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Verification Assessment Report for:

CarbonCo, LLC

The Envira Amazônia Project
In Acre, Brazil

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1 Introduction

Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for audit design, evaluation, and certification/verification/verification decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA. Rainforest Alliance is an ANSI ISO 14065:2007 accredited verification and verification body; additionally, Rainforest Alliance is a member of the Climate, Community, and Biodiversity Alliance (CCBA) standards, and an approved verification body with a number of other forest carbon project standards. For a complete list of the services provided by the Rainforest Alliance, see http://www.rainforest-alliance.org/climate.cfm?id=international_standards.

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1.1 Objective

The purpose of this report is to document the conformance of The Envira Amazônia project with the requirements of the Climate, Community, and Biodiversity Standard Third Edition (2013). The project was developed by CarbonCO, LLC, hereafter referred to as “Project Proponent”. The report presents the findings of qualified Rainforest Alliance auditors who have evaluated the Project Proponent’s systems and performance against the applicable standard(s).

1.2 Scope and Criteria

Scope: The scope of the verification audit is to assess the conformance and verify the implementation of the Envira Amazônia REDD Project in Feijó, AC against the Climate, Community, and Biodiversity Standard Third Edition during the monitoring period 01 January 2015 to 31 December 2015. The project covers an area of 39,300.6ha. The land is privately owned. The project has a lifetime of 30 years, and estimates it will reduce 12,596,462 tCO₂e over the course of the first 10 years of its implementation, and estimates it has reduced 2,931,598 tCO₂e over the course of the monitoring period.

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

Climate, Community and Biodiversity Standard 3rd Edition (2013);
Rules for the use of the Climate, Community and Biodiversity Standards December 2013; and
VM0007 v1.5

Materiality: All GHG sinks, sources and/or reservoirs (SSRs) and GHG emissions equal to or greater than 1% of the total GHG assertion unless otherwise defined by the standard criteria.

1.3 Level of assurance

The assessment was conducted to provide a reasonable level of assurance of conformance against the defined audit criteria and materiality thresholds within the audit scope. Based on the audit findings, a positive evaluation statement reasonably

assures that the project GHG assertion is materially correct and is a fair representation of the GHG data and information.

1.4 Project Description

The Envira Amazonia Project (“Project”) is a payment for ecosystem services forest conservation project, otherwise known as a Reducing Emissions from Deforestation and forest Degradation (REDD+) project, on 39,300.6 hectares or approximately 97,072.5 acres of privately-owned land in Acre, Brazil. The total property is 200,000 hectares or approximately 494,000 acres and the Project shall seek to eventually conserve the entire property, but the current Project activities will specifically focus on the subset Project Area of 39,300.6 hectares.

The three main Project Proponents are CarbonCo, LLC (“CarbonCo”), Freitas International Group, LLC (“Freitas International Group or Carbon Securities”), and JR Agropecuária e Empreendimentos EIRELI. CarbonCo, the wholly-owned subsidiary of Carbonfund.org, is responsible for getting the Project certified and for early-stage Project finance. Carbon Securities acts as a liaison between CarbonCo and JR Agropecuária e Empreendimentos EIRELI, along with acting as a translator and assisting with logistics for site visits. JR Agropecuária e Empreendimentos EIRELI, which translates into JR Agriculture-Livestock and Ventures, is an Acre, Brazil-based company and is primarily responsible for day-to-day management of the Project and the implementation of activities to mitigate deforestation.

The ultimate project activities are to undertake a forest carbon inventory, model regional deforestation and land-use patterns, and mitigate deforestation pressures by utilizing payments for the project’s ecosystem services, along with ongoing monitoring of the climate, community and biodiversity impacts of the Project. In addition to voluntarily foregoing plans to convert the forests to a large-scale cattle ranch, JR Agropecuária e Empreendimentos EIRELI will also implement numerous activities to assist local communities and mitigate deforestation pressures such as: offering agricultural extension training courses; beginning patrols of potential deforestation sites in the early stages of the Project; granting land tenure to local communities and establishing alternative economic activities including commercializing the collection of medicinal plants and açaí.

The Project was officially validated by Environmental Services, Inc. (ESI) to the Climate, Community and Biodiversity Standard (CCBS, Third Edition) in April 2015 and to the Verified Carbon Standard (VCS, Version 3.4) in April 2015. The Project was then verified by ESI to the CCBS and the VCS in February 2016 and May 2016. Furthermore, the Project is aligned with the REDD+ Social and Environmental Standards and the State of Acre’s Payment for Ecosystem Services (Law # 2.308/2010). The Project is now under assessment for its second verification to the VCS and CCBS. This assessment is being conducted by Rainforest Alliance.

2 Audit Overview

2.1 Verification Conclusions:

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

2.1 Verification Audit Conclusions

General Section

Conformance:

G1. Project Goals, Design & Long-Term Viability	Yes ☒	No ☐	Required
G2. Without-project Land Use Scenario & Additionality	Yes ☒	No ☐	Required
G3. Stakeholder Engagement	Yes ☒	No ☐	Required
G4. Management Capacity	Yes ☒	No ☐	Required
G5. Legal Status and Property Rights	Yes ☒	No ☐	Required

Climate Section

Conformance:

CL1. Without Project Climate Scenario	Yes ☒	No ☐	Required
CL2. Net Positive Climate Impacts	Yes ☒	No ☐	Required
CL3. Offsite Climate Impacts	Yes ☒	No ☐	Required
CL4. Climate Impacts Monitoring	Yes ☒	No ☐	Required
GL1. Climate Change Adaptation Benefits	Yes ☒	No ☐	Optional

Community Section

Conformance:

CM1. Without-project Scenario for Communities	Yes ☒	No ☐	Required
CM2. Net Positive Community Impacts	Yes ☒	No ☐	Required
CM3. Offsite Stakeholder Impacts	Yes ☒	No ☐	Required
CM4. Community Impacts Monitoring	Yes ☒	No ☐	Required
GL2. Exceptional Community Benefits	Yes ☒	No ☐	Optional

Biodiversity Section

B1. Without-project Biodiversity Scenario
 B2. Net Positive Biodiversity Impacts
 B3. Offsite Biodiversity Impacts
 B4. Biodiversity Impacts Monitoring
 GL3. Exceptional Biodiversity Benefits

Conformance:

Yes ☒
 Yes ☒
 Yes ☒
 Yes ☒
 Yes ☒

No ☐
 No ☐
 No ☐
 No ☐
 No ☐

Required
 Required
 Required
 Required
 Optional

CCBA Verification Level Attained:

Approved
 Gold

Yes ☐
 Yes ☐

No ☐
 No ☐

2.2 Verification non-conformance evaluation

Note: A non-conformance is defined in this report as a deficiency, discrepancy or misrepresentation that in all probability materially affects carbon credit claims. Each NCR is brief and refers to a more detailed finding in the appendices.

NCRs identified in the Draft Report must be closed through submission of additional evidence by the Project Proponents before Rainforest Alliance can submit an unqualified statement of conformance to the GHG program. Findings from additional evidence reviewed after the issuance of the draft report are presented in the NCR tables below.

NCR#:	01/17
Standard & Requirement:	CCBS, G3.8.
Report Section:	Appendix A
Description of Non-conformance and Related Evidence:	
The PDD (Ref. 01, p.28, 55, 65) includes a process for receiving, hearing, responding to and attempting to resolve grievances within a reasonable time period. The auditors reviewed the notes taken by the project manager and interviewed community members. Auditors have verified that the project local manager, called Mazinho, registered in his notebook (Ref.05) a grievance about the time of implementation of the project, but the proponents have not provided a reply to this grievance. Community members within the project area declared they have many doubts about the implementation process schedule. Moreover, the proponents state that the Ombudsman of the State of Acre's Climate Change Institute will be the specific person to receive and to refer any grievances related to the Project. The Ombudsman of State of Acre's Climate Change Institute is a representative of the public authority and he does not have any role in receiving nor referring grievances related to private projects of REDD+.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Ref. 17: Community visit midia_CD, JR Agropecuária e Empreendimentos EIRELI; Ref. 18: SISA: law Nº 2.308 from October 22, 2010; Ref. 20: Decree Nº 8.102 from July 25, 2014
Findings for Evaluation of Evidence:	In order to solve this issue, the project proponent have visited the communities in the project area after the field audit (ref. 1a). In this incursion, the project proponent has delivered dentures

	to the communities, as a result of the project social activity related to dental health. In interviews, the project staff explained that this visit was also used to discuss project aspects with the communities and to provide feedback to community representatives about the project implementation status, what was considered as plausible by the audit team, given the project staff role and the indistinct community perception about it. The audit team also interviewed IMC – <i>Instituto de Mudanças Climáticas</i>, staff in order to check its role on resolve grievances related to the implementation of private REDD+ projects. According to the law Nº 2.308 from October 22, 2010 (ref. 2a) and the decree Nº 8.102 from July 25, 2014, IMC and SEMA together have the role of running and assessing an ombudsman as a jurisdictional REDD+ program instrument.
NCR Status:	CLOSED
Comments (optional):	None

NCR#:	02/17
Standard & Requirement:	CCBS, G3.11.
Report Section:	Appendix A
Description of Non-conformance and Related Evidence:	
The PDD (Ref. 01, p.27 and 28) and the PIR (Ref.02, p.2, 19) state the hiring of a project manager and an assistant. Both will perform deforestation monitoring, along with helping visitors at the Project by providing logistics. In addition, project documents state they will officially monitor deforestation along the Jurupari, Purus and Envira Rivers by boat approximately in every 60 days. Proponents have written a letter dated 15 February 2015 (Ref.03) with an intention of hiring the project manager and to ensure their worker's rights. However, auditors verified that the project manager and his assistant are both working without official workers registration as demanded by the Brazilian law (Consolidação das Leis do Trabalho (CLT): DECRETO-LEI N.º 5.452, DE 1º DE MAIO DE 1943 (Consolidate of Working Laws).	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Ref. 20: Federal decree – Law N.º 5.452, May 1st, 1943 Ref. 21: Payment receipts Ref. 22: Workers signed statement
Findings for Evaluation of Evidence:	Under the Brazilian legislation, the project proponent decided to set up the working relationship with the project managers as a regular verbal contract. The audit team evaluated the relevant legislation and understands that such a configuration is possible (ref 20). The proponents also submitted monthly proofs of payment made to both workers referred to herein (ref.21) and

	certificates signed by the workers themselves, in which the payments in question can also verified (ref.22).
NCR Status:	CLOSED
Comments (optional):	None

NCR#:	03/17
Standard & Requirement:	CCBS, G5.6.
Report Section:	Appendix A

Description of Non-conformance and Related Evidence:

The proponents have submitted a list of all laws, national and local, and regulations in the host country that is relevant to the project activities (Ref. 01, p.85, Ref.02, p.88). The auditors reviewed the applicable laws and interviewed representatives of the Minister of Justice and of the National Institute for the Colonization and Agrarian Reform (INCRA). Auditors verify that the list of applicable national laws which was included in the project documents is incomplete because it does not include the “Estatuto da Terra” (LEI No 4.504, DE 30 DE NOVEMBRO DE 1964) nor the specific regulation that manages the georeferencing of the private properties. These are also relevant regulatory frameworks published by INCRA since the project intends to grant land titles to communities.

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
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Timeline for Conformance:	Prior to Verification
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Evidence Provided by Organization:	Ref. 23: Updated PIR
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Findings for Evaluation of Evidence:	The proponent has reviewed the project documentation in order to consider the relevant legal framework, referenced in this note (ref. 23). The CCB PIR has been updated to include a summary and explanation of conformance with the following laws: Law 10.267, of August 28, 2001; Law No. 4.504, of November 30, 1964; and Law No. 6.015, of December 31, 1973. In addition, the proponent submitted a valid CCIR for the property, which was checked by the audit team on the INCRA ¹ website during the audit.
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NCR Status:	CLOSED
Comments (optional):	None

NCR#:	04/17
Standard & Requirement:	CCBS, G1.10
Report Section:	Appendix A

Description of Non-conformance and Related Evidence:

¹ <http://www.incra.gov.br/ccir-ccir>

The audit team was unable to verify the climate monitoring plan results, on regards to deforestation monitoring. The project proponent didn't present the updated forest cover benchmark maps, covering the last monitoring period. (Ref. 9, page 56). Based on an independent analysis of References 10 and 11, the auditors noted that 50 ha were cleared in 2015 in the project area.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Ref. 24: Updated Envira GIS Files
Findings for Evaluation of Evidence:	The project proponent shared his GIS file database, evidencing the "forest cover benchmark map" for the monitored period. The audit team understands that the information contained in the map presented corresponds to that found through its independent analysis of the deforestation observed in the project area during the monitoring period.
NCR Status:	CLOSED
Comments (optional):	None

2.3 Forward Action Requests

Note: FARs (Forward Action Request) indicate critical points in the project that must be observed and addressed by the proponent to the next project verification or at a given specified date. The failure to solve a problem or potential discrepancy of the project in relation to the reference standards result in the issuance of an NCR at the next verification event or at the specified date.

FARs identified in the Draft Report does not need to be closed through submission of additional evidence by the Project Proponents before Rainforest Alliance can submit an unqualified statement of conformance to the GHG program.

FAR#:	01/17
Standard & Requirement:	CCBS, G1.10
Report Section:	Appendix A
Description of Forward Action Request and Related Evidence:	
Regarding the project activity implementation and specifically, surveillance activities, the project proponent stated the intention of monitoring deforestation by boat along the Envira and Jurupari Rivers, approximately in every 60 days. Through interviews with the assigned person for doing so and also by assessing surveillance reports (ref. 05), the audit team understood that only two surveillance expeditions were made – in May and November 2015 - by the project proponent as one of the planned project activities. Thus, the audit team raised a FAR in order to signalize the need to implementation of this particular activity by the next verification event.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance

	with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to project next verification
Evidence Provided by Organization:	PENDING
Findings for Evaluation of Evidence:	PENDING
FAR Status:	OPEN
Comments (optional):	None

FAR#:	02/17
Standard & Requirement:	CCBS, G3.5 and GL2.9
Report Section:	Appendix A
Description of Forward Action Request and Related Evidence:	
The proponents state in the PDD (Ref. 01, p. 56) and in the PIR (Ref. 02, p. 32-34) that they recognize the central importance of local families to the success of the Envira Amazonia Project and that they intend to incorporate their feedback and the feedback of other identified important stakeholders into the project design. According to the proponents, representatives of the Union of Rural Workers are key stakeholders. The Proponents states that in December 2015 the President of the Rural Workers Union of the municipality of Feijó was contacted by phone to discuss project issues. The implementation report also informs about a face-to-face meeting to be organized between the project staff representative and the President of the Rural Workers Union in 2016. Through interviews made at the field, the auditors verified that in the meantime, a new president was elected at the Rural Workers Union in 2016 and that both the former and the current Presidents of Union of Rural Works have revealed serious doubts about the project objectives and actual activities. The consultation process with these stakeholders made only by a unique phone call was not considered to be effective to ensure feedback to this stakeholder, by the audit team. The audit team understands that consultations and participatory processes involving this particular stakeholder must be reconsidered to ensure adequate levels of information sharing until the next verification event.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to project next verification
Evidence Provided by Organization:	PENDING
Findings for Evaluation of Evidence:	PENDING
FAR Status:	OPEN

Comments (optional):	None
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FAR#:	03/17
Standard & Requirement:	CCBS, G5.5
Report Section:	Appendix A

Description of Forward Action Request and Related Evidence:

The proponent state in the PDD (Ref.02, p.86) that: “There are no ongoing or unresolved conflicts over land rights throughout the Project Zone of the Envira Amazonia Project. Furthermore, there are no overlapping title claims and no internal conflicts with or amongst the local communities.” In fact, the owner of the Envira Project’s area has the official land registers. However, auditors verified through interviews with the representatives of the National Institute for Colonization and Agrarian Reform (INCRA) and with the Public Prosecutor of INCRA in the State of Acre that there is a dispute between this public authority and the landholder. There is an administrative process open to discuss a possible overlapping in the area with public lands. Auditors also found that the *Cadastro de Certificado de Imóvel Rural* (CCIR) has been inhibited by INCRA. This means that INCRA does not recognize the georeferencing process of the property. Despite of that, JR Agropecuária has presented a valid CCIR, using the official government online platform for doing so. In the other hand, interviewed INCRA’s authorities state that there are discrepancies in the georeferencing process of the property. In sum, the audit team understands that a dispute between the Envira Project’s area landowner and federal public authorities remained characterized. This way, it is also the audit team understanding that the project proponent is not identifying this land related conflict, nor describing measures taken or needed to resolve them.

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to project next verification
Evidence Provided by Organization:	PENDING
Findings for Evaluation of Evidence:	PENDING
FAR Status:	OPEN
Comments (optional):	None

FAR#:	04/17
Standard & Requirement:	CCBS, G1.10, CM2.3, GL2.2, GL2.4, GL2.5, GL2.6
Report Section:	Appendix A

Description of Forward Action Request and Related Evidence:

The PDD (Ref.01, p.102-116) and the PIR (Ref.02, p.32-33) reinforces the mechanisms to promote social and economic development and to demonstrate net wellbeing impacts on community groups. As stated in the document, net wellbeing impacts “will” include: receiving official land title, which strengthens land tenure rights; participation in agricultural extension courses and participation in açaí, medicinal plants and rubber projects, which increases and diversifies local incomes; access

to local health clinics, which improves health; transfer of technical knowledge and cultural exchange; and local employment opportunities, such as hiring local project managers and support staff.

Auditors verified through review of budget plans (Ref. 04), through interview with project proponents and a sample of community members that from January 1, 2015 to December 31, 2015 the project has only generated few work opportunities to some members of the community (the owners and boat pilots that transport people during the project activities, mainly once or twice a year). Even the work relationship with the project manager and his assistant are not formalized yet.

Another action was to donate dental hygiene kits with toothbrush and toothpaste, balls to children and machetes to men. These are still very basic welfare measures that will not generate impacts in the wellbeing of communities in the long term.

Finally, the net benefits for women and their capacity to participate in the project activities decision making processes remain marginal.

The audit team understands that time and financial resources are needed in order to promote real social impacts and conformity with the CCB standards requirements referenced at this FAR. For doing so, state that the project proponents shall demonstrate progress in the implementation of the economic and social activities described in the theory of change tables, brought by the project design, by the next verification event.

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to project next verification
Evidence Provided by Organization:	PENDING
Findings for Evaluation of Evidence:	PENDING
FAR Status:	OPEN
Comments (optional):	None

FAR#:	05/17
Standard & Requirement:	CCBS, G5.6
Report Section:	Appendix A
Description of Forward Action Request and Related Evidence:	
The PIR (Ref.02, p.87-90) summarizes the rules of the Law Number 12.651 of May 25, 2012, the Forest Code. The summary describes the Chapter 2 of the Forest Code that state the need to register the property in the Environmental Registry (CAR). In addition, in page 91 states that The Envira Amazonia Project is in compliance with the latest Brazil Forest Code. However, auditors found through consultation in the official database of CAR and through interviews with representatives of the Institute of Environment of Acre State (IMAC) that the proponents have not registered the property in the CAR yet and also found there	

are overlapping with other CARs already registered. The audit team understands that the Brazilian government has postponed the official CAR property registry deadline to December 31, 2017, thus deciding to raise this FAR in order to signalize the necessity of checking this aspect by the next verification event. The CAR property registry will be necessary for the project proponent in order to provide assurance that the project is complying with the national law. .	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to project next verification
Evidence Provided by Organization:	PENDING
Findings for Evaluation of Evidence:	PENDING
FAR Status:	OPEN
Comments (optional):	None

FAR#:	06/17
Standard & Requirement:	CCBS, G2.1
Report Section:	Appendix A
Description of Forward Action Request and Related Evidence:	
The baseline scenario was described in the project's documentation, the validated PDD (ref. 01) and also replicated in the latest monitoring report (ref. 02) presented to the audit team in function of the present verification event. The baseline scenario validation does not correspond to this audit verification scope. The proponent presents a without project scenario in which 20% of "gleba Canadá" (project proponent property), would had its forest area converted into pasture for the execution of a large-scale farming project, which is permitted in the Brazilian's Amazon Biome, under Brazilian laws. The described scenario still addresses the generation of a residual trend of deforestation by the local communities, which would establish new continuing grazing areas next to converted areas. The audit team understands the described scenario as legally possible, however, not as reasonable scenario. The conversion of 20% of the area of Gleba Canadá represents a broad land extension of about 40,000 ha. A conversion of this magnitude would represent proportional costs along with the implication of legal authorization for its suppression. These legal authorizations are emitted by an environmental state agency called IMAC – <i>Instituto de Meio Ambiente do Acre</i>. In interview with the agent responsible for the emission of such authorizations at the same agency, it was described the needed necessary steps for a suppression of this size, considering time, costs and intrinsic barriers to the process. In the same interview, it was characterized the absence of a suppression authorization granted for the project in question. In view of the foregoing, the audit team issued the FAR#06/17, which entails the need of reviewing the baseline scenario during the revalidation of the project, focusing on a plausible scenario presented through the arguments that show the forest	

suppression operability for the cattle ranch project.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to project baseline revalidation
Evidence Provided by Organization:	PENDING
Findings for Evaluation of Evidence:	PENDING
FAR Status:	OPEN
Comments (optional):	None

FAR#:	07/17
Standard & Requirement:	CCBS, GL3.2, GL3.4
Report Section:	Appendix A
Description of Forward Action Request and Related Evidence:	
The project's proponent describes recent population trends for a number of avifauna species whose occurrence was characterized in the project area, based on bibliographic review. The audit team understands that the only event of "formal survey" – as it was presented on the project's documentation (ref. 02) – of bird biodiversity in the project area, done since its validation and on the monitoring period covered by this verification do not serve the purpose of determining specific population trends in the project zone. The audit team respects the monitoring frequency stipulated for this parameter on the validated PDD, being of 5 years (ref. 01). It is then applied, FAR#07/17, as a way to highlight the need to understand local dynamic in order to maintain the Gold Status for the project's biodiversity.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to project baseline revalidation
Evidence Provided by Organization:	PENDING
Findings for Evaluation of Evidence:	PENDING
FAR Status:	OPEN
Comments (optional):	None

2.4 Observations

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

OBS	01/17	Reference Standard & Requirement:	CCBS, G1.6
Description of findings leading to observation:	Auditors found and interviewed newcomers in the project area living in the “Colocação Jarina”. The PIR (Ref.02) had not documented the arriving of new families in the project area. Moreover, the PIR has not documented the emerging of a new cooperative of “açaí” in the Feijó municipality. Also, project proponents were not aware of the recent work that had been made by a NGO in the project zone with the rubber and açaí production. Finally, project proponents have not identified stakeholders at the “Departamento de monitoramento e fiscalização da UC GEO. “		
Observation:	The stakeholder identification process could be reviewed in order to potentially improve the project design.		

OBS	02/17	Reference Standard & Requirement:	CCBS, G3.6
Description of findings leading to observation:	Interviewed community members showed interest to discuss more about implementation and what is essential to the community regarding social priorities. It stayed characterized that women have special interest in discussing more about their participation over the project matters.		
Observation:	There is a room to improve community’s participation in the project implementation. In special the participation of women. The audit team raised this observation in order to show an opportunity for improvement in the project’s design, enabling effective participation of all relevant stakeholders in a gender-sensitive manner.		

OBS	03/17	Reference Standard & Requirement:	CCBS, G4.2
Description of findings leading to observation:	The social specialist hired in the beginning of the process is no longer part of the team. In the current phase of the project, members of the JR Agropecuaria e Empreendimentos EIRELI are essential to move forward the economic and social actions. However, it will be challenging without specific social engagement skills from a specialist in community engagement and development.		
Observation:	Project managers should consider involving social specialists in the project management on a regular basis. The lack of social skills among the project’s staff may represent future issues on project implementation.		

OBS	04/17	Reference Standard & Requirement:	CCBS, G1.10
Description of findings leading to observation:	The mitigation measures to the natural and human induced risks listed by the proponent, namely are: land donation, construction of health clinics, training and rural extension and the structuring of production chains were not yet implemented, therefore being incapable of diminishing or eliminating the identified risks.		
Observation:	There is a risk that benefits to the climate, communities and biodiversity will not be mitigated on a future event, where the expressed risks materialize.		

OBS	05/17	Reference Standard & Requirement:	CCBS, G3.2
Description of findings leading to observation:	According to the PDD (re. 01, p.56), in 2014 interviews with families that live within the project area were performed by an expert. During these visits, according to the families, the project design and the included social programs were presented. Families' representatives were consulted over which type of training and capacitation they would like to receive, along with other matters. In 2015, the PIR (Ref.02, p.65) refers again to the PDD and explains how relevant and adequate information continues to be discussed with the communities. The proponents state that they will continue to engage the local families and will monitor community impacts to ensure that effective participation is maintained. The review of monitoring reports (Ref.05) written by the project manager, Mazinho, shows that he performed this role. However, the audit team noticed through interviews with community representatives, that there is a lack of clarity and familiarity relating to project's implementation, execution of social projects and ultimately, the equitable benefits distribution.		
Observation:	There is an opportunity for improvement of the project design implementation with regards to access to information from local traditional community representatives.		

OBS	06/17	Reference Standard & Requirement:	CCBS, B3.1
Description of findings leading to observation:	The proponent identifies a potential source of impacts over biodiversity outside the project zone, as the deforestation caused by families that might migrate from the project area and project zone to surrounding areas, foreseeing then, a potential leakage effect caused by project actions. Despite that, the proponent understands the described effect as unlikely, due to project social potential benefits. The audit team agrees with the drafted argument; however, it highlights the fact that the leakage monitoring areas defined into the project scope as part of the project boundaries do not contemplate other properties owned by the project proponent, such as existent properties in the state of Mato Grosso - information characterized through interviews with the project proponents during the field audit. Considering that, in the case of planned deforestation projects, the methodology used in the project design refers to the leakage monitoring in all areas under management of the identified deforestation agent, it becomes relevant to consider the potential effect that the project actions may have over the biodiversity also in these referenced areas.		
Observation:	There is a risk that the biodiversity outside the project zone be negatively affected by the project activities due to a leakage effect caused in other properties owned by the project proponent, considering the foregoing plans to convert the forests to a large-scale cattle ranch.		

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

Note: The present section will be completed at the final report.

Action Taken by Project Proponent following the issuance of the Draft Report			Date
Additional documents submitted to audit team (additional documents listed below)	☒ Yes ☐ No ☐ N/A		09Oct17
Additional stakeholder consultation conducted (evidence described below)	☐ Yes ☒ No ☐ N/A		
Additional clarification provided	☒ Yes ☐ No ☐ N/A		11Sep17
Documents revised (document revision description noted below)	☒ Yes ☐ No ☐ N/A		09Oct17
GHG calculation revised (evidence described below)	☒ Yes ☐ No ☐ N/A		06Jun17

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

Ref	Title, Author(s), Version, Date	Electronic Filename
17	Community visit midia_CD, JR Agropecuária e Empreendimentos EIRELI	Midia_CD
18	SISA - law Nº 2.308 from October 22 2010	http://www.al.ac.leg.br/leis/wp-content/uploads/2014/09/Lei2308.pdf
19	State Decree - Nº 8.102 from July 25 2014	Diário oficial.jpg
20	Federal decree – Law N.º 5.452, May 1 st , 1943	http://www.planalto.gov.br/ccivil_03/decreto-lei/Del5452.htm
21	Payment receipts	DOCUMENTOS RECIBOS CIRLANDIO PARTE 01.pdf DOCUMENTOS RECIBOS CIRLANDIO PARTE 02.pdf RECIBOS MAZINHO PARTE 01.pdf

		RECIBOS MAZINHO PARTE .pdf PARTE 2.pdf
22	Workers signed statement	MAZINHO - DECLARAÇÃO ANO 2015.pdf DOC. CIRLANDIO - DECLARAÇÃO - 2015.pdf
23	PIR, Carbon CO, 29 June 17	Envira Amazonia Project Draft CCBS PIR, English (6-29-17) - TRACKED.pdf
24	Updated Envira GIS files	Updated Envira GIS files.zip

3 Audit Methodology

3.1 Audit Team

Overview of roles and responsibilities:

Auditor(s)	Responsibilities							
	Lead	Desk Review	On-site visit	Climate Specialist	Biodiversity Specialist	Social Specialist	Report	Senior Internal Review
Bruno B. Souza	☒	☐	☒	☒	☒	☐	☒	☐
Isabel G. Drigo	☐	☐	☒	☐	☐	☒	☒	☐
Renan A. Kamimura	☐	☐	☒	☒	☐	☐	☒	☐
Luís F. Moura	☐	☒	☐	☒	☐	☐	☐	☐
Thales West	☐	☒	☐	☒	☐	☐	☒	☐
Klaus Geiger	☐	☐	☐	☐	☐	☐	☐	☒

Auditor qualifications:

Auditor(s)	Qualifications
Bruno B. Souza – Lead auditor	Climate and Environmental Services Coordinator at Imaflora. Senior lead auditor. Forest Engineer graduated by Escola Superior de Agricultura "Luiz de Queiroz" (ESALQ). Biologist graduated by Universidade de São Paulo (USP). Bruno was empowered by the Instituto Floresta Tropical (IFT) and Imaflora through intensive evaluations in FSC Forest Certification and Reduced Impact Exploration. He was trained as lead auditor of management systems by ATSG (Lead Assessor ISO 14001:2004). He has six years of work experience in FSC, when he worked with forest management and chain of custody certification, which has included promotional statements and trademark approval processes. He was trained to be a carbon auditor by Rainforest Alliance and currently integrates Imaflora's climate team. He has technical expertise on VCS and CCB standards and is also experienced on the development of REDD+ policies social and environmental safeguards. He has three years of work experience with climate changes, payment for environmental services and environmental services certification schemes, when he had audited several projects in Brazil.
Isabel G. Drigo – Field auditor (Social specialist)	PhD in Environmental science by PROCAM/USP/AgroParisTech/França, with thesis about barriers on implantation of forest concessions in Latin America. Author of a dissertation about impacts of FSC forest certification over two communities in the state of Acre. She was trained to be an internal auditor of FM-06, April 19th, 2012 ISO 9001:2000. She has seven years of experience in audit team administration at organic certification processes. Since 2008 she executes audits over the social principle and criteria in community forest management and in forest management enterprises. She was also trained as lead auditor of management systems by ATSG (Lead Assessor ISO 14001:2004) and to be a carbon auditor by Imaflora.
Renan Kamimura – Field auditor	Forest Engineer graduated by Lavras Federal University (UFLA) in 2009. Renan has a

(Geospatial specialist)	strong working experience with environmental conservation and rural socioeconomic development projects. He is a specialist in GIS and forest biomass inventory, having worked on several REDD+ projects and PES initiatives as a consultant, developer and manager in Brazil. Renan has a comprehensive field experience in Amazon, Cerrado, Caatinga and Mata Atlântica biomes.
Luís Moura – Desk reviewer	Forest Engineer (ESALQ-USP), M.Sc. and Ph.D. in Wood Machining by the University of Laval (Quebec, Canada). He has attended postdoctoral fellow at ESALQ-USP, with researches on thermal treatment and industrialization of heat-treated wood. Currently, he organizes and prepares projects for inclusion in the Carbon Market, both in the compliance market (CDM - Clean Development Mechanism, Kyoto Protocol) and voluntary market (VCS - Verified Carbon Standard), in addition to conducting market research and feasibility studies for forestry projects. In eight years of experience in the carbon market, he had participation in seven carbon projects. He attended the training course for auditors offered by Imaflores in 2013, and also participated in trainings for auditors to Sustainable Forest Management certifications.
Thales West – Desk reviewer	Thales has a BA in forest engineering and a MSc in forest resources, both from the University of Sao Paulo. Thales started working with forest carbon projects in 2008, and since 2011 he works as a climate specialist auditor for the Rainforest Alliance. He is a PhD for the University of Florida, focused on land-use change decisions, remote sensing, and deforestation modelling under REDD+ initiatives.
Klaus Geiger - Senior Internal Reviewer (RRA Reviewer)	Klaus Geiger is a forester with professional experience in Latin America. As Carbon Services Staff Auditor with Rainforest Alliance Klaus conducts and leads carbon field audits for projects under six different carbon standards, including AFOLU, REDD+, and the VCS Double Approval Methodology. Prior to working with Rainforest Alliance, Klaus researched Sri Lankan non-timber forest products by documenting species composition and mapping spatial distribution in traditional agroforestry gardens, co-managed the 8,000 acre FSC-Certified Yale School Forest, promoted sustainable agriculture techniques for over three years with the Peace Corps in Panama, and, among other experiences, cruised timber with the U.S. Forest Service in Tahoe National Park. Klaus received his Masters of Forestry from the Yale University School of Forestry and Environmental Studies, and holds a Bachelors of Forestry from University of Missouri-Columbia. Klaus is fluent in Spanish and conversational in Sinhala.

3.2 Description of the Audit Process

Location/Facility	Date(s)	Length of Audit	Auditor(s)
Órgãos Públicos de Terra em Rio Branco (INCRA e ITERPA)	24-Jan-16 and 30-Jan-16	4 hours	Isabel G. Drigo

GIZ – Colaboração Alemã na SEMA AC e Secretaria de Florestas	24-Jan-16	2 hours	Isabel G. Drigo
Public meeting with local stakeholders in the municipality of Feijó, at the Universidade Aberta do Brasil (UAB)	25-Jan-16	2 hours	Isabel G. Drigo, Bruno B. Souza, Renan A. Kamimura
Evaluation of land use/cover in the project area and project region along the Jurupari river	26 to 27-Jan-16	2 days	Bruno B. Souza, Renan A. Kamimura
Seringais Pamaripé e Gleba Canadá (within Project area)	26 to 27-Jan-16	2 days	Isabel G. Drigo
Seringal Santo Antônio (Project Zone)	27-Jan-16	1 day	Isabel G. Drigo
Alto da Gloria (community representatives and their families' location: José; Novo; Zé Angu; and João)	27-Jan-16 to 28-Jan-16	2 days	Bruno B. Souza, Renan A. Kamimura
Familiar crop fields and areas deforested between 2014 and 2015			

3.3 Review of Documents

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

Ref	Title, Author(s), Version, Date	Electronic Filename
01	Project Document Design	Envira Amazonia Project CCBS PDD English (3-5-15).pdf
02	Project Implementation Report – 11/22/16- This second CCBS PIR covers the MRV time period from January 1, 2015 to December 31, 2015.	Envira Amazonia Project Summary Document, English (11-22-16).pdf
03	Letter of Intent to Hire “Mazinho”, 02/15/2015	DOCUMENTO MAZINHO.pdf
04	CarbonCo's Pro Forma for Envira Amazonia Project (Updated 12-14-16), JR Agropecuária e Empreendimentos EIRELI's Pro Forma (Updated 12-14-16)	Pro Forma for Envira Amazonia Project (12-14-16).xls
05	Project manager , Author José Aurimar Tavares Carneiro “Mazinho”, May 2015 (8 days) and November 2015 (8 days)	Mazinho's Monitoring Reports.pdf
06	Land titles per “property acquired”, Author JR Agropecuária and Cartório de Registro de Imóveis de Feijó. The 4 land titles comprise the property called “Envira”	Ajubim_0005.pdf; Iracema_0006.pdf; Novo Japão_0008.pdf, Novo Pamir_0009.pdf, Palmaripé I,II,III.pdf
07	Financial planning, CarbonCO, December 16	Pro Forma for Envira Amazonia Project (12-14-16).xls
08	Land titles	Printed documents
09	Relatório de Monitoramento 2015 - VCS	2015_EnviraMonitoring 2016.11.21.pdf
10	Arquivo espacial da Área do Projeto	EnviraPA_20140327.shp e descritores
11	Arquivo espacial de monitoramento de desmatamento em 2015 na Área do Projeto. Fonte: UCEGEO	2015_PA_Monitoring_Envira.shp e descritores

12	ProPublica Website, ProPublica	https://projects.propublica.org/nonprofits/organizations/200231609
13	LAW Nº 2.308 of October, 2010	Acre_Sistema_de_Incentivo_a_Servicos_Ambientais_SISA (1).pdf
14	JPD, Acre Government JPD	Jurisdictional_Program_Description_English.pdf
15	INSTRUÇÃO NORMATIVA IMC Nº 1, de 26/10/2015, Acre Government	IMC Legislação.pdf
16	Rapid Ecological Assessment of the birds on the upper Jurupari River, Feijó, Acre, Brazil, Melo, 2016	MELO (2016) - Birds of Jurupari river.pdf

3.4 Interviews

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

Date	Name	Title/Organization
24/01/16	Marky Brito	Depto. de Florestas SEMA AC
24/01/16	Elson INCRA/Acre	Chefe da Divisão de Cartografia
24/01/16	Vicente Manuel Souza de Brito	Procurador Federal do INCRA no Acre
24/01/16	Alcione Costa	GIZ Acre
25/01/16	Sergionir Paiva Freitas	Ex-Presidente Sindicatos dos Trabalhadores Rurais e atual Vereador eleito da Câmara Municipla de Feijó
25/01/16	Antônio José	Sindicato
25/01/16	Aurelinda	Sindicato
26/01/16	José Sousa do Nascimento ("Zé Angu")	Colocação Canadá
26/01/16	José Ferreira de Sousa (José "Mundico")	Colocação Alto da Glória
26/01/16	Edineuma Ferreira de Souza	Colocação Alto da Glória
26/01/16	Raimundo Maurício do Nascimento ("Novo")	Colocação Tracoá do Canadá
26/01/16	Isabel Pedrosa do Amorim	Colocação Tracoá do Canadá
26/01/16	João Nazário Rodrigues	Colocação Maitá
27/01/16	Raimundo Calisto da Silva	Colocação Lamparina I
27/01/16	Marisa	Colocação Lamparina I
27/01/16	Jorginaldo da Silva Pedrosa (Naldo)	Colocação Lamparina II
27/01/16	Luzia	Colocação Lamparina II
27/01/16	Francisco Circlandio Dimas de Souza	Colocação Pamaripé
27/01/16	Sueli	Colocação Pamaripé
27/01/16	Antônio Francisco Lopes da Silva	Colocação Pamaripé
27/01/16	Mariana (filha do Sr. Cazuya)	Colocação Pamaripé
27/01/16	José Gonçalves (pai da Sueli)	Colocação Santo Antônio – Seringal Antônio
27/01/16	Abdias (seringueiro)	Colocação Alto Bonito – Seringal Santo Antônio
30/01/16	Rege	Advogado JR Agropecuária

APPENDIX A: Field Audit Verification Findings

Note: Findings presented in this section are specific to the findings resulting from the field audit as presented in the Draft Audit Report. Any non-conformances, forward action requests or observations identified during the field audit are noted in this section, and specific NCR, FAR and OBS tables are included in section 2 of this report for each identified non-conformance, forward action requests and observations. All findings related to audit team review of additional evidence submitted by the Project Proponent following the issuance of the Draft Audit Report by Rainforest Alliance, will be included within section 2 of this report.

GENERAL SECTION

G1. Project Goals, Design and Long-term Viability

Concept

The project has clear objectives to generate climate, community and biodiversity benefits¹⁰ and is designed to meet these objectives. Risks are identified and managed to generate and maintain project benefits within and beyond the life of the project.

Indicators

Project Overview

1) Identification of the Project Proponent

Findings from Field Audit		
The project proponents have not changed since the PDD was last validated. The PDD (Ref.01, p.6) explains that the three Project Proponents are CarbonCo, LLC ("CarbonCo"), Freitas International Group, LLC ("Freitas International Group or Carbon Securities"), and JR Agropecuária e Empreendimentos EIRELI. CarbonCo, the wholly-owned subsidiary of Carbonfund.org, is responsible for getting the Project certified and for early-stage Project finance. Carbon Securities acts as a liaison between CarbonCo and JR Agropecuária e Empreendimentos EIRELI, along with acting as a translator and assisting with logistics for site visits. JR Agropecuária e Empreendimentos EIRELI, which translates into JR Agriculture-Livestock and Ventures, is an Acre, Brazil-based company and is primarily responsible for day-to-day management of the Project and the implementation of activities to mitigate deforestation. The primary Project Proponent is CarbonCo, LLC. Their contact information is: Brian McFarland, Director CarbonCo, LLC 3 Bethesda Metro Center, Suite 700, Bethesda, Maryland, United States of America Phone: +1-(240) 595-6883 Email: BMcFarland@CarbonCoLLC.com.		
Conformance	Yes ☒	No ☐ N/A ☐
NCR/OBS	None	

2) Project's CCB objectives

Findings from Field Audit		
The project's community, climate and biodiversity objectives have not changed since the PDD was validated. The PDD (Ref.01, p.6) and the PIR (Ref.02, p.5) state that the climate objectives revolve around the avoided conversion of tropical rainforest to a large-scale cattle ranch, and also mitigating local deforestation, which can be taken as unplanned deforestation caused by traditional riverine community activities, such as the conversion of small pieces of forested land to agriculture and grass fields for		

cattle in an annual basis. Main community objectives are still the creation of economic opportunities for local communities and social projects. These activities include, for instance, establishing rubber tree harvesting, offering agriculture extension courses, improving health care services and providing training, etc.

Biodiversity objectives were ultimately design to promote habitats and identified high conservation values conservation. For doing this, the project proponent has adopted two different strategies related respectively to 1) social initiatives, generating sustainable economic opportunities for the local community and thus mitigating unplanned deforestation and 2) a biodiversity monitoring plan, mainly focused on trigger bird species and threatened tree species.

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

3) Location of the Project

Findings from Field Audit			
The location is described, as shown in the validated PDD (Ref.01,p.7). The PIR (Ref.02, p.6-10) reproduces the PDD text for soil, topography, climate parameters and social aspects of the project area, which is an acceptable approach by the CCB rules, pg. 18. The audit team understands that this aspect of the validated PDD did not change and that the conformity with the applicable CCB requirements were already assessed during the previous validation and verification audits.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Project Design and Boundaries

4) Boundaries of the Project Area and Project Zone

Findings from Field Audit			
The project special limits haven't change since its last validation. The PIR (Ref.02, p.11-12) describes the boundaries of the project area and the project zone. The project area is 39,300.6 ha. The project zone was delimited as a buffer zone around the project area. The project activities will be implemented all over the 200,000 hectares controlled by the project proponents and also with communities around Envira River. The Envira river is actually located outside the project boundaries, by identifying relevant stakeholders by the same, the project proponent recognizes the potential mutual influence between them and the project itself.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

5) Process of stakeholder consultation

Findings from Field Audit			
The validated PDD (Ref.01, p.14-15) and the PIR (ref. 02) describes the community and other stakeholder identification processes and the logic behind it, which was based on their influence and importance to project achievement, what can be observed through what has been called an "stakeholder map" and through updated stakeholder lists, presented over the appendix C of the referenced documentation. Besides, the project proponent also presented an updated "list of events", which demonstrates a continued process of stakeholder interaction. However, auditors found and interviewed newcomers in the project area living in the "Colocação Jarina". The PIR (Ref.02) had not documented the arrival of new families in the project area. Moreover, the PIR have not documented the emerging of a new cooperative of "açai" in the Feijó municipality. Also, the project proponents were not aware of the recent work that has been made by an NGO in the project zone with the rubber and			

açaí production. Finally, the project proponents have not identified stakeholders at the UCGEO Monitoring and Fiscalization Department Departamento de monitoramento e fiscalização da UCGEO as important stakeholder for the project affairs.

Despite of the fact that the project design was considered in conformance with this CCB requirement, the audit team has raised an observation (OBS#01/17) in order to emphasize that the stakeholder identification process could be reviewed in order to potentially improve the project's design.

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	OBS#01/17		

6) List of all identified Communities, Community Groups and Other Stakeholders

Findings from Field Audit			
An updated list of all identified traditional communities and relevant stakeholders was presented over the project documentation (ref. 02). The audit team has pointed out an observation in order to signalize an opportunity for improvement over the stakeholder identification process and the project design itself, which for obvious reasons can affect the community and the stakeholder list, subject of this particular CCB standard requirement. The audit team however understands that the root cause that lead to the observation was already treated above and, for doing so, determines the project design and implementation conformity here.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

7) Map identifying location of Communities, boundaries of the Project Area, Project Zone and any High Conservation Value areas

Findings from Field Audit			
Both the validated project design (ref. 01, map 08) and the implementation report (ref.02, maps 04, 06) present a map identifying the communities' location, the project boundaries and high conservation value areas, which were defined as the space around communities, that is used by them to gather natural supplies.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

8) Description of the project activities, expected outputs, outcomes and impacts of the activities identifying the causal relationships that explain how the activities will achieve the project's predicted climate, community and biodiversity benefits

Findings from Field Audit			
The validated PDD (ref. 01) describes the project activities and relate them to main project objectives. The PIR (ref. 02), shows a theory of change matrix in which expected outputs, outcomes and impacts are defined. The implementation report also describes specific actions taken and achieved goals, following the presented theory of change logic, since the project validation and thus, the period covered by this verification. In terms of Climate benefits, it is the audit team understanding that the project has succeeded in its implementation, considering that no planned deforestation, presumably made by the project proponent, was verified during the last monitoring period and that the voluntarily foregone plans to convert the forests to a large-scale cattle ranch were kept. No forest carbon inventory was performed during the period covered by this verification, which is an allowable approach taking in consideration the VM0007 requirements. The audit team was unable to verify the climate monitoring plan results, on regards			

to deforestation monitoring. The project proponent shared his GIS file database, evidencing the "forest cover benchmark map" for the monitored period. The audit team understands that the information contained in the map presented corresponds to that found through its independent analysis of the deforestation observed in the project area during the monitoring period.

The agriculture extension trainings to the local communities were not executed during the period covered by this verification event thus, so far, this planned activity cannot be taken as a form of mitigate underlying deforestation drivers. The audit team understands the small scale of the unplanned deforestation and that, considering the project design and its scope, the bigger project contribution in terms of Climate benefits would come from the avoidance of the planned deforestation, which has happened. However, also considering the impacts of that particular action in terms of social benefits, the audit team raised a FAR, in order to signalize its importance and need for implementation by the next verification event. FAR#04/17 was applied.

At last, in terms of surveillance, the project proponent stated the intention of monitoring deforestation by boat along the Envira and Jurupari Rivers, approximately in every 60 days. Through interviews with the assigned person for doing so and also by assessing surveillance reports (ref. 05), the audit team understood that only two surveillance expeditions were made – in May and November, 2015 - by the project proponent as one of the planned project activities. Thus, the audit team raised a FAR in order to signalize the need of implementation of this particular activity by the next verification event. FAR#01/17 was applied.

In terms of social benefits, it is understood that up to present time the proponent has had advancement towards Project awareness and communities on the Project through meetings and targeted consultations. During the monitoring period covered by this report, the audit team noted the generation of social benefits materialized through the delivery of oral health kits, prompt approach, which can be further understood as part of a social program focused on the improvement of the traditional community's health. The audit team could note other prompt approaches, such as the delivery of work tools at the field and also balls for recreation/entertainment.

In addition to these one-off actions, it was not possible to determine the implementation of the validated project's activities during the monitoring period covered by this verification. The audit team could not verify, for example, advancements in the design and implementation of social programs relating to the açaí and rubber value chains, medicinal plants nor the execution of rural extension courses foreseen in the project's design. Moreover, the team could not verify the generation of jobs nor income in relationship to these activities, except income generation created by inroads field trips by boat. The audit team understands that social actions foreseen in the project's design take time and resources for its implementation and considers the project's design accordingly to CCB standards, however the team has raised a FAR in order to point out the need of reassessment of the issue in future verification processes/events. FAR#04/17 is applied.

In relationship to biodiversity benefits, the audit team understands the implementation of the Project during the verification process and up to the present moment as successful. The biggest advancement during the verification period was given by mapping of bird species, made by an ornithologist. The assignment in question served to the identification of endemic and threatened species besides helping to represent a bigger framework relating to what is understood as biodiversity baseline. Thus, the audit team understands that actions taken during the verification period are aligned to the project's objectives regarding biodiversity and inserted in the logical theory of change proposed by the validated Project, presented on its implementation report.

Conformance	Yes ☒	No ☐	N/A ☐
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NCR/OBS	FAR#01/17, FAR#04/17
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- 9) Project start date, lifetime, GHG accounting period, biodiversity and community benefits assessment period, and implementation schedule

Findings from Field Audit			
The project's start date is August 2nd, 2012 with a 30-year duration period. The credit period is 10 years. The difference between the duration and credit periods is due to an agreement with the project's proponent, in light of the baseline modelling which provides for the systematic suppression of the vegetation during this period, observed it is a REED+ APD Project. Such information is found on the validated PPD (ref. 01), being to the same extent reproduced on the implementation report (ref. 02). The requirement in question was not an analysis scope of this verification audit. Beyond this information, the proponent presents an implementation schedule. The same shows actions already taken and others not yet implemented. It is pointed out as an action not yet implemented and programmed to happen in the period covered by this verification the beginning of incursion for deforestation monitoring by boat with determined frequency. Thus, it is applied FAR#01/17.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR#01/17		

Risk Management and Long-term Viability

- 10) Likely natural and human-induced risk to the expected climate, community and biodiversity benefits and measures needed and taken to mitigate these risks

Findings from Field Audit			
The project proponent restated the risk analysis done on the validated PPD at its implementation report, which was considered as acceptable by the audit team given the risks to climate, communities and identified biodiversity at first instance did not changed during the monitoring period covered by the present verification, being that variation induced by human activity or natural causes. The risk analysis presented is broad and addresses aspects relating to wildfires, floods, extreme climate and adaptation hardships, illegal logging and hunting, continuing adherence of involved communities to the Project, among others. The audit team considers the analysis done by the proponent as substantial and in conformance with to CCB standards, based on its content and the previous analysis performed by another verification body, understanding that the risk analysis itself, as mentioned before, has not presented changes since the project's design validation. Although mentioned risk factors have not materialized during the monitoring period in question, the audit team has decided to issue an observation according to the mitigation measures ranked by the project's proponent. Such measures, namely: land donation, health clinics development, training and rural extension and productive chains structuring, were not implemented by the project's proponent yet, not being able then to mitigate the identified risks. Therefore, it is characterized risks to climate, community and biodiversity benefits will not be mitigated in the future, if the risk factors described materializes. OBS#04/17 is applied.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	OBS#04/17		

11) Measures needed and taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime

Findings from Field Audit			
The project's documentation (refs. 01 & 02) brings up a series of measures to expand the benefits of the project beyond its duration time. Such measures include 1) renewable agreements up to 100 years between the project's proponent organizations for the project's activities maintenance and forest conservation over the project area, 2) social projects, whose impacts, under the audit team's understanding, are potentially long lasting, 3) land donation to the communities, 4) Acre's jurisdictional system integration, among others. The audit team understands the project's design in accordance with the CCB standard requirement in question.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

12) Adopted financial mechanisms to achieve the project's climate, community and biodiversity benefits

Findings from Field Audit			
The proponent presented the project's financial planning on a spreadsheet (ref. 04) foreseeing in revenue and expenses throughout its duration. The document presents items that correspond to planned activities in the project's design, the hiring of staff and the necessary services to its implementation and also relating to costs refereeing to its verification and transactions costs. By the presented planning, the project will have profit over its investments at its fourth year of implementation, considering the effective resource arising from the sale of carbon credits.			
The audit team understands that the proponent has demonstrated that the adopted financial mechanisms will allow an effective flow of resources for the project's implementation. Apart from the financial plan presented, the audit team recognizes the proponent competence in terms of implementation and management of REDD projects in Brazil. In fact, CarbonCO represent one of the main players in Brazil, with another three validated and verified projects in the state of Acre.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Programmatic approach

13) The Project Area(s) and Communities that may be included under the programmatic approach

Findings from Field Audit			
The Project was not designed for a programmatic approach.			
Conformance	Yes ☐	No ☐	N/A ☒
NCR/OBS	None		

14) Eligibility criteria and process for project expansion under the programmatic approach

Findings from Field Audit			
The Project was not designed for a programmatic approach.			
Conformance	Yes ☐	No ☐	N/A ☒
NCR/OBS	None		

15) Established scalability limits and measures needed and taken to address and risks to climate, community and biodiversity benefits if the project expands beyond those limits

Findings from Field Audit			
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The Project was not designed for a programmatic approach.			
Conformance	Yes ☐	No ☐	N/A ☒
NCR/OBS	None		

G2. Without-project land Use Scenario and Additionality

Concept

The without-project land use scenario describes expected land use or land-use changes in the Project Zone in the absence of project activities. The project impacts for climate, communities and biodiversity are measured against the expected conditions for total GHG emissions, for Communities and for biodiversity associated with this without-project land use scenario (described in CL1, CM1, and B1). Project benefits must be 'additional', such that they would not have occurred without the project.

Indicators

- 1) The most likely land-use scenario within the Project Zone in the absence of the project justifying why the land-use scenario selected is most likely

Findings from Field Audit			
The baseline scenario was described in the project's documentation, the validated PDD (ref. 01) and also replicated in the latest monitoring report (ref. 02) presented to the audit team in function of the present verification event. The baseline scenario validation does not correspond to this audit's verification scope. The proponent presents a without project scenario in which 20% of "gleba Canadá" (project proponent property), would have its forest area converted into pasture to the execution of a large-scale farming project, which is permitted in the Brazilian's Amazon Biome, under Brazilian laws. The scenery described still addresses the generation of a residual tendency of deforestation by the local communities, which would establish new continuing grazing areas next to converted areas due to the facilitated deforestation process from previously deforested areas. The audit team understands the described scenario as legally possible, however, not as reasonable scenario. The conversion of 20% of the area of Gleba Canadá represents a broad land extension of about 40,000 ha. A conversion of this magnitude would represent proportional costs along with the implication of legal authorization for its suppression. These legal authorizations are emitted by an environmental state agency called IMAC – <i>Instituto de Meio Ambiente do Acre</i>. In interview with the agent responsible for the emission of such authorizations at the same agency, it was described the needed necessary steps for a suppression of this size, considering time, costs and intrinsic barriers to the process. In the same interview, it was characterized the absence of a suppression authorization granted for the project in question. In view of the foregoing, the audit team issued the FAR#06/17, which entails the need of reviewing the baseline scenario during the revalidation of the project, focusing on a plausible scenario presented through the arguments that show the farming operability of the project in question.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR#06/17		

- 2) Document that the project benefits including climate, community and biodiversity benefits would not have occurred in the absence of the project justifying that the benefits being claimed by the project are truly additional

Findings from Field Audit			
The proof of the project's additionality can be found in its documentation, read validated PDD (ref. 01) and the last monitoring report (ref. 02) presented to the audit team for the present verification event. The conformity analysis on the project's additionality do not correspond the scope of the verification audit. The proponent justifies the project's additionality based on the suppression possibility of 20% of vegetation in private areas within the Amazon biome, situation foreseen in law N° 12.651, from May 25th, 2012. Moreover, it addresses the potential benefits remission to biodiversity and communities inserted in the context, respectively by the diminishing of habitats and the absence of social programs in the without project scenario.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

G3. Stakeholder Engagement

Concept

Communities and Other Stakeholders are involved in the project through full and effective participation,³⁶ including access to information, consultation, participation in decision-making and implementation, and Free, Prior and Informed Consent (requirements for Free, Prior and Informed Consent are included in G5.2). Timely and adequate information is accessible in a language and manner understood by the Communities and Other Stakeholders. Effective and timely consultations are conducted with all relevant stakeholders and participation is ensured, as appropriate, of those that want to be involved.

Feedback and Grievance Redress Procedures are established and functional.

Best practices are adopted for worker relations and safety.

Indicators

Access to Information

- 1) How full project documentation has been made accessible to Communities and Other Stakeholders

Findings from Field Audit			
The proponent has disseminated the project information in a satisfactory manner, which was corroborated by the project validation and its first verification period. The complete documentation was translated and distributed to each family. The social expert hired by the proponent played a role in this dissemination. Given the previous audits and the conformity assertion over the project on regards to this matter, this process was not considered as part of the scope of analysis of the present verification.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 2) How relevant and adequate information about potential costs, risks and benefits to Communities has been provided to them in a form they understand prior to any decision with respect to participation in the project

Findings from Field Audit

According to the PDD (re. 01, p.56), in 2014 interviews with families that live within the project area were performed by an expert. During these visits, according to the families, the project design and the included social programs were presented. Families' representatives were consulted over which type of training and capacitation they would like to receive, along with other matters.

In 2015, the PIR (Ref.02, p.65) refers again to the PDD and explains how relevant and adequate information continues to be discussed with the communities. The proponents state that they will continue to engage the local families and will monitor community impacts to ensure that effective participation is maintained. The review of monitoring reports (Ref.05) written by the project manager, Mazinho, shows that he performed this role. However, the audit team noticed through interviews with community representatives, that there is a lack of clarity and unfamiliarity relating to project's implementation, execution of social projects and ultimately, the equitable benefits distribution. Consequently, an observation (OBS#05/17) aiming to emphasise the opportunity for improvement of the project implementation was applied regarding permanent access to information.

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	OBS#05/17.		

- 3) The measures taken, and communication methods used, to explain to Communities and Other Stakeholders the process for verification and/or verification against the CCB Standards

Findings from Field Audit			
In 2015, the PIR (Ref.02, p.65) explains how relevant and adequate information continues to be discussed with the communities. The review of monitoring reports (Ref.05) written by the project manager show that he performed this role. The interviews with community's members have confirmed that the project manager have informed them about the verification process.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Consultation

- 4) How Communities including all the Community Groups and Other Stakeholders have influenced project design and implementation through effective consultation. A plan must be developed and implemented to continue communication and consultation between the project proponents and Communities, including all the Community Groups, and Other Stakeholders throughout the life of the project.

Findings from Field Audit			
As previously explained in the Indicator 3.2, the PDD (Ref.01, p.56) states that in 2014 the proponents hired a social specialist to make in-person visits with families within the project zone and outside the zone, along the Envira River. His actions included to inform people of the project, its costs, risks and benefits. Meetings were both person-to-person and community-wide. Community members were asked about their concerns and how to mitigate them, and also about how they imagined they could get more involved, especially women. According to the interviewed community members perception, their perspective was considered in the project design.			
The PIR (Ref.02, p.65) refers again to the PDD and explains how relevant and adequate information continues to be discussed with the communities. The plan developed to allow the continue consultation with communities, was to hire the project manager. Despite of the fact that the local project manager was not yet officially hired, interviews with Mazinho and the review of monitoring reports, written by him (Ref.05), shows that he actually performed this role during 2015.			
Conformance	Yes ☒	No ☐	N/A ☐

NCR/OBS	None
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- 5) Demonstrate that all consultation and participatory processes have been undertaken directly with Communities and Other Stakeholders or their legitimate representatives, ensuring adequate levels of information sharing with the members of the groups.

Findings from Field Audit			
The proponents state in the PDD (Ref. 01, p. 56) and in the PIR (Ref. 02, p. 32-34) that they recognize the central importance of local families to the success of the Envira Amazonia Project and that they intend to incorporate their and other identified important stakeholders feedback into the project design. According to the proponents, representatives of the Union of Rural Workers are key stakeholders. The Proponents states that in December 2015 the President of the Rural Workers Union of the municipality of Feijó was contacted by phone to discuss project issues. The implementation report also informs about a face-to-face meeting to be organized between the project staff representative and the President of the Rural Workers Union in 2016. Through interviews made at the field, the auditors verified that in the meantime, a new president was elected at the Rural Workers Union in 2016 and that both, the former and the current Presidents of Union of Rural Works have revealed serious doubts about the project objectives and actual activities. The consultation process with these stakeholders made only by a unique phone call was not considered to be effective to ensure feedback to this stakeholder, by the audit team. The audit team understands that consultations and participatory processes involving this particular stakeholder must be reconsidered to ensure adequate levels of information sharing until the next verification event (FAR#02/17).			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR#02/17		

Participation in decision-making and implementation

- 6) The measures needed and taken to enable effective participation of all Communities, including all Community Groups, that want and need to be involved in the project design, implementation, monitoring and evaluation throughout the project lifetime.

Findings from Field Audit			
Again, both the PDD (Ref.01) and the PIR (Ref.02) state that the measures taken and needed to ensure effective participation of all communities and groups who wanted to contribute to the project design and implementation, is the continued consultation through visits made by the project manager with different stakeholders. The interview with a sample of the community members living inside and outside the project area, as well as other stakeholders, show that they are being consulted. The project proponents work to incorporate feedback from communities into project activities and they state the contact will be continued to ensure participation. However, community members that were interviewed showed interest to discuss more about implementation and what is essential to community regarding social priorities. Women, in particular, want to discuss more about their participation.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	OBS#02/17		

Anti-Discrimination

- 7) The measures needed and taken to ensure that the project proponent and all other entities involved in the project design and implementation are not involved in or complicit in any form of discrimination or sexual harassment with respect to the project.

Findings from Field Audit			
No change was made since the PDD validation. The document (Ref.01, p.65) states measures to ensure no discrimination. Among them we can quote: the existence of a handbook that prohibits any form of discrimination or sexual harassment based on age, sex, race, religion, or sexual orientation by its employees. All Project Proponents and contractors are required to abide			

by labor laws including the prohibition of any form of discrimination. In the current status of implementation, auditors did not verify at the field any sort of discrimination in place.

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

Feedback and Grievance Redress Procedure

- 8) Demonstrate that a clear grievance redress procedure has been formalized to address disputes with Communities and Other Stakeholders that may arise during project planning, implementation. The Feedback and Grievance Redress Procedure shall have three stages as required by G3.8 in the CCB Standards.

Findings from Field Audit			
The PDD (Ref. 01, p.28, 55, 65) includes a process for receiving, hearing, responding to and attempting to resolve grievances within a reasonable time period. In interviews, the project staff explained that community visits are also used to discuss project aspects with the communities and to provide feedback to community representatives about the project implementation status, what was considered as plausible by the audit team, given the project staff role and the indistinct community perception about it. The audit team also interviewed IMC – <i>Instituto de Mudanças Climáticas</i> , staff in order to check its role on resolve grievances related to the implementation of private REDD+ projects. According to the law Nº 2.308 from October 22, 2010 (ref. 2a) and the decree Nº 8.102 from July 25, 2014, IMC and SEMA together have the role of running and assessing an ombudsman as a jurisdictional REDD+ program instrument.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

Worker Relations

- 9) Measures needed and taken to provide orientation and training for the project's workers and relevant people from the Communities with an objective of building locally useful skills and knowledge to increase local participation in project implementation.

Findings from Field Audit			
The local project manager and his assistant have held informal contracts with the JR Agropecuária. Through interviews with these workers, auditors have verified that they have received basic orientation and instructions, specially relating to safety issues.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 10) Demonstrate the people from the Communities are given equal opportunity to fill all work positions (including management) if the job requirements are met.

Findings from Field Audit			
The local project manager and his assistant hold informal contracts. There were no openings for new positions in 2015. Auditors verified through interviews with the communities' members that the proponents hire temporary services (boat pilots, cooks, etc.) when there is a need. Accordingly, community member proponents are trying to rotate among families to assure more equity in these temporary contracts, what was confirmed by the audit team during the field work through interviews with community representatives.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 11) List of all relevant laws and regulations covering worker's rights in the host country. Measures needed and taken to inform workers about their rights.

Findings from Field Audit			
The PDD (Ref. 01, p.27 and 28) and the PIR (Ref.02, p.2, 19) state that a project manager and his assistant will be hired. Both will perform deforestation monitoring, along with helping visitors at the Project by providing logistics. In addition, project documents state they will officially monitor deforestation along the Jurupari, Purus and Envira Rivers by boat, in 60 days intervals approximately. Proponents have provided a letter dated of 15 February 2015 (Ref.03) that shows its intention of hiring the project manager and an intention to ensure their worker's rights. Under the Brazilian legislation, the project proponent decided to set up the working relationship with the project managers as a regular verbal contract. The audit team evaluated the relevant legislation and understands that such a configuration is possible (ref 20). The proponents also submitted monthly proofs of payment made to both workers referred to herein (ref.21) and certificates signed by the workers themselves, in which the payments in question can also be verified (ref.22).			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 12) Comprehensive assessment of situations and occupations that might arise through the implementation of the project and pose a substantial risk to worker safety. Measures needed and taken to inform workers of risks and explain how to minimize such risks.

Findings from Field Audit			
The PDD (Ref.01, p.71) states that the proponents assessed the situations and particularly occupations that could pose risks to the worker's safety. The Project Proponents will inform workers of such risks, explain how to minimize the same, and the Project Proponents will use their best work practices. The risks to worker safety identified are: drowning, heat exhaustion and dehydration, getting lost in remote forest, venomous snake bites; tropical diseases. Considering that during the verification process, there were only two workers holding informal contracts, interviews with these workers showed they are aware of risks, specially snake bites, and applying measures indicated by the proponents.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

G4. Management Capacity

Concept

The project has adequate human and financial resources for effective implementation.

Indicators

- 1) Describe the project's governance structures, and roles and responsibilities of all the entities involved in project design and implementation

Findings from Field Audit			
The project's governance structure, the proponent's role and organizations hired as consultants, as well as their responsibilities, were described on the validated project's design (ref. 01) and also on the implementation report (ref. 02). The governance structure, roles and responsibilities of different instances and representative spheres at the project governance structure were not altered during the monitoring period covered by this verification event.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 2) Document key technical skills that will be required to implement the project successfully, including community engagement, biodiversity assessment and carbon measurement and monitoring skills.

Findings from Field Audit			
The technical abilities needed for the Project implementation are described on its documentation (ref. 01) and also on the implementation report (ref. 02). The audit team understands that the Project is being implemented with success, not only by the described abilities but by the historic and the proficiency of the involved staff in its developing and implementation. It is worth mentioning that CarbonCO has successfully implemented another three similar projects in the state and that TerraCarbon, consultancy directly involved in the project's conduction, has developed the methodology used on the project's design. On the other hand, the audit team has identified the absence of a technical with social expertise within the project's staff within the proposed governance scheme. The last hired consultant responsible for social aspects, Ayri Rando, performed an efficient, yet punctual, assignment. The audit team understands it as an improvement opportunity on the project's design, striving for its good implementation, the hiring of social experts on regular basis (OBS#03/17).			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	OBS#03/17		

- 3) Document the financial health of the implementation organization(s). Provide assurance that the Project Proponent and any of the other entities involved in project design and implementation are not involved in or are not complicit in any form of corruption.

Findings from Field Audit			
The financial health of CarbonCO, the institution responsible for the project's implementation can be witnessed by its financial demonstrative, available on the website ProPublica (ref. XX). In interviews with state governmental agencies, the audit team did not find fraud nor different forms of corruption that the requisite in question dispose.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

G5. Legal Status and Property Rights

Concept

The project is based on an internationally accepted legal framework, complies with relevant statutory and customary requirements and has necessary approvals from the appropriate state, local and indigenous authorities.

The project recognizes respects and supports rights to lands, territories and resources, including the statutory and customary rights of Indigenous Peoples and others within Communities and Other Stakeholders.⁵⁶ The Free, Prior and Informed Consent (as described in G5.2) of relevant Property Rights Holders has been obtained at every stage of the project.

Project activities do not lead to involuntary removal or relocation of Property Rights Holders from their lands or territories, and does not force them to relocate activities important to their culture or livelihood.⁵⁸ Any proposed removal or relocation occurs only after obtaining Free, Prior and Informed Consent from the relevant Property Rights Holders.

Indicators

Respect for rights to lands, territories and resources, and Free, Prior and Informed Consent

- 1) Describe and map statutory and customary tenure/use/access/management rights to lands, territories and resources in the Project Zone including individual and collective rights and including overlapping or conflicting rights. Demonstrate that all Property Rights are recognized, respected, and supported.

Findings from Field Audit			
The ownership over land has not changed since the validation and last verification. JR Agropecuaria e Empreendimentos EIRELI owns the land by title and registration. The families living within the project area for a long period of time (varies depending on land use and size of parcel) can acquire the land and gain title of it. JR Agropecuaria e Empreendimentos EIRELI has volunteered to grant title to all who have cleared and worked the land within the project area, regardless of whether they agree to participate in the project or not. No one currently living in the project area will be relocated, as showed in the commitment made on the project design. The project proponents have provided the land documentation. Auditors have verified that the documentation is valid (ref. 08). The process to grant title to the families living within the project has not started yet.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 2) Demonstrate with documented consultations and agreements that;
 - a. The project will not encroach uninvited on private property, community property, or government property
 - b. The Free, Prior, and Informed Consent, as defined in the CCB Standards, has been obtained of those whose property rights are affected by the project through a transparent, agreed process
 - c. Appropriate restitution or compensation has been allocated to any parties whose lands have been of will be affected by the project

Findings from Field Audit			
The overall situation has not changed since its validation and last verification. The project is being conducted on property owned by the project proponents (Ref.05). This means that the project does not encroach on any property, beyond the boundaries of the project proponents' land. But, there are also families living inside the project area. Local families living within the project area use natural resources and harvest non-timber forest products in their parcels of land. The consultation and the FPIC processes were conducted by a social specialist in 2014 as described in the PDD (Ref.01 p.26). According to members of the community interviewed by auditors, they remember the social specialist visits. The social specialist explained the project and left a summary document of the same with them. The consultation and FPIC processes have also served to identify a key-stakeholder that is the Sindicato de Trabalhadores Rurais (STR, translated into Rural Workers Union). Interviews with community members confirm that the Union is a relevant voice. The project's proponents have compromised to continue to consult with families and their representatives throughout the project's implementation.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 3) Demonstrate that project activities do not lead to the involuntary removal or relocation of Property Rights Holders from their lands or territories, and does not force them to relocate activities important to their culture or livelihood.

Findings from Field Audit			
Auditors verified that during this implementation period, nothing changed concerning the involuntary removal or relocation of community representatives. It is plausible to assume that nobody will be relocated as a result of this project. Property rights holders inside the project area will receive full title to the property they live and work on, as is intended by the project proponent and stated at the project documents.			
Conformance	Yes ☒	No ☐	N/A ☐

NCR/OBS	None
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- 4) Identify any illegal activities that could affect the project's climate, community or biodiversity impacts (e.g. illegal logging) taking place in the Project Zone and describe measures needed and taken to reduce these activities so that project benefits are not derived from illegal activities.

Findings from Field Audit			
The proponent lists possible illegal activities potentially found in the project area, given the context and region where the initiative is established. Such activities were listed as illegal hunting and fishing, illegal logging, drug trafficking, corruption, fraud, etc. The proponent undertakes to monitor the occurrence of these illegal activities on a regular basis. The audit team understands that the individuals representing the riverine communities, hired as local project managers to carry out surveillance actions, have a good knowledge of the region and interact with the families living in the project zone, thus, a good ability to diagnose the occurrence of these actions in the territory. Therefore, it considers the project design as conform to the requirement in question.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 5) Identify any ongoing or unresolved conflicts or disputes over rights to lands, territories and resources and also any disputes that were resolved during the last twenty years where such records exist, or at least during the last ten years. Describe the measures needed and taken to resolve conflict disputes.

Findings from Field Audit			
The proponent state in the PDD (Ref.02, p.86) that: "There are no ongoing or unresolved conflicts over land rights throughout the Project Zone of the Envira Amazonia Project. Furthermore, there are no overlapping title claims and no internal conflicts with or amongst the local communities." In fact, the owner of the Envira Project's area has the official land registers. However, auditors verified through interviews with the representatives of the National Institute for Colonization and Agrarian Reform (INCRA) and with the Public Prosecutor of INCRA in the State of Acre that there is a dispute between this public authority and the landholder. There is an administrative process open to discuss a possible overlapping in the area with public lands. Auditors also found that the Cadastro de Certificado de Imóvel Rural (CCIR) has been inhibited by INCRA. This means that INCRA doesn't recognize the georeferencing process of the property. Despite of that, JR Agropecuária has presented a valid CCIR, using the official government online platform for doing so. In the other hand, interviewed INCRA's authorities state that there are discrepancies in the georeferencing process of the property. In sum, the audit team understands that a dispute between the Envira Project's area landowner and federal public authorities remained characterized. This way, it is also the audit team understanding that the project proponent is not identifying this land related conflict, nor describing measures taken or needed to resolve them. The audit team understands that the project proponent needs to demonstrate measures needed and taken to resolve the described conflict disputes until the next verification events (FAR#03/17).			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR#03/17		

Legal Status

- 6) Submit a list of all national and local laws and regulations in the host country that are relevant to the project activities. Provide assurance that the project is complying with these and, where relevant, demonstrate how compliance is achieved.

Findings from Field Audit	
The proponents have submitted a list of all national and local laws and regulations in the host country that are relevant to project activities (Ref. 01, p.85, Ref.02, p.88). The auditors reviewed the applicable laws and interviewed representatives of the Justice	

Ministry and of the National Institute for the Colonization and Agrarian Reform (INCRA). Auditors verify a list of applicable national laws included in the documents of the project.

Also, PIR (Ref.02, p.87-90) summarizes the rules of the Law Number 12.651 of May 25, 2012, the Forest Code. The summary describes the Chapter 2 of the Forest Code that state the need to register the property in the Environmental Registry (CAR). In addition, in page 91 states that The Envira Amazonia Project is in compliance with the latest Brazil Forest Code. However, auditors found through consultation in the official database of CAR and through interviews with representatives of the Institute of Environment of Acre State (IMAC) that the proponents have not registered the property in the CAR yet and also found there are overlapping with other CARs already registered. The audit team understands that the Brazilian government has postponed the official CAR property registry deadline to December 31, 2017, thus deciding to raise this FAR in order to signalize the necessity of checking this aspect by the next verification event. The CAR property registry will be necessary for the project proponent in order to provide assurance that the project is complying with the national law (FAR#05/17).

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR#05/17		

- 7) Document that the project has approval from the appropriate authorities, including the established formal and/or traditional authorities customarily required by the Communities.

Findings from Field Audit			
The Project has the approval of traditional communities living within the project area, what can be proven by the signed minutes throughout the process for obtaining free prior and informed consent, conducted by the proponent during previous stages of the project's implementation. Beyond the referred document, the community approval can be proved through interviews held by the audit team, with community representatives inserted in the context during the field work. The Acre state presents a jurisdictional REDD+ program called "ISA Carbono", as constituent part of an attested public policy by LAW Nº 2.308 of October 2010 (ref. 13). The program presents its own baseline (ref. 14) and needed regulation to private projects approval (ref. 15). The jurisdictional REDD+ program is managed by IMC, <i>Instituto de Mudanças Climáticas do Acre</i>. The audit team interviewed IMC technicians, as well as project's staff, to evaluate the project approval process and the status of its possible insertion at the jurisdiction scope. The proponent's intention of inserting the Project into the jurisdiction program was characterized, adopting then, its baseline, deforestation rates and conversion factors. However, the project's homologation along with the jurisdictional program keep on waiting and up to the present moment covered by this verification, IMC has not presented a definitive answer on that regard, as well as its outcomes. It is worth to mention that the audit team considers the methodologies used in the Project and the program as incompatible, mainly by the fact that the jurisdictional baseline scenario considers planned and unplanned deforestation indiscriminately, while at the project baseline scenario, only planned deforestation would be avoided by the project activities. Such methodological mismatch would not represent the non-approval of the Project by formal authorities, only that the Project should continue as a "stand alone" Project, invoking the VCS requirements for jurisdictional programs. Despite the above, the decision on the project's homologation or not remains under the description of IMC. Considering the process status, the non-approval is not characterized. The Project follows then as a "stand alone Project" and in conformity with the CCB specific standard.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 8) Demonstrate that the Project Proponent(s) has the unconditional, undisputed and unencumbered ability to claim that the project will or did generate or cause the project's climate, community and biodiversity benefits.

Findings from Field Audit			
The rights over the project's proponents carbon are proven through valid land titles and an agreement between the CarbonCo, LLC ("CarbonCo"), Freitas International Group, LLC ("Freitas International Group or Carbon Securities"), and JR Agropecuária e Empreendimentos EIRELI. The carbon rights and soon, unconditional, uncontroversial and unqualified ability to claim that the project will generate or has generated or will cause or has caused the benefits on the climate, communities and biodiversity were proven firstly when at project's validation and remain up to present days, what could be evaluated by the audit team at the present verification auditors, through the proving of CCIR validity - <i>Cadastro de Certificado de Imóvel Rural</i> , for the current year.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 9) Identify the tradable climate, community and biodiversity benefits of the project and specify how double counting is avoided, particularly for offsets sold on the voluntary market and generated in a country participating in a compliance mechanism

Findings from Field Audit			
The Project generates tradable environmental assets (VCUs) through the usage of the VCS approved methodology, the VM0007 v1.5 and its verification by accredited validation bodies (through ISSO14065). As mentioned before on the previous section from the present report, the Project is found at the state of Acre where there is a jurisdictional REDD+ program managed by IMC, the responsible government body. The projects homologation within the jurisdictional program and thus its insertion in the state accounting remains on waiting.			
The Project, however, remains as a "stand alone Project", which is permitted by the VCS requisites for jurisdictional programs. The audit team understand that the double counting in this case is virtually impossible due to the methodology incompatibility, what is based on two aspects: 1: the jurisdiction baseline scenario considers planned and unplanned deforestation indifferently, while at the project's baseline scenario only planned deforestation would occur and 2) the jurisdictional baseline is not spatially explicit. Beyond this technical observation, it is Worth noting that Acre's jurisdiction has not commercialized carbon credits or so called, emission reduction certificates – CRE, divesting credits to third parties, but received payments for performance and retiring by itself the carbon credits in the Markit platform. So, the negotiations done do not characterize off-setting schemes and so to speak, double counting. It is of the audit team understanding that due to provided explanations in this report's section, double counting did not occur during the period covered by this verification process.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

CLIMATE SECTION

CL1. Without-Project Climate Scenario

Concept

Estimates of total GHG emissions in the Project Area under the without-project land use scenario are described.

Indicators

- 1) Estimate the total GHG emissions inside the Project Area under the without-project land use scenario (described in G2) using an Approved or Defensible methodological approach. The timeframe for this analysis is the project GHG accounting period or the project lifetime.

Findings from Field Audit			
The proponent has decided to waive to this specific section of the CCB standard because the Project already is under verification process against the VCS standard, recognized as a GHG program by the CCB. The approach is allowed by the CCB and it was considered in conformity by the audit team.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

CL2. Net Positive Climate Impacts

Concept

The project reduces GHG emissions over the project lifetime from project activities within the project area.

Indicators

- 1) Estimate the total GHG emissions expected from land use activities inside the project area under the with-project land use scenario using an Approved or Defensible methodological approach. The estimate must be based on clearly defined and defensible assumptions about changes in GHG emissions under the with-project scenario over the project lifetime or the project GHG accounting period.

Findings from Field Audit			
The proponent has decided to waive to this specific section of the CCB standard because the Project already is under verification process against the VCS standard, recognized as a GHG program by the CCB. The approach is allowed by the CCB and it was considered in conformity by the audit team. The project monitoring period of 2015 was verified against the VCS.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 2) Demonstrate that the net climate impact of the project is positive.

Findings from Field Audit			
The proponent has decided to waive to this specific section of the CCB standard because the Project already is under verification process against the VCS standard, recognized as a GHG program by the CCB. The approach is allowed by the CCB and it was considered in conformity by the audit team. The project monitoring period of 2015 was verified against the VCS.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

CL3. Offsite Climate Impacts ('Leakage')

Concept

Increased GHG emissions that occur beyond the project area caused by project activities ('Leakage') are assessed and mitigated and accounted for in the demonstration of net climate impacts.

Indicators

- 1) Determine the types of Leakage that are expected and estimate offsite increases in GHG emissions due to project activities using an Approved or Defensible methodological approach.

Findings from Field Audit			
The proponent has decided to waive to this specific section of the CCB standard because the Project monitoring period of 2015 was verified against the VCS standard, which is, recognized as a GHG program by the CCB. The approach is allowed by the CCB and it was considered in conformity by the audit team.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 2) Describe the measures taken to mitigate Leakage.

Findings from Field Audit			
The proponent has decided to waive to this specific section of the CCB standard because the Project monitoring period of 2015 was verified against the VCS standard, which is, recognized as a GHG program by the CCB. The approach is allowed by the CCB and it was considered in conformity by the audit team.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 3) Non-CO₂ emissions must be included if they are likely to account for more than 20% of the total Leakage emissions (in terms of CO₂-equivalent) following the procedures for including or excluding non-CO₂ emissions described in CL2.1.

Findings from Field Audit			
The proponent has decided to waive to this specific section of the CCB standard because the Project monitoring period of 2015 was verified against the VCS standard, which is, recognized as a GHG program by the CCB. The approach is allowed by the CCB and it was considered in conformity by the audit team.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

CL4. Climate Impact Monitoring

Concept

Climate impact monitoring assesses changes (within and outside the Project Area) in project-related carbon pools, project emissions, and non-CO₂ GHG emissions if relevant, resulting from project activities.

Indicators

- 1) Develop and implement a plan for monitoring changes in relevant carbon pools, non-CO₂ GHGs and emission sources and leakage (as identified in CL1, CL2 and CL3) using an Approved or Defensible methodological approach and following the defined frequency of monitoring of defined parameters. Emission sources to monitor must include any sources expected to cumulatively contribute more than 20% of total GHG emissions in the with-project scenario.

Findings from Field Audit			
The proponent has decided to waive to this specific section of the CCB standard because the Project monitoring period of 2015 was verified against the VCS standard, which is, recognized as a GHG program by the CCB. The approach is allowed by the CCB and it was considered in conformity by the audit team.			
Conformance	Yes ☒	No ☐	N/A ☐

NCR/OBS	None
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- 2) Disseminate the monitoring plan and any results of monitoring undertaken in accordance with the monitoring plan, ensuring that they are made publically available on the internet and summaries are communicated to the Communities and Other Stakeholders through appropriate means.

Findings from Field Audit			
The proponent has decided to waive to this specific section of the CCB standard because the Project monitoring period of 2015 was verified against the VCS standard, which is, recognized as a GHG program by the CCB. The approach is allowed by the CCB and it was considered in conformity by the audit team.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

GL1. Climate Change Adaptation Benefits (*Optional)

Concept

The project provides significant support to assist Communities and/or biodiversity in adapting to the impacts of climate change. Strategies to help Communities and biodiversity adapt to climate change are identified and implemented.

Indicators

- 1) Identify the likely regional or sub-national climate change and climate variability scenarios and impacts, using available studies, and identify potential changes in the local land use scenario due to these climate change scenarios in the absence of the project.

Findings from Field Audit			
The project's design was validated as Gold level by the CCB standard regarding adaptations to climate changes. The proponent approach in relationship to this specific requirement did not change during the monitoring period covered by this verification event. The project's proponent describes different scenarios and also regional impacts recurring from climate changes, being drawn upon recognized references.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 2) Demonstrate that current or anticipated climate changes are having or are likely to have an impact on the well-being of Communities and/or the conservation status of biodiversity in the Project Zone and surrounding regions.

Findings from Field Audit			
The project's design was validated as Gold level by the CCB standard regarding adaptations to climate changes. The proponents' approach in relation to this specific group of requisites did not change during the monitoring period covered by this verification event. The proponent demonstrates the impact of climate changes to traditional communities inserted in the context through their own perception of the matter, listing and describing statements of representatives of nearby communities. The expected impacts to biodiversity are directly related to the described scenarios, which foresee the occurrence of extreme events, floods and droughts, with a higher incidence.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 3) Describe measures needed and taken to assist Communities and/or biodiversity to adapt to the probable impacts of climate change based on the casual model that explains how the project activities will achieve the project's predicted benefits.

Findings from Field Audit			
The project's design was validated as Gold level by the CCB standard regarding adaptations to climate changes. The proponents' approach in relation to this specific group of requisites did not change during the monitoring period covered by this verification event. The proponent ranks the project's actions related to improvement of the communities' health, such as the building of health clinics and mosquitos net distribution as a preventive action; in addition to actions relating to rural extension and others linked to transportation and development scenarios where floods become common/. Such actions were not yet executed, however, as they take its place under the Project planning they are also inserted in a logic the theory of change presented in the project documentation.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 4) Indicators for adaptation benefits for Communities and/or biodiversity in the monitoring plan. Demonstrate that the project activities assist Communities and/or biodiversity to adapt to the probable impacts of climate change.

Findings from Field Audit			
The project's design was validated as Gold level by the CCB standard regarding adaptations to climate changes. The proponents' approach in relation to this specific group of requisites did not change during the monitoring period covered by this verification event. The proponent ranks indicators for adaptation benefits to communities and/or the biodiversity in a logic of theory of change what was inserted in a monitoring plan. The audit team understands the approach, already validated as conform.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

COMMUNITY SECTION

CM1. Without-Project Community Scenario

Concept

Original well-being85 conditions for Communities and expected changes under the without-project land use scenario are described.

Indicators

- 1) Describe the Communities at the start of the project and significant community changes in the past, including well-being information, and any community characteristics. Describe the social, economic and cultural diversity within the Communities and the differences and interactions.

Findings from Field Audit			
The proponent developed the related analysis previously to the project validation. The evaluation of this Indicator is not in the scope of this verification. However, the auditors verified that the community's scenario did not change since the validation and			

first verification. As states the PDD (Ref.01, p.101), the local community within the project area still consists of approximately 10 families. The families living outside the project zone count for about 40 families and few newcomers that have arrived. As stated on the PDD (p.13), most part of members living within the project area and in the project zone are former rubber tappers. The extraction of rubber is still an economic activity for some families. The production of açai and Brazilian nuts is seasonal, but still relevant as a source of revenue. Some families have few heads of cattle, pigs and chickens for subsistence purposes only.

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

- 2) Evaluate whether the Project-Zone includes any of the following High Conservation Values (HCVs) related to community well-being and describe the qualifying attributes for any identified HCVs.
 - a. Areas that provide critical ecosystem services
 - b. Areas that are fundamental for the livelihoods of Communities, and
 - c. Areas that are critical for the traditional cultural identity of Communities.

Findings from Field Audit			
There is no significant change in the HCV mapping since the validation and the first verification events. The PIR (Ref.02, p.14) reproduces the same HCV map from the PDD. Among the ecosystems services, the PDD lists the hydrological services of the Envira and Jurupari Rivers, for drinking water and for other household uses, as well as the river as a mean for transportation. Mainly, the HCV areas are located next to the families' location at the project area, where communities primarily collect food, water, and wood.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 3) Describe the expected changes in the well-being conditions and other characteristics of Communities under the without-project land use scenario, including the impact of likely changes on all ecosystem services in the Project Zone identified as important to Communities.

Findings from Field Audit			
This indicator was adequately addressed in the validation. The PDD (Ref.01. p.52) states that in the “without-project scenario,” a large-scale cattle ranch would be established by JR Agropecuária e Empreendimentos EIRELI and the subsistence agriculture and small-scale cattle ranching by local families would likely shift to adjacent areas. Some community members could be hired by the ranch, but the communities would be forced to relocate. The interviews with communities reveal the community's members actually prefer the “with-project scenario” due to the perspectives of social projects that could secure their rights over land and natural resources.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

CM2. Net Positive Community Impacts

Concept

The project generates net positive impacts on the well-being of Communities and the Community Groups within them over the project lifetime. The project maintains or enhances the High Conservation Values in the Project Zone that are of importance to the well-being of Communities.

Indicators

- 1) Use appropriate methodologies to assess the impacts, including predicted and actual, direct and indirect benefits, costs and risks, on each of the identified Community Groups (identified in G1.5) resulting from project activities under the with-project scenario. The assessment of impacts must include changes in well-being due to the project activities and an evaluation of the impacts by the affected Community Groups.

Findings from Field Audit			
There is no significant change in the methodologies designed to estimate impacts, costs, benefits and risks to the communities.			
The Participatory Rural Assessment (PRA) and the Basic Needs Survey (BNS) are still the methodologies to estimate community impacts from project activities in the 'with project' scenario in comparison to the 'without project' scenario. The methodologies seem to be adequate to continuously assess impacts, costs, benefits and risks throughout the project implementation. The review of PIR (Ref.02, p.24) shows the next application of the PRA and BNS is scheduled to 2018.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 2) Describe measures needed and taken to mitigate any negative well-being impacts on Community Groups and for maintenance or enhancement of the high conservation value attributes consistent with the precautionary principle.

Findings from Field Audit			
There is no significant change in the measures designed to mitigate negative impacts. As mentioned above, the main tool to maintain open communications with local families and monitor and measure the project's impact on them are the BNS and PRA. The next application of the PRA and BNS is scheduled to 2018.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 3) Demonstrate that the net well-being impacts of the project are positive for all identified Community Groups compared with their anticipated well-being conditions under the without-project land use scenario.

Findings from Field Audit			
The PDD (Ref.01, p.102-116) and the PIR (Ref.02, p.32-33) reinforces the mechanisms to promote social and economic development and to demonstrate net wellbeing impacts on community groups. As stated in the document, net wellbeing impacts "will" include: receiving official land title, which strengthens land tenure rights; participation in agricultural extension courses and participation in açai, medicinal plants and rubber projects, which increases and diversifies local incomes; access to local health clinics, which improves health; transfer of technical knowledge and cultural exchange; and local employment opportunities, such as hiring local project managers and support staff.			
Auditors verified through review of budget plans (Ref. 04), through interview with project proponents and a sample of community members that from January 1, 2015 to December 31, 2015 the project has only generate few work opportunities to some members of the community (the owners and pilots of the boats that transport people during the project activities, mainly once or twice a year). Even the work relationship with the project manager and his assistant are not formalized yet.			
Another action was to donate dental hygiene kits with toothbrush and toothpaste, balls to children and machetes to men. These are still very basic welfare measures that will not generate impacts in the wellbeing of communities in the long term.			
Finally, the net benefits for women and their capacity to participate in the project activities decision making processes remain marginal.			

The audit team understands that time and financial resources are needed in order to promote real social impacts and conformity with the CCB standards requirements referenced at this FAR#04/17. For doing so, state that the project proponents shall demonstrate progress in the implementation of the economic and social activities described in the theory of change tables, brought by the project design, by the next verification event.

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR#04/17		

4) Demonstrate that no High Conservation Values are negatively affected by the project.

Findings from Field Audit			
As mentioned above, the main tool that will be used to maintain open communication with local families, monitor and measure the project's impact on local families and in HCVs are applying the BNS and PRA. The next application of the PRA and BNS is scheduled to 2018.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

CM3. Other Stakeholder Impacts

Concept

Project activities at least 'do no harm' to the well-being of Other Stakeholders.

Indicators

- 1) Identify any potential positive and negative impacts that the project activities are likely to cause on the well-being of Other Stakeholders.

Findings from Field Audit
There was no significant change since the previously validation and first verification events. The PDD (Ref.01,p.30) identifies "Other Stakeholders" as mainly the Communities Living Outside the Project Zone and Along the Property's Border on the Envira River, Adjacent Landowners and Other Communities and The State of Acre, particularly the Climate Change Institute. To each category the PDD provides an extensive list of stakeholders. The potential positive impacts are: • Health center on Envira River will be made available to other stakeholders. • Agriculture extension courses will be available to those outside the project zone. • Increased knowledge for future projects in the area. • Sharing knowledge, BMPs and other lessons with other stakeholders, including the State of Acre. The Potential negative impacts are: • Increased cost of land if project increases neighboring property values. • Decreased cost of land if project prevents access to adjacent lands.

- In-migration adjacent to project zone.
- Out-migration from project zone.
- Project unable to prevent deforestation, settlement and clearing continues.
- Increased wealth causes moral decay.

The auditors verified that no negative impacts nor positive impacts can be really measured on the period of verification, because the core activities of the project did not start yet.

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

2) Describe the measures needed and taken to mitigate the negative well-being impacts on Other Stakeholders.

Findings from Field Audit			
The PDD (Ref.01, p.107) presents the measures designed to mitigate the potential negative impacts listed above. The Project Proponents state they will monitor deforestation throughout the Project Zone and will seek to minimize deforestation within the Project Zone. Similarly, they recognize there is a possibility of out-migration from the Envira Amazonia Project and into the surrounding forests. To mitigate out-migration, the Project Proponents will seek to implement a variety of social projects and programs. With respect to increased conflict, illicit activities, alcoholism, and elite capture, the Project Proponents will closely monitor community benefits throughout the Project Zone. Children from surrounding communities will be allowed to attend school at the Project, while surrounding communities will be allowed to visit the dental and health center at the Project. Through interviews with community's members and review of deforestation monitoring, auditors verify some of these measures are in place, for instance the project offers transportation to children living within the project area and in the project zone. However, the most part of social measures will be implemented in the next years. The next verification audit shall evaluate these measures.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

3) Demonstrate that the project activities do not result in net negative impacts on the well-being of Other Stakeholders.

Findings from Field Audit			
The PDD (Ref.01, p.107) states that the activities, outputs, outcomes and community impacts of the Project on all the families living throughout the Project Zone shall be monitored to ensure net positive benefits. The monitoring plan will consist of measuring the both qualitative and quantitative indicators derived from the Participatory Rural Assessment (PRA), along with the ongoing results of the Basic Necessity Survey (BNS). The Theory of Change methodology has also been applied to the use of the Basic Necessity Survey (BNS) and the Participatory Rural Assessment (PRA). The first application of PRA and BNS were in 2014 at the beginning of the project. The next application of the PRA and BNS is scheduled to 2018. The second application will allow measuring positive and negative impacts, if they occur. The auditors could attest that the tools implemented were able to reach actors outside to the project area. The next application of the BNS and PRA will occur in 2018 and should inform about impacts (positive and negatives) in the external groups.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

CM4. Community Impact Monitoring

Concept

Community impact monitoring assesses changes in well-being resulting from the project activities for Community Groups and Other Stakeholders.

Indicators

- 1) Develop and implement a monitoring plan that identifies community variables to be monitored, Communities, Community Groups and Other Stakeholders to be monitored, the types of measurements, the sampling methods, and the frequency of monitoring and reporting.

Findings from Field Audit			
As mentioned above, the monitoring plan uses the participatory rural assessment and basic needs survey. The first assessment and survey was done in 2014. The PDD (Ref.01,p. 112-113) identifies and list the variables that are monitored, the stakeholders who are monitored, the measurements and the frequency of monitoring. The monitoring plan was developed and implementation is underway. The next one will be done in 2018. This second application will allow measuring positive and negative impacts if they occur.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 2) Develop and implement a monitoring plan to assess the effectiveness of measures taken to maintain or enhance all identified High Conservation Values related to community well-being.

Findings from Field Audit			
As mentioned above, the monitoring plan uses the participatory rural assessment and basic needs survey. The first assessment and survey was done in 2014. The PDD (Ref.01, p. 112-113) identifies and list the variables that are monitored, the stakeholders who are monitored, the measurements and the frequency of monitoring. The monitoring plan was developed and implementation is underway. The next one will be done in 2018. This second application will allow measuring positive and negative impacts if they occur, including in HCV areas.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 3) Disseminate the monitoring plan, and any results of monitoring undertaken in accordance with the monitoring plan, ensuring that they are made publically available

Findings from Field Audit			
There were no monitoring activities during the period under verification (from January 1, 2015 to December 31, 2015). The next one will be done in 2018.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

GL2. Exceptional Community Benefits

Concept

The project is either Smallholder/Community-led and implemented on land that they own or manage, and/or is explicitly pro-poor in terms of targeting benefits to globally poorer communities.

The project delivers equitable well-being benefits to Smallholders/Community Members, including short-term and long-term benefits and enhancement of security and empowerment of Smallholders/Community Members. Appropriate institutional and governance arrangements have been used to enable full and effective participation of Smallholders/Community Members in decision making, implementation and management of the project and in doing so has managed risks related to aggregating Smallholders/Community Members at scale.

Well-being benefits are shared equitably not only with the Smallholders/Community Members but also among the smallholders/Community Members, ensuring that equitable benefits also flow to more marginalized and/or vulnerable households and individuals within them.

Indicators

- 1) a. Demonstrate that Smallholders/Community Members or Communities either own or have management rights, statutory or customary, individually or collectively, to land in the Project Area.
OR
b. Demonstrate that the Project Zone is in a low human development country OR is in an administrative area of a medium or high human development country in which at least 50% of the households within the Communities are below the national poverty line.

Findings from Field Audit			
There is no change in this aspect since validation. The PDD (Ref.01, p.114) states that the per capita monthly income is about 1/20th of the national poverty line, and the BNS survey confirms that most households in the project zone cannot afford all basic necessities. In 2015, auditors verified the human development scenario in the project zone did not change.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 2) Demonstrate that the project generates short-term and long-term net positive well-being benefits for Smallholders/Community Members.

Findings from Field Audit			
The PDD (Ref.01, p.115) reiterates that the project has long and short- term positive impacts for local families throughout the project zone. The short-term activities, which should be implemented shortly after the Project achieves its validation and verification, included offering agricultural extension courses and creating the structure for açai, medicinal plants, and rubber trees. Activities that will have long-term net positive benefits for local communities including helping the communities obtain official land title and to establish a local health center.			
The indicators for well-being impacts were incorporated into the BNS and PRA.			
However, auditors found that between from January 1, 2015 to December 31, 2015 only the distribution of dental kits, balls and machetes were completed. The proponents of the project shall demonstrate progress in the next verification in the implementation of the economic and social activities described in the theory of change tables (FAR#04/17).			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR#04/17		

- 3) Through a participatory process, identify risks for the Smallholder/Community Members to participate in the project, including those related to trade-offs with food security, land loss, loss of yields and short-term and long-term climate change adaptation.

Findings from Field Audit			
There is no significant change in this issue. The PDD (Ref.01, p.115) states that the most common risk identified, through communications with the social specialist, is concern about losing the traditional livelihoods of slash and burn agriculture if they participate in the project. Another concern is the possibility of being relocated, because they don't own the land they live and work on. Agricultural extension courses will help people find alternatives to conventional slash and burn agriculture. The project will grant official title to the families on project lands. The two risks to participation that were stated by the people from local communities, were reasonably addressed by the project proponents.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 4) Identify Community Groups that are marginalized and/or vulnerable. Demonstrate that the project generates net positive impacts on the well-being of all identified marginalized and/or vulnerable Community Groups.

Findings from Field Audit			
There is no significant change in this issue. The PDD (Ref.01, p.115) states that all the communities in the project zone can be described as marginalized and vulnerable because they have limited access to healthcare. They are far from population centres and they do not have the title to the land they live and work on. The number of cattle owned by each family, as determined through the PRA, will serve as an approximation of relative marginalization within the communities. Auditor's verification confirms this scenario and the level of vulnerability, especially regarding women. Even though the project is designed to produce positive impacts for marginalized people, from 1 January 2015 until 31 December 2105, the project had delivered too little to vulnerable groups. The next social monitoring in 2018 should deliver data to identify whether people are benefiting from the project, and also identify individuals who may not be benefiting, while others are (FAR#04/17).			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR#04/17		

- 5) Demonstrate that the project generates net positive impacts on the well-being of woman and that woman participate in or influence decision-making and include indicators of impacts on woman in the monitoring plan.

Findings from Field Audit			
PDD (Ref.01, p.115) states that the social specialist interviewed families and invited women to share their insights. The PRA applied in 2014 specifically asks about activities important to women and ways to increase the participation of women within the project. The interviews with women during the field audit shows they were asked about the way to improve their participation in the			

project.

In fact, some of them confirm that child care duties can be at odds with participation.

However, they cannot explain what is the measure that will be incorporated to the project. They consider there is a need for more discussion.

The interviews with proponents revealed they expected to readdress a possible solution when social projects begin.

Field audit verified that the participation of women remained marginal in the project's activity implementation (FAR#04/17).

Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR#04/17		

- 6) Describe the design and implementation of a benefit sharing mechanism, demonstrating that Smallholders/Community Members have fully and effectively participated in defining the decision –making process and the distribution mechanism for benefit sharing.

Findings from Field Audit			
The PDD (Ref.01, p.116) states that the project's proponents designed an initial list of activities aimed at sharing benefits with the local community. The proposed community activities were communicated to communities through the community specialist, who suggested additional activities, which were then incorporated into the project.			
Regarding distribution, community members who were interviewed confirm that the first benefits (distribution of dental kits, balls, machetes) are made available to communities within the project area and in the project zone.			
Auditors found only initial activities where actually implemented (FAR#04/17)..			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR # 04/17		

- 7) How relevant and adequate information about predicted and actual benefits, costs and risks has been communicated to Smallholders/Community Members and provide evidence that the information is understood.

Findings from Field Audit			
There is no change in this issue since validation. It was the hired social specialist that visited families throughout the project area and project zone to communicate the project's benefits, costs and risks. Community members within the project area and project zone confirm that he provided information about benefits. In the implementation phase, proponents compromised that communications will continue through the project manager.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 8) Describe the project's governance and implementation structures, and any relevant self-governance or other structures used for aggregation of Smallholders/Community members, and demonstrate that they enable full and effective participation of Smallholders/Community Members in project decision-making and implementation.

Findings from Field Audit			
There is no change since validation in this issue. The PDD (Ref.01, p. 116) states the JR Agropecuária e Empreendimentos EIRELI is primarily responsible for the implementation of local social projects and programs. To decentralize decision-making and to empower the local communities, JR Agropecuária e Empreendimentos EIRELI will establish sub-divisions for the açaí,			

rubber and medicinal plant projects throughout the Project Zone. The development of the social projects did not begin in 2015. The next verification shall verify progress in the establishment of such governance sub-divisions.

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

- 9) Demonstrate how the project is developing the capacity of Smallholders/Community Members, and relevant local organizations or institutions, to participate effectively and actively in project design, implementation and management.

Findings from Field Audit			
The PDD (Ref.01, p.117) state that there is only one organization/institution that sometimes visits the project zone (STR-Feijo). The project proponents will engage this organization and explore opportunities for collaboration. The PIR (Ref.02, p.33) states that in December 2015, a JR Agropecuária representative spoke over the phone with the President of STR-Feijó to present the Envira Amazonia Project. Both agreed to meet in person in 2016 to strengthen the relationship and to further explore potential areas of assistance from STR-Feijo. Project proponents will continue communications with the local communities. However, auditors verified that in the meantime a new President was elected at the Rural Workers Union. Both the former and current Presidents of Rural Works Union have revealed serious doubts about the project objectives and actual activities. The consultation process with these stakeholders was not effective in this period of implementation. The effective participation of key stakeholders is not ensured (FAR#02/17)..			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR#02/17		

BIODIVERSITY SECTION

B1. Biodiversity Without-project Scenario

Concept

Original biodiversity conditions in the Project Zone and expected changes under the without-project land use scenario are described.

Indicators

- 1) Describe biodiversity within the Project Zone at the start of the project and threats to that biodiversity, using appropriate methodologies.

Findings from Field Audit			
The proponent describes the biodiversity at the project's zone using recognized information sources. Threats to biodiversity at the scenario without the project are due to its land habitat area loss in function of the farming project in question, which presents itself as a baseline scenario. An initial identification of biodiversity was presented initially over the project's documentation (ref. 01), on a validating stage. The audit team understands that the same aspect of the project has already passed by public scrutiny from a validation and verification body, not corresponding to the analysis scope of this verification audit.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 2) Evaluate whether the Project Zone includes any of the High Conservation Values (HCVs) as outlined in B1.2 in the CCB Standards related to biodiversity and describe the qualifying attributes for any identified HCVs.

Findings from Field Audit			
Likewise, HCVs were identified on the validated PDD (ref. 01). The information in question was reproduced over the project's implementation report (ref. 02). The audit team considers it as a valid approach, to regard that the initial evaluation done by the proponent was sheltered on reputable sources of information, assessed and approved at previous auditing events. Therefore, the proponents identify a number of rare species through the surveys done over biodiversity and also the occurrence of rare and endangered ecosystems in the project area and project zone. The project's area thus, was identified as a target for conservation actions, in accordance with the project's objectives.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 3) Describe how the without-project land use scenario would affect biodiversity conditions in the Project Zone.

Findings from Field Audit			
The proponent lists damaging effects over biodiversity on the project's baseline scenario at the project zone. The listed effects to know, reduction of habitat areas and forest fragmentation, admittedly cause local extinctions. The presented logic was considered as plausible by the audit team. The project's design was considered as in conformity to the specific CCB standard indicators, being in analysis done in accordance with the results of previous audits on the same matter.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

B2. Net Positive Biodiversity Impacts

Concept

The project generates net positive impacts on biodiversity within the Project Zone over the project lifetime. The project maintains or enhances any High Conservation Values present in the Project Zone that are of importance in conserving biodiversity. Native species are used unless otherwise justified and invasive species¹¹⁴ and genetically modified organisms (GMOs) are not used.

Indicators

- 1) Use appropriate methodologies to estimate changes in biodiversity, including assessment of predicted and actual, positive and negative, direct and indirect impacts, resulting from project activities under the with-project scenario in the Project Zone and over the project lifetime.

Findings from Field Audit			
The strategy adopted by the proponent in the project design is to combine remote sensing techniques to evaluate forest cover, with surveys on specific components of biodiversity, in particular avifauna (ref 02). The methodology used to evaluate change in land use is equivalent to VM0007, v1.5, approved by VCS and therefore suitable for the purpose in question. The methodology used for bird surveys can be verified through a scientific article (ref. 16) published after the monitoring carried out in the project area and according to the activities foreseen in the monitoring period covered by this audit. Basically, the methodology consists of a sample survey of individuals by sighting and identification by vocalization. The article publication corroborates its scientific validity and therefore the appropriateness of the methodology used.			
Conformance	Yes ☒	No ☐	N/A ☐

NCR/OBS	None
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- 2) Demonstrate that the project's net impacts on biodiversity in the Project Zone are positive, compared to the biodiversity conditions under the without-project land use scenario.

Findings from Field Audit			
Following the adopted biodiversity monitoring strategy, the proponent shows positive net impacts through project's implementation, once it has avoided planned deforestation, according to the activities described on the project design climatic sphere and also the existence of rare and endangered species in the project's area, according to surveys done over the birdlife within the project's area.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 3) Describe measures needed and taken to mitigate negative impacts on biodiversity and any measures needed and taken for the maintenance and enhancement of the High Conservation Value attributes consistent with the precautionary principle.

Findings from Field Audit			
The audit team understands that dealing with a conservation project, with the purpose and focus on the maintenance of forest areas, habitats and threatened species, negative measures to biodiversity incurred by the project's actions implementation are not pertinent. However, the project's proponent brings a plea that remote monitoring done over deforestation at the project's area on the monitored period, combined to planned social actions, which have a focus on the improvement of farming systems already existent in the context and managed by communities favored by the project, will mitigate negative impacts to biodiversity caused by non-planned deforestation on proportions relatively low held in the project's area at the monitoring period covered by this verification event, considers that measures taken as effective and the project's design according to the specific standard under the CCB, in terms of implementation.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 4) Demonstrate that no High Conservation Values are negatively affected by the project.

Findings from Field Audit			
By the same explicit reason mentioned above, the audit team agreed along with the project's proponent in their argument that the project's actions may not have caused negative impacts to biodiversity related HCVs, read, rare and endangered species and sensitive ecosystems, throughout the monitoring period covered by this audit. Thus, attest the project's conformity relating to its implementation, throughout the monitoring period.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 5) Identify all species used by the project and show that no known invasive species are introduced into any area affected by the project and that the population of any invasive species does not increase as a result of the project.

Findings from Field Audit			
The project design does not consider the utilization of exotic species in their actions. Conversely, it plans to structure productive chains of native species such as Açaí (<i>Euterpe oleracea</i>) and the Rubber (<i>Hevea brasiliensis</i>). The adopted positioning in the project's documentation was supported through field observations. Exotic and invading species were not found being used under the project's activities by the communities of the project's area, cutting areas nor in forest areas. With regards to common family cropping areas, the dominant species found were cassava, corn and bananas. None of these presents an invading			

behaviour to natural ecosystems. The audit team considers the design and the implementation of the project in accordance to this specific indicator.

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

- 6) Describe possible adverse effects of non-native species used by the project on the region's environment, including impacts on native species and disease introduction or facilitation. Justify any use of non-native species over native species.

Findings from Field Audit			
The project's design does not foresee the use of native species as part of its activities. The extension rural activities and training applicable to family cropping fields engage with non-native species used by locals, such as corn and bananas. However, it is noticeable that such species do not represent invasive behaviour nor potential impacts to the biodiversity in natural Amazonian ecosystems.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 7) Guarantee that no GMOs are used to generate GHG emissions reductions or removals.

Findings from Field Audit			
Envira Amazônia is a conservation Project of Amazonian natural ecosystem. The Project does not foresee in its scope the use of genetically modified organisms.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 8) Describe the possible adverse effects or, and justify the use of, fertilizers, chemical pesticides, biological control agents and other inputs used for the project.

Findings from Field Audit			
Envira Amazônia is a conservation Project of Amazonian natural ecosystem. The Project does not foresee in its scope the use of fertilizers, chemical pesticides nor biological control agents. It worth noting that the farming practices of the communities inserted in the project's scope is of subsistence and family practices, namely not technology dependent and with low use of agricultural inputs. By any means, it is not characterized the use of chemical inputs at the visited family farming areas.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 9) Describe the process for identifying, classifying and managing all waste products resulting from project activities.

Findings from Field Audit			
Due to the nature of its activities, the project is not characterized as a generator of large residual amounts. What was stated by the proponent on the projects documentation and considered plausible by the audit team. However, the proponent compromises to mentor third party services hired by the project to sponsor the management of solid residual wastes generated by inroad field trips, such as plastic recipients of different kinds. The orientation, in this case, is to return the residuals to the closest city for the proper treatment, according the local conditions. Such guidance is echoed in the signed contract by the service providers, as the firmed contract with the ornithologist Tomaz Melo. The audit team considers the approach as sufficient to demonstrate the conformity to the project relating to this specific standard.			

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

B3. Offsite Biodiversity Impacts

Concept

Negative impacts on biodiversity outside the Project Zone resulting from project activities are evaluated and mitigated.

Indicators

- 1) Identify potential negative impacts on biodiversity that the project activities are likely to cause outside the Project Zone.

Findings from Field Audit			
The proponent identifies a potential source of impacts over biodiversity outside the project zone, as the deforestation caused by families that might migrate from the project area and project zone to surrounding areas, foreseeing then, a potential leakage effect caused by project actions. Despite that, the proponent understands the described effect as unlikely, due to project social potential benefits. The audit team agrees with the drafted argument; however, it highlights the fact that the leakage monitoring areas defined into the project scope as part of the project boundaries do not contemplate other properties owned by the project proponent, such as existent properties in the state of Mato Grosso - information characterized through interviews with the project proponents during the field audit. Considering that, in the case of planned deforestation projects, the methodology used in the project design, refers to the leakage monitoring in all areas under management of the identified deforestation agent, it become relevant to consider the potential effect that the project actions may have over the biodiversity also in these referenced areas. There is a risk that the biodiversity outside the project zone be negatively affected by the project activities due to a leakage effect caused in other properties owned by the project proponent, considering the foregoing plans to convert the forests to a large-scale cattle ranch (OBS#06/17).			
Conformance	Yes ☒	No ☒	N/A ☐
NCR/OBS	OBS#06/17		

- 2) Describe the measures needed and taken to mitigate these negative impacts on biodiversity outside the Project Zone.

Findings from Field Audit			
Although considered impacts on biodiversity outside the Project Zone as unlikely, the proponent ranks mitigation measures under the presented documentation. Such measures follow the mitigation logic of leakage effects, assuming the prerequisites that a reduction in forest cover would impact biodiversity by available habitat area reduction and also by the forest fragmentation effect. Among other presented measures, the proponent points the expansion of social actions of the project to the existent surrounding communities over project's zone, political alignment with the state jurisdictional REDD+ project, in a way to access the benefits promoted by public policies and also the engagement with neighbouring land owners in way to enhance the conservation impacts of the project. The audit team agrees with the listed actions, however, in the same way, notes that the same measures would not have an effect over leakage caused by the project's in other farms of the project proponent ownership, located out of the state of Acre (OBS#06/17).			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	OBS#06/17		

- 3) Evaluate unmitigated negative impacts on biodiversity outside the Project Zone and compare them with the project's biodiversity benefits within the Project Zone. Justify and demonstrate that the net effect of the project on biodiversity is positive.

Findings from Field Audit			
The proponent compares the magnitude of the forest conservation area caused by the implementation of project activities with the potential deforestation generated by the migration of families from the project area, concluding that the leakage potentially verified is insignificant. The audit team agrees with the comparison in question but highlights that in function of the existent other areas owned and managed by the project's proponent out of the state of Acre, that impacts over biodiversity might have been mistakenly neglected (OBS#06/17).			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	OBS#06/17		

B4. Biodiversity Impact Monitoring

Concept

Biodiversity impact monitoring assesses the changes in biodiversity resulting from project activities within and outside the Project Zone.

Indicators

- 1) Develop and implement a monitoring plan that identifies biodiversity variables to be monitored, the areas to be monitored, the sampling methods, and the frequency of monitoring and reporting. Monitoring variables must be directly linked to the project's biodiversity objectives and to predicted activities, outcomes and impacts identified in the project's causal model related to biodiversity.

Findings from Field Audit			
The monitoring plan presented on the project's documentation brings parameters to be analysed, sample methods and monitoring frequency. The project's monitoring strategy about the biodiversity is based on three components, the forest cover area, flora and avifauna. The proponent elects the bird group as the indicator species, which was considered by the audit team as a suitable approach. Regarding the implementation of a monitoring plan, it is understood that the proponent executed the foreseen actions according with the validated PDD frequency determination. During the monitoring period covered by this verification, the proponent put in action its first formal avifauna monitoring. The results of the work in question are reported on the referred document (ref. 02) as well as on a scientific article (ref. 16). Regarding this aspect the audit team understands that the applied efforts meet the CCB standards requirements.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 2) Develop and implement a monitoring plan to assess the effectiveness of measures taken to maintain or enhance all identified High Conservation Values related to globally, regionally or nationally significant Biodiversity present in the Project Zone.

Findings from Field Audit			
As mentioned before, the monitoring plan presented on the project's design for biodiversity related HCV, brings to attention sensible ecosystems as well as rare and endangered species. This way, regarding its implementation, the audit team understands as proper the efforts to register the avifauna at the project's area.			

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

- 3) Disseminate the monitoring plan and the results of monitoring, ensuring that they are made publically available.

Findings from Field Audit			
The plan and results of monitoring were distributed through the release of the project's implementation report to the communities, which was observed by the audit team during field work. The same was posted on the VCS website. The results of the avifauna survey were posted on a specific ornithology website. The audit team considers the taken measures as adequate and the project's implementation as compliant to this specific requirement.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

GL3. Exceptional Biodiversity Benefits

Concept

Projects conserve biodiversity at sites of global significance for biodiversity conservation selected on the basis of the Key Biodiversity Area (KBA) framework of vulnerability and irreplaceability. Conserving biodiversity at these sites may contribute to meeting country commitments to the Aichi Targets under the Convention on Biological Diversity and with the priorities identified in a National Biodiversity Strategy and Action Plan.

Indicators

- 1) Demonstrate that the Project Zone includes a site of high biodiversity conservation priority by meeting either the vulnerability or irreplaceability criteria defined in the CCB Standards, identifying the 'Trigger' species that cause(s) the site to meet any of the following qualifying conditions and providing evidence that the qualifying conditions are met.

Findings from Field Audit			
The project's design was considered in conformity to this requirement and gold level to biodiversity according to the incident of rare and endangered species in the project's area, regarding its avifauna and floristic components, this aspect was also diagnosed during the preliminary surveys on biodiversity.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 2) Describe recent population trends of each of the Trigger species in the Project Zone at the start of the project and describe the most likely changes under the without=project land use scenario.

Findings from Field Audit			
The project's proponent describes recent population tendencies to a number of avifauna species whose occurrence was characterized at the project's area, based on bibliographic review. The audit team understands that the only event of "formal survey" – as it was presented on the project's documentation – of bird biodiversity in the project's area, done since its validation and on the monitoring period covered by this verification do not serve with the purpose to determine specific population trends at the project zone. The audit team respects the monitoring frequency stipulated for this parameter on the validated PDD, being of 5 years. It is then applied, FAR#07/17, as a way to highlight the need to understand local dynamic in order to maintain the Gold Status for the project's biodiversity.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR#07/17		

- 3) Describe measures needed and taken to maintain or enhance the population status of each Trigger species in the Project Zone, and to reduce the threats to them based on the casual model that identifies threats to Trigger species and activities to address them.

Findings from Field Audit			
The necessary and described measures on the project's documentation to maintain or improve the populations conditions of each trigger species at the Project's Zone and to reduce the threats to them lean on the strategies of deforestation reduction as well as monitoring, applicable to the project's scope. The audit team considers the approach suitable, confirming then the Gold Status to the biodiversity attributed to the validated project's design regarding the conformity to this specific CCB standard.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	None		

- 4) Include indicators of the population trend of each Trigger species and/or the threats to them in the monitoring plan and demonstrate the effectiveness of measures needed and taken to maintain or enhance the population of Trigger species.

Findings from Field Audit			
The proponent points out the individual density inside each population identified as the trigger species as a parameter to be monitored in order to understand the population tendencies at the project's zone. Furthermore, points to the annual deforested area, in order to infer over the threat level to these important components of biodiversity associated to the project's area. The audit team understands the approach as suitable, however issued FAR#07/17, in a way to point out the need to implement such measures in the future, respecting the frequency stated on the validated PDD.			
Conformance	Yes ☒	No ☐	N/A ☐
NCR/OBS	FAR#07/17		