first ten years of the Projects and with one more boat scheduled to be delivered in 2022, this will bring the total to five boats (i.e., three boats on the Valparaíso Project’s side and two boats on the Russas Project’s side). As for their use, each Project has its rules of use. The Russas Project has a history of donating diesel fuel for some trips. Ilderlei Cordeiro is now talking with the leaders of the Russas Project communities so that from May 2022 and onwards, the boats will be delivered to the association and they will take care of the boats. This situation has been communicated to the local communities to help minimize the confusion.” Regarding electricity, this was not an original project activity in the Project’s Project Description and was not promised to be delivered by Ilderlei Cordeiro to the local communities. However, the Russas Project may deliver electricity to community members in future years. The landowner of the Russas Project intends to focus on the financial transfer / profit-sharing with the local communities upon the issuance of the 2018-2020 VCUs and from this profit-sharing, the local communities may decide to finance their own solar panels. Section 2.3.1, has been updated to explain the steps taken to improve communication with the local communities. Regarding toilets, the following has been added to the Monitoring Report: “There were issues with the toilets being maintained. To resolve this issue, an explanation was given to the local communities about how to maintain the toilets and training was conducted. Upon further review, it was revealed that the problem was not in knowing how to use the bathroom, but in taking responsibility for the bathroom, because in the beginning, the few bathrooms were being used by everyone, so no one wanted to clean or maintain the toilets. Since then, it was decided to make a bathroom for each house so that each resident will have their own toilet

	and they now take care of it with care.” Regarding the titles, the following has been added to the Monitoring Report: “Saymo Justiniano da Silva completed his work in 2018 with the local families. This work included revisiting the communities in 2018 to make sure the communities were still aware of the titling process and land tenure laws. Further, the survey of the points of each resident was done in GPS and delivered to IMAC. However, soon after the delivery to IMAC, the COVID 19 pandemic broke out and in 2020, IMAC required that a map of the georeferenced area of each resident would have to be made to obtain the conclusion of the CAR and later this georeferenced map would be used for the definitive CCIR of the resident's area. Ilderlei spoke to the georeferencement company and the company started the service, but were forced to stop their service due to COVID 19. In 2021, the company completed the service of the map of the whole area and in 2022, the company started on the area of the residents; however, a new wave of COVID 19 began in early 2022 and the company had to stop their work again. As of May 2022, the CAR of the residents should be completed in 2022 and the data entered into INCRA in the CCIR of the residents. Before the completion of the CCIR, the area will be documented for each resident will be registered in the real estate registry, thus giving authority and legality in their respective areas in 2022.” Further, a contract between the landowner Ilderlei Cordeiro and the georeferencement firm has been provided. The contract between Ilderlei Cordeiro and a law firm to help expedite the titling process has also been provided.
Round 2 Findings:	The VVB reviewed the Project Proponent's response to the confusion regarding usage of the provided boats. Section 2.2.1 now includes text stating “from May 2022 and onwards, the boats will be delivered to the association and they will take care of the boats.” However, it is unclear to the VVB what is meant by this statement. Thank you for the clarification regarding electricity as an intended benefit. As providing electricity to community members was not identified as an anticipated benefit in either the PD or MR, clarification regarding how and when this benefit will be implemented is not required. The VVB reviewed the steps taken to improve communication with community members in Section 2.3.1 of the MR. The VVB believes that the steps identified should help improve communication between the project proponents and community members. The VVB is issuing a Forward Action Request (FAR) asking the auditors for the next verification to ensure that the steps identified for

	improving communication in Section 2.3.1 (including semi-annual meetings) have been implemented and to provide an assessment as to whether or not communication has improved as a result. The VVB reviewed the additional clarification provided by the Project Proponent regarding the maintenance of toilets. The VVB understands the inherent issue with community members not wanting to maintain community toilets, and thus the Project Proponent's proposition of providing toilets to each individual household is reasonable. The VVB feels this approach should be successful in mitigating the continuing problem of maintenance of toilets. To ensure that this approach is successful in mitigating this issue, the VVB is issuing a FAR, asking the auditors for the next verification to ensure progress is being made in providing toilets for each individual household. The VVB has issued CLs and FARs pertaining to obtaining to obtaining the CCIRs/CARs. Site visit interviews with community members indicated that they were unaware of any updates regarding the titling of their lands. The additional clarification provided by the Project Proponent does not included details regarding what steps were taken to explain to community members the status of the land titling process.
Clarification Request:	The VVB has identified the following clarification requests: Please clarify the meaning of the referenced text regarding use of community boats and if necessary, provide additional information as to how the updated situation has or will be explained to community members. Please clarify if community members have been made aware of the updates in the process of obtaining the CCIR/CARs. If they have not, please provide information as to when and how the update will be conveyed to them.
Date Evaluated:	01 June 2022
Project Proponent Response/Actions and Date:	The boat's use and the association has been clarified. The community members have been made aware of the updates in the process of obtaining the CCIR/CARs and this can be substantiated by the new "atas" signed in June 2022. Ok, duly noted. I.S.R.C. is aware of the FARs to confirm the improving communication (including semi-annual meetings) and to ensure progress is being made in providing toilets within one year of the Project's verification.

Evidence Used to Close CL:	Thank you for the clarification regarding the boats. The VVB determined the plan, as clarified and described in the MR, for maintenance and use of the boats should be effective in clearing up the confusion and issues pertaining to their use. The VVB is issuing a Forward Action Request, asking the auditor for the next verification to ensure that the maintenance and use of boats as described in the MR is occurring. Additionally, the future auditor should interview community members to ensure the access and use of the boats as described in the MR is being adhered to. The VVB reviewed the new “atas” signed in June 2022. The VVB is reasonably assured that the signing of these “atas” is sufficient in demonstrating that community members have been appropriately updated regarding the CAR/CCIR process. The Project Proponent has acknowledged they are aware the VVB’s issuance of the previously identified Forward Action Requests. The VVB will issue the Forward Action Requests in their verification report, upon completion of successful verification.
Date Closed:	28 September 2022

Indicator G3.9 - Describe what specific steps have been taken, and communications methods used, to publicize the CCBA public comment period to communities and other stakeholders and to facilitate their submission of comments to CCBA. Project proponents must play an active role in distributing key project documents to affected communities and stakeholders and hold widely publicized information meetings in relevant local or regional languages.	The monitoring report describes all previous attempts to notify local communities and other stakeholders, as well as attempts made during this monitoring period. The monitoring report states that project documents were uploaded to the CCBA website and announcements of the verification period were posted on Carbonfund.org’s website and issued in a newsletter. Additionally, the MR states Ilderlei made radio announcements of the public comment period on three radio stations, along with a television announcement.
Evidence Used to Assess Conformance:	Section 2.3.2 of the Monitoring Report, site visit.
Findings:	The audit team confirmed that the project documents were uploaded to the Verra registry. Community members interviewed during the site visit were mostly aware of the scheduled auditor site visit. Additionally, the auditors were able to view a project summary document kept in the school of one of the villages visited.
Date Closed:	25 February 2022

Indicator G3.10 - Formalize a clear process for handling unresolved conflicts and grievances that arise during project planning and implementation. The project design must include a process for hearing, responding to and resolving community and other stakeholder grievances within a reasonable time	Section 2.3.4 of the PDD states that a formal grievance procedure was designed and communicated to communities between March 2011 and December 2013. The grievance procedure was again explained to local communities and detailed in summary documents in 2014. The monitoring report also explains that the Climate Change Institute, located in Cruzeiro do Sul, serves as a
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period. This grievance process must be publicized to communities and other stakeholders and must be managed by a third party or mediator to prevent any conflict of interest. Project management must attempt to resolve all reasonable grievances raised, and provide a written response to grievances within 30 days. Grievances and project responses must be documented.	third-party to mediate grievances that are unable to be resolved internally. Contact information for the Climate Change Institute is provided in the Monitoring Report. A Forward Action Request was issued during the second verification for this indicator, stating that there is a large, unresolved grievance between community members and the project developers, regarding the amount of land the project is willing to transfer to community members. Community members claim it is inadequate to sustain them. While this Forward Action Request was addressed during the third verification, information gained from the site visit suggests that the grievance was never formally resolved.
Evidence Used to Assess Conformance:	Section 2.3.4 of Monitoring Report, previous CCB verification reports, site visit interviews.
Findings:	During the site visit, the President of the Climate Change Institute was interviewed. While the President had only held her position for three months at the time of the interview, she mentioned that she was unaware of the Institute's role in the grievance process for the project. To her knowledge, no grievances related to the project had been filed during the monitoring period. Interviews with multiple community members suggest the grievance process is not fully understood. Most community members' understanding of the grievance process was if they have an issue, they inform Ilderlei Cordeiro. While the monitoring report states that Ilderlei Cordeiro's cell phone number is left at the project headquarters, it is unclear if the community members are aware of this or have the means to contact him. Community members also expressed concern that if they have issues, they are unable to convey them to Ilderlei, as they are often uninformed when he will visit and thus, they may or not be present to voice their concerns. During the site visit, the auditors determined that the issue of the amount of land community members are set to receive has not been fully resolved. The project has not yet obtained a CCIR, and no CARs have been issued to community members. The issue cannot be formally resolved until the project obtains these documents, as the community members still do not have legal title to their land. Overall, there appears to be issues with both the formal grievance process, as well as community members understanding of how they get their grievances heard. Additionally, the grievance from the second verification has not been resolved, as community members still lack legal title their land, and expressed dissatisfaction with the amount of land they understand they may receive.
Non-Conformance Request:	The auditors have identified the following Non-Conformance Requests:

	The Climate Change Institute, the third-party responsible for handling formal grievances for the project, seems to be unaware of their responsibility in this role. The auditors are requesting that the project proponents contact personnel at the Climate Change Institute and confirm that they are aware and willing to continue participation as the third-party for handling project related grievances. Community members do not seem to fully understand the grievance process, and many do not believe the current opportunities to express grievances are adequate. The auditors are requesting that the project proponent either revise their grievance procedure or adapt a new grievance procedure so that the process of communicating grievances to project personnel is better understood and more easily accessible to community members. The auditors have identified the following clarification request: During the second verification event, a Forward Action Request was issued regarding an unresolved grievance between the project proponents and community members pertaining to the amount of land the project is willing to transfer to community members. During the third verification event, the previous auditors issued a Non-Conformance Request, noting that this grievance had yet to be resolved and asking the project proponent to describe the steps that will be taken to address this grievance. Based on the project proponent's response, the previous auditors were able to close the Non-Conformance Request However, during the site visit, the auditors spoke with community members and learned that they are not satisfied with the project proponents' proposed solution to resolve this grievance. As such, this grievance has not been resolved. Please clarify what steps were taken during this monitoring period to resolve this ongoing grievance.
Date Evaluated:	21 March 2022
Project Proponent Response/Actions and Date:	The Climate Change Institute has had several staff turnovers, including at the presidential level, and this is why such uncertainty existed. Nevertheless, in 2022, it was reaffirmed that the Climate Change Institute is the Project's third-party ombudsman. The grievance procedure has been further clarified in section 2.3.4 of the Monitoring Report. Section 2.3.4. has also been updated to elaborate on the current status of tilting land to the local communities. Further, as previously mentioend, a contract between the landowner Ilderlei Cordeiro and the georeferencement firm has been provided. The contract between Ilderlei Cordeiro and a law firm to help expedite the titling process has also been provided.
Round 2 Findings:	Thank you for the clarification. The VVB understands the

	Climate Change Institute (CCI) has had several staff turnovers and is reasonably assured that the Project Proponent has reaffirmed CCI's role as the Project's third-party ombudsman. The VVB reviewed the Project Proponent's additional clarification regarding the grievance procedure as outlined in Section 2.3.4 of the MR. Text for Indicator G3.10 states "This grievance process must be publicized to communities and other stakeholders." During the site visit many of the community members interviewed understood that they were able to contact Ilderlei with any grievances they may have, as noted in the additional clarification provided by the Project Proponent. However, community members interviewed were unaware of CCI's role as a third-party that can be utilized to aid in resolving grievances. The VVB has issued a FAR asking the auditors for the next verification to ensure that the CCIR/CARs have been issued within one year of successful verification. An additional FAR is intended to be issued, asking auditors for the next verification, pending successful obtainment of the CCIR/CARs, to assess if the community members receiving title to their lands has been sufficient in closing the unresolved grievance.
Clarification Request (CL):	Please clarify how the Project Proponent intends to ensure the grievance procedure as described is "publicized to community members and stakeholders" as required by this indicator.
Date Evaluated:	01 June 2022
Project Proponent Response/Actions and Date:	Ok, duly noted. I.S.R.C. is aware of the FAR regarding the CCIR/CARs and titling of local communities. Additional explanation for how the grievance procedure will be further publicized in the future has been added to the revised catch up plan and in section 2.3.4 of the 2018-2020 Monitoring Report.
Evidence Used to Close CL:	The Project Proponent has acknowledged they are aware the VVB's issuance of the previously identified Forward Action Requests. The VVB will issue the Forward Action Requests in their verification report, upon completion of successful verification. The VVB confirms that explanation for how the grievance procedure will be further publicized has been included in the revised catch-up plan and in Section 2.3.4. The VVB confirms the measures identified should be effective in ensuring the grievance procedure is appropriately understood by community members. Item closed for verification.
Date Closed:	11 August 2022

Indicator G3.11 - Demonstrate that financial mechanisms adopted, including projected revenues from emissions reductions and other sources, are likely to provide an adequate flow of funds for project implementation and to achieve the anticipated climate, community and biodiversity benefits.	The monitoring report does not specifically address this indicator but mentions that that primary source of funding will come from Carbonfund.org's existing unrestricted funding, potential in-kind donations and grants, and the sale of VCUs. This is a validation item and not required to be addressed in the MR.
Evidence Used to Assess Conformance:	PDD Section 3.11
Findings:	This is an item successfully demonstrated and closed during validation. Assessment of financial risk is being addressed in findings as part of the VCS verification, and assessment of the financial health of the implementing organization(s) is addressed in findings for Indicator G4.7. Item closed.
Date Closed:	15 March 2022

G4 Management Capacity and Best Practices

Indicator G4.1 - Identify a single project proponent which is responsible for the project's design and implementation. If multiple organizations or individuals are involved in the project's development and implementation the governance structure, roles and responsibilities of each of the organizations or individuals involved must also be described.	Section 2.1.3 of the Monitoring Report identifies three main project proponents: CarbonCo - a wholly owned subsidiary of Carbonfund.org, is responsible for project certification and finance. Carbon Securities - acts as a liaison between CarbonCo and I.S.R.C. and assists with logistics for site visits. I.S.R.C. Investimentos e Acessoria LTDA- a local organization created by the landowner which is responsible for day-to-day management and implementation of project activities.
Evidence Used to Assess Conformance:	Section 2.1.3 of the monitoring report, discussions with project proponents.
Findings:	The project proponents were identified, and their roles described. Item closed.
Date Closed:	04 February 2022

Indicator G4.2 - Document key technical skills that will be required to implement the project successfully, including community engagement, biodiversity assessment and carbon measurement and monitoring skills. Document the management team's expertise and prior experience implementing land management projects at the scale of this project. If relevant experience is lacking, the proponents must either demonstrate how other organizations will be partnered with to support the project or have a recruitment strategy to fill the gaps.	Section 2.4.1 of the monitoring report states the key technical skills required to implement the project include: - Stakeholder identification and community engagement - Biodiversity assessment and monitoring - Carbon stock measurement and monitoring - Regional deforestation and land-use modeling - Project management - Local knowledge and fluency in Portuguese - Carbon finance The monitoring report provides a link to the PDD, where the biographies of project proponents and consultants document the required skills. Carbonfund.org has experience implementing other carbon offset projects in the state of Acre, Brazil and is well-established in the carbon offset world.
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	TECMAN has experience completing forest inventories for other carbon offset projects. TerraCarbon is also a well-established organization in the carbon offset world.
Evidence Used to Assess Conformance:	Section 2.4.1 of PDD, Section G4 of PDD
Findings:	The project management team and hired consultants collectively possess all skills needed to implement and carry out the project.
Date Closed:	04 February 2022

Indicator G4.3 - Include a plan to provide orientation and training for the project's employees and relevant people from the communities with an objective of building locally useful skills and knowledge to increase local participation in project implementation. These capacity building efforts should target a wide range of people in the communities, including minority and underrepresented groups. Identify how training will be passed on to new workers when there is staff turnover, so that local capacity will not be lost.	The monitoring report includes a list of all orientations and trainings of employees and consultants since March 2011, including updates for this monitoring period. During this monitoring period, the local project manager, Willyan Deni Sarah, received training from Luiz Borges, the biologist responsible for biodiversity monitoring, regarding the second biodiversity monitoring plan and the use of wildlife cameras. Willyan, as well as two other community members, monitored the wildlife cameras throughout 2020. Additionally, S.O.S. Amazonia provided a course on fruit tree seedlings and coffee in several communities in the project area. A meeting was held in 2019 with S.O.S Amazonia to gauge interest in rubber latex extraction. Willyan and Nagila, a trained nurse, provided COVID-19 prevention orientation to community members throughout 2020 and distributed 1,000 masks and 60 sacks of food. The monitoring report notes that I.S.R.C will assist with training new workers when there is staff turnover.
Evidence Used to Assess Conformance:	Section 2.4.2 of Monitoring Report, site visit.
Findings:	There are a relatively small number of full-time employees employed by the project. As such, the auditors believe I.S.R.C. has provided adequate training to project employees and the means to train new employees should turnover occur. The auditors note the COVID-19 training and providing of masks to community members to be particularly helpful given the state of the global pandemic during the last year of the monitoring period. While there was one training provided by S.O.S. Amazonia during the monitoring period, the auditors note that this number is markedly lower than the number of trainings provided in previous monitoring periods.
Clarification Request:	Agricultural trainings provided by S.O.S. Amazonia appear to be an important activity in helping the project achieve its main objectives. Please clarify as to why the number of trainings provided by S.O.S. Amazonia was markedly different than those provided in previous monitoring periods and explain if trainings have been scheduled for

	the future or if the number of trainings is projected to increase.
Date Evaluated:	24 February 2022
Project Proponent Response/Actions and Date:	The following has been added to the Monitoring Report: "This Project Proponents recognize that agricultural extension training is a central part of the Project, as communities are deforesting to grow crops. Such regularly trainings each year to the local communities help to teach the communities how to grow more food without deforesting. Due to COVID-19, S.O.S Amazonia reduced its activities in the Juruá region and reduced its team, so there was no further progress with agricultural extension training at the Russas and Valparaiso Projects in 2020 and 2021. Ilderlei Cordeiro has been in contact with SEBRAE (O Serviço Brasileiro de Apoio às Micro e Pequenas Empresas or The Brazilian Support Service for Micro and Small Enterprises) and with S.O.S Amazonia to see about restarting in-person, agricultural extension courses in 2022."
Evidence Used to Close CL:	The VVB reviewed the additional clarification regarding agricultural trainings added to Section 2.4.2 of the Monitoring Report. The VVB determined the explanation provided is reasonable and the VVB is reasonably assured the project will resume agricultural trainings based on the assertion that Ilderlei is in contact with several organizations. The VVB, however, intends to issue a FAR asking the auditors for the next verification to assess whether agricultural trainings have resumed at a frequency similar to before the onset of COVID-19. Item closed for verification.
Date Closed:	01 June 2022

Guidance for G4.4: See above.

Indicator G4.4 - Show that people from the communities will be given an equal opportunity to fill all employment positions (including management) if the job requirements are met. Project proponents must explain how employees will be selected for positions and where relevant, must indicate how local community members, including women and other potentially underrepresented groups, will be given a fair chance to fill positions for which they can be trained.	The monitoring report provides a list of how community members have been involved in the project previously and during this monitoring period, though this involvement is not specifically relevant to employment by the project. Plans for hiring local community members for several future positions should they arise are provided. They will be advertised in advance via radio and door-to-door communication and will ensure that all groups will be considered.
Evidence Used to Assess Conformance:	Section 2.4.3 of the Monitoring Report, site visit.
Findings:	During this monitoring period, there does not appear to have been any new hires as the project appears to be adequately staffed. However, the hiring processes described should provide equal opportunity to all community members should new positions open. Item closed.
Date Closed:	18 February 2022

Indicator G4.5 - Submit a list of all relevant laws and regulations covering worker's rights in the host country. Describe how the project will inform workers about their rights. Provide assurance that the project meets or exceeds all applicable laws and/or regulations covering worker rights and, where relevant, demonstrate how compliance is achieved.	The monitoring report includes a list of relevant laws pertaining to worker's rights including: The Brazilian Constitution, Chapter II- Social Rights, Articles 7-11 Consolidação das Leis do Trabalho (CLT): Decreto-Lei N.º 5.452, de 1º de maio de 1943 (Consolidate of Working Laws). Estatui normas reguladoras do trabalho rural: Lei Nº 5.889, de 8 de junho de 1973 (Establishes Regular Norms for Rural Workers) The monitoring report states there are agreements between project proponents as well as between CarbonCo and its contractors that stipulate abidance with labor laws and an assurance that all Brazilian employment taxes and insurance are paid. CarbonCo has an employee handbook to ensure employees follow proper guidelines. I.S.R.C. has provided an explanatory letter to all project employees explaining their rights. During the site visit, the auditors interviewed several project employees, who confirmed that they were informed of their rights and had seen the explanatory letter referenced above. Section 2.4.4 of the monitoring report states that I.S.R.C. has provided "Receita Federal" which certifies that all taxes and insurance are paid.
Evidence Used to Assess Conformance:	Section 2.4.4 of Monitoring Report
Findings:	The monitoring report provides reasonable methods of ensuring employees are informed of their rights. However, the audit team did not receive the "Receita Federal" document referenced in Section 2.4.4 of the monitoring report.
Clarification Request:	Please provide the auditors with the "Receita Federal" document referenced in Section 2.4.4 of the monitoring report.
Date Evaluated:	21 March 2022
Project Proponent Response/Actions and Date:	The "Certidão Positiva com Efeitos de Negativa de Débitos Relativos aos Tributos Federais e à Dívida Ativa da União" (Positive Certificate with Negative Effects of Debts Relating to Federal Taxes and Active Federal Debt) document and the "Certificado de Regularidade do FGTS – CRF" (FGTS Regularity Certificate - CRF) have been provided to the VVB and the Monitoring Report has been updated.
Evidence Used to Close CL:	The VVB reviewed the provided documents and confirms the assertion that all taxes and insurances are paid. Item closed.
Date Closed:	01 June 2022

Indicator G4.6 - Comprehensively	The monitoring report describes the initial process used to
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assess situations and occupations that pose a substantial risk to worker safety. A plan must be in place to inform workers of risks and to explain how to minimize such risks. Where worker safety cannot be guaranteed, project proponents must show how the risks will be minimized using best work practices.	assess the situations and particular occupations that could pose risks to worker safety. Several project employees have been informed of these risks via an occupational risks and hazard document prepared by CarbonCo. A similar list is provided to those visiting the project, including auditors and contractors. Risks to workers initially identified in the PDD and again included in the Monitoring Report include: - Drowning - Heat exhaustion and dehydration - Getting lost in remote forest - Venomous snake bites - Tropical Disease
Evidence Used to Assess Conformance:	Section 2.4.5 of Monitoring Report, PDD, site visit
Findings:	The monitoring report provides reasonable measures taken to mitigate the risks initially identified at validation. However, Section 2.4.5 of the Monitoring report states, "the Project Proponents periodically review these risks and update as necessary." It is unclear to the auditors if the risks have been updated during the monitoring period, or since they were initially described in the PDD. In several sections throughout the Monitoring Report, it is stated that COVID 19 prevention guidelines were shared with community members throughout 2020. Given the onset of the COVID 19 pandemic occurred during the monitoring period, it is unclear to the auditors if these COVID 19 prevention guidelines were also shared with project employees.
Clarification Request:	The auditors have identified the following clarification requests: Please clarify if the risks initially identified in the PDD were reviewed during the monitoring period, or since validation. Please clarify in Section 2.4.5 of the monitoring report if project employees were informed of COVID 19 preventions guidelines during the monitoring period.
Date Issued:	17 March 2022
Project Proponent Response/Actions and Date:	The Project Proponents frequently discussed COVID-19 and Section 2.4.5. has been updated with COVID-19 added as a new risk.
Evidence Used to Close CL:	The VVB confirmed that Section 2.4.5 of the MR has been updated to include COVID-19 as a new risk. Site visit interviews with project employees substantiate that they were informed on COVID-19 prevention guidelines. Item closed.
Date Closed:	01 June 2022
Indicator G4.7 - Document the financial health of the implementing organization(s) to demonstrate that financial resources budgeted will be adequate to implement the project.	The monitoring report states that Carbonfund.org, one of the three listed Project Proponents, has funded over 210 carbon and tree-planting projects and is fully aware of the financial mechanisms required for successful project implementation. The monitoring report provides link to

	Carbonfund.org's Internal Revenue Service (IRS) Form 990 and states that a detailed pro forma is periodically revised and was provided to the auditors.
Evidence Used to Assess Conformance:	Section 2.4.6 of the Monitoring Report, IRS Form 990.
Findings:	The auditors determined at initial project validation that there was reasonable assurance the project had the financial resources required to support implementation, primarily through the participation of CarbonCo, LLC as the main project proponent of the three listed project proponents. However, the auditors have not received an updated pro-forma as referenced in the monitoring report.
Clarification Request:	Please provide the updated pro-forma referenced in the monitoring report for the auditor's review.
Date Evaluated:	24 February 2022
Project Proponent Response/Actions and Date:	An updated pro-forma has been provided. In addition, the latest IRS 990 forms for Carbonfund.org (including the rolled up finances of CarbonCo) can be obtained here: https://carbonfund.org/about/financials/ .
Round 2 Findings	The VVB reviewed the latest IRS 990 form provided and is reasonably assured that the project currently has the financial resources. required to support implementation. The VVB reviewed the provided pro forma in review of the VCS Non-Permanence Risk analysis and has issued several findings pertaining to it.
Pending:	VCS findings pertaining to the pro-forma have been closed, with the exception of items identified regarding profit-sharing in Indicator 3.4 of this report. Full closure is pending resolution of these findings.
Date Evaluated:	28 September 2022
Evidence Used to Close Pending Status:	The findings pertaining to the pro forma have been closed. This item is closed.
Date Closed:	25 October 2022

G5 Legal Status and Property Rights

Indicator G5.1 - Submit a list of all relevant national and local laws and regulations in the host country and all applicable international treaties and agreements. Provide assurance that the project will comply with these and, where relevant, demonstrate how compliance is achieved.	The monitoring report provides a list of all national and local laws as well as an explanation of how the project complies with these laws. A list of international treaties and agreements with hyperlinks to several of the documents is also provided. The monitoring report states that the list of laws and regulatory frameworks identified is current as of the end of this monitoring period.
Evidence Used to Assess Conformance:	Section 2.5.1 of the Monitoring Report
Findings:	The project proponent has provided an extensive list of all laws and regulatory frameworks relevant to the project and has ensured that laws identified are up to date. However, the previous auditors and the associated FAR issued note the landowner's "...lack of CCIR or Rural Property Registration Certificate. Established by Federal Law No. 5,868, dated December 12, 1972, and regulated by Federal Decrees No. 72,106 of April 18, 1973, and No. 7,620 of November 21, 2011, the audit team understands that the certificate in question is necessary to prove the

	regularity of the limits the property and attests that the georeferenced polygon informed does not overlap with any other in the INCRA database. The referenced laws make the certificate mandatory for all rural properties in Brazil. Its proof must be carried out on an annual basis for tax purposes."
Clarification Request:	The auditors have identified the following clarification requests: Please provide clarification why the federal law and decree referenced in previous audits is not included in MR Section 2.5.1. Please provide clarification as appropriate in MR Section 2.5.1 on the status of compliance with this law and decree, and please provide appropriate supporting documentation for auditor review. Please provide clarification in MR 2.5.1 in the section covering three laws/decrees that relate to Acre's ecological and economic zoning, specifically for the decree identified as "no 3.416/2008" reported as regulating the second stage of the EEZ map for the State of Acre. The footnote citation appears to refer to a statute of the Social Service of Acre, and review of the Brazilian government legislation portal indicates this Acre State law number appears to refer to a 2018 law granting citizenship to an individual rather than addressing the EEZ.
Date Evaluated:	21 March 2022
Project Proponent Response/Actions and Date:	Federal Law No. 5,868, dated December 12, 1972, has been added to Section 2.5.1. The footnotes have been corrected in Section 2.5.1 and all other footnotes in the section were rechecked for accuracy.
Evidence Used to Close CL:	The VVB confirmed that the referenced law has been appropriately added to Section 2.5.1 of the MR. Due to the lack of the CCIR, the VVB understands the Project is not in compliance with this law. However, steps to initiated by the Project Proponent to obtain the CCIR have been initiated. VVB is reasonably assured that the Project is in compliance with all other identified laws. As such, the VVB intends to issue a FAR asking the auditors for the next verification to ensure the CCIR has been obtained by the next verification thus bring the project into full compliance with all identified laws. The VVB reviewed Section 2.5.1 of the MR and confirmed that the referenced footnotes have been appropriately updated. Item closed for verification.
Date Closed:	01 June 2022
Indicator G5.2 - Document that the project has approval from the appropriate authorities, including the established formal and/or traditional authorities customarily required by the communities.	This item is not addressed in the monitoring report. The project has been successfully validated and thus has approval from the appropriate authorities.

Evidence Used to Assess Conformance:	PDD
Findings:	This indicator was adequately addressed during validation and does not need revisited during verification. Item closed.
Date Closed:	18 February 2022

Indicator G5.3 - Demonstrate with documented consultations and agreements that the project will not encroach uninvited on private property, community property, or government property and has obtained the free, prior, and informed consent of those whose rights will be affected by the project.	The project received approval from Ilderlei Souza Rodrigues Cordeiro, the private landowner of the Russas project property and one of the project developers prior to the start of the project. This approval is documented in the Tri-Party Agreement. The project has been in active communication with the State of Acre throughout the life of the project and has received letters of support from several important local institutions. Project proponents received approval from local communities as documented in the “ata” that was signed. However, Section 1 of the monitoring report notes that 20 households were initially identified as living within the Russas project boundary. As a result of the CAR work, the monitoring report states that there are now approximately 44 families living on the Russas project.
Evidence Used to Assess Conformance:	Section 2.5.2 of the Monitoring Report
Findings:	The project takes place on property owned by one of the project developers. While it appears that consultations were in place for the 20 households initially identified as living in the project area, the monitoring report states that additional households were identified as living in the project area. It is unclear to the auditors if the community members of these newly identified households have provided free, prior, and informed consent including the signing of the referenced “ata.”
Clarification Request:	Please clarify if the newly identified households have given free, prior, and informed consent for participating in the project and signed the referenced “ata.”
Date Evaluated:	21 March 2022
Project Proponent Response/Actions and Date:	The “newly identified households” have been given free, prior, and informed consent for participating in the Russas Project. No new atas were signed with these newly identified households because either: a) the other existing houses or more recent houses belong to the children of the long-term residents of the Project; or b) the new residents who migrate to the Project are relatives of existing residents and they already know about the existence of the project and the rules of care to avoid deforestation.
Round 2 Findings	While the VVB understands that many of these households may be either children or relatives of community members who have provided FPIC through the signing of the “atas” at the beginning of the project, the VVB has not been provided verifiable evidence to substantiate these claims.

	Additionally, it is unclear to the audit team if, in the absence of signing the “ata”, all the stipulations associated with joining and participating in the project are applicable to these newly identified households, whether they are family members or not.
Clarification Request (CL):	The VVB has identified the following clarification requests: Please provide verifiable evidence that members of all the newly identified households are children or family members of members who have given previous FPIC through the signing of the “atas” at the beginning of the project. Please clarify if the newly identified households are subject to the same stipulations associated with joining and participating in the project in the absence of signing the “ata”. Specifically, are they required to not deforest and in return be compensated with the same benefits as those who have previously signed the “ata.”
Date Evaluated:	08 July 2022
Project Proponent Response/Actions and Date:	I.S.R.C. confirms the newly identified households are subject to the same stipulations associated with joining and participating in the Project. This includes, more specifically, that local residents not deforest and in return, they will be compensated with the same benefits. The latest “atas” from June 2022 have been provided to the VVB.
Evidence Used to Close CL:	The VVB reviewed the “atas” signed at the beginning of the project. The VVB is reasonably assured that FPIC was obtained for families at the initiation of the Project based on the signatures and text provided in these “atas”. The VVB reviewed the new “atas” and is reasonably assured that the requirements of this indicator have been satisfied. Item closed for verification.
Date Closed:	28 September 2022
Indicator G5.4 - Demonstrate that the project does not require the involuntary relocation of people or of the activities important for the livelihoods and culture of the communities. If any relocation of habitation or activities is undertaken within the terms of an agreement, the project proponents must demonstrate that the agreement was made with the free, prior, and informed consent of those concerned and includes provisions for just and fair compensation.	The monitoring report states that the project does not require the involuntary relocation of people nor displacement of important activities related to the communities’ livelihoods and culture.
Evidence Used to Assess Conformance:	Section 2.5.3 of the Monitoring Report, previous verification reports, site visit interviews.
Findings:	While the monitoring report states the project does not require involuntary relocation of people nor displacement of important activities related to the communities’ livelihoods and cultures, the auditors have not been provided any verifiable evidence to support this assertion.

Pending:	Findings for this indicator require resolution of other findings regarding issuance of land titles to eligible community members, distribution of profit sharing, and any other compensation measures identified in agreements (“ata”) made between the project proponent(s) and communities in return for participating in the project. Please provide the audit team with a copy of an “ata” to assist in review and closure of this finding as appropriate.
Date Evaluated:	21 March 2022
Project Proponent Response/Actions and Date:	No new atas were recently completed at the Russas Project. No involuntary relocation of people has taking place, as evidenced by the contract between the landowner Ilderlei Cordeiro and the georeferencement firm, along with the contract between Ilderlei Cordeiro and a law firm to help expedite the titling process for the local communities.
Round 2 Findings:	Requirements for this Indicator state: “Demonstrate that the project does not require the involuntary relocation of people or of the activities important for the livelihoods and culture of the communities.” The VVB reviewed the referenced contracts provided, and given the landowner is actively pursuing the obtainment of title for those living in the project area, the VVB is reasonably assured that no involuntary relocation of people has occurred during the verification period. The VVB understands that by signing the “atas” at the beginning of the project, community members were agreeing to not deforest in return for benefits to be provided as a result of implementation of project activities. The signing of this “ata” serves as the agreement between the project proponent and communities. As frontier deforestation is an “activit(y) important for the livelihoods and culture of the communities” the project proponent “must demonstrate that the agreement was made with the free, prior, and informed consent of those concerned and includes provisions for just and fair compensation.” The VVB is requesting a copy of one of the “atas” signed at the beginning of the project to demonstrate “provisions for just and fair compensation.” As several of the project activities identified in the PD (obtaining land titles, receiving profit sharing from carbon revenues) have yet to be implemented, the VVB would like to review the “ata” to review what was promised to community members in exchange for their commitment not to deforest. In line with the requirements of this Indicator, the obtainment of FPIC of all community members is pending the resolution of findings in Indicator G5.4.

Clarification Request (CL):	Please provide a copy of an “atas” signed at the beginning of the project as an example of what was committed to at the beginning of the project. Additionally, full resolution of this Indicator is pending the resolution of findings previously identified, as well as Indicator G5.4.
Date Evaluated:	06 June 2022
Project Proponent Response/Actions and Date:	The old “atas” from 2011-2013, and the new “atas” from June 2022 have been provided to the VVB.
Round 3 Findings:	The VVB reviewed the old “atas” from 2011-2013 which describe what the community members were promised in exchange for their commitment not to deforest/participate in their project. The initial meeting describes that community members made the following requests in exchange for participation in the Project: “1) explore the large amount of açai existing in the area, 2) increase and improve production of cassava flour in the lands already open, and 3) learn new techniques of management of artisanal fisheries in the region.” In issuance of the previous finding, the VVB was trying to ascertain if profit sharing and titling of lands were benefits promised to community members through the signing of the “atas”. Based on review of the “atas”, it appears that these benefits were not included in the “atas” the community members signed. The Project has taken steps, or initiated plans to take steps in response to VVB findings, to provide community members with the benefits promised in the signing of the “atas” pertaining to açai and cassava (manioc). However, it is unclear to the VVB if the third identified benefit, regarding fisheries management techniques, has been provided to community members, or if activities are planned to provide this requested benefit. The VVB reviewed the new “atas” signed in 2022, and given there are stipulations about receipt of titled land from the project, the VVB is reasonably assured the new “atas” satisfy the requirements of this new indicator.
Clarification Request (CL):	Please clarify if any Project activities have been initiated to provide community members the “techniques of management of artisanal fisheries in the region” requested in the signing of the first “atas”. If this benefit is no longer planned on being provided, please clarify if alternative activities have been or are planned to be implemented to replace this benefit.
Date Evaluated:	12 August 2022
Project Proponent Response/Actions and Date:	The primary fisheries management techniques implemented at the Project has been to post signs prohibiting illegal fishing and hunting. To date, the signage and further presence by both the landowner and the informal monitors, has successfully deterred outside,

	small-scale commercial fishermen from entering the Valparaiso River. This statement has been added to the Monitoring Report.
Evidence Used to Close CL:	Thank you for the clarification. The VVB observed the mentioned signage during the site visit. The VVB confirmed that the Monitoring Report has been updated. The VVB is reasonably assured that the activities implemented by the project are sufficient in satisfying what was originally agreed to in the initial “atas”, noting that community members have received additional benefits. Item closed.
Date Closed:	25 October 2022

Indicator G5.5 - Identify any illegal activities that could affect the project's climate, community or biodiversity impacts (e.g., logging) taking place in the project zone and describe how the project will help to reduce these activities so that project benefits are not derived from illegal activities.	The monitoring report describes the following illegal activities identified between the project start and project validation: Hunting, fishing, or collecting endangered flora or fauna Illegal logging Cultivation, transport, or distribution of illegal drugs. During the monitoring period, the project proponents monitored illegal activity in tandem with deforestation and biodiversity monitoring. Illegal activities will not be allowed in the project area and if illegal activities are detected, the appropriate authorities will be notified.
Evidence Used to Assess Conformance:	Section 2.5.4 of the Monitoring Report
Findings:	The project has identified several illegal activities that could affect project benefits as well as ways to reduce their occurrence. Item closed.
Date Closed:	18 February 2022

Indicator G5.6 - Demonstrate that the project proponents have clear, uncontested title to the carbon rights, or provide legal documentation demonstrating that the project is undertaken on behalf of the carbon owners with their full consent. Where local or national conditions preclude clear title to the carbon rights at the time of validation against the Standards, the project proponents must provide evidence that their ownership of carbon rights is likely to be established before they enter into any transactions concerning the project's carbon assets.	The project proponents' clear, uncontested title to both the property and carbon rights were confirmed and validation and reasserted in the Monitoring Report. A FAR was issued during the second verification regarding obtaining a Certificado de Cadastro de Imóvel Rural (CCIR) and the Cadastro Ambiental Rural (CAR). While the process of obtaining the CCIR and CAR has raised several issues during this monitoring period, the previous auditors determined that these documents are not required to demonstrate land ownership.
Evidence Used to Assess Conformance:	Section 2.5.3 of the Monitoring Report, site visit.
Findings:	This indicator was adequately addressed during validation and does not need revisited during verification. While issues exist regarding obtaining the title transfer documents, they do not affect this indicator. Item closed.
Date Closed:	18 February 2022

CL1 Net Positive Climate Impacts

Indicator CL1.1 - Estimate the net change in carbon stocks due to the project activities using the methods of calculation, formulae and default values of the IPCC 2006 GL for AFOLU or using a more robust and detailed methodology. The net change is equal to carbon stock changes <i>with</i> the project minus carbon stock changes <i>without</i> the project (the latter having been estimated in G2). This estimate must be based on clearly defined and defensible assumptions about how project activities will alter GHG emissions of carbon stocks over the duration of the project or the project GHG accounting period.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL1.2 - Estimate the net change in the emissions of non-CO2 GHG emissions such as CH4 and N2O in the <i>with</i> and <i>without</i> project scenarios if those gases are likely to account for more than a 5% increase or decrease (in terms of CO2-equivalent) of the project's overall GHG emissions reductions or removals over each monitoring period.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL1.3 - Estimate any other GHG emissions resulting from project activities. Emissions sources include, but are not limited to, emissions from biomass burning during site preparation, emissions from fossil fuel combustion, direct emissions from the use of synthetic fertilizers, and emissions from the decomposition of N-fixing species.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL1.4 - Demonstrate that the net climate impact of the project is positive. The net climate impact of the project is the net change in carbon stocks plus net change in non-CO2 GHGs where appropriate minus any other GHG emissions resulting from project activities minus any likely project-	This Indicator was satisfied through successful VCS verification for the monitoring period.
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related unmitigated negative offsite climate impacts (see CL2.3).	
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL1.5 - Specify how double counting of GHG emissions reductions or removals will be avoided, particularly for offsets sold on the voluntary market and generated in a country with an emissions cap.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

CL2 Offsite Climate Impacts ("Leakage")

Indicator CL2.1 - Determine the types of leakage that are expected and estimate potential offsite increases in GHGs (increases in emissions or decreases in sequestration) due to project activities. Where relevant, define and justify where leakage is most likely to take place.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL2.2 - Document how any leakage will be mitigated and estimate the extent to which such impacts will be reduced by these mitigation activities.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL2.3 - Subtract any likely project-related unmitigated negative offsite climate impacts from the climate benefits being claimed by the project and demonstrate that this has been included in the evaluation of net climate impact of the project (as calculated in CL1.4).	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL2.4 - Non-CO2 gases must be included if they are likely to account for more than a 5% increase or decrease (in terms of CO2-equivalent) of the net change calculations (above) of the project's overall off-site GHG emissions reductions or removals over each	This Indicator was satisfied through successful VCS verification for the monitoring period.
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monitoring period.	
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

CL3 Climate Impact Monitoring

Indicator CL3.1 - Develop an initial plan for selecting carbon pools and non-CO2 GHGs to be monitored, and determine the frequency of monitoring. Potential pools include aboveground biomass, litter, dead wood, belowground biomass, wood products, soil carbon and peat. Pools to monitor must include any pools expected to decrease as a result of project activities, including those in the region outside the project boundaries resulting from all types of leakage identified in CL2. A plan must be in place to continue leakage monitoring for at least five years after all activity displacement or other leakage causing activity has taken place. Individual GHG sources may be considered 'insignificant' and do not have to be accounted for if together such omitted decreases in carbon pools and increases in GHG emissions amount to less than 5% of the total CO2-equivalent benefits generated by the project. Non-CO2 gases must be included if they are likely to account for more than 5% (in terms of CO2-equivalent) of the project's overall GHG impact over each monitoring period. Direct field measurements using scientifically robust sampling must be used to measure more significant elements of the project's carbon stocks. Other data must be suitable to the project site and specific forest type.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL3.2 - Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

Date Closed:	N/A
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CM1 Net Positive Community Impacts

Indicator CM1.1 - Use appropriate methodologies to estimate the impacts on communities, including all constituent socio-economic or cultural groups such as indigenous peoples (defined in G1), resulting from planned project activities. A credible estimate of impacts must include changes in community well-being due to project activities and an evaluation of the impacts by the affected groups. This estimate must be based on clearly defined and defensible assumptions about how project activities will alter social and economic well-being, including potential impacts of changes in natural resources and ecosystem services identified as important by the communities (including water and soil resources), over the duration of the project. The 'with project' scenario must then be compared with the 'without project' scenario of social and economic well-being in the absence of the project (completed in G2). The difference (i.e., the community benefit) must be positive for all community groups.	The monitoring report describes the initial PRA and BNS used to develop a theory of change comparing the impacts of the 'with project' scenario to the 'without project' scenario. The results of this analysis indicated that net community benefits would occur in the 'with project' case that would not occur in the 'without project' case. In the 'without project' case, frontier deforestation and in-migration would continue, resulting in degraded ecosystem services, increased erosion and flooding, increased GHG emissions and less habitat for fish and game. Additionally, in the 'without project' scenario, community members would not have access to the benefits associated with the implementation of project activities and would be susceptible to potential removal from their lands due to not having appropriate titles.
Evidence Used to Assess Conformance:	Section 4.1.1 and 4.1.2 of the Monitoring Report
Findings:	The 'with project' scenario provides positive benefits associated with the implementation of project activities that would not occur in the 'without project' scenario. However, as documented in previous indicators, there seems to be some discrepancies between the benefits community members were promised and the benefits they have received. Community members have not received title to their land, and it appears that carbon profit sharing has not yet been initiated.
Pending:	Findings for this indicator require resolution of other findings regarding issuance of land titles to eligible community members, distribution of profit sharing, and any other items affecting the determination of whether the net impact of project activities on community groups is positive.
Date Evaluated:	22 March 2022
Project Proponent Response/Actions and Date:	The Russas Project has provided net positive community benefits (i.e., agricultural extension trainings, community boats, health clinics constructed, community bathrooms, etc.) when compared to the without project scenario. It is

	important to note that the voluntary land titling process to local communities has been a novel process in the State of Acre and has taken considerable time and resources. Nevertheless, the goal is for this titling to local communities to be completed in 2022. With respect to profit sharing, the landowner, Ilderlei Cordeiro, is committed to making this happen. Further, the COVID-19 pandemic throughout 2020 to 2022 has hampered on-the-ground progress.
Round 2 Findings:	The VVB acknowledges that community members have received many benefits as a result of the project, as indicated by the Project Proponent's response and evidenced throughout other project documentation. While the VVB acknowledges that progress is being made towards obtaining land titles for community members several FARs and CLs have been issued pertaining to these items. Additionally, an NCR has been issued regarding implementation of profit sharing. The VVB understands that the Project Proponent cannot address the FARs until the next verification. As such, this item is pending the resolution of all findings issued pertaining to obtaining land titles, implementing profit sharing, and any other items affecting the determination of whether the net impact of project activities on community groups is positive.
Pending:	Findings for this indicator remain pending the closure of open findings pertaining to land titling, implementation of profit sharing, and any other items affecting the determination of whether the net impact of project activities on community groups is positive. No additional response from the Project Proponent is required for this Indicator.
Date Evaluated:	08 July 2022
Evidence Used to Close Pending Status:	The VVB has closed all findings upon which this item was pending. The VVB is reasonably assured, based on the planned implementation of the catch-up plan and substantiated by site visit interviews, that the net impact of project activities on community groups is positive. Item closed.
Date Closed:	03 January 2022
Indicator CM1.2 - Demonstrate that no High Conservation Values identified in G1.8.4-6 will be negatively affected by the project.	The project identifies food from fishing and hunting, the preservation of medicinal plants, access to building materials, and the maintaining of traditional cultural significance as High Conservation Values (HCVs). By implementing project activities and protecting forest area in the 'with project' scenario these HCVs will be protected.
Evidence Used to Assess Conformance:	Section 4.1.3 of the Monitoring Report
Findings:	The audit team is reasonably assured that project activities and protection of forest area in the 'with project' scenario will lead to the preservation of HCVs. During the site visit, the audit team found no evidence suggesting that the identified HCVs have been negatively affected by the project. Item closed.

Date Closed:	17 February 2022
CM2 Offsite Stakeholder Impacts	
Indicator CM2.1 - Identify any potential negative offsite stakeholder impacts that the project activities are likely to cause.	The monitoring report provides a list of adjacent communities and landowners and describes the following potential negative offsite stakeholder impacts: Increased cost of land, for example if forest carbon projects increase property values for future land purchases Decreased value of land, for example, if Russas project prevents adjacent properties from accessing markets In-migration to areas adjacent to the Project Zone If communities migrate out of the Project Zone and into primary forests adjacent to the Project Zone If the Project Proponents are unable to eliminate deforestation and the community continues to expand into the forest, include forests outside the Project Zone Wealth in project creates conflict in surrounding areas due to jealousy, a rise in illicit activities, alcoholism, elite capture, etc. The project proponent does not consider these potential impacts likely, and they state that no impacts occurred during this monitoring period.
Evidence Used to Assess Conformance:	Section 4.2.1 of the Monitoring Report
Findings:	A comprehensive list of potential negative impacts is provided, and the project proponent assures that none of these impacts have occurred during the life of the project. During the site visit, the auditors found no evidence that the potential negative impacts listed were occurring. Item closed.
Date Closed:	17 February 2022

Indicator CM2.2 - Describe how the project plans to mitigate these negative offsite social and economic impacts.	The monitoring report states that none of the negative impacts listed have occurred and that the project proponent stays in contact with surrounding landowners and communities to avoid these negative impacts from occurring in the future. The monitoring report states that the project has not had a noticeable impact on rising costs of land. However, the monitoring report notes that the project might decrease the value of surrounding land as the conservation associated with the project does not allow for the creation of new roads. This impact is considered acceptable, as maintaining forest cover has associated CCB benefits. No in-migration to the project area has been identified and out-migration is prevented through meetings with communities and the implementation of social projects and programs. Increased conflict, illicit activities, alcoholism, and elite capture will continue to be monitored and further prevented by allowing adjacent community members to access the schools and health clinics in the
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	project.
Evidence Used to Assess Conformance:	Section 4.2.1 of the Monitoring Report
Findings:	The audit team believes the negative impacts listed are unlikely to occur and that the project proponents have taken reasonable measures to mitigate them should they occur. During the site visit, the auditors found no evidence that the potential negative impacts listed were occurring. Item closed.
Date Closed:	17 February 2022

Indicator CM2.3 - Demonstrate that the project is not likely to result in net negative impacts on the well-being of other stakeholder groups.	The monitoring report states that the project has had net positive impacts on all stakeholders throughout the life of the project, including this monitoring period. Offsite stakeholder impacts are listed and include: Health clinic, dental clinic, and school at the Russas Project are accessible to offsite communities. Agricultural extension trainings were also offered. Increased learning curve for future REDD+ projects among private landowners in Acre. Sharing of knowledge, best practices, and lessons learned with stakeholders including the State of Acre, graduate students, and industry participants. The project further states that ongoing consultations will ensure that the project does not result in net negative impact to any stakeholders.
Evidence Used to Assess Conformance:	Section 4.2.2 of the Monitoring Report
Findings:	It is reasonable to assume that the project is not likely to result in net negative impact on the well-being of other stakeholder groups given the positive impacts the project proponent has provided. Item closed.
Date Closed:	23 February 2022

CM3 Community Impact Monitoring

Indicator CM3.1 - Develop an initial plan for selecting community variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project's community development objectives and to anticipated impacts (positive and negative).	The initial community monitoring plan was created based on consultations between project proponents and community members/outside stakeholders and by reviewing socio-economic variables from the Brazilian Census for nearby communities. Based on the results of these activities and the project proponent's previous experience implementing similar projects, it was determined that BNS, PRA, and Theory of Change surveys would be the most effective means of monitoring community net benefits and HCVs. The project plans to conduct BNS and PRA surveys every two years and annually update the Theory of Change analyses. Initial Theory of Change analyses were conducted for several identified parameters. The initial BNS and PRAs were conducted in 2013 but were skipped in 2015. The conducting of the surveys recommenced in 2017 and the surveys were completed again during this monitoring period (2019).
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Evidence Used to Assess Conformance:	Section 4.1.1, 4.3.2 of the Monitoring Report
Findings:	Although the BNS and PRA surveys were skipped in 2015, they have since resumed and been conducted every two years as initially stated in the PDD. The Theory of Change analyses have remained largely unchanged but have been updated to include activities continued during this monitoring period. Trends from the results of the PRA and BNS surveys are discussed in the monitoring report. Item closed.
Date Closed:	23 February 2022

Indicator CM3.2 - Develop an initial plan for how they will assess the effectiveness of measures used to maintain or enhance High Conservation Values related to community well-being (G1.8.4-6) present in the project zone.	The project proponent completed an initial PRA to determine HCVs for community members in the project area. Additionally, an initial BNS survey was conducted to identify trends in the availability of necessities.
Evidence Used to Assess Conformance:	Section 4.3.2 of the Monitoring Report
Findings:	The project plans on conducting a PRA and BNS every two years to continually assess the needs of community members. While the PRA and BNS were skipped during 2015, they were conducted in 2017 and again during this monitoring report (2019). The project appears to be back to completing the surveys every two years, and some of the results of the surveys conducted during this monitoring period are addressed in the monitoring report. Some discussion of trends over the years is included. Item closed.
Date Closed:	23 February 2022

Indicator CM3.3 - Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.	The monitoring report states the community monitoring plan was included in the initial PIR and subsequent monitoring reports. Results of the community monitoring from this monitoring period were included in Summary Documents (in both English and Portuguese) and shared with stakeholders and communities. During the site visit, the auditors saw a copy of this summary document in one of the villages. Additionally, links to monitoring results are available on the internet.
Evidence Used to Assess Conformance:	Section 4.1.3, Section 4.3.3 of the MR, Initial PIR
Findings:	A community monitoring plan was validated in the initial PIR. The means of disseminating the monitoring results are reasonable. Item closed.
Date Closed:	23 February 2022

B1 Net Positive Biodiversity Impacts

Indicator B1.1 - Use appropriate methodologies to estimate changes in biodiversity as a result of the project in the project zone and in the project lifetime. This estimate must be based on	The monitoring report states that biodiversity monitoring was achieved largely through monitoring changes in forest cover using VCS VM0007. Additionally, the project utilized the island biogeography methodology, which posits that habitat area is related to species diversity and species
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clearly defined and defensible assumptions. The 'with project' scenario should then be compared with the baseline 'without project' biodiversity scenario completed in G2. The difference (i.e., the net biodiversity benefit) must be positive.	abundance, to estimate changes in biodiversity. The monitoring report references a study that specifically applies island biogeography to the Brazilian Amazon. The 'without project scenario' involves further fragmentation of habitat due to continued unplanned frontier deforestation.
Evidence Used to Assess Conformance:	Section 5.1.1 of the Monitoring Report
Findings:	The project proponent utilizes appropriate methodologies and studies to estimate changes in biodiversity in the project area. The continued unplanned frontier deforestation associated with the 'without project' scenario would lead to further fragmentation of forest habitat, negatively affecting biodiversity. However, the auditors noted that Section 5.1.1 of the MR states "The Russas Project generated net positive biodiversity impacts while maintaining high conservation values from March 2011 to December 2017." It is unclear to the auditors if the above evidence provided to justify this indicator is applicable to the monitoring period for which it is currently being verified (2018-2020).
Clarification Request:	Please clarify if the information provided in Section 5.1.1 of the Monitoring Report is applicable to this monitoring period.
Date Evaluated:	17 March 2022
Project Proponent Response/Actions and Date:	This was a typo. The sentence has been updated to: "The Russas Project generated net positive biodiversity impacts while maintaining high conservation values from March 2011 to December 2020." Likewise, the same provided evidence is applicable to the current monitoring period of 2018-2020.
Evidence Used to Close CL:	The VVB acknowledges that this was a typo and confirms that the MR has been appropriately updated. Item closed.
Date Closed:	01 June 2022

Indicator B1.2 - Demonstrate that no High Conservation Values identified in G1.8.1-3 will be negatively affected by the project.	The HCVs identified depend on intact primary forest cover. The project uses remote sensing to monitor forest cover.
Evidence Used to Assess Conformance:	Section 5.1.2 of Monitoring Report
Findings:	The monitoring report states no HCVs have been negatively impacted throughout the life of the project, including this monitoring period. The review of remote sensing imagery conducted as part of the VCS verification process suggests the forest is still largely intact, and the project has implemented a full biodiversity monitoring plan to monitor medium-to-large mammals using wildlife cameras. The first biodiversity monitoring event ended in 2015 and the second event took place during this monitoring period. The remote sensing imagery and results of the monitoring events suggest that these HCVs have not been negatively affected. It is reasonable to assume that the continued monitoring suggested in the monitoring report will ensure that HCVs are not negatively

	affected in the future. Item closed.
Date Closed:	23 February 2022

Indicator B1.3 - Identify all species to be used by the project and show that no known invasive species will be introduced into any area affected by the project and that the population of any invasive species will not increase as a result of the project.	The monitoring report states that no known invasive species were used throughout the project lifetime, including this monitoring period. A few communities planted locally sourced seeds for eventual use as timber. Species include: Angelim (Hymenolobium sp). Cedro-rosa, Cedrella odorata and Cerejeira (Amburana acreana). Garapeira (Apuleia molaris /Apuleia leiocarpa). Itauba (Mezilaurus itaúba). Jacareúba (Calophyllum brasiliense); and Mulateiro (Calicophyllum spruceanum). Carbon sequestration associated with these reforestation activities have not been included in GHG quantifications. The monitoring report further attests that the potential spread of invasive species did not occur as a result of project activities and that the project proponent will continue to monitor for signs of invasive species.
Evidence Used to Assess Conformance:	Section 5.1.3 of the Monitoring Report
Findings:	Given the nature of the project as a payment for ecosystems services forest conservation project and the fact that no planting has occurred, it is reasonable to assume that no invasive species were introduced. Furthermore, the tree species that are being planted by community members are not listed as invasive. During the site visit, the auditors found no evidence that invasive species are being used in the project area. Item closed.
Date Closed:	18 March 2022

Indicator B1.4 - Describe possible adverse effects of non-native species used by the project on the region's environment, including impacts on native species and disease introduction or facilitation. Project proponents must justify any use of non-native species over native species	The monitoring report states this indicator is not applicable, as only locally appropriate, native species are used in the project. Species planted by community members are native to the area.
Evidence Used to Assess Conformance:	Section 5.1.4 of the Monitoring Report
Findings:	This indicator is not applicable to the project, as no planting is currently occurring, and non-native species are not used. During the site visit, the auditors found no evidence that non-native species were being used in the project area.
Date Closed:	18 February 2022

Indicator B1.5 - Guarantee that no GMOs will be used to generate GHG emissions reductions or removals.	The monitoring guarantees that no GMOs will be used in the project to generate GHG emissions reductions or removals and that no GMOs have been used in the project to date.
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Evidence Used to Assess Conformance:	Section 5.1.1, 5.1.5 of the Monitoring Report
Findings:	The project proponent provides the necessary guarantee. Given the nature of the project, the auditors are reasonably assured that GMOs have not and will not be used. Additionally, during the site visit, the auditors found no evidence of the use of GMOs in the project area.
Date Closed:	18 February 2022

B2 Offsite Biodiversity Impacts

Indicator B2.1 - Identify potential negative offsite biodiversity impacts that the project is likely to cause.	The monitoring report explains due to the nature of the project as a payment for ecosystems services conservation project, the only major negative offsite biodiversity impacts would be a result of activity shifting leakage.
Evidence Used to Assess Conformance:	Section 5.2.1 of Monitoring Report
Findings:	The auditors agree with the project proponent's statement that activity shifting leakage would be the only major negative offsite biodiversity impact given the nature of the project. While the monitoring report states that this scenario is unlikely, the project proponent has implemented mitigation plans to minimize the likelihood of communities moving from within the project zone to outside of the project zone. Item closed.
Date Closed:	23 February 2022

Indicator B2.2 - Document how the project plans to mitigate these negative offsite biodiversity impacts.	The monitoring report includes processes to mitigate activity shifting leakage, the only identified potential negative offsite biodiversity impacts. By monitoring deforestation and providing community benefits, the project is reducing the likelihood of activity shifting leakage. Additionally, the project has aligned with The State of Acre's Payment for Ecosystem Services Scheme (SISA), a program focused on improving livelihoods of community members to mitigate the incentive of community members to move to adjacent lands. The project proponents have consulted communities and provided additional trainings throughout the life of the project in line with SISA. The largest adjacent property has also been developed into a forest conservation project, the Valparaiso project.
Evidence Used to Assess Conformance:	Section 5.2.1, 5.2.2 of Monitoring Report
Findings:	The project has implemented project activities to benefit the communities, and thus reduce their need to degrade forest both within and outside of the project area. Item closed.
Date Closed:	23 February 2022

Indicator B2.3 - Evaluate likely unmitigated negative offsite biodiversity impacts against the biodiversity benefits of the project within the project boundaries. Justify and demonstrate that the net effect of the project on	The monitoring report states that the project has been successful in mitigating deforestation and preserving forest cover through the implementation of project activities, resulting in more preserved forest area. The increased preservation of intact forest area has resulted in net positive biodiversity benefits for the project area.
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biodiversity is positive.	
Evidence Used to Assess Conformance:	Section 5.2.1 and 5.2.2 of the Monitoring Report
Findings:	The project area has received net positive biodiversity benefits through preservation of forest area. The project proponent has identified the potential for activity shifting leakage outside the project area, but monitoring has indicated that leakage has not been substantial. The audit team is reasonably assured that the benefits associated with preserving habitat through implementation of project activities in the project area outweigh the risks of activity shifting leakage. Item closed.
Date Closed:	23 February 2022

B3 Biodiversity Impact Monitoring

Indicator B3.1 - Develop an initial plan for selecting biodiversity variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project's biodiversity objectives and to anticipated impacts (positive and negative).	An initial monitoring plan was developed by the project proponents. By monitoring deforestation, the project proponent can document forest cover and habitat availability. The plan also includes the use of camera traps to identify species present in the project area. The first monitoring event took place from August 2014 to July 2015. The initial PDD indicated that monitoring would occur every four years and thus the next monitoring event was set to occur during this monitoring period. The monitoring report indicates that the monitoring event did occur during this monitoring period.
Evidence Used to Assess Conformance:	Section 5.3.2 of the Monitoring Report, Validated PDD, previous verification report, site visit interviews.
Findings:	The previous auditors issued a Forward Action Request to ensure that biodiversity monitoring is proceeding as scheduled during this monitoring period. The previous verification report includes a comment from the project proponent that camera trap monitoring was restarted in July 2018. Section 5.3.2 of the Monitoring report states that the second monitoring event took place from July 2019 to June 2020. It is unclear to the auditors if monitoring recommenced in July of 2018 or July 2019. The monitoring report also explains that local communities and biologist Luiz Henrique Medeiros Borges were consulted to identify the specific locations to set up wildlife camera traps. The monitoring report further explains that community members were trained on the use of wildlife cameras. During the site visit, the auditors interviewed Willyan Deni Sarah, the local project manager, and confirmed that he received training on the use of wildlife cameras. The monitoring report states that the photos from the wildlife camera traps were organized, identified, and analyzed by specialists throughout 2019 and 2020. Several photos of animals obtained through the camera trapping are included in the monitoring report. Some results of the second biodiversity sampling are included,

	including the number of trap-nights analyzed and specific statistics for the type and number of animals recorded. Of particular interest, two new species were identified during this monitoring event when compared to the 2014 monitoring. These species include the southern tamandua (<i>Tamandua tetradactyla</i>) and the greater long-nosed armadillo (<i>Dasypus kappleri</i>). While the project appears to be mostly in compliance with the monitoring plan established in the initial PDD, the audit team notes that the project has not completed the final item identified in the monitoring plan: “Disseminate the full biodiversity impact monitoring plan and the results of the monitoring plan specifically to the local communities and other stakeholders, along with making the plan and results publicly available to the general public.” While all other tasks in the monitoring report have a corresponding date stating when they were achieved or conducted, this last bullet notes that this task is “Ongoing.” As such the audit team is unsure of the status of this final task and is not reasonably assured that the project is in compliance with this indicator.
Clarification Request:	The auditors have identified the following clarification requests: Please clarify whether biodiversity monitoring recommenced in July 2018 or July 2019. Please clarify the status of the final monitoring task and provide verifiable evidence that this task has been completed in accordance with the monitoring plan established at validation.
Date Evaluated:	18 March 2022
Project Proponent Response/Actions and Date:	Wildlife cameras were deployed at another CarbonCo REDD+ Project (the Purus Project) from July 2018 to June 2019. This might be where the confusion arose. The second biodiversity study using wildlife camera traps at the Russas and Valparaíso Projects took place from July 2019 to June 2020. The Russas Project’s 2018-2020 Monitoring Report has been reviewed for consistency. Section 5.3.2. has been updated to clarify the “ongoing” statement.
Evidence Used to Close CL:	Thank you for the clarification. The VVB acknowledges that the second biodiversity study took place from July 2019 to June 2020 and confirmed that the MR accurately reflects these dates. The VVB reviewed the updated Section 5.3.2 and determined the clarification regarding the “ongoing” statement is appropriate. Item closed.
Date Closed:	01 June 2022

Indicator B3.2 - Develop an initial plan	The monitoring report states that HCVs have been
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for assessing the effectiveness of measures used to maintain or enhance High Conservation Values related to globally, regionally or nationally significant biodiversity (G1.8.1-3) present in the project zone.	previously identified as depending on an intact, healthy forest system. By reducing deforestation through the implementation of project activities, HCVs are effectively maintained when compared to the continued frontier deforestation associated with the 'without project' scenario. Additionally, the monitoring report states BNS surveys were designed to measure communities HCVs and that the project proponent will continue to monitor these HCVs to ensure they are not negatively affected.
Evidence Used to Assess Conformance:	Section 2.2.6, 5.3.2 of the Monitoring Report
Findings:	The audit team believes the explanation provided is reasonable. However, the monitoring report states, "An analysis of the population and distribution of threatened and endemic species will be conducted." It is unclear to the audit team if this analysis was conducted. Additionally, the auditors note that some results of the BNS surveys are included in the Monitoring report. However, it is unclear to the auditors how the application of the BNS and its results effectively monitor HCVs "related to globally, regionally, or nationally significant biodiversity," as defined by this indicator. The monitoring report states the "Project Proponents will continue to monitor these HCVs to ensure they are not negatively affected by the Russas project." It is unclear to the auditors if this continued monitoring occurred during this monitoring period.
Clarification Request:	The auditors have identified the following clarification requests: Please clarify and provide verifiable evidence that the referenced analysis has occurred. Please clarify how the monitoring of HCVs using the BNS surveys effectively monitor HCVs "related to globally, regionally, or nationally significant biodiversity," as defined by this indicator. Please clarify how negative impacts to biodiversity HCVs were monitored during this monitoring period.
Date Evaluated:	17 March 2022
Project Proponent Response/Actions and Date:	The second biodiversity impact monitoring plan's final report has been provided to demonstrate an analysis of the population and distribution of threatened and endemic species was conducted. Regarding the HCVs, Section 5.1.2 has been revised.
Round 2 Findings:	The VVB reviewed the final report from the biodiversity monitoring study. The MR states that throughout the sampling effort 2,534 trap nights occurred, resulting in 1,478 animal records being recorded. While these values are consistent with the values reported in the final report from the biodiversity monitoring study, it is unclear how these values are representative of the Russas project zone, given that the biodiversity study utilized camera traps in both the Russas project zone and the project

	zone from the adjacent Valparaiso Project. The VVB acknowledges that monitoring of forest cover via satellite imagery and firsthand observations, and the biodiversity study conducted are sufficient in monitoring negative impacts to biodiversity HCVs, as the identified HCVs rely on intact forest cover. However, it is unclear to the VVB how monitoring of HCVs using the BNS survey effectively monitor HCVs “related to globally, regionally, or nationally significant biodiversity,” given the HCVs associated with this monitoring are related to community HCVs.
Clarification Request (CL):	The VVB has identified the following clarification requests: Please clarify how the referenced values reported in the MR are representative of the Russas Project, given that the biodiversity monitoring study occurred in both the Russas and adjacent Valparaiso Project. Please clarify if the biodiversity monitoring differentiates between both projects. Please clarify how monitoring of community HCVs using the BNS surveys is effective in monitoring identified biodiversity HCVs.
Date Evaluated:	08 July 2022
Project Proponent Response/Actions and Date:	The biodiversity impact monitoring plan using wildlife camera traps was previously validated and has been implemented twice in the same manner. Thus, the wildlife cameras traps are distributed across both projects and there is no differentiation. Further, as the Russas and Valparaiso Projects are located adjacent to one another, it is very plausible that wildlife migrates between the projects. Section 5.1.2 clearly states “the Project’s Participatory Rural Assessment and Basic Necessities Survey were designed to measure the communities’ high conservation values and the Project Proponents will continue to monitor these HCVs to ensure they are not negatively affected by the Russas Project.” There was no reference to the BNS being used to monitor HCVs “related to globally, regionally, or nationally significant biodiversity.” A footnote has been added to Section 5.1.2 to further clarify.
Round 3 Findings:	The VVB understands that the wildlife camera trapping study occurs across both the Russas and Valparaiso Projects and that the study has been previously conducted in this manner. However, Section 5.3.2 of the MR, as currently written, makes no mention of this study being conducted in conjunction with the adjacent Valparaiso Project. As cameras are placed on the Valparaiso Project side of the river, and the results of the study are also being claimed by the Valparaiso Project, the VVB is requesting that the text of Section 5.3.2 of the MR be updated to clarify that the camera trapping study was conducted in conjunction with the Valparaiso Project, and the results of the study are the result of the combined effort.

	Thank you for the clarification regarding the BNS surveys. The VVB understands that there was no reference to the BNS being used to monitor HCVs “related to globally, regionally, or nationally, significant biodiversity” in the text of the MR. However, requirements for this Indicator state: “Develop an initial plan for assessing the effectiveness of measures used to maintain or enhance High Conservation Values related to globally, regionally or nationally significant biodiversity (G1.8.1-3) present in the project zone.” The VVB was initially requesting clarification regarding how the application of the BNS, and subsequent monitoring of communities’ HCVs was relevant to the requirements of this indicator. Upon further review, the VVB noted that the application of the BNS and subsequent monitoring of communities’ HCVs was referencing monitoring and continuing to identify HCVs “related to globally, regionally, or nationally significant biodiversity,” as required by this Indicator. This item is closed.
Clarification Request (CL):	Please update the text of Section 5.3.2 of the MR to clarify that presented results of the camera trapping study were conducted in conjunction with the adjacent Valparaíso Project.
Date Evaluated:	22 August 2022
Project Proponent Response/Actions and Date:	Section 5.3.2. has been updated to clarify that the cameras were placed and photographic records were obtained throughout the Project Area and the adjacent Valparaíso Project.
Evidence Used to Close CL:	The VVB determined that Section 5.3.2 has been appropriately updated. The updated MR is sufficient to close this finding. Item closed.
Date Closed:	25 October 2022
Indicator B3.3 - Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.	Results of monitoring are incorporated into Summary Documents (in both English and Portuguese) and shared with shareholders, including community members. Additionally, links to these summary documents are available online.
Evidence Used to Assess Conformance:	Section 5.3.3 of Monitoring report, site visit interviews.
Findings:	The audit team confirmed that the referenced summary documents are available on the Verra Registry in both Portuguese and English and include a summary of the monitoring plan and results. During the site visit, the auditors viewed a copy of one of the summary documents in a local community that was visited. The monitoring report states that a final report for the

	second biodiversity monitoring event was completed by Luiz Borges in September 2020. However, the audit team does not have access to this report.
Clarification Request:	Please provide the audit team with a copy of the final report for the second biodiversity monitoring event.
Date Issued:	23 February 2022
Project Proponent Response/Actions and Date:	The second biodiversity impact monitoring plan's final report has been provided.
Round 2 Findings:	The VVB was provided a copy of the second biodiversity impact monitoring plan's final report. However, this item is pending the closure of the findings issued for Indicator B3.2.
Date Evaluated:	08 July 2022
Evidence Used to Close Pending Status:	The finding upon which this Requirement was pending has been closed. Item closed.
Date Closed:	25 October 2022

Gold Level Section

GL2 Exceptional Community Benefits

Indicator GL2.1 - Demonstrate that the project zone is in a low human development country OR in an administrative area of a medium or high human development country in which at least 50% of the population of that area is below the national poverty line.	The monitoring report and the PDD state that while Brazil is a high human development country, the income in the municipality of Cruzeiro do Sul is less than the national poverty line.
Evidence Used to Assess Conformance:	Section GL2.1-2.2 of the PDD, Section 4.4 of the Monitoring Report
Findings:	This indicator was adequately addressed in the validated PDD and does not need to be revisited for this monitoring period. Item closed.
Date Closed:	24 February 2022

Indicator GL2.2 - Demonstrate that at least 50% of households within the lowest category of well-being (e.g., poorest quartile) of the community are likely to benefit substantially from the project.	The monitoring report states that all community members were allowed to participate in the project. Based on the results of the BNS surveys, the well-being of the lowest quartile of community members increased between the 2013 and 2017 surveys, and again between the 2017 and 2019 survey conducted during this monitoring period.
Evidence Used to Assess Conformance:	Section GL2.1-2.2 of the PDD, Section 4.4 of the Monitoring Report
Findings:	This indicator was adequately addressed in the validated PDD and does not need to be revisited for this monitoring period. Item closed.
Date Closed:	28 February 2022

Indicator GL2.3 - Demonstrate that any barriers or risks that might prevent	The monitoring report identifies the following potential barriers:
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benefits going to poorer households have been identified and addressed in order to increase the probable flow of benefits to poorer households.	Distance to headquarters Fewer tools to produce agriculture Might not have boat, motor, or diesel to travel Poor soil conditions Poorer health and less nutrition. The monitoring report states the distance barrier has been mitigated by making project activities accessible to all community members. Some activities will occur throughout communities (agricultural trainings, building toilets), land titling will occur door-to-door, and the renovated headquarters and health clinics are available to all. The monitoring report also states that gas will be provided to community members staying at the headquarters and diesel for community member's boats so they can attend meetings and ag trainings. The monitoring report states that community members and residents of the leakage belt were given food and fuel to access the visiting hospital ferry. The project has provided ag trainings and plans to help with the mechanization of the land. Planting tools were purchased in 2017. The project purchased two boats in November 2018, which will allow community members without a boat to participate in project activities and market access for their crops. Ag trainings have provided information on soil preparation techniques, as well as helping community member determine which crops will best grow in their soils. Ag trainings aim to increase productivity and ultimately nutrition of community members. Health clinics have been improved, free doctor visits have been provided, and the building of toilets helps improve community member hygiene.
Evidence Used to Assess Conformance:	Section 4.4.1 of the Monitoring Report, site visit interviews
Findings:	The provided community boats are anticipated to be effective in helping overcome the distance barrier as well as the barrier involving not having a boat/motor/diesel. However, during the site visit, community members seemed to be confused as to the process of using the provided boats. A finding was issued pertaining to this issue in Indicator G3.8. During the site visit, multiple community members noted that they had received food from the project, but none interviewed stated they had received fuel. Based on the explanation provided in the monitoring report, overcoming several of the listed barriers relies at least partially on the implementation of ag trainings. S.O.S. Amazonia, the organization responsible for ag trainings in the area, has conducted markedly less ag trainings during this monitoring period. The auditors are

	concerned that the lack of ag trainings might prevent the flow of benefits to poorer communities. The auditors visited the improved health clinics, which the community members appear to be grateful for. Some community members are grateful for the toilets, others do not see them as necessary benefit.
Clarification Request (CL):	The auditors have identified the following clarification requests: Please clarify approximately how many community members received fuel, and how they use the provided fuel to attend project activities, particularly if they do not own or have access to a boat. Please clarify how the barriers that rely on ag trainings were overcome during this monitoring period given that only one ag training occurred during this monitoring period.
Date Evaluated:	21 March 2022
Project proponent Response/Actions and Date:	Section 4.4.1 has been updated. Documentation of those who received fuel has also been provided to the VVB.
Evidence Used to Close CL:	The VVB reviewed Section 4.4.1 of the updated MR which provides clarification on amount of fuel and food provided. The VVB understands that fuel was only given to those with boats, and that those without boats can utilize boats that were provided fuel to attend the medical services of the hospital boat. The VVB understands that the onset of COVID-19 impacted the ability to provide additional agricultural trainings. Additionally, the rationale that skills and knowledge obtained from previously conducted has continued to be utilized by community members is reasonable. Item closed.
Date Closed:	02 June 2022
Indicator GL2.4 - Demonstrate that measures have been taken to identify any poorer and more vulnerable households and individuals whose well-being or poverty may be negatively affected by the project, and that the project design includes measures to avoid any such impacts. Where negative impacts are unavoidable, demonstrate that they will be effectively mitigated.	The monitoring report states that poorer and more vulnerable community members are identified through community engagement and biannual completion of BNS and PRA surveys. Additionally, the project proponents targeted the four households in the lowest quartile in the 2019 BNS survey. The negative impacts identified include not being able to deforest as much, and that granting a fixed plot of land may negatively impact those with children, as over time there will be smaller plots available for the children.
Evidence Used to Assess Conformance:	Section 4.2.2 of Monitoring Report, previous verification report, site visit interviews
Findings:	The measures to identify poorer and more vulnerable households are reasonable. The goal of the project is to help mitigate the effects of community members not being able to deforest through implementation of project activities, mainly ag trainings. However, as mentioned in other indicators, it is unclear to the auditors if the

	markedly lower number of ag trainings conducted during this monitoring period are sufficient in mitigating this potential negative impact. The monitoring report identified potential solutions to overcoming the negative impact of granting a fixed plot of land to families with more children. However, the audit team noted that this issue has been the subject of an ongoing grievance with community members. Interviews with community members with community members during the site visit, suggest that they are still dissatisfied with the amount of land they may be entitled to receive (See findings in indicator G3.10). Overall, it is unclear to the audit team if the project has avoided potential negative impacts to poorer and more vulnerable community members during this monitoring period.
Clarification Request:	The auditors have identified the following clarification requests: Please clarify how the ag trainings conducted during this monitoring period sufficiently avoid the potential negative impact of community members not being able to deforest as much as in the past. Please clarify how the negative impact of granting a fixed plot of land to families with children has been avoided during this monitoring period, given the ongoing grievance pertaining to this issue.
Date Evaluated:	21 March 2022
Project Proponent Response/Actions and Date:	Section 4.2.2. has been updated.
Evidence Used to Close CL:	The VVB understands that the onset of COVID-19 impacted the ability to provide additional agricultural trainings. Additionally, the rationale that skills and knowledge obtained from previously conducted has continued to be utilized by community members is reasonable. As identified in previous indicators, the VVB acknowledges that steps have been initiated to obtain land titles for community members within an identified time frame. The VVB believes the proposed solution regarding proposed sizes of lands for different sized families is reasonable. However, the VVB intends to issue a FAR, asking the auditors for the next verification to assess the size of plots of land granted to families of the identified sizes and ensure that they have received the appropriate amount specified in Section 4.2.2 of the MR. Item closed for verification.
Date Closed:	02 June 2022
Indicator GL2.5 - Demonstrate that community impact monitoring will be able to identify positive and negative impacts	The community monitoring efforts utilize BNS surveys and specifically target the lowest economic quartile by ensuring that specific families are interviewed. Surveys

on poorer and more vulnerable groups. The social impact monitoring must take a differentiated approach that can identify positive and negative impacts on poorer households and individuals and other disadvantaged groups, including women.	are applied to both men and women, across a range of age groups. Community impact variables monitored include: Value/inequality of owned assets Value/inequality of owned assets per capita Poverty score/poverty index
Evidence Used to Assess Conformance:	Section 4.4.2 of the Monitoring Report
Findings:	The community impact monitoring should be able to identify positive and negative impacts by utilizing an inclusive BNS tailored to assess the needs of all individuals, including poorer and more vulnerable groups. Item closed.
Date Closed:	28 February 2022

APPENDIX D: PROJECT DESCRIPTION DEVIATION (NEW “CATCH UP” PLAN)

Below is the full text of the new “catch up” plan (included as a Project Description Deviation) as presented in Section 2.2.4 of the Monitoring Report:

“A new catch-up plan, which shall be implemented within one year of the successful verification of the Project’s 2018-2020 activities, was designed in 2022 by I.S.R.C., in consultation with the local communities. This discussion with the communities has been memorialized via new “atas” signed in June 2022. The new catch-up plan is as follows for 2022 and 2023:

2022

- Delivery of the 25 manioc flour house kits and construction of two manic flour houses; • Installation of two additional internet antennas;
- Start construction of the local açai processing plant;
- Delivery of maps and documentation of the titling of the local residents’ lands and payment for the title services;
- Initiate profit sharing of carbon finance with local communities for the years 2018-2020;
- Payment to Nagila for community engagement / social worker, payment to Jorge for assistance with monitoring communities, and payment to Mr. Marceo for repopulation of turtles in the Valparaiso River
- Payment for the support of two health assistants; And
- Fuel and food support for the Navy ship to expand its health care services;

This 2022 work will be done by I.S.R.C. between July 2022 and December 2022.

In addition, in 2022, I.S.R.C. will open a general agricultural association for local residents of the Russas Project. ¹

2023

- Completion of the CCIR and CAR title work for the entire area of the Russas Project;
- Second profit sharing payment to be made to local communities for the years 2021 and 2022. This assumes verification of the Project’s 2021 and 2022 activities takes place in 2023. If verification is conducted in 2024, then the profit sharing for the years 2021, 2022 and 2023 will take place in 2024;
- Payment to Nagila for community engagement / social worker, payment to Jorge for assistance with monitoring communities, and payment to Mr. Marceo for repopulation of turtles in the Valparaiso River;
- Payment for the support of two health assistants;
- Fuel and food support for the Navy ship to expand its health care; • Payment for the use of internet antennas;
- Payment for technical agricultural teachings in the communities.

¹ Please note, the association is to considered its own deviation and is not part of the new catch-up plan.

This 2023 work will be done by I.S.R.C. between January and December 2023.

The timing and costs of these activities have also been added to the Project's revised pro forma. The originally validated Project Description stated:

Carbon revenue will be primarily used by I.S.R.C. to develop social projects and programs. Within the first five years, the community will start to receive from I.S.R.C. a small share of the payments for ecosystem services (i.e., carbon revenue) as a result of their assistance in achieving the social and environmental goals of the Russas Project. This revenue will be shared with the communities each time I.S.R.C. receives payment for its share of the verified emission reductions.

The total proportion of carbon revenues to be given to the communities will be tied to the preservation of forests within the communities' area. Take for example, if a particular community successfully preserves 5 hectares of land in a given year (i.e., and this 5 hectares was projected to be deforested in that given year). If a total of 100 hectares were predicted to be deforested throughout the Russas Project (i.e., and the deforestation of this 100 hectares was successfully avoided), then the particular community would be granted 5% (i.e., 5 hectares / 100 hectares = 5%) of I.S.R.C.'s gross carbon revenue. The total number of hectares predicted to be deforested each year for the baseline period of 2011 to 2021 will be determined via spatial modeling.

With respect to profit sharing, the entity responsible for implementing the profit sharing is I.S.R.C. Instead of undertaking the relatively expensive and time-consuming process of spatial modeling, it has been decided between I.S.R.C. and the local communities that all the families that are living in the Russas Project and who have agreed to take care of the project without deforesting in new areas will be eligible for the profit sharing in the amount of R\$10,000 per family. This R\$10,000 per family will be retroactive for the years 2018, 2019, and 2020 upon the completing of the current verification and the issuance/sale of I.S.R.C.'s VERs. With this in mind, the communities were asked a variety of questions by Ilderlei Cordeiro during in person meetings in June 2022 as to what is their income from the sale of manioc flour produced per year in their planting areas and the communities said that it would be about R\$4,000 to R\$5,000 per year. Then, the communities were asked whether if they had a transfer (profit share) for their participation in the Project's profit in the amount of R\$10,000 per year, would their life would be resolved financially and with the commitment to no longer destroy and burn in their respective areas, all agreed and were happy because this amount of R\$10,000 is more than double what they earn throughout the year. As noted in the June 2022 atas, some of the families at the Russas Project would like a combination of direct benefits and profit sharing. Furthermore, during the meetings in June 2022 between Ilderlei Cordeiro and the communities, discussions focused on the Project's accomplishments over the past ten years and the plans for the next ten years, including profit sharing. However, the plan is to provide R\$10,000 per family per year for the Project Lifetime and the profit sharing arrangement for years 21-30 will be discussed in year 20.

Further, the previously validated statement was "within the first five years, the community will start to receive from I.S.R.C. a small share of the payments for ecosystem services (i.e., carbon revenue) as a result of their assistance in achieving the social and environmental goals of the Russas Project. This revenue will be shared with the communities each time I.S.R.C. receives payment for its share of the verified emission reductions." Instead, this statement should have stated "the community will start to receive from I.S.R.C. a small share of the payments for ecosystem services (i.e., carbon revenue) as a

result of their assistance in achieving the social and environmental goals of the Russas Project. This revenue will be shared with the communities each time I.S.R.C. receives payment for its share of the verified emission reductions after the initial five years.” The reason is because I.S.R.C. needed the first few years of carbon revenue to focus on providing health services and agricultural extension courses. Thus, with the Project’s start date of March 2011, this meant that by March 2016 (i.e., after five years of the Project’s start date), there should have been profit sharing between I.S.R.C. and the local communities. The Project was unable to provide profit sharing in 2016 and 2017, in part due to the very low prices for VERs during those years, and in part due to I.S.R.C.’s focus on health services and agricultural extension courses. Nonetheless, I.S.R.C. will share R\$10,000 per family and this will be retroactive for the years 2018, 2019, and 2020 upon completing the current verification and the issuance/sale of I.S.R.C.’s VERs. To further clarify, the total families to receive the R\$10,000 per year is 44 families. The payment in 2022 will be a total of R\$30,000 per family which is R\$10,000 for the year 2018, R\$10,000 for 2019, and R\$10,000 for 2020. The payment in 2023 (assuming there is a verification of 2021 and 2022 in activities in 2023) will be R\$20,000, which is R\$10,000 for 2021 and R\$10,000 for 2022. The payment in 2024 and onwards will be R\$10,000 for the previous year’s verified activities (i.e., R\$10,000 paid in 2024 for 2023 activities). With this in mind, Ilderlei Cordeiro has agreed to providing profit sharing on an annual basis, regardless of whether there was a verification and sale of the associated VERs. It is also important to note that some of the families, as demonstrated in the June 2022 atas, prefer a combination of direct benefits and profit sharing.

With respect to the means of distributing carbon revenue, according to the June 2022 meeting that was done between I.S.R.C. and the local communities, it was agreed that all residents will open a bank account at Banco Santander and the money will be directly transferred into their accounts as soon as the value of the credit sales is credited to the account of the company I.S.R.C. The payment by the Bank Santander was decided to be the best option because its banking fees are lower than other banks. For those families that cannot, or do not want, to open a bank account, the family will receive a check.

With respect to the local association, and as previously discussed, there was an informal association of rural producers that existed prior to the Russas and Valparaíso Projects’ start dates and the association received a little support from the Projects. After the management of Russas and Valparaíso Projects split at the end of December 2018, the Valparaíso Project opened a general agricultural association. From 2019 to 2022, the Russas Project maintained the manioc and açaí association for residents of the Russas Project. In June 2022, Ilderlei Cordeiro consulted in person with the community about the association and as of July 2022, the Russas Project is now opening a general agricultural association for the residents of the Russas Project. Going forward, the manioc and açaí association will be discontinued and the general agricultural association will be implemented. It is important to note that these associations are not government-sanctioned associations, but rather, act as more of a cooperative and help, for example, to negotiate the sales price of the communities’ manioc flour. To further clarify, while the manioc and açaí association had a narrow focus (i.e., just manioc and açaí), the general agricultural association covers several types of production in addition to açaí and manioc flour, such as coffee, guarana, and other products that the local community already plants.

With respect to ongoing communication, Nagila is now leading the community engagement / social work. Further, it was decided during the June 2022 meeting between I.S.R.C. and the local communities, that each community at the Russas Project will nominate a representative. As of July 2022, these representatives are:

- Comunidade 3 Bocas: Representative Senhor Peu;
- Comunidade Igarapé preto parte de Cima: Representative Senhor Guimar;
- Comunidade Igarapé preto parte de Baixo: Representative Senhor Cleomar;
- Comunidade Queimadas 1: Representative Senhor Genival ("Pretin");
- Comunidade Queimadas 2: Representative Senhor Paulo Alves ("Paulin");
- Comunidade 4 de Setembro: Representative Senhor Antônio;
- Comunidade Santa Luzia: Representative Senhor José Rosimar;
- Comunidade Tartaruga: Representative Senhor Chiquinho; and
- Comunidade foz de Valparaíso: Representative Senhor Felix de Melo.

To improve communication, which includes further publicizing the grievance procedure and the role of the Climate Change Institute as the Project's third party ombudsman, the following will take place:

- During Nagila's next monthly visit, which shall take place in August 2022, Nagila will review the grievance procedure with the local communities, including with the community representatives mentioned above; and
- At the next semiannual, community-wide meeting, which shall take place in December 2022, Ilderlei will make sure to discuss the grievance procedure and the role of the Climate Change Institute.

Lastly, it is important to note, that the Project's grievance procedure, the role of the Climate Change Institute (IMC), and all of the contact information (i.e., for IMC and for the Project Proponents) has been consistently provided in the Project's summary reports and these summary reports have been regularly distributed to the local communities."