



## UNITOR REDD+ PROJECT



Document Prepared by RINA Services S.p.A.

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| Project Title | UNITOR REDD+ Project |
| Version       | 5.0Aa                |
| Report ID     | 2021-BQ-MD-34        |

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| Report Title  | UNITOR REDD+ Project                                                                                                                                                                                                               |
| Client        | ITUXI ADMINISTRAÇÃO E PARTICIPAÇÃO LTDA                                                                                                                                                                                            |
| Date of Issue | 26-April-2022                                                                                                                                                                                                                      |
| Prepared By   | RINA Services S.p.A. (RINA)                                                                                                                                                                                                        |
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| Approved by   | <b>Laura Severino</b> (Authorized officer signing for the DOE) Head of Sustainability Compliance & New Scheme Development Coordination Unit<br> |

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| Work carried out by |                                                                               |
|                     | Team Leader: Andrea Leiroz                                                    |
|                     | Technical Expert: Gustavo Góes<br>Independent Technical Reviewer: Vinay Singh |

**Summary:**

RINA has performed a validation of the project activity “UNITOR REDD+ Project” in Brazil to confirm that the project design, as documented, is sound and reasonable and meets the identified criteria. The validation was performed on the basis of VCS requirements for VCS projects, as well as criteria given to provide for consistent project operations, monitoring and reporting.

The validation was conducted by means of document review, follow-up interviews and remote site assessment, and the resolution of outstanding issues. The review of the VCS project description and the subsequent follow-up interviews and remote site assessment have provided RINA with sufficient evidence to determine the fulfilment of stated criteria.

The project is a grouped project that avoid unplanned deforestation (AUD) of a subsection of the 99,035.20 ha project area, consisting of 100% Amazon rainforest, within 15 private properties in the municipality of Lábrea, Amazon. The present REED project is expected to avoid a predicted 24,769 ha of deforestation, equating to 12,514,470 tCO<sub>2</sub>e in emission reduction over the 30-year project lifetime (26 April 2018 to 25 April 2048).

The project has applied the VCS methodology VM0015 “Methodology for Avoided Unplanned Deforestation”, version 1.1.

In summary, it is RINA’s opinion that the project activity “UNITOR REDD+ Project” as described in the VCS PD, dated 09 March 2022, meets all relevant VCS requirements for VCS projects and correctly applies the VCS methodology VM0015 “Methodology for Avoided Unplanned Deforestation”, version 1.1.

Hence, RINA recommends the registration of the project as a VCS grouped project.

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# 1 INTRODUCTION

## 1.1 Objective

ITUXI ADMINISTRAÇÃO E PARTICIPAÇÃO LTDA has contracted RINA Services S.p.A. (hereinafter referred to as RINA) to validate the project titled “UNITOR REDD+ Project” (hereinafter referred to as the project) in the state of Amazonas, Brazil.

The purpose of a validation is to have an independent third-party assessment of the project design. In particular, the project's baseline, monitoring plan, and compliance with relevant VCS criteria are validated in order to confirm that the project design, as documented, is sound and reasonable and meets the identified criteria. Validation is a requirement for all VCS projects and is necessary to provide assurance to stakeholders of the quality of the project and its intended generation of the Verified Carbon Units (VCUs).

## 1.2 Scope and Criteria

The validation scope is defined as an independent and objective review of the VCS project document (VCS PD). The VCS PD is reviewed against the criteria stated in the VCS Version 4.0, and the relevant documents and policy announcements made by the VCSA, and the criteria stated in the VCS methodology VM0015 “Methodology for Avoided Unplanned Deforestation”, version 1.1 of 03 December 2012.

The project activity falls under sector scope 14 – Agriculture, Forestry and Other Uses of Land (AFOLU).

In accordance with section 5.3.1 of the VCS Standard version 4.1, the criteria for validation include:

- VCS Standard version 4.1;
- VCS Validation and Verification Manual version 3.2;
- VCS Program Guide version 4.0;
- VCS AFOLU Additionality Tool version 3.0;
- VCS AFOLU Non-Permanence Risk Tool version 4.0.

These are the most recent versions of the relevant VCS guidance documents at the time of issuance of this report.

## 1.3 Level of Assurance

RINA provides reasonable assurance that the “UNITOR REDD+ Project” meets VCS criteria. To ensure complete transparency, any clarification or corrective actions raised have been included in the Appendix A.

The verification expresses a conclusion with a reasonable level of assurance about whether the reported GHG emission reduction data is free from material misstatement.

In addition, RINA applies materiality threshold of 5 per cent with respect to omission or misstatement concerning reported quantities as per VCS Standard.

All the revisions of the verification report before being submitted to the client were subjected to an independent internal technical review to confirm that all verification activities had been completed according to the pertinent RINA instructions, with reasonable level of assurance.

The technical review was performed by a technical reviewer(s) qualified in accordance with RINA's qualification scheme for VCS and CDM validation and verification.

The verification team and the technical reviewers consist of the following personnel.

| Role                        | Last Name | First Name | Country                        |
|-----------------------------|-----------|------------|--------------------------------|
| Lead Assessor/ Validator    | Leiroz    | Andrea     | External Auditor - Rina Brazil |
| Technical Expert            | Góes      | Gustavo    | External Auditor - Rina Brazil |
| Technical Reviewer (Expert) | Singh     | Vinay      | Internal – Rina India          |

## 1.4 Summary Description of the Project

|                                     |                                                                                                                                                                                                                                                  |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project Proponents                  | Ituxi Administração e Participação Ltda, Green Forest Carbon Consultoria Empresarial Ltda and Carbonext Consultoria Ltda.                                                                                                                        |
| Title of the project activity       | UNITOR REDD+ Project.                                                                                                                                                                                                                            |
| Baseline and monitoring methodology | VM0015: Methodology for Avoided Unplanned Deforestation, version 1.1.                                                                                                                                                                            |
| Location of the project activity    | The UNITOR REDD+ Project (hereafter “the project”) is situated in the Lábrea municipality in the State of Amazonas.                                                                                                                              |
| Brief description of the project    | The project is a grouped project that avoid unplanned deforestation (AUD) of a region within the municipality of Lábrea, Amazon. The first project activity instance has 99,035.20 ha of project area which is within 15 private properties. The |

|                           |                                                                                                                                                                                                                                                                                                    |
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|                           | present REED project is expected to avoid a predicted 24,769 ha of deforestation, equating to 12,514,470 tCO <sub>2</sub> e in emission reduction over the 30-year project lifetime (26 April 2018 to 25 April 2048), including buffer (RF), leakage (DLF) and project efficiency (EI) reductions. |
| Projects crediting period | 26 April 2018 to 25 April 2048                                                                                                                                                                                                                                                                     |

## 2 VALIDATION PROCESS

### 2.1 Method and Criteria

The validation consisted of the following three phases in accordance with the approved methodology, the VCS Standard version 4.1 and other relevant VCS requirements:

- A desk review of the project documents.
- Follow-up interviews with project stakeholders and remote site inspection.
- The resolution of outstanding issues and the issuance of the validation report and opinion.

The following sections outline each step in more detail.

No sampling plan was used as part of the validation.

### 2.2 Document Review

The VCS PD submitted by ITUXI ADMINISTRAÇÃO E PARTICIPAÇÃO LTDA and additional background documents related to the project design and baseline, i.e., VCS Project Description Template, Approved VCS methodology, Validation Requirements, scientific literature and country law were reviewed.

The following tables list the documentation that was reviewed during the validation.

Documents provided by the project participant.

|     |                                                                                                                                                                         |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| /1/ | Carbonext Consultoria Ltda: Project Description, version 1.1 of 21 May 2021, version 1.2 of 11 November 2021 and 17 February 2022.<br><br>Version 1.4 of 09 March 2022. |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | Version 1.6 of 25 April 2022.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| /2/ | Carbonext Consultoria Ltda: Emission reductions calculation spreadsheet.<br><br>!!CALCULATION_23_03_2021.xls;<br><br>!!CALCULATION_01_11_2021.xls.<br><br>!!CALCULATION_25_04_2022.xls.                                                                                                                                                                                                                                                                        |
| /3/ | Carbonext Consultoria Ltda: investment analysis.<br><br>!!FINANCEIRO SENSITIVITY_Unitor - BAU_V3_final.xlsx;<br><br>!!FINANCEIRO SENSITIVITY_Unitor - BAU_V6.xlsx;<br><br>!!FINANCEIRO SENSITIVITY_Unitor - BAU_V8.xlsx;<br><br>!!FINANCEIRO SENSITIVITY_Unitor_SFMP_v.5.xlsx;<br><br>!!FINANCEIRO SENSITIVITY_Unitor_SFMP_v.11.xlsx;<br><br>!!FINANCEIRO SENSITIVITY_Unitor_SFMP_v.14.xlsx;<br><br>!!FINANCEIRO SENSITIVITY_Unitor_SFMP_v.14_Scenario 1.xlsx. |
| /4/ | Carbonext Consultoria Ltda: Non-permanence risk report.<br><br>VCS-Non-Permanence-Risk-Report-Template_Unitor.docx, version 1.2 dated 09/08/2021;<br><br>VCS-Non-Permanence-Risk-Report-Template_Unitor_10.09.21.docx, version 1.2 dated 10/09/2021;<br><br>FINANCIAL VIABILITY_Unitor_SFMP_v8.xlsx;<br><br>FINANCIAL VIABILITY_Unitor_SFMP_v13.xlsx;<br><br>FINANCIAL VIABILITY_Unitor_SFMP_v15.xlsx.                                                         |
| /5/ | Contract signed between Carbonext and Avix dated 12 January 2021.                                                                                                                                                                                                                                                                                                                                                                                              |
| /6/ | Land titles and ownership-<br><br>RECEIPT OF REGISTRATION OF THE RURAL PROPERTY IN THE CAR<br><br>(rural environmental register), CERTIFICATE OF REGISTRATION OF RURAL PROPERTY<br>– CCIR and LAND TITLE – MATRÍCULA<br><br>FAZENDA BAHIA: Registration Date: 11/11/2017, n° 3.078, Municipality: Lábrea,<br>State: Amazonas, Total Area (ha) of Rural Property: 9.885,5292                                                                                    |

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | <p>FAZENDA JARDIM ALEGRE: Registration Date: 02/02/2017, n° 3029, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 6.981,9477</p> <p>FAZENDA PANORAMA: Registration Date: 04/12/2017, n° 3080, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 1.108,6804</p> <p>FAZENDA PARANA: Registration Date: 02/02/2017, n° 3028, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 5.839,4074</p> <p>FAZENDA PRESIDENTE PRUDENTE: Registration Date: 24/04/2018, n° 3110, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 1.046,1500</p> <p>FAZENDA RECANTO: Registration Date: 14/11/2017, n° 3079, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 2.021,2233</p> <p>FAZENDA SANTA CATARINA: Registration Date: 01/02/2017, n° 3033, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 10.019,2818</p> <p>FAZENDA SANTA FÉ: Registration Date: 02/02/2017, n° 2032, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 11.282,0597</p> <p>FAZENDA SANTA LUZIA: Registration Date: 31/01/2017, n° 3031, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 9.769,2276</p> <p>FAZENDA SANTA MARIA: Registration Date: 01/11/2017, n° 3075, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 6.019,9764</p> <p>FAZENDA SÃO JOSÉ: Registration Date: 12/02/2018, n° 3166, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 8.781,3380</p> <p>FAZENDA SÃO MANOEL: Registration Date: 02/02/2017, n° 3025, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 1.468,5388</p> <p>FAZENDA SÃO SEBASTIÃO: Registration Date: 02/02/2017, n° 3027, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 2.443,5889</p> <p>FAZENDA TRÊS BARRAS: Registration Date: 16/08/2017, n° 3049 Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 90,0012</p> <p>FAZENDA UNIÃO: Registration Date: 04/12/2017, n° 3081, Municipality: Lábrea, State: Amazonas, Total Area (ha) of Rural Property: 1.639,3151</p> |
| /7/ | <p>Project location: KML file.</p> <p>Project Area V1.kml</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| /8/ | <p>Shape files with property limits:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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|     | <p>FAZENDA BAHIA: Bahia.shp</p> <p>FAZENDA JARDIM ALEGRE: Jardim_Alegre.shp</p> <p>FAZENDA PANORAMA: panorama.shp</p> <p>FAZENDA PARANA: Parana.shp</p> <p>FAZENDA PRESIDENTE PRUDENTE: Presidente_Prudente.shp</p> <p>FAZENDA RECANTO: Recanto.shp</p> <p>FAZENDA SANTA FE: Santa_Fe.shp</p> <p>FAZENDA SANTA LUZIA: Santa_Luzia.shp</p> <p>FAZENDA SANTA MARIA: Santa_Maria.shp</p> <p>FAZENDA SÃO MANOEL: Sao_Manoel.shp</p> <p>FAZENDA SÃO JOSE: Sao_Jose.shp</p> <p>FAZENDA SÃO MANOEL: Sao_Manoel.shp</p> <p>FAZENDA SÃO SEBASTIÃO: Sao_Sebastiao.shp</p> <p>FAZENDA SANTA CATARINA: Sta_Catarina.shp</p> <p>FAZENDA TRÊS BARRAS: Tres_Barras.shp</p> <p>FAZENDA UNIÃO: Uniao.shp</p>                                                                                                                                                                                                                              |
| /9/ | <p>Presential local stakeholder consultation:</p> <p>Cartaz Unitor.tif</p> <p>Video</p> <p>Social-economic questionnaire for the families that live within the project area:</p> <p>Com. Ramal do Boi – dione Charles.pdf, Ederson Julio.pdf, Franciraldo.pdf, Gilson Santos.pdf, Jadson Perrut.pdf, Jaildo.pdf, Laryssa Rodrigues.pdf, Leônidas.pdf, Odair.pdf, Ronaldo Gonçalves.pdf, Sandra Oliveira.pdf, Sidnion melo.pdf, Veridiana.pdf.</p> <p>Faz. Três Barras - Com. Ramal da Mococa – adalginaza – com. Ramal da Mococa.pdf, Adalziz – riozinho.pdf, Antonia – ramal da Mococa.pdf, Antonia Gomes – Com Ramal da Mococa.pdf, Benedito – Nossa senhora apº.pdf, clenilton – com. Ramal da Mococa.pdf, Cleudo -Nossa senhora Apº.pdf, Francileude-com.ramal da Mococa.pdf, Gilberto – Mococa.pdf, João – Com. Ramal da Mococa.pdf, José Gomes – Riozinho.pdf, José Jesus – cam. Ramal da Mococa.pdf, Marcio –</p> |

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|      | <p>proprietário três barras.pdf, Maria – São José.pdf, Nidia – proprietária três barras.pdf, Osvaldo – Três Barras.pdf, Paulo - Três Barras.pdf, Queila - três barras.pdf, roosevelt - Três barras.pdf, Sergio - Três Barras.pdf.</p> <p>Faz. São João and Faz. São José – Adilson Medeiros – Nossa Senhora da Cachoeira do Rio Ituxi.pdf, Aldenise - Nossa Senhora da Cachoeira do Rio Ituxi.pdf, Antonio carlos - Nossa Senhora da Cachoeira do Rio Ituxi.pdf, Edson – São José.pdf, Erik - Nossa Senhora da Cachoeira do Rio Ituxi.pdf, Esifran – Santa Maria.pdf, Izaque - Nossa Senhora da Cachoeira do Rio Ituxi.pdf, Izaqueu - Nossa Senhora da Cachoeira do Rio Ituxi.pdf, Joélcio - Nossa Senhora da Cachoeira do Rio Ituxi.pdf, José – São José.pdf, Lindomar - Nossa Senhora da Cachoeira do Rio Ituxi.pdf, Lucimar - Nossa Senhora da Cachoeira do Rio Ituxi.pdf, Marisson - Nossa Senhora da Cachoeira do Rio Ituxi.pdf, Marivane – São José.pdf, Osmelio – Faz. Santa Luzia.pdf, Paulo – São José.pdf, Rafaela - São José.pdf, Raimundo - São José.pdf, Rocharles - Nossa Senhora da Cachoeira do Rio Ituxi.pdf, Rosivaldo - Nossa Senhora da Cachoeira do Rio Ituxi.pdf, Sebastião - Santa Luzia.pdf, Valdemir - São José.pdf.</p> <p>Presence list:</p> <p>Com. Ramal do Boi – LISTA DE PRESENÇA – COM RAMAL DO BOI.pdf.</p> <p>Faz. Três Barras - Com. Ramal da Mococa – LISTA DE PRESENÇA FAZ TRES BARRAS.pdf and LISTA DE PRESENÇA_COM_RAMAL_DA_MOCOCA.pdf.</p> <p>Faz. São João – LISTA DE PRESENÇA atualizado.pdf and LISTA DE PRESENÇA FAZ SÃO JOÃO.pdf.</p> |
| /10/ | Institutional local stakeholder consultation: invitation e-mail and invitation receipt.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| /11/ | <p>Operational license:</p> <p>L.O. n° 171.2020_São Manoel.pdf</p> <p>L.O. n° 342-18 Faz. Santa Catarina.pdf</p> <p>Licença de Operação L.O 284.18 – Rio Grande Produção Florestal LTDA – Fazenda Santa Maria.pdf</p> <p>LO n° 131.2020 FazPresPrudente.pdf</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| /12/ | <p>Fazenda Presidente Prudente - Sustainable Forest management plan report dated March 2019</p> <p>Receipt of the payment made to the Field Manager dated 10 November 2018.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| /13/ | Contract signed between Carbonext and Project Proponents.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| /14/ | <p>Fazenda Três Barras: Agreement signed on 10 July 2017 between Rio Grande Produção Florestal Ltda and Castanhal Agor Indústria de Produtos não Madeireiros Ltda.</p> <p>Fazenda Paraná: Property lease agreement signed on 08 May 2018 between Rio Negro Agroflorestal Ltda and Odair Augustinho Dall'Agnol Junior.</p> <p>Fazenda São Sebastião: Property lease agreement signed on 08 May 2018 between Rio Negro Agroflorestal Ltda and Henrique Manoel do Santo Moço.</p> <p>Fazenda São Manoel: Property lease agreement signed on 08 May 2018 between Rio Negro Agroflorestal Ltda and Henrique Manoel do Santo Moço.</p> <p>Fazenda Bahia: Agreement signed on 23 April 2018 between Rio Negro Agroflorestal Ltda and Castanhal Agor Indústria de Produtos não Madeireiros Ltda.</p> <p>Fazenda Presidente Prudente: Agreement signed on 28 November 2018 between Rio Grande Produção Florestal Ltda and Veridiana Taína dos Santos Moço de Oliveira.</p> <p>Fazenda Santa Catarina: Property lease agreement signed on 20 February 2018 between Ituxi Administração e Participação Ltda and Rio Negro Agroflorestal Ltda.</p> <p>Fazenda São José: Property lease agreement signed on 16 February 2022 between Marilda Aparecida Lot Stoppe and Ituxi Administração e Participação Ltda.</p> <p>Fazenda São Manoel: Property lease agreement signed on 08 May 2018 between Henrique Manoel do Santo Moço and Rio Negro Agroflorestal Ltda.</p> |
| /15/ | <p>Green Forest Carbon Consultoria Empresarial Ltda Social contract - Rio Negro Gestão e Comércio de Produtos Agroflorestais Ltda, Rio Grande Produção Florestal Ltda and Ituxi Administração e Participação Ltda.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

Standard, methodologies and other guidance by the VCSA.

|      |                                                                                                        |
|------|--------------------------------------------------------------------------------------------------------|
| /16/ | Verified Carbon Standard: VCS Standard version 4.1 dated 21 April 2021.                                |
| /17/ | Verified Carbon Standard: VCS Validation and Verification Manual, version 4.0 dated 19 September 2019. |
| /18/ | Verified Carbon Standard: VCS Program Definitions version 4.0 dated 19 September 2019.                 |
| /19/ | Verified Carbon Standard: VCS Guidance for Standardized Methods version 3.3 dated 08 October 2013.     |

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|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| /20/ | Verified Carbon Standard: VCS Program Guide version 4.0 dated 19 September 2019.                                                                                                                                  |
| /21/ | Verified Carbon Standard: VCS Validation Report Template, VCS version 4 dated 19 September 2019.                                                                                                                  |
| /22/ | Verified Carbon Standard: VCS Project Description Template, VCS version 4 dated 19 September 2019.                                                                                                                |
| /23/ | Verified Carbon Standard: VCS AFOLU Non-Permanent Risk Tool version 4.0 dated 19 September 2019.                                                                                                                  |
| /24/ | Verified Carbon Standard: VCS Non-Permanent Risk Report Template version 4.0 dated 19 September 2019.                                                                                                             |
| /25/ | Verified Carbon Standard: VCS Methodology for Avoided Unplanned Deforestation – VM0015, version 1.1 dated 3 December 2012.                                                                                        |
| /26/ | Verified Carbon Standard: VCS Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities – VT0001, version 3.0 dated 01 February 2012. |

Documentation used by RINA to validate / cross-check the information provided by the project participant.

|      |                                                                                                                                                                                                                                                                                                                                                                   |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| /27/ | VCS Listing Representation dated 18 April 2021.<br>VCS-Listing-Representation-Multiple-Representors-v4.1._UNITOR.docx.pdf.                                                                                                                                                                                                                                        |
| /28/ | Brazilian Forest Code: Law no. 12.651, of 25 May 2012.                                                                                                                                                                                                                                                                                                            |
| /29/ | Gold Standard: <a href="https://registry.goldstandard.org/projects?q=&amp;page=1">https://registry.goldstandard.org/projects?q=&amp;page=1</a> , last accessed on 29 June 2021.                                                                                                                                                                                   |
| /30/ | CDM: <a href="https://cdm.unfccc.int/Projects/projsearch.html">https://cdm.unfccc.int/Projects/projsearch.html</a> , last accessed on 29 June 2021.                                                                                                                                                                                                               |
| /31/ | Brazilian Government Ministry for the Environment (MMA). Information regarding deforested land occupation in the reference region.<br><a href="http://conama.mma.gov.br/index.php?option=com_sisconama&amp;task=document_o.download&amp;id=20101">http://conama.mma.gov.br/index.php?option=com_sisconama&amp;task=document_o.download&amp;id=20101</a> (pg. 73). |
| /32/ | International Institute For Sustainability (IIS): Economic Analysis Of A More Sustainable Livestock, 2015.<br><a href="https://www.iis-rio.org/wp-content/uploads/2019/10/relatorio-BC-FINAL.pdf">https://www.iis-rio.org/wp-content/uploads/2019/10/relatorio-BC-FINAL.pdf</a>                                                                                   |

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| /69/ | <p>MAPBIOMAS - Satellite images of deforestation between 1998 and 2019.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| /92/ | SMPF exploration costs: <ul style="list-style-type: none"> <li>• quotation from Amazonia Industria e Comercio de Madeiras Ltda dated 27 July 2021;</li> <li>• quotation from California Industria e Comercio de Madeiras Ltda dated 26 July 2021;</li> <li>• quotation from Madeireira Rio Ituxi Ltda dated 28 July 2021.</li> </ul> |
| /93/ | Licensing and forest inventory costs: <ul style="list-style-type: none"> <li>• quotation from Mata Nativa Soluções Ambientais e Comercio de Madeira Ltda dated 28 July 2021;</li> <li>• quotation from Trevisan Florestal Ltda dated 28 July 2021.</li> </ul>                                                                        |
| /94/ | Costs and revenues provided by farms' owners:<br>VIABILIDADE DA FAZENDA SANTA CATARINA.pdf;<br>VIABILIDADE DA RECANTO.pdf;<br>VIABILIDADE DA SÃO MANOEL.pdf;<br>VIABILIDADE DA FAZAENDA.pdf (São Sebastião);<br>VIABILIDADE das fazendas.pdf (União);                                                                                |

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| /96/ | <p>Institute for Conservation and Sustainable Development of the Amazon (IDESAM). – cadeia produtiva de carne bovina no Amazonas, October 2015</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| /97/ | <p>State taxes: <a href="https://www.jornalcontabil.com.br/saiba-como-calculas-o-icms-em-2021/">https://www.jornalcontabil.com.br/saiba-como-calculas-o-icms-em-2021/</a>;</p> <p>Federal taxes: <a href="https://www.contabilsumare.com.br/CON_T_Tributacao_Federal.html">https://www.contabilsumare.com.br/CON_T_Tributacao_Federal.html</a>.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| /98/ | <p>Costa, F.A. Land market and technological trajectories in Amazonia. Economia e Sociedade, Campinas, v. 21, n. 2(45), p. 245-273, August 2012.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| /99/ | <p>INSTITUTO NACIONAL DE PESQUISAS ESPACIAIS (INPE) – Master degree dissertation “LAND VALORISATION INDEX AND DEFORESTATION IN AN AMAZON</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

|       |                                                                                                                                                                                                                                                                                              |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|       | REGION OF AGRICULTURAL FRONTIER: REGION OF NOVO PROGRESSO, PARÁ”, 2019. Available at:<br><br><a href="http://mtc-m21c.sid.inpe.br/col/sid.inpe.br/mtc-m21c/2019/08.16.19.10/doc/publicacao.pdf">http://mtc-m21c.sid.inpe.br/col/sid.inpe.br/mtc-m21c/2019/08.16.19.10/doc/publicacao.pdf</a> |
| /100/ | Imazon: <a href="https://imazon.org.br/degradacao-de-florestas-pela-exploracao-madeireira-e-fogo-na-amazonia-oriental-brasileira-no-20/">https://imazon.org.br/degradacao-de-florestas-pela-exploracao-madeireira-e-fogo-na-amazonia-oriental-brasileira-no-20/</a> .                        |
| /101/ | Vehicles costs:<br><br>Cars purchase invoices;<br><br>Motorcycle purchase invoice;<br><br>Airplane purchase invoice;<br><br>Boat purchase invoice;<br><br>Vehicle's maintenance costs.                                                                                                       |
| /102/ | Monitors' salaries: payment receipts.                                                                                                                                                                                                                                                        |
| /103/ | Bases construction costs: receipts.                                                                                                                                                                                                                                                          |
| /104/ | Fire brigade training costs: payment receipt.                                                                                                                                                                                                                                                |
| /105/ | Barni et al: Spatial distribution of forest biomass in Brazil's state of Roraima, northern Amazonia, 2016.                                                                                                                                                                                   |
| /106/ | Ministry of Science, Technology and Innovation: Third Brazilian Inventory of Anthropogenic Greenhouse Gas Emissions and Removals, 2015.                                                                                                                                                      |
| /107/ | Fortaleza Ituxi REDD Project Forest Inventory:<br><br>Ficha de campo IF_PROCESSAMENTO DADOS_CORRIGIDA.xls                                                                                                                                                                                    |
| /108/ | West et al: Forest biomass recovery after conventional and reduced-impact logging in Amazonian Brazil, 2014.                                                                                                                                                                                 |
| /109/ | Law No. 12,187, OF 12/29/2009 - Establishes the National Policy on Climate Change – PNMC and other measures                                                                                                                                                                                  |
| /110/ | Decree No. 58,054, OF 03/23/1966                                                                                                                                                                                                                                                             |
| /111/ | Decree No. 2,959, OF 02/10/1999                                                                                                                                                                                                                                                              |
| /112/ | State Law No. 1,532/82 - Disciplines the State Policy for the Prevention and Control of Pollution, Improvement and Recovery of the Environment and Protection of Natural Resources.                                                                                                          |

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|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| /113/ | State Law No. 2,416/96 - Provides For The Requirements For Granting A License For The Exploration, Processing And Industrialization Of Forest Products And By-Products For Timber Purposes.                                                                                                      |
| /114/ | State Law No. 3,135/07 /114/- Establishes the State Policy on Climate Change, Environmental Conservation and Sustainable Development of Amazonas.                                                                                                                                                |
| /115/ | State Law No. 3,135/07 /114/- Establishes the State Policy on Climate Change, Environmental Conservation and Sustainable Development of Amazonas.                                                                                                                                                |
| /116/ | State Law No. 4,406/16 /116/ - Establishes the State Policy for Regularization, provides for the Rural Environmental Registry - CAR, the Rural Environmental Registry System - Sicar-AM, the Environmental Regularization Program - PRA, in the State of Amazonas.                               |
| /117/ | State Decree No. 10.028/87 - State System for Licensing Activities with Potential Impact on the Environment.                                                                                                                                                                                     |
| /118/ | State Decree No. 15,780/94- Amends Art. 57 of State Decree No. 10,028, of February 4, 1987, which regulated Law No. 1,532, of July 6, 1982, which provides for the State Activity Licensing System with Potential Impact on the Environment                                                      |
| /119/ | State Decree No. 15,842/94 - Amends Art. 44 of State Decree No. 10,028, of February 4, 1987, which regulated Law No. 1,532 of July 6, 1982, which provides for the State Licensing System for Activities with Potential of Impact on the Environment.                                            |
| /120/ | Decree No. 9,580 of November 22, 2018 - CONSOLIDATION OF LABOR LAWS (CLT)                                                                                                                                                                                                                        |
| /121/ | Regulatory Norms (Nr) – NR-5, NR-12, NR-24 and NR-26                                                                                                                                                                                                                                             |
| /122/ | Carbonext Consultoria Ltda: Baseline Analysis spreadsheet, 2022<br>PSD and BL Analysis_v.2.xlsx.                                                                                                                                                                                                 |
| /123/ | Sustainable Forest management plan report:<br><br>Polyana Capelasso: Fazenda Santa Maria - SFMP report dated 26 April 2018;<br><br>Polyana Capelasso: Fazenda São Manoel - SFMP report dated 13 January 2020;<br><br>Polyana Capelasso: Fazenda Santa Catarina – SFMP report dated 27 July 2018. |
| /124/ | Carbonext Consultoria Ltda: Surveillance posts photos.                                                                                                                                                                                                                                           |
| /125/ | Carbonext Consultoria Ltda: Unitor_properties_deforestation_2018_model.shp                                                                                                                                                                                                                       |

## 2.3 Interviews

On 01 and 02 July 2021, the validation team from RINA conducted the remote audit to the UNITOR REDD+ Project and performed interviews via MS Teams with project proponents' staff. Two landowners were interviewed during the remote audit despite 15 neighbouring rural properties comprises the project area. The 15 rural properties have a lease agreement with the company Green Forest Carbon Consultoria Empresarial Ltda for the entire crediting period /14//15/. The key personnel interviewed, and the main topics of the interviews are summarized in the table below.

|     | Date                        | Name and Role                                 | Organization                                                                                   | Topic                                                                                                                                                                                    |
|-----|-----------------------------|-----------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| /a/ | 01/07/2021, &<br>02/07/2021 | Janaína Dallan<br>(project developer)         | Carbonext<br>Consultoria Ltda                                                                  | PD, baseline scenario, financial analysis, social and environmental sustainability, local stakeholder consultation, Carbon stock estimates, GHG ER calculations.<br><br>Monitoring plan. |
| /b/ | 01/07/2021, &<br>02/07/2021 | Luis Fernando de Moura<br>(project developer) | Carbonext<br>Consultoria Ltda                                                                  |                                                                                                                                                                                          |
| /c/ | 01/07/2021, &<br>02/07/2021 | David Swallow                                 | Carbonext<br>Consultoria Ltda                                                                  |                                                                                                                                                                                          |
| /d/ | 01/07/2021, &<br>02/07/2021 | Jéssica Guin                                  | Carbonext<br>Consultoria Ltda                                                                  |                                                                                                                                                                                          |
| /e/ | 01/07/2021, &<br>02/07/2021 | Alice Dias                                    | Carbonext<br>Consultoria Ltda                                                                  |                                                                                                                                                                                          |
| /f/ | 01/07/2021, &<br>02/07/2021 | Ricardo Stoppe Junior<br>(landowner)          | Ituxi<br>Administração e Participação Ltda                                                     | Ownership                                                                                                                                                                                |
| /g/ | 01/07/2021, &<br>02/07/2021 | Élcio Aparecido Moço<br>(landowner)           | Fazenda Santa Luzia & Fazenda Panorama<br><br>Green Forest Carbon Consultoria Empresarial Ltda |                                                                                                                                                                                          |
| /h/ | 01/07/2021, &<br>02/07/2021 | Mateus Trez<br>(baseline)                     | Avix Engenharia e Estudos Técnicos                                                             | Satellite data acquisition and processing, calibration, baseline development.                                                                                                            |

## 2.4 Site Inspections

A complete desk review of the submitted VCS PD (version 1.0) /1/ and supportive evidences have been checked by the Validation Team.

The auditing team could not visit the site due to COVID-19 pandemic and subsequent travel restrictions. The VVB could not postpone the site visit due the prevailing uncertainty in travel restrictions and the deadline for completion of the project as per the VCS standard requirements and signed contract between the VVB and the PP /90/. Additionally, it is noted that there is no mandatory VCS Program requirement that mentions that a site visit must be conducted (even for forestry projects). However, to make sure that the VVB complies with the clause 4.1.2 of VCS Standard Version 4.0, all the information provided in the VCS PD and ER spread sheets was verified during the desk-review phase. In addition, the VVB also checked the documents against credible sources and interviews with concerned stakeholders. The VVB carried out the audit by other means of standard auditing techniques, which included video conference calls, raw data sheets and interviews via MS team. The same is as per the VCS- COVID travel guidance (<https://verra.org/covid-19-travel-guidance/>).

Thus, the auditing team has conducted a videoconference with PP on different topics as mentioned under section 2.3 of this report.

Validation team has used the following alternative means for its assessment and to justify that they are sufficient for the purpose of validation/verification.

- By review of VCS PD;
- By conducting interview with PP, to gather information about knowledge of project design, current situation via videoconference, and any required follow up actions. Cross-checked evaluation under the scope of all information and references provided in VCS PD. Details of interviews and topics covered, as well as additional information, are presented in the above section “2.3 – Interviews”.

## 2.5 Resolution of Findings

The objective of this phase of the validation was to resolve any outstanding issues that needed be clarified prior to RINA's positive conclusion on the project design. In order to ensure transparency, a validation protocol was customized for the project. The protocol shows in a transparent manner the criteria (requirements), means of verification and the results from validating the identified criteria. The validation protocol serves the following purposes:

- It organizes, details and clarifies the requirements a VCS project is expected to meet.
- It ensures a transparent validation process where the validator will document how a particular requirement has been validated and the result of the validation.

The process for the resolution of findings is based on the assessment of the updated of relevant documents, evidences when necessary and response provided by PP to each corrective action, clarification or forward action request raised.

A corrective action request (CAR) is issued if one of the following occurs:

- The project participants have made mistakes that will influence the ability of the project activity to achieve real, measurable additional emission reductions.
- The VCS requirements have not been met.
- There is a risk that emission reductions cannot be monitored or calculated.

A clarification request (CL) is raised if information is insufficient or not clear enough to determine whether the applicable VCS requirements have been met.

14 CARs and 14 CLs were raised and have been adequately addressed by the project participant (refer to Appendix B).

### 2.5.1 Forward Action Requests

A forward action request (FAR) is raised during validation to highlight issues related to project implementation that require review during the first verification of the project activity.

A forward action request (FAR) should be issued, where:

1. the actual project monitoring and reporting practices requires attention and /or adjustment for the next consecutive verification period, or
2. an adjustment of the MP is recommended.

No forward action requests (FAR) were identified.

## 3 VALIDATION FINDINGS

### 3.1 Project Details

Project type, technologies and measures implemented, and eligibility of the project UNITOR REDD+ Project is a grouped project located in the municipality of Lábrea, Amazonas State, Brazil and aims to avoid the unplanned deforestation (AUD). As stated in the VCS PD /1/, the first project activity instance has a project area of 99,035 ha within a private property, consisting of 100% Amazon rainforest. The project area is divided into fifteen properties (farms): Fazenda Santa Catarina, Fazenda Santa Maria, Fazenda Bahia, Fazenda Paraná, Fazenda Santa Fé, Fazenda Presidente Prudente, Fazenda Jardim Alegre, Fazenda Santa Luzia, Fazenda São José, Fazenda Recanto, Fazenda São Manoel, Fazenda São Sebastião, Fazenda União, Fazenda Panorama and Fazenda Três Barras.

The REDD project is expected to avoid a predicted 23,974 ha of deforestation over the 30-year project lifetime.

As described in the VCS PD /1/, the project will also include the implementation of certain activities with a view of obtaining the necessary instruments and institutional support to ensure that sustainable forest management continues in the property and that leakage will be mitigated. The following activities in favour of community and biodiversity were included:

- Technical Training on Sustainable Cattle Raising: the objective of this initiative will be qualifying labour that finds little opportunity to work in the region and ends up taking part in illegal settlements and land occupation. It is expected that this initiative will benefit at least 30 students in each training offered.
- Forest management courses: courses on forest management methods will be offered to the local community which will lead to the qualification of people who can work in the proposed project.
- Training of Fire Brigade: training will be given to prepare fire brigade members, and in addition to the employees, the project's neighbours will be able to participate in the training event as well.
- Advice on nutritional aspects: lectures will be offered by professionals on health-related issues to improve the quality of life and access to basic health information, especially for communities that are further away from health posts.
- Biomass, fauna and flora inventory will be carried out to monitor the carbon stock and local biodiversity.
- Support of SEMA – AM's activities (Amazonas State Secretariat of Environment): SEMA will benefit from having, under its jurisdiction, a second example of an innovative REDD model - the first being the nearby Fortaleza Ituxi REDD Project, also developed by ITUXI ADMINISTRAÇÃO E PARTICIPAÇÃO LTDA - that can be further replicated on other properties. It will continue to raise the public profile of the current administration, providing visibility and methodological advances in environmental preservation.
- Surveillance activities designed to mitigate illegal logging and land occupation in the area will be achieved through the Unitor REDD+ Project, summing with the efforts of the Fortaleza Ituxi REDD Project, thus covering a significant area of Lábrea municipality. By continuing to promote an increase in the number of REDD Projects in the region, whenever feasible, as well as sustainable forest management plans, the project aims to impact deforestation and degradation significantly.
- Potential Roll-out to Other Areas: Unitor already being the project proponent's second REDD activity in the region, further areas with potential for REDD projects have already been identified around the project site, which will favour and encourage forest conservation by

means of financial incentives obtained from credit sales and provide social and environmental benefits to local communities.

- Combatting illegal land occupation: The local community will be strategic in monitoring illegal land occupation and potential illegal logging. Those who are interested in being trained and carrying out local monitoring will be included in the project.

The project activity is under sectoral scope 14 (AFOLU). As described in Appendix 1 of the VCS Standard /18/, the project falls under the category of Reduced Emissions from Deforestation and Degradation (REDD).

#### Project design, including eligibility criteria for grouped projects

According to the VCS Standard version 04 /18/, grouped projects shall include one or more sets of eligibility criteria for the inclusion of new project activity instances. At least one set of eligibility criteria for the inclusion of new project activity instances shall be provided for each combination of project activity and geographic area specified in the project description. PP clearly demonstrated in the VCS PD that the project activity instance and new project activity instances comply with the set of eligibility criteria provided in the VCS Standard.

#### Project proponent and other entities involved in the project

The project proponents are Ituxi Administração e Participação Ltda (landowner of the project and confirmed from land titles /6/), Green Forest Carbon Consultoria Empresarial Ltda (landowner of the project and confirmed from land titles /6/) and Carbonext Consultoria Ltda (consultant supporting Ituxi in project development) of host Party Brazil. The other entity involved in the project is Avix Engenharia e Estudos Técnicos of host Party Brazil.

The entity Avix Engenharia e Estudos Técnicos is responsible for the satellite imagery analysis for baseline assessment /5/.

The involvement of Ituxi Administração e Participação Ltda and Carbonext Consultoria Ltda was checked through the document VCS Listing Representation /27/ and of Avix Engenharia e Estudos Técnicos was verified through the contract signed with Carbonext /5/.

#### Ownership

As discussed, the project owners are Ituxi Administração e Participação Ltda and Green Forest Carbon Consultoria Empresarial Ltda. The lands are owned by different entities as checked through the land titles /6/. As verified by VVB team, there is a property lease agreement between the project owners and the individual landowner /14//15/. The validation team cross checked the area of the land parcels from the GIS formats of the shape files /8/ and confirmed the same. The 15 neighbouring rural properties that

comprises the REDD+ Unitor Project area have a lease agreement with the company Green Forest for the entire credit period. Thus, the project ownership was defined by virtue of a contractual right in the land as per item 4 of paragraph 3.6.1 of VCS Standard version 4.2.

All lending agreements and articles of association of the companies were checked by the VVB. Thus, the auditing team confirms that the project area is under the control of the Project owner with respect to Project implementation, management and monitoring.

#### Project start date

The start date of the Project is 26 April 2018, which is the date of implementation of the first Sustainable Forest Management (SFMP) activities on the ground. The first property to implement its SFMP was the Santa Maria on 26/04/2018. The same was checked with the sustainable forest management plan report /123/. The starting date is defined as the date on which the project began generating GHG emission removals as defined by the VCS AFOLU requirements.

#### Project crediting period

The project crediting period is established as 30 years from 26 April 2018 to 25 April 2048. The project lifetime is 30 year and the same is the GHG accounting period.

#### Project scale and estimated GHG emission reductions or removals

The project is a large project (greater than 300,000 tonnes of CO<sub>2e</sub> per year) according to the requirements of section 3.9.1 of the VCS Standard. The project is estimated to result in an average GHG emission reductions and removals equivalent to 417.149 tCO<sub>2</sub> per year.

#### Project location

The project sites are located in the municipality of Lábrea, Amazonas state. The geographical coordinates delimiting the 15 properties, divided in three main zones, were crosschecked through GIS analysis using the shapefiles provided by PP /8/. The area of each property was cross checked through the National Institute of Colonisation and Agrarian Reform (INCRA) maps /6/.

The validation of the geographic boundaries of the project area are clearly described in section 3.4.3 of this report.

#### Conditions prior to project initiation

The VCS PD includes the description of the present and prior environmental conditions of the area planned to the proposed project activity, including a concise description of climate, hydrography, soils, ecosystems and vegetation cover, in conformance with the VCS Standard.

RINA was able to verify the cartographic bases and all references mentioned /31/ - /38/ /64/ /66/ and concluded that the information included in the VCS PD&MR are correct.

Project compliance with applicable laws, statutes and other regulatory frameworks

The law applicable to this project is the Forest Code /28/, which states that 80% of farms located in the Amazon biome must have a Legal Reserve (RL), and a permanent preservation area (APP). According to information provided by the bidders, the area of the project meets these regulations. However, this legislation has not been fully realized in the country due to lack of government oversight, which brings a significant loss of forest cover and deforestation threats, which can be observed in the region reference of the project.

Apart from the above, the company has also obtained the permits from environmental authorizations /11/.

Other major laws and regulations, at the state and federal levels, relevant to the project in question and each project activity instance shall follow are listed below:

Federal:

- LAW NO. 12,187, OF 12/29/2009 /109/ - Establishes the National Policy on Climate Change – PNMC and other measures.
- LAW NO. 12,651, OF MAY 25, 2012 /28/ - Provides on the protection of native vegetation; Amends Laws n° 6.938, from August 31st, 1981, 9.393, of December 19, 1996, and 11.428, of December of December 22, 2006; revokes Laws No. 4.771, of September 15, 1965, and 7.754, of April of April 14, 1989, and Provisional Measure No. 2,166-67, of August 24, 2001. 67, of August 24, 2001; and makes other other measures. Law no. 12,187, of 12/29/2009: It establishes the National Policy on Climate Change – PNMC and other measures.
- PROVISIONAL MEASURE NO. 571, OF 05/25/2012 Amends Law No. 12,651, of May 25, 2012 /28/; which provides for the protection of native vegetation; amends Laws 6,938 of August 31, 1981; 9,393 of December 19, 1996; and 11,428 of December 22, 2006; revokes Laws Nos. 4,771, September 15, 1965; and 7,754, April 14, 1989; and Provisional Measure No. 2,166-67 of August 24, 2001.
- DECREE NO. 58,054, OF 03/23/1966 /110/ It promulgates the Convention for the protection of flora, fauna and the scenic beauties of the countries of America.
- DECREE NO. 2,959, OF 02/10/1999 /111/- Provides for measures to be implemented in the Legal Amazon, for monitoring, prevention, environmental education and forest firefighting.

State:

- STATE LAW NO. 1,532/82 /112/ - Disciplines the State Policy for the Prevention and Control of Pollution, Improvement and Recovery of the Environment and Protection of Natural Resources.
- STATE LAW NO. 2,416/96 /113/ - Provides for the requirements for granting a license for the exploration, processing and industrialization of forest products and by-products for timber purposes.
- STATE LAW NO. 3,135/07 /114/- Establishes the State Policy on Climate Change, Environmental Conservation and Sustainable Development of Amazonas.
- STATE LAW NO. 3,785/12 /115/- Provides for environmental licensing in the State of Amazonas, revokes Law n. 3,219, of December 28, 2007.
- STATE LAW NO. 4,406/16 /116/ - Establishes the State Policy for Regularization, provides for the Rural Environmental Registry - CAR, the Rural Environmental Registry System - Sicar-AM, the Environmental Regularization Program - PRA, in the State of Amazonas.
- STATE DECREE NO. 10.028/87 /117/ - State System for Licensing Activities with Potential Impact on the Environment.
- STATE DECREE NO. 15,780/94 /118/- Amends Art. 57 of State Decree No. 10,028, of February 4, 1987, which regulated Law No. 1,532, of July 6, 1982, which provides for the State Activity Licensing System with Potential Impact on the Environment
- STATE DECREE NO. 15,842/94 /119/- Amends Art. 44 of State Decree No. 10,028, of February 4, 1987, which regulated Law No. 1,532 of July 6, 1982, which provides for the State Licensing System for Activities with Potential of Impact on the Environment.

Additionally, some federal labor laws that may apply to the project:

- CONSOLIDATION OF LABOR LAWS (CLT) – Regulates provisions relating to labor legislation and institutes the Permanent Program for Consolidation, Simplification and Debureaucratization of Infralegal Labor Standards and the National Labor Award, and amends Decree No. 9,580 of November 22, 2018 /120/.
- REGULATORY NORMS (NR) (such as: NR-5 - Internal Commission For Accident Prevention NR-12 - Safety At Work In Machinery And Equipment; NR-24 - Sanitary And Comfort Conditions In The Workplace; NR-26 - Safety Signs) /121/.

Participation under other GHG programs

The proposed project is not registered (or seeking registration) under other GHG program(s); moreover, there is no evidence of the project's rejection from any other GHG programs as per the GS and CDM project data base /29/ /30/.

#### Other forms of credit

The project will be not used for compliance with an emissions trading program or to meet binding limits on GHG emissions.

The program does not receive another form of GHG-related environmental credit.

#### Additional information relevant to the project, including

##### Leakage management for AFOLU projects

The main leakage management activities are defined as technical training on sustainable cattle raising, forest management courses, cooperation with SEMA, surveillance activities designated to mitigate illegal logging and land occupation in the area, potential roll-out to other areas and combatting illegal land occupation. Detailed information on the same is provided in section 3.1 – “Project type, technologies and measures implemented, and eligibility of the project”.

#### Commercially sensitive information

As described in the VCS PD /1/, none of the information provided to the VVB was withheld from the public version of the report.

#### Sustainable development contributions

The primary objective of UNITOR REDD+ Project is to avoid the unplanned deforestation (AUD) of the project area, consisting of 100% Amazon rainforest.

These measures contribute to several nationally stated sustainable development priorities, such as the following objectives and targets from the Brazilian Government related to the Sustainable Development Goals:

- SDG 1: No poverty;
- SDG 3: Healthy lives;
- SDG 12: Ensure sustainable production and consumption patterns;
- SDG 13: Take urgent action to combat climate change and its impacts;
- SDG 15: To protect, restore and promote the sustainable use of terrestrial ecosystems, to manage forests sustainably, to combat desertification, to halt and reverse land degradation, and to halt the loss of biodiversity.

Reducing deforestation and promoting sustainable development in the Amazon is also a key component to Brazil's Nationally Determined Contribution (NDC) under the Paris Agreement. According to the

Brazilian Government Ministry for the Environment (in Portuguese, Ministério do Meio Ambiente), the implementation of REDD+ activities are an important component to meet the Country's contribution under the United Nations Framework Convention on Climate Change while preserving natural forest resources /39/-/43/.

PP discussed in the VCS PD how the project will help federal and state governments in achieving the deforestation reduction goal.

RINA was able to verify all the documented evidence listed above during the validation process and can confirm that data and considerations are complete and accurate. Moreover, RINA confirms that the description of the proposed project activity, as contained in the PD /1/ sufficiently covers all relevant elements, is accurate and complete and that it provides the reader with a clear understanding of the nature of the project.

## 3.2 Safeguards

### 3.2.1 No Net Harm

As mentioned in the VCS PD /1/, the project does not cause any potential negative environmental and socio-economic impacts since this project is a conservation project implemented in private properties. The positive impacts identified by PP are described in section 2.1 of the VCS PD.

### 3.2.2 Local Stakeholder Consultation

As per the audit observations and interaction with the stakeholder's it was confirmed that physical stakeholder consultation was carried out on 07 March 2021, 27 March 2021 and 01 April 2021 /9/ at the community level by two project agents and due to COVID pandemic feedbacks were also invited from various organizations via email on 25 February 2021, 03 March 2021 and 10 March 2021, which also included Government organizations like Lábrea City Hall, Porto Velho City Hall, Municipal Secretariat of Education of Lábrea and of Porto Velho, Environmental organizations like SEMA, SEDAM, RESEX, FLONA, PARNA and the Institute for Sustainable Agricultural and Forest Development of the State of Amazonas (IDAM) and the community leaders of Kaxarari indigenous land and Universities like the Federal Institute of Science and Technology campus of Lábrea /10/. The e-mail invitation receipts were presented to the VVB team /10/.

Noted that the project did not receive any negative comments either in presential meeting or via e-mail. The same is also made transparent in the VCS PD. PP received just two comments, one requesting clarification regarding the public consultation process and in the other PP received a request to visit the site in order to understand the demographics and potential for collaboration on community technical assistance /9/ /10/.

A communication channel (ITUXI ADMINISTRAÇÃO E PARTICIPAÇÃO LTDA phone and email) has been established with stakeholders to better explain the project activities and to respond to stakeholders' doubts and concerns related to the project.

### 3.2.3 Environmental Impact

As discussed in the VCS PD /1/, the environmental impacts are very minimal and in fact, the project will lead to positive impacts like forest conservation practices, maintenance of the forest cover and the conservation of values species and biodiversity. The same was confirmed through the post-exploratory reports for some properties /62/ and other sources of information /44/ - /48/ /55/.

### 3.2.4 Public Comments

The project was submitted for public commenting from 27 May 2021 to 26 June 2021. The same was checked from the Verra website. Noted that the project has not received any public comments.

### 3.2.5 AFOLU-Specific Safeguards

Local Stakeholder Identification and Background.

The processes used to identify local stakeholders likely impacted by the project was a survey in the project region. The list of the impacted stakeholders was provided in section 2.2 of the VCS PD /1/.

PP identified 80 residents living within the project area and 51 householders living within 20 km of the project boundary outside the project area, and who are reliant on the project area. These residents have no land ownership or conflicts with owner of the properties.

As per the survey /9/, there are 46 residents living within the project area and 19 living within 20 km of the project boundary outside the project area were interviewed.

A description of the social, economic and cultural diversity within local stakeholder groups and the differences and interactions between the stakeholder groups were described in the VCS PD /1/. In addition, it is also stated that no changes were identified among the stakeholders involved with the project. However, in case of any changes this will be informed.

The expected changes in well-being and other stakeholder characteristics under the baseline scenario, including changes to ecosystem services identified as important to local stakeholders were also included in section 2.5 of the VCS PD /1/.

The location of communities inside the project area and reference region were described in section 2.5 of the VCS PD /1/. The communities have free access to the project area.

Risks to Local Stakeholders.

The auditing team verified that information regarding to risks to local stakeholders due to project implementation and how the project will mitigate such risks were included in the VCS PD /1/. The risks were confirmed by interview during the remote audit /a/ - /h/.

## Respect for Local Stakeholder Resources

Risks to local stakeholder resources due to project implementation and how the project will mitigate such risks, including plans to ensure the project will not impact local stakeholders' property rights without the free, prior and informed consent is described in the VCS PD /1/. Moreover, it is also mentioned that the project will not introduce any invasive species or allow an invasive species to thrive through project implementation and no fertilizers, chemical pesticides, biological control agents will be used.

## Communication and Consultation

Processes to ensure ongoing communication and consultation, including a grievance redress procedure to resolve any conflicts that may arise between the project proponent and local stakeholders are described in the VCS PD /1/.

The project will take all appropriate measures to communicate and consult with local stakeholders in an ongoing process for the life of the project.

Grievance redress and conflict management procedures, as well as benefit sharing mechanisms, will be discussed with communities through stakeholders' consultations. Furthermore, a permanent communication channel with local stakeholders was created in order to receive any comments or suggestions regarding the present REDD project. All comments received will be responded, and grievances will be resolved in a suitable timeframe whenever possible, taking into account culturally appropriate conflict resolution methods.

Details regarding to the implementation on how the appropriate measures to communicate and consult with local stakeholders are described in the VCS PD /1/. In addition, as described in the VCS PD, a permanent communication channel with local stakeholders was created in order to receive any comments or suggestions.

The validation team concludes that the project proponents have taken the appropriate measures to ensure that the project has not created negative impacts on local stakeholders or mitigated such impacts where necessary.

## 3.3 Application of Methodology

### 3.3.1 Title and Reference

The project has applied the VCS methodology entitled "Methodology for Avoided Unplanned Deforestation" (VM0015), version 1.1 /25/. In addition, the project applies the following tools:

VCS VT0001 "Tool for the demonstration and assessment of additionality in VCS Agriculture, Forest and Other Land Use (AFOLU) Project Activities" version 3.0 of 01 February 2014 /26/.

AFOLU Non-Permanence Risk Tool version 4.0, published on 19 September 2019 /23/.

### 3.3.2 Applicability

The project applies the VCS methodology VM0015 – “Methodology for Avoided Unplanned Deforestation” /25/. Each project activity instance included in the grouped project will have to follow the applicability conditions under the methodology and applied tools.

The methodology VM0015 has no geographic restrictions and is applicable globally under the following conditions:

- a) Baseline activities may include planned or unplanned logging for timber, fuel-wood collection, charcoal production, agricultural and grazing activities as long as the category is unplanned deforestation according to the most recent VCS AFOLU requirements.

The baseline activities include unplanned deforestation for timber and grazing activities, where forest lands are converted to non-forest lands.

- b) Project activities may include one or a combination of the eligible categories defined in the description of the scope of the methodology (table 1 and figure 2).

The project activity includes eligible categories A and B, as defined in the description of the scope of the methodology.

- c) The project area can include different types of forest, such as, but not limited to, old-growth forest, degraded forest, secondary forests, planted forests and agro-forestry systems meeting the definition of "forest".

The project instance area includes old-growth forest, meeting the definition of “forest” /56//69/.

- d) At project commencement, the project area shall include only land qualifying as "forest" for a minimum of 10 years prior to the project start date.

The audit team can confirm that this condition has been met. As described in the VCS PD /1/, the project instance area consisted of 100% tropical rainforest in 2008 – 10 years prior to project start date – all of which conformed to the Brazilian definition of forest. This was ascertained using satellite images for more than 10 years prior to project start date /69/, as described in the section Project Location of the present VCS PD.

- e) The project area can include forested wetlands (such as bottomland forests, floodplain forests, mangrove forests) as long as they do not grow on peat. Peat shall be defined as organic soils with at least 65% organic matter and a minimum thickness of 50 cm. If the project area includes a forested wetlands growing on peat (e.g., peat swamp forests), this methodology is not applicable.

The project area does not include forested lands growing on peat, as stated in section 1.13 of the VCS PD /1/, citing Brazilian Soil Classification System /34/.

The methodological tool “Tool for the demonstration and assessment of additionality in VCS Agriculture, Forest and Other Land Use (AFOLU) Project Activities” is used in order to demonstrate the additionality of the project activity instance.

The “AFOLU Non-Permanence Risk Tool” /23/ is used in order to conduct the non-permanence risk analysis and buffer determination required for AFOLU projects.

RINA, hereby, confirms that the selected methodology is applicable to the project, which complies with all the applicability conditions therein, and the selected version is valid at the time of the validation commencement. It is also confirmed that the methodology and the methodological tools are correctly applied by comparing it with the actual text of the applicable versions.

### 3.3.3 Project Boundary

#### Spatial Boundaries

##### Project Area (PA):

The project area is composed of 15 properties located at the municipality of Lábrea, Amazonas State. The properties sum to 111,684.21 ha and the project area comes to 99,035.20 ha of forest. The Project Area (PA) boundary was constructed by taking the validated property boundary shape file /63/ and cutting off the areas classified by MAPBIOMAS as non-forested areas, deforested areas until the project start date /51/ and areas where deforestation is planned within the project lifetime /70/. The resulting PA shape file was shown to the VVB during the audit /7/.

##### Reference Region (RR):

The reference region has 683,676 ha and was delimited by GIS software as 6.9 times larger than the project area (99,035.20 ha) as per methodology /25/. The area was adjusted following an assessment to ensure the following points in the project area similar or expected to become similar to those found within the reference region:

Agents and drivers: As described in the VCS PD /1/, the agents and drivers expected to cause deforestation within the project area in the absence of the proposed project are:

- Accessibility of forests: The Reference region has a vast and dense network of primary, secondary and tertiary roads, as well as navigable rivers. The nearest locations of these paths will have a greater potential of deforestation;
- Distance from Deforestation (Proximity to forest edges): Given the accessibility and physiographic conditions, regions near the ancient deforestation and communities, districts, municipal centres also tend to have a higher probability and risk of future deforestation. In addition, Lábrea is located close to the “Arc of Deforestation” as described in section 1.11 of the VCS PD;

- Distance from sawmills.

Landscape configuration and ecological conditions:

Forest classes – Figure 29 of the VCS PD shows that the forest classes in the PA and RR are the same:

- RR: 75% of submontane open ombrophylous forest (As) and 25% of submontane dense ombrophylous forest (Ds) /56/;
- PA: 64% of open ombrophylous forest (As) and 36% of submontane dense ombrophylous forest (Ds) /56/.

Thus, at least 90% of the project area has forest classes or vegetation types that exist in at least 90% of the rest of the reference region.

Elevation – The analysis in the VCS PD shows in figures from 30 - 32 prepared by PP with shapes from INPE /64/ that the elevation range within the project area is between 94 m and 216 m and in the reference region between 88 m and 40 m. Thus, 90% of the project area is within the elevation range of at least 90% of the rest of the RR.

Slope – The analysis in the VCS PD shows in figure 33 map prepared by PP with shapes from INPE /65/ and table 156 that the maximum slope found within the PA is 76.425%. The same slope classes are found within the RR. The difference in the predominant class is 2% between PA and RR. Thus, at least 90% of the project area is within or  $\pm 10\%$  of the average slope of at least 90% of the rest of the RR.

Rainfall – Figure 34 of the VCS PD shows that the whole of RR and PA falls within tropical monsoon climate as per Koppen classification /66/. Thus, at least 90% of the project area is within  $\pm 10\%$  of the average annual rainfall of at least 90% of the rest of the RR

The RR was correctly defined once the similarity criteria for landscape configuration and ecological conditions were followed in the project design.

Leakage Belt:

The opportunity cost analysis was chosen for the determination of the leakage belt area utilizing equation (1) of the methodology /25/.

The VVB validated that the variables used in the formulae were credible and verifiable. The leakage belt was delineated taking in consideration the selling price and the production costs of living cattle, transport costs by truck, since this is the most typical means of transportation available for cattle producers in the region /67/. Taking into account the probability of profitability shown in the VCS PD section 3.3 /1/ and a radius of 69 Km around the project area, the consultants determined the area of the leakage belt shown in figure 35 of the VCS PD /1/.

Leakage Management Areas:

The leakage management area was defined as non-forest areas, and thus in accordance with the methodology /25/, located outside the project boundary, in which the project proponent intends to implement activities to mitigate unplanned deforestation. The boundaries of these areas are defined using the same projection and GIS software formats used for the definition of the other boundaries. The shapefiles were reviewed by the VVB team /68/. With the addition of new instances, new leakage management area may be added.

### Temporal Boundaries

The start and end years of the historical reference period are 2009 and 2018 which comply with the requirements of the methodology /25/.

### Carbon Pools

*The findings of the audit team with respect to the carbon pools included in the project boundary are as follows.*

| Carbon pools            | Included / Excluded in the PD | Justification / Explanation of choice in the PD                                      | Validation Conclusion                                                                 |
|-------------------------|-------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Above-ground            | Tree: included                | Included by the methodology. Carbon stock change in this pool is always significant. | In accordance with methodology.                                                       |
|                         | Non-tree: excluded            | No existence of perennial crops as final class.                                      | The VVB confirms that none of the categories have final land cover of perennial crop. |
| Below-ground            | Included                      | This pool was included since stock change in this pool is significant.               | In accordance with methodology.                                                       |
| Dead wood               | Excluded                      | Excluded for simplification. This exclusion is conservative.                         | The VVB agrees that the exclusion is conservative.                                    |
| Harvested wood products | Included                      | Included by the methodology.                                                         | In accordance with methodology.                                                       |
| Litter                  | Excluded                      | Not to be measured according to VCS Methodology Requirements.                        | In accordance with methodology.                                                       |
| Soil organic carbon     | Excluded                      | Recommended when forests are converted to cropland. Not to be                        | The baseline scenario does not consider cropland                                      |

|  |  |                                                                                                          |                                                              |
|--|--|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
|  |  | measured in conversions to pasture grasses and perennial crop according to VCS Methodology Requirements. | conversion. Therefore, it is in accordance with methodology. |
|--|--|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|

## Sources of GHG Emissions

The findings of the audit team with respect to the GHG sources included in the project boundary are as follows.

| Sources  |                     | Gas              | Included / Excluded | Justification / Explanation of choice                                                                                  |
|----------|---------------------|------------------|---------------------|------------------------------------------------------------------------------------------------------------------------|
| Baseline | Biomass burning     | CO <sub>2</sub>  | Excluded            | Excluded as recommended by the applied methodology. Counted as carbon stock change.                                    |
|          |                     | CH <sub>4</sub>  | Included            | Included as non-CO <sub>2</sub> emissions from biomass burning in the baseline scenario, according to the methodology. |
|          |                     | N <sub>2</sub> O | Included            | Included as non-CO <sub>2</sub> emissions from biomass burning in the baseline scenario, according to the methodology. |
|          | Livestock emissions | CO <sub>2</sub>  | Excluded            | Not a significant source according to methodology.                                                                     |
|          |                     | CH <sub>4</sub>  | Excluded            | Conservatively excluded – expected to be greater under the baseline scenario as compared to the project.               |
|          |                     | N <sub>2</sub> O | Excluded            | Conservatively excluded – expected to be greater under the baseline scenario as compared to the project.               |
| Project  | Biomass burning     | CO <sub>2</sub>  | Excluded            | No biomass burning increase is predicted to occur in the project scenario compared to the baseline                     |

|  |                     |                  |          |                                                                                                                                                        |
|--|---------------------|------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |                     |                  |          | case. Therefore, considered insignificant.                                                                                                             |
|  |                     | CH <sub>4</sub>  | Included | Included as non-CO <sub>2</sub> emissions from biomass burning in the project scenario, according to the methodology.                                  |
|  |                     | N <sub>2</sub> O | Included | Included as non-CO <sub>2</sub> emissions from biomass burning in the project scenario, according to the methodology.                                  |
|  | Livestock emissions | CO <sub>2</sub>  | Excluded | Not a significant source as no livestock or agriculture increase is predicted to occur in the project scenario compared to the baseline case.          |
|  |                     | CH <sub>4</sub>  | Excluded | No livestock or agriculture increase is predicted to occur in the project scenario compared to the baseline case. Therefore, considered insignificant. |
|  |                     | N <sub>2</sub> O | Excluded | As above.                                                                                                                                              |
|  |                     |                  |          |                                                                                                                                                        |

The validation of the project activity did not reveal other greenhouse gas emissions or removals occurring within the proposed project activity boundary as a result of the implementation of the proposed project activity which are expected to contribute more than 5% of total decreases in carbon pools and increases in emissions, or more than 5% of net anthropogenic removals by sinks, which are not addressed by VM0015 /25/.

By checking the information and the audit observations, RINA can confirm that the appropriate carbon pools have been considered and the description in the PD /1/ is accurate and complete, and also the selected carbon pool are justified for the proposed project activity.

### 3.3.4 Baseline Scenario

The procedure for determination of the baseline scenario was applied using the instructions from methodology VM0015 /25/. The VVB findings with respect to the implementation of Steps 2 – 5 of Part 2 of the methodology VM0015 are described in section 3.3.6 of this report.

As mentioned in the VCS PD /1/, forest land is expected to be converted to non-forest land in the baseline scenario. PP has identified different agents that contribute to this baseline scenario plausibility, including land invasions, land grabbing, cattle ranching activity and land purchase proposals. The VVB team has observed cattle ranching activity in the reference region /72/ and also analysed police records and local reports that offer proof of historic invasions of the farm /74/-/76/. As described in the VCS PD, the landowners cannot afford efforts and costs to keep long-term vigilance of the project boundaries to avoid unplanned deforestation from uncontrolled invasions. The project financial spreadsheet corroborates this assumption, according to the VVB team.

The baseline scenario provided in section 3.4 of the VCS PD is realistic and credible for the region, as verified through interviews, document review and also considering the dynamics of deforestation in Amazon.

### 3.3.5 Additionality

As required by the methodology, VT0001 Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities, version 3.0 /26/ has been correctly used to demonstrate additionality. In addition, sufficient information has been provided so that a reader can reproduce the analysis and obtain the same results. The VVB's specific comments regarding the demonstration of additionality are as follows.

Step 1. Identification of alternative land use scenarios to the proposed VCS AFOLU project activity

As per Sub-step 1a, the land use scenarios identified in section 3.5 of the VCS PD include those scenarios required by VT0001. PP chose the following scenarios:

- i) Scenario 1: continuation of pre-project land use. The project area comprises 15 properties (Santa Catarina, Santa Maria, Presidente Prudente, Recanto and São Manoel) where 05 properties have SFMP, 07 properties (Paraná, Santa Fé, Jardim Alegre, Santa Luzia, São Sebastião, União and Panorama) have no economic activity, 02 properties (Três Barras and Bahia) have SMFP and cattle farming and 01 property (São José) has only cattle farming;*
- ii) Scenario 2: project activity on the land within the project boundary performed without being registered as the VCS AFOLU project. The project area comprises 15 properties (Santa Catarina, Santa Maria, Presidente Prudente, Recanto and São Manoel) where 05 properties have SFMP, 07 properties (Paraná, Santa Fé, Jardim Alegre, Santa Luzia, São Sebastião, União and Panorama) have no economic activity, 02 properties (Três Barras and Bahia) have SMFP and cattle farming and 01 property (São José) has only cattle farming;*
- iii) Scenario 3: planned deforestation and logging of the area permitted by law;*
- iv) Scenario 4: wood harvesting to illegal levels followed by cattle farming (business as usual - BAU);*
- v) Scenario 5: unplanned deforestation caused by uncontrolled illegal trespassing;*

*vi) Scenario 6: farm sale to private investors followed by the regional BAU;*

*vii) Scenario 7: cattle farming.*

The audit team can confirm that the following identified land use scenarios are credible: 1, 2, 3, 4, 5, 6 and 7.

Sub-step 1b of the VCS AFOLU Tool states that all scenarios must be consistent with laws and regulations, and that if one of them is not, that it must be shown that this land use scenario is a result of systematic lack of enforcement of applicable laws and regulations.

On the basis of expert knowledge, the validation team can confirm that scenarios 1, 2, 3, 6 and 7 are in accordance with mandatory laws and regulations and scenarios 4 and 5 are a result of systematic lack of enforcement of applicable laws and regulations.

Sub-step 1c of the VCS AFOLU Tool states that the baseline methodology that would use the TOOL shall provide for a stepwise approach justifying the selection and determination of the most plausible baseline scenario. The VCS methodology VM0015 /25/ does give a stepwise approach for the selection of the baseline scenario. This approach, as already mentioned above, was validated in section 3.3.6 of this report.

## Step 2. Investment analysis

### Sub-step 2a. Determine appropriate analysis method

PP has appropriately chosen the investment comparison analysis (option II) since the project generates economic benefits other than VCS related income.

### Sub-step 2b. Option II. Apply investment comparison analysis

PP has appropriately chosen IRR as a financial indicator in order to apply an investment comparison analysis (option II) and prove the project's additionality, as seen that the project generate economic benefits other than VCS related income.

### Sub-step 2c. Calculation and comparison of financial indicators

An investment analysis was carried out in the VCS PD comparing scenario 1 (continuation of pre-project land use), scenario 2 (the project activity without being registered as a VCS project) and the baseline scenario 7 (low technology cattle ranching). Furthermore, PP also compared the project scenario with scenarios 3, 4 and 6.

A financial model showing IRR of scenarios 1, 2 and 7 was provided to the audit team for review /3/. Data were checked and no errors in the model were detected.

The investment analysis has been presented in a transparent manner in section 3.5 of the VCS PD, with critical economic parameters and assumptions clearly presented and justified /11/ /91/ /92/ /93/ /94/ /95/ /96/ /97/ /101/-/104/.

The costs and revenues of scenarios 1a and 7 included in the investment comparison are presented in the table below.

|                     | Scenario 1 | Ref.                  | Scenario 2  | Ref.                            | Scenario 7     | Ref.         |
|---------------------|------------|-----------------------|-------------|---------------------------------|----------------|--------------|
| Total costs (R\$)   | 95,760,469 | /91/<br>/94/<br>/103/ | 115,340,363 | /91/<br>/94/<br>/101/-<br>/104/ | 255,857,211.29 | /96/<br>/97/ |
| Total revenue (R\$) | 68,068,463 | /11/<br>/94/<br>/95/  | 68,068,463  | /11/<br>/94/<br>/95/            | 254,762,098.86 | /96/         |
| IRR (%)             | -2.19      |                       | -3.21       |                                 | -0.03          |              |

The audit team confirmed that scenario 7 (baseline land-use cattle farm) is more financially attractive than scenario 1 (pre-project land use) and scenario 2 (the project activity without being registered as a VCS project).

Furthermore, it was also demonstrated that scenarios 3, 4 and 6 are more financially attractive than the project activity in a scenario without VCU revenue /98//99//100/.

The audit team confirmed that the sensitivity analysis required by the additionality tool was implemented correctly within the financial model. PP has assessed the variation over the price of wood and forest management expenses demonstrating that the project activity would only suppress scenario 7 (business as usual activity) in the case of a timber being sold for an unfeasible price and unrealistic forest management costs, which was considered as a plausible line of argumentation by the VVB team.

|                                        | IRR (%) | Wood price (R\$/m <sup>3</sup> ) | Total costs (R\$) | Variation (%)                |
|----------------------------------------|---------|----------------------------------|-------------------|------------------------------|
| Original                               | -3.21   | 81.97                            | 115,340,363       | N/A                          |
| Wood price increase                    | -0.03   | 138.40                           | 115,340,363       | 69                           |
| Cost reduction                         | -0.03   | 81.97                            | 68,329,732        | 49                           |
| Wood price increase and cost reduction | -0.03   | 113                              | 94,276,536        | 38 (wood price)<br>22 (cost) |

Therefore, it seems reasonable to conclude that project is unlikely to be financially attractive.

### STEP 3. Barrier analysis

Not applicable.

### STEP 4. Common practice analysis

As reported in section 3.5 of the VCS PD /1/, a survey performed by IEB (2014) /55/ in the region carried out a diagnosis of the wood production chain in the municipality of Lábrea-AM, which analyzed similar activities of the grouped project following characteristics in a same project: large scale operations (the project area has the second biggest operation license in the Amazonas State; operations with a valid and licensed sustainable management plan (i.e. legal wood producers); operations providing logs to local sawmills (i.e. local generation of jobs and revenues); operations with investments in forest conservation and community enhancement.

PP has demonstrated that large-scale operations with valid licensed SFMPs are not the common practice in the region of the grouped project, mainly on the basis of supply of logs to local sawmills. . In 2014, four Small Scale Sustainable Forest Management Plans (SFMPs) were licensed for processing organizations. However, the volume of logs supplied by these SFMPs was insufficient to fulfil demand in the municipality, representing only 8% of total volume consumed yearly /55/. Moreover, the lack of such projects in the region is further reinforced when considering operations with investments in forest conservation and community enhancement, which is the case of this grouped project. RINA was able to verify all references mentioned /57/ /58/.

The audit team agrees that the information provided in the VCS PD is sufficient to confirm the additionality of the proposed project activity.

### 3.3.6 Quantification of GHG Emission Reductions and Removals

RINA team assessed the calculations of baseline emissions, project emissions, leakage and the expected net GHG reductions and removals by sinks. Corresponding calculations were carried out based on calculation spreadsheets /2/.

Based on the information reviewed it can also be confirmed that the sources used are correctly quoted and interpreted in the PD. All assumptions and data indicated in the PD and all relevant sources were checked and confirmed. Detailed information on the verification of parameters used in the equations is presented in section 4 of the PD. In essence, the methodology was correctly applied following the requirements. All values in the PD are considered reasonable in the context of the proposed VCS project activity. Data sources are quoted correctly. Hence, the calculation of baseline stocks and removals, leakage and the expected net anthropogenic GHG removals by sinks are considered correct.

Baseline Emissions:

During the audit, the consultants of the PP informed that the raster images with land use classes used to determine land use change during the reference period were downloaded from MapBiomass /67/. The consultants also informed that collection 4.1 of raster images from MapBiomass was used together with MapBiomass land use classification /69/.

The MapBiomass dataset uses 30-meter resolution Landsat imagery, scene 230/64 was used to cover the RR of the project /63/, and thus complies with the resolution requirements of the methodology. Furthermore, the VVB confirms that MapBiomass is a multi-institutional initiative of the Greenhouse Gases Emissions Estimation System promoted by the Climate Observatory, and a re-known deforestation watchdog of all biomes in Brazil.

The audit team then checked the values of deforestation per year, calculated from the MapBiomass, against the values presented in table 31 of the PD /1/ and confirmed the values are correct.

Section 3.4 of the project description contains a thorough presentation of the information required by Step 3 of the methodology. The audit team has confirmed that all of the information required by the methodology is presented therein. In addition, the information that is presented with respect to agents, drivers and events leading to deforestation is consistent with the experiential knowledge of the audit team regarding the project area.

It is very important, at this point, to remember that the reference period is stipulated by the applied methodology to be no longer than 10-15 years in the past and the end date as close as possible to the project start date, in this case 26th April 2018.

Identification of agents of deforestation: PP identified that the main agents of deforestation during the reference period, between 2009 and 2019, are related to conversion of forest to pasture for cattle ranching.

An analysis of all graphs in the analysis of agents, drivers and underlying causes of deforestation suggest that cattle ranching is the main agent together with logging.

Identification of deforestation drivers: PP identified five drivers of deforestation, population growth in the region, cattle prices, access to forests – rivers and highways. The audit team confirms assumptions.

The chosen tool for the analysis of Unitor REDD+ Project's baseline is the Land Change Modeler, LCM (Eastman, 2009), available at TerrSet 2000 Edition software.

To find out where deforestation would occur the factor maps were prepared with ArcGis from: distance from deforestation, distance from roads, distance from sawmills, and distance from waterways. The source of each of these maps are in table 35 of the PD /1/ and were checked by the audit team.

To evaluate the model and the variables that best explain the dynamics of deforestation, the ROC (Relative Operating Characteristic) analysis were used. To evaluate the accuracy of the models, it was necessary to compare the map obtained by the prediction model with actual data.

The audit team checked the projected deforested areas as follows: the areas projected to be deforested in the spreadsheet calculation /1/ came from the shape files /70/ which in turn come from the raster files generated from the LCM model for the 30 years of project.

Project properties began generating GHG emission removals on different days as shown in table 1 (Project Start date summary) of the PD /1/. The dates were confirmed with the SFMPs themselves Operating Licenses, Forest Inventories, or financial evidence relating to the implementation of activities on the ground /12//123/ /124/. The necessary adjustments to estimate the baseline emissions of each property were checked in the spreadsheet /122/ and the areas of projected deforestation in each property were checked with shapefiles /70//125/.

The VVB confirms that the areas projected to be deforested presented in tables 37, 38 and 39 of the PD /1/ are correctly reported.

As see in step 3 the post deforestation land use class in the baseline is likely to be pastureland.

It assumed that all unplanned deforestation within the project area will involve fire and all above ground biomass will be burnt. The same concept was also assumed in the calculations of baseline emissions. Thus, accepted by RINA team.

The project area contains contains 36% Dense Ombrophilous Forest (DOF), as well as 64% of Open Ombrophilous Forest (OOF). However, given that DOF is reported in scientific literature /105/ and /106/ to have higher biomass and carbon stocks than OOF, considering above- and below-ground biomass, the PP considered conservatively, avoiding stratification of the project area, to take into account only the OOF.

The above- and below-ground carbon stocks data in Open Ombrophilous Forest were taken from actual field measurements from the neighbouring Fortaleza Ituxi REDD Project /71/. As per the methodology section 6.1.1. a of the methodology forest inventory can be used provided they fulfils the conditions discussed under section 6.1.1. a of the methodology. RINA team confirms that the forest inventory complies with the conditions.

To transform biomass to carbon dioxide equivalent, the IPCC default values of 0.5 for Biomass to Carbon and 44/12 from Carbon to CO<sub>2</sub> were used /59/. The audit team reviewed all spreadsheets, and equations used to calculate the carbon stock and its associated uncertainty.

The post deforestation was estimated from IPCC (2006) /60/ to be 11.37tCO<sub>2</sub>/ha. The audit team confirms this value is correct and conservative.

After calculation of carbon stocks, which came to the average number of 577 tCO<sub>2</sub>/ ha for the Open Ombrophilous Forest, these values were then used to calculate baseline emissions with the projected deforestation for the PA and Leakage Belt of the PD /1/ and also in the ERs spreadsheets /2/. The VVB checked all calculations.

For post forest zones both below and above ground assumed that 100% of the longterm average carbon stock were regenerated in 20 years starting 1 year after deforestation happened. The total net carbon

change in the baseline scenario, after regeneration is taken into consideration, are shown in tables 50 to 55 of the PD /1/.

Baseline non-CO2 emissions from forest fires were also checked and confirmed to be calculated according to VM0015. The results for these are shown in table 57 of the PD /1/.

#### Project Emissions:

The instance being validated include planned logging activities within the project area and unplanned deforestation that cannot be avoided. The PP has estimated project emissions using an effectiveness index (EI) as per VM0015 methodology. The effectiveness index was validated at 90%. The VVB crosschecked a sample of the values in tab 58 of the PD calculation spreadsheet /2/.

The increase following planned logging activities in the Project Area has also been estimated, using secondary data by West et al. (2014)/108/, which indicates an annual increase of 3.03 tCO2 per hectare per year due to post-logging regeneration of vegetation.

#### Leakage Emissions:

According to the applied methodology, the following two sources of leakage are considered:

- Decrease in carbon stocks and increase in GHG emissions associated with leakage prevention measures;
- Decrease in carbon stocks and increase in GHG emissions associated with activity displacement leakage.

Projections of deforestation within the Leakage Belt have duly been made as part of the present project, according to projections of deforestation presented in Section 4.1 of the PD /1/. The Project Proponent has conservatively allowed 5% leeway on this estimate. If this allowance is surpassed, an assessment of how much is due to the project will be conducted during monitoring. Thus, the “Displacement Leakage Factor” (DLF) was conservatively defined as 0.05.

It is also verified that ex ante emissions from forest fires due to activity displacement leakage was calculated by multiplying baseline forest fire emissions in the project area by the same DLF used to estimate the decrease in carbon stocks.

#### Net GHG emission reductions or removals:

Table 65 of the PD /1/ show the GHG emission reductions summary with the validated baseline and estimated ex ante project emissions. The estimates on the expected anthropogenic removals which are likely to be achieved by the envisioned forest conservation under the project scenario follow the applied VCS methodology and with the respective VCS requirements.

Data and parameter applied for the calculation of biomass are listed in the PD, the data and respective sources were reviewed by the audit team and found in compliance with requirements of the methodology.

Over the first fixed baseline period of 30 years, total net anthropogenic removals of 12,514,470 tCO<sub>2</sub>-e are expected. The calculations of the net anthropogenic GHG removals were carried out in an Excel spreadsheet /2/. All calculations are following the applied VCS methodology and its corresponding tools.

| Year | Estimated baseline emissions or removals (tCO <sub>2</sub> e) | Estimated project emissions or removals (tCO <sub>2</sub> e) | Estimated leakage emissions (tCO <sub>2</sub> e) | Estimated net GHG emission reductions or removals (tCO <sub>2</sub> e) | Buffer pool allocation | Estimated VCUs eligible for Issuance |
|------|---------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------|------------------------|--------------------------------------|
| 2018 | 640.654                                                       | 113.020                                                      | 30.729                                           | 495.602                                                                | 50.416                 | 445.186                              |
| 2019 | 867.046                                                       | 375.109                                                      | 41.615                                           | 448.585                                                                | 46.067                 | 402.518                              |
| 2020 | 1.078.300                                                     | 541.435                                                      | 51.785                                           | 482.950                                                                | 49.853                 | 433.097                              |
| 2021 | 1.131.429                                                     | 419.803                                                      | 54.379                                           | 655.055                                                                | 67.217                 | 587.838                              |
| 2022 | 1.146.480                                                     | 559.406                                                      | 55.148                                           | 529.750                                                                | 54.791                 | 474.958                              |
| 2023 | 719.624                                                       | 503.339                                                      | 34.721                                           | 180.304                                                                | 19.361                 | 160.944                              |
| 2024 | 630.224                                                       | 398.829                                                      | 30.460                                           | 199.884                                                                | 21.248                 | 178.636                              |
| 2025 | 1.103.753                                                     | 434.500                                                      | 53.196                                           | 614.065                                                                | 63.339                 | 550.726                              |
| 2026 | 668.537                                                       | 378.939                                                      | 32.363                                           | 256.171                                                                | 27.046                 | 229.125                              |
| 2027 | 1.138.384                                                     | 413.049                                                      | 54.922                                           | 668.416                                                                | 68.939                 | 599.477                              |
| 2028 | 750.709                                                       | 362.267                                                      | 36.343                                           | 350.907                                                                | 36.697                 | 314.210                              |
| 2029 | 701.197                                                       | 217.339                                                      | 33.956                                           | 448.798                                                                | 46.399                 | 402.399                              |
| 2030 | 690.365                                                       | -61.785                                                      | 33.414                                           | 717.632                                                                | 73.228                 | 644.403                              |
| 2031 | 678.852                                                       | -62.936                                                      | 32.839                                           | 707.846                                                                | 72.192                 | 635.654                              |
| 2032 | 667.536                                                       | -64.068                                                      | 32.273                                           | 698.227                                                                | 71.174                 | 627.054                              |
| 2033 | 665.889                                                       | -64.233                                                      | 32.191                                           | 696.827                                                                | 71.025                 | 625.801                              |
| 2034 | 383.147                                                       | -92.507                                                      | 18.630                                           | 456.496                                                                | 46.617                 | 409.880                              |
| 2035 | 367.678                                                       | -94.054                                                      | 17.857                                           | 443.348                                                                | 45.224                 | 398.123                              |
| 2036 | 362.016                                                       | -94.620                                                      | 17.574                                           | 438.535                                                                | 44.715                 | 393.820                              |
| 2037 | 346.496                                                       | -96.172                                                      | 16.798                                           | 425.343                                                                | 43.318                 | 382.025                              |
| 2038 | 339.466                                                       | -96.875                                                      | 16.446                                           | 419.368                                                                | 42.685                 | 376.682                              |
| 2039 | 324.280                                                       | -98.393                                                      | 15.705                                           | 406.460                                                                | 41.352                 | 365.108                              |
| 2040 | 317.996                                                       | -99.022                                                      | 15.391                                           | 401.118                                                                | 40.786                 | 360.331                              |
| 2041 | 311.711                                                       | -99.650                                                      | 15.077                                           | 395.776                                                                | 40.221                 | 355.555                              |
| 2042 | 305.426                                                       | -100.279                                                     | 14.763                                           | 390.434                                                                | 39.655                 | 350.779                              |
| 2043 | 299.142                                                       | -100.907                                                     | 14.449                                           | 385.092                                                                | 39.089                 | 346.002                              |
| 2044 | 303.131                                                       | -100.508                                                     | 14.639                                           | 388.483                                                                | 39.433                 | 349.050                              |

|              |                   |                  |                |                   |               |                   |
|--------------|-------------------|------------------|----------------|-------------------|---------------|-------------------|
| 2045         | 303.026           | 244.556          | 14.634         | 43.319            | 4.916         | 38.403            |
| 2046         | 302.920           | 339.581          | 14.629         | -51.807           | -4.597        | -47.210           |
| 2047         | 302.815           | 228.648          | 14.624         | 59.026            | 6.486         | 52.540            |
| 2048         | 129.418           | 360.485          | 6.307          | -237.538          | -23.403       | -214.136          |
| <b>Total</b> | <b>17.977.649</b> | <b>4.564.296</b> | <b>867.858</b> | <b>12.514.470</b> | <b>50.416</b> | <b>11,228,979</b> |

### 3.3.7 Methodology Deviations

No methodology deviations applied to the proposed REDD project activity.

### 3.3.8 Monitoring Plan

The monitoring plan is in accordance with the applied methodology and methodological tools; the monitoring plan will give opportunity for real measurement of achieved GHG removals by sinks. RINA has checked all the parameters presented in the monitoring plan against the requirements of the methodology and methodological tool. RINA confirms that the monitoring arrangements described in the monitoring plan are feasible within the project design, and the means of implementation of the monitoring plan are sufficient to ensure the GHG removals by sinks achieved by resulting from the proposed project activity can be reported ex-post and verified.

**Parameters determined ex-ante.** The ex-ante parameters that are mentioned in the applied methodology and methodological tool are included in the VCS PD and are provided in compliance with the methodology and methodological tools itself:

| Parameter (see PD for descriptions) | Unit                                 | Value applied | Assessment                               |
|-------------------------------------|--------------------------------------|---------------|------------------------------------------|
| CF                                  | tC/tdm                               | 0.5           | Default value is sourced from IPCC /59/. |
| 44/12                               | -                                    | 44/12         | Default value is sourced from IPCC /60/. |
| R                                   | T root d.m.t <sup>-1</sup> shoot d.m | 0.31          | Default value is sourced from IPCC /60/. |
| BEF                                 | -                                    | 1.66          | /61/                                     |

|                    |                      |                 |                                                                                                                                                                      |
|--------------------|----------------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cab <sub>icl</sub> | tCO <sub>2</sub> /ha | 577             | Field measurements from the neighbouring Fortaleza Ituxi REDD Project /71/.                                                                                          |
| Cbb <sub>icl</sub> | tCO <sub>2</sub> /ha | 176             | Field measurements from the neighbouring Fortaleza Ituxi REDD Project /71/.                                                                                          |
| Cab <sub>fcl</sub> | tCO <sub>2</sub> /ha | 16.8            | Default value is sourced from IPCC /60/.                                                                                                                             |
| Cbb <sub>fcl</sub> | tCO <sub>2</sub> /ha | 26.9            | Default value is sourced from IPCC /60/.                                                                                                                             |
| EI                 | -                    | 0.9             | Conservative assumption on the effectiveness based on the proposed project surveillance activities in avoiding unplanned deforestation inside the PA.                |
| DLF                | -                    | 0.05            | <i>PP conservatively allowed a 5% leeway as leakage due to displaced deforestation based on the various measures/activities' implementation by the REDD project.</i> |
| Deforestation      | ha                   | Yearly variable | PRODES/INPE /73/.                                                                                                                                                    |

Parameters determined ex-post

| Data/parameter | Frequency and measurement method |
|----------------|----------------------------------|
|----------------|----------------------------------|

|                                                                                                                 |                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACPat – annual area within the project area affected by catastrophic events at year t.                          | Monitored by INMET and INPE at each time a catastrophic event occurs using remote sensing data and GIS.                                                                                                                                              |
| ABSLKt – annual area of deforestation within the leakage belt at year t.                                        | The measuring instrument used is remote sensing and GIS. The parameter will be monitored annually. Forest cover change due to deforestation is monitored through periodic assessment of classified satellite imagery covering the leakage belt area. |
| ABSLPat – annual area of deforestation in the project area at year t.                                           | The measuring instrument used is remote sensing and GIS. The parameter will be monitored annually. Forest cover change due to deforestation is monitored through periodic assessment of classified satellite imagery covering the project area.      |
| $\Delta$ CADLKt – total decrease in carbon stocks due to displaced deforestation at year t.                     | The measuring instrument used is remote sensing and GIS. The parameter will be monitored annually. Forest cover change due to deforestation is monitored through periodic assessment of classified satellite imagery covering the leakage belt area. |
| $\Delta$ CPAdPat – total decrease in carbon stocks due to all planned activities at year t in the project area. | The measuring instrument used is remote sensing and GIS. The parameter will be monitored annually. Planned activities in the project area that result in carbon stock decrease will be subject to monitoring when significant.                       |
| $\Delta$ CPSLKt – total annual carbon stock change in leakage management areas in the project case.             | The measuring instrument used is remote sensing and GIS. The parameter will be monitored annually. Planned activities in the leakage management areas that result in carbon stock decrease will be subject to monitoring when significant.           |

|                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><math>\Delta\text{CUDdPA}_t</math> – total actual carbon stock change due to unavoided unplanned deforestation at year <math>t</math> in the project area.</p>  | <p>The measuring instrument used is remote sensing and GIS. The parameter will be monitored annually. Forest cover change due to unplanned deforestation is monitored through periodic assessment of classified satellite imagery covering the project area.</p>                                                                                                                                  |
| <p><math>\text{EBBPSP}_t</math> – sum of (or total) actual non-<math>\text{CO}_2</math> emissions from forest fire at year <math>t</math> in the project area.</p> | <p>The measuring instrument used is remote sensing and GIS. The parameter will be monitored annually through the analysis of satellite images and maps to determine the incidence of deforestation and multiplying it by the respective emission factors. If forest fires occur, these non-<math>\text{CO}_2</math> emissions will be subject to monitoring and accounting, when significant.</p> |
| <p><math>\text{EADLK}_t</math> – total ex ante increase in GHG emissions due to displaced forest fires at year <math>t</math></p>                                  | <p>The measuring instrument used is remote sensing and GIS. The parameter will be monitored annually through the analysis of satellite images and maps to determine the incidence of deforestation and multiplying it by the respective emission factors. When significant, GHG emissions due to displacement forest fires will be monitored.</p>                                                 |
| <p><math>\text{RF}_t</math> – risk factor used to calculate VCS buffer credits.</p>                                                                                | <p>The measuring instrument used is the VCS-approved AFOLU Non-Permanence Risk Tool /23/. The parameter will be monitored annually.</p>                                                                                                                                                                                                                                                           |
| <p>Deforestation in the project area and leakage belt – forest cover areas converted into non-forest areas inside the Project Area and Leakage Belt.</p>           | <p>The measuring instrument used is remote sensing and GIS. The parameter will be monitored annually through the analysis of satellite images and maps. When data from the PRODES system are not available, the forest cover monitoring will be carried out by automatic classification and visual interpretation of</p>                                                                          |

|                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                    | images from other optical sensors or SAR data.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <p><math>\Delta CabBSLLK_t</math> – total baseline carbon stock changes for the above-ground biomass pool in the leakage belt.</p> | <p>The measuring instrument used is remote sensing and GIS. The monitoring frequency will depend on the activity. The following measurement methods will be applied:</p> <ul style="list-style-type: none"> <li>- <i>leakage prevention activities will be listed;</i></li> <li>- <i>a map showing areas of intervention and type of intervention will be created;</i></li> <li>- <i>areas where leakage prevention activities impact carbon stock will be identified;</i></li> <li>- <i>non-forest classes existing within these areas in the baseline case will be identified;</i></li> <li>- <i>carbon stocks will be measured on the identified classes or conservative literature estimates will be used;</i></li> <li>- <i>carbon stock changes in the leakage management areas under the project scenario will be reported using table 30b of the VM0015;</i></li> <li>- <i>net carbon stock changes that the leakage prevention measures cause during the fixed baseline period and, optionally, the project crediting period will be calculated;</i></li> <li>- <i>results of the calculations will be reported in table 30.c of the VM0015.</i></li> </ul> |

RINA confirms that the list of parameters is complete and that the values assumed for ex-ante calculations will lead to precise or at least conservative estimations.

### 3.4 Non-Permanence Risk Analysis

The proposed project “Unitor REDD+ Project” in Brazil utilized the “AFOLU Non-permanence risk tool” to assess the risk according to internal risk, external risk, natural risk, and mitigation measures for minimizing risk. At all levels, the audit team evaluated the rationale, appropriateness, and justifications of risk ratings chosen by project proponent. The findings and conclusion regarding the non-permanence risk analysis undertaken for the project are summarized below for each risk category and factor. Unless noted otherwise, the audit team agrees with the conclusion stated in the non-permanence risk report.

The findings of the audit team regarding the risk scores applied for each factor are as follows.

#### Internal Risk

| Risk Factor                | Validation Findings                                                                                                                                                                                                                                                                                                                                                                                                                                      | Risk Rating |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1. Project Management (PM) |                                                                                                                                                                                                                                                                                                                                                                                                                                                          |             |
| a)                         | Risk factor does not apply as the project area’s vegetation is 100% native with no planting occurring as seen during the remote audit in the satellite images and classification /69/. Not applicable correctly applied.                                                                                                                                                                                                                                 | 0           |
| b)                         | The project did not generate carbon credits previously.                                                                                                                                                                                                                                                                                                                                                                                                  | 0           |
| c)                         | The validation team checked all the evidence cited in the VCS non-permanence risk report and also interviewed personnel working in the project and confirms any area of required experience is covered by at least one individual with at least 5 years experience in the area /77//78//79/.                                                                                                                                                             | 0           |
| d)                         | The validation team checked during remote audit that management team is located less than a day of travel from the project site. It is checked from the google map and decolar website /80/ that the travel time to the project site is less than a day.                                                                                                                                                                                                 | 0           |
| e)                         | Management team includes individuals with significant experience in AFOLU project design and implementation, carbon accounting and reporting (eg, individuals who have successfully managed projects through validation, verification and issuance of GHG credits) under the VCS Program or other approved GHG programs /77//78//79/. This evidence is listed in item c) of the non- permanence risk report and has been checked by the validation team. | -2          |

|    |                                                                                                                                                                                            |    |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| f) | PP has developed an adaptative management plan that includes activities such as fire prevention and surveillance protocols /81/ to ensure well-functioning and maintenance of the project. | -2 |
|    | Total Project Management (PM)<br>Total may be less than zero.                                                                                                                              | -4 |

| Risk Factor                 | Validation Findings                                                                                                                                                                                                                                                                                          | Risk Rating |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 2. Financial Viability (FV) |                                                                                                                                                                                                                                                                                                              |             |
| a)                          | Not applicable.                                                                                                                                                                                                                                                                                              | 0           |
| b)                          | Not applicable.                                                                                                                                                                                                                                                                                              | 0           |
| c)                          | Not applicable.                                                                                                                                                                                                                                                                                              | 0           |
| d)                          | The project cash flow breakeven point, where the annual income consistently exceeds annual outgoing occurs in year 2. The audit team discussed key details with the PP regarding the cash in and cash out used to create the cash flow in which it is demonstrated where the breakeven point is reached /4/. | 0           |
| e)                          | Not applicable.                                                                                                                                                                                                                                                                                              | 0           |
| f)                          | Not applicable.                                                                                                                                                                                                                                                                                              | 0           |
| g)                          | Not applicable.                                                                                                                                                                                                                                                                                              | 0           |
| h)                          | It is checked that the PP has secured 80% or more of the funds before reaching the breakeven point, is secured. The calculations are explicit in the spreadsheet /4/.                                                                                                                                        | 0           |
| i)                          | Project has available callable financial resources to cover at least 50% of total cash out before project reaches breakeven /4/.                                                                                                                                                                             | -2          |
|                             | Total Financial Viability (FV)<br>Total may not be less than zero.                                                                                                                                                                                                                                           | 0           |

| Risk Factor | Validation Findings | Risk Rating |
|-------------|---------------------|-------------|
|-------------|---------------------|-------------|

| Opportunity Cost (OC) |                                                                                                                                                                                                                                                                 |    |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| a)                    | Not applicable.                                                                                                                                                                                                                                                 | 0  |
| b)                    | Not applicable.                                                                                                                                                                                                                                                 | 0  |
| c)                    | Not applicable.                                                                                                                                                                                                                                                 | 0  |
| d)                    | Not applicable.                                                                                                                                                                                                                                                 | 0  |
| e)                    | Not applicable.                                                                                                                                                                                                                                                 | 0  |
| f)                    | PP considered NPV from project activity at least 50% more profitable than the most profitable alternative land use activity as checked in the financial analysis “FINANCIAL VIABILITY_Unitor_SFMP_v815” /4/ and “!!FINANCEIRO SENSITIVITY_Unitor - BAU_v8” /3/. | -4 |
| g)                    | The PP is not a non-profit organization.                                                                                                                                                                                                                        | 0  |
| h)                    | The project is protected by a legally binding commitment to continue management practices that protect credit carbon stocks over the length of the crediting period /13/.                                                                                       | -2 |
| i)                    | Not applicable.                                                                                                                                                                                                                                                 | 0  |
|                       | Total Opportunity Cost (OC)<br>Total may be less than 0.                                                                                                                                                                                                        | -6 |

| Risk Factor               | Validation Findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Risk Rating |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 3. Project Longevity (PL) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |             |
| a)                        | Not applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 0           |
| b)                        | <p>As mentioned in item h) above, the project has a legal agreement or requirement to continue management practice over the length of the crediting period /13/. PP defined the maximum project longevity is 30 years.</p> <p>As demonstrated in the VCS PD, the PPs hold sustainable timber operations licenses for 4 of the 15 properties included in the project /11/. The licenses constitute a legal agreement with the competent authorities to harvest the area in observation of reduced impact logging principles define by law, and the continuity of the management</p> | 15          |

|  |                                                                                                                                                                                                                                                                                                                                                                     |    |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
|  | practices for 30 years (harvesting cycle), for the entire project longevity. Furthermore, the project's legal reserve (80% of the farm) is registered with the relevant government offices. Brazilian Forest Code determines that, once allocated, legal reserve may not be changed even in cases of real estate transfer, land dismembering or area rectification. |    |
|  | Total Project Longevity (PL)<br><br>May not be less than zero.                                                                                                                                                                                                                                                                                                      | 15 |

## 2. External Risk

| Risk Factor                                     | Validation Findings                                                                                                                                                                                                                                          | Risk Rating |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1. Land Tenure and Resource Access/Impacts (LT) |                                                                                                                                                                                                                                                              |             |
| a)                                              | The Audit team has checked the ownership and right of use documents. The ownership of each land has the user right, which was checked and confirmed from the land titles /6/.                                                                                | 0           |
| b)                                              | Ownership and resource access/use rights are held by different entity(s) (e.g., land is government owned and the project proponent holds a lease or concession).                                                                                             | N/A         |
| c)                                              | It was verified that there are 65 community members living within and surrounding the project area /9/. However, there are no disputes over land tenure or ownership.                                                                                        | 0           |
| d)                                              | As assessed above, there are no disputes over access/use rights in the project area.                                                                                                                                                                         | 0           |
| e)                                              | WRC projects unable to demonstrate that potential upstream and sea impacts that could undermine issued credits in the next 10 years are irrelevant or expected to be insignificant, or that there is a plan in place for effectively mitigating such impacts | N/A         |
| f)                                              | As discussed above the project area is protected by a legally binding commitment to continue management practices /13/.                                                                                                                                      | -2          |
| g)                                              | This has not been argued.                                                                                                                                                                                                                                    | 0           |
|                                                 | Total Land Tenure (LT)<br><br>Total may not be less than zero.                                                                                                                                                                                               | 0           |

| Risk Factor                  | Validation Findings                                                                                                                                                                                                                          | Risk Rating |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 2. Community engagement (CE) |                                                                                                                                                                                                                                              |             |
| a)                           | It is checked that around 58% of households living within the project area who are reliant on the project area, have been consulted /9/.                                                                                                     | 0           |
| b)                           | It is been checked that there are around 37% inhabitants living within 20 km of the project boundary outside the project area, who have been consulted /9/ /82/.                                                                             | 0           |
| c)                           | As assessed above through the evidence the audit team confirmed that the project generates net positive impacts on the social and economic well-being of the local communities who derive livelihoods from the project area /102//103//104/. | -5          |
|                              | Total Community Engagement (CE)<br>Total may be less than zero.                                                                                                                                                                              | -5          |

| Risk Factor            | Validation Findings                                                                                                                                                                                                                                                  | Risk Rating |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 3. Political Risk (PC) |                                                                                                                                                                                                                                                                      |             |
| a)                     | Not applicable.                                                                                                                                                                                                                                                      | 0           |
| b)                     | Not applicable.                                                                                                                                                                                                                                                      | 0           |
| c)                     | The audit team confirmed that the 5 year (2015- 2019) mean governance score for Brazil across the six governance indicators of World Bank Institute's Worldwide Governance Indicators is -0.177 /83/. Therefore, agrees that the political risk is 2.                | 2           |
| d)                     | Not applicable.                                                                                                                                                                                                                                                      | 0           |
| e)                     | Not applicable.                                                                                                                                                                                                                                                      | 0           |
| f)                     | The audit team checked the following<br>a) The country is receiving REDD+ Readiness funding from the FCPF, UN-REDD or other bilateral or multilateral donors<br>b) The country is participating in the CCBA/CARE REDD+ Social and Environmental Standards Initiative | -2          |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |   |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
|  | <p>c) The jurisdiction in which the project is located is participating in the Governors' Climate and Forest Taskforce</p> <p>d) The country has an established national FSC or PEFC standards body</p> <p>e) The country has an established DNA under the CDM and has at least one registered CDM A/R project.</p> <p>The project area is located in the State of Amazonas and the state/jurisdiction participate in the Governors' Climate and Forest Taskforce /84/.</p> |   |
|  | <p>Total Political (PC)</p> <p>Total may not be less than zero.</p>                                                                                                                                                                                                                                                                                                                                                                                                         | 0 |

### 3. Natural Risk

| Risk Factor | Validation Findings                                                                                                                                                                                                                                                                                             | Risk Rating |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| F           | <p>The fire risk in the project location is considered to be insignificant during the period from 2014 to 2018 as evidences by INPE sources report /85/</p> <p>Unitor's adaptative management plan is in place to reduce fire risk /81/.</p> <p>Mitigation: 0.25</p>                                            | 0.5         |
| PD          | <p>It was communicated to the audit team and confirmed based on professional experience that there was no record of any pest and disease outbreak in the project area since the area is covered by 100% Amazon Rainforest, i.e., "natural forests".</p> <p>Mitigation: 1</p>                                    | 0           |
| W           | <p>The VVB team has confirmed through a review of the reference indicated in the risk report /86/, that the risk of carbon stocks loss due to extreme weather was considered due to droughts caused in the amazon forest because Pacific and Atlantic Sea Surface Temperatures effect.</p> <p>Mitigation: 1</p> | 2           |
| G           | <p>The VVB team has confirmed through a review of the reference indicated in the risk report /87/-/89/, that there are no geological events damaging the project site.</p>                                                                                                                                      | N/A         |

|    |                                                         |      |
|----|---------------------------------------------------------|------|
| ON | No other sources of natural risk were identified.       | N/A  |
|    | Total Natural Risk (as applicable, F + PD + W + G + ON) | 2.50 |

The overall non-permanence risk rating that was determined for the project, using below Table is 7.50.

| Risk Category                   | Rating |
|---------------------------------|--------|
| Internal Risk                   | 5.00   |
| External Risk                   | 0.00   |
| Natural Risk                    | 2.50   |
| Overall Risk Rating (a + b + c) | 7.50   |

In summary, the overall risk rating that was determined for the project, in accordance with the VCS Non-Permanence Risk Tool, is 7.50%. The audit team has concluded that the above risk rating is in conformance with the VCS rules.

However, in accordance with the VCS Non-Permanence Risk Tool, the overall score shall be rounded up to the nearest whole percentage, and the minimum risk rating shall be 10, regardless of the risk rating calculated. Therefore, 10% is the overall risk rating for this project.

## 4 VALIDATION CONCLUSION

RINA has performed the validation of the grouped project “UNITOR REDD+ Project” on the basis of VCS Standard version 4.1 and VCS Validation and Verification Manual version 4.0, as well as criteria given to provide for consistent project operations, monitoring and reporting. The project is located in Brazil and covers 99,035.20 hectares.

The review of the project design documentation and the subsequent follow-up interviews have provided validation team with sufficient evidence to determine the fulfilment of stated criteria.

The project correctly applied the VCS methodology VM0015 “Methodology for Avoided Unplanned Deforestation”, version 1.1.

The validation process was performed on the basis of all issues and criteria of VCS. The conclusions of this report show that the project, as it was described in the project documentation, is in line with all criteria applicable for the validation and verification.

The total emission reductions from the project are estimated to be 12,514,470 tCO<sub>2</sub>e over the selected 30-year crediting period.

In summary, it is RINA's opinion that the VCS project activity "UNITOR REDD+ Project" in Brazil, as described in the VCS PD, version 1.4 dated 09 March 2022, meets all relevant VCS requirements for VCS projects and correctly applies the VCS methodology VM0015 "Methodology for Avoided Unplanned Deforestation", version 1.1. Hence, RINA recommends the registration of the project as a VCS project activity

# APPENDIX A: ABBREVIATIONS

| Abbreviations     | Full texts                                            |
|-------------------|-------------------------------------------------------|
| AFLOU             | Agriculture Forestry and Other Land Use               |
| AUD               | Avoided Unplanned Deforestation                       |
| BE                | Baseline Emissions                                    |
| CAR               | Corrective Action Request                             |
| CDM               | Clean Development Mechanism                           |
| CER(s)            | Certified Emission Reduction(s)                       |
| CL                | Clarification Request                                 |
| CO <sub>2</sub>   | Carbon dioxide                                        |
| CO <sub>2</sub> e | Carbon dioxide equivalent                             |
| DNA               | Designated National Authority                         |
| DOE               | Designated Operational Entity                         |
| ER                | Emission Reductions                                   |
| FAR               | Forward Action Request                                |
| GHG(s)            | Greenhouse gas(es)                                    |
| GWP               | Global Warming Potential                              |
| IPCC              | Intergovernmental Panel on Climate Change             |
| PD                | Project Description                                   |
| PE                | Project Emission                                      |
| PP(s)             | Project Participant(s)                                |
| REDD              | Reducing Emissions Deforestation and Degradation      |
| RINA              | RINA Services S.p.A.                                  |
| SS(s)             | Sectoral Scope(s)                                     |
| TA(s)             | Technical Area(s)                                     |
| UNFCCC            | United Nations Framework Convention on Climate Change |
| VCS               | Verified Carbon Standard                              |
| VVB               | Validation and Verification Body                      |
| VVS               | Validation and Verification Standard                  |

# APPENDIX B: CLARIFICATION REQUESTS, CORRECTIVE ACTION REQUESTS AND FORWARD ACTION REQUEST

Table 1. CL from this validation

|                                                                                                                                                                                                                               |    |             |     |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| CL ID                                                                                                                                                                                                                         | 01 | Section no. | 1.4 | Date: 19/07/2021 |
| Description of CL                                                                                                                                                                                                             |    |             |     |                  |
| PP is requested to clarify each eligibility criteria included in section 1.4. The information provided is only copy of the VCS Standard.                                                                                      |    |             |     |                  |
| Project participant response                                                                                                                                                                                                  |    |             |     | Date: 10/08/2021 |
| Further details on eligibility criteria have been included in the section 1.4 “Eligibility Criteria”.                                                                                                                         |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                                 |    |             |     |                  |
|                                                                                                                                                                                                                               |    |             |     |                  |
| DOE assessment                                                                                                                                                                                                                |    |             |     | Date: 27/08/2021 |
| PP revised the information included in section 1.4 of VCS PD and demonstrated that the project activity instance and new project activity instances comply with the set of eligibility criteria provided in the VCS Standard. |    |             |     |                  |
| This CL is closed.                                                                                                                                                                                                            |    |             |     |                  |

|                                                                                         |    |             |     |                  |
|-----------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| CL ID                                                                                   | 02 | Section no. | 1.6 | Date: 19/07/2021 |
| Description of CL                                                                       |    |             |     |                  |
| Provide REDD consultancy contract signed with Carbonext and Avix.                       |    |             |     |                  |
| Project participant response                                                            |    |             |     | Date: 10/08/2021 |
| The contract is available in the following folder: Contract                             |    |             |     |                  |
| Documentation provided by project participant                                           |    |             |     |                  |
| Service contract with Avix.                                                             |    |             |     |                  |
| DOE assessment                                                                          |    |             |     | Date: 27/08/2021 |
| The document provided is the proposal issued by Avix to Carbonext and not the contract. |    |             |     |                  |
| This CL is open.                                                                        |    |             |     |                  |
| Project participant response                                                            |    |             |     | Date: 10/09/2021 |
| The contract was made available.                                                        |    |             |     |                  |
| Documentation provided by project participant                                           |    |             |     |                  |
| Contract is in the following folder: CL 12 Folder                                       |    |             |     |                  |

|                                                                                                             |                  |
|-------------------------------------------------------------------------------------------------------------|------------------|
| DOE assessment                                                                                              | Date: 11/09/2021 |
| <p>The REDD consultancy contract signed with Carbonext and Avix was provided.</p> <p>This CL is closed.</p> |                  |

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| CL ID                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 03 | Section no. | 1.8 | Date: 19/07/2021 |
| Description of CL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |    |             |     |                  |
| <p>As per the VCS PD, the project start date is 28 November 2018, which is the date of the first official document attesting to the start of the forest management plan within the most recent property to be included in the Unitor group. However, PP is requested to support the same with the financial statement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |    |             |     |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |    |             |     | Date: 10/08/2021 |
| <p>The Technical Responsibility Note (“Anotação de Responsabilidade Técnica” – ART) issued by the forest engineer responsible for the forest inventory of the Prudente farm was made available, as well as a signed declaration by the forest engineer that the forest inventory and data processing was conducted in the relevant time frame, along with records of the financial details. The documents have the date and value of the service provided. Since this provision of services represented investment on the part of the project proponents, it is evident that the investment is tied to a series of other subsequent actions related to the project start date, and it was agreed to adopt the date of the lending contract (Contrato de Comodato; 28/11/2018).</p> <p>Both are available here: <a href="#">link</a></p> |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    |             |     |                  |
| Technical Responsibility Note (“Anotação de Responsabilidade Técnica” – ART).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    |             |     |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |    |             |     | Date: 27/08/2021 |
| <p>As per the Technical Responsibility Note, an inventory was done during the period from 01 November 2018 to 31 January 2019. However, the definition of the project start date is not clear and further information should be provided in order to demonstrate the same.</p> <p>This CL is open.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |    |             |     |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |    |             |     | Date: 11/11/2021 |
| <p>The start date is now 10 November 2018, , which is the date of the first payment made to the Field Manager to start activities in accordance with the schedule of the Operational Exploration Plan of Presidente Prudente farm.</p> <p>Evidence was presented to the auditors and is available here</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    |             |     |                  |
| Folder ‘1 - Evidence of starting date of the project activity’, subfolder ‘Evidências Despesas Presidente Prudente’                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |    |             |     |                  |

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| DOE assessment                                                                                                                                                                                                                                                                                                                                              | Date: 19/11/2021 |
| <p>RINA confirmed that the start date of the project is 10 November 2018, which is the earliest date, when PP started the Operational Exploration Plan at Presidente Prudente farm. The same was checked with the sustainable forest management plan report and also confirmed through the payment made to the Field Manager.</p> <p>This CL is closed.</p> |                  |

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|------|------------------|
| CL ID                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 04 | Section no. | 1.11 | Date: 19/07/2021 |
| Description of CL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |    |             |      |                  |
| <p>1. The description of the baseline scenarios in section 1.11 is not according to the description provided in section 3.5 of the VCS PD. In addition, a map of land cover representing deforestation in Lábrea was not provided.</p> <p>2. Information regarding the activities that will be implemented in favour of biodiversity is not transparent in section 1.11. In addition, it is stated in sections 1.1, 2.1 and 5.3.4 of the VCS PD about fire brigades. However, this information is not transparent in section 1.11.</p> <p>3. Footnote 7: The link is out of date in the VCS PD.</p> |    |             |      |                  |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Project participant response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Date: 10/08/2021 |
| <p>1. We updated the baseline scenarios in Section 1.11 to be in line with section 3.5. Furthermore, a map of land cover representing deforestation in Lábrea is exemplified in the “Figure 1. Land-use in Lábrea municipality at the beginning (2009) and end (2018) of the historical reference period”.</p> <p>2. In section 1.11, a carbon stock and biodiversity inventory that will be conducted were included. Details of the planned fire brigade training were also included.</p> <p>3. The footnote has been updated with a new working link.</p> |                  |

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| Documentation provided by project participant |
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| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Date: 27/08/2021 |
| <p>1. The description of the baseline scenarios in section 1.11 is still not according to the description provided in section 3.5 of the VCS PD. In addition, the number of properties with SFMP plus cattle farming is not according to the information provided in table 2. This issue is open.</p> <p>A map of land cover representing deforestation in Lábrea was included in section 1.11 of the revised VCS PD. However, the source of the information is not transparent in the VCS PD. This issue is open.</p> <p>2. Information regarding the activities that will be implemented in favour of biodiversity and about fire brigade are transparent in section 1.11 of the revised VCS PD. This issue is closed.</p> <p>3. Footnote 7: The link was updated in the revised VCS PD. This issue is closed.</p> |                  |

|                              |                  |
|------------------------------|------------------|
| Project participant response | Date: 10/09/2021 |
|------------------------------|------------------|

1. The description of the scenarios in section 1.11 was updated and is now in accordance with section 3.5. The number of properties with SFMP was updated in the PD and table 2.

The reference for Figure 2 was added as a footnote (number 10).

Documentation provided by project participant

DOE assessment

Date: 11/09/2021

1. The description of the baseline scenarios in section 1.11 is now according to the description provided in section 3.5 of the VCS PD. In addition, the number of properties with SFMP plus cattle farming is not according to the information provided in table 3 (table changed from 2 to 3).

The source of the information of the map of land cover representing deforestation in Lábrea was included in the VCS PD and confirmed by RINA.

This CL is closed.

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|------|------------------|
| CL ID                                                                                                                                                                                                                                                                                                                                                                     | 05 | Section no. | 1.12 | Date: 19/07/2021 |
| Description of CL                                                                                                                                                                                                                                                                                                                                                         |    |             |      |                  |
| Regarding to project location the following is not transparent:                                                                                                                                                                                                                                                                                                           |    |             |      |                  |
| <ul style="list-style-type: none"> <li>• The area of each property;</li> <li>• Reference used in the map of the project area and project zones;</li> <li>• The properties included in each project zone.</li> </ul>                                                                                                                                                       |    |             |      |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                              |    |             |      | Date: 10/08/2021 |
| <ul style="list-style-type: none"> <li>• The area of each property was provided in Section 1.12 Project Location.</li> <li>• A data source used for the map of the project area and project zones was included.</li> <li>• The properties included in each project zone can be seen in “Figure 5. Location of each of the properties within the project area”.</li> </ul> |    |             |      |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                             |    |             |      |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                            |    |             |      |                  |
|                                                                                                                                                                                                                                                                                                                                                                           |    |             |      | Date: 27/08/2021 |
| The area of each property, reference used in the map of the project area and project zones; and the properties included in each project zone are transparent.                                                                                                                                                                                                             |    |             |      |                  |
| This CL is closed.                                                                                                                                                                                                                                                                                                                                                        |    |             |      |                  |

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|-------------------|----|-------------|------|------------------|
| CL ID             | 06 | Section no. | 1.13 | Date: 19/07/2021 |
| Description of CL |    |             |      |                  |

|                                                                                                                                                                                                                                                                                                                                                                                   |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <p>1. Information regarding to “Conditions prior to project initiation” is not transparent on the climate, hydrology, topography, relevant historic conditions, soils, vegetation and ecosystems. In addition, it is stated that the project area forest cover is characterized as Open ombrophylous forest. However, in section 3.3 it is mentioned two types of vegetation.</p> |                  |
| <p>2. Footnote 12: The link is out of date in the VCS PD.</p>                                                                                                                                                                                                                                                                                                                     |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                      | Date: 10/08/2021 |
| <p>1. The information about the climate, slope, elevation, forest classes and land tenure was included in the section 1.13 “Conditions prior to project initiation”. The forest cover information has been corrected in the section 1.13 to mention both types of forests (Open ombrophylous and Submontane dense ombrophylous forest).</p>                                       |                  |
| <p>2. The footnote has been updated with a new working link.</p>                                                                                                                                                                                                                                                                                                                  |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                     |                  |
|                                                                                                                                                                                                                                                                                                                                                                                   |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                    | Date: 27/08/2021 |
| <p>1. Information regarding to “Conditions prior to project initiation” is not transparent on the climate, hydrology, topography, relevant historic conditions, soils, vegetation and ecosystems. Further information should be provided in order to demonstrate the conditions prior to project initiation. This issue is open.</p>                                              |                  |
| <p>It is stated in the revised VCS PD that the project area forest cover is characterized as Open ombrophylous forest and dense ombrophylous forest according to section 3.3. This issue is closed.</p>                                                                                                                                                                           |                  |
| <p>2. Footnote 12: The link is out of date in the VCS PD. This issue is open.</p>                                                                                                                                                                                                                                                                                                 |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                      | Date: 10/09/2021 |
| <p>1. The section 1.13 Conditions Prior to Project Initiation has been updated with more information and maps.</p>                                                                                                                                                                                                                                                                |                  |
| <p>2. Footnote 12: The link has been updated in the VCS PD, the new number of the footnote is 17.</p>                                                                                                                                                                                                                                                                             |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                     |                  |
|                                                                                                                                                                                                                                                                                                                                                                                   |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                    | Date: 11/09/2021 |
| <p>Information regarding to “Conditions prior to project initiation” are described in the revised VCS PD. In addition, the link in the footnote is ok.</p>                                                                                                                                                                                                                        |                  |
| <p>This CL is closed.</p>                                                                                                                                                                                                                                                                                                                                                         |                  |

|                   |    |             |      |                  |
|-------------------|----|-------------|------|------------------|
| CL ID             | 07 | Section no. | 1.17 | Date: 19/07/2021 |
| Description of CL |    |             |      |                  |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 1. “Sustainable development” is not transparent on which are the objectives and targets from the Brazilian Government related to the Sustainable Development Goals. Furthermore, this section is not transparent on the components of the Brazilian commitments under the Convention that are reinforced by the development of the project.                                                                                                                                                              |                  |
| 2. Footnote 14: The link is out of date in the VCS PD.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Date: 10/08/2021 |
| 1. The project objectives and the activities and their alignment with the relevant SDG goals were clarified, and described in more detail in the subsection on Sustainable development.                                                                                                                                                                                                                                                                                                                  |                  |
| 2. Footnote has been updated with a new working link.                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                  |
| Date: 27/08/2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                  |
| 1. “Sustainable development” is transparent on which are the objectives and targets from the Brazilian Government related to the Sustainable Development Goals. Furthermore, this section is transparent on the components of the Brazilian commitments under the Convention that are reinforced by the development of the project. Further details were included in section 1.17 of the revised VCS PD in order to explain how the project will contribute to each sustainable development goal listed. |                  |
| 2. Footnote 14: The link was updated in the revised VCS PD.                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
| This CL is closed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                  |

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| CL ID                                                                                                                                                                     | 08 | Section no. | 2.2 | Date: 19/07/2021 |
| Description of CL                                                                                                                                                         |    |             |     |                  |
| 1. Include a map with location of indigenous villages in the project region.                                                                                              |    |             |     |                  |
| 2. It is stated in the VCS PD that a survey was carried out to map Conservation Units and rural settlements located nearby the project area. Evidence should be provided. |    |             |     |                  |
| 3. Footnote 18: The link is out of date in the VCS PD.                                                                                                                    |    |             |     |                  |
| Project participant response                                                                                                                                              |    |             |     | Date: 10/08/2021 |
| 1. “Figure 13” in section 2.2 now has the Locations of indigenous villages within the Indigenous Territories                                                              |    |             |     |                  |
| 2. In section 2.2, more specifically in the subsection on “Other Stakeholders”, the process of identifying conservation units and settlements was detailed.               |    |             |     |                  |
| 3. The footnote has been updated with a new working link.                                                                                                                 |    |             |     |                  |
| Documentation provided by project participant                                                                                                                             |    |             |     |                  |

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| DOE assessment                                                                                                                                                                                                                                                                                                                                                          | Date: 27/08/2021 |
| <p>Section 2.2 of the VCS PD was not correctly revised. Paragraphs 3.16.11 – 3.16.18 of VCS Standard refers to AFOLU-Specific Safeguards.</p> <p>This CL is open.</p>                                                                                                                                                                                                   |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                            | Date: 10/09/2021 |
| <p>The section 2.2 was revised and the references to the AFOLU-Specific Safeguards were excluded.</p>                                                                                                                                                                                                                                                                   |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                           |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                          | Date: 11/09/2021 |
| <p>1. A map with location of indigenous villages in the project region was included.</p> <p>2. It is stated in the VCS PD that a survey was carried out to map Conservation Units and rural settlements located nearby the project area. Evidence should be provided.</p> <p>3. Footnote 18: The new link is ok and changed to number 42.</p> <p>This CL is closed.</p> |                  |

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| CL ID                                                                                                                                                                                                                                                                                                                                                                                  | 09 | Section no. | 2.3 | Date: 19/07/2021 |
| Description of CL                                                                                                                                                                                                                                                                                                                                                                      |    |             |     |                  |
| PP is requested to provide the references from 32 to 37 of this report.                                                                                                                                                                                                                                                                                                                |    |             |     |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                           |    |             |     | Date: 10/08/2021 |
| <p>Reference from 32 to 36 was provided in the following link.</p> <p>Reference 37 'Reis et al. 2015' is a book and it is not available in digital format. Thus, the reference was replaced by a new one (SBP, 2013).</p>                                                                                                                                                              |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                          |    |             |     |                  |
| following link.                                                                                                                                                                                                                                                                                                                                                                        |    |             |     |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                         |    |             |     | Date: 27/08/2021 |
| <p>Reference 33 – the date mentioned in the VCS PD is not according to the evidence provided.</p> <p>The references are not clearly identified in the link.</p> <p>This CL is open.</p>                                                                                                                                                                                                |    |             |     |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                           |    |             |     | Date: 10/09/2021 |
| <p>Reference 33 – the date in the version 1.2 of the VCS PD is correct and in accordance with the evidence provided. The date was incorrect in the version 1.1 of the VCS PD.</p> <p>References 33 to 35 were identified in the link. Reference 36 was updated and is now footnote 48, since the previous reference is not open to public access. Reference 37 is the footnote 49.</p> |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                          |    |             |     |                  |

|                                                                                                                                                                              |                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Bibliography Folder                                                                                                                                                          |                  |
| DOE assessment                                                                                                                                                               | Date: 11/09/2021 |
| <p>The reference from 32 to 37 of this report were provided. It is important to observe that the number of the references changed to 44 to 49.</p> <p>This CL is closed.</p> |                  |

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| CL ID                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 10 | Section no. | 3.3 | Date: 19/07/2021 |
| Description of CL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |    |             |     |                  |
| <p>1. Elevation – The analysis in the VCS PD shows in figures from 15 - 17 that the elevation range within the project area is between 94 m and 216 m and in the reference region between 88 m and 40 m. Provide evidence to justify the same.</p> <p>2. Slope - PP is requested to provide the values in table 6 using decimals.</p> <p>3. Leakage belt - PP is requested to provide recent references for the values applied in the opportunity cost analysis.</p> <p>4. Footnote 23: The link is out of date in the VCS PD.</p> <p>5. Leakage Management Areas - It is not clearly described in the VCS PD if with the addition of new instances, new leakage management area may be added.</p> <p>6. Sources of GHG Emissions - A justification / explanation was not provided for all gases.</p> |    |             |     |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |    |             |     | Date: 10/08/2021 |
| <p>1. In the section 3.3, subsection “Elevation Analysis”, the justification was detailed.</p> <p>2. Table 11 (previously Table 6) was corrected.</p> <p>3. The Leakage Belt calculation was reformulated and the spreadsheet made available to the audit team. The VCS-PD text was also updated in parallel.</p> <p>4. The footnote has been updated with a new working link.</p> <p>5. The aspect of Leakage Management Areas in case of insertion of new instances is now covered in item "1.4 Project Design" (last paragraph).</p> <p>6. The justification of inclusion or exclusion of all gases has been inserted in item “Spatial Boundaries – LEAKAGE BELT” of the VCS-PD.</p>                                                                                                               |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    |             |     |                  |
| spreadsheet                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    |             |     |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |    |             |     | Date: 27/08/2021 |
| <p>1. Elevation – Evidence was not provided to justify the same.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |    |             |     |                  |

2. Slope - PP is requested to provide the values in table 6 using decimals. The percentage for hilly is not zero.

3. Leakage belt - PP is requested to provide recent references for the values applied in the opportunity cost analysis. The spreadsheet is not according to the description in the VCS PD.

4. Footnote 23: The link is out of date in the VCS PD.

5. Leakage Management Areas - It is not clearly described in the VCS PD if with the addition of new instances, new leakage management area may be added. Information is not transparent in section 3.3.

6. Sources of GHG Emissions - Table template should not be changed. Missing identification of the table. The sources and justification / explanation are not according to the methodology.

(Open during the 2nd round) 7. As per figure 22 provided in the VCS PD, the forest type for property Presidente Prudente is open tropical forest. However, according to the evidence provided in CL 03 (forestry inventory declaration), it is stated that the forest type is dense tropical forest. Further clarification should be provided regarding the forest type in the project area.

This CL is open.

#### Project participant response

Date: 10/09/2021

1. The evidence (GIS data) is available on folder "CL 10 - Elevation evidence - GIS data" – Link

2. Table 15 "Distribution of slope classes in the Reference Region and Project Area" was corrected with three decimal places

3. A spreadsheet has been provided to auditors, whose references are more recent. In addition, the text in the VCS-PD has been updated with the new leakage calculation values (CL 10 - Leakage Belt)

4. The link for Footnote 23 was updated.

5. A description about the addition of new instances, regarding new leakage management area was added in section 3.3.

6. The template of the table was updated and is in now accordance with the template. An identification was added. The justification / explanation were updated and are now according to the methodology.

7. Figure 29 considers the official IBGE vegetation classification data, available on the MMA website. Inventory data carried out by Rio Grande Produção Florestal LTDA were not considered as there is no inventory data for all properties, so for purposes of harmonizing the database, the vegetation map of IBGE was considered, as it is an official data.

#### Documentation provided by project participant

1. Topodata available on CL 10 Elevation evidence - GIS data

2. The spreadsheet with the references for the leakage belt (CL 10 - Leakage Belt)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Date: 11/09/2021 |
| <p>1. Elevation – Evidence was provided to justify the same.</p> <p>2. Slope - The values in table 6 were provided using decimals.</p> <p>3. Leakage belt - The references for the values applied in the opportunity cost analysis were provided. The spreadsheet is according to the description in the VCS PD.</p> <p>4. Footnote 23: The new link is ok. The number now is 52.</p> <p>5. Leakage Management Areas - It is now clearly described in the VCS PD if with the addition of new instances, new leakage management area may be added.</p> <p>6. Sources of GHG Emissions - Table template was revised and the sources and justification / explanation are according to the methodology.</p> <p>(Open during the 2nd round) 7. PP explained that official data from IBGE was considered for all properties and according to this reference the information is correct.</p> <p>This CL is closed.</p> |                  |

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| CL ID                                                                                                                                                                                                                                                 | 11 | Section no. | 3.4 | Date: 19/07/2021 |
| Description of CL                                                                                                                                                                                                                                     |    |             |     |                  |
| Evidence should be provided in order to demonstrate the historic invasions in the region.                                                                                                                                                             |    |             |     |                  |
| Project participant response                                                                                                                                                                                                                          |    |             |     | Date: 10/08/2021 |
| Evidence is provided in the folder: Invasions                                                                                                                                                                                                         |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                                                         |    |             |     |                  |
| 1. Police Report Invasions                                                                                                                                                                                                                            |    |             |     |                  |
| DOE assessment                                                                                                                                                                                                                                        |    |             |     | Date: 27/08/2021 |
| <p>Validation team checked the evidence provided, a police report, and confirmed the invasion in the region. However, PP is requested to provide further information to demonstrate the historic invasions in the region.</p> <p>This CL is open.</p> |    |             |     |                  |
| Project participant response                                                                                                                                                                                                                          |    |             |     | Date: 10/09/2021 |
| In addition to the police reports made available, in section 1.1 were mentioned news about criminal organizations in the region of Lábrea that engage in land grabbing (footnotes 11 to 13).                                                          |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                                                         |    |             |     |                  |
| DOE assessment                                                                                                                                                                                                                                        |    |             |     | Date: 11/09/2021 |
| <p>Further information to demonstrate the historic invasions in the region was provided in the revised VCS PD.</p> <p>This CL is closed.</p>                                                                                                          |    |             |     |                  |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |    |             |     |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| CL ID                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 12 | Section no. | 3.5 | Date: 19/07/2021 |
| Description of CL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |    |             |     |                  |
| <p>Additionality:</p> <p>Sub-step 1a. Identify credible alternative land use scenarios to the proposed VCS AFOLU project activity</p> <ol style="list-style-type: none"> <li>1. For sustainable forest management plans, it is stated in the VCS PD that five farms have active operational licenses. However, as discussed during the remote audit, six farms have the active operational licenses.</li> <li>2. As discussed during the remote audit, scenario 3 would generate supplementary income to financially support long-term monitoring of the system and is a plausible scenario. However, the same is not transparent in the VCS PD.</li> </ol> <p>Sub-step 1b. Consistency of credible land use scenarios with enforced mandatory applicable laws and regulations</p> <ol style="list-style-type: none"> <li>1. It is not transparent in this sub-step the conclusion for scenario 3.</li> </ol> <p>Step 2. Investment analysis</p> <ol style="list-style-type: none"> <li>1. The description of the three broad profiles of operations within Unitor properties is not transparent in the VCS PD.</li> <li>2. For sustainable forest management plans, it is stated in the VCS PD that five properties have active operational licenses. However, as discussed during the remote audit, six properties have the active operational licenses.</li> <li>3. The investment analysis of the 3 properties that conduct both SFMPs and cattle farming is not transparent in the VCS PD.</li> </ol> <p>Sub-step 2b. Option I. Apply simple cost analysis</p> <ol style="list-style-type: none"> <li>1. Evidence should be provided in order to demonstrate the costs mentioned in the VCS PD.</li> </ol> <p>Sub-step 2c. Calculation and comparison of financial indicators</p> <ol style="list-style-type: none"> <li>1. As verified during the remote audit, scenarios 3 and 6 are more financially attractive than cattle ranching. However, the same is not transparent in the VCS PD.</li> <li>2. Evidence should be provided for all inputs considered in the financial analysis.</li> <li>3. Footnote 29: The link is out of date in the VCS PD.</li> </ol> <p>STEP 4. Common practice analysis</p> <ol style="list-style-type: none"> <li>1. It is stated in the VCS PD that the project area has the second biggest operation license in the Amazonas State. Provide evidence to justify the same.</li> </ol> |    |             |     |                  |

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 2. It is stated in the VCS PD that no activity similar to the proposed VCS AFOLU project activity were identified. However, there are other REDD projects located in the Amazonas State.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Date: 10/08/2021 |
| Sub-step 1a                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                  |
| <ol style="list-style-type: none"> <li>1. The number of properties with active license was clarified.</li> <li>2. Scenario 3 has been clarified.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                  |
| Sub-step 1b.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                  |
| <ol style="list-style-type: none"> <li>1. Scenario 3 has been clarified.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                  |
| Step 2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                  |
| <ol style="list-style-type: none"> <li>1. The description of the two broad profiles of operations that exist in the Unitor properties has been clarified. One of the scenarios is not relevant as it's not included within in the REDD+ project area, and this has been clarified in the PD.</li> <li>2. The number of properties with active licenses was clarified.</li> <li>3. The farms with SFMPs and cattle farming was clarified in the Investment Analysis section.</li> </ol>                                                                                                                                                                     |                  |
| Sub-step 2b                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                  |
| <ol style="list-style-type: none"> <li>1. Maintenance costs (i.e. labour costs) regarding the properties with no activity were clarified.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                  |
| Sub-step 2c                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                  |
| <ol style="list-style-type: none"> <li>1. Scenarios 3, 6 and 7 have been shown to be more financially attractive than the project areas with SFMPs in a scenario without VCU revenue. This is the key argument of this section of the PD.</li> <li>2. Evidence for all Inputs regarding financial analysis of SFMPs, cattle ranching, and also regarding properties with no activity, confirmation of the price of maintenance (R\$2000/month/worker) have been provided in the Additionality folder, and have been supplemented in the PD text with various scientific studies.</li> <li>3. Footnote has been updated with a new working link.</li> </ol> |                  |
| STEP 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                  |
| <ol style="list-style-type: none"> <li>1. This statement was removed from the PD.</li> <li>2. It was included that the only REDD project close to UNITOR is the Fortaleza Ituxi REDD Project.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
| Additionality                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Date: 27/08/2021 |
| Additionality:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                  |
| Sub-step 1a. Identify credible alternative land use scenarios to the proposed VCS AFOLU project activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |
| <ol style="list-style-type: none"> <li>1. For sustainable forest management plans, PP correctly updated the VCS PD and it is stated that six properties have active operational licenses and one property is in the process of obtaining the operating license. This issue is closed.</li> </ol>                                                                                                                                                                                                                                                                                                                                                           |                  |

2. As discussed during the remote audit, scenario 3 would generate supplementary income to financially support long-term monitoring of the system and is a plausible scenario. PP revised the VCS PD and information is transparent. This issue is closed.

Sub-step 1b. Consistency of credible land use scenarios with enforced mandatory applicable laws and regulations

1. It is transparent in this sub-step the conclusion for scenario 3. This issue is closed.

Step 2. Investment analysis

1. PP revised the VCS PD and the description of the two broad profiles of operations within Unitor properties is clear. This issue is closed.

2. For sustainable forest management plans, PP correctly updated the VCS PD and it is stated that six properties have active operational licenses and one property is in the process of obtaining the operating license. This issue is closed.

3. It is stated in the revised VCS PD that there is only one property that conduct both SFMPs and cattle farming. However, this information is not according to table 2 (section 1.11 of the VCS PD) and the investment analysis provided. In addition, further information should be provided to demonstrate that cattle farming activities are outside the project activity area. This issue is open.

Sub-step 2b. Option I. Apply simple cost analysis

1. Evidence should be provided in order to demonstrate the costs mentioned in the VCS PD. This issue is open.

Sub-step 2c. Calculation and comparison of financial indicators

1. The assessment was revised and a scenario for cattle ranching was included. This issue is closed.

2. Evidence should be provided for all inputs considered in the financial analysis. This issue is open.

3. Footnote 29: The link is out of date in the VCS PD.

STEP 4. Common practice analysis

1. The statement was removed from the revised VCS PD. This issue is closed.

2. The VCS PD was correctly revised and it is mentioned that there is another REDD project similar to the proposed VCS AFOLU project activity in the region. This issue is closed.

Project participant response

Date: 07/12/2021

Step 2. Investment analysis

3. "The investment analysis of the 3 properties that conduct both SFMPs and cattle farming is not transparent in the VCS PD":

The number of farms that carry out both SFMPs and cattle farming was updated to 2 farms (Três Barras and Bahia), in accordance with section 1.11 Table 3. The São José farm only carries out cattle farming.

Furthermore it was justified in the additionality section that the cattle farming areas are 100% outside the REDD area as the latter are 100% forested in accordance with the VM00015 methodology. Evidence of this is available to auditors at audit.

#### Sub-step 2c. Calculation and comparison of financial indicators

The costs and revenues relating to project Sustainable Forest Management Plans (SFMP), used for IRR calculation, are presented in table 21 of section 3.5 Additionality. Evidence of these costs, obtained through recent quotes from third-party SFMP companies were supplied at audit, please see link provided under “documentation”, below.

And the costs in the quotes are aligned with the costs presented in the spreadsheet: “!!FINANCEIRO SENSITIVITY\_Unitor\_SFMP\_v14”. The logic was applied of lower reported prices than the reference value being considered as conservative, and therefore acceptable.

#### “Sub-step 2b. Option I. Apply simple cost analysis

1. Evidence should be provided in order to demonstrate the costs mentioned in the VCS PD.”

The analysis now only applies Option II - Apply investment comparison analysis. All the costs from the properties with no activity were added to the implementation costs, and so simple cost analysis was no longer necessary and was removed.

#### Documentation provided by project participant

#### Step 2. Investment analysis

Pasture lands within Project farms (outside the project area): CL12 - Pasture lands within Project properties

#### Sub-step 2c. Calculation and comparison of financial indicators

“Evidence should be provided in order to demonstrate the costs mentioned in the VCS PD. Sub-step 2c. Calculation and comparison of financial indicators: Additionality Folder

#### DOE assessment

Date: 07/12/2021

The additionality section was correctly revised in the VCS PD. In addition, the spreadsheets used to demonstrate the investment analysis of the project activity and alternative scenarios were provided and information was checked.

This CL is closed.

|                   |    |             |     |                  |
|-------------------|----|-------------|-----|------------------|
| CL ID             | 13 | Section no. | 4.1 | Date: 19/07/2021 |
| Description of CL |    |             |     |                  |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <p>1. Forest fire calculations should be considered when sufficient data on these forest fires are available from the historical reference period and the project proponent considers these emissions to be an important component of the baseline. Where such data are unavailable, or of insufficient accuracy, emissions from biomass burning should not be considered (which is conservative). PP is requested to present these data that justify the addition of calculation.</p> <p>2. The above and belowground average biomass per hectare from the actual field measurements from the neighbouring Fortaleza Ituxi REDD Project are not transparent in the submitted evidence.</p> |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Date: 10/08/2021 |
| <p>1. Forest fire data are available and considered to be sufficient for analysis, evidence for which was provided in the CL 13 folder</p> <p>2. The field data from the Fortaleza Ituxi biomass inventory have been provided in the following folder: Biomassa</p>                                                                                                                                                                                                                                                                                                                                                                                                                         |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                  |
| <p>CL 13 folder</p> <p>Biomassa</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Date: 27/08/2021 |
| <p>1. Forest fire data are available and considered to be sufficient for analysis. This issue is closed.</p> <p>2. The above and belowground average biomass per hectare from the actual field measurements from the neighbouring Fortaleza Ituxi REDD Project are not transparent in the submitted evidence. This issue is open.</p>                                                                                                                                                                                                                                                                                                                                                       |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Date: 10/09/2021 |
| <p>2. The original data spreadsheet from the forest inventory has been sent to the audit team. The value figuring in this spreadsheet has been cited in the tables of parameters (5.2) in a way to allow establish the relationship between the actual calculation values and the original inventory data.</p>                                                                                                                                                                                                                                                                                                                                                                              |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                  |
| <p>Ituxi's forest inventory field record is provided in the spreadsheet 'Ficha de campo IF_PROCESSAMENTO DADOS_CORRIGIDA' in the following CL 13 - Biomassa - Inventory</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Date: 11/09/2021 |
| <p>2. The above and belowground average biomass per hectare from the actual field measurements from the neighbouring Fortaleza Ituxi REDD Project are now transparent in the submitted evidence.</p> <p>This CL is closed.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |

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| CL ID                                                                                                                                           | 14 | Section no. | 5.3 | Date: 19/07/2021 |
| Description of CL                                                                                                                               |    |             |     |                  |
| <p>PP is requested to clarify the number of the tables included in section 5.3.1 ("Monitoring of project implementation" b)) of the VCS PD.</p> |    |             |     |                  |

|                                                                                                                             |                  |
|-----------------------------------------------------------------------------------------------------------------------------|------------------|
| Project participant response                                                                                                | Date: 10/08/2021 |
| The numbering and cross-references to tables have been corrected.                                                           |                  |
| Documentation provided by project participant                                                                               |                  |
|                                                                                                                             |                  |
| DOE assessment                                                                                                              | Date: 27/08/2021 |
| The number of the tables were correctly revised in section 5.3.1 ("Monitoring of project implementation" b)) of the VCS PD. |                  |
| This CL is closed.                                                                                                          |                  |

Table 2. CAR from this validation

|                                                                                                                                                                                                                    |    |             |     |                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| CAR ID                                                                                                                                                                                                             | 01 | Section no. | 1.1 | Date: 19/07/2021 |
| Description of CAR                                                                                                                                                                                                 |    |             |     |                  |
| Summary description of the project:                                                                                                                                                                                |    |             |     |                  |
| 1. Section 1.1 of the MR should not be more than one page. Moreover, the section is not transparent on the objective of the project.                                                                               |    |             |     |                  |
| 2. Footnote 2: The link is out of date in the VCS PD.                                                                                                                                                              |    |             |     |                  |
| 3. It is stated in section 1.1 that five properties have operational sustainable forest management activities. However, as discussed during the remote audit, six properties have the active operational licenses. |    |             |     |                  |
| Project participant response                                                                                                                                                                                       |    |             |     | Date: 10/08/2021 |
| 1. The section has been adjusted to one page and the goals are more detailed.                                                                                                                                      |    |             |     |                  |
| 2. With the revision of section 1.1, footnote 2 is no longer cited in this section. The new footnote has a working link.                                                                                           |    |             |     |                  |
| 3. The number of properties that have operational sustainable forest management activities has been updated to 6.                                                                                                  |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                      |    |             |     |                  |
|                                                                                                                                                                                                                    |    |             |     |                  |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------|
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  | Date: 27/08/2021 |
| Summary description of the project:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |                  |
| 1. Section 1.1 of the MR is following the template. However, the section is not transparent on the objective of the project. This issue is open.                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |                  |
| 2. Footnote 2: The link is out of date in the VCS PD. Information was removed from this section of VCS PD. This issue is closed.                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |                  |
| 3. It is stated in section 1.1 that five properties have operational sustainable forest management activities. However, as discussed during the remote audit, six properties have the active operational licenses. Information was removed from this section of VCS PD. This issue is closed.                                                                                                                                                                                                                                                                                                  |  |                  |
| 4. The number of surveillance posts changed in the revised VCS PD from 15 to 5. Evidence should be provided to justify the same. This issue is open.                                                                                                                                                                                                                                                                                                                                                                                                                                           |  |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  | Date: 10/09/2021 |
| 1. The project objectives were more clearly described in the sentences “The primary objective of the Evergreen REDD+ Project is to reduce the emission of 27,882,906 tCO <sub>2</sub> e...” and “Thus, the project also aims to improves the social and environmental conditions in the project region, specifically contributing to improving deforestation control and developing social activities.”                                                                                                                                                                                        |  |                  |
| 2. In the section 1.1 was explained the change: “there are 5 deforestation surveillance posts placed around the properties and there is an expectation to install 10 more stations after the sale of carbon credits (one in each of the proprieties)”. In the previous version of the PD, the information was “Additionally, 15 surveillance posts will also be placed around the farm”, but after the verification process the proponent informed us about the monitoring bases that have already been built, which can be checked in the file “Surveillance Post” inside the Audit Dataroom. |  |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                  |
| Surveillance Post                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  | Date: 11/09/2021 |
| Summary description of the project:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |                  |
| 1. Section 1.1 of the MR is now transparent on the objective of the project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |                  |
| 4. PP explained that the total number of surveillance posts not changed. Evidence was provided to justify the same.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |                  |
| This CAR is closed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |                  |

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| CAR ID                                                                                                                                                          | 02 | Section no. | 1.3 | Date: 19/07/2021 |
| Description of CL                                                                                                                                               |    |             |     |                  |
| The project eligibility was discussed applying a document that is no more valid. Moreover, section 1.3 of VCS PD does not follow correctly the VCS PD template. |    |             |     |                  |

|                                                                                                                                 |                  |
|---------------------------------------------------------------------------------------------------------------------------------|------------------|
| Project participant response                                                                                                    | Date: 10/08/2021 |
| Section 1.3 was adapted according to VCS Methodology Requirements v4.0, and adapted to follow the VCS PD template.              |                  |
| Documentation provided by project participant                                                                                   |                  |
|                                                                                                                                 |                  |
| DOE assessment                                                                                                                  | Date: 27/08/2021 |
| RINA verified that the project eligibility was correctly discussed applying the latest version of VCS Methodology Requirements. |                  |
| This CAR is closed.                                                                                                             |                  |

|                                                                                          |    |             |      |                  |
|------------------------------------------------------------------------------------------|----|-------------|------|------------------|
| CAR ID                                                                                   | 03 | Section no. | 1.10 | Date: 19/07/2021 |
| Description of CAR                                                                       |    |             |      |                  |
| Project scale is not according to the requirements of section 3.9.1 of the VCS Standard. |    |             |      |                  |
| Project participant response                                                             |    |             |      | Date: 10/08/2021 |
| The information has been corrected in the table in section 1.10                          |    |             |      |                  |
| Documentation provided by project participant                                            |    |             |      |                  |
|                                                                                          |    |             |      |                  |
| DOE assessment                                                                           |    |             |      | Date: 27/08/2021 |
| The project scale was correctly defined in section 1.10 of the revised VCS PD&MR.        |    |             |      |                  |
| This CAR is closed.                                                                      |    |             |      |                  |

|                                                                                                                                                                 |    |             |     |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| CAR ID                                                                                                                                                          | 04 | Section no. | 2.4 | Date: 19/07/2021 |
| Description of CAR                                                                                                                                              |    |             |     |                  |
| Section 2.4 of the VCS PD is not transparent on the public comments according to paragraphs 3.16.5 - 3.16.8 of the VCS Standard.                                |    |             |     |                  |
| Project participant response                                                                                                                                    |    |             |     | Date: 10/08/2021 |
| Section 2.4 was adjusted according to paragraphs 3.16.5 - 3.16.8 of the VCS Standard.                                                                           |    |             |     |                  |
| Documentation provided by project participant                                                                                                                   |    |             |     |                  |
|                                                                                                                                                                 |    |             |     |                  |
| DOE assessment                                                                                                                                                  |    |             |     | Date: 27/08/2021 |
| Information regarding to public comments was correctly revised in section 2.4 of the VCS PD and is according to paragraphs 3.16.5 - 3.16.8 of the VCS Standard. |    |             |     |                  |
| This CAR is closed.                                                                                                                                             |    |             |     |                  |

|                    |    |             |     |                  |
|--------------------|----|-------------|-----|------------------|
| CAR ID             | 05 | Section no. | 2.5 | Date: 19/07/2021 |
| Description of CAR |    |             |     |                  |

|                                                                                                                                                                                                                                                   |                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| The AFOLU-Specific Safeguards are not transparent on the discussion of paragraphs 3.16.11 – 3.16.18 of VCS Standard.                                                                                                                              |                  |
| Project participant response                                                                                                                                                                                                                      | Date: 10/08/2021 |
| The section of AFOLU-Specific Safeguards has been entirely updated to comply with 3.16.11 – 3.16.18 of VCS Standard. Texts have been referenced to make easier to identify their relation to each one of items 3.16.11 – 3.16.18 of VCS Standard. |                  |
| Documentation provided by project participant                                                                                                                                                                                                     |                  |
|                                                                                                                                                                                                                                                   |                  |
| DOE assessment                                                                                                                                                                                                                                    | Date: 27/08/2021 |
| Section 2.5 of the VCS PD was not updated. The discussion of paragraphs 3.16.11 – 3.16.18 of VCS Standard is not transparent.                                                                                                                     |                  |
| This CAR is open.                                                                                                                                                                                                                                 |                  |
| Project participant response                                                                                                                                                                                                                      | Date: 11/11/2021 |
| Section 2.5 was updated and now is included a discussion of paragraphs 3.16.11 – 3.16.18 of VCS Standard.                                                                                                                                         |                  |
| Documentation provided by project participant                                                                                                                                                                                                     |                  |
|                                                                                                                                                                                                                                                   |                  |
| DOE assessment                                                                                                                                                                                                                                    | Date: 19/11/YYYY |
| Information regarding to AFOLU-Specific Safeguards was correctly revised in section 2.5 of the VCS PD and is according to paragraphs 3.16.11 – 3.16.18 of the VCS Standard.                                                                       |                  |
| This CAR is closed.                                                                                                                                                                                                                               |                  |

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| CAR ID                                                                                                                                                                                                                                       | 06 | Section no. | 3.1 | Date: 19/07/2021 |
| Description of CAR                                                                                                                                                                                                                           |    |             |     |                  |
| According to the EB68 report, the Board agreed to withdraw the methodological “Tool for testing significance of GHG emissions in A/R CDM project activities” as this is no longer required in light of recent improvements to A/R standards. |    |             |     |                  |
| Project participant response                                                                                                                                                                                                                 |    |             |     | Date: 10/08/2021 |
| The reference to this methodology was removed.                                                                                                                                                                                               |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                                                |    |             |     |                  |
|                                                                                                                                                                                                                                              |    |             |     |                  |
| DOE assessment                                                                                                                                                                                                                               |    |             |     | Date: 27/08/2021 |
| RINA verified that the methodological “Tool for testing significance of GHG emissions in A/R CDM project activities” is no more applied in the revised VCS PD.                                                                               |    |             |     |                  |
| This CAR is closed.                                                                                                                                                                                                                          |    |             |     |                  |

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| CAR ID | 07 | Section no. | 3.2 | Date: 19/07/2021 |
|--------|----|-------------|-----|------------------|

| Description of CAR                                                                                                                                                                              |                  |
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| Though section 3.2 of the PD justifies each applicability condition of the methodology, the applicability conditions of the associated tools are not transparent.                               |                  |
| Project participant response                                                                                                                                                                    | Date: 10/08/2021 |
| Section 3.2 has been updated to consider the applicability of the Additionality Tool and Non-Permanence Analysis (last two paragraphs). Thus, all tools mentioned in 3.1 are considered in 3.2. |                  |
| Documentation provided by project participant                                                                                                                                                   |                  |
|                                                                                                                                                                                                 |                  |
| DOE assessment                                                                                                                                                                                  | Date: 27/08/2021 |
| RINA verified that the applicability conditions of the associated tools were assessed in the revised VCS PD.                                                                                    |                  |
| This CAR is closed.                                                                                                                                                                             |                  |

| CAR ID                                                                                                                                                                                                        | 08 | Section no. | 3.3 | Date: 19/07/2021 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------|-----|------------------|
| Description of CAR                                                                                                                                                                                            |    |             |     |                  |
| The document applied to indicate the recommendations of carbon pools to be included is no more valid.                                                                                                         |    |             |     |                  |
| Project participant response                                                                                                                                                                                  |    |             |     | Date: 10/08/2021 |
| The document used to indicate the recommendations of carbon pools to be included in the section 3.3 was corrected to a valid one.                                                                             |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                 |    |             |     |                  |
|                                                                                                                                                                                                               |    |             |     |                  |
| DOE assessment                                                                                                                                                                                                |    |             |     | Date: 27/08/2021 |
| RINA verified that a valid document was applied to indicate the recommendations of carbon pools to be included. However, the assessment of the carbon pools that are included or excluded is not transparent. |    |             |     |                  |
| This CAR is open.                                                                                                                                                                                             |    |             |     |                  |
| Project participant response                                                                                                                                                                                  |    |             |     | Date: 10/09/2021 |
| An assessment of the carbon pools was included in Table 18.                                                                                                                                                   |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                 |    |             |     |                  |
|                                                                                                                                                                                                               |    |             |     |                  |
| DOE assessment                                                                                                                                                                                                |    |             |     | Date: DD/MM/YYYY |
| RINA verified that a valid document was applied to indicate the recommendations of carbon pools to be included and the assessment of carbon pools included or excluded is transparent.                        |    |             |     |                  |
| This CAR is closed.                                                                                                                                                                                           |    |             |     |                  |

| CAR ID               | 09 | Section no. | 4.1 | Date: 19/07/2021 |
|----------------------|----|-------------|-----|------------------|
| Description of CAR   |    |             |     |                  |
| Emission Reductions: |    |             |     |                  |

1. Table 10 - There are two types of forest identified in the area (Open Ombrophilous Forest ("As") and Dense Submontane Ombrophilous Forest ("Ds")), it is not justified in the VCS PD why only the Open Ombrophilous Forest ("As") is classified as a land-use class.
2. Table 11 - The land-use and land-cover values in the matrix are not correct according to the audit observations and evidence presented.
3. Cardoso & Souza Jr. is used as a reference in the text about the entire Amazon. However, the reference is a study on the state of Pará.
4. Footnotes 40 and 42: The link is out of date in the VCS PD.
5. The "List of variables, maps and factor maps" table does not have title and numbering.
6. Along with the table "List of variables, maps and factor maps" the methodology requires for a flow-chart diagram to be presented illustrating how the Risk Map is generated.
7. Tables 14, 15, 16, 17, 18, 19, 20 should not consider cumulative values prior to the projection period in the first year. What makes the difference between the total annual ABSL PA<sub>t</sub> and the accumulated one. PP is requested to correct the same in the PD and in the ER spread sheets provided to VVB.
8. Table 18: The values reported are not according to the evidence presented during the remote audit.
9. Table 19: The year 2019 is considered as year 0 and 2049 as year 30, unlike Project Crediting Period and the other tables used.
10. Table 20: The Years column presents different years from those of the Project Crediting Period.
11. Table 25: The methodology does not consider the year 0 at this step, the formulas used in year 0 and year 1 must be joined in year 1.

Project participant response

Date: 10/08/2021

Emission Reductions:

1. It is now justified in the VCS PD why only Open Ombrophilous Forest ("As") was classified as a land-use class, for the the motive of conservativeness.
2. Table 19 (previously table 11) considers only forest as pre-deforestation and pasture as post-deforestation classes, which is justified in the PD, and the values have been corrected.
3. The reference has been replaced by Vilella, Betiol, & Teixeira, 2011.
4. Footnotes have been updated with working links.
5. The "List of variables, maps and factor maps" now has a title and number.
6. Figure 36 represents the flowchart of the process.
7. Tables 14, 15, 16, 17, 18, 19, 20 should have been adjusted to display zero in the first year. This has been corrected in the PD and in the ER spreadsheets provided to VVB.

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| 8. Table 24 (previously Table 18) is now corrected.                                                                                                                                                                                                                                  |                  |
| 9. Year 0 of Table 26 (previously Table 19) was corrected.                                                                                                                                                                                                                           |                  |
| 10. The years in Table 27 (previously Table 20) were corrected.                                                                                                                                                                                                                      |                  |
| 11. Table 35 (previously Table 25): the formulas used in year 0 and year 1 were combined in the new value for year 1.                                                                                                                                                                |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                        |                  |
|                                                                                                                                                                                                                                                                                      |                  |
| DOE assessment                                                                                                                                                                                                                                                                       | Date: 27/08/2021 |
| Emission Reductions:                                                                                                                                                                                                                                                                 |                  |
| 1. It is now justified in the VCS PD why only Open Ombrophilous Forest ("As") was classified as a land-use class.                                                                                                                                                                    |                  |
| 2. Table 19 (previously table 11) considers only forest as pre-deforestation and pasture as post-deforestation classes, which is justified in the PD, and the values have been corrected.                                                                                            |                  |
| 3. The reference was replaced and the values were verified.                                                                                                                                                                                                                          |                  |
| 4. Footnotes have been updated with working links.                                                                                                                                                                                                                                   |                  |
| 5. The "List of variables, maps and factor maps" now has a title and number.                                                                                                                                                                                                         |                  |
| 6. The flowchart (Figure 36) illustrates how the Risk Map is generated.                                                                                                                                                                                                              |                  |
| 7. Tables 14, 15, 16, 17, 18, 19, 20 have been correctly revised in the PD and in the ER spreadsheets provided to VVB.                                                                                                                                                               |                  |
| 8. Table 24 (previously Table 18) is now corrected.                                                                                                                                                                                                                                  |                  |
| 9. The years in Table 26 (previously Table 19) have been correctly revised.                                                                                                                                                                                                          |                  |
| 10. The years in Table 27 (previously Table 20) have been correctly revised.                                                                                                                                                                                                         |                  |
| 11. Table 35 (previously Table 25): the formulas used in year 0 and year 1 were combined in the new value for year 1. The table must follow the same formulas as in table 20.c Carbon stock change factors for land-use change categories (ct or ctz) (Method 2) of the methodology. |                  |
| Project participant response                                                                                                                                                                                                                                                         | Date: 10/09/2021 |
| 11. The "Table 47. Carbon stock change factors for land-use change categories (ct or ctz) (Method 2) (Table 20.c of VM0015)" of the VCS-PD has been corrected to consider the same formulas as in table 20.c of VM0015. The year 2018 has been set as zero.                          |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                        |                  |
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| DOE assessment                                                                                                                                                                                   | Date: DD/MM/YYYY |
| <p>11. The "Table 47. Carbon stock change factors for land-use change categories (ct or ctz) (Method 2) (Table 20.c of VM0015)" of the VCS-PD has been corrected.</p> <p>This CAR is closed.</p> |                  |

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| CAR ID                                                                                                                                                                                                                                                                                                     | 10 | Section no. | 4.2 | Date: 19/07/2021 |
| Description of CAR                                                                                                                                                                                                                                                                                         |    |             |     |                  |
| <p>As informed in the PD, the Sustainable Forest Management Plan's logging activities will be carried out over 11 years, followed by 16 years of fallow. However, tables 34 and 38 show 15 years of fallow. PP is requested to correct the same in the PD and in the ER spread sheets provided to VVB.</p> |    |             |     |                  |
| Project participant response                                                                                                                                                                                                                                                                               |    |             |     | Date: 10/08/2021 |
| <p>The information was corrected in the text of the PD, to match tables 44 (formerly 34) and 48 (formerly 38).</p>                                                                                                                                                                                         |    |             |     |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                              |    |             |     |                  |
|                                                                                                                                                                                                                                                                                                            |    |             |     |                  |
| DOE assessment                                                                                                                                                                                                                                                                                             |    |             |     | Date: 27/08/2021 |
| <p>The information was revised in the text of the PD and in tables 44 and 48.</p> <p>This CAR is closed.</p>                                                                                                                                                                                               |    |             |     |                  |

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| CAR ID                                                                                                        | 11 | Section no. | 4.4 | Date: 19/07/2021 |
| Description of CAR                                                                                            |    |             |     |                  |
| <p>Section 4.4 is not according to the VCS PD template.</p>                                                   |    |             |     |                  |
| Project participant response                                                                                  |    |             |     | Date: 10/08/2021 |
| <p>Table 51 was updated in accordance with the VCS PD template.</p>                                           |    |             |     |                  |
| Documentation provided by project participant                                                                 |    |             |     |                  |
|                                                                                                               |    |             |     |                  |
| DOE assessment                                                                                                |    |             |     | Date: 27/08/2021 |
| <p>The VCS PD was revised and section 4.4 is according to the VCS PD template.</p> <p>This CAR is closed.</p> |    |             |     |                  |

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| CAR ID             | 12 | Section no. | 5.1 | Date: 19/07/2021 |
| Description of CAR |    |             |     |                  |

1. Cabicl – Average carbon stock per hectare in the aboveground biomass pool of initial forest class icl: “Value applied” is different from the value used in the calculations in table 21 and cited in section 1.11.
2. Cbbicl– Average carbon stock per hectare in the belowground biomass pool of initial forest class icl: “Value applied” is different from the value used in the calculations in table 21 and cited in section 1.11.
3. EI - It is stated in the VCS PD that surveillance activities are able to attain 90% of effectiveness in avoiding unplanned deforestation inside the PA. Provide evidence to justify the same is conservative.
4. DLF - The project design team estimates that 100% of potential deforestation agents in the Reference Region will be given the opportunity to participate in leakage prevention activities. Thus, the Displacement Leakage Factor (DLF) was conservatively defined as 0.05. Provide evidence to justify the same is conservative.

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| Project participant response | Date: 10/08/2021 |
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1. Cabicl – The applied value was updated, in accordance with the values in table 31 (previously table 21).
2. Cbbicl– The applied value was updated, in accordance with the values in table 31 (previously table 21).
3. In "Justification of choice of data or description of measurement methods and procedures applied" of parameter EI (section 5.1 of the VCS-PD), the 90% effectiveness of project activity is better discussed.
4. DLF - Projections of deforestation within the Leakage Belt have duly been made as part of the present project, according to values presented in Section 4.1, Table 23. The project proponent has conservatively allowed 5% leeway on this estimate, which is unlikely to be surpassed. If this allowance is surpassed, an assessment of how much is due to the project will be conducted during monitoring. Thus, the “Displacement Leakage Factor” (DLF) was conservatively defined as 0.05.

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| Documentation provided by project participant |
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| DOE assessment | Date: 27/08/2021 |
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1. Cabicl – Average carbon stock per hectare in the aboveground biomass pool of initial forest class icl: “Value applied” is consistent with the value used in the calculations in table 31 and cited in section 1.11. However, further information should be provided regarding to the forest biomass inventory. Refers to CL13. This issue is open.
2. Cbbicl– Average carbon stock per hectare in the belowground biomass pool of initial forest class icl: “Value applied” is consistent with the value used in the calculations in table 31 and cited in section 1.11. However, further information should be provided regarding to the forest biomass inventory. Refers to CL13. This issue is open.
3. EI – Further information was provided in the VCS PD to justify that surveillance activities are able to attain 90% of effectiveness in avoiding unplanned deforestation inside the PA. This issue is closed.
4. DLF - Further information was provided in the VCS PD to justify that 100% of potential deforestation agents in the Reference Region will be given the opportunity to participate in leakage prevention activities. Thus, the Displacement Leakage Factor (DLF) was conservatively defined as 0.05. This issue is closed.

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| Project participant response                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Date: 10/09/2021 |
| <ol style="list-style-type: none"> <li>1. Cabicl –further information regarding to the forest biomass inventory for above ground biomass was added in CL13 and in the link below.</li> <li>2. Cbbicl– –further information regarding to the forest biomass inventory for belowground biomass was added in CL13 and in the link below.</li> </ol>                                                                                                                                                |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |
| Ituxi's forest inventory field record is provided in the spreadsheet 'Ficha de campo IF_PROCESSAMENTO DADOS_CORRIGIDA' in the following CAR 12 - BIOMASS                                                                                                                                                                                                                                                                                                                                        |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Date: DD/MM/YYYY |
| <ol style="list-style-type: none"> <li>1. Cabicl – Average carbon stock per hectare in the aboveground biomasspool of initial forest class icl: Further information was provided regarding to the forest biomass inventory. Refers to CL13.</li> <li>2. Cbbicl– Average carbon stock per hectare in the belowground biomass pool of initial forest class icl: Further information was provided regarding to the forest biomass inventory. Refers to CL13.</li> </ol> <p>This CAR is closed.</p> |                  |

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| CAR ID                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 13 | Section no. | 5.2 | Date: 19/07/2021 |
| Description of CAR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |    |             |     |                  |
| <ol style="list-style-type: none"> <li>1. ACPAt – annual area within the project area affected by catastrophic events at year t: Information regarding the monitoring equipment is not transparent. Moreover, the link provided in the VCS PD is out of date.</li> <li>2. ABSLLKt – annual area of deforestation within the leakage belt at year t: Information regarding to value applied is not transparent. Moreover, PP is requested to clarify the information included in “Calculation method”.</li> <li>3. ABSLPAt – annual area of deforestation in the project area at year t: Information regarding to value applied is not transparent. Moreover, the information included in “Purpose of data” is not according to the methodology.</li> <li>4. <math>\Delta CADLKt</math> – total decrease in carbon stocks due to displaced deforestation at year t: Information regarding to value applied is not transparent.</li> <li>5. <math>\Delta CPAdPat</math> – total decrease in carbon stocks due to all planned activities at year t in the project area: The information included in “Calculation method” is not according to the methodology.</li> <li>6. <math>\Delta CUDdPat</math> – total actual carbon stock change due to unavoided unplanned deforestation at year t in the project area: Information regarding to value applied is not transparent.</li> <li>7. EBBPSPAt – sum of (or total) actual non-CO2 emissions from forest fire at year t in the project area: The frequency of monitoring/recording mentioned in the VCS PD is not according to the methodology.</li> </ol> |    |             |     |                  |

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| <p>8. EADLKt: The description of the parameter and the information included in “Purpose of data” are not according to the methodology.</p> <p>9. RFt – risk factor used to calculate VCS buffer credits: The information included in “Purpose of data” is not according to the methodology.</p> <p>10. ACabBSLLKt: The description of the parameter is not according to the methodology.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                  |
| Project participant response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Date: 10/08/2021 |
| <p>1. ACPAt - monitoring equipment was updated. Link provided was updated.</p> <p>2. ABSLLKt – Value applied was updated, referencing to a table. “Calculation method” was updated.</p> <p>3. ABSLPAt – Value applied was updated, referencing to a table. “Purpose of data” was updated.</p> <p>4. DCADLKt – Value applied was updated, referencing to a table.</p> <p>5. DCPAdPat – “Calculation method” was updated.</p> <p>6. DCUDdPat – Value applied was updated, referencing to a table.</p> <p>7. EBBPSPAt – Frequency of monitoring was updates to annually.</p> <p>8. EADLKt - “Purpose of data” updated to “Calculation of leakage”.</p> <p>9. RFt – “Purpose of data” updated to “Calculation of VCS buffer credits”.</p> <p>10. ACabBSLLKt: The description was updated to “Total baseline carbon stock changes for the above-ground biomass pool in the leakage belt”.</p>                                                                                                                                                                                                                                                                                                              |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Date: 27/08/2021 |
| <p>1. ACPAt – annual area within the project area affected by catastrophic events at year t: Information regarding the monitoring equipment was correctly revised. However, the link provided in the VCS PD is out of date. This issue is open.</p> <p>2. ABSLLKt – annual area of deforestation within the leakage belt at year t: Information regarding to value applied is transparent and the information included in “Calculation method” was revised. This issue is closed.</p> <p>3. ABSLPAt – annual area of deforestation in the project area at year t: Information regarding to value applied is transparent and the information included in “Purpose of data” is according to the methodology. This issue is closed.</p> <p>4. <math>\Delta</math>CADLKt – total decrease in carbon stocks due to displaced deforestation at year t: Information regarding to value applied is transparent in the revised VCS PD. This issue is closed.</p> <p>5. <math>\Delta</math>CPAdPat – total decrease in carbon stocks due to all planned activities at year t in the project area: The information included in “Calculation method” is not according to the methodology. This issue is open.</p> |                  |

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| 6. $\Delta CUDdPat$ – total actual carbon stock change due to unavoided unplanned deforestation at year t in the project area: Information regarding to value applied is transparent. This issue is closed.                                  |                  |
| 7. $EBBPSPat$ – sum of (or total) actual non-CO2 emissions from forest fire at year t in the project area: The frequency of monitoring/recording mentioned in the VCS PD is annually and according to the methodology. This issue is closed. |                  |
| 8. $EADLKt$ : The description of the parameter and the information included in “Purpose of data” are according to the methodology. This issue is closed.                                                                                     |                  |
| 9. $Rft$ – risk factor used to calculate VCS buffer credits: The information included in “Purpose of data” is according to the methodology. This issue is closed.                                                                            |                  |
| 10. $ACabBSLLKt$ : The description of the parameter is according to the methodology. This issue is closed.                                                                                                                                   |                  |
| Project participant response                                                                                                                                                                                                                 | Date: 10/09/2021 |
| 1. $ACPat$ –the link provided was updated and is working.                                                                                                                                                                                    |                  |
| 5. $DCPAdPat$ – The “Calculation method” was updated according to the methodology.                                                                                                                                                           |                  |
| Documentation provided by project participant                                                                                                                                                                                                |                  |
| DOE assessment                                                                                                                                                                                                                               |                  |
| Date: 11/09/YYYY                                                                                                                                                                                                                             |                  |
| 1. $ACPat$ – annual area within the project area affected by catastrophic events at year t: The link was updated in the VCS PD.                                                                                                              |                  |
| 5. $\Delta CAdPat$ – total decrease in carbon stocks due to all planned activities at year t in the project area: The information included in “Calculation method” was revised and is according to the methodology.                          |                  |
| This CAR is closed.                                                                                                                                                                                                                          |                  |

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| CAR ID                                                                                                                                                      | 14 | Section no. | - | Date: 19/07/2021 |
| Description of CAR                                                                                                                                          |    |             |   |                  |
| 1. The non-permanence risk report provided by PP is not applying the non-permanence risk report template available in the VCS website.                      |    |             |   |                  |
| 2. The project shall be evaluated against each of the risk factors in each category and sub-category.                                                       |    |             |   |                  |
| 3. Evidences should be provided.                                                                                                                            |    |             |   |                  |
| Project participant response                                                                                                                                |    |             |   | Date: 10/08/2021 |
| 1. The non-permanence Template was updated, along with all analyses and other relevant documents, provided in the following folder: Non-Permanence Risk     |    |             |   |                  |
| 2. The project has duly been evaluated against each of the risk factors in each category and sub-category of the Non-Permanence Risk Report provided above. |    |             |   |                  |

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| 3. All relevant evidence regarding the Non-Permanence Risk Report is provided in the following link.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                  |
| Documentation provided by project participant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                  |
| Non-Permanence Risk link.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                  |
| DOE assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Date: 27/08/2021 |
| <p>Financial viability:</p> <p>Risk factor d - Evidence should be provided for all inputs considered in the financial analysis. This issue is open.</p> <p>Risk factor h – It is mentioned in the non-permanence risk report that as shown in the “Financial viability” spreadsheet, a conservative estimate of funding needed is of R\$ 5,238,269 (profit line up until breakeven point), and the project proponents have this sum available on call. Evidence should be provided to justify the same.</p> <p>Risk factor j – It is mentioned in the non-permanence risk report that the project was found to have available callable financial resources of at least 50% of total cash out before project reaches breakeven, which sum was defined in financial analysis (see “financial viability” spreadsheet) as R\$15,278,537. Evidence should be provided to justify the same.</p> <p>Opportunity costs:</p> <p>Risk factor f - Evidence should be provided for all inputs considered in the financial analysis. This issue is open.</p> <p>Risk factor h – The Commodity Agreement is mentioned in the non-permanence risk report as evidence of the legally binding commitment to the continuity of management practices. PP should explain how the contract evidences management practices that protect carbon credit stocks throughout the project's crediting period.</p> <p>Land tenure:</p> <p>Risk factor f – The Commodity Agreement is mentioned in the non-permanence risk report as evidence of the legally binding commitment to the continuity of management practices. PP should explain how the contract evidences management practices that protect carbon credit stocks throughout the project's crediting period.</p> <p>Political risk:</p> <p>Risk factor c – Evidence of the calculated governance score should be provided.</p> <p>Natural risk:</p> <p>Fire risk – It is not transparent if the loss in carbon stock based on satellite analyses is classified as minor significance or insignificant.</p> |                  |

3. Extreme Weather – This risk factor was included twice in the report. In addition, further information should be provided in order to justify the significance.

Calculation of total VCUs – Information for the total number of credits to be deposited in the AFOLU pooled buffer account should be provided for each year of the crediting period.

Project participant response

Date: 07/12/2021

Financial viability:

Risk factor d: The financial viability spreadsheet is in this folder: FINANCIAL VIABILITY\_Unitor\_SFMP\_v15.

Risk factor h and Risk factor j: As this information is confidential, the evidence was resubmitted by the proponents, as evidenced via these e-mails.

Natural risk:

Fire risk: The significance explanation has been corrected in the table.

Extreme Weather: The duplicate table was removed and the significance explained.

Political risk:

Risk factor c: The data used for the calculation was shared. During the review, an error in the calculation was noticed, which resulted in a different value (previously 0.054 and now -0.177), but according to Table 8 from the AFOLU Non-Permanence Risk Tool V4.0 , the corrected score remained within the previous category (Governance score of -0.32 to less than 0.19)

Land tenure:

Risk factor f: Similarly to risk factor h, factor f cites the contract between Carbonext and the project proprietors, which requires the conservation of forest land on the entire REDD Project Area over the length of the project crediting period. They are available in these e-mails.

Opportunity costs:

“Risk factor f - Evidence should be provided for all inputs considered in the financial analysis. This issue is open.”

The costs and revenues relating to project Sustainable Forest Management Plans (SFMP), used for the opportunity cost analysis, are as presented in table 22 of section 3.5 Additionality. Evidence of these costs, obtained through recent quotes from third-party SFMP companies were supplied at audit, please see documentation section below.

And the costs in the quotes are aligned with the costs presented in the spreadsheet: “FINANCIAL VIABILITY\_Unitor\_SFMP\_v15”. The logic was applied of lower reported prices than the reference value being considered as conservative, and therefore acceptable.

Regarding the NPV for the business-as-usual scenario, (BAU) cost/ revenue data from IDESAM (2015 was utilized, the BAU NPV was calculated at R\$ 188.97/ha, based on a cattle farming scenario which according to project owner data and studies of the local area. Spreadsheets relating to the IDESAM study data are provided in the documents section below.

Risk factor h: factor h now refers to the contract between the project developer (Carbonext) and the project proprietors, instead of the “commodate agreement” as evidence of the legally binding commitment to conserve forest and carbon stocks. It is available in these e-mails.

Land tenure:

Risk factor f: Land tenure risk factor f was updated, now referring to the contract between the project developer (Carbonext) and the project proprietors, instead of the “commodate agreement”, as evidence of the commitment to management practices that protect carbon stocks over the length of the project crediting period. It is available in these e-mails.

Calculation of total VCUs – The table was included as Annex 1 in the NPRR

#### Documentation provided by project participant

Non-Permanence risk folder in audit drive: link

Financial viability:

Risk factor d: The financial viability spreadsheet is in this folder: FINANCIAL VIABILITY\_Unitor\_SFMP\_v15

Opportunity costs:

Evidence relating to Sustainable Forest Management Plans (quotes made by third-party companies): link

Evidence relating to Cattle ranching (!!FINANCEIRO SENSITIVITY\_Unitor - BAU\_V8 and IDESAM\_Pecuaria\_A Amazonas\_2015): link

Political risk:

Risk factor c: CAR 14 - WGI Data folder contains the spreadsheet “WGI\_Score”, which have the rationale of the calculation, and also the spreadsheet “wgidataset” which was downloaded from the WGI Website (<https://info.worldbank.org/governance/wgi/Home/Reports>)

#### DOE assessment

Date: 07/12/2021

Financial viability:

Risk factor d - Evidence was provided for all inputs considered in the financial analysis.

Risk factor h – It is mentioned in the non-permanence risk report that as shown in the “Financial viability” spreadsheet, a conservative estimate of funding needed is of R\$ 13, 818,703.73 (profit line up until breakeven point), and the project proponents have this sum available on call. Financial reports were provided to justify the same.

Risk factor j – It is mentioned in the non-permanence risk report that the project was found to have available callable financial resources of at least 50% of total cash out before project reaches breakeven, which sum was defined in financial analysis (see “financial viability” spreadsheet) as R\$ 6,909,351.87. Financial reports were provided to justify the same.

Opportunity costs:

Risk factor f - Evidence was provided for all inputs considered in the financial analysis.

Risk factor h – The Comodate Agreement was replaced by the contract signed between Carbonext and Project proprietors. This contract is a legally binding commitment to the continuity of management practices.

Land tenure:

Risk factor f – The Comodate Agreement was replaced by the contract signed between Carbonext and Project proprietors. This contract is a legally binding commitment to the continuity of management practices.

Political risk:

Risk factor c – Evidence of the calculated governance score was provided. This issue is closed.

Natural risk:

Fire risk – It is clearly described in the revised report that the loss in carbon stock based on satellite analyses is classified as insignificant.

3. Extreme Weather – This risk factor was included once in the revised report. In addition, further information was provided in order to justify the significance. This issue is closed.

Calculation of total VCUs – Information for the total number of credits to be deposited in the AFOLU pooled buffer account was provided for each year of the crediting period.

This CAR is closed.



# CERTIFICATO DI QUALIFICA QUALIFICATION CERTIFICATE

Si attesta che il sig./sig.ra:  
We declare that Mr/Mrs/Ms:

Andrea LEIROZ

è qualificato come<sup>1</sup>:  
is qualified as:

TEC, VAL, VER, TEC

per le seguenti aree tecniche:  
for the following technical areas:

| AREE TECNICHE<br>TECHNICAL AREAS | DESCRIZIONE DELL'AREA TECNICA<br>TECHNICAL AREA DESCRIPTION | SCOPO SETTORIALE<br>SECTORAL SCOPE |
|----------------------------------|-------------------------------------------------------------|------------------------------------|
| 1.1                              | Thermal Energy Generation                                   | 1                                  |
| 1.2                              | Renewables                                                  | 1                                  |
| 5.1                              | Chemical industry                                           | 5                                  |
| 13.1                             | Solid waste and wastewater                                  | 13                                 |
| 13.2                             | Manure                                                      | 13                                 |

in accordo alle istruzioni dell'unità Sostenibilità & Cambiamenti Climatici.  
in accordance with the instructions of the Sustainability & Climate Change Unit.

| REVISIONE<br>REVISION | DATA<br>DATE | MOTIVAZIONI PER LA REVISIONE<br>REASON FOR THE REVISION                         |
|-----------------------|--------------|---------------------------------------------------------------------------------|
| 0                     | 17/09/2019   | First issue with new template (this certificate is linked to CDM qualification) |

Il Resp. CCPLS  
Head of CCPLS  
Laura SEVERINO



## <sup>1</sup> Legend:

VAL: Validator  
VER: Verifier  
TEC: Technical Expert  
TL: Team Leader  
FIN-EXP: Financial Expert  
DET: Determiner

CDM: Clean Development Mechanism  
VCS: Verified Carbon Standard  
GS4GG: Gold Standard For Global Goals  
SCS: SocialCarbon Standard  
JI: Joint Implementation

RINA Services S.p.A. è accreditato da UNFCCC, quale Entità Operativa Designata (DOE), per condurre la Validazione e la Verifica di Progetti CDM, da VCSA per condurre la Validazione e la Verifica di Progetti VCS, da GS Foundation, per condurre la Validazione e la Verifica di Progetti GS, da Ecologica Institute per condurre la Validazione e la Verifica di rapporti SCS

RINA Services S.p.A. is accredited by the UNFCCC, as Designated Operational Entity (DOE), to carry out Validation and Verification of CDM Projects, by the VCSA, to carry out Validation and Verification of VCS Projects, by the GS Foundation, to carry out Validation and Verification of GS4GG Projects and by the Ecologica Institute, to carry out Validation and Verification of SCS Reports

GHG\_QUAL\_CERT\_EN(07-2018)

Page 1 of 1



**CERTIFICATO DI QUALIFICA  
QUALIFICATION CERTIFICATE**

Si attesta che il sig./sig.ra:  
We declare that Mr/Mrs/Ms:

**Gustavo Goes Lima**

è qualificato come<sup>1</sup>:  
is qualified as:

**CDM, VCS, SCS - TEC**

per le seguenti aree tecniche:  
for the following technical areas:

**14.1**

| AREE TECNICHE<br>TECHNICAL AREAS | DESCRIZIONE DELL'AREA TECNICA<br>TECHNICAL AREA DESCRIPTION | SCOPO SETTORIALE<br>SECTORAL SCOPE |
|----------------------------------|-------------------------------------------------------------|------------------------------------|
| 14.1                             | Afforestation and reforestation                             | 14                                 |

in accordo alle istruzioni dell'unità Sustainability Compliance & New Scheme Development Coordination.  
in accordance with the instructions of the Sustainability Compliance & New Scheme Development Coordination Unit.

| REVISIONE<br>REVISION | DATA<br>DATE | MOTIVAZIONI PER LA REVISIONE<br>REASON FOR THE REVISION |
|-----------------------|--------------|---------------------------------------------------------|
| 0                     | 26/05/2021   | First Issue                                             |

Il Resp. CEINS  
Head of CEINS



<sup>1</sup> Legend:

VAL: Validator  
VER: Verifier  
TEC: Technical Expert  
TL: Team Leader  
FIN-EXP: Financial Expert  
DET: Determiner

CDM: Clean Development Mechanism  
VCS: Verified Carbon Standard  
GS4GG: Gold Standard For Global Goals  
SCS: SocialCarbon Standard  
JI: Joint Implementation

RINA Services S.p.A. è accreditato da UNFCCC, quale Entità Operativa Designata (DOE), per condurre la Validazione e la Verifica di Progetti CDM, da VCSA per condurre la Validazione e la Verifica di Progetti VCS, da GS Foundation, per condurre la Validazione e la Verifica di Progetti GS, da Ecologica Institute per condurre la Validazione e la Verifica di rapporti SCS

RINA Services S.p.A. is accredited by the UNFCCC, as Designated Operational Entity (DOE), to carry out Validation and Verification of CDM Projects, by the VCSA, to carry out Validation and Verification of VCS Projects, by the GS Foundation, to carry out Validation and Verification of GS4GG Projects and by the Ecologica Institute, to carry out Validation and Verification of SCS Reports



**CERTIFICATO DI QUALIFICA PER GLI SCHEMI VOLONTARI\***  
**QUALIFICATION CERTIFICATE FOR VOLUNTARY SCHEMES\***

Si attesta che il sig./sig.ra:  
We declare that Mr/Mrs/Ms:

Vinay SINGH

è qualificato come:  
is qualified as:

TEC, VAL, VER

per le seguenti aree tecniche:  
for the following technical areas:

1.2, 14.1

| AREE TECNICHE<br>TECHNICAL AREAS | DESCRIZIONE DELL'AREA TECNICA<br>TECHNICAL AREA DESCRIPTION | SCOPO SETTORIALE<br>SECTORAL SCOPE |
|----------------------------------|-------------------------------------------------------------|------------------------------------|
| 1.2                              | Renewables                                                  | 1                                  |
| 14.1                             | Forestry                                                    | 14                                 |

| REVISIONE<br>REVISION | DATA<br>DATE | MOTIVAZIONI PER LA REVISIONE<br>REASON FOR THE REVISION |
|-----------------------|--------------|---------------------------------------------------------|
| 0                     | 09/09/2020   | First issue                                             |

Il Resp. CEINS  
Head of CEINS



\*SCHEMI VOLONTARI/ VOLUNTARY SCHEMES: ACR American Carbon Registry, CCB The Climate, Community & Biodiversity Alliance, GS Gold Standard, JI Joint Implementation, SCS Social Carbon Standard, VCS Verified Carbon Standard.

TEC: Technical expert; VAL: Validator; VER: Verifier; TL: Team leader; FIN EXP: Financial Expert; ITRP: Independent technical reviewer

RINA Services S.p.A. è accreditato/riconosciuto da  
RINA Services S.p.A. is accredited /recognized by

|                                                          |                                                                                                                                                                                                       |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| UNFCCC                                                   | quali Entità Operativa Designata (DOE), per condurre la Validazione e la Verifica di Progetti CDM<br>as Designated Operational Entity (DOE), to carry out Validation and Verification of CDM Projects |
| VCSA                                                     | per condurre la Validazione e la Verifica di Progetti VCS<br>to carry out Validation and Verification of VCS Projects                                                                                 |
| GS Foundation                                            | per condurre la Validazione e la Verifica di Progetti GS<br>to carry out Validation and Verification of GS Projects                                                                                   |
| Ecologica Institute                                      | per condurre la Validazione e la Verifica di rapporti SCS<br>to carry out Validation and Verification of SCS Reports                                                                                  |
| American Carbon Registry<br>ACR                          | per condurre la Validazione e la Verifica di Progetti ACR<br>to carry out Validation and Verification of ACR projects                                                                                 |
| The Climate, Community &<br>Biodiversity Alliance<br>CCB | per condurre la Validazione e la Verifica di Progetti co-benefit CCB<br>to carry out Validation and Verification of co-benefit CCB projects                                                           |