



VERIFICATION REPORT FOR THE APRIL SALUMEI REDD PROJECT



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Summary:

This report describes the verification of the April Salumei REDD project (“the project”), a Reduced Emissions from Deforestation and Degradation (REDD) project located in Papua New Guinea, that was conducted by SCS. The purpose of the verification engagement was to conduct, in accordance with the VCS Program rules, an ex-post independent assessment of the GHG emission reductions and removals that have occurred as a result of the project during the monitoring period from 01-January-2013 to 31-December-2018 (“the verification period”) and were claimed by Rainforest Project Management Limited, the project proponent. The verification engagement was carried out through a combination of document review, interviews with relevant personnel and on-site inspections. As part of the verification engagement 53 findings were raised: 16 Non-Conformity Reports, 34 New Information Requests and 3 Observations. These findings are described in Appendix A of this report. The project complies with the verification criteria, and SCS holds no restrictions or uncertainties with respect to the compliance of the project with the verification criteria.

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1 INTRODUCTION

1.1 Objective

In accordance with Section 4.1 of the VCS Standard (see the below Section 1.2 for full reference), SCS carried out an ex-post independent assessment of the GHG emission reductions and removals that have occurred as a result of the project during the verification period, conducted in accordance with the VCS Program rules. In accordance with Section 2.1.2 of the VCS Validation & Verification Manual, V3.2, the objectives of the verification engagement were to evaluate the monitoring report and assess

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

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

1.2 Scope and Criteria

1.2.1 Scope

As defined in accordance with Section 4.3.4 of ISO 14064-3:2006, the scope included

- The project and its activities.
- The carbon pools and/or greenhouse gases included in the project boundary.
- The verification period.

1.2.2 Criteria

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

- VCS Program Guide, V4.3
- VCS Standard, V4.4
- VCS Non-Permanence Risk Tool, V4.0
- VCS Methodology for Improved Forest Management: Conversion from Logged to Protected Forest (VM0010) V1.2
- VCS REDD+ Methodology Framework (REDD-MF; VM0007) V1.3

1.3 Level of Assurance

In accordance with Section 4.1.8(1) of the VCS Standard, the level of assurance was reasonable.

1.4 Summary Description of the Project

The project is located in East Sepik Province of Papua New Guinea and is aimed at protecting the forest and its biodiversity while improving the overall wellbeing of local communities, supporting sustainable agricultural opportunities, improving access to healthcare, education, and infrastructure, all while preserving the cultural traditions and customs of the indigenous peoples.

2 VERIFICATION PROCESS

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

2.1 Method and Criteria

The verification engagement was conducted through a combination of document review, interviews with relevant personnel and on-site inspections, as discussed in Sections 2.2 through 2.4 of this report. At all times, an assessment was made for conformance to the criteria described in Section 1.2.2 of this report. As discussed in Section 2.5 of this report, findings were issued to ensure conformance to all requirements.

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

2.2 Document Review

The monitoring report (VCS_M2_v4.1_Final_v1.8 01_08_2023_Clean; “MR”) and non-permanence risk reports (VCS_NPRR_V4.0_IFM_FINAL_v1.8 and VCS_NPRR_V4.0_REDD_FINAL_v1.8; “NPRR”) were carefully reviewed for conformance to the verification criteria. The following additional documentation,

provided by project personnel in support of the aforementioned documents, was also reviewed by the audit team:

Document	File Name	Ref.
Non-permanence Risk Report	VCS_NPRR_V4.0_IFM_FINAL_v1.8.pdf; VCS_NPRR_V4.0_REDD_FINAL_v1.8.pdf	/1/
Curriculum Vitae of project team	AS 2022_ Professor Chalapan CV, AS 2022_Machovsky-Capuska CV, AS 2022_Stephen Hooper CV, AS_2022_Moya CV	/2/
Adaptive Management Plan	AS_Adaptive Management Plan	/3/
National Executive Council decisions in 2012, 2016, and 2019 and related correspondences	AS_2019_NEC Decision Letter	/4/
SOP on data storage	AS_2016_SOP Data Storage	/5/
Agreement between the project proponent and the communities	AS 2012_Carbon Services Deed	/6/
Agreement with PNG Forest Authority	AS_1996_Forest Management Agreement	/7/
Independent audit letter regarding field monitoring	AS_2013-2018_Field Monitoring Letter	/8/

Document	File Name	Ref.
Field monitoring results	AS_2018_ Kuresa & Salumei Field Monitoring AS_2018_Niksek Field Monitoring AS_2018_PRA Sio Wario Field Monitoring	/9/
Letter from the Climate Change and Development Authority	AS_2018_Maprik Meeting	/10/
Memorandum of Understanding between the project proponent, landowner groups, and government agencies (July 2018)	AS_2018_MoU PNG Government	/11/
Remote sensing analysis report	AS_2019_PNG Forest Classification Report	/12/
Community impacts participatory rural appraisal results	AS_PRA_Community Impacts	/13/
Illegal extraction participatory rural appraisal results	AS_PRA_Illegal Extraction of Timber	/14/
Internal project audit letter/results	AS_2022_Audit Letter	/15/
Landowner groups	AS_Table 1 Main Villages	/16/

Document	File Name	Ref.
Annual Reports	[Various files]	/17/
Spatial Files supporting land use change	IFM Change M2 2013-2019.shp IFM Change M1 2009-2012.shp IFM Change all years categorized.shp REDD Change M2 2013-2019.shp REDD Change M1 2009-2012.shp REDD Change all years categorized.shp	/18/
Project Boundary shapefiles	REDD Project Boundaries M2.shp IFM Project Boundaries M2.shp	/19/
Metadata for spatial files	GIS Files Metadata – TREES Feb_15_2022.pdf AS_GIS Files Metadata TREES.pdf	/20/
GHG calculation workbooks	VCS_7_10_Calculator_M2 24_07_2023.xlsx; Ex-ante calculation sheet.xlsx	/21/
GHG calculation workbooks showing impacts of errors on MP1	VCS_7_10_Calculator M1 to M2 CHANGE TRACKER 24_07_2023.xlsx	/22/
VCS Project Description	ProjectDescription_AprilSalumei_FINAL.pdf	/23/
VCS Monitoring Report MP1	Monitoring Report_v1.3	/24/
VCS Validation Report	032-April Salumei REDD Project_ VCS Validation Report-Final_08Oct2013.pdf	/25/
VCS MP1 Verification Report	032-April Salumei REDD Project_VCS Verification Report_Final_08Oct2013.pdf	/26/
Grievance and Redress Procedure	AS_2012_Complaints Handling and Dispute Resolution Policy	/27/

Document	File Name	Ref.
Video on the Light Up April Salumei project activity	AS_2016_Light Up April Salumei	/28/
Guide for Eaglewood Growing program project activity	AS_2018_Eaglewood Growers Guide	/29/
Field Monitoring SOP	AS_SOP_Field Monitoring_v1.4	/30/
Financial Support letter	AS_TEM Financial Letter of Support.pdf	/31/
Project NPV and Financial Viability Analysis	AS_2018_Project NPV_v4.xlsx	/32/
Demonstration of carbon credit pricing	AS_2022_REDD vintages_5Aug.png	/33/
Letter from the PNG CCDA to Verra (January 2023)	CCDA to Verra_10JAN2023	/34/
Letter from the Hunstein Range to the Project Proponent (February 2023)	HRHL Letter to RPML_15FEB2023	/35/
Letter from David Salio to Project Proponent (June 2019)	MOU_Termination Letter_30JUN2019	/36/

Document	File Name	Ref.
Letter from the PNG Prime Minister to Project Proponent (January 2023)	PM to RPML_26JAN2023	/37/
Sample of ILG Agreements (2012)	[Various files]	/38/
Letter from Minister for Environment Conservation and Climate to Verra Registry (October 2019)	MECCC to APX_02OCT2019	/39/
Hunstein Range Holdings LTD Cease and Desist (February 2019)	Cease and desist letter.pdf	/40/
Collaboration Agreement to Form Governance Committee (March 2023)	Collaboration Agreement WWK and SH; CamScanner 03-30-2023 14.38; Formation of Governance Committee (1) SMEC letter _07 11 22.pdf SMEC Proposal _03 08 22.pdf	/42/
Email correspondence between Capt. Jacob Tom (Hunstein Range), CCDA, and RPML (March 2023)	FW_ Email to Eunice - CCDA	/43/

Document	File Name	Ref.
Letter from the Prime Minister to Wera Mori (then Minister of Environment & Conservation), referencing letter sent to Verra from Geoffry Kama (January 2020)	Attachment 3 - PM investigation letter 20 Jan 2020	/44/
Evaluation of the RRUs in PNG	Technical report on Papua New Guinea RRUs for SCS 160322	/45/
CCB Validation Report	CCB_VALID_REP__ENG_1122_30MAY2011.pdf	/46/
Email correspondence between SCS and Capt Jacob Tom from Hunstein Range	CaptJacobTom_Audit of April Salumei REDD project_041123.pdf	/47/
PNG National REDD+ Strategy	PNG_NationalRedd+Strategy	/48/
State of Forests of PNG, 2014	The State of Forest in PNG 2014	/49/
PNG's National REDD+ Forest Reference Level	png_frl__submission-15.01.2017.pdf	/50/
Email correspondence between SCS and Webster Salio	WebsterSalio_Audit of April Salumei REDD project.pdf	/51/

Document	File Name	Ref.
Financial Documentation detailing project income (credits) and spending	2014 to 2018 April Salumei REDD project sales.xlsx Bank Statement May 16 Part 1.pdf Bank Statement May 16 Part 2.pdf PNG Projects Bank Statements Master AS Only.pdf	/52/
Correspondence between CCDA and RPML regarding financial reporting	Fwd_ RPML Email to CCDA_Copies of financial reports	/53/
Correspondence between SCS and the CCDA	SCS Global Services - CCDA Response_04192023.docx	/54/
KML file of project area	April Salumei_final_230718.kml	/55/

2.3 Interviews

2.3.1 Interviews of Project Personnel

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

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

Individual	Affiliation	Role	Date(s) Interviewed
Dr. Gabriel Machovsky Capuska	Tasman Environmental Markets (TEM)	Head of Science and Sustainability	Throughout audit
Stephen Hooper	Pacific Forest Alliance/ Rainforest Project Management Limited	CEO	Throughout audit

Individual	Affiliation	Role	Date(s) Interviewed
David Tow	Tasman Environmental Markets (TEM) Asia Pacific Pty Ltd	Managing Director	Throughout audit
Andrew Grant	Tasman Environmental Markets (TEM)	Executive Chairman	Throughout audit
Martin Gehrig	TREES*	Managing Partner	Throughout audit
Philip Moya	Rainforest Project Management Limited	Country Operations Manager	11 April 2022 – 13 April 2022
Chalapan Kaluwin	University of PNG	Dean of the School of Natural and Physical Sciences	11-12 April 2022
Warren Doudle	Sec Risk Pty Ltd	Certified Practicing Risk Manager	20 April 2022
Shameer Muhammed	Tasman Environmental Markets (TEM)	Technical Specialist	Throughout audit (2023)

2.3.2 Interviews of Other Individuals

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

Individual	Affiliation	Role	Date(s) Interviewed
Webster Salio	Sio-Wario Investment	Chairman of the Sio-Wario Investments Ltd (Landowner Company)	12-13 April 2022; 27-28 April 2023
Kepas Toto	Niksek/Paka Village	Deputy Chairman of the Niksel Sumari Investments Ltd (Landowner Company)	12 April 2022

Individual	Affiliation	Role	Date(s) Interviewed
Philip Wabalasu	Changriman Village	Chairman of the Salumei Investments Ltd (Landowner Company) & Executive Chairman of the April Salumei Working Group	12 April 2022
Ms. Nona Salio	Sio-Wario Investment	ILG Member	12 April 2022
Emmanuel Jude	Niksek/Paka Village	Chairman of the Niksek Samsei Investments Ltd (Landowner Company Chairman)	12 April 2022 11 April 2023
Elijah Jude	Niksek/Paka Village	Incorporated Land Group Representative	12 April 2022
Josiah Ariafe	Niksek/Paka Village	Incorporated Land Group Representative & company secretary	12 April 2022
Timothy Philipus	Niksek/Paka Village	Incorporated Land Group Representative	12 April 2022
Hosie Smario	Maposi Village	Ward Councilor	12 April 2022
Raymond Suwario	Patanapi Village	Incorporated Land Group Representative for Tepi Clan	12 April 2022
Moses Wamsari	Wagu Village	Chairman of B'Nomo Investments Ltd (Landowner Company Chairman)	12 April 2022
Gibson Piakey	Hanasi Village	Ward Councilor	12 April 2022
Peter Faiya	Wakiawe Village	Ward Councilor and Incorporated Land Group Chairman of You Clan	12 April 2022

Individual	Affiliation	Role	Date(s) Interviewed
Matthew E'E	Sio Village	Youth Leader & Incorporated Land Group Representative	12 April 2022
Bonnie Jory	Sio Village	Teacher at Sio Primary School	12 April 2022
Jethro Mamoku	Sinein Village	Ward Councilor	12 April 2022
Jacob Suwawo	Sio Village	Incorporated Land Group Representative & Community Leader	12 April 2022
Ismael Paul	Sio Village	Incorporated Land Group Chairman	12 April 2022
Michael Upa	Maposi Village	Landowner Representative	12 April 2022
Obert Iyaflei	Saranapi Village	Incorporated Land Group Chairman	12 April 2022
Women of Niksek (Various individuals)	Niksek Investment	Women's group	12 April 2022
Youths of Niksek (various individuals)	Niksek Village	Young men and boys	12 April 2022
Steven Joshua	Pikaru Village	Incorporated Land Group Chairman Pitiawe Clan	12 April 2022
Sir John Pundari	Papua New Guinea Government	Minister for Environment, Conservation & Climate Change during the monitoring period (currently Minister of Finance & Rural Development)	13 April 2022; 5 April 2023

Individual	Affiliation	Role	Date(s) Interviewed
Dr. Gae Gowae	Palladium International LLC (USAID PNG Sustainable Landscape Program)	Former RPML Project Partner from the University of Papua New Guinea	10 April 2023
Capt Jacob Tom	Hunstein Range Holdings Limited	Project stakeholder	11 April 2023
Ms. Eunice Dus	Climate Change Development Authority (CCDA) *	Senior REDD+ Policy Analyst	18 April 2023; 19 April 2023

* The CCDA is overseen by the Minister of Environment, Conservation, and Climate Change.

2.4 Site Inspections

The objectives of the on-site inspections were as follows:

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

In fulfilment of the above objectives, the audit team performed an on-site inspection of the project area on the dates 10 April 2022 through 14 April 2022. The audit team later conducted remote site-visit activities from 21 March 2023 to 19 April 2023. The main activities undertaken by the audit team were as follows:

- Interviewed project personnel (see Section 2.3.1 of this report) to gather information regarding the monitoring procedures and project implementation.
- Interviewed residents and chairman of several communities that form the Niksek Investment, Salumei Investment, B'Nomo Investments, and Sio-Wario Investment (landowner companies) located in the immediate vicinity of the project area to confirm the claims of the project proponents with respect to the extent of community engagement, project activities, monitoring, disputes, and project benefits.
- Interviewed the Papua New Guinea Minister of Environment, Conservation, and Climate Change during the Monitoring Period (now serves as Minister of Finance & Rural Development) to

confirm the legality of the project, the ownership of the project, status of disputes, and understand the policies around carbon projects in the country.

- Interviewed representatives from the PNG Climate Change Development Authority to understand disputes during the monitoring period and correspondences between CCDA and the registry /34/
- Interviewed the leader of the Hunstein Range Holdings Limited (HRHL) who had disputes with the project proponent during the monitoring period /40/, but who reached a resolution to collaborate and work together /42/.
- Also interviewed a former project partner from the University of Papua New Guinea to gain further insights about the project.
- Carried out on-site inspections of the project's activities through the following:
 - Observations of the solar lights program "Light Up April Salumei" /28/
 - Observations of the Eaglewood sustainable nursery project activity, including observations of the Eaglewood trees, cocoa, and vanilla seedlings /29/
 - Observations of the boating equipment purchased /52/ and maintained

2.5 Resolution of Findings

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

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

As part of the audit process, 16 NCRs, 34 NIRs and 3 OBS were issued. All findings issued by the audit team during the audit process have been closed. In accordance with Section 4.1.14 of the VCS

Standard, all findings issued during the audit process, and the impetus for the closure of each such finding, are described in Appendix A of this report.

2.5.1 Forward Action Requests

The audit team has issued the following forward action requests (FAR) detailed in the table below.

Forward Action Request	Finding Number	Description of FAR
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Potential over-issuance of VCU's during the first monitoring period	OBS48, NIR28, NCR47, NIR27, NCR 50	- While conducting a review of the project during this second monitoring period, the audit team discovered quantification errors that impact the previous monitoring period which was already verified by a different VVB and credited by the registry. These errors are material and together have resulted in the over-issuance of VCU's /22/. These errors are briefly described here, the related findings, and are further described and quantified in sections 4.4 and 5 of this report. - Leakage (REDD): The PD indicates that a leakage factor of 0.2 is to be applied for both the REDD project component and the IFM project component. However, during the first monitoring report, no leakage deduction was taken for the REDD project component resulting in an overestimation of VCU's in the first monitoring period. - Long-lived Wood Products (REDD): The audit team found that long-term wood products were deducted from the aboveground live tree carbon pool for the calculation of emissions from deforestation in the project scenario, despite there being no harvested wood products generated during the first or second monitoring period. This error was corrected for this second monitoring, but it has resulted in an overestimation of VCU's for the REDD project in the first monitoring period. - Buffer Pool (IFM) Lastly, the audit team found that during the first monitoring period, the buffer pool calculation for the IFM project area was incorrect. The buffer was calculated by including the leakage deduction, which is not in conformance with the AFOLU Non-Permanence Risk Tool. - The auditors have conducted a complete verification of the overissuance in the first monitoring period. Following guidance from the registry, we have verified the quantification of the overissuances and the subsequent deduction of VCU's from this current (second) monitoring period. Further details are provided in 4.4 and 5 below. This FAR is to signal to future VVBs or to the registry to carefully look into these components such that these errors are not overlooked in the future.
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2.6 Eligibility for Validation Activities

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

3 VALIDATION FINDINGS

3.1 Participation under Other GHG Programs

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

However, PNG has sold REDD Reduction Units (RRUs) on the redd.plus platform, that correspond to national reductions in emissions from deforestation and degradation in 2014 and 2015. However, through interviews with the Senior REDD Policy Analyst of PNG Climate Change & Development Authority and email correspondence /54/ it was confirmed that the April Salumi project area has been clipped from the area used to generate the RRUs, effectively cancelling the project credits from the RRUs, thus preventing any risk of double counting. The audit team has concluded that this correspondence serves as evidence “from the program operator, designated national authority or other relevant regulatory authority stating that the specific GHG emission reductions or removals generated by the project or type of project are not within the scope of the program or national cap” as required by the VCS 3.21.3.

Thus, the audit team has reached a reasonable level of assurance that the GHG emission reductions or removals generated by the project have not been double counted.

3.2 Methodology Deviations

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

Identification of deviation	Assessment column 1*	Assessment column 2**
4. Monitoring time period	The M-REDD Module requires that each parameter of the module be monitored at least every 5 years. However, this monitoring period is 6 years long and while there was continuous monitoring during the monitoring period, most parameters were monitored at a duration of 6 years. The deviation was justified as the project proponent was seriously ill and monitoring had to be suspended. The audit team crosschecked the deviation against the VCS requirements and found that it pertains to the procedures relating to monitoring or measurement set out in the methodology and therefore meets the criteria for a permitted methodology deviation according to section 3.18.1 of the VCS v4.2.	The audit team found through independent recalculation of the parameters that changing the monitoring period has not impact on the accuracy or conservativeness.

- *Assessment column 1 contains information regarding assessment of whether the deviation meets with the criteria and specifications for permitted methodology deviations.
- **Assessment column 2 contains information regarding assessment of whether the deviation does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals (except where it results in increased accuracy)

3.3 Project Description Deviations

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

Identification of deviation	Assessment column 1*	Assessment column 2**	Assessment column 3***
1. Frequency of monitoring	The PD set out to conduct monitoring and verifications at annual intervals. However, the project found this to be too costly, thus they have extended the monitoring/verifications to less frequently. The current monitoring period is 6 years. The audit team crosschecked this deviation against the applicability requirements of the VM0007 and VM0010 methodology and found it does not impact the applicability of the methodologies as the monitoring has continued to happen but the reporting of that monitoring has simply been delayed. This has no impact on the applicability of the methodology.	The audit team crosschecked this deviation against the additionality sections of the methodologies and the VCS and confirmed that this only impacts the frequency of monitoring and has no impact on the additionality of the project.	The audit team crosschecked this deviation against the baseline/without project scenario sections of the methodologies and confirmed the deviation only impacts the frequency of monitoring and has no impact on the baseline scenario.

Identification of deviation	Assessment column 1*	Assessment column 2**	Assessment column 3***
2. Project Area	This deviation pertains to the area of the project as calculated from spatially explicit data. The use of updated, higher resolution imagery resulted in a small increase in the total IFM project area of 20 ha /18-20/. Nonetheless, for consistency in quantification, the project continues to apply the validated project area. The audit team crosschecked this deviation against the applicability requirements of the VM0010 methodology and found it does not impact the applicability of the methodology.	The audit team crosschecked this deviation against the additionality sections of the methodologies and the VCS and confirmed that this deviation and has no impact on the additionality of the project.	The audit team crosschecked this deviation against the baseline/without project scenario sections of the methodologies and confirmed the deviation has no impact on the baseline scenario.

Identification of deviation	Assessment column 1*	Assessment column 2**	Assessment column 3***
3. Remote sensing and land cover change	The project initially set out to use remote sensing to detect annual changes in land use. For this deviation, the project team is monitoring using imagery from the beginning and end of the monitoring period rather than annual /12//18/. The audit team crosschecked this deviation against the applicability requirements of the methodologies and found it does not impact the applicability of the methodology.	The audit team crosschecked this deviation against the additionality sections of the methodologies and the VCS and confirmed that this deviation and has no impact on the additionality of the project.	The audit team crosschecked this deviation against the baseline/without project scenario sections of the methodologies and confirmed the deviation has no impact on the baseline scenario.

Identification of deviation	Assessment column 1*	Assessment column 2**	Assessment column 3***
4. Landsat imagery	The project originally set out to use an object-based program (eCognition) to classify land use land cover change. However, for this monitoring period they switched to a high resolution pixel-based classification using Random Forests /12//18//20/. The audit team crosschecked this deviation against the applicability requirements of the methodologies and found it does not impact the applicability of the methodology.	The audit team crosschecked this deviation against the additionality sections of the methodologies and the VCS and confirmed that this deviation and has no impact on the additionality of the project.	The audit team crosschecked this deviation against the baseline/without project scenario sections of the methodologies and confirmed the deviation has no impact on the baseline scenario.

Identification of deviation	Assessment column 1*	Assessment column 2**	Assessment column 3***
5. Improved accuracy	As a result of the PD deviation #4, the project detected an overlap in time period and some small areas of deforestation detected during this second monitoring period were previously detected in the first monitoring period. The audit team reviewed the maps from the first and second monitoring periods along with an independent review of aerial imagery to confirm this occurrence. To avoid double counting, these overlap areas were deducted for this second monitoring period. The audit team confirmed this through independent recalculation/12//18/. The audit team crosschecked this deviation against the applicability requirements of the methodologies and found it does not impact the applicability of the methodology.	The audit team crosschecked this deviation against the additionality sections of the methodologies and the VCS and confirmed that this deviation and has no impact on the additionality of the project.	The audit team crosschecked this deviation against the baseline/without project scenario sections of the methodologies and confirmed the deviation has no impact on the baseline scenario.

Identification of deviation	Assessment column 1*	Assessment column 2**	Assessment column 3***
6. Monitoring APi	The PD set out to monitor the total area of degradation using field-based approach only (if needed). This deviation is to use both remote sensing and ground-based approaches. The presence of degradation continued to be monitored through participatory rural appraisals /14/and if detected, field and remote sensing monitoring will be employed. The audit team crosschecked this deviation against the applicability requirements of the methodologies and found it does not impact the applicability of the methodology.	The audit team crosschecked this deviation against the additionality sections of the methodologies and the VCS and confirmed that this deviation and has no impact on the additionality of the project.	The audit team crosschecked this deviation against the baseline/without project scenario sections of the methodologies and confirmed the deviation has no impact on the baseline scenario.

Identification of deviation	Assessment column 1*	Assessment column 2**	Assessment column 3***
7. Ground Truthing	The PD set out to conduct independent ground truthing of the aerial imagery. However, the monitoring occurred during the COVID19 and in-person ground truthing was not possible. The audit team confirmed that the project continues to employ and accuracy assessment /12/ using stratified random samples of points located across the landscape and visual interpretation using higher resolution imagery to determine the accuracy of the classification analysis which is in conformance with the methodology requirements. The audit team crosschecked this deviation against the applicability requirements of the methodologies and found it does not impact the applicability of the methodology.	The audit team crosschecked this deviation against the additionality sections of the methodologies and the VCS and confirmed that this deviation and has no impact on the additionality of the project.	The audit team crosschecked this deviation against the baseline/without project scenario sections of the methodologies and confirmed the deviation has no impact on the baseline scenario.

8. Quantification of Emission reductions	This deviation relates to the various findings and the discussion of overissuance introduced in section 2.5.1 above (and described in greater detail in section 4.4 and 5.0 below). The audit team discovered some errors with the quantification that existed during the previous monitoring period due to parameters and calculations that were set out at validation. The deviation only pertains to the correction of quantification errors. There is a minor impact on the baseline emissions for partial year 4B and 10A to avoid double counting of emissions in the belowground and dead wood pools and more accurately allocate emissions to these partial years. Otherwise the errors pertain to the quantification of leakage and project emissions. The auditors determined that these quantification errors do impact the previous	The audit team crosschecked this deviation against the additionality sections of the methodologies and the VCS and confirmed that this deviation has no impact on the additionality of the project.	The audit team crosschecked this deviation against the baseline/without project scenario sections of the methodologies and confirmed the deviation has no impact on the baseline scenario.
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Identification of deviation	Assessment column 1*	Assessment column 2**	Assessment column 3***
	monitoring period in addition to the current monitoring period (see section 4.4 below). The audit team crosschecked this deviation against the applicability requirements of the methodologies and found it does not impact the applicability of the methodology.		
9. Root to shoot Ratio	At validation the project set forth a root-to-shoot ratio of 0.24 to conduct baseline and ex-ante quantification. They continued to use this R for the first and second monitoring periods. However, the PD incorrectly reports a root to shoot ratio of 0.37. This deviation is to correct this error. The audit team crosschecked this deviation against the applicability requirements of the methodologies and found it does not impact the applicability of the methodology.	The audit team crosschecked this deviation against the additionality sections of the methodologies and the VCS and confirmed that this deviation and has no impact on the additionality of the project.	The audit team crosschecked this deviation against the baseline/without project scenario sections of the methodologies and confirmed the deviation has no impact on the baseline scenario.

Identification of deviation	Assessment column 1*	Assessment column 2**	Assessment column 3***
10. Crediting period	Section 1.6 of the validated PD indicated that the crediting period was 38 years from 22 May 2009 to 21 May 2049. However, that timeframe from 2009 to 2049 is 40 years. Thus, this PD deviation was simply to correct the erroneous period such that it ends 21 May 2047 (38 years). The audit team crosschecked this deviation against the applicability requirements of the methodologies and found it does not impact the applicability of the methodology or standard.	The audit team crosschecked this deviation against the additionality sections of the methodologies and the VCS and confirmed that this deviation and has no impact on the additionality of the project.	The audit team crosschecked this deviation against the baseline/without project scenario sections of the methodologies and confirmed the deviation has no impact on the baseline scenario.

Identification of deviation	Assessment column 1*	Assessment column 2**	Assessment column 3***
11. Value for VBSL,EXi (volume of timber extracted)	Table 37 of section 3.7.3 in the 2013 Project Description indicated that the value of the projected timber extraction in stratum I in year t was 460,000 m³ ha⁻¹ yr⁻¹. However this value was incorrect as it reports the total extraction for the year and not per ha. The project team updated the value to 37.7 m³ ha⁻¹ yr⁻¹ which is the value that was applied and validated in the baseline. This value is reported in section 4.1 of the MR. The audit team crosschecked this deviation against the applicability requirements of the methodologies and found it is the result of a reporting error in the PD and does not impact the applicability of the methodology or standard.	The audit team crosschecked this deviation against the additionality sections of the methodologies and the VCS and confirmed that this deviation is the result of a reporting error in the PD and has no impact on the additionality of the project.	The audit team crosschecked this deviation against the baseline/without project scenario sections of the methodologies and confirmed the deviation is the result of a reporting error in the PD has no impact on the baseline scenario.

- *Assessment column 1 contains information regarding assessment of whether the proposed deviation impacts the applicability of the methodology.
- **Assessment column 2 contains information regarding assessment of whether the proposed deviation impacts additionality

- ***Assessment column 3 contains information regarding assessment of whether the proposed deviation impacts the appropriateness of the baseline/without-project scenario

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

3.4 Grouped Project

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

4 VERIFICATION FINDINGS

4.1 Project Implementation Status

4.1.1 Implementation Status of the Project Activity(s)

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

- During this monitoring period the project implemented several activities including the delivery of social lights and their maintenance, tree planting, funding allocated to schools, delivery of new boat engines and boat maintenance, and a nursery management program. These were all confirmed through observations and interviews during the site visit.
- The project also conducted annual meetings with local community chairman which were confirmed via the review of annual meeting reports /17/

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

Item	Verification findings
Existence of any material discrepancies between project implementation and the project description	• Through site visit observations, interviews conducted with project personnel and project communities, and document assessment, the audit team confirmed no material discrepancies between project implementation and the project description.

The implementation status of the monitoring plan and the completeness of monitoring, including the suitability of the implemented monitoring system (i.e., process and schedule for obtaining, recording, compiling and analysing the monitored data and parameters)	• The audit team reviewed the monitoring system's appropriateness for assessing deforestation and degradation, as well as community engagement activities. • The supporting documentation of these monitoring activities is thorough and consistent throughout various reports. The parameters are suitable for the project activities. • Interviews with project personnel determined that appropriate processes were in place for the recording, compiling, and analyzing of data. • The audit team compared reported deforestation /18//21/with high-resolution remotely sensed imagery • Audit team reviewed data processing procedures to determine that land use change monitoring systems are consistent with described practices and result in accurate mapping/12/
The existence of any material discrepancies between the actual monitoring system, and the monitoring plan set out in the project description and the applied methodology	• The audit team reviewed the MR and supporting documentation to determine whether there were any inconsistencies with the monitoring plan and applied methodology. While 9 PD deviations were noted (see Section 3.3, above), they were justified and deemed not to negatively impact the additionality or appropriateness of the baseline scenario. • Calculation worksheets /21/required by the methodological elements were reviewed and where there were non-conformances, they were addressed by project personnel.

Whether the GHG emission reductions or removals generated by the project have become included in an emissions trading program or any other mechanism that includes GHG allowance trading	Through the application of professional judgment, the audit team is reasonably assured that the GHG emission reductions reported in the MR have not been included in an emissions trading program or any other mechanism that includes GHG allowance trading
Whether the project has received or sought any other form of environmental credit, or has become eligible to do so since validation or previous verification	Through the application of professional judgment, the audit team is reasonably assured that project has not received or sought any other form of environmental credit, not has it become eligible to do so since the previous verification
Whether the project has participated or been rejected under any other GHG programs since validation or previous verification	Through the application of professional judgment, the audit team is reasonably assured that the project has not participated or been rejected under any other GHG programs since the previous verification
Sustainable development contributions	Through review of section 1.11 of the MR and well as PNG's National Strategy for Sustainable Development, the audit team determined that the project activities during this monitoring period have contributed to these national SDGs

4.1.2 Previously Validated Methodology Deviations

Four methodology deviations were applied in previous reporting period

Number of Deviation	Methodology Deviation
1 – Market Effects Leakage	This methodology deviation exists in the validated PD and previous MR. It pertains to the calculation of Market Effects Leakage for both VM0010 and VM0007 in which the ratio of Annual Allowable Cut relative to the total concession area is used to calculate the leakage deduction factor rather than the ratio of aboveground biomass relative to the total merchantable biomass. At validation the VVB confirmed the deviation was reasonable and justified and did not impact the conservativeness of the quantification. The audit team confirmed that this deviation is still being applied. We confirmed the calculation of the leakage deduction factor as well as the annual allow cuts and total

Number of Deviation	Methodology Deviation
	concession areas applied by independently tracing the values to their source (Logging, Legality and Livelihoods in PNG: Synthesis of Official Assessments of the Large-Scale Logging Industry, Volume I, 2006, Forest Trends)
2 – Operable timber area	This methodology relates to the baseline timber harvesting modeled. The deviation is due to not having slope date >25 degrees. However, slopes greater than 30 degrees were removed from the project area thus it was determined that the affect was negligible.
3 – Chave equations	This deviation pertains to the Chave et al. aboveground biomass equations which does not include the height parameter, which is required by the methodology. It was found that including height in this equation does not improve the accuracy and has a negligible effect. This deviation pertained to the baseline quantification.

4.1.3 Previously Validated Project Design Deviations

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

4.1.4 Previously Validated Minor Changes to the Project Description

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

4.1.5 Overall Conclusion

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

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

4.2 Safeguards

4.2.1 No Net Harm

An assessment of potential negative environmental and socio-economic impacts has been performed in accordance with Section 3.16.1 of the VCS Standard and no such impacts have identified. The audit team performed the following actions to confirm the absence of potential impacts:

- Interviewed project personnel regarding potential negative impacts as well as the positive impacts described in the monitoring report.
- Interviewed a sample of community members from various groups (men, women, youth) as well as community chairmen regarding the project impacts.
- Reviewed the project's internal monitoring and audit results /15/ as well as the community impacts participatory appraisals /13/
- Reviewed the project's annual reports which include information on stakeholder meetings, payment of benefits, as well as project activities implemented overtime /17/
- Reviewed the project's financial reports including bank statements and correspondences detailing payments made directly to the landowner chairmen, financing of transportation of chairmen to annual meetings, and the purchasing of project activity equipment (boats, solar lights, etc) /52/
- Directly observed the impacts of project activities on-site by visiting buildings provided with solar lights, the nursery and planting operations, schools in the communities, and the boat/boat parts purchased for the communities.

It must be noted that while we confirmed that benefits have been received and/or implemented, they have not all been well maintained overtime (i.e., boat motors broken). Interviews with the landowners indicated that the benefits were less than anticipated and that there have been perceived delays in benefits. Likewise, due to the delay in the verification of the second monitoring period (a result of COVID as well as serious health challenges of the project proponent), the project stakeholders have expressed displeasure in not receiving benefits for several years, which has resulted in disputes as detailed in section 4.3 below.

Nonetheless, through the evaluation detailed above, audit team concludes that the project has resulted in no net harm with regards to environmental and socio-economic impacts.

4.2.2 Local Stakeholder Consultation

In accordance with Section 3.16.3 of the VCS Standard, mechanisms for ongoing communication with local stakeholders have been established and maintained to allow stakeholders to raise concerns about potential negative impacts during project implementation. The stakeholder consultations can be summarized as follows:

- The six landowner corporations who form the April Salumei Working Group (as well as the April Salumei REDD Investments), which are responsible for working with the project proponent in implementing the project locally, took part in various annual meetings, trainings, and community consultation activities throughout the monitoring period. The annual meetings included discussions of monitoring work, review of project finances and benefits, and a solicitation/discussion of priority needs in the communities. We confirmed this through interviews with over half of the chairmen, the project proponent (RPML), and community members, as well as review of annual reports /17/ and review of financial documentation demonstrating payment of travel for the chairmen /52/.

- Community engagement was also carried out through meetings between national, local, and provincial governments and the local communities (Incorporated Land Groups – ILGs). These meetings ensure that the ILGs and the local government entities are informed about and working together on project activities and community priorities. The audit team confirmed these meetings through discussions with project personnel, interviews with community members, and review of the Annual Reports /17/.
- Another component of the ongoing communication with local stakeholders are the meetings between the six representative chairmen and the members of the ILGs they represent. These meetings serve as a communication link with the most local, smallholders involved in the project and is an opportunity for grievances to be discussed, benefit sharing, and progress of the project. The audit team confirmed these meetings through review of the Annual Reports /17/ and interviews with chairmen and ILG members.

The stakeholder input received during ongoing communication with local stakeholders can be summarized, at a high level, as follows:

- Through interviews with community members and representative chairmen, the audit team found that local stakeholders have presented concerns regarding the delay and/or lack of anticipated benefits received by the communities. The audit team confirmed that there is an acknowledgement that benefits have been received (boats, solar lights, transportation of chairmen, direct payments), but that these benefits are not at the magnitude that was anticipated by some landowners. This has resulted in complaints and disputes described in section 4.3 below.
- Due to the perceived delay in project benefits, several chairmen signed a letter in 2019 (after the monitoring period) to rescind a 2018 MOU /36/ between the project proponent, landowner chairmen, and government bodies. See section 4.3 below for more details on this.
- We also found that allegations were made that the April Salumei REDD Project belonged to the HRHL umbrella company, led by Captain Jacob Tom /35/, which represents a disputing party. The on-going issues regarding disputing claims of project/resource ownership are described in section 2.3.3 of the Monitoring Report.

***The above three points related to disputes and grievances are discussed in greater detail in section 4.3 below

The audit team concludes, overall, that the project proponent has taken appropriate measures to communicate and consult with local stakeholders, through the chairmen meetings as described above, by conveying:

- The project design and implementation, including the results of monitoring.
- The risks, costs and benefits the project may bring to local stakeholders.
- All relevant laws and regulations covering workers' rights in the host country.
- The process of VCS Program validation and verification and the validation/verification body's site visit.

The audit team's conclusion that appropriate measures have been undertaken to communicate the above is justified as follows:

- The project team has conducted local stakeholder consultations in alignment with the approach specified in the PD.
- Given the remoteness of the project area and the communities involved in the project, the project funds the travel of the representative landowner chairmen to a more accessible location /53/. This allows for direct consultation with the chairmen, who then convey communication to the local communities. We concluded this approach to be reasonable and appropriate.
- Complaints, concerns, and suggestions have been received, documented, and addressed throughout the stakeholder consultation process. See section 4.3 below for greater details on this item.
- The project proponent has worked with disputing parties to reach a resolution through the Collaboration Agreement signed in 2023 /42/ which establishes a governance committee to oversee the project activities and benefit sharing. See section 4.3 below for greater details on this item.

4.3 AFOLU-Specific Safeguards

The audit team confirmed through discussions with the project team, interviews with local stakeholders including community members and their representative chairmen, and interviews with the relevant government officials, that the project and the project activities do not pose risks to local stakeholders. The audit team verified the processes used by the project proponent to communicate and consult with local stakeholders during the monitoring period (see section 4.2.2 above).

The audit team conducted an exhaustive review of any disputes or conflicts that arose between the project proponent and the local stakeholders during the 2013 to 2018 monitoring period. Disputes and claims were found pertaining to the resource use/access rights of the carbon project, and these have all occurred after this second monitoring period.¹ As a result, the audit team conducted a thorough review of the carbon project resource use and access rights, as well as any other potential claims to project ownership, and grievances regarding benefit sharing. It is important to note that all documentation supporting the existence of disputes are dated after the 2013-2018 monitoring period. Here we detail various documents, correspondences, and conclusions pertaining to local stakeholder rights, conflicts, and the legal claims made regarding the project:

- **Context of Conflicts:** Evidence (dated 2019 – 2023) demonstrating the presence of disputes pertaining to the project were presented to the audit team /34/-/36//39-40/. Allegations were made that the April Salumei REDD Project belonged to the Hunstein Range Holdings Limited

¹ It is important to note that the ownership of the land has not been a source of dispute—all parties are in agreement that, by law, the land remains under traditional land ownership of the people.

(HRHL) umbrella company, led by Captain Jacob Tom /35/. In 2019, there was also a request sent to the project proponent by David Salio (former project chairman) /36/ to terminate a 2018 MOU between the project proponent, the chairmen, and government agencies /11/.

- Mr. David Salio, who initially served as a project chairman for the Sio Wario Investment was replaced by Webster Salio as chairman /51/ in 2020 after David joined HRHL /36/ without the consent of the ILGs he represented. This resulted in David's departure from the project and the ILGs subsequently selected a new chairman, Webster Salio, to represent them. This was confirmed via on-site interviews with Webster Salio and communication with community members, who confirmed Webster Salio as the official chairman of the Sio Wario Investment.
 - Mr. David Salio and Captain Jacob Tom of the HRHL represented a dissenting faction who attempted to remove RPML from the carbon project /36//40/ and replace it with HRHL as the project owner. The chief complaint of the HRHL was that the benefits received by the stakeholders were limited and less than what was anticipated. Due to the delay in project benefits, several chairmen joined with David Salio and signed the 2019 letter to rescind a 2018 MOU. See details below.
 - Note that the Validated Project Description /23/ and CCB Validation Report /46/, as well as interviews with chairmen during this verification confirmed that the project chairmen and the ILGs they represent did not wish to be represented by the HRHL group since the project outset for various reasons.
- **Audit team Assessment:** We conducted a thorough review of documentation and conducted interviews with relevant parties to identify the rightful owner of the project and to track the status of disputes outlined above.
 - The audit team concluded that RPML holds the rights to develop the carbon project based on the following evidence:
 - Through review of documentation & interviews with officials, we confirmed the carbon rights were initially secured by RPML via an FPIC as documented in the 2012 Carbon Services Deed /6/& ILG Consents for Carbon Services Deed /38/, which are legal agreements serving as *"An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions or removals which vests project ownership in the project proponent"* (VCS section 3.7.1). In receiving agreement to the Carbon Services Deed, the project received free, prior and informed consent of the affected parties (as described in the Validation Report /25/).
 - Furthermore, the 2012 NEC decision /4/, officially granted RPML legal rights by the government of PNG to develop the carbon project. According to interviews with PNG government officials and other stakeholders, the NEC decision is legally binding and grants permanent rights to RPML to develop the carbon project in the April Salumei project area.

- As a result of the claims by HRHL, the 2012 NEC decision was rescinded in 2016 via an NEC decision /4/. Spurred on by this 2016 decision, Sir John Pundari, who served as Minister of the Environment, Conservation and Climate Change during the monitoring period (which oversees the CCDA), conducted an investigation of the April Salumei REDD Project. Sir Pundari reported to the audit team via interviews in 2022 and again in 2023 that he found RPML holds the legal rights to the project and has the support of the rightful landowner chairmen as well as the ILGs who own the land. He found that the benefit sharing plan had been upheld with these parties. He concluded that the claims made by the HRHL were baseless. Mr. Pundari's investigation resulted in the reinstatement of the 2012 NEC decision in 2019 /4/.
- Interviews with CCDA, who oversees REDD projects in the country confirmed that the NEC decision continues to grant RPML legal rights over the April Salumei REDD Project.
- In January 2020, the Prime Minister, James Marape, sent a letter to the then Minister of the Environment asking that the Minister rescind a letter sent to Verra regarding the project /44/. The Prime Minister's letter indicates that RPML is the project proponent via the NEC decision, and it references the results of the investigation conducted by Sir Pundari.
- In January 2023, a letter was sent from the Prime Minister of PNG to RPML /37/, affirming that the NEC decisions are considered final and binding for the duration of the project and grant rights to develop the carbon project to RPML
- The audit team has the following conclusions regarding the 2018 MOU /11/ and the 2019 letter to rescind the MOU/36/:
 - The original MOU /11/ was signed by the six representative landowner chairmen of the project, the PNG Forest Authority, CCDA, the provincial government of East Sepik, and RPML. Through review of the original MOU, the audit team concluded that it is a non-legal agreement outlining the basic tenants of the project and how responsibility will be allocated. It does not convey project ownership.
 - The audit team confirmed via interviews that four of the six company chairmen signed a letter to rescind the MOU /36/, indicating it was the result of frustrations with the delays in receiving project benefits. The project proponent, RPML has confirmed that the delays in project benefits is a result of a delayed verification, which has not been done since 2013. The current verification was delayed due to serious health problems experienced by the project proponent and the COVID-19 pandemic.
 - The audit team confirmed via interviews, on-site observations, and review of financial documentation /52/ and Annual Reports/17/, that project benefits have been received during this monitoring period (e.g., Englewood Tree Planting, LightUp April Saumei solar project, boat motors, transportation of chairman for annual meetings, direct payments to chairmen).
 - Given that the MOU does not convey rights to develop the carbon project, the audit team concludes that rescinding the MOU alone would not have legal implications

regarding the ownership of the project, but rather signifies the presence of a dispute which is documented in the Non-Permanence Risk Report (see section 4.6.5 below).

- The audit team has made the following conclusions regarding recent national government correspondence regarding the project:
 - In January 2023, a letter was sent from the Climate Change Development Authority (CCDA) to Verra /34/ outlining concerns of the effectiveness of benefits sharing. Furthermore, the letter requested access to the project's Verra Registry account be granted for use by the landowner groups. Interviews with Eunice Dus, the senior REDD+ officer at CCDA and drafter of the letter sent to Verra, confirmed that the intention of the letter was only to gain access to the April Salumei REDD Project registry account for greater transparency regarding the funds generated by the project (e.g., credits accrued and their sale price). Ms. Dus indicated there was no intention to revoke the project development rights or transfer rights from RPML to HRHL.
 - We confirmed via interviews with the project proponent and Sir John Pundari, the Minister of Environment, Conservation and Climate Change during the monitoring period, that financial reports regarding the credits sold and income received had been submitted to the PNG government and were used for his internal review of the project. Ms. Dus indicated that during the transition between managing directors of CCDA these documents were not made available to her, potentially demonstrating internal organizational issues rather than a lack of responsiveness from RPML.
 - The letter does emphasize that CCDA has legitimate concerns about the project and its effectiveness in executing the benefits, which were brought about due to complaints made by stakeholders.
 - The audit team conducted interviews with CCDA in April 2023 and confirmed that CCDA agrees that the project proponent is RPML as detailed in the NEC 2012/2019 decisions. CCDA confirmed there have been disputes present in the project area pertaining to the involvement of the HRHL and pertaining to benefit sharing.
 - The audit team has reviewed financial documentation provided by the project proponent /52/ and confirmed that this same documentation was shared with Ms. Dus of CCDA in April 2023 /53/.
 - The January 2023 letter from the Prime Minister to RPML /37/ encouraged the CCDA and the project proponent to work together.
- **Resolution:** In March 2023, the RPML, HRHL (Represented by Captain Jacob Tom and David Salio), and the six representative landowner chairmen (representing 164 ILGs), signed a Collaboration Agreement to Form a Governance Committee /42/.
 - The agreement acknowledges the 2012/2019 NEC decisions affirming that RPML is the project proponent, and that all parties in the agreement will form the April Salumei Landowner Governance Committee to oversee the distribution of benefits arising from the sale of carbon credits.

- This agreement effectively brings a resolution to the dispute between the HRHL represented by Capt Jacob Tom and David Salio, the existing company chairmen, and the project proponent.
- It also provides a resolution to the complaints and concerns presented /11//36/ presented regarding the benefit sharing and transparency in this process. The agreement includes the addition of an outside consultant with expertise in stakeholder engagement and benefit sharing to assist in improving these components of the project.
- Through direct correspondence with Capt Jacob Tom /43//47/, the project proponent--RPML, and a sample of company chairmen that we could get in contact with, the audit team further verified that these parties attest to their agreement and signatures to this Collaborative Agreement/42/.
- We confirmed via interviews with chairmen that the creation of this agreement was overseen by two members of parliament representing the districts in which the project area coincides.
- Lastly, the audit team confirmed via interviews with CCDA and review of email documentation /43/ their awareness of and consent to this Collaborative Agreement. It was indicated by project chairmen and representatives from HRHL that complete documentation regarding the Collaborative Agreement will be shared in a timely manner with the CCDA.

Ultimately, the audit team concludes without reservation that the project proponent, RPML, has held and continues to hold the legal rights to develop the April Salumei REDD Project. However, we did confirm the presence of disputes over resource use rights amongst a small faction of landowners from the HRHL. We confirmed there is general frustration among project stakeholders regarding the delay in anticipated benefits. However, we found through interviews, email correspondence and document review that the project has reached an amicable resolution with the disputing parties and now has the full support and agreement from the landowner company chairmen, the ILGs they represent, and even the HRHL /42//43//47//51/. Through this resolution, the project has also engaged with an outside consultant specializing in stakeholder engagement and community benefit sharing to help ensure the project can prevent such disputes in the future/42/. We also confirmed, through recent email correspondence between CCDA and the project proponent, an increased willingness to work together to ensure transparency of the project activities and benefits sharing /53/.

Through an exhaustive review of documentation, emails, and interviews, the audit team has reached a reasonable level of assurance that the project proponent has taken the appropriate measures to ensure that the project has not created negative impacts on local stakeholders and to ensure that any conflicts involving local stakeholders were effectively resolved.

4.4 Accuracy of GHG Emission Reduction and Removal Calculations

With the exception of any project description deviations and/or methodology deviations described in the above Sections 3.2-3.3 and/or 4.1, the GHG emission reductions and/or removals have been quantified correctly in accordance with the project description and the applied methodology.

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

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

However, as described above in section 2.5.1, during the review and recalculation of the current monitoring period quantification and the findings process, the auditors determined that there were errors in the previous monitoring period quantification that resulted errors in the final VCUs. Some of these errors resulted in underissuances and others resulted in overissuances. These are described in detail below:

	Steps taken by audit team to assess...		
Error discovered & monitoring period affected	Description of the error	Impact of the error	How error was addressed and rectified
Monitoring Period 1 Leakage: Validated leakage deduction factor not applied to the REDD project area (Findings 28, 48)	Through review of the monitoring period 2 quantification, the auditors noted that the VM0007 activity shifting leakage factor of 0.2 which was validated was not applied to the REDD project area (equation 9 of the VMD0009 module).	The auditors independently recalculated the VM0007 leakage and found that the first reporting period leakage totaled 83,164 tCO ₂ .	The auditors confirmed the number of VCUs overissued through review of updated calculation workbook. We confirmed through independent recalculation that this overissuance was deducted from the second reporting period VCUs.

Error discovered & monitoring period affected	Steps taken by audit team to assess...		
	Description of the error	Impact of the error	How error was addressed and rectified
Monitoring Period 1 Buffer - Buffer incorrectly applied for VM0010 area (Finding 50)	As indicated in Risk tool the risk rating shall be multiplied by net change in the project's carbon stocks. The auditors found that the project was first deducting the leakage allocation and then multiplying the risk percentage during the first monitoring period for only the VM00010 area	This error resulted in an overissuance of VCUs in the first monitoring period because leakage was first deducted before the buffer was applied. Therefore, there was an under-allocation of credits to the buffer pool, which ultimately resulted in an overissuance of 13,338 tCO ₂ e	The auditors confirmed the correct number of buffer credits and subsequent VCUs through review of updated calculation workbook and recalculation. We confirmed through independent recalculation that this overissuance was deducted from the second reporting period VCUs

Error discovered & monitoring period affected	Steps taken by audit team to assess...		
	Description of the error	Impact of the error	How error was addressed and rectified
Monitoring Period 1 – Project emissions - Accounting for long-term wood products pool (Finding 27)	The auditors found that the project was deducting emissions associated with long-term wood products from the aboveground live tree carbon pool for the calculation of emissions from deforestation in the project scenario, despite there being no harvested wood products generated during the first monitoring period. This pertains to equations 5 and 6 of the VM0007 M-REDD module.	By assuming additional carbon was stored in harvested wood products during the project scenario, this resulted in an underestimation of project scenario emissions and thus an overissuance of credits associated with the REDD project area. The auditors found through independent recalculation that the project scenario emissions were underestimated. This also impacted the leakage by causing a minor overestimation of leakage emissions, but in order to be conservative, the project did not correct for this.	The auditors confirmed the correct project scenario emissions through independent recalculation and review of the quantification workbooks. We confirmed through independent recalculation that this overissuance was deducted from the second reporting period VCUs

The auditors note that the errors in the first monitoring period impact different aspects of the project scenario, leakage, and buffer quantifications and thus impacts are not always additive. Summing the differences associated with the first monitoring period errors described above results in an overissuance of 97,580 VCUs, which includes 13,338 tCO₂e underissued to the buffer pool. Through independent recalculation of the first monitoring period VCU quantification, the auditors confirm that the over-issuance of VCUs associated with the first Monitoring Period and the subsequent deduction of these VCUs from the second monitoring period is accurate and free of material error. The over-issuance deduction from the second period is further detailed in section 5 below as well as in the monitoring report (section 5.4).

4.4.1 Data and Parameters Available at Validation

Data/Parameter	Steps taken by audit team to assess...		
	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
Project Forest Cover Benchmark Map	N/A (assessed at validation)	Confirmed through the review of the previous monitoring report that the project forest cover monitoring map from the previous monitoring period served as the project forest cover benchmark map for this monitoring period	N/A (assessed at validation)
A (REDD)	Independently recalculated the project area from the shapefiles and KML file reported and compared areas to the PD and MR.	Confirmed through the review of the PD /23/, calculation workbook /21/, and spatial data /18/-/20/,/55/ that the area of the REDD project has remained unchanged. The auditors reviewed the maps in section 1.7 and 1.8 of the MR against the PD maps as well as the shapefile and KML /55/ files provided to confirm they are consistent and there have been no changes.	N/A (assessed at validation)
D%planned,i,t	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that the projected annual proportion of land that will be deforested in the baseline has remained unchanged.	N/A (assessed at validation)
L-D	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that the likelihood of deforestation in the baseline has remained unchanged.	N/A (assessed at validation)

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
PF _c	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
CF	N/A (assessed at validation)	Confirmed a value of 0.47 applied in the calculation workbook as set out in the PD.	N/A (assessed at validation)
D _j	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
LDF	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
LIF	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
PML _{FT}	N/A (assessed at validation)	Confirmed through review of the PD /23/, calculation workbook /21/, and the Forest Trends Report that this value has remained unchanged. This value was utilized to determine the leakage deduction factor confirmed at validation (0.2). The auditors ensured that this factor was applied to correctly when quantifying leakage.	N/A (assessed at validation)

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
PMP_i	N/A (assessed at validation)	Confirmed through review of the PD /23/ calculation workbook /21/, and the Forest Trends Report that this value has remained unchanged. This value was utilized to determine the leakage deduction factor confirmed at validation (0.2). The auditors ensured that this factor was applied to correctly when quantifying leakage.	N/A (assessed at validation)
$V_{BSL,EX,i,t}$	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/. The auditors noted that there was an error reported in the PD and thus the project team has implemented a PD deviation to address this reporting error, which is described above in section 3.3.	N/A (assessed at validation)
$f_{j(x,y)}$	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that the allometric equations and application of those equations has remained unchanged.	N/A (assessed at validation)
R	N/A (assessed at validation)	The validated value of 0.24 was applied. However, we discovered an error in the PD /23/ which stated a value of 0.37 was applied. Thus see PD deviation #9 in section 3.3 above.	N/A (assessed at validation)
SLF_{ty}	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)

Data/Parameter	Steps taken by audit team to assess...		
	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
WW_{ty}	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
G_{gi} (combustion emission factor for CH ₄ and N ₂ O)	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged. There have not been any emissions from burning during this monitoring period.	N/A (assessed at validation)
COMF _i Combustion factor for stratum <i>i</i> (vegetation type)	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ these values have remained unchanged. There have not been any emissions from burning during this monitoring period.	N/A (assessed at validation)
C _{REDD,t}	Conducted an independent recalculation of equation 13 from the BL-PL module.	Confirmed that the baseline greenhouse gas emissions reductions reported in the PD have remained unchanged. However, see PD deviation #8 above, which details how the allocation of baseline emissions for partial year 4b was amended for increased accuracy and to avoid double counting.	N/A (assessed at validation)
D% _{pn}	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
$U_{REDD-BSL,SS,i,pool\#}$	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
Yr_{Spn}	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
DBH	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbooks /21/ that the original inventory data and measurements continue to be applied for the baseline scenario.	N/A (assessed at validation)
A_i (IFM)	Independently recalculated the project area from the shapefiles and KML reported and compared areas to the PD and MR.	Found a small difference in the IFM project area, which was due to a change in the remote sensing methodology. These are both documented as PD deviations which have been validated. There is no impact on the quantification as the validated area is applied, which is a slightly smaller area and is ultimately conservative. The auditors reviewed the maps in section 1.7 and 1.8 of the MR against the PD maps as well as the shapefile and KML /55/ files provided to confirm they are consistent and there have been no changes.	N/A – no default values applied.
$VI_{j,i,sp}$	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that these values have remained unchanged.	N/A (assessed at validation)
$V_{EX,j,i BSL}$	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
$A_{1,i,p}$	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
$A_{2-10,i,p}$	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
A_t^*	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
$BCEFR$	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
OF,SLF,WW	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that these values have remained unchanged.	N/A (assessed at validation)
RGR_i	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that these values have remained unchanged.	N/A (assessed at validation)

4.4.2 Data and Parameters Monitored

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
Project Forest Cover Monitoring Map	Conducted an independent review of the remote sensing classification using ancillary imagery.	There have been several PD deviations (#3-6 in section 3.3 above) pertaining to the methods used to map forest cover in the project area. The audit team has crosschecked the deviations against the methodology requirements and determined they are valid.	N/A
Degradation PRA Results (VM0007)/ Illegal Logging PRA results (VM0010)	Reviewed the PRA results /14/, the questionnaire used, and the standard operating procedures /30/ guiding the consultations conducted by the chairman. We also conducted interviews with the chairmen who completed the PRA questionnaire survey. Overall, we have concluded that the PRA and the reported results serves as sufficient evidence for the lack of degradation in the project areas.	Confirmed that the monitoring approach as outlined in the PD /23/ has been followed. We reviewed the PRA procedures /30/, questionnaires, and results /14/ and confirmed that they indicated no degradation is occurring in the project area.	N/A
Result of Limited Degradation Survey (VM0007)/ Result of Limited Illegal Logging Survey (VM0010)	N/A degradation PRA indicated no degradation	N/A degradation PRA indicated no degradation /14/	N/A

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
$A_{DefPA,i,u,t}$	Confirmed through independent recalculation from the shapefile provided. Also independently reviewed remote sensing imagery.	Confirmed that the monitoring approach as outlined in the PD /23/ has been followed. However, there have been several PD deviations (#3-6 in section 3.3 above) pertaining to the methods used to map forest cover in the project area. The audit team has crosschecked the deviations against the methodology requirements and determined they are valid.	N/A
$A_{DegW,i}$	N/A degradation PRA indicated no degradation	N/A degradation PRA indicated no degradation /14/	N/A
$A_{DistPA,q,l,t}$	Confirmed through independent recalculation from the shapefile provided. Also independently reviewed remote sensing imagery. Confirmed that a negligible and insignificant area has been affected by natural disturbances.	Confirmed that the monitoring approach as outlined in the PD /23/ has been followed. However, there have been several PD deviations (#3-6 in section 3.3 above) pertaining to the methods used to map forest cover in the project area. The audit team has crosschecked the deviations against the methodology requirements and determined they are valid.	N/A
AP_i	N/A degradation PRA indicated no degradation	N/A degradation PRA indicated no degradation /14/	N/A
$C_{DegW,i,t}$	N/A degradation PRA indicated no degradation	N/A degradation PRA indicated no degradation /14/	N/A

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
A_{sp}	Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data, areas, and carbon stocks were applied during this monitoring period.	No new inventory was conducted as is set out in the PD. Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data and areas were applied.	N/A
N	Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data, areas, and carbon stocks were applied during this monitoring period.	No new inventory was conducted as is set out in the PD. Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data and areas were applied.	N/A
A_{sf}	Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data, areas, and carbon stocks were applied during this monitoring period.	No new inventory was conducted as is set out in the PD. Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data and areas were applied.	N/A
$C_{AB,tree,i}$	Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data, areas, and carbon stocks, and uncertainties were applied during this monitoring period.	No new inventory was conducted as is set out in the PD. Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data and areas were applied.	N/A

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
$C_{LI,i}$	Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data, areas, and carbon stocks, and uncertainties were applied during this monitoring period.	No new inventory was conducted as is set out in the PD. Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data and areas were applied.	N/A
A_i (CP-W module)	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
$V_{ex,i}$	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
$A_{planned,i}$	N/A (assessed at validation)	Confirmed through review of the PD /23/ and calculation workbook /21/ that this value has remained unchanged.	N/A (assessed at validation)
$A_{burn,i,t}$	Confirmed by reviewing the field monitoring reports results /9/	Confirmed through review of the PD /23/ that monitoring of area burned was carried out as specified in the PD.	N/A (assessed at validation)

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
$E_{REDD-WPS,SS,i, Pool\#}$	Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data, areas, and carbon stocks, and uncertainties were applied during this monitoring period.	No new inventory was conducted as is set out in the PD. Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data and areas were applied.	N/A
$U_{REDD-WPS,SS,i,pool\#}$	Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data, areas, and carbon stocks, and uncertainties were applied during this monitoring period.	No new inventory was conducted as is set out in the PD. Confirmed through review of the PD /23/ and calculation workbook /21/ the validated baseline inventory data and areas were applied.	N/A

4.5 Quality of Evidence to Determine GHG Emission Reductions and Removals

4.5.1 Nature of Data and Information Supporting GHG Quantification

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

- Project emission reductions were derived using a baseline rate of deforestation which is based on projections. The audit team confirmed through review of the validated PD, that the baseline rate of deforestation applied during this monitoring period is in agreement with the values reported in the validated PD (aside for PD Deviation #8 described in section 3.3 above). The audit team confirmed that this baseline rate of deforestation during this monitoring represents the planned deforestation that would have occurred without the project.

None of the data supporting the quantification of GHG emission reductions and/or removals were hypothetical, projected and/or historical in nature.

4.5.2 Quality and Quantity of Evidence Used to Determine GHG Quantification

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

	Steps taken by audit team to assess...		
Category	Reliability of the evidence, and source and nature of evidence (external or internal, oral or documented) for determination of GHG emission reductions or removals	Information flow from data generation and aggregation, to recording, calculation and final transposition into the MR	Appropriateness of implemented calibration frequency of monitoring equipment
Calculation workbooks	Replication of calculations and parameters to verify that workbooks are free of material error and, thus, reasonably reliable	Tracing of information through workbooks to source data (/21/-/22/)	N/A
Analysis of remotely sensed imagery	Through review of procedures and independent review of satellite imagery, audit team can confirm this evidence is highly reliable	Through review of spatial analysis processes, audit team confirmed that data were appropriately transcribed into the calculation workbooks (see above)	Audit team confirmed that source data for this analysis is the Landsat program, an official program of the United States government that can be assumed to have industry-standard calibration procedures in place to ensure high-quality data.

	Steps taken by audit team to assess...		
Category	Reliability of the evidence, and source and nature of evidence (external or internal, oral or documented) for determination of GHG emission reductions or removals	Information flow from data generation and aggregation, to recording, calculation and final transposition into the MR	Appropriateness of implemented calibration frequency of monitoring equipment
Quantification reporting in the Monitoring Report	Through independent review of the data and information provided in the monitoring report, the auditors can confirm the information regarding the quantification of GHG emissions reductions as reported in the MR is accurate and complete. Details on the quantification approach including references to the equations applied and parameter values are included in Appendix D of the MR.	The auditors confirmed that the details described in the MR (section 5.0 and Appendix D) are consistent with the calculations files provided and that a sufficient level of detail has been included in the MR to enable an external reader to replicate the quantification.	N/A

	Steps taken by audit team to assess...		
Category	Reliability of the evidence, and source and nature of evidence (external or internal, oral or documented) for determination of GHG emission reductions or removals	Information flow from data generation and aggregation, to recording, calculation and final transposition into the MR	Appropriateness of implemented calibration frequency of monitoring equipment
Project area	The auditors reviewed the spatial files including the shapefile and kml file /55/ of the project areas (both REDD and IFM) and through independent review and recalculation we ensure that the areas accurately represent the validated project areas both in total area and location. Through independent recalculation we confirmed that these areas were used throughout the quantification of emission reductions as well.	Through independent review against the MR requirements, the auditors confirmed that the information presented in sections 1.7 and 1.8 of the Monitoring Report regarding the project areas is clear and consistent with the shapefiles, KML file /55/, and the areas used the quantification workbooks.	N/A

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

4.6 Non-Permanence Risk Analysis

The reported value of the overall risk rating, as determined based on the risk analysis documented in the NPRR, was 10%.

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

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

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

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

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

4.6.1 Internal Risk - Project Management

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	• The project continues to be based on natural regeneration and improved forest management. In review of management planning documents and interviews with project personnel, the audit team confirmed that the planting of species that are "not native or proven to be adapted to the same or similar agro-ecological zone(s) in which the project is located" continues to be excluded from the scope of the project activity	• April Salumei REDD Project Description /23/ is a thorough document with high quality data that is consistent with supporting documentation.	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(b)	The audit team confirmed through interviews with project personnel and documentation /9//14/ that the site is remote with low population density, therefore encroachment is of low risk. In addition, the project area continued to have patrol supervisions to ensure that no illegal logging occurred.	Field monitoring reports /9//14/are consistent, follow the monitoring templates and viewed as high quality	Risk rating is appropriate
(c)	- The audit team was able to confirm, through review of project personnel CVs (/2/) and interviews with project personnel that the management team continues to include individuals with significant experience in each of the skills required for effective project implementation. - This same management team has been constant throughout the duration of the project and has successfully guided the project through implementation	CVs /2/ of project personnel, which support the project personnel experience, and are therefore presumed to be high quality and accurate.	Risk Rating is appropriate
(d)	Confirmed during the site visit that the local project manager and the lead technical advisor of the project are located within 1 day travel to the project area.	N/A	Risk rating is appropriate
(e)	- The audit team can affirm that the management team includes individuals that have already guided this project through successful validation, verification and issuance of GHG credits of the project under the VCS Program, as demonstrated by credit issuance relating to GHG emission reductions attributable to prior monitoring periods (the management team has remained largely constant over time). - Evidence of prior credit issuance may be found on the VCS Project Database	Evidence of prior credit issuance may be found on the VCS Project Database (https://registry.verra.org/app/projectDetail/VCS/1122), which is presumed to be of high quality.	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(f)	The audit team confirmed by reviewing provided documentation and through interviews with project personnel that the project implements an Adaptive Management Plan in their general Forest Management Plans.	Adaptive Management Plan /3/ is a thorough document with high quality data that is consistent with supporting documentation	Risk rating is appropriate

4.6.2 Internal Risk – Financial Viability

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	N/A	N/A	Risk rating is appropriate
(b)	N/A	N/A	Risk rating is appropriate
(c)	N/A	N/A	Risk rating is appropriate
(d)	The audit team reviewed the project cash flow /32/ including the assumptions on carbon pricing /33/ and the costs and revenues related to the project. We confirmed that the project is less than 4 years from the breakeven point, as it has already reached break even in the first monitoring period.	- Documentation on carbon pricing assumptions is from credible sources and are in published reports /33/ which are of high-quality. - Costs and revenues associated with management activities are conservative estimates /32/	Risk rating is appropriate
(e)	N/A	N/A	Risk rating is appropriate
(f)	N/A	N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(g)	N/A	N/A	Risk rating is appropriate
(h)	The audit team reviewed the project cash flow /32/ including the assumptions on carbon pricing /33/ and the costs and revenues related to the project. We confirmed that the project is less than 4 years from the breakeven point, as it has already reached breakeven during the first monitoring period. Furthermore, audit team confirmed “Letter of Support” from parent entity to meet funding and cash flow obligations for project /31/	- Documentation on carbon pricing assumptions is from credible sources and are in published reports /16/ which are high-quality - Confirmed through independent review of carbon pricing that the revenues associated with management activities are conservative estimates /32/	Risk rating is appropriate
(i)	N/A	N/A	Risk rating is appropriate

4.6.3 Internal Risk – Opportunity Cost

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	N/A	N/A	Risk rating is appropriate
(b)	N/A	N/A	Risk rating is appropriate
(c)	N/A	N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(d)	The audit team confirmed that the most profitable alternative land use would be timber harvesting. We independently compared the NPV analysis for the project to the without project (baseline) scenario and found that the alternative land use NPV would be <20% more profitable than the project activity.	- Documentation on carbon pricing assumptions is from credible sources and are in published reports /16/ which are high-quality - Costs and revenues associated with management activities are conservative estimates /15/	Risk rating is appropriate
(e)	N/A	N/A	Risk rating is appropriate
(f)	N/A	N/A	Risk rating is appropriate
(g)	N/A	N/A	Risk rating is appropriate
(h)	Through interviews with the client and review of the supporting document, including the Forest Management Agreement /7/, the Carbon Services Deed and supporting ILG agreements /6//38 and the NEC decisions /4/ the audit team confirmed that the project is legally protected for the entirety of the project's longevity	- The FMA /7/ and the NEC decisions /4/ are confirmed legal document produced by the government of Papua New Guinea and are deemed to be of high quality. - The Carbon Services Deed and supporting ILG agreements /6//38/ contain all relevant signatures and were brokered by lawyers.	Risk rating is appropriate
(i)	N/A	N/A	Risk rating is appropriate

4.6.4 Internal Risk – Project Longevity

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	N/A	N/A	Risk rating is appropriate
(b)	Through interviews with the client and review of the supporting document, including the Forest Management Agreement /7/, the Carbon Services Deed and supporting ILG agreements /6//38/, and the NEC decisions in 2012 and 2019 /4/ the audit team confirmed that the project is legally protected for the entirety of the project's longevity.	- The FMA /7/, Carbon Services deed /6//38/ and the NEC decisions /4/ are confirmed legal documents are deemed to be of high quality. - The NEC decision /4/ is an official government document, so it is reliable and robust. Interviews with government officials, including the CCDA, indicate that it is a permanent legal agreement that could only be revoked via an NEC decision.	Risk rating is appropriate

4.6.5 External Risk – Land Tenure and Resource Access/Impacts

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	N/A – Ownership and resource/access use rights are not held by the same entity.	N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(b)	- Through discussions with the client and review of documentation pertaining to carbon project ownership /4//6//38/, the audit team confirmed that the land in the Project Area is under customary ownership, which is formalised via Incorporated Land Groups (ILGs), which are recognized under Papua New Guinea's Lands Group Incorporation Act (1974). We also confirmed that the resource/use rights are allocated to the project proponent, RPML, by the 2012 Carbon Services Deed /6/ and corresponding ILG Consent for Carbon Services Deeds signed by all 164 incorporated land groups (ILGs) and their representative chairmen /38/. The National Executive Council 2012 decision /4/ further established the legal grounds for the ownership of carbon rights and the carbon project by the RMPL. - Through the review of the above documents, interviews with the project proponent, government officials, and the landowners, the audit team concludes that the land ownership and the resource access/use rights are held by different entity(s) which is accurately reflected in the NPRR.	- The NEC decision /4/ is an official government document, so it is reliable and robust. Interviews with government officials indicate that it is a permanent legal agreement that could only be revoked via an NEC decision. - The Official Carbon Deed /6/ is an official legal document with signatories from all relevant parties and brokered by a law firm, so it is reliable and robust - The ILG Consent for Carbon Services Deeds /38/ are signed official documents that support the 2012 Carbon Services Deed /6/.	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(c)	Through discussions with government officials (former minister of Environment, Conservation and Climate Change and current representations from the Climate Change Development Authority), a review of the Papua New Guinea's Lands Group Incorporation Act (1974), the 1996 Forest Management Agreement, the 2012 Carbon Services Deed /6/ and corresponding ILG Consent for Carbon Services Deeds /38/ signed by all 164 incorporated land groups (ILGs) and their representative chairman, and interviews with the project proponent, the audit team confirmed that the land ownership belongs to the ILGs and that there is no dispute over the land ownership.	- The Official Carbon Deed /6/ is an official legal document with signatories from all relevant parties and brokered by a law firm, so it is considered reliable and robust. - The ILG Consent for Carbon Services Deeds /38/ are signed official documents that support the 2012 Carbon Services Deed /6/.	Risk rating is appropriate
(d)	- Through review of relevant documentation provided to the audit team /34/-/36//39//40//, as well as the details described in Table 11 of the Monitoring Report, and interviews with PNG government officials, chairmen of the project, and disputing parties, the audit team confirmed that disputes over resources/use access pertaining to the carbon rights exist. - See section 4.3 above for more details.	The documents supporting the existence of disputes are generally considered of high quality as several are sourced from government officials and they contain relevant signatures.	Risk rating is appropriate
(e)	N/A	N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(f)	- The audit team reviewed the legally binding NEC decisions /4/ in which the PNG government officially endorsed the April Salumei REDD Project and RPML as the project proponent. We confirmed the significance of the NEC decision through interviews PNG government officials and specialists who indicated that the NEC decisions are binding and grant the project to RPML. - Furthermore, the audit team reviewed the Carbon Services Deed/6/ and corresponding ILG Consent for Carbon Services Deeds signed by all 164 ILGs and their representative chairmen, to confirm the terms of the project and the legal nature of these agreements. - These documents demonstrate that the project is protected by a legally binding commitment to continue management practices over the length of the crediting period.	- The NEC decision /4/ is an official government document, so it is reliable and robust. Interviews with government officials indicate that it is a permanent legal agreement that could only be revoked via an NEC decision. - The Official Carbon Deed /6/ is an official legal document with signatories from all relevant parties and brokered by a law firm, so it is reliable and robust - The ILG Consent for Carbon Services Deeds /38/ are signed official documents that support the 2012 Carbon Services Deed /6/.	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(g)	- The audit team confirmed through review of relevant documentation and interviews with project personnel and stakeholders that disputes over resource access/use rights exist (see item d above). - We also confirmed through review of the Collaboration Agreement /42/ between RPML and the landowner companies as well as the community members who were the source of the disputes, that an agreement has been established on 27 March 2023 to resolve the dispute through the creation of a Governance Committee. - We also reviewed email correspondences in which the agitators driving the dispute (HRHL) notified the PNG government (CCDA) of this Collaboration Agreement and goal to unite and work together with the project proponent, RPML/43/. The audit team concludes that this Agreement serves as documentary evidence that the project has implemented activities to resolve the disputes. - See section 4.3 above for more details of this dispute and resolution.	- The Collaboration Agreement /42/is considered to be of high quality. It is signed by current chairmen of the Project, disputing parties, and the Project proponent. - The audit team confirmed that notification of this Collaboration Agreement was provided to the CCDA on 28 March 2023.	Risk rating is appropriate

4.6.6 External Risk – Community Engagement

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	Confirmed through on-site interviews with community members and project personnel as well as the review of project documentation regarding stakeholder engagement meetings /17/ that greater than 50% of the households living with the project area who are reliant on the project area have been consulted.	N/A	Risk rating is appropriate
(b)	Confirmed through on-site observations and review of project documentation and maps, the audit team confirmed that all communities reliant on the project and living within 20 km of the project boundary have been consulted.	N/A	Risk rating is appropriate
(c)	- The audit team confirmed that a participatory rural assessment (PRA) was conducted involving chairmen interviews to confirm the project has delivered benefits /13/. - Furthermore, the project team provided annual reports /17/ that outline community engagement on a yearly basis as well as details what benefits were delivered and when (including financial information on the benefit).	The PRA was conducted by a single chairman but this chairman included interviews with 5 of the 6 landowner companies, thus is relatively thorough.	Risk rating is appropriate

4.6.7 External Risk – Political Risk

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	N/A	N/A	Risk rating is appropriate
(b)	Audit team independently recalculated Papua New Guinea's governance score through World Bank Institute's Worldwide Governance, as downloaded from http://info.worldbank.org/governance/wgi/#home as -0.60.	The Worldwide Governance Indicators are required for use by the AFOLU Non-Permanence Risk Tool and are thus considered to be of high quality	Risk rating is appropriate
(c)	N/A	N/A	Risk rating is appropriate
(d)	N/A	N/A	Risk rating is appropriate
(e)	N/A	N/A	Risk rating is appropriate
(f)	- Audit team has independently verified through internet searches that Papua New Guinea is a signatory of the UN REDD programme. - Papua New Guinea is also receiving REDD+ readiness funding from the World Bank Forest Carbon Partnership (https://www.forestcarbonpartnership.org/country/papua-new-guinea)	The UN REDD programme is of high quality and expects high standards from its member nations. https://www.un-redd.org/partner-countries/asia-pacific/papua-new-guinea	Risk rating is appropriate

4.6.8 Natural Risk

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
Fire			
L	Audit team confirmed through review of annual reports and monitoring documentation and interviews with project personnel and local communities that the project area has not seen any fires during the monitoring period suggesting that fire risk has not changed since the previous risk assessment.	N/A	Risk rating is appropriate
S	The audit team confirmed through discussions with project personnel that the significance of fire events has remained unchanged. The project area is a tropical rainforest and spread of fire from communities is low and generally insignificant. This risk score is considered conservative.	N/A	
M	The audit team confirmed through discussions with project personnel and local communities that training and informational sessions on firewood use and risk of fire has been provided.	N/A	
Pest and Disease Outbreaks			
L	The audit team applied expert knowledge of diverse tropical forest systems as well as review of referenced publications in the NPRR /1/ to confirm that the likelihood of insect and disease outbreaks are unlikely.	Peer-reviewed scientific publications are considered high quality.	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
S	- Through interviews with project personnel, the audit team confirmed that no known pest/disease outbreaks have recently occurred in the project area and, therefore, the risk significance remains unchanged to the project area. Project senior staff from PNG Forest Research Institute, Prof Simon Saulei and Bruno Kuroh also confirmed that there are no reports of pest and disease incidence in native forest in PNG. - The audit team applied expert knowledge of diverse tropical forest systems as well as review of referenced publications in the submitted NPRR to confirm that the likelihood of insect and disease outbreaks are unlikely and insignificant.	Project senior staff is well-informed and knowledgeable about the local conditions. Their expertise on this subject is valid	
M	N/A	N/A	
Extreme Weather			
L	Audit team reviewed World Bank literature provided to confirm that this risk was and continues to not be applicable to the project area. The project applied a conservative risk likelihood score.	The World Bank is an international renowned organization and its research and data are considered reliable and high quality	Risk rating is appropriate
S	Through interviews with project senior staff and local inhabitants, the audit team confirmed that no known extreme weather events have recently occurred in the project area and, therefore, the risk remains not applicable to the project area. The project therefore applied a conservative risk significance score.	Project team is well-informed and knowledgeable about the local conditions. Their expertise on this subject is valid	
M	N/A	N/A	

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
Geological Risk			
L	Audit team reviewed US Geological Survey (USGS) literature provided to confirm that this risk was and continues to not be applicable to the project area.	The USGS is a government agency and its research and data are considered reliable and high quality	Risk rating is appropriate
S	Through interviews with project senior staff and local inhabitants, the audit team confirmed that no known geologic risks in the project area and, therefore, the risk remains not applicable to the project area. Nonetheless if a geologic event occurred it may result in the loss of carbon stocks, thus a conservative estimate of risk significance was applied.	Project senior staff is well-informed and knowledgeable about the local conditions. Their expertise on this subject is valid	
M	N/A	N/A	
Other natural risk			
L	N/A	N/A	Risk rating is appropriate
S	Through interviews with project senior staff and local inhabitants, the audit team confirmed that no known natural risk in the project area and, therefore, the risk remains not applicable to the project area	Project senior staff is well-informed and knowledgeable about the local conditions. Their expertise on this subject is valid	
M	N/A	N/A	

5 VERIFICATION CONCLUSION

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

- The project complies with the verification criteria for projects and their GHG emission reductions or removals set out in VCS Version 4.
- The project has been implemented in accordance with the validated project description and any subsequently validated variations.

Furthermore, the audit team asserts, specifically in respect of those aspects of the project assessed as part of the validation activities described in Section 3 above, that the project complies with the validation criteria for projects set out in VCS Version 4.

Verification period: From 1-January-2013 to 31-December 2018

Verified GHG emission reductions and removals in the above verification period (without deduction of the MP1 overissuance described in section 4.4 above):

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)	Buffer pool allocation	VCUs eligible for issuance
2013	411,906	63,095	86,378	262,433	34,881	227,552
2014	412,625	56,654	85,855	270,116	35,597	234,519
2015	449,472	56,654	93,117	299,702	39,282	260,420
2016	486,320	56,653	100,379	329,287	42,967	286,320
2017	523,168	56,654	107,642	358,873	46,651	312,222
2018	560,017	56,653	114,904	388,459	50,336	338,123
Total	2,843,508	346,363	588,275	1,908,870	249,714	1,659,156

- Net change in carbon stocks: 2,497,141 tCO₂e (baseline minus project emissions)
- Non-permanence risk rating (see Section 4.6 above): 10%
- Total number of buffer credits to be deposited into AFOLU pooled buffer account: 249,714 credits
- The auditors confirmed through independent recalculation that the verified ex-post emission reductions and removals are 32.9% percent lower than the validated ex-ante emission reductions and removals /23/ which is a result of accounting for ex-post project emissions and leakage emissions that were not included in the PD ex-ante assessment.

However, due to the quantification errors and overissuance of VCUs discovered from the first Monitoring Period and described above in section 4.4 and 2.5.1, the overissuance (97,580 tCO₂e) has been deducted from vintage 2013 in the second monitoring period. Note that the VCU overissuance was also the result of a buffer underissuance (13,338 tCO₂e), thus the 2013 buffer was also adjusted accordingly. Therefore, the table below details the number of VCUs eligible for issuance in the second Monitoring Report considering the discount in vintage year 2013 due to overissuance from the first monitoring 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)	Buffer pool allocation	VCUs eligible for issuance
2013	411,906	63,095	86,378	262,433	48,219 ²	129,972 ³
2014	412,625	56,654	85,855	270,116	35,597	234,519
2015	449,472	56,654	93,117	299,702	39,282	260,420
2016	486,320	56,653	100,379	329,287	42,967	286,320
2017	523,168	56,654	107,642	358,873	46,651	312,222
2018	560,017	56,653	114,904	388,459	50,336	338,123
Total	2,843,508	346,363	588,275	1,908,870	263,052	1,561,576

² Includes additional 13,338 buffer pool credits from MP1 adjustment.

³ Accounts for deduction of 97,580 credits from MP1 adjustment.

APPENDIX A: LIST OF FINDINGS

Please see the above Section 2.5 for a description of the findings issuance process and the categories of findings issued. It should be noted that all language under “Project Personnel Response” is a verbatim transcription of responses provided to the findings by project personnel.

NCR 1 Dated 22 Jul 2022

Standard Reference: VCS v4.3; VCS-Monitoring-Report-Template-v4.1

Document Reference: April Salumei_Monitoring Report_M2

Finding: Section 3.4.3 of the VCS states “The project proponent shall use the VCS Monitoring Report Template or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template.” Latest version of the monitoring report template available on the Verra website is version 4.1, which was released on 20 January 2022 and replaces all previous versions of the monitoring report. However, version 4.0 of the template is utilized by the project team. On page 47 onward the header indicates that version 3.0 of the template is used. The audit team notes that the contents of the templates are mostly identical aside for some differences in the requirements for each section. Please update the monitoring report to the latest version of the template.

Project Personnel Response: Following the recommendation from the Audit team, we have adopted the VCS Monitoring report version 4.1

Auditor Response: The audit team confirmed that the monitoring report was updated to version 4.1 (VCS_AS_VerM2_v4.1_FINAL.pdf). This finding has been closed.

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

NCR 2 Dated 22 Jul 2022

Standard Reference: VCS v4.3; VCS-Monitoring-Report-Template-v4.1

Document Reference: April Salumei_Monitoring Report_M2

Finding: This finding pertains to Finding #1 above as it is related to one of the template requirement changes between version 4.0 and 4.1 of the VCS Monitoring Report Template. Section 1.11 of the VCS Monitoring Report (v4.1) states “Provide a brief description that includes the following (no more than 100 words):

- A summary description of project activities implemented during the monitoring period that result in SD contributions (i.e., technologies/measures implemented, activity location).
- An explanation of how project activities result in the SD contributions described in Table 1 of this report.
- Identification of which SD contributions described in Table 1 of this report contribute to achieving any nationally stated sustainable development priorities, including any provisions for monitoring and reporting the same.

Evidence of the project’s SD contributions shall be provided as appendices to this report.

Activities implemented during previous monitoring periods shall not be described in this report. Where no activities were implemented during the monitoring period, state as such.

Using Table 1 below, provide the project’s quantifiable contributions to specific targets and indicators of the Sustainable Development Goals (SDGs) for the monitoring period. Use the official list of SDG Targets and Indicators (available here) to identify the SDG Targets to which the project has contributed. Evidence for each contribution shall be identified in accordance with Section 1.11.

Contributions should be aligned with the SDGs, as follows:

- Where possible, relate all contributions to official SDG targets and indicators. Refer to the SDG metadata repository (available here) for guidance on the definitions and concepts included in the SDG indicators (see the examples in rows 1 and 2 in the table below).
- While climate change and mitigation activities relate to SDG 13, they do not align with any SDG 13 target. For climate change mitigation impacts, write “13.0” in the SDG target column and use the indicator “Tonnes of greenhouse gas emissions avoided or removed” (see the example in row 3 in the table below).
- Where a project’s self-defined measure for tracking a benefit does not align with an official SDG indicator, do not provide an indicator number. Instead, write a project-specific indicator that relates to the most appropriate SDG target (see the example in row 4 in the table below).

Document total project contributions since the project start date, previous SD contribution monitoring period, or VCS monitoring period in the “Current Project Contributions” column and the cumulative contributions over the project lifetime in the “Contributions Over the Project Lifetime” column in Table 1 below. The cumulative impact should be calculated by summing the current project contributions with all impacts included in previously approved VCS monitoring reports or Sustainable Development Contribution Reports.

Remove rows 1-4 of Table 1 below, which serve as instruction and examples. Add or remove other rows from the table as necessary.”

Section 1.11 simply provides a description of how the project contributes to sustainable development targets. It does not include the table required by the VCS MR template or meet the requirements of this section of the template. Please update the Monitoring Report to conform with the template requirements. Please provide any evidence of the project’s SD contributions as appendices to the monitoring report.

Project Personnel Response: Following the new VCS v4.1 template, the table 1 was completed with the information on the SGD targets and indicators.

Auditor Response: The audit team confirmed that Table 4 of the monitoring report template was added to section 1.11. We confirmed that all components of section 1.11 have been addressed in the latest Monitoring Report (VCS_AS_VerM2_v4.1_FINAL.pdf). This finding has been closed.

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

NCR 3 Dated 22 Jul 2022

Standard Reference: VCS v4.3; VCS-Monitoring-Report-Template-v4.1

Document Reference: April Salumei_Monitoring Report_M2

Finding: This finding pertains to Finding #1 above as it is related to one of the template requirement changes between version 4.0 and 4.1 of the VCS Monitoring Report Template. Section 2.2 of the VCS Monitoring Report template v4.1 requires the following: “Describe the process for, and the outcomes from, ongoing communication with local stakeholders conducted prior to verification. Include details on the following:

- The procedures or methods used for engaging local stakeholders (e.g., dates of announcements or meetings, periods during which input was sought).
- The procedures or methods used for documenting the outcomes of the local stakeholder communication.
- The mechanism for on-going communication with local stakeholders.
- How due account of all and any input received during ongoing communication has been taken. Include details on any updates to the project design or justify why updates are not appropriate.

For AFOLU projects, also demonstrate how the project has communicated the following with local stakeholders:

- The results of project implementation, including the results of monitoring.
- Any changes, where relevant, to risks, costs and benefits the project may bring to local stakeholders.
- Any changes, where relevant, to relevant laws and regulations covering workers’ right in the host country.
- The process of VCS Program verification and the validation/verification body’s site visit.”

Section 2.2 of the project monitoring report provides a thorough account of the stakeholder consultations during the monitoring period, however the description is missing some key components required by the template such as:

1. how the project has communicated the process of VCS Program verification and the validation/verification body’s site visit
2. how the project has communicated the results of project implementation, including the results of monitoring
3. How due account of all and any input received during ongoing communication has been taken.

Please update the MR to address all components of the template requirements for section 2.2.

Project Personnel Response: In Section 2.2. we included a paragraph explaining the role of the community leaders in the rural appraisals and the field monitoring program.

In the tables presented in this section, we have also added a column including the mechanisms for on-going communication with local stakeholders for each of the mentioned activities.

At the end of the section, we included the following paragraph regarding the M2 visit project communication protocols.

“In a meeting held in Wewak (PNG), all the Landowner Chairman were advised by the Project Manager of the ASWG that the project will undergo a second monitoring period (M2) under the VCS Verification Program. During this meeting, the group discussed the steps involved in this process including the preparation of the selected villages for the sites visits planned by the SCS global services audit team. Once the SCS selected the villages they wanted to visit, preparations were made for the audit team and the Project Manager of the ASWG to travel to the villages and meet the locals and the remaining Landowner Chairman”.

Auditor Response: The audit team confirmed that Section 2.2 of the Monitoring Report (VCS_AS_VerM2_v4.1_FINAL.pdf) has been updated to provide additional information about the participatory nature of the stakeholder consultations as well as how the communities were informed about the audit process. This finding has been closed.

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

NCR 4 Dated 22 Jul 2022

Standard Reference: VCS v4.3; VCS-Monitoring-Report-Template-v4.1

Document Reference: April Salumei_Monitoring Report_M2

Finding: Section 2.1.1 of the MR Template requires the following: “Describe and justify any methodology deviations applied during this monitoring period. Include evidence to demonstrate the following:

- The deviation does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.
- The deviations relate only to the criteria and procedures for monitoring or measurement, and do not relate to any other part of the methodology.”

Section 2.1.1 of the MR documents 3 methodology deviations. While description of each deviation is provided, there is no demonstration, evidence, or discussion presented indicating the deviation does not negatively impact conservativeness. The audit team requests that a clear demonstration that each deviation does not impact the conservativeness of the quantification be provided

Project Personnel Response: In the section 3.2 of the present M2 we discussed all the different methodology and project deviations requested by the project proponent.

Auditor Response: The audit team confirmed that section 3.2.1 of the Monitoring Report was updated to include a discussion of all intended deviations and now identifies the impact (or lack thereof) on the conservativeness principle. This finding has been closed.

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

NIR 5 Dated 22 Jul 2022

Standard Reference: VCS v4.3

Document Reference: VCS_7_10_Calculator_M2_31012022vA01_AR4+IPCC.xlsx; April Salumei_Monitoring Report_M2; ProjectDescription_AprilSalumei_FINAL.pdf

Finding: Section 3.2.2 of the MR template requires the following: “Describe any project description deviations applied during this monitoring period and explain the reasons for the deviation. Identify whether the deviation impacts the applicability of the methodology, additionality or the appropriateness of the baseline scenario and provide an explanation of the outcome.”

In Section 3.2.2.4 of the MR it states that “The deforestation identified in M1 was deducted during M1, as such to avoid double counting deforestation, the overlap for each area was deducted from that identified in the land cover change assessment.” This sentence is unclear. The audit team suspects that the section M1 should actually be M2 instead. Furthermore, there are numerous “Error! Reference Source not found” in this section. Please update to provide greater clarity.

Project Personnel Response: The errors encountered were broken hyperlinks that are now deleted.

The typos for the M1 and M2 in the paragraph were mended accordingly.

Auditor Response: This finding does not appear to have been addressed. There is still an 'Error! Reference source not found.' in this section. Furthermore, it now states "The deforestation identified in M2 was deducted during M2, as such to avoid double counting deforestation, the overlap for each area was deducted from that identified in the land cover change assessment. " Do you mean that the deforestation identified in M1 was deducted during M2? Please provide greater clarity here. This finding remains open.

Project Personnel Response 2: Text in section 3.2.2.4 has been changed for clarity on deforestation area overlaps in M1 and M2 forest cover assessments.

Auditor Response 2: The audit team confirmed that section 3.2.2.4 of the monitoring report has been updated to accurately describe the deviation. This finding has been closed.

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

NCR 6 Dated 22 Jul 2022

Standard Reference: VCS v4.3; VCS-Monitoring-Report-Template-v4.1

Document Reference: April Salumei_Monitoring Report_M2

Finding: Section 1.8 of the Monitoring Template requires the following: “Provide the title, reference and version number of the methodology or methodologies applied to the project. Include also the title and version number of any tools applied by the project.” The project applies both the VM0007 methodology and the Vm0010 methodology. However, section 1.8 of the MR does not provide any reference to the VM0010 methodology or the version applied. This is not in conformance with the template requirements. Second, in the calculation workbook, it appears that VM0007-EBB tool was applied, but no reference is made. This section also does not reference the Non-permanence Risk Tool which is a required tool for VCS AFOLU projects. However, section 1.8 of the MR does not provide any reference to this tool, which is not in conformance with the template reporting requirements.

Project Personnel Response: Following the comments from audit team, the methodologies in section 1.8 have been updated.

Auditor Response: The audit team confirmed that section 1.8 of the Monitoring report has been updated to include all methodologies and modules utilized and the correct versions of these. However, this section still does not make reference to the Non-Permanence Risk Tool which was also utilized by the project. This section also continues to reference the LK-ASU module (see finding #9 below) which is not applicable to this project type. This finding therefore remains open.

Project Personnel Response 2: Reference to LK-ASU removed from monitoring report (as correctly not used in calculations)

Auditor Response 2: The audit team confirmed that the LK-ASU module was removed and that the Non-Permanence Risk Tool was added to the table in section 1.8 of the monitoring report. This finding has been closed.

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

NCR 7 Dated 22 Jul 2022

Standard Reference: VM0007 v1.3

Document Reference: April Salumei_Monitoring Report_M2

Finding: Section 1 of the VM0007 (v1.3) states “This methodology is comprised of a number of modules and tools each of which has been assigned an abbreviated title (e.g., CP-AB) which are referenced throughout the modules and tools. This methodology uses the latest versions of the following methodologies, modules and tools.” This means that the most up-to-date versions of the modules must be applied. The Verra website indicates that V1.2 of the LK-ASU, v 2.2 of M-REDD (formerly M-MON), v2.2 X-UNC, v1.3 of BL-PL, v1.2 of the E-BPB tool (formerly E-BB), and v1.3 of LK-ASP are the latest versions. However, these versions are not referenced in section 1.8 of the MR and is therefore not in conformance with the methodology. Furthermore

Project Personnel Response: In consistency with the VCS v4.1 requirements the methodologies in section 1.8 have been updated accordingly.

Auditor Response: The audit team confirmed that section 1.8 now contains the latest versions of the VM0007 modules. This finding has been closed. However see finding #9 regarding the reference to the BL-UP and the LK-ASU modules.

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

NIR 8 Dated 22 Jul 2022

Standard Reference: VCS v4.3; VCS-Monitoring-Report-Template-v4.1

Document Reference: April Salumei_Monitoring Report_M2

Finding: Section 3.2.2 of the MR template requires the following: “Describe any project description deviations applied during this monitoring period and explain the reasons for the deviation. Identify whether the deviation impacts the applicability of the methodology, additionality or the appropriateness of the baseline scenario and provide an explanation of the outcome.”

In Section 3.2.2.4 of the MR it states that “The deforestation identified in M1 was deducted during M1, as such to avoid double counting deforestation, the overlap for each area was deducted from that identified in the land cover change assessment.” This sentence is unclear. The audit team suspects that the section M1 should actually be M2 instead. Furthermore, there are numerous “Error! Reference Source not found” in this section. Please update to provide greater clarity.

Project Personnel Response: The errors encountered were broken hyperlinks that are now deleted.

The typos for the M1 and M2 in the paragraph were mended accordingly.

Auditor Response: This finding is a duplicate of finding number 5 and has therefore been rescinded.

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

NIR 9 Dated 22 Jul 2022

Standard Reference: VCS v4.3; VCS-Monitoring-Report-Template-v4.1

Document Reference: April Salumei_Monitoring Report_M2;
ProjectDescription_AprilSalumei_FINAL.pdf

Finding: According to the PD, this project pertains to Planned Deforestation. For this reason, the project applied the BL-PL module (and not the BL-UP module). Thus it is unclear why the project applies the LK-ASU tool at all. The applicability conditions (section 4) of the LK-ASU tool states “This module is applicable for estimating carbon stock changes and greenhouse gas emissions related to the displacement of activities that cause deforestation of lands or wetland degradation outside the project area due to avoiding unplanned deforestation or avoiding unplanned wetland degradation in the project area.” Given this project is not an avoided unplanned deforestation project, it is unclear why this tool was applied. Please provide additional information justifying the use of this tool.

Project Personnel Response: The typos for the M1 and M2 in the paragraph were mended accordingly.

Auditor Response: It appears this finding response was intended for a different finding. This finding has not been addressed. Section 1.8 of the MR still references the LK-ASU tool, which is not applicable to this project as it is a prevention of PLANNED deforestation and not unplanned. Also note that section 4.2 continues to reference the BL-UP module which is also not applicable to this project. Please update the monitoring report accordingly. This finding remains open.

Project Personnel Response 2: Reference to LK-ASU removed from monitoring report (as correctly not used in calculations)

Auditor Response 2: The audit team confirmed that the LK-ASU module was removed from the table in section 1.8 of the monitoring report. This finding has been closed.

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

NCR 10 Dated 22 Jul 2022

Standard Reference: VCS v4.3; VCS-Monitoring-Report-Template-v4.1, VCS M-REDD module v2.2

Document Reference: April Salumei_Monitoring Report_M2

Finding: Section 2.1.1 of the Monitoring Report Template states “Describe and justify any methodology deviations applied during this monitoring period. Include evidence to demonstrate the following:

- The deviation does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.
- The deviations relate only to the criteria and procedures for monitoring or measurement, and do not relate to any other part of the methodology.” Throughout the parameters listed in section 6.2 of the M-REDD module (formerly M-MON), each parameter indicates that “Must be monitored at least every 5 years or if verification occurs on a frequency of less than every 5 years examination must occur prior to any verification event.” This monitoring period is 6 years 2013-2018, indicating that the frequency of monitoring is greater than every 5 years which is not in conformance with the requirements of the M-REDD module. The audit team noted that section 3.2.2.1 of the Monitoring Report references the PD deviation pertaining to the frequency of monitoring. However, section 3.2.1 of the MR does not include a Methodology deviation. If the intention is to implement a methodology deviation to lengthen the frequency of monitoring to >5 years, this must be documented as a Methodology Deviation as well.

Project Personnel Response: In the section 3.2 of the present M2 we discussed all the different methodology and project deviations requested by the project proponent. It is important to highlight that the proposed second monitoring period falls within the first 10-year baseline period.

Auditor Response: The audit team confirmed that a methodology deviation was added to section 3.2 of the Monitoring Report which pertains to the frequency of monitoring and addresses the methodology deviation reporting requirements. This finding has been closed.

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

NIR 11 Dated 22 Jul 2022

Standard Reference: VCS v4.3; VCS-Monitoring-Report-Template-v4.1

Document Reference: April Salumei_Monitoring Report_M2;
ProjectDescription_AprilSalumei_FINAL.pdf

Finding: Table 22 of the validated PD indicates that the REDD project area is 2,553 for the first 10 years. It also indicates that the IFM project area is 196,703, but that “Reported in the spatial files as: 196,723 ha for the IFM Boundaries.” The audit team confirmed that the spatial boundaries show an area of 196,723 ha for the IFM project, but it is unclear why the spatial boundaries do not match the actual IFM boundaries listed in the PD. Please provide additional information regarding this discrepancy. Also if there has been a change in the area since project validation, this is considered a project description deviation and must adhere to the template requirements in section 3.2.2.

Project Personnel Response: In the section 3.2 of the present M2 report, the project proponent request that the current measurement of the project area should be considered as a project deviation.

Auditor Response: If the project proponent intends to implement a project description deviation regarding a change to the project area, then this must be described in section 3.2 of the Monitoring Report and the impacts of the deviation must be addressed in accordance with the template requirements. By changing the project area, it changes the baseline quantification as well (Table 43 of the PD). This would require the audit team re-validate the baseline quantification under this updated area. This finding remains open.

Project Personnel Response 2: The deviation in area size is due to the change in image analysis (see 3.2.2.4) and the respective difference between polygon-based and pixel-based area calculation. All calculations remain based on original area size, which is conservative (i.e. smaller) and in line with the PD.

Auditor Response 2: Thank you for confirming that the deviation described in section 3.2.2.3 results in the change to the area. We confirmed that this change in area is a result of the deviation described in section 3.2.2.3, and that this is described now in section 3.2.2.1 part 2. However section 2.1.2 of the Monitoring Report template requires the following "Describe any project description deviations applied during this monitoring period and explain the reasons for the deviation. Identify whether the deviation impacts the applicability of the methodology, additionality or the appropriateness of the baseline scenario and provide an explanation of the outcome." There is no description regarding if and how the change in project area size impacts (or does not impact) the baseline and there is no explanation of the outcome of the change in area on the quantification. Thus, the impacts of the deviation are not clearly or completely described. This finding remains open. It is also somewhat unclear why this change in area is described under the "3.2.2.1 Frequency of Monitoring" header and not the 3.2.2.3 header, as it is not related to the frequency of monitoring.

Project Personnel Response 3: Deviation description regarding project area has been shifted to a new Section "3.2.2.2 Project Area" with references to 3.2.2.4 and 3.2.2.5 (formerly 3.2.2.3 and 3.2.2.4, respectively) and a paragraph added with the statement that the original, conservative project area has been maintained for all calculations.

Auditor Response 3: The audit team confirmed that the project area deviation is in section 3.2.2.2. We also confirmed that a description of the impact of the change in project area in the shapefiles has been adequately described. This finding has been resolved.

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

NIR 12 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD

Finding: Section 2.2.1 part c) of the Non-permanence Risk Report (NPRR) states: "Management team does not include individuals with significant experience in all skills necessary to successfully undertake all project activities (i.e., any area of required experience is not covered by at least one individual with at least 5 years' experience in the area)."

Section 1.7 of the Project Description outlines all pertinent project activities, including "Community: To result in a net increase in the wellbeing of communities in the Project Area, via improved health standards, education, transportation, employment opportunities, community support for conservation, and equitable distribution of project benefits."

While the audit team was able to verify that other members of the team have some level of community development experience, we were unable to confirm from the CVs submitted there is a member of the management team with significant experience in community development. While the credentials of Philip Moya were described in the non-permanence risk tool response, the audit team did not receive Philip's CV to verify their qualifications for this specific project activity. Please submit Philip Moya's CV.

Project Personnel Response: The CV of Philip Moya is submitted as requested.

Auditor Response: The CV of Philip Moya has been reviewed. This finding is resolved.

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

NIR 13 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD

Finding: Section 2.2.1 part 5) of the NPRR indicates that adaptive management plans are “those that identify, assess and create a mitigation plan for potential risks to the project, including those identified in this document, and any other obstacles to project implementation. They include a process for monitoring progress and documenting lessons learned or corrections that may be needed, and incorporating them into project decision-making in future monitoring periods. The onus is on the project proponent to demonstrate that such plans are in place, that such plans have considered the realm of potential risks and obstacles to the project, and that a system is in place for adapting to changing circumstances.”

In the NPRR submitted by the project team, it indicates that an adaptive management plan is in place. In the Adaptive Management plan provided, it states that “the April Salumei project has used an adaptive management process that was first detailed in our original Climate, Community and Biodiversity Monitoring Report.”

However, the adaptive management plan that was received by SCS does not appear to include how the management team would “identify, assess, and create a mitigation plan for potential risk to the project.” Please provide more information on how the project has an adaptive management plan in place that is in conformance with the requirements of the tool. For example, an adaptive management plan should identify specific “potential risks” that could include government instability, illegal logging activities, natural disasters, and community development challenges.

Project Personnel Response: We provide an updated Adaptive management Plan (see AS_Adaptive Management Plan) that contemplates the potential risks of the project accordingly.

Auditor Response: Adaptive Management Plan was provided and reviewed. Plan was well-developed, comprehensive (especially Table 1) and was determined to be in conformance with the requirements of the Risk Tool. This finding is closed

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

NIR 14 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD; AS_2018_NPV_Auditor.xlsx

Finding: In the NPRR, section 2.2.2 part 1) states “The financial viability of a project is based on 1) the number of years until cash flow breakeven is reached, and 2) the funding that has already been secured relative to what is needed to implement and operate the project until reaching the cash flow breakeven. “ Part 2) states that “The cash flow breakeven point is the year in which the cumulative cash flow is positive (i.e., cash flow in exceeds cash flow out) and stays positive. Breakeven should be calculated on a cash flow basis based on generally accepted accounting principles. Cash flow in may include commercial revenue streams associated with the project, secured revenue and conservatively projected revenues from the sale of GHG credits, other funding sources such as donor funds, upfront investments, or carbon prepayments, equity or loans. Cash flow out shall include, at a minimum, project implementation costs, costs associated with GHG credit generation (e.g., validation, verification and registration), and, where applicable, interest expenses, repayment of loans or forward purchase agreements and any required equity distributions.”.”

In the submitted NPRR, the client states that “the project has already broken even during the first Monitoring Period and our selected answer would be i). However, the VSC_Risk Report Calculation Tool_v4 did not allow us to choose this option.”

The audit team has found the following issues and therefore requests that additional information be provided:

(1) The tool indicates that the cash flow breakeven is the year in which the cumulative cash flow is positive and STAYS positive. Even if the cash-flow break analysis during the first monitoring period showed that the project reached, it could potentially become negative in the future if the project has additional expenses such as reassessment of the baseline or implements costly project activities. Thus, simply because a positive cash flow was demonstrated in the past does not support the requirements of this section

(2) It does not appear that a transparent cash flow analysis meeting the requirements of this tool has been provided. It appears that the file “AS_2018_NPV_Auditor.xlsx” shows that the cash flow, but it is unclear what costs the annual cash flow out includes. It does not explicitly show the cost of verification services, which are more than the approximately \$19,000/yr shown. It is unclear whether this analysis includes the cost of registration, loan repayments, projected inventory costs, the salaries of individuals working on the project, etc. As a result the audit team requests that a transparent cash flow analysis meeting the requirements of the tool, along with evidence supporting its assumptions be provided. The client provided the following cash flow document (AS_2018_NPV_Auditor Issue.pdf). This document does not include a detailed itemization of the inflow and outflow costs of the project. However, the auditing team noticed that there are detailed financial statements in each of the annual reports (e.g. Figure 4, AS_2015_Annual Report.pdf). It does not appear that this information was utilized to develop the cash flow analysis for the NPRR. Given that this is a forward looking tool and that the financial viability risk options point to “10 years

from the current risk assessment”, this cash-flow break even analysis should include analysis from 2018 through 2028.

Project Personnel Response: Amendments were made in the “AS_2018_Project NPV_v2”.

A revised cash flow has been compiled in the “Revised Cash Flow” tab.

The “Revised Project” tab incorporates the revised cash flow figures including the itemised costs.

We additionally submit a letter of ongoing financial and funding support to the April Salumei REDD + project from Tasman Environmental Markets (see AS_TEM Financial Letter of Support).

Auditor Response: The audit team reviewed the Revised Cash Flow in the workbook AS_2018_NPV_v2. We still have the following questions and concerns:

(1) It is unclear what years the cash flow is showing. It should at least include the current reporting year and then look forward at least 10 years, given that the break even point options in the risk tool reference up to 10 years in the future. The cash flow analysis currently only shows 3 years and it is not clear what actual years those correspond to.

(2) Evidence supporting the price of carbon of \$13.25/tonne has been provided via email. However, in the cash flow analysis it shows \$15.90/tonne for year 1 and up to \$22.33/tonne for year 3. This differs from the evidence provided via email. Please note that the tool requires "conservatively projected revenues from the sale of GHG credits." Given the evidence provided, the application of \$15.90+/tonne is not conservative.

(3) It is unclear why the inflows section also includes payments made to the project (60%), along with payments to the project developer and government. These would appear to be outflows. The only project inflow that the audit team can verify is the sale of VCUs. Please clarify.

(4) It does not appear that the cost of VCU issuance and registration has been included in the cash outflows.

(5) Lastly, in the Financial Viability table of the Risk Report, the risk rating of "i" is applied to the second question. However, "i" is not a risk rating, but rather a mitigation category. From reviewing the NPV analysis, it appears that a risk rating of h is applicable here. Please clarify.

The audit team requests more information regarding these 5 points and therefore this finding remains open.

Project Personnel Response 2: An updated cashflow has now been prepared AS_2018_NPV_v4, which addresses the pending findings as follows: (1) a detailed 10 year cash flow is now provided. (2) VCU pricing has now been updated to reflect conservative values as per "AS_2022_REDD vintages_5 Aug", being \$12.15 (year 1) - \$16.87 (year 10). (3) the cashflow has been updated to address this observation. The only inflow is VCU revenue, all outflows are now moved and more clearly shown. (4) this cost is now added at Row 7 of the cashflow. (5) the Financial Viability risk rating has been updated to 'h'

Auditor Response 2: We confirmed that the updated cashflow analysis shows 10 years starting with the present year. We confirmed that the VCU pricing now represents more realistic and verifiable estimates of the price per ton in accordance with the UNITOR REDD+ project. We confirmed the cashflow more clearly demonstrates the inflows and the outflows. Confirmed that the VCS registration and issuance is now included in the outflows. The corrected cash flow risk category has been selected. This finding has been satisfied.

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

NIR 15 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD; AS_2018_NPV_Auditor.xlsx

Finding: In NPRR, Section 2.2.2 part h) states that “Project has available as callable financial resources at least 50% of total cash out before project reaches breakeven.”

In the submitted NPRR, the client claims mitigation for this part, stating “the project cash flow breakeven has been achieved in the first Monitoring Period.”

The mitigation for callable financial resources can only be attained “before the project reaches breakeven.” As is claimed by the client and verified through documentation, the project reached breakeven in the last monitoring period and therefore does not qualify for this mitigation credit in the current monitoring period. Also, see the previous finding related to the cash flow break-even analysis which relates to this finding.

Project Personnel Response: Amendments were made in the “AS_2018_Project NPV_v2”.

The “Revised Project” tab shows the Breakeven analysis that will occur in Year 2.

We additionally submit a letter of ongoing financial and funding support to the April Salumei REDD + project from Tasman Environmental Markets (see AS_TEM Financial Letter of Support).

Auditor Response: The latest NPRR submitted (e.g., VCS_NPRR_V4.0_REDD_FINAL) continues to show a value of -2 for Callable Funds (row i in the Financial viability selection). It further states " The project has already broken even during the

first Monitoring Period. Any additional cash flow requirements are supported

fully by Tasman Environmental Markets as the project proceeds." Thus, since you are stating that the project has broken even, it would not be in conformance with the tool to then claim mitigation credits is not in conformance with the tool. This finding remains open.

Project Personnel Response 2: The NPRR has now been updated to reflect 'Not Applicable' for Callable Funds and a score of 0 for mitigation

Auditor Response 2: Confirmed that the risk reports have been updated to show a value of zero for callable funds. This finding has been closed.

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

NIR 16 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD; AS_2018_NPV_Auditor.xlsx

Finding: In NPRR, section 2.2.3 part 1) states, “the opportunity cost analysis shall include a net present value (NPV) analysis, covering the project crediting period, of such alternatives as compared to the project, taking into consideration a conservative estimate of revenue from GHG credit sales and other project revenue streams, and potential price fluctuations of commodities impacted by the project.”

In the provided file “AS_2018_NPV_Auditor.xlsx”, an estimate of \$15/tonne C was used in the projected cash flow analysis for the project. While a link to a source for this value was provided, it is unclear as to whether \$15/tonne C is a conservative estimate. Visiting the link provided, it appears that the current value of a carbon offset credit is approximately \$8.50. In the following publication, the price per tonne C was \$7.53 in January 2022

(<https://www.bloomberg.com/professional/blog/carbon-offsets-price-may-rise-3000-by-2029-under-tighter-rules/>).

Please provide further evidence and justification for why \$15/tonne C is a conservative estimate for the sale of carbon offset credits.

Project Personnel Response: We are pricing April Salumei in line with projects like Katingan REDD+ which is rated AAA- by BeZero. Vintage 2020 Katingan just traded last night at \$13.25 for 800k tonnes.

In terms of forward pricing expectations we can use the CME futures contracts based off CBL NGEO contract. These futures are currently trading at a 18% premium for Aug 23 delivery, another 18% for Aug 24 delivery, and then another 15% for Aug 25. Applied to the current spot rate we get the below wholesale price forecasts.

Spot \$13.25

Aug23 \$15.72

Aug24 \$18.60

Aug25 \$21.49

Please note, the above pricing is wholesale market pricing and so would only apply volumes contacted to other wholesale market participants. If we were to move volume through the TEM Corporate team we could expect to add between 10% and 20% as sale margin. With a 20% sales margin applied we get the below price forecasts.

Spot \$15.90

Aug23 \$18.86

Aug24 \$22.33

Aug25 \$25.79

Auditor Response: As previously mentioned in the response to finding 14 above, you indicate that a value of \$13.25 is intended to be used but the Cash Flow workbook uses a value of \$15.90 and upward. Evidence supporting the price of carbon of \$13.25/tonne has been provided via email (the viridios shows a value of \$13.70 was traded for Katingan). Please note that the tool requires "conservatively projected revenues from the sale of GHG credits." Given the evidence provided, the application of \$15.90+/tonne is not conservative. Please provide more information regarding what the intended value of carbon is. This finding remains open.

Project Personnel Response 2: Please see our response to Finding 14. VCU prices have been updated in the Cashflow and more conservative values now applied, based on updated evidence and separately provided by email

Auditor Response 2: As referenced in finding 14 above, the price of carbon has been supported by evidence from another project which does not have a CCB or other dual certification. The audit team finds that this is reasonable and this finding has been closed.

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

NIR 17 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD; AS_2018_NPV_Auditor.xlsx

Finding: In NPRR, section 2.2.3 part 1) states, “the analysis shall be undertaken in a transparent manner and shall provide all relevant assumptions, parameters, and data sources such that a reader may reproduce the analysis and determine the same results.”

In the file “AS_2018_NPV_Auditor.xlsx”, the OPEX for Baseline 2012 to Baseline 2018 changes from \$2M to \$9.2M. This significant increase in expenditures needs to be supported with further information.

Project Personnel Response: Amendments were made in the “AS_2018_Project NPV_v2”.

The 2018 Baseline is taking a conservative position at 40% of total revenues as costs.

The 2012 Baseline was set as 2.6M or 14% of costs

Auditor Response: Thank you for the additional information. This finding has been closed.

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

NIR 18 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD; AS_2018_NPV_Auditor.xlsx

Finding: In NPRR, section 2.2.3 part 1) states, “the analysis shall be undertaken in a transparent manner and shall provide all relevant assumptions, parameters, and data sources such that a reader may reproduce the analysis and determine the same results.”

The NPV analysis workbook provided shows a difference between the baseline and project scenario NPV of 31% using the 2018 Baseline projections. This would cause the risk score to be in category C (“NPV from the most profitable alternative land use activity is expected to be between 20% and up to 50% more than from project activities”). However, the NPRR document shows a difference of 59% and a risk score of B. The assumption is that this value was calculated using the NPV from the 2012 Baseline, not the 2018 Baseline. It is unclear which baseline value is intended to be used and why two baseline scenarios are presented. Please provide further information to clarify this discrepancy.

Project Personnel Response: Amendments were made in the “AS_2018_Project NPV_v2”.

The 2018 baseline is used incorporating updated assumptions, including a more conservative cost base which reflects current costs including labour, for the alternative land use. This resulted in an NPV calculation, on materially similar assumptions aside from expenses, of \$83.63m.

We’ve also updated our long-term forecasting to include a revised Project NPV of \$87.34m, incorporating the new pricing benchmark and materially similar other assumptions.

Consequently, we’ve arrived at a positive difference of ~4% compared to the previous negative difference of 59%. This places the opportunity cost in category d) (between 20% under and 20% over).

Auditor Response: Thank you for providing additional information about the NPV analysis. The audit team has reviewed the updated NPV analysis and has the following questions and concerns:

(1) In the Revised Project sheet, row 29 it does not appear to include all the costs associated with the project, such as payment to the landowners (60% of revenue), payment to TEMs or other project developer costs. It rather only includes the international costs and other outflows in rows 17-26 of the Revised Cash Flow. The Net present value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. Thus all outflows must be considered.

(2) please also see the audit team's response to finding #14 above which also will impact this NPV analysis.

(3) Row 31 calculates the Total Benefits by summing rows 23-29. This does not make sense given that row 24 shows the price per ton and row 25 shows the annual carbon credits in tonnes.

(4) In the Opportunity Cost Risk Report table, under risk factor 'd' it says "Not Applicable" although it appears from the current analysis that Risk Factor 'd' is the applicable rating. Please clarify.

This finding remains open.

Project Personnel Response 2: (1) The NPV analysis has now been updated to more fully reflect all developer and project costs, with escalation over a 10 year period. The NPV reflects the combined return to landowners after direct project costs are accounted and to the developer after development costs are accounted (see AS_2018_Project NPV_v4). The 10% payment to government is also accounted. Accordingly, the NPV now reflects the cash available to landowners (which they may choose to use for local investments and/or as cash payments) and to the developer, after all project costs. (2) the VCU numbers at Row 5 of the Project Cashflow have now been updated (reduced) to reflect all worksheet changes and findings that affect these numbers. (3) please refer to updated workbook which has rectified this issue. (4) In the NPRR, the Risk Report Opportunity Cost rating has been updated to a "d" rating.

Auditor Response 2: The audit team confirmed that the NPV analysis has been updated accordingly and is in conformance with the tool. This finding has been closed.

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

NIR 19 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD;

Finding: In NPRR, section 2.2.4 part 5) states that “Legal agreement or requirement to continue the management practice refers to any legally enforceable agreement or requirement, such as a conservation easement or protected area law that would require the continuation of the management practice that sequesters carbon or avoids emissions for the entire project longevity.”

In the NPRR submitted, the Risk/Mitigation Response provided states the following “The project has been running for 10 years, with the legal binding commitment from the Papua New Guinea Government and different local stakeholders continuing for the entire project length. In 2013 it has successfully achieved a first VCS verification, with the 2nd monitoring period up to 2018 also now complete, showing the continuous commitment of the project to secure no material changes in the credited carbon stocks occurs over these years.”

We believe that you have provided evidence of a legal agreement (AS_2019_NEC Decisions Letter.pdf) but it appears that the original agreement (2012) was rescinded in 2016 and then reinstated in 2018 or 2019. The legal agreement does not appear to have a timeframe, which is necessary to determine the Project Longevity risk rating. Furthermore, this series of legal contracts with the PNG government suggests that these are not permanent agreements, as they appear to be rescinded and reinstated at will.

Additionally, the response does not demonstrate that the legal agreement continues throughout the entire project's longevity. Instead, it describes that the agreement was intact from the project's inception until 2018. Not only is this claim irrelevant to the requirements of the project longevity risk rating, but also its veracity is questionable, as evidenced by the PNG government's rescinding of the legal agreement in 2016.

Project Personnel Response: The April Salumei REDD project (herein “the project”) area was a logging concession converted to an area that protects the forest. The projects timber rights were acquired by the PNG Forest authority in 1996 for a period of 50 years.

As stated in the VCS verification report:

1. The project rights were held by the PNG Government until they were awarded to Rainforest Project Management Limited (RPML) on 10th May 2012 by way of the National Executive Council decision 106/2012 (see Annex). This provides RPML the right to develop and manage the project.

2. Under the Official Carbon Services Deed (see Annex) the landowners have undertaken "all necessary requirements to transfer all present and future legal rights to Carbon Services and Ecosystem services in the project area" to RPML. (Section 4.2 (a))

3. Carbon Services and Ecosystem Services are defined in the definitions section of the agreement. In summary the rights of the Project were held by the Government and have been transferred to RPML to further develop and implement the project. The landowners have consented to this and transferred all present and future resource rights to RPML. Thus, RPML holds the resource rights to the project.

This allows RPML to enter into agreements and make legally binding commitments for the project for 40 years as defined in the PD by RPML in the 5 June 2013.

The project consistently reported the development of the different sustainable and socioeconomic activities to the PNG Forest Authority during the M2 monitoring period.

At the end of 2016 the Climate Change Management Act (2105) that outlined a registration requirement for REDD projects in PNG was approved by the Climate Change Development Authority (CCDA). However, the CCDA did not provide enough information on how to register projects.

The success of the project is based on the stakeholder engagement program prioritizing the traditional landowners in the villages to the provincial and national government (i.e. bottom-up approach). This is supported by the consent agreement of all 164 Incorporated land groups (ILGs) with the project proponent. Unfortunately, the project became popular for having a commercial return and a group of people outside the project area put forward false claims of ownership of the traditional lands while also requesting the profits of the project.

These group of individuals (creditors to a company named Hunstein Range Holdings) constructed a fictitious claim that went to the PNG court against the government for not logging the project. Once that claim was dismissed by the court, they focus their attention on falsely claiming ownership of the project, despite that none of these individuals had landowner rights in the project area. This issue was discussed during the different participatory rural appraisals with the traditional landowners, and it was finally resolved in 2014 at a meeting between CCDA, the landowners and the project proponent (see AS_2014_Annual Report).

Auditor Response: Thank you for the detailed information and context. The audit team confirmed that a “Memorandum of Understanding (2018)” was submitted, which highlights a legally binding agreement that exists in perpetuity until it would be revoked by the parties. This finding has been resolved.

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

NIR 20 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD;

Finding: In the Risk Tool, section 2.3.1 Table 6 part D) states, “there exist disputes over access/use rights (or overlapping rights).”

In the NPRR submitted, the client responded to part C) with reference to part D), “there are no disputes over land ownership in the project area. Traditional ownership is well established in the project area. The PRA process and socialization in the project area by the Project Developer and the PNG Forest Authority during their Development Option study also confirmed a lack of disputes over land tenure or ownership within the project area. This has been confirmed by no ownership disputes during the first two monitoring periods (10 years).”

It is unclear whether there exist land ownership disputes based on independent findings from our investigation (<https://redd-monitor.org/2019/08/13/qantas-is-selling-carbon-offsets-from-papua-new-guineas-april-salumei-redd-project-to-offset-its-flights-meanwhile-the-png-government-just-announced-that-the-project-was-halted-over-landowner-disp/>). Please provide further evidence or support to refute these allegations.

Project Personnel Response: It is important to highlight that the mentioned article is outside the proposed M2 period (2013-2018) and the groups that are claiming false ownership of the project are in Port Moresby (PNG) that is not in the project area. Similar false claims of ownership were reported in the Grievance Management section 2.3.3 including how they were addressed and the outcome at that point of time.

As further discussed in the section 3.1.1 (Regarding activities to mitigate risk), since the development of the project there has been an agreement in place with the different local communities and not changes in the landowner property rights have been registered. Thus, the project has generated no negative impacts on the property rights of the local communities of interest.

Auditor Response: Thank you for providing this information. While the article was published after the monitoring period, it is suggested that those interviewed are reflecting on the project over time to come to such conclusions. Nonetheless, during discussions with the project team and review of the site visit notes, the audit team confirmed that these claims are from outside groups not living within the project area and that they are false ownership claims. This finding has been closed.

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

NIR 21 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD;

Finding: In Risk Tool, section 2.3.1 Table 6 part f) states, “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.”

The client responded “not applicable” and therefore receives a risk rating of 0 for this part.

From this rating, it appears that the response to the Land Tenure section claims that there is NO legally binding agreement with the PNG government for the protection of the project area for the length of the crediting period. In contrast, the Project Longevity and Opportunity Cost sections do claim such an agreement exists. It is unclear why there are differences. Please provide further information and support for this discrepancy.

Project Personnel Response: This has been amended to -2 in the NPRR

As discussed in finding #19

The April Salumei REDD project (herein “the project”) area was a logging concession converted to an area that protects the forest. The projects timber rights were acquired by the PNG Forest authority in 1996 for a period of 50 years.

As stated in the VCS verification report:

1. The project rights were held by the PNG Government until they were awarded to Rainforest Project Management Limited (RPML) on 10th May 2012 by way of the National Executive Council decision 106/2012 (see Annex). This provides RPML the right to develop and manage the project.

2. Under the Official Carbon Services Deed (see Annex) the landowners have undertaken "all necessary requirements to transfer all present and future legal rights to Carbon Services and Ecosystem services in the project area" to RPML. (Section 4.2 (a))

3. Carbon Services and Ecosystem Services are defined in the definitions section of the agreement. In summary the rights of the Project were held by the Government and have been transferred to RPML to further develop and implement the project. The landowners have consented to this and transferred all present and future resource rights to RPML. Thus, RPML holds the resource rights to the project.

This allows RPML to enter into agreements and make legally binding commitments for the project for 40 years as defined in the PD by RPML in the 5 June 2013.

Auditor Response: Thank you for the clarification and for providing this supporting context.

It appears that the risk score was amended to -2 in the NPRR. However, for f) and g) it still states "Risk/Mitigation Response: Not Applicable." This is unclear if the intention is to claim mitigation credit or if the mitigation credit is not applicable. Please clarify.

Project Personnel Response 2: For clarification, we have provided the risk score as d), based on the updated NPV values (AS_2018_Project NPV_v4). We would also like to claim the mitigation credit of -2 at h) due to the legally binding commitments from the PNG Government and local landholders. We trust that this is the appropriate manner of responding to this issue in the NPRR, but happy to amend further if this is incorrect.

Auditor Response 2: The scope of this finding is Table 6 in the Risk Tool, which pertains to land tenure. The audit team confirmed that Table 6f has been updated to claim mitigation credit due to a legally binding agreement with the PNG and local landholders, but it is unclear why table 6 part g was also updated to -2 to claim mitigation credits. Table 6g of the Risk Tool states "Where disputes over land tenure, ownership or access/use rights exist, documented evidence is provided that projects have implemented activities to resolve the disputes or clarify overlapping claims." You have claimed in part C of this table that there are no disputes, thus claiming mitigation credit for G is not valid. Please indicate if there are in fact disputes making mitigation for Table 6G valid.

Project Personnel Response 3: The legally binding commitment is in place, therefore the mitigation is Not Applicable. There are also no disputes. The NPRR has been updated accordingly (see files named "AS_VCS_NPRR_v4.0_IFM_v1.5" and "AS_VCS_NPRR_v4.0_REDD_v1.5")

Auditor Response 3: The audit team confirmed that the legally binding agreement is in place thus a value of -2 for Table 6f is appropriate. We also confirmed that there are no disputes thus mitigation for disputes (table 6g) is not applicable.

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

NIR 22 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD;

Finding: In the Risk Tool, section 2.3.2 part 1) states, “Community engagement shall be assessed for projects where local populations, including those living within or surrounding the project area (given as within 20 km of the project boundary), are reliant on the project area, such as for essential food, fuel, fodder, medicines or building materials. Where local populations are not reliant on the project area, the risk is not relevant to the project and the risk rating for community engagement (CE) shall be zero. Evidence may include social assessments such as household surveys and participatory rural appraisals.”

Following with part a) of Table 7 “Less than 50 percent of households living within the project area who are reliant on the project area, have been consulted.”

The project team indicated in the NPRR submitted that this is - “Not Applicable - 100% of villages within the Project area have been consulted about the activities of the project.”

The audit team requires further clarity on:

- Population size within or surrounding the project area
- Number of villages within that same area
- Assessment of which villages are reliant on the project area for food, fuel, fodder, medicines or building materials
- Evidence that 100% of households have been consulted

Evidence may include maps and population data, as well as social assessments, such as household surveys and participatory rural appraisals.

Project Personnel Response: According to the 2000 census, the population within the April Salumei REED project area was around 7,700 people (see AS_2013_ Project Description). The PNG National Census shows an average annual population increase of 3.1% between 2000 and 2011, with lower rates of population increase in the Momase region (where the project is located). Thus, while no accurate data on the population size is available for this M2 monitoring period, and without considering the number of people leaving the project area (e.g., going to school or seeking employment), we can safely assume a potential increase of approximately 200 people in the population size.

Most of the population resides in villages located along the major tributaries of the Sepik River rely on the project area for food, fodder medicines and building materials. Land in the upper reaches of the April Salumei River is sparsely inhabited with population densities of 4 persons per km².

While there is a lack of information on the number of houses in the project area, all Incorporated land groups have signed consent agreements for the project, and this was explained to them in their local language and witnessed by the Provincial legal officer and lawyer Mr John Yamboli LLB (see the AS_2012_Official Carbon Deed already submitted to the audit team). This file contains the signatures of all the Landowner Chairman and should serve as a proof that the houses in each of these communities were engaged.

The traditional landowners in the project formed six landowner companies to represent a total of 164 Incorporated Land Groups (ILGs) that comprise 6 different Landowner companies in the project area (see Table 1).

Table 1. Main villages per Incorporated Landowner Group per Landowner Company (see AS_Table1 Main Villages.png)

Auditor Response: The AS_2012_Official Carbon Deed supports that the project proponent consulted community members. Furthermore communications with the client support that more than 50% of the households in the project area have been consulted. This finding is closed.

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

NIR 23 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD;

Finding: In Risk Tool, section 2.3.2 Table 7 part c) states “Mitigation: The project generates net positive impacts on the social and economic well-being of the local communities who derive livelihoods from the project area.”

In Section 2.3.2 part 3), to claim mitigation credit for community engagement the client must demonstrate, “that a current participatory assessment of the positive and negative impacts of the project activities on the local communities who derive livelihoods from the project area has been completed and demonstrates net positive benefits on the social and economic well-being of these communities. A participatory assessment is considered current where it is completed at least five years prior to the risk analysis. Certification against the Climate, Community & Biodiversity (CCB) Standards or SOCIALCARBON Standard may be used to demonstrate that a project satisfies this mitigation requirement.”

The client provided the following response, “The April Salumei project provides income through the sale of VCU. the income generated is shared with the communities in accordance with the Project Agreements. Examples provided in the mentioned sections showed that the revenue generated from the sale of the VCU has been used to develop sustainable businesses and improve access to health and education in the Project Area.”

To claim this mitigation, the client must provide direct evidence that the project generated net positive impacts on the local communities. This can be achieved through a participatory assessment taken prior to and during the project’s duration.

Project Personnel Response: In accordance with the AFLOU Non-permanence Risk Tool V4.0, section 2.3.2 the project has claimed “...The project generates net positive impacts on the social and economic well-being of the local communities who derive livelihoods from the project area.”

The project has provided evidence of this in the projects that have been implemented in the M2 monitoring period including the provision of Solar Lights, the development of the Eaglewood program and various budget findings approvals detailed in the Annual Reports. To support these claims the project has conducted a Participatory Rural Appraisal comprising a formal interview with 5 of the 6 Landowner Company Chairman (see AS_PRA_Community Impacts). Unfortunately, we were not able to contact the Landowner Chairman from Nom.

The methodology and the outcomes of the PRAs are further explained in the file AS_PRA_Community Impacts

Auditor Response: The audit team confirmed that a participatory rural appraisal was conducted with the community leaders who serve as the points of contacts for each of the communities in the project. This finding has been closed.

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

NIR 24 Dated 22 Jul 2022

Standard Reference: VCS v4.3; VCS-Monitoring-Report-Template-v4.1

Document Reference: VCS_7_10_Calculator_M2_31012022vA01_AR4+IPCC.xlsx; April Salumei_Monitoring Report_M2; ProjectDescription_AprilSalumei_FINAL.pdf

Finding: Table 43 of the Validated PD shows the baseline emissions or removals established at validation. It shows that over the baseline period (10 years) a total of 1,090,423 tCO₂e would have been emitted under the baseline scenario. However, in reviewing the calculation workbook, sheet VM0007-BL-PL, it shows that a total of 1,097,849 tCO₂e would have been emitted under the baseline scenario for the first 10 years. The audit team found annual discrepancies in the baseline. For instance, in the calculation workbook, sheet VM0007-BL-PL, it shows a total of 105,426 tCO₂ for year 5, while the PD indicates that baseline emissions in year 5 were 106,733 tCO₂. Note that the PD has been validated. Any deviations to values reported in the PD are required to be documented as PD deviations. Please provide more information regarding why these values have changed. Also if the intention is to implement a PD deviation, the requirements of section 3.2.2 of the PD template and section 3.19 of the VCS must be adhered to.

Project Personnel Response: The difference observed is a combination of two sources for the deviations from the PD:

1) In the draft calculation sheet for M2, root-to-shoot ratios were updated from IPCC 2006 to IPCC 2019, following VCS guidance to use latest IPCC factors (cells E31 and E32 on tab "Inputs (VM0007)").

-> To avoid deviation from the PD baseline documentation and as the monitoring period ends before IPCC 2019 refinements were published, parameters have been reversed to IPCC 2006 numbers (as reported in M1 and the PD) in the revised calculator file.

2) The M1 and PD calculations include a calculation error for split years (year 4 in M1), which leads to a double counting of the previous years cumulative emissions: in equation 13 in BL-PL, the full (annual) cumulation from previous years is erroneously allocated to each half year. Table 43 in the PD also includes this error in the the ex ante emission quantification in year 4 (where the annual increase of emissions is ~12 ktCO₂e instead of ~2.7 ktCO₂e). As the same calculations were used in the draft calculation sheet for M2, this also affected year 10.

-> Equations in tab VM0007-BL-PL have been corrected in the revised calculator (VCS_7_10_Calculator_M2 REVISED 13_10_2022.xlsx). Resulting emissions reductions are now as listed in PD Table 43, except for year 4. Here the previous years' cumulative emissions are added to the first half year (4a) only, with year 4 total now correctly adding to 104,050 tCO₂e (vs. the 113,411 tCO₂e listed in the PD). As this leads to a (conservative) deviation against the PD in year 4, a respective deviation remark has been added to the M2 monitoring report (paragraph 3.2.2.8).

Auditor Response: (1) The audit team has confirmed that a reversion to the previous root-to-shoot ratios used in the PD have now been applied so that this difference in the baseline has been eliminated.

(2) The audit team has confirmed that for split years 4 and 10 there was previously an error in the PD that resulted in double counting of belowground and long lived wood product emissions in year 4. We confirmed that a methodology deviation has been added to section 3.2.2.8 describing this and indicated the total emission for year 4. it states "In the PD and M1 report, the split of year 4 has led to a double counting of cumulated annual emission from previous years. This has been corrected, leading to reduced estimated baseline emissions for year 4 (104,050 tCO₂e instead of the 113,411 tCO₂e listed in the PD, Table 43). The change, implemented in the second half of year 4, i.e. in the monitoring period covered by this monitoring report, is considered conservative as it leads to lower baseline emissions and thus lower benefits." The audit team has confirmed through recalculation that error has been corrected for year 4, part of which already occurred in MP1. However, while the total emissions for year 10 are correct in the PD (total of 120,148 t CO₂e), it is unclear why the breakdown in belowground emissions is 22,125 t CO₂e in year 10a and 1164 t CO₂e for year 10b (and a similar split for longlived wood products), rather than the split representing the exact amount of time for part 10a, as calculated as the proportion of the number of days in 10a versus 10b. Please update the quantification such that the application of the baseline emission for year 10 to accurately reflects the belowground and long-lived wood emissions for the exact portion of year 10a and year 10b in each monitoring period. This finding remains open.

Project Personnel Response 2: Updated in calculator version VCS_7_10_Calculator_M2_11_11_2022:

Split for year 10 (sheet VM0007_BL-PL, cells G22:H23) has been updated for 10a to include 224/365 (May 22 to Dec 31 2018) and 10b to include 141/365 (Jan 1 to May 21 2019) of cumulative past annual emissions (for belowground biomass and wood products) as well as year 10 emissions (changed intra-annual split in cells Q22 and Q23).

Auditor Response 2: The audit team confirmed that this calculation of the baseline emissions for years 10a and 10b were corrected. This finding is now closed.

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

NIR 25 Dated 22 Jul 2022

Standard Reference: VMD0015-M-REDD-v2.2

Document Reference: April Salumei_Monitoring Report_M2

Finding: The M-REDD (formerly M-MON) module states that "The first step in addressing forest degradation is to complete a participatory rural appraisal (PRA) of the communities inside and surrounding the project area to determine if there is the potential for illegal extraction of trees to occur. If this assessment finds no potential pressure for these activities then degradation ($\Delta CP, DegW, i, t$) can be assumed to be zero and no monitoring is needed. The PRA must to be repeated every 2 years. "Section 4.2 (Page 48) of the monitoring report states that the source of the Degradation PRA results are 'Rapid Rural Appraisal documents and Questionnaires'. Then in the comment that for the Degradation PRA Results parameter, a "Summary of the stakeholder consultation is provided in the "Field Monitoring Report" – refer to the appendix list." The audit team has located the file which is a letter.

This letter written by the Chairman for the National Agricultural Research Institute indicates "Overall, no illegal activities and/or activities that reduce the carbon stock has been reported during this monitoring period. The project does not restrict traditional uses for timber, that being, housing, canoes, and firewood i.e., collection of dead wood for cooking fires." However in the document AS_2018 Annual report it states "Overall, no illegal activities and/or activities that reduce the carbon stock has been reported during this monitoring period. The project does not restrict traditional uses for timber, that being, housing, canoes, and firewood i.e., collection of dead wood for cooking fires." Although the project may not restrict traditional uses for timber, these activities still constitute extractive timber uses that may result in the degradation of forests around these communities and thus require monitoring if the PRA indicates their existence. The audit team requests additional information regarding exactly how the communities extract wood from the surrounding forests, such as the area in which the wood is extracted, what restrictions there are if any on the extraction of wood, etc. The audit team also requests more information regarding the degradation Participatory Rural Appraisals that were conducted, including the "semi-structured interviews / questionnaires" that were utilized, who these questions were asked to, and demonstration that these PRAs were conducted at least every 2 years.

Project Personnel Response: Our Standard Operations Procedures (SOP) for Field Monitoring (see AS_2012_SOP Field Monitoring_v1.3) largely address these issues. This includes the requirement for immediate reporting of any fire events and illegal logging or any loss of resource. To date we have not received any reporting of fire or illegal logging.

The Landowner Company Chairman conducted annual field monitoring patrols and reporting. To do this they survey the villages in their Landowner Company area and then complete the Annual Monitoring Report. This is a written record, summarising the findings of each Landowner Company.

To further illustrate the above discussed process, we have provided a copy of the Participatory Rural Appraisal (PRA) from Webster Salio when determining the Field Monitoring for the Sio Wario area in 2018.

We have also provided a copy of the Annual Field Monitoring report from Nicksek, Salumei and Kuresa Landowner company areas for 2018.

There has been no incidents of Fire or illegal logging recorded to the Project Proponent during M2. This is consistent with the remote sensing analysis conducted independently by Astron for M2.

Professor Kaluwin was the government representative since the inception of the project under PNG Vision 2050. Professor Kaluwin is the senior scientific advisor to the PNG Government and has attended all Annual Meetings as the government advisor and observer.

While reviewing the Annual Monitoring Reports, Professor Kaluwin provided an expert view on the minimum impact caused by the traditional uses of timber in these communities, and highlighted the role play by the project for embracing these traditional activities.

As stated in the initial Project Description the project aims to protect the forest and the traditional cultures of the communities that live within the project boundaries. To preserve and enhance livelihoods for the local communities the project did not restrict traditional activities such as the collection of firewood for cooking or the use of the forest in building houses or canoes.

From the initial surveys of the communities and as reported in the Monitoring Report, the collection of timber for houses often takes place in garden areas adjacent to villages that have regrown and are being cleared as part of the rotational gardening practices. Traditional “bush houses” in the area are manually constructed by using small saplings from their gardens. As described in the Monitoring Report, the project has surveyed out and removed the areas surrounding the villages and waterways to mitigate any potential issues associated with this customary clearing. We have also identified the need to enhance training and development in sustainable agriculture to mitigate future rotational farming through re-growth garden areas.

The project strategy to purchase boats and outboard motors from the Landowner Companies not only provided transportation but also has reduced the requirement to build traditional canoes. The PRA surveys support this with only one Landowner company recording three traditional canoes being manufactured in the past 5 years.

During the verification process and in the establishment of the baseline, the project clearly articulated the collection of traditional firewood by these communities and considered the effects of this activity from their carbon accounting.

The recent PRA surveys (see file AS_PRA_Illegal Extraction of Timber) on population and timber usage are consistent with our claims that minimum change has occurred in these areas with respect to the baseline conditions.

The PNG National Census shows an average annual population increase of 3.1% between 2000 and 2011, with lower rates of population increase in the Momase region (where the project is located). Our PRA surveys supported these findings and showed that the population remained steady in the project area. Small population growth was offset with some families leaving their traditional communities in search for employment in towns outside the project area.

The project is not claiming any increase or decrease from the original baseline and believe there is evidence from the PRA survey and the census data to support little or no change to the population and this translates to little or no change from our original baseline assessments of the impact of these traditional activities.

In summary

1. The project, through the Landowner Chairman conducted Annual Participatory Rural Appraisals to collect the data from these villages to compile the Annual Monitoring Report.
2. The Annual Monitoring Report was submitted as an agenda item, and further discussed at each Annual Meeting.
3. No incidence of Fire or Illegal Logging by the Landowner Chairman in their Annual Reports was reported during M2 monitoring period (2013-2018).
4. No fire scaring and forest change were detected in the independent remote sensing analysis included in the M2 report, supporting the findings of the Landowner Chairman.
5. The PNG census recorded a minimum increase in population in the region noting that it was below the national average. The project's PRA surveys of the villages have identified minimum or no increase in population in the project area.
6. While traditional ways of collecting dead wood for firewood and to build traditional "bush houses" in the villages were preserved, these areas were surveyed by the project and these practices were not included in the Carbon accounting for the project.
7. There is incidence of only three traditional canoes being built in the project area over the last 3 years. This event is of no material value being so insignificant.

Based on the above explanations and evidence presented herein, the Project Proponent believes that there is reasonable proof the support immaterial or no change in the usage of the forest resources since M1.

Reference files

1. AS_PRA_Illegal Extraction of Timber
2. AS_2012_SOP Field Monitoring_v1.3
3. AS_2018_PRA Sio Wario Field Monitoring
4. AS_2018_ Kuresa & Salumei Field Monitoring
5. AS_2018_Niksek Field Monitoring

Auditor Response: The audit team reviewed the PRA results summarized in the document AS_PRA_Illegal Extraction of Timber.pdf and conclude that it supports that there is no degradation in the project area forest. Community members may extract deadwood from the forest floor for cooking but do not cut live trees. Furthermore, if any trees are cut for building, that wood comes from their personal gardens. This finding has been closed.

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

NIR 26 Dated 22 Jul 2022

Standard Reference: AFOLU Non-permanence Risk Tool v4.0; VCS-Monitoring-Report-Template-v4.1

Document Reference: April Salumei_Monitoring Report_M2; April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD;

Finding: While conducting our due diligence during this audit engagement, the audit team has come across an article “Qantas is selling carbon offsets from Papua New Guinea's April Salumei REDD project to offset its flights. Meanwhile, the PNG government just announced that the project was halted over landowner disputes | REDD-Monitor”. The article details that “The agreement was also witnessed by the local MP for Wasara Gawi and Minister for Education Joseph Yopiyopi and Minister Geoffrey Kama with the heads of his agencies.

The aim of the agreement is to recommence implementation of the project through resolution of landowner disputes which has stalled the progress of the project for some time.” In the comments under the article a Moses Simbawa wrote on 3 October 2019 “We the landowners of of Hunstein Range have not received any benefit in cash or kind and any form of development under the management team of Redd Holdings Limited.

THIS IS TRUE AND CORRECT to the best of my knowledge as a landowner chairman of my ILG. We the people of Hunstein Range APPROVE AND RECOGNISE Hunstein Range Holdings Limited as our representative group and Tom Yagi as the chairman.”

This article and these statements may have relevance to the following areas in the Non-Permanence Risk Tool and Monitoring Report

(1) Table 7c states “The project generates net positive impacts on the social and economic well-being of the local communities who derive livelihoods from the project area.” In the submitted Risk Report, the project team has claimed mitigation credit for this section and states “The April Salumei project provides income through the sale of VCU. the income generated is shared with the communities in accordance with the Project Agreements. Examples provided in the mentioned sections showed that the revenue generated from the sale of the VCUs has been used to develop sustainable businesses and improve access to health and education in the Project Area.” In reviewing this article, it suggests that stakeholders do not believe that positive social and economic benefits have been derived from the project area.

(2) Furthermore, Table 6d of the Tool states “There exist disputes over access/use rights (or overlapping rights).” In the submitted Risk Report, a value of zero is claimed and it is indicated that there are no disputes in the project area. However, this new story suggests that there are disputes over resource (carbon credits) and access use in the project.

(3) Lastly, section 2.3 of the MR template requires that details on the following be included: “The processes used to communicate and consult with local stakeholders during the monitoring period, including any information about any conflicts that arose between the project proponent and local stakeholders and whether any such conflicts were resolved via the established grievance redress procedure.” No information regarding whether grievances have been reported are documented in this section. It appears from this news article that there are in fact grievances that have been reported pertaining to the project.

As a result, the audit team therefore requests the following:

- (1) additional information regarding this news article, the comments made, and how it was determined that there have been no disputes in the project area.
- (2) We request a demonstration of the net positive benefits on the social and economic well-being of these communities in conformance with the requirements of the tool. This includes a request to provide a list of all communities included in the project /reliant on the project area, and the number of households in each community.
- (3) We also request more information regarding how it was determined that no grievances have been reported despite this article demonstrating a published grievance from Mr. Moses Simbawa.

Project Personnel Response: Regarding these finding:

1) The April Salumei REDD project (herein “the project”) area was a logging concession converted to an area that protects the forest. The projects timber rights were acquired by the PNG Forest authority in 1996 for a period of 50 years.

As stated in the VCS verification report:

1. The project rights were held by the PNG Government until they were awarded to Rainforest Project Management Limited (RPML) on 10th May 2012 by way of the National Executive Council decision 106/2012 (see Annex). This provides RPML the right to develop and manage the project.

2. Under the Official Carbon Services Deed (see Annex) the landowners have undertaken "all necessary requirements to transfer all present and future legal rights to Carbon Services and Ecosystem services in the project area" to RPML. (Section 4.2 (a))

3. Carbon Services and Ecosystem Services are defined in the definitions section of the agreement. In summary the rights of the Project were held by the Government and have been transferred to RPML to further develop and implement the project. The landowners have consented to this and transferred all present and future resource rights to RPML. Thus, RPML holds the resource rights to the project.

This allows RPML to enter into agreements and make legally binding commitments for the project for 40 years as defined in the PD by RPML in the 5 June 2013.

The project consistently reported the development of the different sustainable and socioeconomic activities to the PNG Forest Authority during the M2 monitoring period.

At the end of 2016 the Climate Change Management Act (2105) that outlined a registration requirement for REDD projects in PNG was approved by the Climate Change Development Authority (CCDA). However, the CCDA did not provide enough information on how to register projects.

The success of the project is based on the stakeholder engagement program prioritizing the traditional landowners in the villages to the provincial and national government (i.e. bottom-up approach). This is supported by the consent agreement of all 164 Incorporated land groups (ILGs) with the project proponent. Unfortunately, the project became popular for having a commercial

return and a group of people outside the project area put forward false claims of ownership of the traditional lands while also requesting the profits of the project.

These group of individuals (creditors to a company named Hunstein Range Holdings) constructed a fictitious claim that went to the PNG court against the government for not logging the project. Once that claim was dismissed by the court, they focus their attention on falsely claiming ownership of the project, despite that none of these individuals had landowner rights in the project area. This issue was discussed during the different participatory rural appraisals with the traditional landowners, and it was finally resolved in 2014 at a meeting between CCDA, the landowners and the project proponent (see AS_2014_Annual Report).

2) While there is a lack of information on the number of houses in the project area, all Incorporated land groups have signed consent agreements for the project, and this was explained to them in their local language and witnessed by the Provincial legal officer and lawyer Mr John Yamboli LLB (see the AS_2012_Official Carbon Deed already submitted to the audit team). This file contains the signatures of all the Landowner Chairman and should serve as a proof that the houses in each of these communities were engaged.

The traditional landowners in the project formed six landowner companies to represent a total of 164 Incorporated Land Groups (ILGs) that live in different villages in the project (see Table 1).

Table 1. Main villages per Incorporated Landowner Group per Landowner Company (see AS_Table 1 Main Villages) 3) In section 2.3.3, we included a table with a compilation of all the grievances documented in the Annual Reports for this M2 period.

Auditor Response: The audit team confirmed by reviewing the response of this finding and through discussions with the client as well as review of the site visit notes that this article was reporting on false claims made by people not engaged with the project and who have no landowner rights of the project area. We confirmed that section 2.3.3 of the Monitoring Report has been updated to indicate the various grievances and how they have been resolved. We reviewed the community PRA to confirm that net positive benefits have been experienced as a result of the project. Therefore this finding has been addressed and is closed.

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

NIR 27 Dated 22 Jul 2022

Standard Reference: VMD0015-M-REDD-v2.2

Document Reference: VCS_7_10_Calculator_M2_31012022vA01_AR4+IPCC.xlsx; April Salumei_Monitoring Report_M2;

Finding: Step 2 (page 12) of the M-REDD module indicates that “The emission per unit area is equal to the difference between the stocks before and after deforestation minus any wood products created from timber extraction in the process of deforestation:[EQ5].” It then states “For calculation of carbon stock sequestered in wood products, see Module “Estimation of carbon stocks and changes in carbon stocks in the harvested wood products carbon pool in REDD project activities” (CP-W). It is conservative in the project case to assume no wood products are produced.”

In the calculation workbook, sheet VM0007-M-MON, column I, equation 5 of the M-REDD (formerly M-MON) module is calculated for the project scenario. In this calculation, harvested wood products are deducted, under the baseline assumption of the volume of wood extracted per wood product class is 37.7 (sheet VM0007-CP-W, cell F14). Furthermore, in the worksheet VM0007-BL-PL cell P12, harvested wood products are also being deducted from the aboveground live tree carbon pool here. It therefore appears that harvested wood products are being deducted from the aboveground live tree carbon pool twice. During discussions with the project team on 20/7/2022, it was indicated that there has been no timber harvesting during the monitoring period and therefore no wood stored in harvested wood products. As a result, it is unclear why the project scenario emissions are assuming a deduction of carbon sequestered in wood products from the baseline scenario. Please provide additional information for this calculation and justification for this.

Project Personnel Response: CWP_i has been set to 0 for the project scenario deforestation as there is no commercial logging. This is considered conservative as the biomass loss for forest cover loss in the project scenario is now 100% (without deduction for long-term carbon storage in wood products).

(Note: Module name and tab in calculation workbook has been renamed to M-REDD and parameters updated to match VMD0015 M-REDD v2.2.)

As the (baseline) CWP_i term was included for the project scenario in the PD and M1 calculation, above change leads to a deviation from PD (and M1) numbers. --> A respective deviation notice has been added in paragraph 3.2.2.8 in the M2 report.

Auditor Response: The audit team confirmed that for MP2 the project scenario CWP, I has been correctly set to zero, which is accurate as far as the module is concerned and more conservative as well.

We also confirmed that a PD deviation was added as the CWP term was erroneously included in the ex-ante emissions and the MP1 project scenario. The audit team confirmed that this deviation was added to section 3.2.2.8(1). This deviation is both more accurate and more conservative. it must be noted that the scope of this assessment is MP2, thus we are only evaluating the impact and application of this deviation on MP2. The audit team will default to Verra on how to proceed with any revision to the first monitoring period. This finding has been closed.

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

NIR 28 Dated 22 Jul 2022

Standard Reference: VMD0009 LK-ASP v1.3

Document Reference: VCS_7_10_Calculator_M2_31012022vA01_AR4+IPCC.xlsx; April Salumei_Monitoring Report_M2; ProjectDescription_AprilSalumei_FINAL.pdf

Finding: Section 3.6 of the PD indicates that the project applies the LK-ASP module, part 2 “where only a class of deforestation agents can be identified.” The PD details this process

Section 5.3 of the MR states “Section 5.3 of the MR states “As the project has taken the leakage factor deductions no leakage monitoring is required by either methodology.” However, the LK-ASP module of the VM0007 methodology does not indicate anywhere that if a project has taken a leakage factor deduction then no leakage monitoring is required. In fact Steps 1-5 under approach 2 (section 5.2.2) of the LK-ASP tool details the steps and quantification required to calculate market leakage under the project scenario. Step 4 does state that “Where the leakage management areas produce an amount equal or higher than the expected baseline production of a given commodity, leakage must be assumed to be zero.” If this is what the project team is suggesting when it states “the project has taken the leakage factor deductions” in section 5.3 of the MR, then a demonstration of this must be provided. The audit team requests a demonstration of the quantification of market leakage under the LK-ASP module (approach 2, steps 1-5) for the REDD project area.

Project Personnel Response: According to verification report for the project, a leakage factor of 0.2 is to be applied. However, this factor was not applied in PD and M1 quantification for REDD area under VM0007: parameter LF_REDD in sheet Inputs (VM0007) was set to 0 in calculations for PD and M1 report as validated and verified.

As this is perceived to be incorrect, leakage factor has been updated to 0.2 in the calculation sheet. This change to the leakage factor for the REDD areas impacts net emission reductions from year one (see VCS_7_10_Calculator_M2 REVISED 13_10_2022.xlsx, tab VM0007-LK-ASP, column c) and thus reduces net benefits for the entire project duration, including M1 period (tab VM0007-REDD-MF).

-> the project owners and the VVB ask Verra to advise on how to account for the retroactive reductions in benefits due to this change.

Note regarding "leakage management area" mentioned by VVB: there is no such area in the project as it would have to produce the commodity leading to deforestation (i.e. commercial timber). Thus, no leakage management factor is deducted.

Auditor Response: The audit team agrees with the assessment that a leakage factor of 0.2 is accurate for both MP2 and MP1 and that it was erroneously excluded from MP1 and verified as such. However, the scope of this assessment is MP2 and the audit team has confirmed in reviewing the updated quantification workbook that a value of 0.2 for the leakage factor has been applied. The audit team will default to Verra on how to proceed with any revision to the first monitoring period. This finding has been closed.

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

NCR 29 Dated 22 Jul 2022

Standard Reference: VCS v4.3; VCS-Monitoring-Report-Template-v4.1

Document Reference: VCS_7_10_Calculator_M2_31012022vA01_AR4+IPCC.xlsx; April Salumei_Monitoring Report_M2; ProjectDescription_AprilSalumei_FINAL.pdf

Finding: Section 5.3 of the Monitoring Report Template requires “Quantify leakage emissions providing sufficient information to allow the reader to reproduce the calculation. Attach electronic spreadsheets as an appendix or separate file to facilitate the verification of the results.” Section 5.3 of the MR states “As the project has taken the leakage factor deductions no leakage monitoring is required by either methodology. The leakage deductions are based on the default leakage factors and have already been incorporated into the net GHG emissions calculations.”

For the market leakage calculations, refer to tab VM0010-8.3 of the attached excel spreadsheet: VCS_7_10_Calculator_M2_31012022vA01.xlsx.” While the MR points to the calculation workbook which does demonstrate the calculation of leakage, it does not make any reference to the leakage methodology deviation applied. Therefore, this section of the MR does not “sufficient information to allow the reader to reproduce the calculation” and thus is not in conformance with the template requirements

Project Personnel Response: A Reference to validated methodology deviation has been added to section 5.3: Leakage factor procedure: PD section 4.3.2, 3.6.2 and Table 36

Auditor Response: The audit team confirmed that a reference to the methodology deviation has been made in section 5.3. This increases the transparency in how leakage was accounted for. This finding has been closed.

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

NCR 30 Dated 22 Jul 2022

Standard Reference: VMD0009 LK-ASP v1.3; VCS-Monitoring-Report-Template-v4.1

Document Reference: April Salumei_Monitoring Report_M2;

Finding: Section 4.2 of the Monitoring Report template requires the following: “Complete the table below for all data and parameters monitored during the project crediting period (copy the table as necessary for each data unit/parameter). Data and parameters determined or available at validation are included in Section 4.1 (Data and Parameters Available at Validation) above.”

Section IV of the LK-ME tool indicates that the parameter PMPi which is the “Merchantable biomass as a proportion of total aboveground tree biomass for stratum i within the project boundaries”, “Must be monitored at least every 5 years or if verification occurs on a frequency of less than every 5 years examination must occur prior to any verification event.” However in section 4.2 (section on LK-ME), it indicates that the parameter PMLft is monitored but not PMPi. The parameter PMLft (Mean merchantable biomass as a proportion of total aboveground tree biomass for each forest type) was established at validation and is not monitored. Please indicate how PMPi was monitored and if it was not monitored a methodology deviation is required.

Project Personnel Response: Deviation was stated and validated in PD and M1 report (PD section 4.3.2, Verification Report NCR 262, CL/NCR 264 and NCR 269); PMP (and PML) were based on allowable cut which are fixed for the duration of the concessions. Thus, while the PMP is categorized as a monitored parameter, and its validity is bound to the concession , no update or verification through measurement is conducted. in this period.

--> Text in the PMP parameter table in section 4.2 has been updated with reference to validated deviation and description

Auditor Response: The audit team confirmed that a description of the PMP parameter has now been added to section 4.2 and that a reference to the deviation has been made. This finding has been closed.

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

NIR 31 Dated 22 Jul 2022

Standard Reference: VCS v4.3; VCS-Monitoring-Report-Template-v4.1; VMD0009 LK-ASP v1.3

Document Reference: April Salumei_Monitoring Report_M2;

Finding: Section 4.2 of the Monitoring Report template requires the following: “Complete the table below for all data and parameters monitored during the project crediting period (copy the table as necessary for each data unit/parameter). Data and parameters determined or available at validation are included in Section 4.1 (Data and Parameters Available at Validation) above.”

Section 4.2 of the Monitoring Report indicates under the header “Estimation of Emissions from activity shifting (LK-ASP)” that the parameter “ALK-peat,l” or the “Area of leakage to peatland at time t” has been monitored for use in “equation 8.” In reviewing the LK-ASP module, there is no parameter ALK-peati and the equation 8 in the module does not pertain to leakage in peatland.

Please provide more information regarding this parameter, as well as how and why it was monitored during this monitoring period.

Project Personnel Response: ALK,peat,t refers to the respective parameter in equation 8 of VMD0009 v1.0/1.1 used in the PD and M1. As LK-ASP has undergone major structural revisions and leakage to peat is now assessed in a separate process (Part 3 of VMD0009 LK-ASP v1.3), this parameter is replaced by LKAplanned,i,t for peatlands (equation 16).

As all peatland has been excluded from the project area, PD states that no leakage to peatland is taking place (section 3.6.3). This is confirmed by monitoring of concession lands in the 2019 forest cover assessment (see AS_2019_PNG Forest Classification Report).

Auditor Response: Given that this parameter no longer exists and that the project must utilize the most recent versions of the module, all parameters names, equation numbers, and requirements from the updated modules must be utilized and referenced. Only parameters that are relevant to the project, monitoring, and quantification must be referenced. Please update section 4.2 to only reference the relevant parameters from the latest version of the modules. This finding remains open.

Project Personnel Response 2: Parameter ALK,peat,t has been removed from section 4.2 of the MR.

Auditor Response 2: The audit team confirmed that this parameter has been removed.

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

NIR 32 Dated 22 Jul 2022

Standard Reference: VMD0017-X-UNC_v2.2

Document Reference: VCS_7_10_Calculator_M2_31012022vA01_AR4+IPCC.xlsx; April Salumei_Monitoring Report_M2; ProjectDescription_AprilSalumei_FINAL.pdf

Finding: Section 5.1.1 of the X-UNC tool indicates that the uncertainty must be evaluated as “Planned Deforestation: where rate of deforestation is derived from measurements of proxy areas (see Module BL-PL): The uncertainty must be equal to the 95% confidence interval as a percentage of the mean of the area deforested in each proxy (D%pn) divided by the number of years over which deforestation occurred in each proxy (Yrspn).” Table 32 in the PD shows the D%pn divided by Yrspn for each proxy area (which is 9 years). In the calculation workbook, sheet VM0007-X-UNC, cell C5, it shows the absolute uncertainty divided by the mean of those values from table 32. However, it then divides this value by 9 again. It is unclear to the audit team why this is component of the equation is being divided by 9 years again. Please provide additional information.

Project Personnel Response: Calculation is unchanged from verified PD and M1 calculator. Cell C5 of in sheet VM0007 X-UNC refer back to D%pn for the reference concession areas (p1_ through p7_) in cells E19 through E25 on the Inputs (VM0007) sheet which correspond to the third column in table 32 (D%_pn) in the PD. It is thus correct that these values are divided by the number of years (9) in the calculation sheet for uncertainty.

Auditor Response: During a call with the client the audit team received greater detail regarding the quantification of this parameter. We agree that it is quantified correctly. Thank you for the clarification. This finding has been closed.

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

NIR 33 Dated 22 Jul 2022

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

Document Reference: April Salumei_Non Permanence Risk Report_V4.0_IFM; April Salumei_Non Permanence Risk Report_V4.0_REDD;

Finding: In section 2.4.1 part 3a) of the NPRR, it is state that, “Mitigation of natural risk factors may be applied where evidence is provided that prevention measures are in place and/or the project has a proven history of effectively containing natural risk. Examples of mitigation/prevention measures include, inter alia, the following:

- Fire risk: Fuel removal, establishment of fire breaks and fire towers, and ready access to adequate fire-fighting equipment.”

The client responded, “During our establishment of the initial baseline of VM0010 methodology, the project proponent undertook a Participatory Rural Appraisals to determine firewood use in the project area. Interactions with the representatives of the different Incorporated Land Groups (ILGs) on the prevention of fires and burning, and the importance of the sustainable use of firewood for their customary practices has led to maintain risks to a minimum across the project area during this monitoring period.

- Prevention measures applicable to the risk factor are implemented (0.5).”

In order to meet the requirements of this mitigation, the client must provide evidence of action that reduces the fire risk at the project location. While conducting a Participatory Rural Appraisal on firewood gives a baseline for understanding the need for fuel wood in the site, it is not a preventative measure to reduce the risk of fire. Further information is needed to add clarity to the nature of the “interactions with representatives of the different ILGs on the prevention of fires and burning”, specifically how these interactions led to preventative measures that reduce fire risk in the project area.

Project Personnel Response: To minimise the risk of fires, the following mitigation actions are in place:

- 1) Immediate reporting of any incidents of fire as determined in the file named “AS_2012_SOP Field Monitoring_v1.3”
- 2) Annual field Monitoring Reports compiled the Participatory Rural Appraisals with the villages in each community (example AS_2018_PRA Sio Wario Field Monitoring).
- 3) The frequent collection of dead wood for household use also mitigates the risks of fires in the community areas.
- 4) The remote sensing analysis is used as a confirmation tool that no fires occurred in the project area.

Auditor Response: The audit team confirmed that the evidence provided by the client is sufficient. This finding has been closed.

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

NCR 34 Dated 22 Jul 2022

Standard Reference: VCS-Monitoring-Report-Template-v4.1

Document Reference: April Salumei_Monitoring Report_M2; AS_2013-2014_Annual Report...AS_2018_Annual Report.pdf

Finding: In the VCS Monitoring Report Template v4.1, section 2.3 states, “the processes used to communicate and consult with local stakeholders during the monitoring period, including any information about any conflicts that arose between the project proponent and local stakeholders and whether any such conflicts were resolved via the established grievance redress procedure.”

In the client’s submission for Grievance Management, “A well-established grievance redress protocol has enabled the ASWG project manager and the six landowner Chairman to assist in resolving conflicts or grievances that may have arisen between the different stakeholders of the project.

The project established a policy and a Standard Operating Procedure (SOP) for the redress of grievances (for details see AS_2012_Complains Handling and Dispute Resolution Policy in Appendix A). The policy and SOP were written in both English and the local pidgin language for easy access to all the stakeholders. During this reporting period, the policy was signed by the ASWG Chairman and the project manager, and each of the six Landowner Chairman. This has ensured that the Landowner Chairman had the opportunity to address the grievance and see whether it may be escalated to other stakeholders.

The different stakeholders of the project have been suggested to lodge their grievances through email, written letter or phone call.”

Based on the client’s response, the auditing team was able to verify that there exists a mechanism for grievance reporting, but the submitted monitoring report does not provide a summary of conflicts or grievances, as instructed by the template.

For example, in AS_2015_Annual Report.pdf, Table 5 documents grievances, comments, action required, and outcomes. This information should appear in the monitoring reportSection 2.3 of the monitoring report must detail any grievances that occurred during the monitoring period. .

Project Personnel Response: In section 2.3.3, we included a table with a compilation of all the grievances documented in the Annual Reports for this M2 period.

Auditor Response: The audit team confirmed that section 2.3.3 of the Monitoring Report was updated to report all grievanced documented during the monitoring period. This finding has been closed.

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

NCR 35 Dated 22 Jul 2022

Standard Reference: VCS-Monitoring-Report-Template-v4.1

Document Reference: April Salumei_Monitoring Report_M2

Finding: In the VCS Monitoring Report Template v4.1, section 3.1 states: “Describe the implementation status of the project activity(s), include information on the following:

- When applicable, describe how leakage and non-permanence risk factors are being monitored and managed for AFOLU projects.”

In response, the client Monitoring Report states, “The project implemented a series of forest conservation measures and socio-economic actions that reduced illegal logging, deforestation, and forest degradation, and promoted economic development across the different ILGs during this second monitoring period. The backbone of the project’s implementation was governance and management activities.”

This section specifically requires that the applicant project describe how non-permanence risk factors are being monitored and managed, including natural risk factors, such as fire. Please further describe these risk factors, with reference to the submitted NPRR document.

Project Personnel Response: In Section 3.1 we added a subheading including the different activities that the project has in place to mitigate risk.

Auditor Response: The audit team confirmed that section 3.1.1 was added which indicates how the various project activities mitigate risk identified. This finding has been addressed.

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

NIR 36 Dated 22 Jul 2022**Standard Reference:** VCS-Monitoring-Report-Template-v4.1**Document Reference:** April Salumei_Monitoring Report_M2; AS_2012_SOP_Field Monitoring_v1.3

Finding: Section 4.3 of the VCS Monitoring Report Template v4.1 states, “Describe the process and schedule followed for monitoring the data and parameters, set out in Section 4.2 above, during this monitoring period, include details on the following:

- The methods used for generating/measuring, recording, storing, aggregating, collating, and reporting the data on monitored parameters.”

In the client’s submission of AS_2012_SOP_Field Monitoring_v1.3, section 2, it indicates the following actions are conducted as part of the monitoring plan:

“5. The field reports are to be scanned and both electronic copy and hard copy kept. See the attached field Report. This is the sheet to be used for all field-based incidents and annual monitoring.

6. A pre-verification audit is to be undertaken by the University of Papua New Guinea prior to the VCS verification process. A specific checklist will be developed for guidance for this process. This will include; a) Submission of annual reports b) Appropriate review and action of all incidents reported following the net loss response decision tree c) Evidence the continual improvement process has been implemented Templates for newsletters, status reports, meeting minutes and budget plans will be made available to staff members. These templates will be filed using operating procedures described in SOP Data Storage.”

The audit team requests the following:

- A subset or sample of the electronically stored field reports. These can be from any year or multiple years that were collected.
- More information on the pre-verification audit conducted by the University, including the methodology and the developed “checklist.” A copy of the audit would be welcome.
- SOP Data Storage documents described in the Field Monitoring SOP.

Project Personnel Response: As an example of the electronically stored field reports, the following files are submitted:

- 1) An example of the field notes compiled from the different villages surveyed. This data is then used to complete the Annual Monitoring Plan for each Landowner Company (AS_2018_PRA Sio Wario Field Monitoring)
- 2) Completed Annual Field Monitoring Report for Kuresa and Salumei 2018 (AS_2018_Kuresa & Salumei 2018 Field Monitoring)
- 3) Handwritten submitted report from Niksec Landowner Chairman from 2018 (AS_2018_Niksec Field Monitoring)

The checklist information used by the University of Papua New Guinea to pre-verify and audit the Field Monitoring reports is in the submitted AS_2012_SOP_Field Monitoring_v1.3

Auditor Response: The audit team reviewed the sample of field monitoring sheets provided. However, the following components of the finding have not been addressed:

- (1) we cannot locate this checklist in the Field Monitoring SOP.
- (2) We continue to request the SOP Data Storage document which is referenced in the Field Monitoring SOP

This finding remains open.

Project Personnel Response 2: The checklist information used by the University of Papua New Guinea to pre-verify and audit the Field Monitoring reports has been included in the submitted file named “AS_SOP Field Monitoring_v1.4”.

The letter from Professor Kaluwin is the file named AS_2013-2018_Field Monitoring Letter. This is a letter from Professor Kaluwin, that has served as the PNG Governments scientific advisor detailing his findings in reviewing the Field Monitoring reports. Professor Kaluwin attended all Annual Meetings as the PNG Government independent advisor. As stated in the mentioned letter, this independent audit was last conducted by Professor Kaluwin on the 14th of February 2022. The audit concluded that the land change around Nicksek village was reported and there were no further events recorded by the Annual Field Monitoring or identified by the remote sensing analysis.

In reply to finding #25 we have submitted a copy of the Annual Monitoring Reports from Nicksek, Salumei and Kuresa landowner companies (see AS_2018_Kuresa & Salumei 2018 Field Monitoring, and AS_2018_Niksec Field Monitoring) We have also submitted the Participatory Rural Appraisal (PRA, see AS_2018_PRA Sio Wario Field Monitoring), from Sio Wario Landowner company when surveying the villages within his landowner area. These documents are examples of the ones reviewed by the Professor and compared to the remote sensing analysis.

We also submitted the “AS_2016_SOP Data Storage” as requested.

Auditor Response 2: The audit team confirmed that the updated Field Monitoring SOP (v1.4) now contains this check list. However, it remains unclear whether this checklist was actually used for monitoring and whether an audit was conducted by the University of Papua New Guinea. Thus see finding # 38 below.

The audit team confirmed that the SOP Data Storage has been provided and that describes the digital storage of project documents documents.

This finding has been satisfied.

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

NIR 37 Dated 9 Aug 2022

Standard Reference: VCS v4.3

Document Reference: AS_2012_Complaints Handling and Dispute Resolution Policy;

Finding: Section 3.17.18 of the VCSv4.3 states "The project proponent shall develop a grievance redress procedure to address disputes with local stakeholders that may arise during project planning and implementation, including with regard to benefit sharing." The audit team confirmed that there is a grievance and redress procedure (AS_2012_Complaints Handling and Dispute Resolution Policy.pdf). However, during the site visit interviews in the Sio-Wario village, the auditor encountered a disgruntled leader in the community who had openly expressed dissatisfaction with the project proponent and current project leaders. It is unclear if this community member was Raymond Suario who is mentioned in the table on page 21 of the monitoring report on grievances or a different community member. It was expressed that the grievance mechanism is unclear to some of the leaders and the project area community. Please provide more information regarding how the grievance and redress procedure has been provided/communicated to the communities and maintained during the monitoring period.

Project Personnel Response: Yes, this is the same individual as, mentioned in the table 11 on page 21 detailing grievances that occurred during the M2 period.

The fact that this was recorded as a grievance and discussed at the Annual Meeting demonstrates the grievance redress procedure has been followed and was effective.

When a community member becomes disgruntled, the first step is for his elected leader from that community to talk with the individual to understand the issues and discuss them.

This traditional method is usually the most effective in resolving grievances and the Landowner Company Chairman will try to resolve the grievance.

The Landowner Company Chairman would be responsible to either discuss this with the Project Manager and agree the path to resolution or offer the person raising the grievance the option to raise a formal complaint through the Complaints Handling and Dispute Resolution Policy (see AS_2012_Complaints Handling and Dispute Resolution Policy). This path is provided by the Landowner Company Chairman.

Then the issue is investigated by the Project Manager and escalated to the Project Proponent if necessary.

In the instance recorded by the auditor the aggrieved party (Raymond Suario) sat with the Landowner Company Chairman (Webster Salio) and the Project Chairman and resolved the issue amicably and very quickly. The Landowner Company Chairman Webster Salio was based in Port Moresby attending an administrative diploma course and was absent from the village for 4 months. While this activity has been proposed by the project for him to be trained in management and administration, his absence may have contributed to Mr Suario not having a direct channel of communication regarding the project. However, that has now been resolved following the initial steps of the Complaints Handling and Dispute Resolution Policy.

Auditor Response: Thank you for the additional information regarding this specific grievance and the application of the grievance and redress procedure. This information request has been satisfied.

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

NIR 38 Dated 7 Sep 2022

Standard Reference: VCS-Monitoring-Report-Template-v4.1;

Document Reference: AS_SOP_Field Monitoring_v1.4

Finding: This finding relates to number 36 above. Section 4.3 of the VCS Monitoring Report Template v4.1 states, “Describe the process and schedule followed for monitoring the data and parameters, set out in Section 4.2 above, during this monitoring period, include details on the following:

- The methods used for generating/measuring, recording, storing, aggregating, collating, and reporting the data on monitored parameters.”

In the client’s submission of AS_2012_SOP_Field Monitoring_v1.4, section 2 (6), it indicates the following actions are conducted as part of the monitoring plan:

“6. A pre-verification audit is to be undertaken by the University or Papua New Guinea (UPNG) prior to the VCS verification process. As per section 2.3, a specific checklist was developed for this process.”

The audit team requests more information about this pre-verification audit. When was the audit completed, who completed the audit, and how were the results of this audit reported. Please provide documentation from this audit.

Project Personnel Response: The file titled "AS_2022_Audit letter" was submitted as evidence for this audit process. The audit team confirmed on the 5/10/2022 that the letter provided enough evidence to consider this finding closed.

Auditor Response: The audit team confirmed through review of the audit letter that a pre-verification audit was conducted by University or Papua New Guinea (UPNG) in line with the AS_2012_SOP_Field Monitoring_v1.4.pdf. This finding has been closed.

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

OBS 39 Dated 25 Oct 2022

Standard Reference: CCB standard, third edition; AFOLU Non-permanence Risk Tool v4.0

Document Reference: N/A

Finding: This is an observational finding and a response is not required. The audit team confirmed on-site through interviews and observations that the project proponent has delivered the benefits reported including solar lighting, boats and school materials, seedlings, and training, but we observed that some of the equipment has not been properly maintained. For instance in the Sio Village, we confirmed that the boat and motor were provided, however, the motor was broken and the boat was said to be in another village. While this observation does not rise to a material or conformance issue, it highlights potential future risks associated with the project implementation, benefit sharing, and community engagement.

Project Personnel Response: Noted

Auditor Response:

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

NCR 40 Dated 25 Oct 2022

Standard Reference: VCS-Monitoring-Report-Template-v4.1;

Document Reference: VCS_AS_M2_v4.1_TRACK_v1.4

Finding: Section 4.3 of the Monitoring Report template states "Describe the process and schedule followed for monitoring the data and parameters, set out in Section 4.2 (Data and Parameters Monitored) above, during this monitoring period, include details on the following:

- The organizational structure, responsibilities and competencies of the personnel that carried out the monitoring activities.
- The methods used for generating/measuring, recording, storing, aggregating, collating and reporting the data on monitored parameters.
- The procedures used for handling any internal auditing performed and any non-conformities identified.
- The implementation of sampling approaches, including target precision levels, sample sizes, sample site locations, stratification, frequency of measurement and QA/QC procedures. Where applicable, demonstrate whether the required confidence level or precision has been met.

Where appropriate, include line diagrams to display the GHG data collection and management system." This section does not provide information on the following: (1) The procedures used for handling any internal auditing performed and any non-conformities identified; (2) QA/QC procedures. Therefore this section is not in conformance with the template requirements.

Project Personnel Response: Section 4.3 of the Monitoring Report has been updated with the following paragraph: "An internal auditing function is performed through the review of all field reports by the External Carbon Specialist (Professor Chalapan Kaluwin) and his review report has been provided as a separate document through the verification process. QA/QC is achieved by cross-checking the field reports against remote sensing that has been undertaken as part of this Monitoring Report. Where there is a net loss identified, the response process shown in Figure 7 is implemented. Please refer to section 2.3.2 which demonstrates the implementation of this process for the current period. "

Auditor Response: The audit team confirmed that section 4.3 of the Monitoring Report now addresses all required template elements. This finding has been closed.

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

NIR 41 Dated 25 Oct 2022

Standard Reference: VCS-Monitoring-Report-Template-v4.1;

Document Reference: VCS_AS_M2_v4.1_TRACK_v1.4

Finding: Section 3.2.2 of the MR template states "Describe any project description deviations applied during this monitoring period and explain the reasons for the deviation. Identify whether the deviation impacts the applicability of the methodology, additionality or the appropriateness of the baseline scenario and provide an explanation of the outcome. Describe and report on any project description deviations applied in previous monitoring reports." Section 3.2.2.8 of the Monitoring Report now includes a description of the following PD Deviation "4. The review of the calculation also identified erroneous/missing conversion of leakage losses from tC to tCO₂e for the REDD area under VM0007. Adding missing parentheses has led to correctly quantified results, considerably reducing net emission reductions. " it is unclear why this is included as a PD deviation. While the audit team confirmed that this error was discovered and we relayed this to the project team, this appears to be an error in the application of the leakage equation and does not indicate a deviation from the procedure or any values set out in the PD. Ex-ante leakage values and project scenario emissions are estimated in the PD, but are ex-ante and thus monitored and reported in each monitoring report. Please provide more information as to why this quantification error constitutes a PD deviation.

Project Personnel Response: The correction was listed as a PD deviation because it leads to changes in leakage as reported in the M1 report (listed also in the PD). As stated, it was never considered to have an impact on methodology applicability or additionality. With the listing in the PD considered "ex ante", the corrected calculation does NOT constitute a PD deviation.

The 4th paragraph has been removed from section 3.2.2.8 in the MR.

Auditor Response: Thank you for clarifying this. The audit team agrees that the quantification error does not constitute a PD deviation. This finding has been closed.

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

NIR 42 Dated 25 Oct 2022

Standard Reference: VM0010 v1.2

Document Reference: VCS_7_10_Calculator_M2 REVISED 13_10_2022 MARKUP

Finding: Equation 43 in the Vm0010 methodology is used to calculate the "Total greenhouse gas credits adjusted for uncertainty for each year t in the project crediting period." In the calculations workbook VCS_7_10_Calculator_M2 REVISED 13_10_2022 MARKUP.xlsx, sheet Net GHG emissions VM0010, it appears that there is a material error in the calculation of Total Credits for years 4a, 4b, and 10a in that the total credits in these partial years were divided by 2 twice. For instance, the total credits are already calculated in sheet VM0010-8.4 column D and were appropriately divided by 2 already to account for partial years (4a, 4b, and 10a). But then in sheet Net GHG emissions VM0010, column E they are divided by 2 again because there was an error in the order of operations causing the GHG emissions to be multiplied by an uncertainty of 0.5. Please check these values and confirm the calculation of equation 43 of VM0010.

Project Personnel Response: Equations in cells E10:F11 of sheet "Net GHG emissions VM0010" have been corrected (removed division by 2). Note that this change does not impact reported results as this sheet is not used for the consolidation or reporting of VCUs. The respective references in sheet "VCU summary" link directly to sheet VM0010-8.4.1.1 which has already been updated to apply the correct equation for split years.

Auditor Response: The audit team confirmed that the calculation workbook was corrected accordingly. This finding has been closed.

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

OBS 43 Dated 25 Oct 2022

Standard Reference: VMD0006-BL-PL_v1.3

Document Reference: VCS_7_10_Calculator_M2 REVISED 13_10_2022 MARKUP;
VCS_AS_M2_v4.1_TRACK_v1.4

Finding: This is an observational finding and a response is not required. Due to project description deviation in section 3.2.2.8 of the Monitoring Report pertaining to the baseline quantification, the audit team has checked the quantification of the BL-PL module. Section 1.6 part 2 of the BL-UP module states "Stock changes in aboveground biomass and litter are emitted at the time of deforestation. Following deforestation, emissions from belowground biomass, dead wood, soil and wood products take place gradually over time. Stock changes in belowground biomass and dead wood are emitted at an annual rate of 1/10 of the stock change for 10 years, and at an annual rate of 1/20 of the stock change for 20 years for soil organic carbon (for non-wetland soils). Carbon stocks entering the wood products pool at the time of deforestation and that are expected to be emitted over 100-years are emitted at an annual rate of 1/20 of the stock for 20 years. Thus, for a given year t, emissions are summed across areas deforested from time t-10 up to time t (for belowground biomass and dead wood) and from time t-20 up to time t (for soil organic carbon and wood products), in the Equation 13." The audit team found errors in the quantification of both of these pools in the baseline, but these occur after monitoring period 2 and are therefore outside the scope of this assessment (hence this is an observation, which does not need to be addressed at this time). For instance, in the workbook, VCS_7_10_Calculator_M2 REVISED 13_10_2022 MARKUP, sheet VM0007-BL-PL, we found that for year 13 belowground biomass (cell H26), the emissions from year 4a are not included. Furthermore, we found that for long-lived wood products, the emissions are only spread over 10 years and not 20 years (column I), thus starting in year 11, the baseline emissions do not include emissions from year 1 and so on for 20 years. These result in material discrepancies in the subsequent monitoring period/baseline reassessment. However, this is only issued as an observation as it does not impact this monitoring period and therefore does not need to be addressed.

Project Personnel Response: Noted

Auditor Response:

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

NIR 44 Dated 25 Oct 2022

Standard Reference: VCS-Monitoring-Report-Template-v4.1;

Document Reference: VCS_AS_M2_v4.1_TRACK_v1.4

Finding: This finding relates to NCR #10. Section 3.2.1 of the Monitoring Report Template requires "Describe and justify any methodology deviations applied during this monitoring period." While the audit team confirmed that a methodology deviation was added to address the frequency of monitoring, the deviation stated in section 3.2.1 states "Section 6.2 of the M-REDD module (formerly M-MON), requires each parameter to be monitored at least every 5 years. In deviation from this, this monitoring report covers a period of 6 years from 2013 to 2018. However, this period actually precedes the change to the M-REDD Module (which was published in 2020) and during this period 2013 – 2018 it was not required to be monitored every 5 years. The deviation has no impact on the quantification of GHG emissions or removals." This is not accurate as the M-MON module also required monitoring of parameters every 5 years. For instance, for the parameter AdefPA (area of recorded deforestation in the project area...), the M-MON module states "Frequency: Must be monitored at least every 5 years or if verification occurs on a frequency of less than every 5 years examination must occur prior to any verification event." Please provide an accurate description and justification of the methodology deviation.

Project Personnel Response: The following justification is now provided in the Monitoring Report: "Section 6.2 of the M-REDD module (formerly M-MON), requires each parameter to be monitored at least every 5 years. In deviation from this, this monitoring report covers a period of 6 years from 2013 to 2018. The work on the monitoring report commenced in 2016. However, the CEO of the development company became seriously ill from 2016 to 2018 and the work on the monitoring report was suspended until 2018, at which stage the data was updated to reflect the time that was passed. The extension from 5 to 6 years has no impact on the quantification of GHG emissions or removals."

Auditor Response: Thank you for the explanation. The audit team confirmed that the PD deviation has been update to more accurately reflect the reasons for the 6 year monitoring period. This finding has been closed.

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

NIR 45 Dated 25 Oct 2022

Standard Reference: validated PD (ProjectDescription_AprilSalumei_FINAL (1).pdf)

Document Reference: VCS_AS_M2_v4.1_TRACK_v1.4; VCS_7_10_Calculator_M2 REVISED 13_10_2022 MARKUP; ProjectDescription_AprilSalumei_FINAL

Finding: Table 16 in section 4.1 for the root to shoot ratio parameter 'R' states for the value applied: "A root:shoot ratio of 0.212 t root dm/t AGB was applied, based on the value for tropical rainforest." This constitutes a deviation from the Project Description, which states in table 38 "A root:shoot ratio of 0.37 t root dm/t AGB was assumed, based on the value for tropical rainforest reported in." The PD also states in section 3.8.2 of that "A root:shoot ratio of 0.37 t root dm/t AGB was assumed, based on the value for tropical rainforest reported in Table 4.4 of the IPCC Guidelines for AFOLU (2006)." In discussions with the project team, we confirmed that the intension was to generally utilize values set out in the validated PD. The calculation workbook shows two root to shoot ratios of 0.24 (forests > 125 t d.m ha⁻¹) and 0.2 (forests <125 t d.m. ha⁻¹) and it appears that a value of 0.24 was applied in worksheet VM0007_CP-AB (column L). Furthermore, when conducting a check on the baseline quantification and comparing these values to those reported in the PD, it appears that we obtain the same baseline values when utilizing the 0.24 root to shoot ratio, calling into question if that 0.37 ratio was actually applied in the PD. Please provide more information regarding the intended root to shoot ratio and which root to shoot ratio was applied in the PD. please update the MR accordingly (if needed). Please note that if a different root to shoot ratio is utilized from that set out in the PD, this constitutes a PD deviation.

Project Personnel Response: All calculations have been applying a root-to-shoot ratio of 0.24 including M1 report and PD, corresponding to NCR #57 in validation report and based on parameter table for root to shoot ratio in VMD0007 CP-AB (page 17). Factor 0.37 in PD (pages 101,103, 105) and MR 1 section 4.2 is thus outdated and should have been corrected accordingly at validation.

Despite this NCR having been addressed and documented at validation (VALID_REP_1122_08OCT2013.pdf), a PD deviation has been added (section 3.2.8).

Section 4.1 in MR2 (Table 16, page 39) has been reversed to 0.24 (from 0.212 previously updated to IPCC 2019 values but reverted to IPCC 2006 since - see NIR #24 above)

Auditor Response: Thank you for this explanation. The audit team confirmed that Table 24 was updated to show a root to shoot ratio of 0.24. We confirmed this was the value utilized in the calculation of the baseline. Lastly, we confirmed that a PD deviation was added to the MR. This finding is closed.

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

NIR 46 Dated 25 Oct 2022

Standard Reference: VCS-Monitoring-Report-Template-v4.1;

Document Reference: VCS_AS_M2_v4.1_TRACK_v1.4

Finding: Section 4.2 of the Monitoring Report Template states "Complete the table below for all data and parameters monitored during the project crediting period (copy the table as necessary for each data unit/parameter)." The audit team found that for many of the parameters listed in this section, the tables contain blank fields. For instance, Table 24 in section 4.2 of the Monitoring Report contains information about 3 parameters (Aburn, Cab_tree, CLi. However, several of the table boxes are empty such as 'source of data', 'frequency of monitoring/recording', 'value monitored', 'monitoring equipment', 'QA/QC procedures to be applied.' We found that in several other tables in section 4.2 there are values missing or tables are incomplete even though a value was monitored and/or utilized in the quantification (e.g., UP,SS,i,pool#, UBSL,SS,i,pool#, Illegal Logging PRA results, Adist,i,t, PMPi, to name a few). Please indicate why these fields have been left blank and/or update these tables to provide complete information.

Project Personnel Response: All the parameter tables in MR2 have been amended accordingly

Auditor Response: We confirmed that the tables have been amended and are now complete. This finding has been closed.

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

NCR 47 Dated 25 Oct 2022

Standard Reference: VMD0011-LK-ME-v1.0

Document Reference: VCS_7_10_Calculator_M2 REVISED 13_10_2022 CHANGES M2 ONLY - MARKUP

Finding: This finding is to memorialize that the audit team has found an error in the quantification of market leakage for the REDD project. It was conveyed to the project team via an email on 29 September 2022 and was corrected for this current monitoring period (MP2) in the calculation workbook. The error pertained to equation 4 in the LK-ME module, which calculates the Carbon emission due to timber harvests in the baseline scenario in stratum i at time t ; t CO₂-e. The equation requires that all components are multiplied by 44/12 to convert from C to CO₂. In the calculations workbook sheet VM0007-LK-ME, only the last parameter LIF was multiplied by the 44/12, ultimately resulting in an underestimation of market leakage. This has been corrected by the project team, for the quantification for this monitoring period, in the latest version of the workbook, thus no further action is needed.

Project Personnel Response: [Finding addressed outside the cover of this workbook]

Auditor Response: Finding addressed outside the cover of this workbook

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

OBS 48 Dated 25 Oct 2022

Standard Reference: VM0010 v1.2; VMD0015-M-REDD-v2.2, VMD0009 LK-ASP v1.3; VMD0011-LK-ME-v1.0

Document Reference: VCS_7_10_Calculator_M2 REVISED 13_10_2022 CHANGES M2 ONLY - MARKUP; April Salumei REDD Project 1st Project Reporting Period

Finding: This finding is to memorialize that the audit team has found several accounting errors that impact the previous monitoring period. These errors include the following:

- (1) NIR28 - The PD indicates that a leakage factor of 0.2 is to be applied for both the REDD project area and the IFM project area. However, in the first monitoring report, no leakage deduction was taken resulting in an overestimation of VCUs.
- (2) NCR48 - An error in the calculation of leakage of equation 4 from the LK-ME module (the conversion to CO₂ was only applied to the last factor and not to the entire equation). This error was corrected for this current monitoring period, but it was present in the quantification for the previous monitoring period and has resulted in an overestimation of VCUs.
- (3) NIR27 - the Long-term wood products were deducted from the aboveground live tree carbon pool for the calculation of emissions from deforestation in the project scenario, despite there being no harvested wood products generated during the first or second monitoring period. This was corrected for MP2, but it has resulted in an overestimation of VCUs in the first monitoring period.

Verra has been notified in September 2022 that errors in the first monitoring period have been discovered. We are awaiting guidance for how to proceed with this. In the absence of the guidance, this observational finding has been issued as a means of memorializing the errors.

Project Personnel Response: Noted

Auditor Response:

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

NCR 49 Dated 17 Nov 2022

Standard Reference: VCS-Monitoring-Report-Template-v4.1;

Document Reference: AS_VCS_M2_v4.1_TRACK_v1.5

Finding: Section 5.4 of the Monitoring Report states "Quantify the net GHG emission reductions and removals, summarizing the key results using the table below. Specify breakdown of GHG emission reductions and removals by vintages where the intent is to issue each vintage separately in the Verra Registry." Later it states "For AFOLU projects, include quantification of the net change in carbon stocks. Also, state the non-permanence risk rating (as determined in the AFOLU non-permanence risk report) and calculate the total number of buffer credits that need to be deposited into the AFOLU pooled buffer account. Attach the non-permanence risk report as either an appendix or a separate document.

For AFOLU projects, use the following table:..." The monitoring report contains tables showing the final VCUs and net GHG emissions but they do not follow the format of this required table. This is not in conformance with the template requirements.

Project Personnel Response: [Finding addressed outside the cover of this workbook]

Auditor Response: The audit team confirmed that the table has be updated.

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

NCR 50 Dated 17 Nov 2022

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

Document Reference: VCS_7_10_Calculator_M2 11_11_2022.xlsx

Finding: Section 2.5.4 of the Risk tool requires the following "To determine the number of buffer credits that shall be deposited in the AFOLU pooled buffer account, the overall risk rating shall be converted to a percentage (e.g., an overall risk rating of 35 converts to 35%). This percentage shall be multiplied by the net change in the project's carbon stocks (stated in the verification report), as set out in the VCS Program document Registration and Issuance Process." The net change in project's carbon stocks means the baseline minus the project scenario. However, in the calculation workbook, for VM0010 buffer pool determination, the project is also deducting leakage emissions, and calculating the buffer pool for net GHG emissions and not the net change in project emissions. This results in an underissuance of buffer pool allocation and is not in conformance with the VCS requirements. Although outside of the scope of this audit, the audit team also notes that during MP1, the buffer pool was calculated incorrectly resulting in an overissuance of credits.

Project Personnel Response: [Finding addressed outside the cover of this workbook]

Auditor Response: The audit team confirmed that this buffer calculation was corrected.

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

NIR 51 Dated 31 Mar 2023**Standard Reference:** VCS-Monitoring-Report-Template-v4.1;**Document Reference:** Technical report on Papua New Guinea RRUs for SCS 160322;
AS_VCS_M2_v4.1_TRACK_v1.5_20 Nov

Finding: Section 1.10 of the Monitoring Report template requires the following: "Include the following information, as applicable: Emission Trading Programs and Other Binding Limits: Where the project reduces GHG emissions from activities that are included in an emissions trading program or any other mechanism that includes GHG allowance trading (as identified in the project description, or where such programs or mechanisms have subsequently emerged) demonstrate that net GHG emission reductions or removals generated during this monitoring period have not been used for compliance under such programs or mechanisms. Examples of appropriate evidence are provided in the VCS Standard." The REDD.plus platform sells REDD+ Results Units for the entire country. These RRUs correspond to results observed over the 2014-2015 period, which corresponds with 2 years of the monitoring period. We learned that additional years 2016-2018 are currently under review by the UNFCCC. The RRUs are estimated against the FREL submitted to UNFCCC by PNG which considers deforestation, degradation and carbon stock enhancement, but not sustainable forest management. Section 1.10 of the monitoring report does not acknowledge this other emissions trading program operating at the national scale in PNG or provide any description or demonstration that the net GHG emissions generated by the April Salumei project during this monitoring period have not been used or double counted with this other program. As a result, section 1.10 of the monitoring report is not in conformance.

Project Personnel Response: The following addition has been made to section 1.10 of the monitoring report:

The April Salumei REDD Project is not registered with any other GHG programs and emission reductions, or removals generated during this monitoring period have not been used for compliance under such programs or mechanisms.

It is noted that the REDD.plus platform formed by the Coalition of Rainforest Nations (CfRN) sells REDD+ Results Units (RRUs) for its member countries, including PNG. For PNG, these RRUs correspond to results observed during the period of 2014-2015 estimated against the Forest Reference Level (FRL) submitted to UNFCCC which considers deforestation, degradation and carbon stock enhancement, but not sustainable forest management. The emissions reduction from the April Salumei REDD Project is not included in the estimation for the RRUs for the reasons below:

1. The Forest Reference Level against which the emissions are compared is arrived from a historic emissions baseline period from 2001 to 2013. The Forest Reference Level for the years from 2014-2018 have been extrapolated from the baseline trajectory.
2. The April Salumei project has been ongoing since 2009 and is included in the baseline trajectory that includes forest cover till 2013.

Likewise, during this monitoring period, the April Salumei REDD project has not generated any other form of GHG related Environmental Credit including renewable energy certificates.

Auditor Response: The audit team has reviewed the updated Monitoring Report and confirmed that discussion of the redd.plus credits. Through an extensive review of the redd.plus and comparison of how redd.plus "credits" are generated versus how the project credits are generated, the audit team agrees with the assessment conducted by the project. The project area was fully forested during the entire 10 years prior to the project start (as indicated by the validation). The project has maintained its forested area (aside from a few hectares lost during MP1 and MP2), thus the project area would not have been responsible for generating any of those credits sold on the redd.plus network. The April Salumei project only generates credits from avoided deforestation and harvest, which the FRL based RRUs explicitly do not include. As a result, this finding has been closed.

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

NCR 52 Dated 31 Mar 2023

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

Document Reference: VCS_NPRR_V4.0_IFM_TRACK_v1.5_19 Nov1

Finding: Section 2.3.1(9) of the Non-permanence Risk Tool states “Where disputes exist over potential ownership, land/resource access/usage rights or where there are overlapping access/usage rights within the project area (including water usage rights that may affect the hydrology and/or sediment in WRC project areas, such as causing the water table in the project area to drop or otherwise impacting the hydrology of the project area, resulting in higher GHG emissions), the project proponent shall apply the risk scores listed in Table 6. It shall be demonstrated, in addition to the VCS Program requirements for project ownership, that the project has endorsement (such as a legal agreement or memorandum of understanding) from all entities with credible ownership claims or land/resource access/use rights (such as customary rights holders), including from formal and/or traditional authorities.” Table 6d states “There exist disputes over access/use rights (or overlapping rights)” and has a risk of 5. However, table 11 in the Monitoring Report lists several grievances pertaining to disputes over ownership of the April Salumei project area. Whether these disputes are founded or not, they have existed during the monitoring period. Furthermore, evidence was provided to the registry (2019 MOU termination request, 2023 letter from CCDA to Verra, and a 2023 letter from Hunstein Range), all demonstrate that disputes over access/use rights of the carbon project exist. While these disputes may not have existed during the monitoring period, Section 2.2.1 of the Risk Tool indicates that this is a present/forward looking analysis when it states “projects with a project start date in the past, or projects analyzing risk at a subsequent verification event shall assess the potential transient and permanent losses for the next 100 years based on the conditions present and available at the time of risk analysis.” The current risk report provided to the audit team shows a risk score of 0 for Table 6d. This is not in conformance with the current evidence.

Project Personnel Response: The NPRR reports have been updated to acknowledge the dispute over usage rights and mitigation activity that has occurred. The overall risk rating remains unchanged.

Auditor Response: The audit team has reviewed the updated NPRR and confirmed that a risk score of 5 has been applied for Table 6d. This finding has been closed.

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

NIR 53 Dated 31 Mar 2023**Standard Reference:** AFOLU Non-permanence Risk Tool v4.0**Document Reference:** VCS_NPRR_V4.0_IFM_TRACK_v1.5_19 Nov1

Finding: This finding pertains to the above regarding disputes over resource/access use. Table 6g of the Non-permanence Risk Tool provides an opportunity for risk mitigation score if “Where disputes over land tenure, ownership or access/use rights exist, documented evidence is provided that projects have implemented activities to resolve the disputes or clarify overlapping claims.” The project team has provided SCS with a signed Collaboration Agreement to Form a Governance Committee. This document has been signed by the main agitators from the Hunstein Range who prompted the dispute over the resource/access use described in the finding above. It appears that this document serves as evidence that the project has implemented activities to resolve the disputes. However, a score of 0 for table 6g is claimed. We understand that this situation has evolved since the Risk Report was provided to the audit team. However, the audit team requests additional information and clarification regarding the risk score applied for item g in Table 6 of the NPRR.

Project Personnel Response: The NPRR reports have been updated to acknowledge the dispute over usage rights and mitigation activity that has occurred. The overall risk rating remains unchanged.

Auditor Response: The audit team reviewed the updated NPRR and confirmed that reference to the Collaborative Agreements have been made and that the mitigation score has been applied. This finding has been closed.

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