



VERIFICATION REPORT FOR THE FRESH BREEZE AFFORESTATION PROJECT



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Summary:

This report describes the verification of the Fresh Breeze Afforestation project (“the project”), an Afforestation Reforestation and Revegetation (ARR) project located in Mexico, 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 23-12-2014 to 31-12-2019 (“the verification period”). The verification engagement was carried out through a combination of document review, interviews with relevant personnel and on-site inspections. As part of the verification engagement 13 findings were raised: 8 Non-Conformity Reports and 5 New Information Requests. These findings are described in Appendix A of this report. The project complies with the verification criteria, and SCS holds no restrictions or uncertainties with respect to the compliance of the project with the verification criteria.

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1 INTRODUCTION

1.1 Objective

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

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, V4.0
- VCS Standard, V4.0
- VCS Non-Permanence Risk Tool, V4.0

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 a grouped project located in the states of Tabasco, Nayarit and Chiapas, Mexico. and is aimed at the planting, cultivation and harvest of plantations of teak (*Tectona grandis*) in areas previously used for cattle.

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 (version 6, dated 12 January 2021; “20129 Fresh breeze VCS MR v06”) and non-permanence risk report (version 4, dated 09 November 2020; “NON-PERMANENCE RISK REPORT FRESH BREEZE AFFORESTATION PROJECT”) 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.
Registered Project Description	"PROJ_DESC_1141_30JUN2014"	/1/
Google Earth files (project area/new PAIs)	"Capitan.kmz", "Empeno.8.kmz", "Tacotalpa", "Piedra Santa"	/2/
Shape Files (project area)	"Project Area.shp"	/3/
Title documents	"Property"	/4/
Calc workbook for monitoring period	"2015 REV.xls", "2016 REV.xls", "2017 REV.xls", "2018 REV.xls", "2019 REV.xls"	/5/
Long-term management plan	"Plan de Manejo.pdf"	/6/
Breakeven Analysis	"P116_VER_079"	/7/
Opportunity Cost and NPV Analysis	"P116_VER_082"	/8/
Training manual	"Asistencia_Capacitacion_inventario2020"	/9/
Inventory manual	"Procedimiento de inventario para capacitaciones"	/10/
Project Area Instance Criteria	"Annex 4-Criteria Fresh Breeze PAI.pdf"	/11/
Long term average calc workbook	"Long Term Estimations.xls"	/12/
Annual registrations with SEMARNAT	"Programa de Manejo.pdf"	/13/
Harvest and Thinning calc workbook	"Volumes Thinned.xls"	/14/
Social impact evaluations (2015-2019)	"INFORME DE COMUNICACIÓN PARA EL PROGRESO 2019"	/15/
Fire safety training report	"Reporte de Evento 1.pdf"	/16/
Reports regarding improvements and trainings conducted for local communities (e.g., Local environmental education/school infrastructure improvement/improvements to plaza civil)	"Reporte de Evento 0.pdf", "Reporte de Evento 4.pdf", 5, 7, 8, 3, etc	/17/
Non Permanence Risk Report	"Non Permanence Risk Report"	/18/

Document	File Name	Ref.
Calculations Documents	"2015 REV.xls", "2016 REV.xls", "2017 REV.xls", "2018 REV.xls", "2019 REV"	/19/
Social Impact Reports	"Evaluación Impacto Social_Proteak Uno.pdf"	/20/
Long Term Average Estimation	"Long Term Estimations.xls"	/21/
Property Documentation	"F-1766 PODER Frank Falco Esc. Pub. 37,268-5.pdf"	/22/
Proteak Prospectus	"P116_VER_076"	/23/
Documentation of Funding	"P116_VER_080"	/24/
FSC Certificate	"P116_VER_083"	/25/
Governance Score Calculation	"P116_VER_085"	/26/
IDEMA Geographic and Statistic Yearbooks for Nayarit, Chiapas, and Tabasco (FIRE, Extreme Events, and Earthquake)	"P116_VER_088.pdf", "P116_VER_089.pdf", "P116_VER_90.pdf"	/27/
IDEMA Geographic and Statistic Yearbooks for Nayarit, Chiapas, and Tabasco (Pests and Diseases in Region)	"P116_VER_088.pdf", "P116_VER_089", "P116_VER_90"	/28/
Environmental Impact Evaluations	"BAVC 2017 TABASCO.pdf"; "BAVC 2018 NAYARIT.pdf"	/29/
SEMARNAT Report on Soil Degradation	"Cap_3_suelos.pdf"	/30/
CBRE: Summary of Concluded Values: PROTEAK Portfolio Executive Summary Letter	"teakreport.pdf"	/31/
SEMARNAT Submissions of planting tract locations and identification codes for all new PAI's	"Registro de plantacion Capitan.pdf" and others	/32/
Notarized Land Purchase Deeds for all new PAI's	"Escrituras Capitan.pdf" and others	/33/

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
Kristina Diaz Paterson	ProTeak	Director of Human Development and Environment	8 th July 2020- end of verification
Felipe Jiménez Pastrana	Allcot	Climate Change Mitigation Consultant	8 th July 2020- end of verification
Mercedes Garcia Madero	Allcot	Head of Group Technical Department	8 th July 2020- end of verification
Frank Falco	ProTeak	Planning Manager	3 rd -5 th August 2020
Leonel Hernández	ProTeak	Security Manager	3 rd -5 th August 2020
Fernando Urbina	ProTeak	Inventory Team Manager	3 rd -5 th August 2020
Rutilo Hernández	ProTeak	Technical Manager of Teak plantations	3 rd -5 th August 2020
Francis Ruiz	ProTeak	Technical Manager of Eucalyptus plantations	3 rd -5 th August 2020
Jesús Inés Barrera	ProTeak	Forest inventory team member (supporting measurements in Tacotalpa-Tabasco block)	3 rd -5 th August 2020
Mario Gómez Gordillo	ProTeak	Forest inventory team member (supporting measurements in Tacotalpa-Tabasco block)	3 rd -5 th August 2020
Abelino Mosqueda López	ProTeak	Forest inventory team member (supporting measurements in Tenosique-Tabasco block)	3 rd -5 th August 2020

Individual	Affiliation	Role	Date(s) Interviewed
Esaú de los Santos López	ProTeak	Forest inventory team member (supporting measurements in Tenosique-Tabasco block)	3 rd -5 th August 2020
Martín de los Santos López	ProTeak	Forest inventory team member (supporting measurements in Tenosique-Tabasco block)	3 rd -5 th August 2020
Juan Manuel Hernández	ProTeak	Forest inventory team member (supporting measurements in Balancán- Tabasco block)	3 rd -5 th August 2020
José Alberto Espinosa	ProTeak	Forest inventory team member (supporting measurements in Balancán - Tabasco block)	3 rd -5 th August 2020
Artemio Urbina	ProTeak	Forest inventory team member (supporting measurements in Balancán - Tabasco block)	3 rd -5 th August 2020

2.3.2 Interviews of Other Individuals

No personnel not associated with the project proponent and/or implementing partner were interviewed for the purposes of the verification.

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 3rd August 2020 through 6th August 2020. 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
- Carried out on-site inspections of the project's measurement and monitoring methodologies through the following activities:
 - A random subset of permanent plots was selected by the verification team to sample; plots were selected to represent a variety of planting years, over a range of municipalities and geographic areas. Assess to plots was also taken into account.
 - In several permanent plots, the verification team observed the inventory teams measure the plots to assess adherence to the measuring and monitoring methodologies for the project, following by the verification team's independent measurement of the plots.
 - In the measured plots, species, diameter, height, tree condition, density, and other carbon plot-related parameters measured by the verifier were compared with those recorded in data sheets used to inform the project's carbon inventory.
 - Plantation and project instance boundaries were checked against recorded boundaries.

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

As part of the audit process, 8 NCRs, 5 NIRs and no 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

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

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.

3.2 Methodology Deviations

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

3.3 Project Description Deviations

The only Project Description Deviation applied but not validated during the previous verification is the change in project crediting period and longevity. The change from 54 years to 50 years accounts for the duration of the two 25-year rotation periods. The same monitoring procedures are to be applied, and documentation has been updated wherever necessary (including the Long-Term Average calculation and Non-Permanence Risk Report). The change is also supported by the third party CBRE group report /31/ provided by the project proponent. Because the period has been reduced and the project characteristics will remain the same over the crediting period, the applicability of the methodology is not affected. Similarly, a reduced crediting period has no bearing on the additionality. As such this project description deviation has been deemed valid by the audit team.

3.4 Grouped Project

This section is applicable, as five new project areas were validated as part of the verification engagement described in this report.

The steps taken to validate the new project activity instances were as follows:

- The sampling process for the validation of new project activity included several steps and was a risk-based process, as is described below. During the site visit, a subsample of new project area instances was visited (including the largest new PAI (Tacotalpa)) and inventory measurements taken and observed to assess adherence to the measuring and monitoring methodologies for the project. Geographic checks were conducted for all new PAI's to ensure they are within the specified areas in the registered PD, as well as that eligibility conditions were met, including that the locations are within specified states in Mexico and the number of new PAI's specified were confirmed. Through project geographic spatial file /2//3/ checks and document checks /30/, the verification team confirmed that new PAI's are not located on organic soils or wetlands. Through site visits, project geographic spatial files, and document checks, the verification team confirmed the determination about baseline and additionality. Historical imagery showed that the project area tracts had previously been only unimproved pasture areas (with some rotation and ponds shown) prior to plantation planting, with adjacent areas also used for extensive ranching. This trend is confirmed by the "Programa de Manejo" documents /6/ for each tract, which include assessments of the land conditions prior to planting that are consistent with the baseline and additionality conditions. Additionally, the report from SEMARNAT/30/ shows that in the project regions there is significant degradation of soils which diminishes the potential for agricultural or other uses. The new plantation shall have the same characteristics of the project activities. plantations are managed under the same parameters, technologies and inputs hold by the other plantations included in this Project.
- Through the above processes, the verification team confirmed the number of new project activity instances added to the project in this verification period.
- Through the above processes, the verification team confirmed the quality and completeness of evidence, data and documentation relating to the new project activity instances.
- Through the above processes, the verification team confirmed the conformance of the new project activity instances with the eligibility criteria set out in the project description.

The verification team concludes that the inclusion of the new project activity is valid.

4 VERIFICATION FINDINGS

4.1 Project Implementation Status

4.1.1 Implementation Status of the Project Activity(s)

The steps taken by the audit team to assess each of the following items related to implementation status are specified below.

Item	Verification findings
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Existence of any material discrepancies between project implementation and the project description	Through site visit observations, interviews conducted with project personnel, 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 analyzing the monitored data and parameters)	- Through site visit observations, interviews conducted with project personnel, and document assessment, the audit team confirmed the implementation status of the monitoring plan and the completeness of monitoring, including the suitability of the implemented monitoring system. - Through quantitative sessions (please see Section 2.4), the audit team was able to gain a detailed understanding of the steps taken to collect, compile and analyze the inventory data, as detailed in Section 4.5.
The existence of any material discrepancies between the actual monitoring system, and the monitoring plan set out in the project description and the applied methodology	- Through site visit observations, interviews conducted with project personnel, and document assessment, the audit team confirmed no material discrepancies between the actual monitoring system and the monitoring plan set out in the project description and the applied methodology. - Please see above regarding the project's quantitative meetings and interviews.
Whether the GHG emission reductions or removals generated by the project have become included in an emissions trading program or any other mechanism that includes GHG allowance trading	Through general knowledge of other emission trading programs (including any in Mexico) and other mechanisms that include GHG allowance trading, as well as based on knowledge of the organizations involved in the project team, the audit team is confident that the GHG emission reductions or removals generated by the project are not included in an emissions trading program or any other mechanism that includes GHG allowance trading.

Whether the project has received or sought any other form of environmental credit, or has become eligible to do so since validation or previous verification	Please see box above. The audit team is confident that the project has not received or sought any other form of environmental credit, or has become eligible to do so since validation.
Whether the project has participated or been rejected under any other GHG programs since validation or previous verification	Please see box above. The audit team is confident that the project has not participated in or been rejected under any other GHG programs since validation or since the previous verification.
Sustainable development contributions	Through site visit observations, interviews conducted with project personnel, and document assessment, including close review of Section 1.11 of the MR, the audit team confirmed the project's sustainable development contributions.

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

4.1.2 Previously Validated Methodology Deviations

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

4.1.3 Previously Validated Project Design Deviations

Four project design deviations were previously validated and are described in the project MR (Section 3.2). Section 3.2 of this report states that there was one new project deviation during this verification period. The four that were previously validated are listed below.

Number of Deviation	Project Description Deviation
1	The first deviation is related to the height of trees. It was previously verified that the previous method, which consisted of direct measurements during field inventory, resulted in imprecise measurements with high uncertainty. To improve the accuracy of data, regression equations were used to attain height from DBH measurements.
2	The second deviation relates to plot size. In the registered PD, the plot size was 0.1 ha. However, the project team developed a new plot size defined using circle plots with a 10m radius, which means that the area per plot is 0.0314 ha, as confirmed during the site visit, and validated in a previous verification.
3	The third deviation refers to the first thinning schedule. According to the registered PD, Proteak established the first thinning in year 7, however, it took place in some plantations during the third year.

Number of Deviation	Project Description Deviation
4	The fourth deviation refers to minor changes in the plantation area of some instances, changes in the schedule plantation of Pocito and Tintal instances and adjusts to the actual project implementation status. These changes were verified in a previous verification period.

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

In accordance with Section 3.16.1 of the VCS Standard, the project has identified potential negative environmental and socio-economic impacts, which are identified in great detail Section 2.1 of the MR. The project has taken reasonable steps to mitigate them, as further described below.

Potential Negative Impact	Audit Team Discussion	Audit Team Assessment of Mitigation Steps
Risk of fire due to machinery involved in forest management activities.	Through the site visit, interviews with project personnel, and review of documentation /15//20/, the audit team evaluated the mitigation measures in place (e.g., training on fire safety).	Through the processes stated, the audit team confirmed that mitigation measures in place are reasonable steps to mitigate the disclosed risk.

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 verification team carefully reviewed Section 2 of the MR, which contains a detailed explanation of the local stakeholder consultation process. Specific stakeholder input received during ongoing communication with local stakeholders can be summarized, at a high level, as follows:

- Concerns related to possible impacts on the natural environment, including water availability and quality, air pollution, and loss of topsoil.
- Concerns related the observed environment such as noise from transportation during project activities, and possible hazards caused by project activities.

The audit team concludes, overall, that stakeholder input was conducted in accordance with VCS Rules and requirements.

Please note that Sections 3.16.9-3.16.19 of the VCS Standard are not applicable because the project was validated on 18 July 2014, as can be confirmed by referencing the date of issue of the validation representation available on the VCS Project Database. It is, therefore, assumed that contracting for validation was completed prior to 19 March 2020.

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

- The project proponent holds and maintains a Forest Stewardship Council (FSC) certificate (since 2012) /25/and under this must maintain a rigorous stakeholder outreach plan and social impact assessment, including annual consultation, monitoring and reporting, as discussed in Section 2 of the MR.
- Through review of submitted documentation, including the annual social impact evaluations submitted ("INFORME DE COMUNICACIÓN PARA EL PROGRESO 2019") /15/, as well as other documentation of the methods such as community meetings in the various Event Reports describing specific initiatives /17/, and through interviews with project personnel (see Section 2.4), the verification team was able to conclude that appropriate measures have been undertaken.

4.3 AFOLU-Specific Safeguards

This section is not applicable because the project was validated on 18 July 2014 , as can be confirmed by referencing the date of issue of the validation representation available on the VCS Project Database. It is, therefore, assumed that contracting for validation was completed prior to 19 March 2020.

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 /19/, or between reporting workbooks), the audit team carefully traced values to ensure the absence of manual transposition errors.

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

4.4.1 Data and Parameters Available at Validation

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
Dj	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 4.1 of PD	N/A as this parameter was evaluated during the validation process
BEF2,j	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 4.1 of PD	N/A as this parameter was evaluated during the validation process
Rj	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 4.1 of PD	N/A as this parameter was evaluated during the validation process
SOCREF,i	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 4.1 of PD	N/A as this parameter was evaluated during the validation process
FIN,i	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 4.1 of PD	N/A as this parameter was evaluated during the validation process
fMG,i	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 4.1 of PD	N/A as this parameter was evaluated during the validation process

	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
fLU,i	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 4.1 of PD	N/A as this parameter was evaluated during the validation process
m3	N/A as this parameter was evaluated during the validation process.	Confirmed that reported values are equal to those in Section 4.1 of PD	N/A as this parameter was evaluated during the validation process

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
Ap,i	The area of plots in the project area are considered appropriate. The verification of this parameter has been made independently by the audit team by means of geoprocessing documents for each for each of the plantation tracts. The audit team also visited a subset of the areas while in the field and confirmed the accuracy of data.	Confirmed that the monitoring methods were followed as set forth in the previously verified project design deviation, as described in Section 4.1.3 of this report	N/A (calculated)

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
DBH	The diameter at breast height measurements in the project area are considered appropriate. The verification of this parameter has been made independently by the audit team by visiting a subset of the plots while in the field and confirming the accuracy of data.	Confirmed that the monitoring methods were followed as set forth in the registered PD.	N/A (calculated)
H	The height values in the project area are considered appropriate. The verification of this parameter has been made independently by the audit team by means of recalculation using the previously validated regression equations.	Confirmed that the monitoring methods were followed as set forth in the previously verified project design deviation, as described in Section 4.1.3 of this report	N/A (calculated)
T	The time elapsed between two successive estimations of carbon stock measurements for the project's monitoring period is considered appropriate. The verification of this parameter has been made independently by the audit team by recalculation.	Confirmed that the monitoring methods were followed as set forth in the registered PD.	N/A (calculated)

4.5 Quality of Evidence to Determine GHG Emission Reductions and Removals

4.5.1 Nature of Data and Information Supporting GHG Quantification

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.

Category	Steps taken by audit team to assess...		
	Reliability of the evidence, and source and nature of evidence (external or internal, oral or documented) for determination of GHG emission reductions or removals	Information flow from data generation and aggregation, to recording, calculation and final transposition into the MR	Appropriateness of implemented calibration frequency of monitoring equipment
Area calculations (project area, new PAI area)	Recalculation of areas from project shapefiles /3/.	Comparison of recalculated area with quantities used to recalculate GHG emission reductions in calculation workbooks /19/ and reported in MR	N/A (no calibration necessary)
Calculation workbooks	Recalculation of calculated quantities from project calculation workbook /19/.	Comparison of recalculated quantities with amounts calculated in reporting workbooks /19/ and reported in MR.	N/A (no calibration necessary)

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 14%.

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)	• Given the audit team's familiarity with the teak species and operations, as well as other registered VCS ARR projects using teak both in Mexico and other locations in Central America, the team confirms that the risk score is justified.	• N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(b)	The verification team confirmed the need for protection of 100% of the project area through on-site interviews with the Proteak planning manager and security guard. The review of project boundaries while on site included inspection of the tract and planting area boundaries to ensure they are well defined and protected as necessary.	Project personnel confirmation through interviews, on site review of boundaries.	Risk rating is appropriate
(c)	As management team does include individuals with significant experience in all skills necessary to successfully undertake project, the risk score is justified.	The audit team interviewed Proteak and Allcott personnel regarding their previous work history in their area of responsibility, and conducted a public search of education and work history.	Risk rating is appropriate
(d)	From site inspections, the audit team can confirm that the management team maintains a presence within a day's drive from the project area, and therefore the risk rating is justified.	N/A	Risk rating is appropriate
(e)	Through interviews with the relevant project personnel, as well as based on familiarity with their work on prior projects, the audit team can confirm that the claims in the NPRR are accurate, and the risk rating is justified.	N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(f)	As there is no adaptive management plan in place for the project, the audit team can confirm that the risk rating is accurate.	N/A	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)	Audit team reviewed the 50-year budget and workplan /7/ and confirmed that project cash flow breakeven point is 6 years or less from the current risk assessment; therefore, the risk score is justified.	The documentation provided is a detailed, user friendly budget workbook that allowed for assessment by the audit team and is therefore of high quality	Risk rating is appropriate
(b)			Risk rating is appropriate
(c)			Risk rating is appropriate
(d)			Risk rating is appropriate
(e)	Audit team reviewed the 50-year budget and workplan /7/ and confirmed that project has secured 100% of funding needed /24/ to cover the total cash out required before the project reaches breakeven; the risk score is justified.	Please see above	Risk rating is appropriate
(f)			Risk rating is appropriate
(g)			Risk rating is appropriate
(i)			Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(i)	As stated above, the audit team reviewed the 50-year budget and workplan /7/ and conducted interviews and assessed documents related to stock shares and the CONAFOR program /24//23/, and confirmed the project has available at least 50% of the total cash out before the Project reaches breakeven,	Please see above	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)	The audit team assessed the documentation related to expected agricultural incomes, in addition to land and operation costs associated agricultural incomes, based on publicly available values on alternative economic returns /8/ compared with economic data modeled for the project, and agreed with the claim that NPV from project activities is expected to be at least 50% more profitable than the most profitable alternative land use activity. Therefore, the risk score is justified.	The documentation provided is a detailed, user friendly budget workbook that allowed for assessment by the audit team, and included numerous links to government reports and other well-respected entities /8/. The workbook is therefore of high quality.	Risk rating is appropriate
(b)			Risk rating is appropriate
(c)			Risk rating is appropriate
(d)			Risk rating is appropriate
(e)			Risk rating is appropriate
(f)			Risk rating is appropriate
(g)	Risk deduction not taken, which the audit team finds to be justifiable.	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
(h)	Risk deduction not taken, which the audit team finds to be justifiable.	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
	While the FSC certificates /25/ cover some of the plantation, not all the plantations are covered, The audit team agrees therefore that the risk rating is appropriate.	The FSC report /25/ includes appropriate detail on the scope to provide comparison.	Risk Rating is appropriate
(b)	N/A	N/A	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)	The audit team agrees that the ownership and usage rights are held by same entity, based on a review of land tenure agreements /4//22/provided, as well as interviews held on site and with project personnel remotely. For each new PAI validated, additional documents were reviewed, including notarized purchase documents /33/ and submissions to SEMERNAT /32/documenting the size, location and tract identification codes of plantation tracts. The correct risk score is taken.	Land tenure agreements, which are notarized and authenticated, are considered of high quality based on audit team review. In addition, the purchase agreement documentation and submissions from Proteak to SEMERNAT contain detailed area and geographic information and are also considered of high quality.	Risk rating is appropriate
(b)	N/A	N/A	Risk rating is appropriate
(c)	Through onsite observations and interviews with the project team, as well as review of land tenure agreements /4//22/. The audit team agrees that the correct risk score is taken. No documentation of comments received regarding disputed tenure or land ownership in the many stakeholder meeting and social impact evaluation documents reviewed /15//17/. These appeared to be unbiased accounts of social indicators and any necessary corrective actions. The audit team agrees with the risk score taken.	Property documentation is sufficient in detail to establish clear ownership. Community event accounts and social impact evaluations appeared unbiased, and with an established methodology and regular monitoring. The documents are considered to be of high caliber.	Risk rating is appropriate
(d)	Please see above. Through onsite observations and interviews and document review, the audit team agrees that there are not disputes over access/use rights, and therefore confirmed that the correct risk score was taken.	Property documentation is sufficient in detail to establish clear ownership. No public comments have been received regarding land access or use rights.	Risk rating is appropriate
(e)	N/A- project is not a WRC project	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)	Risk deduction not taken	N/A	Risk rating is appropriate
(g)	Risk deduction not taken	N/A	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)	Per the AFOLU Non-Permanence Risk Tool, Section 2.3.2 "Where local populations are not reliant on the project area, the risk is not relevant to the project and the risk rating for CE shall be zero". The assessment that the plantation areas do not provide any provisions that could be relied upon is reasonable.	On-site observations confirmed no provisions upon which local populations could rely would be available in the plantation areas, as described.	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)	N/A	N/A	Risk rating is appropriate
(c)	N/A	N/A	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)(b) (c)(d) (e)	The audit team has reviewed and recalculated the World Bank World governance indicator score and confirms that it is as stated by the time of the project start time /26/. The correct risk score is taken.	The World bank governance indicator online database is considered of high quality (http://databank.worldbank.org/data/reports.aspx?source=Worldwide-Governance-Indicators)	Risk rating is appropriate
(f)	The audit team confirmed that Mexico is receiving REDD-Readiness funding from the Forest Carbon Partnership and is implementing a national strategy, and therefore that the correct risk score was taken.	The audit team considers the World Bank's Forest Carbon Partnership webpage to be of high quality (https://www.forestcarbonpartnership.org/system/files/documents/MX%20Progress%20Fact%20Sheet%20Oct%202012.pdf)	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	The audit team reviewed the cited studies, which are government-produced statistical and geographic yearbooks released by the state governments for each of the three states /27/ in which the project is located. In addition, and the natural risk narrative provided by the team and interviewed project personnel, who confirmed the claims in the MR. In sum, the audit team agrees that the potential for fire is low and the impact of fire when it does happen on the carbon stock is insignificant.	The audit team considers government-produced literature to be of high quality.	Risk rating is appropriate
S	Please see above	Please see above	
M	None taken	N/A	
Pest and Disease Outbreaks			
L	The audit team reviewed the cited studies, which are government-produced statistical and geographic yearbooks released by the state governments for each of the three states /28/ in which the project is located, and the natural risk narrative provided by the team and interviewed project personnel, who confirmed the claims in the MR. In sum, the audit team agrees that the potential for pest and disease outbreak is low and the impact when it does happen on the carbon stock is insignificant.	The audit team considers government-produced literature to be of high quality.	Risk rating is appropriate
S	Please see above	Please see above	

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
M	None taken	N/A	
Extreme Weather			
L	The audit team reviewed the cited studies, which are government-produced statistical and geographic yearbooks released by the state governments for each of the three states /27/ in which the project is located. The reports include detailed accounts of climate and meteorology indices including extreme temperatures. In sum, the audit team agrees that the potential for extreme weather, namely flooding, is medium, and the impact on the carbon stock when it does occur is minor.	The audit team considers government-produced literature to be of high quality.	Risk rating is appropriate
S	Please see above	Please see above	
M	Citing of plantations outside of flood-prone areas is an appropriate mitigation tool.	N/A	
Geological Risk			
L	The audit team reviewed the documentation, which are government-produced statistical and geographic yearbooks released by the state governments for each of the three states /27/ in which the project is located. In sum, the audit team agrees that the potential for earthquakes is low and the impact when they do occur on the carbon stock is insignificant.	The audit team considers government-produced literature to be of high quality.	Risk rating is appropriate
S	Please see above	Please see above	
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
Other natural risk			
L	• N/A	• N/A	Risk rating is appropriate
S	• N/A	• N/A	
M	• N/A	• N/A	

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 23-December-2014 to 31-December-2019

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

Year	Baseline emissions or removals (tCO ₂ e)	Project emissions or removals (tCO ₂ e)	Leakage emissions (tCO ₂ e)	Net GHG emission reductions or removals (tCO ₂ e)	Buffer pool allocation	VCUs eligible for issuance
2015	0	11,668	0	11,668	1,634	10,035
2016	0	142,776	0	142,776	19,989	122,787
2017	0	189,469	0	189,469	26,526	162,943

2018	0	191,926	0	191,926	26,870	165,056
2019	0	213,011	0	213,011	29,822	183,189
Total	0	748,850	0	748,850	104,839	644,011

- Net change in carbon stocks: 748,850 tCO₂e
- Non-permanence risk rating (see Section 4.6 above): 14%
- Total number of buffer credits to be deposited into AFOLU pooled buffer account: 104,839
- Total number of VCU's eligible for issuance: 644,011

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.

NIR 1 Dated 21 Aug 2020

Standard Reference: VCS Standard v4, 3.5.16

Document Reference: 200618 Fresh breeze VCS MR v01.1 ; PDD; 2014-2016 Monitoring Report

Finding: The PDD refers to the project area of 4,269.82 hectares, and the initial verification (ending subsequent to the current verification) was for an area of 3,958.67 monitored hectares of the 4,269.82 hectare validated total area. The current MR references a project area of 5,409 hectares of land, however no new project activity instances are claimed in the MR section on Grouped Projects. There is description in "plantation plan" section on pages 17-18 of the MR of changes in plantation sizes of less than 5%. Four plantation areas are described as "considered in the PD but not included in the previous

monitoring period have been planted and monitored: Piedra Santa 2013 160 ha, Capitán: 19.42 ha, Empeño 8: 13.03 ha, Victoria 7: 0 11.06 ha". Please provide further information on the additional land area included in the current monitoring report which was not included in the previous monitoring report.

Project Personnel Response: Tacotalpa (1,104 ha) was included in the 20098 Fresh breeze VCS MR v02 section 3.3 (SCS-AUDIT V1 (1/10/2020) as a Grouped Project for clarification. We went over the area extensions and concluded that there were 5,344 ha in total, adjusting as well the GHG emission removals in the provided calculations found in SCS-AUDIT V1.

Auditor Response: This information regarding the Tacotalpa addition shall be separated into a distinct finding, as the updated MR now describes it as a new PAI. This finding will remain open to address the "Four plantation areas are described as "considered in the PD but not included in the previous

monitoring period have been planted and monitored: Piedra Santa 2013 160 ha, Capitán: 19.42 ha, Empeño 8: 13.03 ha, Victoria 7: 0 11.06 ha." The finding prompt to "please provide further information on the additional land area included in the current monitoring report which was not included in the previous monitoring report", that is to say these four areas described, remains.

Project Personnel Response 2: Information about the new areas is found in the attached file NEW AREAS.

Auditor Response 2: Monitoring Report Prompt: “For a grouped project, provide relevant information about new instances of the project activity(s) and demonstrate and justify how each new instance of the project activity(s) meets the eligibility criteria set out in the project description. Address each eligibility criteria separately.”

From VCS Standard: 3.5.16

Inclusion of New Project Activity Instances Grouped projects provide for the inclusion of new project activity instances subsequent to the initial validation of the project. New project activity instances shall: 1) Occur within one of the designated geographic areas specified in the project description. 2) Comply with at least one complete set of eligibility criteria for the inclusion of new project activity instances. Partial compliance with multiple sets of eligibility criteria is insufficient. 3) Be included in the monitoring report with sufficient technical, financial, geographic and other relevant information to demonstrate compliance with the applicable set of eligibility criteria and enable sampling by the validation/verification body. 4) Be validated at the time of verification against the applicable set of eligibility criteria

Project Personnel Response 3: The MR updated version Section of Grouped Project, clarifies the inclusion and the criteria stated. Annex 4 presents the separated criteria for the areas. Additionally, following Verra's comment that Scott sent us, we uploaded in the New Areas Folder the updated KML for each plantation. In the Deviations Section we also included these plantations under the Plantation Plan subtitle. KML for all the plantations is included in Plantaciones2020 file.

Auditor Response 3: The updated MR and supporting documentation was the source of discussion on 16 December 2020 regarding this finding. The Annex 4 document includes a description of the eligibility criteria as described in the associated section of the MR. The criteria has been met by the proponent showing through Annex 4, management plan documents, and a supplementary report by SEMARNAT regarding the degraded conditions of the land in the project areas was also provided via email.

Through the audit team's review of these materials and review of historical imagery of the plantation areas, we have affirmed that the group project requirements for new PAIs have been met, and the finding can be closed.

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

NIR 2 Dated 21 Aug 2020

Standard Reference: VCS AFOLU Requirements, 4.5.5; AFOLU Guidance: Example for Calculating the Long-Term Average Carbon

Stock for ARR Projects with Harvesting

Document Reference: 200618 Fresh breeze VCS MR v01.1 ; P116_VAL_378

Finding: The "plantation plan" section of the MR references an updated Long Term Average calculation due to the change in area. Please provide this updated LTA calculation.

Project Personnel Response: This was submitted in the first verification and no further information will be needed. This section was not deleted from the first report when the team was organizing the information for the second report.

Auditor Response: The request to please provide the LTA calculation remains open. As described in 4.5.5 part 6 of the AFOLU Requirements, "The long-term average GHG benefit shall be calculated at each verification event, meaning the long-term average GHG benefit may change over time based on monitored data." Please also clarify if it has been updated to address the change in project area.

Project Personnel Response 2: ESTIMATED VALUES ARE GIVEN IN THE FILE LONG TERM ESTIMATIONS, TAKEN THE VALUES PRESENTED FOR THIS VERIFICATION EVENT FOLLOWING THE CALCULATIONS ESTIMATED USING THE MONITORED DATA.

Auditor Response 2: The updated LTA table is from 2015 to 2048. To be consistent with the examples provided in the "AFOLU Guidance: Example for Calculating the Long-Term Average Carbon Stock for ARR Projects with Harvesting". In each of the

Project Personnel Response 3: It was clarified that 2015 is the starting point of this monitoring period. The previous years were already verified and validated for VCS. The previous years are shown on the P116_372 File in the GHG REMOVALS sheet. The new LTA is taking the values from this monitoring period onward, having collected field data for this period (2015-2019).

Auditor Response 3: An additional clarification on the LTA requirements was discussed on 16 December 2020, with reference to the AFOLU guidance provided. Following this discussion the LTA sheet was updated to be consistent with the guidance on the starting time.

The audit team has reviewed the updated LTA document and found it to be in conformance with the criteria, so the finding is closed.

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

NIR 3 Dated 21 Aug 2020

Standard Reference: VCS AFOLU Requirements, 4.5.5

Document Reference: 200618 Fresh breeze VCS MR v01.1 ; P116_VAL_378

Finding: The "Thinning period" section references that the PD established a plan to thin after 7 years, but that some areas were instead thinned after 3 years. The "Thinning" tab of "P116_VAL_378" sheet refers to thinning occurring in years 5 and 9. Please clarify if the thinning plan referenced in said sheet has been updated, and provide a current list of volumes thinned or harvested per plantation during the verification period. Please also provide any supporting information on the silvicultural scheme which may not be included in the legally approved forest management plans already provided.

Project Personnel Response: The Volumes Thinned Excel document is provided in SCS-AUDIT V1.

Auditor Response: The request to please clarify if the thinning plan referenced in the "thinning" sheet has been updated remains open. Is the Volumes Thinned excel worksheet provided accurately representing the PD plan to thin after 7 years? If so please clarify how, and whether the values included for harvest volumes in years 5 and 9 described elsewhere are consistent with the validated thinning plan. Please also clarify the significance of the red rows and cells for Huimanguillo and Tapachula.

Project Personnel Response 2: THE FIELD TEAM PROVIDED US WITH A LIST OF PLANTATIONS AND SOME WERE THE SAME PLANTATIONS BUT HAD SOME DOUBLECOUNTING OF PLANTATION NAMES ALONG THE YEARS. THIS MEANS, THEY INCLUDED ANOTHER YEAR, WHEN THERE WERE ONLY THE ONES THAT HAVE DATA. THIS SAME LIST WAS SHARED BACK AGAIN WITH THE FIELD TEAM LATER WITH VOLUMES (TO MAINTAIN THE SAME LIST THAT THEY PROVIDED US) AND WITH YOU AS WELL, BUT THEY DO NOT MEAN ANYTHING. ADDITIONALLY, THE RED CELLS ARE THE YEARS THAT DO NOT HAVE DATA DUE TO THE TIME BETWEEN PLANTATION PROCEDURES AND MEASURING/MONITORING ACTIVITIES.

THE P116_VAL_372 WAS PART OF THE VALIDATION PROCESS (AND WAS VALIDATED). IT WAS INCLUDED IN THE INFORMATION AS EVIDENCE OF THE PROCESS, THE THINNING VOLUMES OF EACH PLANTATION ARE SHOWN IN EACH PROGRAMA DE MANEJO (Attached files). THE THEORICAL VALUES PRESENTED IN P116_VAL_372 ARE BASED ON THE VALUES SHOWN IN THE PROGRAMA DE MANEJO AND ARE BELOW THE ONES THAT WERE ESTIMATED IN THE PROGRAMA DE MANEJO FILES. MOREOVER, DUE TO THE QUALITY AND RESISTANCE OF THE SOIL AND GROUND WHERE THE PLANTATIONS ARE ESTABLISHED, THE THINNING PROCESS WAS POSTPONED. THAT IS WHY WE OBTAINED LOW VALUES IN THE VOLUMES THINNED WORKSHEET (AND LOWER TO THE ONES ESTIMATED IN THE PROGRAMA DE MANEJO). THIS MEANS THAT FOR THE 7 YEARS THE PLAN IS NOT ACCURATELY REPRESENTED BUT THESE ESTIMATED VALUES WERE BELOW THE ONES ESTABLISHED UNDER THE PLAN, AS SAID BEFORE. THEREFORE, IT SHOULD BE HIGHLIGHTED THAT THE PROGRAMA DE MANEJO AND THE FILE P116_VAL_372 WERE A MANAGEMENT PROPOSAL AND THAT EVEN IF UNTIL TODAY THE THINNING QUANTITIES ARE BELOW THE ESTIMATES, IN THE YEARS TO COME THE FIELD TEAM WILL BE RECOLECTING THE ESTIMATED QUANTITIES THAT, JUST TO BE CLEAR, ARE ALREADY AUTHORIZED

Auditor Response 2: This is helpful additional information, elaborating on what's described in the MR deviation section. The thinning amounts described in the Volumes thinned spreadsheet are consistent with the measured density values from the calculations worksheet. They are lower than the values included in the Programa de Manejo documents, as provided and described in the MR.

Project Personnel Response 3: Verification provided during December 2nd meeting.

Auditor Response 3: Further detail on the processes involved in the thinning and monitoring was discussed during the 2 December Meeting. Through the audit team's review of the management plan documents, thinning calculations, and supporting documentation we have found consistency between these documents and compliance with the criteria.

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

NIR 4 Dated 21 Aug 2020**Standard Reference:** VCS Standard v4, 3.15.2**Document Reference:** 200618 Fresh breeze VCS MR v01.1

Finding: The VCS Standard requires "Quality management procedures to manage data and information shall be applied and established." The audit team understands that there isn't a formal documented Standard Operating Procedure for the inventory process, and that there is not any evidence of inventory training sessions. If this is incorrect we'll appreciate this documentation. The Monitoring Report section on the DBH parameter includes the following description: "A quality control procedure consisted in staff member periodical training. The staff members were trained to make DBH measurements without errors: using firstly a rule (to determine exactly where 1.3 meters height is located in their own bodies). Afterwards, they measured DBH in front of experts and member's staff to achieve procedures consistency. There is a responsibility for the field coordinator to verify that the measures and the registration of the information is consistent." Please provide any documentation of quality assurance or quality control processes, and/or training processes.

Project Personnel Response: The folder Quality Control-Training folder is provided in the SCS-AUDIT V1, with the information given by the team.

Auditor Response: The MR describes in the parameters section various values involved with tree measurements that "Quality control/quality assurance (QA/QC) procedures prescribed under national forest inventory are applied. In the absence of these, QA/QC procedures from published handbooks, or from the IPCC GPG LULUCF 2003, may be applied." In the case of DBH measurements it is stated that "A quality control procedure consisted in staff member periodical training. The staff members were trained to make DBH measurements without errors: using firstly a rule (to determine exactly where 1.3 meters height is located in their own bodies). Afterwards, they measured DBH in front of experts and member's staff to achieve procedures consistency. There is a responsibility for the field coordinator to verify that the measures and the registration of the information is consistent." Can you clarify what specific QA/QC procedures were applied to inventory parameters? Is there any evidence of the field coordinator verifying the measurements and data entry, and specifics for that process? The inventory training records provided in response to this finding show trainings occurred on the 27th and 28th of August 2020. Can you please clarify if any trainings were completed during the reporting period, and provide any records of them? Is there any training material documentation additional to the "CAPACITACIÒN INVENTARIO FORESTAL 2020" document which was in use during the reporting period?

Project Personnel Response 2: Further information about QA/QC is given.

Auditor Response 2: Additional email requests solicited documentation of training during the reporting period, specifically, and a more detailed version of the inventory procedure. We sought an additional response to the finding prompt: "Can you clarify what specific QA/QC procedures were applied to inventory parameters? Is there any evidence of the field coordinator verifying the measurements and data entry, and specifics for that process?" The project developer provided detail via discussion on 2 December of the audit processes of the data which are referred to in a diagram of the documentation provided. This third party audit includes review and checks of data points. The project developer has to provide additional evidence of these audits of inventory data.

Project Personnel Response 3: See Proteak Uno, S.A.B. de C.V. y Subsidiarias 2019 (versión en inglés) page 2 in Quality Control Training Folder, where the auditors describe the methodology used for the validation of the Activo Biológico file presented and shared in the folder.

Auditor Response 3: The reference described includes a section on auditor's process for inventory checking, which references their conducting their own inventory measurements to check against the values included in the project documentation. As such this finding is closed.

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

NCR 5 Dated 21 Aug 2020

Standard Reference: VCS Standard, v4

Document Reference: 200618 Fresh breeze VCS MR v01.1 ; VCS-Monitoring-Report-Template-v4.0

Finding: The referenced template states “TITLE PAGE: Complete all items in the box on the title page using Arial or Century Gothic 10.5-point, black, regular (non-italic) font. This box must appear on the title page of the final document. Monitoring reports may also feature the monitoring report title and preparers’ name, logo and contact information more prominently on the title page, using the format below (Arial or Century Gothic 24 point and Arial or Century Gothic 12 point, black, regular font).

MONITORING REPORT: Instructions for completing the monitoring report template are under the section headings in this template. Adhere to all instructions, as set out in the VCS Standard. Instructions relate back to the rules and requirements set out in the VCS Standard and accompanying program documents. The preparer will need to refer to these documents in order to complete the template”.

--On the project’s monitoring report title page, the writing on the left side of the title page (starting “Project Title”) cannot be viewed due to be a dark font whereas in the template title box such writing is in white. The same is true for the information box in Section 1.4.

--the table of contents in the project monitoring report contains numbers for the different sections but does not contain subject headers, as is shown in the referenced template.

Project Personnel Response: Format adjustment is provided in the 20098 Fresh breeze VCS MR v02 document.

Auditor Response: Thanks for this update. The most recent version of the MR still includes some font inconsistencies in the Table of Contents.

Project Personnel Response 2: The Table of Content has been Updated in the MR provided.

Auditor Response 2: Thanks, finding closed

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

NCR 6 Dated 21 Aug 2020

Standard Reference: VCS Standard, v4

Document Reference: Monitoring Report; VCS-Monitoring-Report-Template-v4.0

Finding: The referenced template states “MONITORING REPORT: Instructions for completing the monitoring report template are under the section headings in this template. Adhere to all instructions, as set out in the VCS Standard. Instructions relate back to the rules and requirements set out in the VCS Standard and accompanying program documents. The preparer will need to refer to these documents in order to complete the template”.

Section 1.8 of the template requirements states “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.” While the version number for the methodology is included, the version numbers for the tools and modules applied are currently missing in the project's Monitoring Report.

Project Personnel Response: Format adjustment and methodology and tools version are provided in the 20098 Fresh breeze VCS MR v02 section 1.8.

Auditor Response: This has been updated appropriately in the most recent MR. Finding is closed.

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

NCR 7 Dated 21 Aug 2020

Standard Reference: VCS Standard, v4

Document Reference: 200618 Fresh breeze VCS MR v01.1 ; VCS-Monitoring-Report-Template-v4.0

Finding: Section 2.1 of the Verra MR template requires as follows: “Summarize any potential negative environmental and socio-economic impacts and the steps taken to mitigate them.” While the MR section contains information about the stakeholder process, it does not contain information about potential environmental and socio-economic impacts and the steps taken to mitigate them.

--Section 2.2 of the Verra MR template requires as follows: “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."

While the MR section contains summary information about the stakeholder process, it does not contain all of the information required by Verra for the section.

For Section 2.3, the template requirements state: "For AFOLU projects, provide details on the following:

- Activities implemented to mitigate risks local stakeholders due to project implementation.
- Any updates, where relevant, to the property and land use rights of the local stakeholders and a demonstration that the project has not negatively impacted such rights without first obtaining

the free, prior and informed consent of the affected parties, and provided just and fair compensation if done so.

- 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.

For AFOLU projects with no impacts on local stakeholders, provide evidence of such."

While the MR section contains information regarding the benefits of the project to local stakeholders, some of the specific items requested in Section 2.3 are not addressed.

Project Personnel Response: Specific information regarding environmental and social impact and impacts assessment, is provided in 20098 Fresh breeze VCS MR v02 section 2.1.

Additional information for Local Stakeholder Consultation is provided in 20098 Fresh breeze VCS MR v02 section 2.2. Furthermore, information regarding Stakeholders is presented in Afolu-Specific Safeguards 20098 Fresh breeze VCS MR v02 section 2.3.

Auditor Response: Thanks for these updates. Both of these sections include helpful additional details on the process for evaluating and mitigating potential negative impacts. The supporting documents provided in Annex 1 corroborate the description and are good records of environmental and social activities. This finding is closed.

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

NCR 8 Dated 21 Aug 2020

Standard Reference: VCS Standard, v4

Document Reference: 200618 Fresh breeze VCS MR v01.1; VCS-Monitoring-Report-Template-v4.1

Finding: Section 3.1 of the Verra MR template states as follows: "Describe the implementation status of the project activity(s), include information on the following:

- The operation of the project activity(s) during this monitoring period, including any information on events that may impact the GHG emission reductions or removals and monitoring.
- For AFOLU projects, where no new project activities that lead to the intended GHG benefit commenced during the monitoring period, discuss whether project activities that commenced prior to the monitoring period continued to be implemented during the monitoring period.
- Where applicable, describe how leakage and non-permanence risk factors are being monitored and managed for AFOLU projects.
- Any other changes (e.g., to project proponent or other entities)."

The MR Section 3.1 is misnumbered as Section 3.2. Currently, there is no mention of leakage and non-permanence risk factors (and if not applicable, this should be stated).

Project Personnel Response: Clarified information is provided in 20098 Fresh breeze VCS MR v02 section 3.1 regarding the status, leakage monitoring, and Monitoring and Non-permanence Risk Factors Management.

Auditor Response: With regards to the leakage, 4.6.2 of the Afolu Requirements states that "Leakage that is determined, in accordance with Section 4.3.3, to be below de minimis (i.e., insignificant) does not need to be included in the GHG emissions accounting. The significance of leakage may also be determined using the CDM A/R methodological Tool for testing significance of GHG Emissions in A/R CDM Project Activities." Section 4.3.3 states "The methodology shall establish the criteria and procedures by which a pool or GHG

source may be determined to be de minimis. For example, peer reviewed literature or the CDM A/R methodological tool for testing significance of GHG emissions in A/R CDM project activities may be used to determine whether decreases in carbon pools and increases in GHG emissions are de minimis".

Project Personnel Response 2: AS IT IS ESTABLISHED IN SECTION 4.3.3, INFORMATION COULD BE USED TO EXPLAIN THE LEAKAGE REQUIREMENTS. EVIDENCE OF THIS IS FOUND IN THE FILES PROGRAMA DE MANEJO BUILT FOR EACH PLANTATION. THE SPECIFIC CHAPTER IS CALLED CARACTERÍSTICAS FÍSICAS Y BIOLÓGICAS DEL ECOSISTEMA FORESTAL AND CARACTERÍSTICAS FÍSICAS Y BIOLÓGICAS DE LA SUPERFICIE A PLANTAR AND MAPS AND PICTURES WITH LAND COVERS ARE ALSO SHOWN TO DEMONSTRATE THE EXTENSIONS USED FOR THE PROJECT (FILE NEW AREAS).

Auditor Response 2: It is unclear if the extensive grazing on these lands is considered in the leakage assessment as part of displaced shifting grazing. The relevant section of the MR concedes "There is a noticeable difference between the return periods considered by landowners -who are used to expect a yearly income from their production-, while forestry projects have a period of 10 or more years for return on the investment. In addition, land owners in the region generally lack the capacity and equipment for conducting forestry activities." However the MR describes that "Furthermore, in the PD was determined that leakage is not contemplated due to:

2. The project activity is not related with the shifting of grazing animals or households

or communities, therefore, this condition is neglected." The former sentence indicates there is a relationship, and the section 4.3.3 of the AFOLU requirements state "The methodology shall establish the criteria and procedures by which a pool or GHG source may be determined to be de minimis." As noted in the reference in this finding to AFOLU requirements 4.6.2, "the significance of leakage may also be determined using the CDM A/R methodological tool for testing significance of GHG Emissions in A/R CDM Project Activities."

Please provide further description of the determination of the significance of leakage as consistent with these requirements.

Project Personnel Response 3: Additional information is provided in the Grouped Project Section, by elaborating on the leakage criteria (• Leakage shall be assessed for each new project area.)

Auditor Response 3: This finding was discussed on 16 December 2020 where the project proponent provided clarification on the extent of grazing activity in the tacotalpa tracts, and others, with reference to their management plan documents and the SEMARNAT report on degraded land in the area. While there was some rotation of cattle on the land they are limited enough for it to not be considered an improved pasture, and the economic gains aren't comparable to that of the project scenario. As such, this finding is closed.

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

NCR 9 Dated 21 Aug 2020

Standard Reference: VCS Standard v4, 3.15.2; VCS Standard v4, 2.2.1; Non Permanence Risk Tool Section 2.2.2

Document Reference: P116_VER_079; "Volumes Thinned"; Tool Risk_P116_VER_163_Sept.20

Finding: The calculation in the "Forestry Scenario" of the financial analysis spreadsheet ("P116_VER_079") includes values for income from harvested wood products which contribute to the cash flow turning positive in the year of 2020 (cell O41). There are values for harvested wood products in the "production forecasts" sheet which the audit team would like to confirm are accurate for the reporting period, and similarly we would like to understand whether the income values in the "Forestry Scenario" spreadsheet rows 8 through 11 are supported. Also with reference to NIR 3, are the extractions in years 5 and 9 included in the production forecasts sheet consistent with the validated thinning plan? The audit team references the VCS principles of consistency and accuracy in section 2.2.1 with regards to the need to assess these documents further.

Project Personnel Response:

Auditor Response:

Project Personnel Response 2: THE UPDATED CASHFLOW IS SHARED IN THE ATTACHED DOCUMENTS (SUMMARY TEAK). IN THIS UPDATING PROCEDURE, THE INFORMATION WAS COMPARED TO THE THINNING PLAN MENTIONED IN NIR 3 RESPONSE AND THAT CLARIFICATION MADE IN NIR 3 RESPONSE, APPLIES FOR THIS ANALYSIS AS WELL.

Auditor Response 2: The project proponent provided a response via email: "THE THINNING AND CLEARFELL HECTARES WERE ESTIMATED BASED ON THE PROJECT AREA." 2.2.2 Financial viability (FV) shall be assessed using Table 2, noting the following: 1) 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. 2) 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. " The project proponent provided an updated response with reference to the Teak Summary spreadsheet, however this information was only for 2020 and onwards. Non Permanence Risk Report section 2.2.2 part 4 states that "the Projects may demonstrate that funding has been secured through, for example, financial statements, bank records, executed commodity purchase agreements, executed emission reduction purchase agreements or other signed contractual agreements. Evidence shall be provided that agreement counterparties are in good financial standing, to demonstrate the ability to meet the financial obligations. Given execution uncertainties, options contracts shall not be counted as secured funding. When preparing the cash flow breakeven analysis, the assumptions on revenue from both carbon and other commercial sources (e.g., timber) must be conservative and clearly document the source, pricing assumptions, frequency of verification and other relevant variables."

Per the discussion on 2 December 2020 there is an understanding that the Teak Summary spreadsheet does not meet the requirements as a complement to the Break Even documentation already referenced. The Teak Summary documentation includes information from 2020 onwards while the previously provided excel sheet contains inaccurate information for the years of the reporting period. Please also provide documentation such as that referenced in section 2.2.2 part 4 which supports the values included in the updated spreadsheet.

Project Personnel Response 3: An updated P116_079 file was uploaded to the NPRR Folder, taking the recent true data taken from the field before 2020 (reporting period) and the projections from 2020 onward. Additionally, the supporting data for the values is justified.

Auditor Response 3: The updated file includes values which are consistent with the rest of the documentation. The breakeven year calculation is appropriate the therefore the year included in the NPRR is justified. Finding closed.

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

NCR 10 Dated 21 Aug 2020

Standard Reference: VCS Standard v4 3.5.15

Document Reference: Updated MR

Finding: The updated MR includes new information regarding the inclusion of the Tacotalpa tract as a new PAI. As described via email on 10/15 and 10/19, please provide supporting methodological tools and evidence of eligibility for this area. Thank you for the already provided documentation of ownership and updated calculations referenced in the first finding response.

Project Personnel Response:

Auditor Response:

Project Personnel Response 2: YES, WE APPLIED THE SAME TOOLS FOR EVERY PLANTATION INCLUDING THE NEW PAI. WE INCLUDED THIS PLANTATION IN THE ENTIRE PROCEDURE THAT WAS FOLLOWED FOR OTHER PLANTATIONS. FURTHERMORE, THE ESTIMATIONS AND CALCULATIONS MADE FOR THE ENTIRE PROJECT AREA (THREE REGIONS/STATES OF THE PROJECT) APPLY TO EVERY PLANTATION INCLUDING TACOTALPA. WE INCLUDED THE ENTIRE LIST TO BE IN-LINE AND COHERENT WITH THE LIST INCLUDED IN THE PD. THE “Estimation of carbon stocks and change in carbon stocks in dead wood and litter in A/R CDM project activities” AND “Estimation of the increase in GHG emissions attributable to displacement of pre-project agricultural activities in A/R CDM project activity” ARE REMOVED TO BE MORE PRECISE AND CLEAR FOLLOWING YOUR COMMENTS. THE LIST OF TOOLS WERE NOT APPLIED DIRECTLY AND ONLY IN TACOTALPA, THEY WERE APPLIED TO THE WHOLE PROJECT AREA AND ARE PART OF THE BASELINE CALCULATIONS.

Auditor Response 2: Per the discussion on 2 December 2020, the project developer will be providing clarification on the tools applied.

Project Personnel Response 3: Clarification is provided in the tools description in the Grouped Project Section.

Auditor Response 3: The updated Grouped Project Section now includes the same tools as applied at validation and as applied to the new PAIs. Finding closed.

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

NIR 11 Dated 21 Aug 2020

Standard Reference: VCS Standard v4, 3.15.2; VCS Standard v4, 2.2.1; Non Permanence Risk Tool Section 2.2.3

Document Reference: Tool Risk_P116_VER_163_Sept.20; P116_VER_082

Finding: The input data section of the Opportunity Cost Sheet appears to have not been updated to show actual hectare amounts for the reporting period. 2.2.3 Opportunity cost (OC) shall be assessed using Table 3, noting the following: 1) Opportunity cost analysis shall be undertaken based on the alternative land uses identified in the project's additionality assessment (except where (1) applies). The onus is on the project proponent to demonstrate and substantiate what constitutes credible alternative land use scenarios within this area, and shall at a minimum include the activities identified in the baseline scenario. The opportunity cost analysis shall include a net present value (NPV) analysis, covering the project crediting period, of such alternatives as compared to the project, taking into consideration a conservative estimate of revenue from GHG credit sales and other project revenue streams, and potential price fluctuations of commodities

impacted by the project. The financial discount rates used shall be based on published sources and represent the appropriate risk for the relevant land use scenario. Estimates of prices for GHG credit sales shall be based on published sources such as market intelligence reports. The analysis shall be undertaken in a transparent manner and shall provide all relevant assumptions, parameters, and data sources such that a reader may reproduce the analysis and determine the same results." The document referenced

Project Personnel Response:

Auditor Response:

Project Personnel Response 2: THE FILE SUMMARY TEAK PRESENTS THE UPDATED INFORMATION WITH UPDATED DATA. NPRR HAS ALSO BEEN UPDATED.

Auditor Response 2: Section 2.2.3 of the Non Permanence Risk Tool states: "The onus is on the project proponent to demonstrate and substantiate what constitutes credible alternative land use scenarios within this area, and shall at a minimum include the activities identified in the baseline scenario. The opportunity cost analysis shall include a net present value (NPV) analysis, covering the project crediting period, of such alternatives as compared to the project, taking into consideration a conservative estimate of revenue from GHG credit sales and other project revenue streams, and potential price fluctuations of commodities impacted by the project. The financial discount rates used shall be based on published sources and represent the appropriate risk for the relevant land use scenario. Estimates of prices for GHG credit sales shall be based on published sources such as market intelligence reports. The analysis shall be undertaken in a transparent manner and shall provide all relevant assumptions, parameters, and data sources such that a reader may reproduce the analysis and determine the same results."

Per the discussion on 2 December 2020 there is an understanding that the Teak Summary spreadsheet does not meet the requirements as a complement to the Opportunity Cost documentation already referenced. The Teak Summary documentation includes information from 2020 onwards while the previously provided excel sheet contains inaccurate information for the years of the reporting period.

Project Personnel Response 3: An updated P116_082 was uploaded to the NPRR Folder showing the Opportunity Cost of this Scenario and the update of revised input data, including the years for the reporting period.

Auditor Response 3: The updated file includes values which are consistent with the rest of the documentation, and the descriptions of the alternative use. The NPV/Opportunity Cost calculation is appropriate therefore the value included in the NPRR is justified. Finding closed.

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

NCR 12 Dated 21 Aug 2020

Standard Reference: VCS Standard 3.2.9; Non Permanence Risk Tool v3.3 section 2.2.4

Document Reference: Tool Risk_P116_VER_163_Sept.20

Finding: Table 4 on Project Longevity in the Non Permanence Risk tool includes the equation that the risk score is equal to $24 - (\text{project longevity} / 5)$. Please clarify and include information in revised MR how the value of 13.2 was calculated. Additionally, as described in section 2.2.4 part 3 of the Non Permanence Risk Tool, "For all AFOLU project types, the entire project longevity shall be covered by management and financial plans as submitted to local government or financial institutions, or otherwise made public, in which the intention to continue management practices is stated and planned for, and may include external evidence such as municipal land-use plans, institutional structures, or tools such as ecological-economic zoning." Can you confirm and demonstrate the entire project longevity is covered by these plans, and for the entirety of the project area? Is there additional evidence to show that the requirements of section 2.2.4 are being met?

Project Personnel Response:

Auditor Response:

Project Personnel Response 2: INFORMATION ABOUT THE RISK TOOL IS GIVEN IN THE MR IN THE IMPLEMENTATION STATUS CHAPTER.

Auditor Response 2: The updated documentation and reference to the third party audit document which establishes the 50 year monitoring period is helpful in establishing the project longevity and compliance with the requirements. The report and MR description of the change in project crediting period to 50 years in order to be consistent with the expected 25 year

Project Personnel Response 3: The compliance information is presented in the Deviation Section in the Project Longevity subsection. The third party (CBRE group) document supporting this change (Teak Report) is shared in the NPRR folder.

Auditor Response 3: The CBRE report and documentation on the 25 year rotation cycles is consistent with the updated description and justification for the 50 year crediting period and project longevity. As such the updated NPRR score has been determined to be calculated appropriately. Finding closed.

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

NCR 13 Dated 21 Aug 2020

Standard Reference: VCS Standard 3.2.9; Non Permanence Risk Tool section 2.2.3

Document Reference: Tool Risk_P116_VER_163_Sept.20; P116_VER_085

Finding: The Non Permanence Risk Tool requires in section 2.2.3 that "A governance score (of between -2.5 and 2.5) shall be calculated from the mean of governance Scores across the six indicators of the World Bank Institute's Worldwide Governance Indicators (WGI)¹, averaged over the most recent five years of available data. Governance scores shall be translated into risk scores as set out in Table 9". The NPRR and document "P116_VER_085" includes only information from the four years leading up to 2014. Please provide an updated document of the Political Risk Score.

Project Personnel Response:

Auditor Response:

Project Personnel Response 2: THE VALUE POLITICAL RISK SCORE HAS BEEN UPDATED, THANK YOU FOR THE CLARIFICATION. THE P116_VER_085 HAS BEEN UPDATED.

Auditor Response 2: Thanks, this score is appropriate and the finding is closed.

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