

VALIDATION REPORT

BRAZILIAN AMAZON APD GROUPED PROJECT



Document Prepared By Earthood Services Private Limited

Project Title	Brazilian Amazon APD Grouped Project
Version	2.3
Project Location	Brazil, PAIs # 1-5: Sena Madureira (Acre) and Aripuanã (Mato Grosso) GPD: Brazilian Legal Amazon
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Summary:

The Brazilian Amazon APD Grouped Project registered under the VCS Project ID 2551¹, is a large-scale grouped project that takes place in the municipalities of Sena Madureira and Rio Branco in Acre and in the municipality of Aripuanã, in Mato Grosso. It started on 2nd August 2021 with a project area of 18,652.91 hectares on private properties located in the nine states of the Brazilian Legal Amazon. The project's activities aim to mitigate climate change, reduce greenhouse gas emissions caused by deforestation and forest degradation, promote social welfare and conservation of biodiversity.

The Brazilian Amazon APD Grouped Project belongs to the Agriculture, Forestry and Other Land Uses (AFOLU) sector in Reducing Emissions from Deforestation and Forest Degradation (REDD) avoiding Planned Deforestation / Degradation (APD) category. PAIs #1-5 will generate GHG emission reductions eligible for issuance as VCUs for 10 years, that is the first baseline period. The project activity instances longevity is 30 years and the project lifetime is 100 years.

In addition to emissions reductions and climate benefits, the project implements activities that meet the criteria for exceptional benefits to communities with digital inclusion activities and to biodiversity with activities to reduce GHG emissions from forest fires in the Brazilian Legal Amazon. The project aims to create positive economic incentives for landowners to conserve the rainforest and achieve positive impacts on traditional communities and biodiversity conservation.

Earthood Services Private Limited (hereinafter ESPL), as a part of the list of available validation and verification bodies was contracted by BRCarbon Serviços Ambientais LTDA. to carry out the validation process of the project activities in accordance CCB and VCS standards, with a 95% confidence level and 5% materiality. The purpose of this validation process is to validate the Project Description and all related project documentation according with all rules and requirements of the VCS and CCB, the methodology (VM0007) and other applicable references. This includes document review, site visit, interviews, and consultation of secondary sources of information, statements of findings, feedback with the project owner, and preparation of the final report. As a result, the number of findings raised about validation

¹ <https://registry.terra.org/app/projectDetail/VCS/2551>

requirements were 03 requests for clarifications (CL) and 05 requests for corrective action (CAR), which were addressed by the initiative's proponent.

The documentation review, interviews, and site visit allowed ESPL to gather sufficient evidence to fully assess the validation criteria and determine that the project meets all relevant requirements of the VCS and CCB standard and correctly applies the VCS VM0007 REDD+ Methodology Framework (REDD+ MF) v 1.6 for baseline calculation, additionality determination and quantification of emission reductions.

In summary, the Brazilian Amazon APD Grouped Project, as described in the Project Description Document, met all relevant requirements for the VCS and CCB and the methodology was applied correctly. The implementation of the GPD five initial project activity instances (PAI#1-5) will result in the direct conservation of 18,652.91 hectares of forest in 5 properties in the states of Acre and Mato Grosso, generating 10,403,955 tCO₂e as VCUs for 10 years, that is the first baseline period.

Table of Contents

1	Introduction	5
1.1	Objective	5
1.2	Scope and Criteria	5
1.3	Summary Description of the Project	6
2	Validation Process	7
2.1	Audit Team Composition (<i>Rules 4.3.1</i>)	7
2.2	Method and Criteria.....	8
2.3	Document Review	9
2.4	Interviews	14
2.5	Site Inspections	21
2.6	Public Comments (<i>Rules 4.6</i>)	30
2.7	Resolution of Findings.....	30
3	Validation Findings	31
3.1	Summary of Project Benefits	31
3.2	General.....	32
3.3	Climate	47
3.4	Community	56
3.5	Biodiversity.....	60
4	Validation Conclusion.....	63
	Appendix 1: FINDINGS	65

1 INTRODUCTION

Earthood Services Private Limited, as the conformity assessment body, conducted the independent validation of the “Brazilian Amazon APD Grouped Project”, in Brazil, on behalf BRCarbon Serviços Ambientais LTDA. The third-party assessment was conducted in an objective, neutral and consistent manner, in accordance with the requirements of the CCB & VCS standards, rules and approved methodological procedures.

1.1 Objective

Validation is carried out as a systematic, independent, and documented process for the evaluation as follows:

- Validation of the project description with the proper use of an appropriate methodology, procedures, and applicable legislation.
- Validation of the monitoring plan with the proper use of an appropriate methodology, procedures, and applicable legislation.
- Validation of the description of the project activities in compliance with the criteria of benefits for the climate, the community and biodiversity.

1.2 Scope and Criteria

The scope of the validation is to establish that:

- The project meets all relevant criteria of the host country (Brazil), all the rules and requirements of the certification program.
- The Project Description Document and other supporting documents provided are complete, in accordance with the latest applicable version, verifiable and in accordance with the requirements of the standard CCB & VCS and of the applicable legislation under the legal framework of the carbon market in Brazil.
- The project complies with the conditions of the applied methodology.

Evaluation criteria:

CCBA. 2017. Climate, Community & Biodiversity Project Design Standards Third Edition. *Version 3.1*. At: www.climate-standards.org

CCBA. 2017. *CCB Program Rules. Version 3.1*. At: www.climate-standards.org

Carbon Standard Program Guide 2019 v. 4.0. At: <https://verra.org/project/vcs-program/rules-and-requirements/>

Carbon Standard 2021 v. 4.1. At: <https://verra.org/project/vcs-program/rules-and-requirements/>

Carbon Standard Agriculture, Forestry and Other Land Use (AFOLU) Requirements 2017 v. 3.6.

Registration and Issuance Process 2019 v4.0.

VCS VM0007 REDD+ Methodology Framework (REDD+ MF) v 1.6, 08 September 2020.

VMD0001 Estimation of carbon stocks in the above- and below ground biomass in live tree and non-tree pools (CP-AB), Version 1.1, 11 October 2013.

VMD0002 Estimation of carbon stocks in the dead wood pool (CP-D), Version 1.0, 03 December 2010.

VMD0003 Estimation of carbon stocks in the litter pool (CP-L), Version 1.0, 03 December 2010.

VMD0005 (CP-W) Estimation of carbon stocks in the long-term wood products pool, Version 1.1, 20 November 2012.

VMD0006 Estimation of baseline carbon stock changes and greenhouse gas emissions from planned deforestation/forest degradation and planned wetland degradation (BL-PL) Version 1.3, 08 September 2020.

VMD0009 Estimation of emissions from activity shifting for avoiding planned deforestation/forest degradation and avoiding planned wetland degradation (LKASP), Version 1.3, 08 September 2020.

VMD0013 Estimation of greenhouse gas emissions from biomass and peat burning (E-BPB), Version 1.2, 08 September 2020.

VMD0015 Methods for monitoring of GHG Emissions and removals (M-MON), Version 2.1, 20 November 2012.

VMD0016 Methods for Stratification of the Project Area (X-STR), Version 1.2, 08 September 2020.

VT0001 Tool for the demonstration and assessment of additionality in VCS agriculture, forestry, and other land use (AFOLU) project activities (T-ADD), Version 3.0 1 February 2012.

AFOLU Non-Permanence Risk Tool, v4.0, 19 September 2019.

CDM Tool for testing significance of GHG emissions in A/R CDM project activities (T-SIG) v1.0.

1.3 Summary Description of the Project

Project name	Brazilian Amazon APD Grouped Project
Sectoral scope	14. Land-use, land-use change and forestry
AFOLU Project category	Reducing Emissions from Deforestation and Forest Degradation (REDD) avoiding Planned Deforestation / Degradation (APD)
Project Proponent	BRCarbon Serviços Ambientais LTDA.

Baseline and monitoring methodology	VCS VM0007 REDD+ Methodology Framework (REDD+ MF) v 1.6
Location of the project activity	PAIs # 1-5: Sena Madureira (AC) and Aripuanã (MT), Brazil. GPD: Brazilian Legal Amazon.
Project scale	Large project - Grouped project
Area	First instance PAIs # 1-5: 18,652.91 ha
Project Lifetime	Project Activity Instances (PAIs): 30 years. Grouped Project (GPD): 100 years.
Project start date	2nd August 2021
VCUs for 10 years, that is the first baseline period	10,403,955 tCO ₂ e

2 VALIDATION PROCESS

2.1 Audit Team Composition (*Rules 4.3.1*)

The validation team is composed of two auditors, one with extensive expertise in forestry, social, ecological and biodiversity issues in the project region, and the other a local expert who speaks the local language of the project site. Both are qualified according to CCB rules and VCS requirements. As below:

Bibiana Duarte: Senior Lead Auditor. Forestry Engineer, qualified under the ISO 14064 and 14065 to lead validation and verification processes of Carbon Emission Reduction projects for CCB & VCS standards and others. More than 10 years of work and relevant experience in ecological, biodiversity and social aspects in forestry projects. Main auditor since 2017, successfully auditing carbon projects in Brazil, Colombia, and Peru.

Marcelo Sebben: Marcelo Sebben, Brazilian, Senior Auditor: Beng Chemical Engineer, MSc Sustainable Energy Systems, qualified as lead auditor under ISO 9001, 14001 and 14064/5 standards. More than 14 years of professional technical experience, including chemical processes, QMS, EMS, Renewable Energy and GHG validation and verification processes. Lead auditor since 2014, auditing more than 100 GHG Projects (validations and verifications) in Brazil and Latin America.

Table 1. Auditor team.

Nº	Name	Last name	Role	Site visit
01	Bibiana	Duarte	Lead auditor and technical expert	Yes
02	Marcelo	Sebben	Auditor and local expert	Yes

Table 2. Technical reviewer.

Nº	Name	Last name	Role
01	Pablo	Rodríguez	Technical reviewer

2.2 Method and Criteria

Validation process consisted of the following four phases: i) a desk review and investigation on secondary sources of applicable information ii) on-site assessment iii) the resolution of findings and iv) issuance of the final validation report with the conclusion. The validation process is conducted in accordance with criteria laid down by VCS/CCB standards. The validation process involved the following:

Contract with project proponent for the scope and appointment of validation team and technical review team.

Completeness check of Project Description.

Desk review of conformance to VCS rules, Project Description Document by the validation team and planning of onsite audit (site inspection to confirm project boundaries, check project description and interviews with stakeholders).

Project conformance to the applied methodology, including the procedure for the demonstration of additionality specified in the methodology.

Physical on-site inspection by the audit team (site inspection to confirm project boundaries, check project description and confirm stable forest area).

Reporting and closure of findings (CARs/CLs/FARs) and preparation of draft validation report.

Independent technical review of the draft validation report and final/revised documentation.

Reporting and closure of TR comments/findings (CARs/CLs/FARs) and final approval for the decision made.

Reports, calculation checks, QA / QC, and resolution of findings.

Issuance of the draft of validation report.

Independent technical review of the project documentation to confirm if the internal procedures established and implemented by ESPL were duly complied with and if said opinion or conclusion was reached objectively and in compliance with the applicable rules and requirements. The independent technical reviewer can approve the report in the way it was presented by the lead auditor or return it, with comments or findings that must be resolved by the validation team.

Issuance of the final validation report.

The sampling plan included review of 100% of project documentation, spreadsheets, cartographic information, all certificates of land ownership and carbon rights, and all documents submitted as evidence for validation. In addition, on-site inspections, and interviews with stakeholders, were scheduled².

The audit team identified potential risks of errors, omissions, and misrepresentations related to the validation criteria. Based on the approach taken, the audit team considers the sample design selected to be sufficient for decision making regarding the analysis of the project and its compliance with applicable requirements.

2.3 Document Review

The document review was conducted on 12-15 October 2021 based on the information provided by the Project Proponent prior to the on-site visit. The auditor scrutinized all project documentation and ensured that it followed the VCS/CCB program requirements. The desk review included an examination of the project details, data and parameters, and quantification of GHG reductions. The validation team conducted a desk review that included the following:

- A review of the data and information submitted to validate its integrity.
- A review of the Project Document, the applied methodology, including applicable tools, monitoring plan and quality assurance and quality control procedures.
- An evaluation of compliance with the applicable regulations to validate the regularity of the activity.
- An evaluation of documents proving the land tenure and / or carbon rights of the project.
- An evaluation of the controls envisaged to guarantee the quality of the information and the documentary control of the project.
- Other supporting documents (cartography, spreadsheets, etc.).

As part of the desk review, an office audit (lead auditor and audited team) was carried out on the main points of the project that require attention.

The revised documentation that was provided by the project is described below:

Table 3. Project documentation.

² Tracks and photos were Recorded in a GIS system by the audit team and the interviews are available in ESPL's document management

Folder	File name			
Appendix	Appendix I_Conservation Agreement_PA1_5	Appendix I_Conservation Agreement_PA1_5.pdf		
		BR CARBON VERSÃO FINAL 13-12-2021.docx		
		BR CARBON VERSÃO FINAL 13-12-2021.pdf		
		Fundiaria_Acre_Katiana_Contrato.jpg		
		Fundiaria_Acre_PALMARES_Contrato.jpg		
		Fundiaria_Acre_PORONGABA_Contrato.jpg		
		Fundiaria_Acre_POTIGUAR_Contrato.jpg		
			Fundiaria_Mato_Grosso_Contrato.jpg	
		Appendix II Baseline Deforestation permits:	Check_List_ASV_21julho2021.xlsx	
			Ja_Espelho_SINAFLO.jpg	
			Jb_Status_SINAFLO.pdf	
		PAI#1_Castanh al	A_Acesso_APD_PA1#1_Fazenda_Castanh al.pdf	
			B_Zoneamento_APD_PA1#1_Castanh al.pdf	
			C_Plano_Exploracao_Florestal_APD_PA1#1_Castanh al.pdf	
			D_Mapa_PEF_2018_Castanh al.pdf	
			E_Mapa_Infraestrutura_APP_Castanh al.pdf	
			F_Mapa_Censo_Florestal_100_Castanh al.pdf	
			G_Mapa_Microplanejamento_Supressao_Castanh al.pdf	
			H_Protocolo_PEF_ASV_SEMA_MT_PA1#1_Castanh al.pdf	
			I_Protocolo_PEF_ASV_SEMA_MT_Castanh al.pdf	
			J_Fundiario_Matricula_4208_Castanh al.pdf	
			L_Fundiario_Matricula_4209_Castanh al.pdf	
			M_Cadastro_Ambiental_Rural_SICAR_Castanh al.pdf	
			N_Cadastro_Ambiental_Rural_SEMA_MT_Castanh al.pdf	
		PAI#2_Katiana	A_Acesso_APD_PA1#2_Fazenda_Katiana.pdf	
			Autorizado_PEF_Katiana.pdf	
			B_Zoneamento_APD_PA1#2_Katiana.jpg	
			C_Plano_Exploracao_Florestal_APD_PA1#2_Katiana.pdf	
			D_Mapa_APP_Katiana.jpg	
			F_Mapa_Censo_Florestal_100_Katiana.pdf	
			H_Protocolo_PEF_ASV_IMAC_AC_PA1#2_Katiana.pdf	
			Ja_Fundiario_Matricula_2085_Katiana.pdf	
			Jb_Fundiario_Matricula_2085_Cadeia_Dominial_Katiana.pdf	
			L_Fundiario_CCIR_Katiana.pdf	
			M_Cadastro_Ambiental_Rural_SEMA_AC_Katiana.pdf	
			N_Cadastro_Ambiental_Rural_SEMA_AC_Katiana.pdf	
			PAI#3_Palmare s_OK	C_Plano_Exploracao_Florestal_APD_PA1#3_Palmares.pdf
		CAR_PA1#3_Palmares.pdf		
		PAI#4_Poranga ba_OK	H_Protocolo_PEF_ASV_IMAC_AC_PA1#3_Palmares.pdf	
			C_Plano_Exploracao_Florestal_APD_PA1#4_Porongaba.pdf	
		PAI#5_Potiguar _OK	CAR_PA1#4_Porongaba.pdf	
			H_Protocolo_PEF_ASV_IMAC_AC_PA1#4_Porongaba.pdf	
			C_Plano_Exploracao_Florestal_APD_PA1#5_Potiguar.pdf	
			CAR_PA1#5_Potiguar_Part1.pdf	
				CAR_PA1#5_Potiguar_Part2.pdf
				H_Protocolo_PEF_ASV_IMAC_AC_PA1#5_Potiguar.pdf
		Appendix III_Forest Management Plans_PA1_2	Appendix III_Plano Manejo Florestal_Sustentavel-20211008T182404Z-001.zip	
Appendix IV_Risk Analysis and report			Appendix_IV_GP APD Amazon Biome_PA1_5_VCS-Risk-Report-Calculation-Tool.xlsx	
			Appendix_IV_GP APD Amazon Biome_PA1_5_VCS-Risk-Report-Calculation-Tool-v.4.0_v.06122021.xlsx	
			Appendix_IV.a_GPD APD_Amazon Biome_PA1_1_5_VCS-Non-Permanence-Risk-Report-.docx	
			Appendix_V_Fire_Risk-20211008T132403Z-001.zip	
Appendix V_CWP			Appendix_V_Estimation of carbon stocks in the wood products in the baseline_GP APD Amazon Biome_PA1.xlsx	

Folder	File name					
Appendix VI_Land Tenure	Documen tos_fundi arios	PAI1_Fazend a Castanhal	01. Registro Geral. Fazenda Castanhal 01. Matricula 4208.pdf			
			02. Registro Geral. Fazenda Castanhal 02. Matricula 4209.pdf			
			03. CCIR de 2020. Fazenda Castanhal.pdf			
			04. Certidao Negativa de Debito. Dez_2020.pdf			
			05. Copia de BATISTA_CIA LTDA. Certidao de Embargo do IBAMA. 07_12_2020.pdf			
			MOACYR MATRICULA 4208.pdf			
			MOACYR MATRICULA 4209.pdf			
			PAI2_Fazend a katiana	01. Certidao de Inteiro Teor. M-5055.pdf		
		02. Cadeia Dominial do imovel. Matricula nº5055. Dez 2020.pdf				
		03. CCIR de 2020.pdf				
		04. Certidao Positiva com efeito de Negativa. Dez_2020.pdf				
		05. BATISTA_CIA LTDA. Certidao de Embargo do IBAMA. 07_12_2020.pdf				
		PAI3_Fazend a Palmares	Folder: Palmares Gleba 1A. Matricula 2.038			
			Folder: Palmares Gleba 1B. Matricula 2.039			
			Folder: Palmares Gleba 1C. Matricula 2.040			
			Folder: Palmares Gleba 1D. Matricula 2.046			
			Folder: Palmares Gleba 1E. Matricula 2.041			
			Folder: Palmares Lote 5. Matricula 514			
			Folder: Palmares Parte III. Matricula 776			
			Folder: Palmares Parte IV. Matricula 778			
			Folder: Palmares Parte VII. Matricula 765			
			Folder: Palmares Parte VIII. Matricula 781			
		PAI4_Fazend a Porongaba	Folder: Palmares Parte VIII-A. Matricula 782			
			01. Certidao de Inteiro Teor. M-2553.pdf			
			02. Cadeia Dominial da Fazenda Porongaba. Matricula 2.553. Dez 2020.pdf			
			03. CCIR de 2020.pdf			
			04. Certidao Positiva com efeito de Negativa.pdf			
		PAI5_Fazend a Potiguar	05. Junior Galvane Batista. Certidao Negativa de Embargo do IBAMA. 07_12_2020.pdf			
			01. Certidao da Cadeia Dominial. Fazenda Potiguar. Matricula 1.435. Dez_2020.pdf			
			01. Certidao de Inteiro Teor. M-5100.pdf			
			03. CCIR de 2020. Fazenda Potiguar Parte A.pdf			
			03. MEM DIGEF POTIGUAR PARTE_A.pdf			
			03. MEM DIGEF POTIGUAR PARTE_B.pdf			
			03. SIGEF			
			2021.MAPA_SIGEF POTIGUAR PARTE_A.pdf			
			03. SIGEF			
		2021.MAPA_SIGEF POTIGUAR PARTE_B.pdf				
		Appendix VII_Field collect_carbon pools	Biomass Forest Inventory	AC_PA12-5	04. Certidao Negativa de Debitos. Fazenda Potiguar Parte A e B. Dez_2020pdf.pdf	
					05. Copia de BATISTA_CIA LTDA. Certidao de Embargo do IBAMA. 07_12_2020.pdf	
					Parecer Jurídico CS.pdf	
Appendix VII Biomass Forest Inventory GPD APD BA 01_10_2021_Final.pdf						
Appendix VII Biomass Forest Inventory GPD APD BA 13_12_2021.docx						
Liter_PA11_5_AC_MT_12112021.xlsx						
SOC_PA11_5_AC_MT_25112021.xlsx						
Folder: Planilhas_IF_Acre_Campo_Agosto_2021						
Biomass_Forest_Inventory_PA1_2-5_Acre_01_10_2021_Final.xlsx						

Folder	File name					
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				Dados_Castanhal_9Set2021.xlsx		
				Planilhas_Campo_Castanhal_MT_Agosto_2021.pdf		
				Appendix_VII_Biomass_Forest_Inventory_GPD_APD_BA_01_10_2021_Final.docx.pdf		
	Appendix VIII_Calculus_tables			Appendix VIII_BRAZILIAN AMAZON APD GROUPED PROJECT_Calculations_PA11_Castanhal_07102021.xlsx		
				Appendix VIII_BRAZILIAN AMAZON APD GROUPED PROJECT_Calculations_PA12_Katiana_07102021.xlsx		
				Appendix VIII_BRAZILIAN AMAZON APD GROUPED PROJECT_Calculations_PA13_Palmares_07102021.xlsx		
				Appendix VIII_BRAZILIAN AMAZON APD GROUPED PROJECT_Calculations_PA14_Porongaba_07102021.xlsx		
				Appendix VIII_BRAZILIAN AMAZON APD GROUPED PROJECT_Calculations_PA15_Potiguar_07102021.xlsx		
				Consolidate_results_PA11_5_exante_expost_07102021.xlsx		
		Appendix IX_Leakage management			Leakage areas.zip	
	Appendix X_CCB_Bio&Communities	Biodiversity	Folder: 1st Monitoring period			
			Folder: Baseline collect data			
		Communities	3ª e 4ª etapas engajamento social_monitoramento participativo e outros.pdf			
			Demandas comunidades seringais Acre.pdf			
			DIAGNOSTICO SOCIECONOMICO E AMBIENTAL FINAL.pdf			
			Lista de colaboradores em potencial.pdf			
			Ofícios protocolados IMC SEE.pdf			
		Segunda etapa engajamento social_CLPI e outros.pdf				
		6 imagen				
	Appendix XI Additionality	Appendix I_ADDITIONALITY ANALYSIS_v1.0_GP APD Amazon Biome_PA11_5.xlsx				
	Appendix XII_Methodology deviation			Folder: Monitoring period		
	Appendix XIII_Benchmark_Forest_Cover_Map_2021	acuraccy_review_Out2021.xlsb.xlsx				
		Appendix_XIII_Benchmark_forest_cover_map_accuracy_assessment.docx				
	Appendix XIV_1st monitoring_2021		Deforestation	DETER_02082021_01102021-20211013T05825Z-001.zip		
				SENTINEL_02082021_01102021-20211013T105935Z-001.zip		
			Degradation_sumps	Appendix_IX_A_Deg-20211013T105438Z-001.zip		
			Disturbances_Forest fires	dNBR_269_Jul_Set_2021_incendios_PA1_fito1.shp		
			Non CO2 emissions_Agricultural burn	dNBR_269_Jul_Set_2021_queimadas.shp		
		Project activities	Digital inclusion	Folder of potos		
				BRC.Contrato com a Portonet. 24.08.2021.pdf		
				PROJETO.pdf		
				PROPOSTA TORRE 60 METROS BRUNO BRASIL – 2021.pdf		
			Education – Energy_photovoltaic	REAL CONSTRUCOES COMERCIO E REPRESENTACOES LTDA 02.docx		
				2 records jpeg		
				Healthy – Outubro Rosa	OutubroRosa.pdf	
					Teste banner.pdf	
				2 records jpeg		
				Technical Assistance	Sustainable Agriculture Management field day: 10 records jpeg	
Water				Análise da aqua APD_PA12 a 5_082021.pdf		

Folder	File name		
GIS database	Appendix XV_QA_QC	BRC Sistema Gestao Informacao.docx	ORCAMENTO.TADEU.pdf
			4 records.jpeg
	Base Compartilhada_Out2021	BRC_Fluxo processamento dados.jpg	0 limites politicos
			Folder: 1_HIDROLOGIA
			Folder: 10_PROJECT AREAS
			Folder: 11_BOUNDARIES DATA
			Folder: 12_BENCHMARK MAP 2021
			Folder: 13_LEGAL RESTRICTED AREAS
			Folder: 15_SATELLITE DATA
			Folder: 2_TOPODATA
			Folder: 3_SOLOS
			Folder: 4_VEGETACAO
			Folder: 5_ECOSSITEMAS
			Folder: 6_CLIMA
			Folder: 7_MAPBIOMAS
			Folder: 8_SOC
			Folder: 9_PRODES DETER
			Descrição Base Compartilhada Out2021.xlsx
	Field data collect	Biodiversity	Folder: AC
			Folder: MT
		Communities	Pontos comunidades_AC.shp
		Forest Inventory	Folder: AC
PD_MR	CCB	BRC_CCB_REDD_APD_GPD v1.2_21dez2021_ok.docx	Folder: MT
			Pontos comunidades_AC.shp
			Folder: AC
			Folder: MT
	VCS	BRC_VCS_PD_MR_REDD_APD_GPD 18122021_OK.docx	Folder: AC
			Folder: MT
New documents_dez2021	Appendix I	BRCarbon Contrato Cooperacao Batista&Cia assinado.pdf	Folder: AC
			Folder: MT
			Folder: AC
			Folder: MT
			Folder: AC
			Folder: MT
	Appendix IV	Appendix IV_GP APD Amazon Biome_PA1_5_VCS-Risk-Report-Calculation-Tool-v.4.0_v.06122021-Copia.xlsx	Folder: AC
			Folder: MT
	Appendix VI_Land Tenure	Folder PAI#01CASTANHAL	Folder: AC
			Folder: MT
			Folder: AC
			Folder: MT
			Folder: AC
			Folder: MT
	Appendix VII	Folder Bibliografia IF05_11_2021	Folder: AC
			Folder: MT
			Folder: AC
			Folder: MT
			Folder: AC
			Folder: MT
	Appendix VIII_Calculus Tables	Appendix VIII_BRAZILIAN AMAZON APD GROUPED PROJECT Calculations_PA1_Castanhal_02122021.xlsx	Folder: AC
			Folder: MT
			Folder: AC
			Folder: MT
			Folder: AC
			Folder: MT

Folder	File name
	Appendix VIII_BRAZILIAN AMAZON APD GROUPED PROJECT Calculations_PA15_Potiguar_02122021.xlsx
	Consolidate_results_PA11_5_exante_expost_03122021.xlsx
	Appendix_X_CCB_Bio&communities
	Folder: Biodiversity
	Folder: Communities
	Appendix XII_Methodology deviation
	Folder: Satellite data
	15470512991-IRPF-2021-2020-origi-imagem-declaracao(1).pdf
	Contrato Supressao Acre (1).pdf
	Contrato Supressao Castanhal (1).pdf
	IRPJ Batista ref 2020 (1).pdf
	Relacao de Maquinas e Implementos(2).pdf
	Appendix XV_QA_QC
	BRC Sistema Gestao Informacao.docx
	BRC Fluxo processamento dados.jpg
	BRC_QA_18_DEZ_2021.xlsx
New documents_mar2022	GIS Database
	Property Boundaries GP APD Brazilian Amazon.kmz
	Property_boundaries_1ver_pai_01_05.shp
	BRC_CCB_REDD_APD_GPD_v1.2_21dez2021_ok.docx
	BRC_CCB_REDD_APD_GPD_v1.2_21dez2021_ok.pdf
	BRC_CCB_REDD_APD_MR_v1.2_21dez2021_ok.docx
	BRC_CCB_REDD_APD_MR_v1.2_21dez2021_ok.pdf
	PD_MR_CCB_19122021
	BRC_VCS_PD_MR_REDD_APD_GPD_18122021_OK.docx
	BRC_VCS_PD_MR_REDD_APD_GPD_18122021_OK.pdf
	PD_MR_VCS_18122021
	FINDINGS-APD (002)_revBS20Dez2021.docx
	FINDINGS-APD (002)_1st Assessment_revBSMar2022.docx
	CAR#04
	BRC_CCB_REDD_APD_GPD_v1.2_21dez2021_ok.pdf
	BRC_CCB_REDD_APD_MR_v1.2_21dez_2021_tck_changes.docx
New documents_mar2022	CAR#05
	BRC_CCB_REDD_APD_GPD_v1.2_21dez2021_ok.pdf
	BRC_VCS_PD_MR_REDD_APD_GPD_22032022_clean.pdf
	BRCarbon_Contrato_Cooperacao_Batista&Cia_assinado_revBS18Fev2022.pdf
	CAR#06
	BRC_VCS_PD_MR_REDD_APD_GPD_22032022_clean.docx
	BRC_VCS_PD_MR_REDD_APD_GPD_22032022_clean.pdf
	BRC_VCS_PD_MR_REDD_APD_GPD_22032022_tck_changes.pdf
	CAR#07
	0_Relacao_Documentos.xlsx
	Folder: Castanhal
	Folder: Certificates
	Folder: Katiana
	Folder: Palmares
	Folder: Porongaba
	Folder: Potiguar
	Versoes finais atualizadas_principais documentos
	Appendix IV_GP APD Amazon Biome_PA11_5_VCS-Risk-Report-Calculaton-Tool-v4.0_v.061221.xlsx
	BRC_CCB_REDD_APD_GPD_v1.2_21dez2021.pdf
	BRC_CCB_REDD_APD_MR_v1.3_05Apr2022.pdf
	BRC_VCS_PD_MR_REDD_APD_GPD_v1.8_22Mar2022.pdf

The project has provided all the information necessary for a precise understanding of the project activities, which has been considered sufficient by the audit team for the purposes of this validation.

2.4 Interviews

During the on-site inspections, some interviews that were considered relevant for compliance with the legal requirements and technical aspects of the project were carried out. The group of people for the interviews was selected according to the role they play in the project, their influence on the development of the project at the local or regional level, and their location in the project area. According to the above,

the interviewees are people from local environmental institutions, residents, and employees of the farms: Katiana, Potiguar, Palmares and Porongaba.

It is concluded from the interviews that the community knows the design of the project activities, the benefits, the impacts on the community, the inclusion of women, the training, etc. However, the project has opportunities to improve communication with the different stakeholders so that the information is understandable to all, who clearly know their duties or participation within the project.

Table 4. Interviews.

N.º	Interviewed	Role	Topic	Date
1	Antonio Monteiro de Souza	Resident of Katianã Farm	Have received the visit of BR Carbon two months prior the audit site visit. He is aware about some activities performed due to the project activity such as FAUNA monitoring and measurements of trees (flora). He said that the project has delivered some benefits such as freezer, solar panels, electric light, and water pump. However, he is not aware about the main reason for these benefits. Lives at the place for 8 years ago.	01/11/2021
2	Jackson Santos de Freitas	Resident of Katianã Farm	Have heard about the carbon project but is not aware about what it means. August was the first time that he has received Mr. Bruno Brazil from BR Carbon. He has the 1st contact with BR Carbon with Mr. Renan Kamimura on the beginning of the year 2021 Lives in the house for 4 years. Rural producer (his activities are related to cultivation of corn, beans, and manioc as well as livestock – owns 13 cows). Apart from that, he hunts wild animals (pigs, deers, paca, armadillo, tortoise) He has been informed that with the project activity no change in their activities will occur.	01/11/2021

N.º	Interviewed	Role	Topic	Date
			Knows the landowner but has not direct contact with him. Has worked in the FLORA measurements (identifying the trees) in June.	
3	Katiana Martins de Oliveira	Resident of Seringal Potiguar	Lives in the area for 11 years and likes to live there. It has been 5 months that BRCarbon has explained her regarding the project activity. Knows that the project refers to air preservation Did not receive invitation regarding any capacitation nor women-related meetings. Have received benefits from project activity such as freezer, water pump battery and solar panels Have not chosen the benefits that have been received. Has no knowledge regarding the activities that she has to perform due to the project activities (duties) Has been told that there will be doctors visiting the community in the future. Her activities are related to livestock and subsistence agriculture. They only commercialize beans, and it only occurs when there is a surplus of it. She is aware that there are other women in the community that are expecting to receive the benefits from the project activity.	01/11/2021
4	Clederson da Silva Marinho	Resident of Seringal Potiguar	Lives in the area for 2 years. Practices agriculture and livestock (owns 3 caws) Has participated from activities related to the project activity (trees identification and soil monitoring).	02/11/2021

N.º	Interviewed	Role	Topic	Date
			Apart from that, he hunts wild animals (pigs, deers, paca, nambu).	
5	Raimundo Nonato Cabral Santos and Dilcilene Moraes da Silva	Resident of Seringal Palmares	They live in the area from 12 years. They received the first visit from the project proponents in January 2021. They expect benefits in the health services and school, emphasizing their needs in the improvement in transportation within the community. Mr. Raimundo has participated from the capacitation carried out in Rio Branco (farm visit) where he told the main activities thought were regarding pasture planning and efficient livestock with other 15 people Ms Dilcilene has informed that has participated from meeting carried out in October related to women's health and disease prevention. They have not received to date the benefits from project activity such as battery, solar panels, freezer, and water pump. They know the landowner as Dilcilene's father was his former employee. Among their activities they hunt small animals and plant beans. Due to the project activity, they think that they will be told to keep the forest stand and not work with cattle.	03/11/2021

N.º	Interviewed	Role	Topic	Date
6	Deleon da Silva Costa		She has been living in the community area for 20 years. She meets with the participant BrCarbon about 2-3 months. She remembers that the PP explained something about the carbon project. Most of her production on her farm is for home consumption.	
7	Maria das Neves	Resident of Seringal Porongaba	She shared that she and her family were involved in the on-site activities as guides and food vendors for the workers and other participants. She did not participate in any of the meetings but was invited. She stated that although she did not attend, she knows that some neighbors attended the women's meeting. She shared that they have an internet network and that this is a benefit of the project. Also, the school was equipped, and she believes that this was important for her community. They (she and her husband) know about some meetings that PP held in the community, but they are not sure about the reason of the benefits.	03/11/2021
8	Josineide Candeias de Almeida	Resident of Seringal Porongaba – Vista Alegre	Lives in the area for 30 years. Explained that there was a former project in the area but has not been approved. Also explained that there will not be deforestation in their area due to the project activity nevertheless she reinforced that there is no restriction from the project proponents in cutting trees. She is aware about the benefits received in the school (TV screen, printer, and computer) and internet in the community.	04/11/2021

N.º	Interviewed	Role	Topic	Date
			Knows about the activities carried out due to the project activity such as trees identification. She said that the project proponents have visit all houses for communicating about the project activity and that there has been a public meeting in the community school with approximately 30 people regarding the project activity. In this meeting the community has requested improvements such as internet tower, extra classroom in the school. Two weeks prior the site visit, the project proponents have installed the internet to the community. She said that the project proponents have collected water samples to install water filters in the houses and that these filters have already been installed in 9 places. Among other benefits from the project activity, there was the improvement of prayer house, purchase of Bibles and instruments for praying. She was aware about the meeting carried out in October 2021 related to the women's health and disease prevention, vaccination. Her son, Railan, has participated from activities related to the project such as trees labelling. He has also participated from the capacitation in farming, pasture planning, forest management plan, animal feeding avoidance of forest fires.	
9	Antonia Graciele Vicente Rodrigues	Resident of Seringal Porongaba	She is a teacher in the school located outside the project activity area (Manuel Rifino). She teaches from 1st to 5th grade during the morning and from 6th to 9th year during the afternoon. She met the project proponent 1 year ago.	04/11/2021

N.º	Interviewed	Role	Topic	Date
			She said that the proponents initially explained about the project activity, has provided a quiz to have information from source of income and activities of people. Then, in June 2021, the project proponents returned to present the project activity in a public meeting, requested suggestions from people who told regarding their needs. Among their needs there was a health center. The project proponents suggested also carry out water analysis for filter installation. She mentioned that the school has received benefits such as TV, printer, laptop, and internet. She explained that these benefits were extremely valuable for the school as the kids feel more motivated to frequent it and it reduced the absences. Moreover, she also could improve the conditions of her classes with more information, tools, and technology. Her and the children are very happy with these benefits. She was aware about the capacitation offered by the project developers and have participated from meeting held in October regarding women's health. She explained that in this meeting they have a participation of psychologist who provided explanation regarding domestic violence and sexual harassment. She lives in the community for 12 years. She has been told that there will be no impact the activities performed by the community due to the implementation of the project activity.	
10	Ana Paula da Silva Leite de Souza Kassem Quintella (responsible)	IMAC (Environment Institute of State of Acre)	The analyst from this institute provided information regarding the requirements for approving a forestry management plan or a suppression license. They do not require Fauna monitoring for these types of licenses.	05/11/2021

N.º	Interviewed	Role	Topic	Date
	for permits provision) Cristiane Araujo de Souza Oliveira (environment analyst)		Mention some tree specimens which are not allowed to be suppressed. They mention they are not directly aware of this project activity as there is no regulation for REDD projects in the State and this is not their attribution.	
11	Luciano Souza Arruda – Environment analyst.	IBAMA - National Institute of Environment and Natural Resources	This institute is responsible for licensing in private proprieties which cross state limits, federal reserves, boundary areas, indigenous lands. Moreover, this institute is responsible for inspection actions also due to denounces. He mentions that he is not aware about the project activity as it is not their attribution	05/11/2021
12	Lucas Gabriel da Silva Nascimento	Employee at Castanheiras Farm.	He works at the farm for 2 years Have received training in health and safety from the project proponents (as an activity from the project activity). The following information has been provided: - The instructor's name was Paulo - Biological and mechanical risks during work - Equipment handling - Ergonomics on-the-job Mentioned that this training last two days with around 27 people participating, and that it occurred one month ago. Among his activities in the farm, protect from invaders, maintain the clearance of roads, avoids fire spots and hunting in the area. Works together with another partner.	06/11/2021

2.5 Site Inspections

For the project validation process, the on-site inspection was carried out through field trips of the project area during the days of 31/10/2021 to 10/11/2021. The review consisted in:

- Ensure that the geographic area of the project, as reported in the project description and the annexes (GIS). It was confirmed through the Avenza maps, on field³.
- Perform risk-based review of the project area to cover the project boundary.
- Monitoring plan review
- Perform a risk-based review of the project area to ensure that the project is in conformance the eligibility requirements of the VCS rules and the applicability conditions of the methodology.
- Confirmation that the quality control and quality assurance procedures were in place. Confirmed by the audit team in the project proponent office.

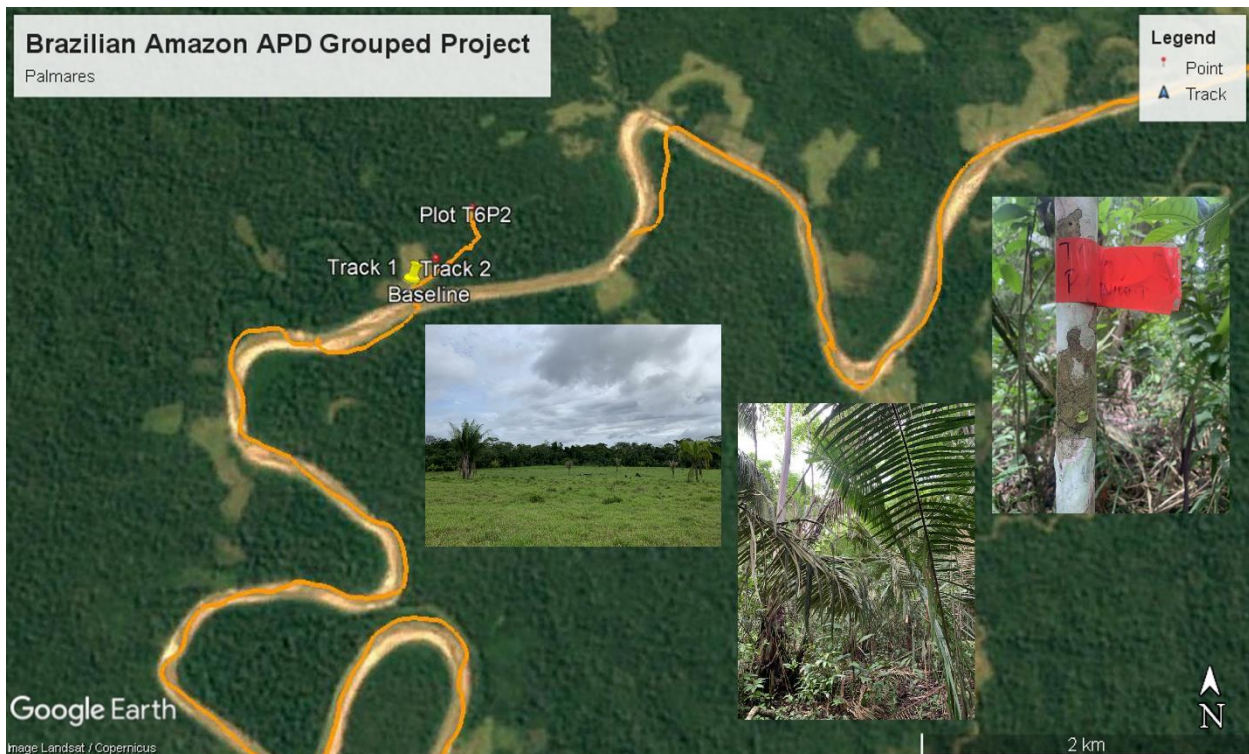
Table 5. On site Audit plan.

Date	Focus area
31/10/2021	Opening Meeting: Introduction of the lead auditor Presentation of the Audit team -Marcelo Sebben and Bibiana Duarte Presentation of the project team-Bruno Brasil, Renan Kamimura, Camila Monteiro Audit objective, scope and criteria, roles, and responsibilities Schedule discussion/remarks Review of the Audit plan. General Conditions of Service, Impartiality /Confidentiality. Confirmation of schedules and dates, interviews with institutional and local actors, field check. Interview with project proponents CLA/CAR, Technical review Questions and answers session.
01/11/2021	To Fazenda Katiana Interviews with Traditional communities (sr. Antonio Monteiro) Site inspection to: Project limits Verify CCB Achievements
02/11/2021	Fazenda Katiana- Acre Interviews with Traditional communities (sr. Jackson Santos de Freitas) Inventory plot: T2P2 Seringal Potiguar- Acre Interviews with Traditional communities (Clederson da Silva Marinho, Katiani Martins de Oliveira) Site inspection: Project limits Inventory plots: T3P1 Fauna Plot: Tramp camera Verify CCB Achievements

³ Tracks and photos were Recorded in a GIS system by the audit team, and this is available in ESPL's document management

Date	Focus area
03/11/2021	Fazenda Palmares-Acre Interviews with Traditional communities (Dilcilene e Raimund, Maria das neves candeia de Almeida e Deleon da Silva) Site inspection to: Project limits Inventory plots: T6P2 Verify CCB Achievements
04/11/2021	Seringal Porongaba-Acre (2 days) Interviews with Traditional communities (Josineide Candeias de Almeida, Lidiane (schoolteacher)) Site inspection to: Project limits Verification Photovoltaic systems installed Flora Plots: 7_4,7_9 8_6, 8_1
05/11/2021	Remote Interview to “Instituto de Mudanças Climáticas” (IMC)
06/11/2021	Castanhal - Aripuanã Interviews with Traditional communities Site inspection to: Project limits, Transect 10 Inventory plots
07/11/2021	Interview with BATISTA E CIA LTDA Interview with Socio-environmental investment fund (AMAZ) Interview with the professional Paulo Affonso Fonseca Pires Neto Interview with the professional Renan A. Kamimura Confirmado: IMAC- IBAMA
09/11/2021	Audit desk and Closing Meeting: Land tenure Additionally Financial Deviations Legal compliance Contracts and/or agreements with the participants GIS-review - Document management, capture and compilation of Project information. -Review of VCUs calculations in accordance with applied methodology and relevant tools.
09/11/2021	-Baseline definition -Spreadsheet review, sampling error, sampling effort -A general presentation of the partial conclusions and results of the audit, the CARs/CLAs/ detected. -Confirmation of dates to deliver final findings and resolution of findings.

The visit began with the opening meeting and subsequent site inspections with the audit team and the project proponent team. The activities, the limits of the project, the monitoring plan and all the aspects for the assurance of the information provided by the proponent project were reviewed. Confirmation of the boundaries and activities was validated on site (yellow line), as described below:



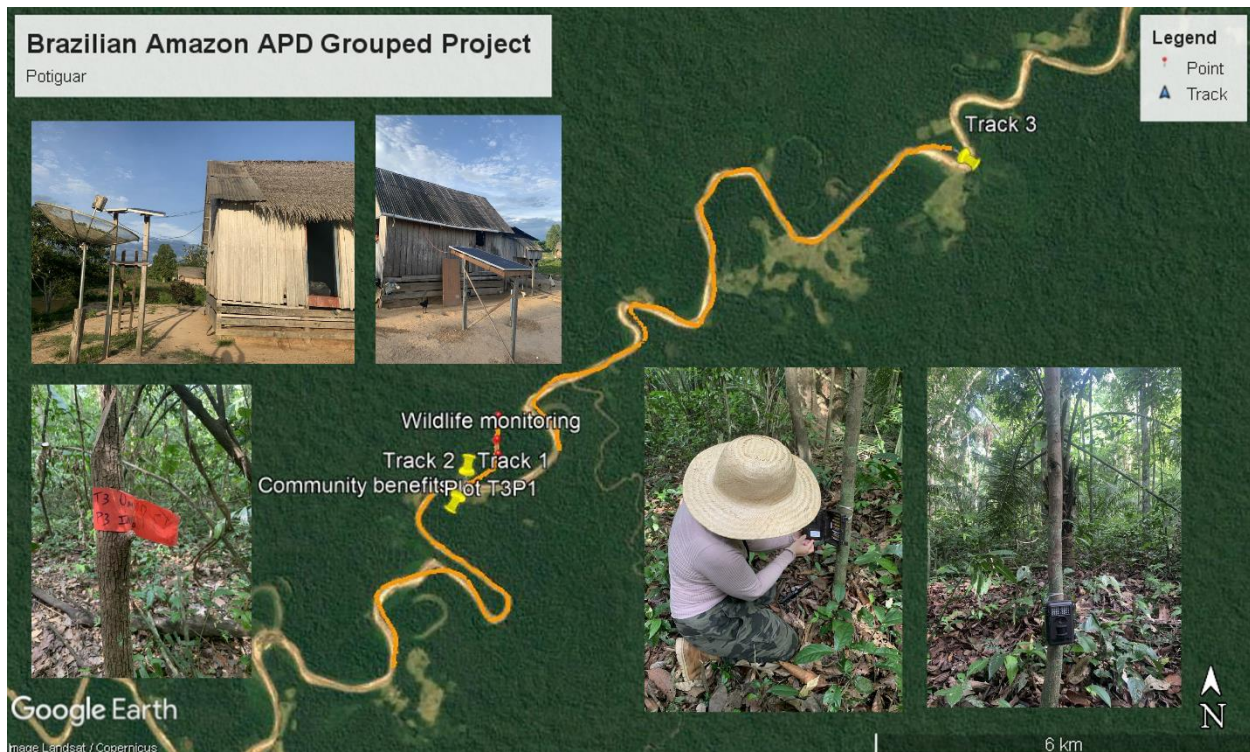


Figure 1. Site inspection⁴.

⁴ Tracks and photos were Recorded in a GIS system by the audit team, and they are available in ESPL's document management

The audit team collected GPS tracking data and waypoints and took photographs and correlated observations with mapping data supplied by the client in a GeoPDF file.

Table 6. Check points.

Plot/site	Coordinate		Photo
	Latitude	Longitude	
Katiana community	10°17'6.88"S	69°31'46.02"W	
Riparian forest	10°16'25.03"S	69°29'32.74"W	
Plot T2P1	10°16'25.46"S	69°29'33.68"W	

Plot/site	Coordinate		Photo
	Latitude	Longitude	
Plot T2P2	10°16'22.35"S	69°29'33.88"W	
Plot T6P2	10° 6'35.83"S	69°17'4.52"W	
Porongaba community	10° 1'8.54"S	69° 2'56.19"W	

Plot/site	Coordinate		Photo
	Latitude	Longitude	
Wildlife monitoring/camera trap Porongaba	10° 1'48.92"S	69° 2'28.17"W	
School Porongaba	10° 2'54.14"S	69° 4'38.22"W	
Plot T8P6	10° 1'55.44"S	69° 2'20.87"W	
Digital inclusion Porongaba	10° 2'55.34"S	10° 2'55.34"S	

Plot/site	Coordinate		Photo
	Latitude	Longitude	
Wildlife monitoring Potiguar	10°14'53.07"S	69°27'1.03"W	
Solar panels Potiguar	10°15'6.51"S	69°27'16.85"W	
Plot T3P1	10°14'59.91"S	69°26'59.80"W	

Plot/site	Coordinate		Photo
	Latitude	Longitude	
Plot T3P3	10°14'52.38"S	69°27'0.45"W	

2.6 Public Comments (*Rules 4.6*)

The project made its information available to the public for the validation (<https://verra.org/openfor-public-comment/>) to receive comments from 14/12/2021 to 13/01/2022. No comments received during the commenting period, as evidenced from the VCS web interface.

2.7 Resolution of Findings

The identification of the findings was determined after reviewing the documentation and the results of the on-site inspections. The findings relate to non-compliance with the requirements of CCB and VCS standards, compliance with local environmental laws and regulations, non-compliance with general principles and approved methodological procedures. Project information must meet the requirements of the standards by presenting the correct evidence and be based on relevant, verifiable, and internationally recognized sources.

The on-site inspections made it possible to validate the relevance, reliability, and transparency of the procedures for obtaining information and data for the project. The audit sampling effort ensured that the relative importance did not exceed 5%, which was agreed upon with the project proponent. The information and data were validated to ensure that the information was free of errors, omissions, or misrepresentations.

A Corrective Action Request (CAR) shall be raised if one of the following situations occurs:

- Non-compliance with the standards or methodology if it has not been sufficiently documented by the project proponent, or if the evidence provided to demonstrate compliance is insufficient.
- Mistakes have been made in applying assumptions, data or calculations of emission reductions which will impact the quantity of emission reductions.

A Clarification Request (CL) shall be raised if information is insufficient or not clear enough to determine whether the applicable VCS/CCB requirements have been met.

A Forward Action Request (FAR) is issued for actions if the project description require attention and/or adjustment for the next audit.

The findings detected were 03 clarifications request (CL) and 04 corrective action requests (CAR). All finding included the issues raised, the responses provided by the project proponent and the final conclusions are contained in Appendix 1. In summary, the project proponent presented the clarifications and supports for closing the findings related to ex ante estimates, risk reports, areas, agreements, methodology modules, land tenure, and quality management system. In conclusion, findings have been successfully closed in accordance with applicable requirements.

2.7.1 Forward Action Requests

No FARs were raised during the validation of this project.

3 VALIDATION FINDINGS

3.1 Summary of Project Benefits

The unique project benefits are summarized in Section 1.1 of the PD CCB which are:

Climate benefits: conservation of 18,652.91 hectares of forest, the project is expected to reduce 10,403,955 tCO₂e as VCUs for the first 10 years, that is the first baseline period.

Community benefits:

- Education: the project estimates to benefit 50 members of the community and include benefit for 25 women of the community.
- Health: the project estimates that for 300 people, including 72 women, health services will improve as a result of the project activities
- Access to water: the project estimates that 30 people, including 15 women, will have better access to water as a result of project activities.
- Employment: people directly working on project activities in return for compensation (financial or otherwise), including employees, contracted workers, sub-contracted workers, and community members that are paid to carry out project-related work. The project estimates to benefit 6 members of the community and include benefit for 2 women of the community.
- Training and skills development: the project estimates to benefit 50 members of the community and include benefit for 25 women of the community.
- Livelihoods: the project estimates that 166 persons will improve livelihoods or income generated as a result of project activities and benefits 150 women of the community.
- Well-being: The project estimates that 166 community members, including 72 women, will improve their well-being as a result of the project activities.

Biodiversity benefits: conservation of forest cover (113,594.56 ha), wildfire GHG Emission Reduction, habitats, and endangered species (8 globally Critically Endangered or Endangered species).

Validation team confirms that all benefits reported in the PD are substantiated with information provided in the document. Social impacts from the project will be in education, health, access to water, employment, and training. With this, the project intended to influence the living conditions of the communities the Project Area, increasing the level of socioeconomic conditions and the life quality of the families, helping to obtain goods and services that promote economic and social well-being. The benefit to biodiversity is expected to be the maintenance and monitoring of the forest cover in the Project Area, ensuring the protection and conservation of habitats and local biodiversity, including species with some degree of threat according to IUCN. In conclusion, the implementation of the project activities will improve the quality of life of the communities and contribute to the conservation of biodiversity.

3.2 General

3.2.1 Summary Description of the Project (G1.2)

The Brazilian Amazon APD Grouped Project is a large-scale grouped project that takes place in the municipalities of Sena Madureira and Rio Branco in Acre and in the municipality of Aripuanã, in Mato Grosso. It started on 2nd August 2021 with a project area of 18,652.91 hectares on private properties located in the nine states of the Brazilian Legal Amazon. The proponent project is BRCarbon Serviços Ambientais LTDA., and the implementation partner of the PAI#1-5 is BATISTA E CIA LTDA. The scenario existing prior to implementation of the project corresponds to deforestation with permits, where the land is converted to pasture and agriculture.

The Brazilian Amazon APD Grouped Project aims to conserve forests on private properties, with native vegetation subjected to legal suppression for the implementation of agricultural projects, in the nine states of the Brazilian Legal Amazon. Project activities aim to generate community and biodiversity benefits and promote the reduction of emissions caused by planned deforestation.

The implementation of the GPD five initial project activity instances (PAI#1-5) will result in the direct conservation of 18,652.91 hectares of forest in 5 properties in the states of Acre and Mato Grosso, generating 10,403,955 tCO₂e as VCUs for 10 years, that is the first baseline period. The project aims to create positive economic incentives for landowners to conserve rainforest and generate positive impacts on traditional communities and biodiversity conservation. The project's climate objectives are to reduce emissions of GEI by avoiding deforestation through the signing of long-term contracts with landowners in the Legal Amazon and activities aimed at the protection and monitoring of forests. The objective with communities is to achieve benefits through actions of social participation, education, digital inclusion, health, access to water, employment and income generation, training and education, rural extension, and infrastructure construction. The objectives related to biodiversity is to generate benefits by conserving forest cover, habitats, and endangered species.

Validation team concluded that the project description is accurate, complete, and provides an understanding of the type of the project.

3.2.2 Physical Parameters (G1.3)

The project is located in rural properties in the Brazilian Legal Amazon, PAIs #2-5 are in the municipalities of Sena Madureira and Rio Branco in Acre, and PAI#01 is in the municipality of Aripuanã, in Mato Grosso. The audit team reviewed, through visits (Section 2.5 of this report) and interviews (Table 4 of this report), the areas of the properties, the project area, geographic coordinates, KML files, and the database GIS⁵, and concluded that the project has accurately defined the boundaries of the five first instances.

Regarding the physical conditions of the project area, the audit team validated the parameters during the site inspection. The project fully describes in Section 2.1.3 of the PD CCB and Section 1.13 of the PD VCS, the physical characteristics (climate, soils, topography, slope, hydrology) and biotic characteristics (vegetation, biodiversity) for the areas involved in the project. During the site visit (Section 2.5 of this report), the review of the geographic and technical information (Table 3 of this report), and the interviews (Table 4 of this report), the audit team validated that this project will be implemented in a region where deforestation has occurred in the past, mainly due to agriculture.

3.2.3 Social Parameters (G1.3)

The project fully describes in Section 2.1.4 the PD CCB, the socio-economic aspects for the areas involved in the project. During the site visit, the audit team validated that this project will be implemented in a region that offers opportunities to contribute to social well-being. The audit team validated the social parameters with the review of documentation (Table 3 of this report) and during the site inspection (Section 2.5 of this report) and interviews (Table 4 of this report).

3.2.4 Project Zone Map (G1.4-7, G1.13, CM1.2, B1.2)

The boundaries of the project zone are defined as the Brazilian Legal Amazon, considering the grouped project. PAI#01 is located in the municipality of Aripuanã in in Mato Grosso, Brazil, and PAIs #2-5 are located in the municipality of Sena Madureira in Acre, Brazil. The audit team reviewed the areas of the properties, the project area, the leakage belt, the geographic coordinates, the KML files, and the database GIS, and concluded that the project has accurately defined the boundaries of the five first instances.

3.2.5 Stakeholder Identification (G1.5)

The project proponent, in Section 2.1.6 of the PD CCB, provides an explanation of the process and analysis used to identify communities, community groups, and other stakeholders. It is based on secondary information available in the database IBGE GIS and field research through the application of semi-structured questionnaires, photographic records, and observations collected through direct contact with communities living in the project areas to understand the lifestyles, experiences, territorialization and histories of these communities.

Based on the review of the database IBGE GIS, the semi-structured questionnaires, the photographic records (Appendix X of the project⁶), the visits (Section 2.5 of this report) and the interviews with communities (Table 4 of this report), the validation team concludes that the identification of stakeholders

⁵ Table 3 describes the project information reviewed in the validation process.

⁶ Table 3 describes the project information reviewed in the validation process.

and the analysis of the communities were adequate and complied with the accepted standards and procedures.

3.2.6 Stakeholder Descriptions (G1.6, G1.13)

The project proponent has identified stakeholders who are relevant and directly impact or influence the project and its goal. Stakeholders were identified as all persons living in the project area. In the Section 2.1.7 of the PD CCB, the families and community groups identified in the project area are described, specifically in the farms: Katianã, Palmares, Porongaba, and Potiguar, considering the grouped project initial scope. Among the stakeholder groups identified so far, are traditional riparian communities and newly arrived invaders. The tenure rights of traditional families are recognized by the project proponent and the landowners. The cases of invasion for the purpose of land grabbing are prosecuted so that the relevant authorities can act.

The audit team assessed that the project proponent identified each family and community group in the project area, and determined their rights, interests, and overall importance to the project. The VVB conducted visits (Section 2.5 of this report), interviews (Table 4 of this report) and did its own research on stakeholders.

3.2.7 Sectoral Scope and Project Type

The sectoral scope of the project is correctly identified in the Section 1.2 of the PD VCS as Sector Scope: 14 Agriculture, Forestry and Other Uses of the Land (AFOLU) and a Reducing Emissions from Deforestation and Forest Degradation (REDD) avoiding Planned Deforestation / Degradation (APD) category. The project proponent has chosen the correct methodology for this: VCS VM0007 REDD+ Methodology Framework (REDD+ MF) v 1.6. for avoiding planned deforestation.

The audit team validated through documents and calculations (Table 3 of this report) that project estimates GHG emissions from avoided planned deforestation activities and accounts for the increase in carbon stock in private forests that would be deforested in the baseline.

3.2.8 Project Activities and Theory of Change (G1.8)

Climate benefits have a causal relationship with the reduction in planned deforestation of an estimated 18,652.91 ha, leakage management, and reducing forest area affected by fire. Community and biodiversity benefits are related to the project's activities of social engagement, education, digital inclusion, health, access to water, job and income generation, training and skills development, rural extension, infrastructure, natural habitats, and endangered species.

Based on the on-field observations (Section 2.5 of this report) and interviews (Table 4 of this report) with the project proponent and stakeholders, the validation team confirms that all the activities proposed in the PD (CCB & VCS) are feasible. The audit team concluded that the theory of change in the project description (Section 2.1.8 of the PD CCB) is accurate, complete, and provides an understanding of the nature of the project and its climate, community, and biodiversity objectives.

3.2.9 Sustainable Development

The grouped project will contribute to the following sustainable development goals through the implementation of its activities (Section 1.17.3 of the PD VCS):

- UN SDG 01: reduce the proportion of the population living below the international poverty line.
- UN SDG 13: combat climate change and its impacts.
- UN SDG 15: protect and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss.

Based on documentation review (Table 3 of this report), visits (Section 2.5 of this report) and interviews (Table 4 of this report), the audit team confirms that the project proponent will contribute to sustainable development through the implementation of the project activities.

3.2.10 Implementation Schedule (G1.9)

In section 2.1.11 of the PD CCB the project proponent identifies the key milestones for the project activity. The milestones considered by the VVB and how they have been validated are described below:

Table 7. Implementation schedule.

Date	Milestones in the project's development and implementation	Validation team assessment
05th April to 05th May, 2021	First site visit for identify local resident, socioeconomic diagnosis, to present the project concept to local communities and to make the first biodiversity survey.	The audit team validated that the project involved local communities and carried out a diagnosis of the social situation and biodiversity in the areas visited to involve the owners in a grouped project (Section 3.2.5 of this report).
30th June, 2021	Submission of the draft VCS PD in the VERRA registry system.	The audit team validated that the project complies with the Verra registration system in the VCS web interface.
19th July to 25th July, 2021	Free prior and informed consent in the PAIs#2-5.	The audit team validated that the project complies with the requirement CCB G5.2. (Section 3.2.41 of this report).
27th July to 25th August 2021	Biomass forestry inventory	The audit team validated the records of the biomass forestry inventories for the first five instances (Table 3 of this report).

Date	Milestones in the project's development and implementation	Validation team assessment
02nd August 2021	Signature of the conservation agreement between BRC and the landowner of the first five project activity instances (PAIs#1-5). The milestone that characterizes the project start date.	The audit team validated the evidence of the project start date (Section 3.2.11 of this report).
18th August to 17th September, 2021	Public comment period in VERRA registry.	The audit team validated that the project complies with the Verra requirements (Section 2.6 of this report).
30th August to now	Digital inclusion	The audit team validated the benefits to the community as result of the project activities (Section 3.4 of this report).
09th to 10th October 2021	Photovoltaic systems installed	
09th to 10th October 2021	Outpost renovation (on-going).	
27th September to 03rd October	Socio-productive diagnosis with a view to rural extension, structuring of production chains and organic certification.	
05th to 06th October 2021	Sustainable Agriculture Management	
09th to 10th October 2021	Women's health	
11th October 2021 to now.	Photovoltaic and hydraulic systems for residents	
20th to 24th October 2021	Socio-environmental investment fund (AMAZ) field visiting.	
21st October 2021	Delivery of water filters to Porangaba communities.	
08th to 22nd October 2021	Second biodiversity survey in PAI #01-05	The audit team assessment that the project carried out a monitoring of the biodiversity in the areas visited (Section 3.5 of this report).
20th to 24th October 2021	Participatory monitoring, disclosure of monitoring results, disclosure of audit date and audit process. Lectures on climate change, carbon cycle, importance of forests and ecosystem services.	The audit team assessment that the project involved local communities in the process of validation and verification (Section 3.2.21 of this report).

3.2.11 Benefits Assessment and Crediting Period (G1.9)

The crediting period (Section 1.9 of the PD VCS and Section 2.1.9 of the PD CCB) starts on August 02nd, 2021 and ends on July 01st, 2121. This approach is being considered due to the grouped project, which allows for the addition of new PAIs during the project lifetime. PAIs #1-5 will generate GHG emission reductions that are creditable for 10 years, that is the first baseline period. A legal agreement (Appendix

01 of the project⁷) has been signed between the project proponent and the landowner to continue management practices that result in conservation of the project area for a minimum of 30 years, thus, the project activity instances longevity is 30 years. The crediting periods for VCS and CCB are the same.

The audit team has validated the documentation of the project start date and legal agreements (Table 3 of this report) and concludes that the project meets the requirements of the standards for the benefits assessment and crediting period.

3.2.12 Risks to the Project (G1.10)

Section 2.1.12 of the PD CCB lists 5 main risks and what will be done to mitigate it which are assessed as below:

Table 8. Assessment of the project risks.

Risk	Assessment of the measures	Conclusion
Unavoidable unplanned deforestation. (Human induced)	The project will develop rural extension activities, training, and capacity building aimed at agriculture landscape management improvement. The validation team has reviewed the project activities of rural extension and training and finds that the measures can reduce pressure on forests.	The VVB finds that the mitigation measures are appropriate to cover risk.
Wildfires. (Human induced)	Training and qualification, training of volunteer fire brigades, purchase of equipment to fight forest fires and, possibly, installation of cameras aimed at the automatic detection of smoke patterns. The validation team has reviewed the measures and finds that the project proponent will work with wildfire prevention and combating wildfires.	The VVB finds that the mitigation measures are appropriate to cover risk.
Political (Human induced)	The project proponent works with a specific social engagement protocol and mechanisms for continuous communication, associated with a grievance and redress procedure. The validation team has reviewed the measures and finds that the project proponent will work to maintain effective communication with all stakeholders and resolve disagreements or eliminate conflicts of interest.	The VVB finds that the mitigation measures are appropriate to cover risk.
Predatory hunting and overfishing. (Human induced)	The project proponent will promote fauna monitoring with a focus on game and fish species and environmental education actions. The validation team has reviewed the measures and finds that the project proponent will work to maintain biodiversity benefits.	The VVB finds that the mitigation measures are appropriate to cover risk.

⁷ Table 3 describes the project information reviewed in the validation process.

Risk	Assessment of the measures	Conclusion
Extreme droughts (Natural)	The project proponent will increase the budget and intensity of activities related to forest fire prevention and wildfire combat in El-Niño years. The validation team has reviewed the measures and finds that the project proponent will work with wildfire prevention and combating wildfires during the events of phenomenon El Niño Southern Oscillation (ENSO).	The VVB finds that the mitigation measures are appropriate to cover risk.

Through site visits (Section 2.5 of this report), interviews (Table 4 of this report), and document reviews (Table 3 of this report), the audit team has confirmed that the project proponent has accurately identified the project's expected natural and human-induced risks to climate, community, and biodiversity benefits during the project lifetime. In addition, the audit team concludes that adequate measures have been described to mitigate the identified risks.

3.2.13 Benefit Permanence (G1.11)

The project activity instances longevity is 30 years and the audit team reviewed the legal agreement (Appendix 01 of the project⁸) signed between the project proponent and the landowner to continue the management practices that result in conservation of the project area for a minimum of 30 years.

The GPD GHG accounting period is 100 years and each PAI lifetime can be extended until 100 years. The audit team reviewed the landowner responsibilities and legal information regarding land conservation and the legal protections necessary to ensure permanence of carbon stocks in the post-project scenario, given that the lands are in the Legal Amazon.

The audit team concludes that the measures included in Section 2.1.13 of the PD CCB to maintain and enhance the climate, community, and biodiversity benefits beyond the project lifetime are adequate.

3.2.14 Financial Sustainability (G1.12)

The project proponent will operate with its own capital and will fund all activities planned under the grouped project. Actual and projected GHG emissions reduction revenues and projected cash flow are considered by the project proponent to be commercially sensitive information.

3.2.15 Grouped Projects

1) Eligibility Criteria for Grouped Projects (G1.14)

In Section 2.1.15 of the PD CCB and in Section 1.4 of the PD VCS, the project proponent describes how it meets the eligibility criteria, which was validated by the audit team:

- The audit team validated the geographic area by reviewing the legal conditions for private lands, environmental legislation, forest types included, and the biome.

⁸ Table 3 describes the project information reviewed in the validation process.

- In terms of baseline and additionality, all private lands in the Brazilian Legal Amazon are subject to the same legal framework and similar deforestation causes and drivers as those identified for PAIs #1-5. The audit team validated baseline and additionality through document review, visits, and interviews.
- The audit team validated in the review of the activity to avoid planned deforestation in the project description that this is the only activity considered in the project scope for which carbon credits can be generated and is related to the methodology used in the project design.
- The audit team validated in the project description, document review, and legal and geographic analysis that the baseline scenario for avoiding planned deforestation in Legal Amazon is the same and all private lands are subject to the same legal framework.
- The audit team validated in the project description, document review, and legal and geographic analysis that the additionality approach to avoiding planned deforestation in the Legal Amazon is the same and all private lands are subject to the same legal framework and similar deforestation causes and drivers.
- The audit team validated in the project description, document review, and legal and geographic analysis, that the relevant factors for determining the baseline scenario and demonstrating additionality of a given project activity instance are the same for the entire geographic area.

ESPL audit team evaluated the eligibility criteria for new areas under the conditions of CCB Standard v3.1. The audit team concludes that the eligibility criteria meet the requirements of G1.14 and all relevant requirements of the VCS Standard.

2) Scalability Limits for the Grouped Projects (G1.15)

The project is limited by the total area of private lands with forest cover that exceeds the legal reserve of the Amazon. The project proponent does not recognize capacity limits of an economic or managerial nature, nor thresholds for project expansion beyond which there may be negative impacts on biodiversity. The audit team validated during the visits (Section 2.5 of this report) and interviews (Table 4 of this report) in the first five instances that there are no negative impacts to the community and/or biodiversity due to the limits of this grouped project.

3) Risk Mitigation Approach for Grouped Projects (G1.15)

Not applicable. The project cannot be expanded beyond its scalability limit. Climate, community, and biodiversity benefits risk mitigation measures identified by the project proponent are applicable to all PAIs.

3.2.16 Land-Use Scenarios without the Project (G2.1)

The project proponent has identified three credible alternative land use scenarios for the project areas according to the "VT0001 Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities, V3.0":

- a) Forest cover maintenance of 20% of the property, when land use conversion is allowed by Law 12.651, of May 25, 2012, i.e., through conservation activities resulting from incentives other than the project.

b) Legal deforestation of 20% of the property (deforestation with permits), when the land use conversion is allowed by law i.e., forest suppression for pasture (cattle raising) and agriculture.

c) Illegal deforestation of 20% of the property (deforestation without permits), where the land use conversion is allowed by law i.e., forest suppression for pasture (cattle raising) and agriculture purposes or simply for real estate speculation.

According to the baseline analysis and the analysis of the causes and drivers of deforestation (Section 2.2 of the PD CCB and Section 3.4 of the PD VCS), deforestation with permission, where land is converted to pasture and agriculture (scenario b), is the most likely activity in the project area to occur without the project.

3.2.17 Most-Likely Scenario Justification (G2.1)

The most likely scenario without the project is the continuation of legal deforestation for livestock or croplands without the project activity REDD. During the site visit (Section 2.5 of this report), the audit team validated that this project is being implemented in a region where deforestation has occurred in the past, mainly livestock and agriculture. The plausibility of the baseline scenario can be confirmed by the deforestation during the historical reference period 2011 – 2020 in the municipalities of Sena Madureira (AC) and Aripuanã (MT) where PAIs #1-5 are located (Section 2.2.2 of the PD CCB).

The audit team deems that the assumptions, justifications, and data used in the determination of the baseline scenario are adequately justified and can be considered reasonable. The documentary evidence used in determining the baseline scenario is relevant (Table 3 of this report) and is correctly cited and interpreted in the project description.

3.2.18 Community and Biodiversity Additionality (G2.2)

Additionality was determined according to the “VT0001 Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities, V3.0 (Section 3.5 of the PD VCS). This additionality analysis also serves for the community and biodiversity by showing without the project activity, a scenario of continued forest loss would occur (Section 2.2.3 of the PD CCB). The project proponent does not intend to use any other climate, community, and biodiversity benefits as compensation, instead of the VCU generated by VCS GPD verification.

According to the investment analysis, the proposed project activity is less economically attractive than any agriculture project because no financial benefits other than VCS related income are expected for the project proponent due to the project implementation. In addition, in the barrier analysis, the lack of financial resources for conservation, effective public policies to reduce deforestation and promote sustainable socio-economic development, combined with the difficulty of authorities to curb illegal activities, drives illegal deforestation in Brazil. The analysis of common practices was conducted considering three selected mechanisms/policies, the Environmental Reserve Quota – CRA, the ecological ICMS and the REM program in the states of Acre and Mato Grosso. The mechanisms are substantially different from carbon projects and the public policies implemented by the governments are complementary to project activity. The project proponent will seek articulation with the government authorities to facilitate access to state benefits for communities living in the project area.

The procedures for determining additionality were correctly followed in accordance with the steps of the combined tool. Therefore, the audit team finds that additionality is correctly justified and concludes that there are no similar activities in the same geographic area, or that the activities considered similar have substantial differences from the project. Therefore, the project activity is additional.

3.2.19 Stakeholder Access to Project Documents (G3.1)

During the visit (Section 2.5 of this report), ESPL confirmed that all project documentation is available in all PAIs and that a printed version of the Project Description Document can be viewed at the local BRC headquarters in Porongaba. The digital inclusion promoted by the project will make it easier for communities to access the full project documentation. Documentation is also available on the Verra website.

The validation team considers that the measures taken by the project proponent are adequate to inform stakeholders and ensure their full participation in project development and implementation process.

3.2.20 Community Costs, Risks and Benefits (G3.2)

Community costs, risks and benefits are described in Section 2.3.4 of the PD CCB. This information was obtained based on the participative design of the activities with the local communities directly affected by the project and/or living inside of the project areas.

The project proponent has described the potential benefits to the communities and was constructed based in the social field diagnosis and consolidated using a participatory process (Participatory Rural Appraisal). Risks, however, were discussed with the stakeholders identified during the first stakeholder consultation stage. Through the stakeholder consultation process and project proponent social engagement protocols, the existing risks in the perception of communities are mitigated.

During the visit (Section 2.5 of this report) and the interviews (Table 4 of this report), the validation team considers that the measures taken by the project proponent are adequate to inform about community costs, risks and benefits to the stakeholders and ensure their full participation in the project development and implementation process.

3.2.21 Information to Stakeholders on Validation and Verification Process (G3.3)

The project proponent held informative meetings between October 18 and 24, 2021 for communicate to stakeholders on validation and verification process and the communication methods included oral explanations, schematic drawings, and dissemination of printed materials.

During the visit (Section 2.5 of this report) and the interviews (Table 4 of this report), ESPL considers that the measures taken by project proponent are adequate to inform to stakeholders on validation and verification process.

3.2.22 Site Visit Information and Opportunities to Communicate with Auditor (G3.3)

Communities were informed during the third and fourth stages of social engagement (Section 2.3.6 of the PD CCB). During the visit carried out by the auditor (Section 2.5 of this report), communication with the communities and other stakeholders was facilitated thanks to the good management of the project

proponent in communication and logistics. In addition, all the interviewees give positive reply to all the issues, and they are satisfied with the project implementation and interventions. They also confirmed that the project process was explained to them during the consultations and meetings and most of them have participated in the stakeholder meeting which was held before the project start. Thus, it is validated that stakeholders participated in project development and implementation process.

3.2.23 Stakeholder Consultations (G3.4)

Stakeholder consultation took place during the participatory workshops for the design of the project to effectively consult with communities. For other stakeholders, such as the public government (municipality and state), consultations are based on communication through e-mail, official letters, and in specific scheduled meetings. ESPL validated, through document review (Table 3 of this report), site observations (Section 2.5 of this report), and interviews (Table 4 of this report), that the project proponent has communicated and consulted with stakeholders.

3.2.24 Stakeholder Consultation Channels (G3.5)

Stakeholders Consultation Channels are described in the social engagement protocol developed by BRC (Appendix 10 of the project). The audit team validated, through photographic records review, in the PDD and appendix, and interviews that the project proponent ensures that all consultations and participatory processes are undertaken directly with communities and other stakeholders.

3.2.25 Stakeholder Participation in Decision-Making and Implementation (G3.6)

Stakeholder participation in decision-making is ensured through the BRC social engagement protocol, which includes, the implementation of participatory workshops for the design of the project. The effectiveness of the participation mechanisms can be evidenced in the description of the project activities, which reflect the demands presented by the community (Appendix X of the project).

All the stakeholders interviewed during the site visit gave positive response about the project. While checking all the reports, lists, and records of meetings, it is confirmed that all the stakeholders agreed to the implementation of the project.

3.2.26 Anti-Discrimination Assurance (G3.7)

The BRCarbon Company, as the project proponent, respects all laws related to the guarantee against discrimination, prescribed in the Company's bylaws (Appendix X of the project). The owner has also signed a conservation agreement that clearly states that both parties must comply with all applicable laws related to the implementation and management of the project and their commitment to non-discrimination, including discrimination based on gender, race, religion, sexual orientation, or other. During the workshops, an exclusive space is reserved for the participation of women, free from the influence of men, to address gender issues.

Based on site inspections (Section 2.5 of this report) and interviews (Table 4 of this report), ESPL has validated that the project has taken the necessary measures to ensure that all individuals involved in project implementation are not involved in or complicit in, any form of discrimination or sexual harassment.

3.2.27 Feedback and Grievance Redress Procedure (G3.8)

The project proponent has a process for receiving, hearing, responding to, and attempting to resolve complaints that proceeds in three stages (Section 2.3.12 of the PD CCB): amicable negotiation, mediation by a neutral party, and arbitration.

The audit team confirmed the procedures described in the PD, which outlines the methods for resolving grievance, and validated during the interviews (Table 4 of this report) and site visits (Section 2.5 of this report) that the process for receiving, hearing, responding to, and attempting to resolve grievances within a reasonable time is clear.

3.2.28 Worker Training (G3.9)

The project proponent structures a training strategy in two different axes: qualification and/or training related directly related to project activities (employment opportunities or volunteering), and training related to community's lifestyle (community demand).

The audit team reviewed the training strategy in Section 2.3.14 of the PD CCB and validated that the project describes the necessary and adopted measures to provide orientation and training to project workers and relevant community members, with the aim of building useful skills and knowledge at the local level to increase local participation in project implementation.

3.2.29 Community Employment Opportunities (G3.10)

Employment opportunities described by the project proponent in Section 2.3.15 of the PD CCB include field guides, boatmen, lodging services, masonry services, cooking, and a forest inventory team. The selection process will be carried out in a transparent manner by notifying all the community members of vacancies. Selection will be based on the skills and knowledge required for each activity, with priority given to women and vulnerable and/or marginalized people. The project proponent has a potential list of community members who could assist in the implementation and management of the project activities. This database is part of BRC's strategy to implement a rotating recruitment system that provides opportunities to a greater number of the community members.

Evidence provided by the project proponent, indicates that the project will employ people from the communities on an equal basis.

3.2.30 Relevant Laws and Regulations Related to Worker's Rights (G3.11)

The project proponent complies with all Brazilian laws and regulations applicable to workers' rights. In addition, it will inform all workers of their rights before hiring them, as described in Brazilian labor laws.

The audit team, through review of Brazilian legal information and project documents, and the description in Section 2.3.16 of the PD CCB and Section 1.14 of the PD VCS, confirmed the measures taken and described by the project proponent to protect the rights of communities and other stakeholders.

3.2.31 Occupational Safety Assessment (G3.12)

The risk analysis for worker safety that could be impacted by project activities, was conducted based on the proposed employment opportunities. A separate assessment is conducted for each employment opportunity to address specifics of each activity.

According to the occupational safety assessment explained in Section 2.3.17 of the PD CCB, VVB confirmed that the project describes measures to establish safety inspection procedures and mitigate risk.

3.2.32 Project Governance Structures (G4.1)

Project governance structures were explained in Section 2.4.1 of the PD CCB. During the site visit (Section 2.5 of this report), ESPL confirmed that the project governance structure is robust to ensure successful implementation and sustainability of the project.

3.2.33 Required Technical Skills (G4.2)

Required technical skills were explained in Section 2.4.2 of the PD CCB. This was confirmed during the site visit (Section 2.5 of this report). In the opinion of ESPL, the project proponent has robust technical skills to ensure successful implementation and sustainability of the project.

3.2.34 Management Team Experience (G4.2)

Management team experience was explained in Section 2.4.3 of the PD CCB. This was confirmed during the site visit (Section 2.5 of this report). In the opinion of ESPL, the project proponent has an experienced management team that can ensure successful implementation and sustainability of the project.

3.2.35 Project Management Partnerships/Team Development (G4.2)

Not applicable.

3.2.36 Financial Health of Implementing Organization(s) (G4.3)

BRCarbon financials are commercial sensitive information.

The VVB evaluated the documents that the project proponent made available privately to demonstrate the financial health of the organization. ESPL concludes that BRCarbon is part of a business group with sufficient assets to finance the implementation of project activities until the first sale of carbon credits. After the first sale event, according to the financial projections presented, the project proponent will be able to pay for the implementation of all project activities according to the validated Project Description.

3.2.37 Avoidance of Corruption and Other Unethical Behavior (G4.3)

BRCarbon directors are not involved in any form of corruption, which is enforced by the company's social statute. Direct or indirect involvement in bribery, embezzlement, fraud, favoritism, nepotism, extortion, and collusion are punishable by expulsion.

The audit team concludes that the project is not involved in any form of corruption, as evidenced in the visit (Section 2.5 of this report) and in the interviews (Table 4 of this report).

3.2.38 Commercially Sensitive Information (Rules 3.5.13 – 3.5.14)

For the project proponent, commercially sensitive information is any trade, financial, commercial, scientific, technical, or other information that, if disclosed, could reasonably be expected to result in a substantial financial loss or gain and jeopardize the terms of a contract, agreement, or other negotiation indicated by the project proponent. Sensitive information also includes information relating to internal policy decisions, financial, commercial, scientific, or technical decisions, the disclosure of which could reasonably be expected to undermine or negatively affect the development and/or implementation of any project activity.

The audit team agrees that information considered commercially sensitive in the context of the project is treated in this manner.

3.2.39 Statutory and Customary Property Rights (G5.1)

Legal tenure rights to land, territory, and resources in the project area, including individual and collective rights and overlapping or conflicting rights, were mapped (Section 2.5.1 of the PD CCB) and validated through review of geographic information and site visits (Section 2.5 of this report).

3.2.40 Recognition of Property Rights (G5.1)

Areas used by the community were mapped and excluded from the project area to demonstrate respect for customary rights. All new project activity instance that will be part of the grouped project will be mapped using the same approach to ensure community customary rights are respected. The audit team validated through review of geographic information, visits (Section 2.5 of this report), and interviews (Table 4 of this report).

3.2.41 Free, Prior and Informed Consent (G5.2)

Although PAIs # 1-5 do not include indigenous territories, or natural areas used by these peoples, the approach of consultation and free, prior, and informed consent was applied to the residents of the project area, in accordance with the Convention no. 169 of the ILO and the United Nations Declaration on the Rights of Indigenous Peoples. The project proponent obtained free, prior, and informed consent to implement project activities through participatory project design workshops with communities. Five participatory workshops were held between July 21 and 25, 2021 (Appendix X of the project).

The project does not affect the property rights of communities living in the area and no restitution or compensation measures are required. On-site interaction with residents was reviewed and evaluated by the VVB. It is concluded that the project respects the property rights of the communities.

3.2.42 Property Rights Protection (G5.3)

Property rights protection is explained in Section 2.5.4 of the PD CCB. Project activities do not result in involuntary displacement or relocation of property rights holders from their lands or territories, and do not force property rights holders to relocate activities important to their culture or livelihood. The auditor validated that the project activities do not involve the relocation of people. This was validated through direct field observations (Section 2.5 of this report) and interviews with community members (Table 4 of this report).

3.2.43 Illegal Activity Identification (G5.4)

The project proponent has identified illegal activities that may affect the project and described the measures needed to reduce these illegal activities. Pressure for illegal deforestation is widespread and often occurs in rural areas, and conservation measures must avoid both planned and illegal deforestation. Therefore, the project proponent will identify short, medium, and long-term strategies to reduce the risk to carbon stocks from illegal activities in a manner that ensures climate, community, and biodiversity benefits over the lifetime of the project.

3.2.44 Ongoing Disputes (G5.5)

The project proponent has identified potential land conflicts during the social participation phases in Porongaba and Potiguar farms. BRCarbon and the owner are promoting dialogue with all stakeholders in the area and may move forward with land regularization activities that imply recognition of tenure rights to mitigate potential conflicts over land, which can be understood as a measure to resolve the identified potential disputes. The audit team assessed the land documents and determined that this does not pose risks to the project area and proposed implementation, and that the project proponent has measures in place to resolve any conflicts or disputes.

3.2.45 National and Local Laws (G5.6)

The project complies with the Federal Constitution, the National Environmental Policy, the National Land Use Policy, the Forest Code, the National Climate Change Policy, the State Law 2,308 from October 2010 which instituted the State System of Incentives for Environmental Services – SISA and the Incentive Program for Environmental Services - ISA Carbon, the state Law no. 1,904, of June 5, 2007, which instituted the Ecological Economic Zoning of the State of Acre - ZEE / AC and the guidelines of the State Policy for the Valorization of Forest Environmental Assets, etc. All activities of the PAIs were carried out in compliance with the existing legal requirements.

The audit team validated by reviewing the relevant national and local laws, interviews (Table 4 of this report), and observations on site (Section 2.5 of this report) that the project is complying with the applicable national and local laws and regulations.

3.2.46 Approvals (G5.7)

The grouped project is structured in the voluntary market in private areas, where the approval of the implementation of the project activities depends only on the communities and the landowner. The grouped project is in perfect harmony with the conservation strategy of the host country. At the municipality scale, the project proponent is strengthening communication with various government agencies about the project activities that are being developed in the area. ESPL has concluded that approval from any government authority is not required for project development and implementation.

3.2.47 Project Ownership (G5.8)

Ownership is defined in Item 6, Section 3.6.1 of the VCS v4.1 as: “An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions or removals which vests project ownership in the project proponent.”

The VVB reviewed the agreements and legal information provided by the project proponent in Appendix 01 (Table 3 of this report) and concludes that the evidence of ownership of the project is consistent with the VCS requirement for project ownership.

3.2.48 Management of Double Counting Risk (G5.9)

Not applicable. The project proponent is not interested in another GHG related social or environmental credit generation/trading program or mechanism.

3.2.49 Emissions Trading Programs and Other Binding Limits

Not applicable. The project proponent is not participate in any emission trading or other binding limit program or mechanism.

3.2.50 Other Forms of Environmental Credit

Not applicable. The project proponent is not receiving of another form of GHG-related environmental credit, including renewable energy certificates.

3.2.51 Participation under Other GHG Programs

The project is not registered or seeking registration in any other GHG program, other than VCS and CCB.

3.2.52 Projects Rejected by Other GHG Programs

Not applicable. The project proponent has not been rejected from any other GHG programs.

3.2.53 Double Counting (G5.9)

Double counting is avoided once the Brazilian Amazon APD Grouped Project is registered in the VERRA registry system using the VCS and CCB standards, where the VCUs sales are traceable, registered, and retired.

3.3 Climate

3.3.1 Title and Reference

The proponent selected the VCS VM0007 REDD+ Methodology Framework (REDD+ MF) v 1.6, 08 September 2020, for the development of the Project, identifying it correctly in Section 3.1 of the PD VCS. The information is enough for the identification and reference to the chosen methodology.

This methodology is comprised of several modules and tools. The list below references the modules and tools used in the project scope:

VMD0001 Estimation of carbon stocks in the above- and below ground biomass in live tree and non-tree pools (CP-AB), Version 1.1, 11 October 2013.

VMD0002 Estimation of carbon stocks in the dead wood pool (CP-D), Version 1.0, 03 December 2010.

VMD0003 Estimation of carbon stocks in the litter pool (CP-L), Version 1.0, 03 December 2010.

VMD0005 (CP-W) Estimation of carbon stocks in the long-term wood products pool, Version 1.1, 20 November 2012.

VMD0006 Estimation of baseline carbon stock changes and greenhouse gas emissions from planned deforestation/forest degradation and planned wetland degradation (BL-PL) Version 1.3, 08 September 2020.

VMD0009 Estimation of emissions from activity shifting for avoiding planned deforestation/forest degradation and avoiding planned wetland degradation (LKASP), Version 1.3, 08 September 2020.

VMD0013 Estimation of greenhouse gas emissions from biomass and peat burning (E-BPB), Version 1.2, 08 September 2020.

VMD0015 Methods for monitoring of GHG Emissions and removals (M-MON), Version 2.1, 20 November 2012.

VMD0016 Methods for Stratification of the Project Area (X-STR), Version 1.2, 08 September 2020.

VT0001 Tool for the demonstration and assessment of additionality in VCS agriculture, forestry, and other land use (AFOLU) project activities (T-ADD), Version 3.0 1 February 2012.

AFOLU Non-Permanence Risk Tool, v4.0, 19 September 2019.

CDM Tool for testing significance of GHG emissions in A/R CDM project activities (T-SIG) v1.0.

3.3.2 Applicability

The audit team assess compliance of the project with the applicability condition of VM0007 methodology.

Table 9. Applicability conditions of the methodology VM0007.

Condition	Applicability	Assessment VVB
Land in the project area has qualified as forest (following the definition used by VCS; in addition, see Section 5.1.2) for at least the 10 years prior to the project start date.	All the lands located within the project areas are covered and qualified as forest for at least the 10 years prior to the project start date (section 1.13 and 3.4 of the PD VCS)	The project areas were reviewed during the site visits and analysis of information geographic provided by the project proponent.
Baseline deforestation and forest degradation in the project area fall within one or more of the following categories: • Unplanned deforestation (VCS category AUDD) • Planned deforestation/degradation	Baseline deforestation in the project area is categorized as planned deforestation, VCS category APD (section 3.4 of the PD VCS)	The baseline category was reviewed during the site visits and

Condition	Applicability	Assessment VVB
(VCS category APD) • Degradation through extraction of wood for fuel (fuelwood and charcoal production) (VCS category AUDD)		analysis of information geographic provided by the project proponent.
Leakage avoidance activities must not include: • Agricultural lands that are flooded to increase production (e.g., rice paddy) • Intensifying livestock production through use of feed-lots ¹⁰ and/or manure lagoons.	The Leakage of a APD project where the baseline deforestation agent is identified, is defined by the VMD0009 v1.3, estimating the total area of deforestation across all the lands managed by the baseline deforestation agent. Actions related to increasing agricultural productivity or intensifying agricultural activity, aimed at reducing leakage, are not part of the project scope.	Leakage avoidance activities was reviewed during the site visits.
Where conversion of forest lands to a deforested condition must be legally permitted.	All the conversion of forest lands to deforested conditions in the GPD in the baseline scenario is legally permitted (section 3.4 of the PD VCS) and are in accordance with the Brazilian Forest Law that allows the landowner to legally suppress the forest areas.	The conversion of forest lands to deforested conditions were reviewed during the assessment legal information.

In addition to reviewing the applicability conditions of the methodology, VVB also validated the applicability conditions of the modules and tools, as described by the project proponent in Section 3.2 of the PD VCS. The project proponent has appropriately selected 3 tools and 9 modules, and the project meets the conditions for applicability of the methodology, including the conditions for the modules and tools.

3.3.3 Project Boundary

The boundaries of the project zone are defined as the Brazilian Legal Amazon, considering the grouped project. PAI#01 is located in the municipality of Aripuanã in Mato Grosso, Brazil, and PAIs #2-5 are located in the municipality of Sena Madureira in Acre, Brazil. The five properties total area is 113,594.56 ha, of which 18,652.91ha (16,42%) has been delimited as the project area. The audit team reviewed the areas of the properties, the project area, the leakage belt, the geographic coordinates, the KML files, and the database GIS. Location and area have been confirmed by validating the consistency between the project description document (Section 3.3.1 of the PD VCS) and files of project boundaries submitted by the project proponent, and the field visit.

Regarding the carbon stock changes and considering the applicable methodology, the chosen carbon pools and GHG accounted are the following:

Table 10. Carbon pools.

Carbon pool	Included?	Justification/explanation
Above-ground tree biomass	YES	Inclusion is mandatory as per VM0007 v1.6, table 04.
Above-ground nontree woody biomass	YES	Inclusion is optional in the case stocks are not greater in the baseline than in the project scenario, per VMD0001 v1.1, section 04. Part of the forest types in the project area are characterized by the occurrence of bamboo, vines, and shrubs.
Below-ground tree biomass	YES	Inclusion is optional per VMD0001 v1.1, section 04. Carbon stocks are significant in this pool in tropical forests, representing 20% of the aboveground tree woody biomass.
Belowground carbon stocks in nontree vegetation	YES	Inclusion is optional per VMD0001 v1.1, section 04. Part of the forest types in the project area are characterized by the occurrence of bamboo, vines, and shrubs.
Deadwood	YES	Inclusion is optional in the case stocks are not greater in the baseline than in the project scenario, per VMD0002 v1.0, section 04.
Harvested wood products	YES	Inclusion of the harvested wood pool as part of the project boundary is mandatory when the process of the deforestation involves timber harvesting for commercial markets, as per VM0007 v1.6, table 04.
Litter	YES	Inclusion is optional per VMD0003 v1.0, section I.
Soil organic carbon	YES	Inclusion is optional in the case stocks are not greater in the baseline than in the project scenario, per VM0004 v1.0.

Table 11. GHG sources.

Source	Gas	Included?	Justification/explanation
Baseline	CO ₂	YES	Carbon stock decreases due to burning are accounted as carbon stock change.
	CH ₄	YES	
	N ₂ O	YES	
	CO ₂	NO	Carbon and Non-CO ₂ emissions from harvesting equipment, log transport, and primary forest product manufacturing in the baseline scenario can be conservatively excluded according to VM0007 v1.6
	CH ₄	NO	
	N ₂ O	NO	
	CO ₂	NO	The use of fertilizers in the alternative land use (pasture) is not a common practice in the Brazilian Biome. Carbon and Non-CO ₂ emissions from use of fertilizers in the
	CH ₄	NO	

Source		Gas	Included?	Justification/explanation
		N ₂ O	NO	baseline scenario can be conservatively excluded according to VM0007 v1.6
Project	Burning of woody biomass	CO ₂	YES	Carbon stock decreases due to burning are accounted as carbon stock change. Burning in the project scenario occurs due to unplanned, unavoidable deforestation, usually associated with the cattle raising or agriculture activities performed by family farmers (squatters) who live in the project area.
		CH ₄	YES	Fire is used by family farmers (squatters) who live in the project area as an instrument for converting the forest to pasture or other land uses in the project scenario. Non-CO ₂ gases emitted from woody biomass burning will be included if unplanned, unavoidable deforestation occurs in each monitoring period.
		N ₂ O	YES	
	Combustion of fossil fuels	CO ₂	NO	Carbon and Non-CO ₂ emissions from harvesting equipment, log transport, and primary forest product manufacturing in the project scenario shall be excluded as it was conservatively excluded in the baseline scenario, following VM0007 v1.6
		CH ₄	NO	
		N ₂ O	NO	
	Use of fertilizers	CO ₂	NO	Carbon and Non-CO ₂ emissions from use of fertilizers shall be excluded in the project scenario as it were conservatively excluded in the baseline scenario following VM0007 v1.6
		CH ₄	NO	
N ₂ O		NO		

Considering the justifications, assumptions and supporting information provided and the design of the project, the audit team deems that project boundary is correctly defined and in compliance with the applicable methodology.

3.3.4 Baseline Scenario

The baseline scenario was determined in accordance with the VMD0006 Tool for estimation of baseline carbon stock changes and greenhouse gas emissions from planned deforestation/forest degradation and planned wetland degradation(BL-PL), v1.3.

The selected baseline scenario corresponds to deforestation with permits, where the land is converted to pasture and agriculture, according to the baseline analysis and the analysis of the causes and drivers of deforestation. During the site visit (Section 2.5 of this report), the audit team validated that this project will be implemented in a region where deforestation has occurred in the past, mainly livestock and agriculture. The plausibility of the baseline scenario can be confirmed by deforestation during the historical reference period 2011 – 2020 in the municipalities of Sena Madureira (AC) and Aripuanã (MT) where PAIs #1-5 are located (Section 2.2.2 of the PD CCB).

Relevant national and/or sectoral policies and circumstances have been considered and the audit team confirmed that the assumptions, justifications, and data used in determining the baseline scenario are adequately justified and can be considered reasonable. The evidence used in determining the baseline scenario is relevant (Table 3 of this report) and is correctly cited and interpreted in the project description (Section 2.2 of the PD CCB and Section 3.4 of the PD VCS).

3.3.5 Additionality

Additionality was determined according to the “VT0001 Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities, V3.0 (Section 3.5 of the PD VCS).

According to the investment analysis, the proposed project activity is less economically attractive than any agriculture project because no financial benefits other than VCS related income are expected for the project proponent due to the project implementation. In addition, in the barrier analysis, the lack of financial resources for conservation, effective public policies to reduce deforestation and promote sustainable socio-economic development, combined with the difficulty of authorities to curb illegal activities, drives illegal deforestation in Brazil. The analysis of common practices was conducted considering three selected mechanisms/policies, the Environmental Reserve Quota – CRA, the ecological ICMS and the REM program in the states of Acre and Mato Grosso. The mechanisms are substantially different from carbon projects and the public policies implemented by the governments are complementary to project activity. The project proponent will seek articulation with the government authorities to facilitate access to state benefits for communities living in the project area.

The procedures for determining additionality were correctly followed in accordance with the steps of the combined tool. Therefore, the audit team finds that additionality is correctly justified and concludes that there are no similar activities in the same geographic area, or that the activities considered similar have substantial differences from the project. Therefore, the project activity is additional.

3.3.6 Methodology Deviations

The following methodology deviations, described in Section 3.6 of the PD VCS, were validated by the audit team considering the VCS requirements (VCS v.4, section 3.17):

The first methodological deviation relates to the stock of carbon in aboveground biomass in nontrees (CAB_non-tree,i,t), which is considered part of the average stock of aboveground biomass subject to burning. This leads to more accurate estimates when this carbon pool is expected to be burned in the baseline case and project scenario. ESPL has reviewed the inclusion of CAB_non-tree,i,t in Equation 2 of the Module VMD0013 v1.2 and validated that the deviation meets the criteria and specifications for allowable methodology deviations and that the deviation results in increased accuracy in quantifying GHG emission reductions.

An initial participatory rural appraisal (PRA) of communities within and surrounding the project area was conducted by the project proponent to determine if the potential for illegal extraction of trees occur. Considering GPD initial scope, the project proponent was found that all families living in the project area use the forest to extract timber and fuel wood, which can be considered a low impact livelihood activity. BRCarbon did not identify any economic activity for the extraction of wood and fuel wood and BRCarbon assumes timber or fuel wood extraction is a constant in the PAIs where the community is present. Instead of conducting a PRA every two years, BRCarbon will monitor degraded forest areas annually, following the protocols established in the monitoring plan. ESPL has reviewed the significance of GHG emissions from extraction of wood and fuel wood and validated that the deviation meets the criteria and specifications for allowable methodological deviations and that the deviation results in increased accuracy in quantifying GHG emission reductions.

The first monitoring period is from August 2 (project start date) to October 19, 2021 (date of completion of the first monitoring report). BRC proposes a methodological deviation regarding the minimum duration of a monitoring period to be applicable only at the first monitoring event. ESPL has reviewed the justifications provided by the project proponent (Numeral 3, Section 3.6 of the PD VCS) and validated that the deviation meets the criteria and specifications for allowable methodology deviations and that the deviation will not negatively impact the conservatism of the quantification of GHG emission reductions.

In conclusion, the methodology deviations are valid for the project.

3.3.7 Quantification of GHG Emission Reductions and Removals

The audit team reviewed the quantification of GHG emission reductions in accordance with VM0007 methodology:

Baseline emissions were estimated according to the VMD0009 Estimation of emissions from activity shifting for avoiding planned deforestation/forest degradation and avoiding planned wetland degradation (LK-ASP), v1.3.

Project GHG emissions are estimated according to module VMD0015 v2.2. Ex-ante estimates are made considering deforestation and forest degradation projections for the project area. Ex-post estimates are based on data monitored throughout the project lifetime. Quantification of project emissions was validated by reviewing deforestation, forest degradation, non-CO₂ emissions, natural disturbances, and net GHG emissions in the project scenario.

Leakage emissions are determined in accordance with VMD0007 v1.6. GHG emissions due to leakage are based on displacement of activities shifting and market-effects leakage throughout the project lifetime. The quantification of leakage was validated by reviewing activity shifting leakage and market effects leakage.

The buffer is calculated using VM0007 v1.6. The percentage of retention of the buffer is calculated according to AFOLU Non-Permanence Risk Tool v4.0.

The overall non-permanence risk rating is 10%. VMD0017 v2.2 is used to perform uncertainty analysis under the grouped project scope. Uncertainties in the baseline estimates were estimated through an assessment of deforestation rates, carbon pools stocks, and changes in carbon stocks.

Table 12. Ex-ante estimations.

Year	Adjusted NER_{REDD+}	Buffer _{Planned}	VCU_t
2021	972.959	101.443	871.515
2022	1.051.217	109.269	941.948
2023	1.109.443	115.092	994.352
2024	1.150.454	119.193	1.031.261
2025	1.164.864	120.634	1.044.230
2026	1.252.290	129.376	1.122.913
2027	1.346.992	138.847	1.208.145
2028	1.443.513	148.499	1.295.014
2029	1.245.468	128.694	1.116.774

Year	Adjusted_NER _{REDD+}	Buffer _{Planned}	VCU _t
2030	868.833	91.031	777.803
Total	11.606.033	1.202.078	10.403.955

ESPL was able to confirm that the quantification methods, including all data and parameters used in the equations, as well as all other data sources used, meet the methodological and standard requirements. The procedures for quantifying GHG emission reductions were performed in accordance with the methodology used.

3.3.8 Monitoring Plan

Based on the criteria of VM0007 v1.6 and VMD0015 v2.2, a monitoring plan was developed. The monitoring plan included: monitoring of project implementation; monitoring of actual changes in carbon stock, GHG emissions and leakage; ex-post estimation of net changes in carbon stock and GHG emissions; and baseline review for future project crediting periods.

The monitoring plan is described in detail in Section 5 of the PD VCS, where the parameters available at the time of validation, the parameters to be monitored, the frequency of records, and the QA/QC procedures are considered appropriate and suitable. The VVB compared all parameters listed in the monitoring plan to the requirements of the methodology and determined that all parameters met the requirements of the methodology. The VVB validated the compliance of the monitoring plan with the requirements of the applied methodology and reference tools.

3.3.9 Dissemination of Monitoring Plan and Results (CL4.2)

The monitoring plan and monitoring results will be available on the Verra website under the full report documents. In addition, the monitoring results will be discussed in public meetings for this purpose. The audit team validated the dissemination of monitoring plan through interviews (Table 4 of this report) and review of information available on the Verra website.

3.3.10 Non-Permanence Risk Analysis

The result of the non-permanence risk was 10% in accordance with the supporting documents (Table 3 of this report). Therefore, 10% of the net GHG emission reductions must be deposit into the AFOLU pooled buffer account. VVB carried out an assessment of all rationale, assumptions, justifications, documentation, and data used to support the risk rating:

Table 13. Evaluation of the project risks.

Risk	Risk rating	Risk factor and/or mitigation description	Conclusion
Internal risks			
Project Management	-2	The project will not introduce exotic species. The potential impact of outside actors is not enough to compromise more than 50% of the carbon stock of project areas. The project proponent has large expertise and know how in activities related to carbon projects and	The VVB finds that the mitigation measures are appropriate to cover risk.

Risk	Risk rating	Risk factor and/or mitigation description	Conclusion
		conservation. BRCarbon staff includes 6 employees with more than 10 years of expertise in AFOLU and forest projects. Its headquarters is in the same country and part of its experts live less than a day's journey from the project areas.	
Financial viability	0	The project proponent can secure between 15% and 40% of funding needed to cover the total cash out before the project reaches breakeven. In addition, the project has available as callable financial resource at least 50% of total cash out before project reaches breakeven.	A risk rating is appropriate given the analysis provided by project proponent.
Opportunity cost	-4	The NPV from project activities is expected to be at least 50% more profitable than the most profitable alternative land use.	
Project longevity	0	The forest areas preserved by the carbon project will remain under legal protection.	
Total – Internal risks	0		
External risks			
Land Tenure and Resource Access/Impacts	0	The ownership of the rural properties registered under the PAI#1-5, as well as the right to use the resources contained therein, belong to the same entity (BATISTA e CIA. LTDA), even considering the existence of local communities using some natural resources within the project area, the property is peaceful and recognized by the local populations.	A risk rating is appropriate given the analysis provided by project proponent.
Community Engagement	0	The community members and local stakeholders are already involved in the implementation of the project activities and will continue to participate throughout the entire process of developing the project.	
Political Risk	0	The governance score (WGI index) for Brazil is near zero. In addition, the country has a Designated National Authority, and has two projects in the CDM pipeline that has mitigation effects for the political risks assessment.	
Total – External risks	0		
Natural risks			
Fire	2,5	Fire outbreaks and extreme weather (droughts) were the two applied scenarios to the project area. Among the project's activities, the construction of automated towers for fire monitoring are planned. In addition, during severe droughts, specific measures will be adopted by the project proponent, like increasing the fire monitoring and the public communication, to make local population aware of the highest risk of forest fires.	A risk rating is appropriate given the analysis and evidence provided.
Pest and Disease Outbreaks	0	There is no history of pests or diseases outbreak in this kind of environment, that could impact the carbon stocks.	
Extreme Weather	5	ENSO events are expected to become more frequent, which could lead to a long-term drying out and a significant shrinking of the Amazon rainforest.	

Risk	Risk rating	Risk factor and/or mitigation description	Conclusion
		Considering that extreme climatic events are beyond the control of the project proponent, mitigation approaches are limited.	
Geological Risk	0	In the project area there are not occurrence of significant geological hazards.	
Total – Natural risks	7,5		
Overall risk rating	10		

3.3.11 Optional Gold Level: Regional Climate Change Scenarios (GL1.1)

Not applicable.

3.3.12 Optional Gold Level: Climate Change Impacts (GL1.2)

Not applicable.

3.3.13 Optional Gold Level: Measures Needed and Designed for Adaptation (GL1.3)

Not applicable.

3.4 Community

3.4.1 Descriptions of Communities at Project Start (CM1.1)

There are 43 families living in the PAIs. Most of these people are descended from rubber tappers who settled in the region during the rubber cycle in Brazil and can be understood as riverside populations or family farmers and squatters. There are not traditional authority structures or representative institutions. The main economic activity is cattle livestock, and the chestnuts marketing may occur as a complementary activity. The production of rice, beans, corn, cassava, chickens, pigs, and other livestock is for self-sufficiency only. Fishing and hunting for food are common. Household income is unknown to family heads. Communities live in isolation and have no access to public policies, goods, or services.

There is not basic sanitation and hospitals facilities nearby. Education is of low quality. Water potability analysis shows that water is contaminated in every source tested. In most cases, energy is supplied by photovoltaic systems with truck batteries, and cooking stoves are powered by wood or regular propane gas. These and other aspects are explained in Section 4.1.1 of the PD CCB.

Reference documents such as meeting minutes of consultations and site visit (Section 2.5 of this report) and interviews with residents (Table 4 of this report) confirm all these aspects.

3.4.2 Interactions between Communities and Community Groups (CM1.1)

The family groups identified in the PAIs live isolated in their territory. There is no social organization, representative bodies or authorities elected through autochthonous processes. Exchanges and interactions between family groups eventually take place in the commercial sphere or in the execution of a specific task, such as the opening of a road. Individuals may work for others in exchange for payment per workday. In the past, there was a community association, but is no longer exists (Section 4.1.2 of the

PD CCB). It is validated by site visits (Section 2.5 of this report) and interviews with local communities (Table 4 of this report).

3.4.3 High Conservation Values (CM1.2)

The project proponent identified some areas in the project that are potentially high conservation values: areas that are fundamental for the livelihoods of communities and areas that are critical for the traditional cultural identity of communities. The high conservation value areas identified in Section 4.1.3 of the PD CCB were discussed (interviews in Table 4 of this report) with residents and stakeholders.

3.4.4 Without-Project Scenario: Community (CM1.3)

In the no project land use scenario, it is expected that the conditions found during the social baseline will be maintained where low education levels, lack of access to health programs, lack of basic sanitation, lack of proper solid waste disposal, and maintenance of a livestock-based economy, can be observed (Section 4.1.4 of the PD CCB). This was confirmed through review and assessment of socioeconomic survey reports and data, and interviews with local communities.

3.4.5 Expected Community Impacts (CM2.1)

The audit team took the following steps to validate the expected impacts of project activities on communities:

VVB reviewed Section 4.2.1 of the PD CCB and confirmed that it contains a detailed assessment of expected impacts on community well-being.

Impacts and changes in well-being are clearly described at PD so that the reviewer and the public can easily assess the risks and benefits of the project to the community.

During field observations (Section 2.5 of this report) and interviews (Table 4 of this report), the VVB determined that the implementation of the project would not pose risks to traditional communities and that the benefits were properly identified with community input.

3.4.6 Negative Community Impact Mitigation (CM2.2)

In Section 4.2.2 of the PD CCB, the project proponent describes that the project activities will not have a negative impact on the welfare of traditional communities. However, the project may increase the level of governance and dialog with government agencies responsible for control, which may increase the frequency of legal sanctions affecting land grabbers. As a mitigation measure for traditional communities, BRCarbon will work with land regularization, where appropriate, to recognize the property rights of groups that traditionally exercise the right to own land.

The audit team validated the description to mitigate any negative impacts on community well-being through analysis supplementary documents and interviews. In summary, the audit team concludes that the project is consistent with the CCB indicator as the project provides context-appropriate mitigation measures by distinguishing between those who traditionally live in the territory, from those who are involved in the practice of invasion.

3.4.7 Net Positive Community Well-Being (CM2.3, GL1.4)

The net impact of the project on well-being is positive for all identified community groups. The project proponent expects to cause substantial changes in community well-being through digital inclusion, wildfire reduction, health and education improvements, improved water access and quality, training, qualification and generation of employment and household income. This was validated by comparing the social baseline (without project land use scenario) with the project scenario, considering the planned activities and the Theory of Change matrix.

3.4.8 High Conservation Values Protected (CM2.4)

In Section 4.2.4 of the PD CCB, the project proponent describes that there are areas (HCVs) that are essential to the livelihoods of the communities (the project area itself) and areas that are critical to the traditional cultural identity of the communities (houses of worship, cemetery). Measures related to forest protection, renovation of prayer houses and clearing access to the cemetery will improve the identified HCVs. The project proponent does not recognize any negative impacts of the project on the identified HCVs. The descriptions in PD were reviewed and it was validated that the information about the HCVs is correct.

3.4.9 Impacts on Other Stakeholders (CM3.1)

In Section 4.3.1 of the PD CCB the project proponent describes that the project's social activities extend to families and communities in the surrounding area. This was validated during the visits, which demonstrated improvements in schools or support for mobile health programs, and evidence that project activities do not negatively impact the well-being of another stakeholder.

3.4.10 Mitigation of Negative Impacts on Other Stakeholders (CM3.2)

Project activities are not designed to affect the welfare of other stakeholders. However, the project may increase the level of governance and dialogue with government agencies responsible for oversight, which may increase the frequency of legal sanctions affecting land grabbers. The project proponent will use the GPD grievance procedure to amicably resolve, mediate or refer disputes to arbitration. The process will serve to mitigate potential negative impacts on other stakeholders by providing feedback to them throughout the process within an acceptable timeframe and allowing for dispute resolution if necessary. The descriptions in PD were reviewed, it was validated that the information on the measures is correct. The audit team confirmed the complaint resolution procedures described in the PD, and validated during interviews (Table 4 of this report) and site visits (Section 2.5 of this report) that the process for receiving, hearing, responding to, and attempting to resolve grievances within a reasonable time is clear.

3.4.11 Net Impacts on Other Stakeholders (CM3.3)

The net impact of the project on well-being is positive for all identified stakeholders. This was validated during the visits (Section 2.5 of this report) and interviews (Table 4 of this report), which revealed that the project benefits the identified traditional communities living in the project area, in addition to the surrounding communities.

3.4.12 Community Monitoring Plan (CM4.1, CM4.2, GL1.4, GL2.2, GL2.3, GL2.5)

The project proponent describes the community variables to be monitored, types of measurements and, sampling methods in Section 4.4.1 of the PD CCB, considering the GPD initial scope. The monitoring frequency will be at least 05 years, and the monitoring variables will be directly related to the project objectives for communities and community groups, as well as the predicted outcomes, results and impacts identified in the project's causal model related to the community well-being. Monitoring will assess differentiated impacts, including benefits, costs, and risks.

The project proponent has provided a detailed community monitoring plan in Section 4.4.1 of the PD CCB. The VVB has assessed the monitoring plan and found that the monitoring indicators are consistent with the net positive changes brought about by the project. This was confirmed during the visit (Section 2.5 of this report) and interviews (Table 4 of this report). The community monitoring plan is considered reasonable and appropriate.

3.4.13 Monitoring Plan Dissemination (CM4.3)

The monitoring plan is available on Verra's website. In addition, monitoring results are discussed in public meetings for this purpose. The audit team validated the dissemination of the monitoring plan and communication with communities and other stakeholders through interviews (Table 4 of this report) and review of information available on the Verra's website.

3.4.14 Optional Gold Level: Exceptional Community Criteria (GL2.1)

Not applicable.

3.4.15 Optional Gold Level: Short-term and Long-term Community Benefits (GL2.2)

Not applicable.

3.4.16 Optional Gold Level: Community Participation Risks (GL2.3)

Not applicable.

3.4.17 Optional Gold Level: Marginalized and/or Vulnerable Community Groups (GL2.4)

Not applicable.

3.4.18 Optional Gold Level: Net Impacts on Women (GL2.5)

Not applicable.

3.4.19 Optional Gold Level: Benefit Sharing Mechanisms (GL2.6)

Not applicable.

3.4.20 Optional Gold Level: Benefits, Costs, and Risks Communication (GL2.7)

Not applicable.

3.4.21 Optional Gold Level: Governance and Implementation Structures (GL2.8)

Not applicable.

3.4.22 Optional Gold Level: Smallholders/Community Members Capacity Development (GL2.9)

Not applicable.

3.5 Biodiversity**3.5.1 Existing Conditions (B1.1)**

In section 5.1.1 of the PD CCB, the project proponent describes the biodiversity within the project zone at the start of the project and threats to that biodiversity. The Amazonian Biome forms the largest continuous area of rainforest in the world (Global Forest Atlas, 2014), sheltering 40% of rainforests around the world. The ecologic conditions are favorable for development of wildlife, induced speciation, and species diversification, which contributes for its richness and abundance. The region is habitat of at least 40,000 plant species, 427 mammals, 1,294 birds, 378 reptiles, and 427 amphibians. Consequently, it is the Brazilian biome with the highest richness of fauna species, with more than 73% of mammal species and 80% of existing birds in the national territory.

The high deforestation rates of habitats for livestock and agricultural use have led to severe loss of biodiversity in the biome, putting at risk of extinction species not yet cataloged by science. It is estimated that only half of all diversity is still unknown by the science, and part of this diversity will not even be known before being extinct, which reinforces the need to implement conservation actions in this biome. In addition to deforestation, which implies loss of habitat area, other important threats to biodiversity in the project zone are forest degradation caused by wildfires and illegal logging, forest fragmentation, predatory hunting, and climate change.

The project proponent made an initial diagnosis of biodiversity including mammals, birds, reptiles, and amphibians, carried out in the project areas during the rainy season (April 2021) and the dry season (October 2021). The diagnosis of fauna carried out in the project area confirmed the high diversity existing in the project zone. The work carried out took into consideration endemic and threatened species.

The existing conditions of biodiversity identified in section 5.1.1 of the PD CCB are fully described. The sources of the FAO, IUCN and other scientific research documents were evaluated by the VVB.

3.5.2 High Conservation Values (B1.2)

The project proponent identified high conservation values: protected areas, threatened species, endemic species, and globally significant landscape-level area. The high conservation value areas identified in Section 5.1.2 of the PD CCB were discussed (interviews in Table 4 of this report) with residents and stakeholders. The project description and IUCN red list were assessed to confirm the same by the VVB.

3.5.3 Without-project Scenario: Biodiversity (B1.3)

In the without-project land use scenario deforestation, forest degradation from conventional logging and wildfires, fragmentation and mining may negatively affect biodiversity in the project zone. These are the recognized drivers for forest area reduction in Amazon Legal. The same drivers that are typically perceived in the project zone are also acting in the project area. Habitat loss is the primary cause of species extinction. In addition to habitat loss, species diversity can also be affected by predation. This was confirmed through review and assessment of baseline climate and biodiversity data and interviews with local experts and communities.

3.5.4 Expected Biodiversity Changes (B2.1)

The predicted positive indirect impact is the conservation of species richness (mammals, birds, reptiles, and amphibians). Project activities will promote the maintenance of forest cover and thus the maintenance of useful habitat area for species. In addition, the project will promote the continuous monitoring of the different groups, focusing on endangered, endemic, and wildlife species. In this way, through the monitoring results, BRCarbon will be able to intervene in the dynamics of the area through environmental education activities, with the prospect of an adaptive project management plan to prevent the reduction of biodiversity and local extinctions.

The expected biodiversity impact of the project is positive and will contribute to the protection and enhancement of biodiversity. The impact is listed in detail in Section 5.2.1 of the PD CCB. This was confirmed through review and assessment of baseline climate and biodiversity data and interviews with local experts and communities.

3.5.5 Mitigation Measures (B2.3)

Negative impacts to biodiversity are not expected from implementation of project activities. The identified threatened and endemic species (HCVs) will be conserved in the project area due to the conservation of forest areas and conservation of habitats supported by project activities. The integrity of the protected areas and forest landscape can be maintained in the project area through implementation of project activities, which can reduce forest fragmentation, increase the usable area of habitats, and reduce pressure on forest remnants in the protected areas. This was confirmed through review and assessment of baseline climate and biodiversity data and interviews with local experts and communities.

3.5.6 Net Positive Biodiversity Impacts (B2.2, GL1.4)

Considering the GPD initial scope, implementation of the project activity will avoid the deforestation of 18,652.91 ha during its lifetime, directly contributing to the conservation of forest cover, usable habitat area and biodiversity in the project zone.

Based on PD CCB Section 5.2.3, the VVB concludes that the expected net impacts of the project on biodiversity in the project zone will be positive compared to conditions under the without-project land use scenario. This was confirmed through review and assessment of baseline climate and biodiversity data and interviews with local experts and communities.

3.5.7 High Conservation Values Protected (B2.4)

Implementation of project activities will result in direct conservation of forest cover on private lands in the project zone, contributing to habitat conservation, biodiversity, protection of endangered and endemic species, landscape integrity, and integrity of protected areas.

After reviewing and assessing baseline climate and biodiversity data and interviewing local experts and communities, the VVB concluded that the project will not negatively affect any biodiversity-related HCVs.

3.5.8 Species Used (B2.5)

Project activities do not include the introduction of plant or animal species of any kind. This was validated during the site visit (Section 2.5 of this report) and interviews (Table 4 of this report) with communities.

3.5.9 Impacts of Non-native Species (B2.6)

According to Section 5.2.6 of the PD CCB, a "non-native" grass species (*Brachiaria* sp.) was introduced by the natives for livestock. Although *Brachiaria* may be considered an aggressive species, it cannot establish in shaded environments such as tropical forests and is therefore not considered invasive. The project will work with measures related to sustainable livestock management, which may include grazing management, but without considering non-native species. This was validated during the field visit (Section 2.5 of this report) and interviews (Table 4 of this report) with communities.

3.5.10 GMO Exclusion (B2.7)

Project activities do not foresee the introduction of plant or animal species of any kind, including GMOs. This was validated during the site visit (Section 2.5 of this report) and interviews (Table 4 of this report) with communities.

3.5.11 Inputs Justification (B2.8)

Project activities do not foresee the usage of inputs, as fertilizers, chemicals, or pesticides in the project area. This is a conservation project. The rural extension activities will be off an agroecological or sustainable nature. This was validated during the site visit (Section 2.5 of this report) and interviews (Table 4 of this report) with communities.

3.5.12 Waste Products (B2.9)

No significant waste is expected to be generated by the project activities implementation. However, the project activities aim to contribute to the improvement of basic sanitation through, proper waste disposal and recycling. The field incursions carried out so far generate conventional waste, which is separated in the field and placed in recycling bins. This was validated during the site visit (Section 2.5 of this report) and interviews (Table 4 of this report) with communities.

3.5.13 Negative Offsite Biodiversity Impacts (B3.1) and Mitigation Measures (B3.2)

No potential negative impacts on biodiversity outside of the project zone are expected as a result from project activities implementation. This is a conservation project. This was validated during the site visit (Section 2.5 of this report) and interviews (Table 4 of this report) with communities.

3.5.14 Net Offsite Biodiversity Benefits (B3.3)

Not applicable. No negative impacts on biodiversity outside the project zone are expected. Thus, the net effect of the project on biodiversity is always positive. This was validated during the site visit (Section 2.5 of this report) and interviews (Table 4 of this report) with communities.

3.5.15 Biodiversity Monitoring Plan (B4.1, B4.2, GL1.4, GL3.4)

The project proponent describes the biodiversity variables to be monitored, types of measurements and, sampling methods in Section 5.4.1 of the PD CCB, considering the GPD initial scope. The monitoring frequency will be at least 05 years, and the monitoring variables will be directly related to the project objectives for biodiversity conservation and to predicted outputs, as well as the predicted outcomes, results and impacts identified in the project's causal model related to biodiversity conservation.

The project proponent has provided a detailed biodiversity monitoring plan in Section 5.4.1 of the PD CCB. The VVB has assessed the monitoring plan and found that the monitoring indicators are consistent with the net positive changes brought about by the project. This was confirmed during the visit (Section 2.5 of this report) and interviews (Table 4 of this report). The biodiversity monitoring plan is considered reasonable and appropriate.

3.5.16 Biodiversity Monitoring Plan Dissemination (B4.3)

The monitoring plan is available on Verra's website. In addition, monitoring results are discussed in public meetings for this purpose. The audit team validated the dissemination of the monitoring plan and communication with communities and other stakeholders through interviews (Table 4 of this report) and review of information available on the Verra's website.

3.5.17 Optional Gold Level: High Biodiversity Conservation Priority Status (GL3.1)

Not applicable.

3.5.18 Optional Gold Level: Trigger Species Population Trends (GL3.2, GL3.3)

Not applicable.

4 VALIDATION CONCLUSION

The Brazilian Amazon APD Grouped Project complies with the validation criteria for projects set out in CCB Version 3 and VCS Version 4. ESPL has reviewed the project description documents and subsequently carried out site visit interviews to confirm the fulfilment of stated criteria.

The project has correctly applied the methodology VCS VM0007 REDD+ Methodology Framework (REDD+ MF) v 1.6, which is an approved methodology under the VCS program and is acceptable under VCS Version 4. The baseline has been determined in accordance with the stated approved baseline methodology.

As summary the validation team able to conclude that:

The project is in line with all relevant host country criteria (Brazil) and all relevant VCS version 4 program guidelines requirements and CCB Standard version 3.

The project additionality is sufficiently justified in the PD.

The monitoring plan is transparent and adequate and in line with applied baseline and monitoring methodology.

The calculation formulae and use of parameter for the project emission reductions estimation are transparent and in line with the requirement of the applied methodology. The ex-ante projection of emission reductions given is found to be appropriate, conservative and in line with the requirement. The implementation of the GPD five initial project activity instances (PAI#1-5) will result in the direct conservation of 18,652.91 hectares of forest in 5 properties in the states of Acre and Mato Grosso, generating 10,403,955 tCO₂e as VCUs for 10 years, that is the first baseline period.

In conclusion, the project is likely to achieve estimated GHG emission reductions, and the project's stated climate change adaptive capacity and resilience, community, and biodiversity benefits.

APPENDIX 1: FINDINGS

CAR-Validation and verification process	01	Potential Impact: High
Description	<u>Quantification of GHG Emission Reductions</u> 1. Some material and substantial errors were identified during the on-site audit; eg; discrepancies due the capture and processing information. 2. There is no consistency between the GHG emission reductions between the “Consolidate_results_PA11_5_exante_expost_07102021” and the Joint PD&MR VCS/MR-CCB 3. The value used for the BA calculation is not consistent with the used data in the File “Calculus_tables” 4. There is no clarity about the data used for the BS calculation regarding the information collected on field.	
Project owner Response (20 Dec. 2021)	1. The project proponent, hereafter called BRC, has reviewed its GHG information system in a way to avoid material and substantial errors when collecting and processing data. BRC GHG information system is a complete protocol built for obtaining, recording, compiling, and analyzing data and information important for quantifying and reporting GHG emissions relevant for the project (including leakage) and baseline scenario. The protocol implementation is built to assure that errors stay below the materiality threshold in carbon assertion and encompasses forest biomass inventory, GIS and carbon calculation aspects (see appendix XV). 2. BRC carried out a complete review of its spatial database, inventory sheets, carbon calculation spreadsheets and PD_MR to ensure consistency among the data reported in all documentation. An additional spreadsheet was built and incorporated into the GHG information system, to ensure the equivalence of information reported in all documents. This worksheet has a correspondence list between the relevant parameters in the different documents and is filled in by different people (see appendix XV). 3. BRC carried out a complete review of its inventory sheets and carbon calculation spreadsheets to ensure equivalence between the data used as input in GHG estimates (see appendix VII and VIII). 4. Belowground biomass was calculated based on aboveground biomass and conversion factors brought by the IPCC and referenced in module VMD0001 v1.1. Soil organic carbon was estimated based on material collected in the field, following the protocols established in module VMD0004 v1.0. The collected samples were shipped to the Soil laboratory from Soil Sciences Department at ESALQ-USP, for analysis and determination of carbon content. ESALQ can be considered a reputable institution. Biomass inventory protocols are described at the appendix VII which includes all carbon pools collection, measurement, and calculation procedures; this document was reviewed for clarity. The calculation sheets have been revised to emphasize the belowground biomass and soil organic carbon calculation. The results of the soil laboratory analyze were made available to the audit team (see appendix VII).	
Assessment 1 (18 Jan. 2022)	The project describes the implementation of the mechanisms of the information management system to avoid errors and discrepancies in the capture and processing of	

CAR-Validation and verification process		01	Potential Impact: High
	information. BRC GHG information system (appendix XV) and protocols for inventory forest were revised (appendix VII). The equivalence of information reported in all documents is ensured. The aboveground biomass calculation was revised. The belowground biomass calculation was revised.		
Auditor Conclusion	Finding closed successfully.		

CL-Validation and verification process		02	Potential Impact: Low
Description.	<u>Risk report</u> 1.The total risk assessment value has a different value between the “Consolidate_results_PA11_5_exante_expost_07102021” - “Calculus_tables” and the Joint PD&MR/VCS. 2. The date used in External Risk-Political Risk cannot be traced through the annexed documentation nor was it identified in the Audit desk review.		
Project owner Response (20 Dec. 2021)	1. BRC has revised documents “Consolidate_results_PA11_5_exante_expost_07102021” - “Calculus_tables” and the Joint PD&MR/VCS to ensure that the calculated risk value is equally reported in both documents, as it is on the VCS risk report. 2. Political risk was calculated based on data from the World Bank Institute's Worldwide Governance Indicators (WGI), for period 2016 to 2020. The data was shared with the auditor. The risk calculated using the VCS AFOLU_Non-Permanence_Risk-Tool_v4.1 tool is the same. No further revisions to the risk report were needed (Appendix IV).		
Assessment 1 (18 Jan. 2022)	The equivalence of the risk report values is ensured in all documents of the project. References were checked for data used in the political risk.		
Auditor Conclusion	Finding closed successfully.		

CAR-Validation and verification process		03	Potential Impact: High
Description	<u>The monitored area is not ensured</u> There are Inconsistencies between the identified areas used for the calculations, the Joint PD&MR VCS, table 7 PAIs #1-5 spatial features and the area verified through the shape file in the Audit desk review (appendix X).		

CAR-Validation and verification process		03	Potential Impact: High
Project owner Response (20 Dec. 2021)	1. BRC has revised its spatial database and the Joint PD&MR VCS to ensure area values consistency between the Joint PD&MR VCS and shape files (appendix VIII & GIS Database).		
Assessment 1 (18 Jan. 2022)	1. Areas of all project files have been verified.		
Auditor Conclusion	Finding closed successfully.		

CAR- Verification process		04	Potential Impact: High
Description.	<u>CCB</u> 1. The results of the monitoring biodiversity are not included in the Joint MR/CCB nor in the "Relatório Fauna brCarbon.pdf" as stated in the Table 4 MR/CCB as an "action implemented to mitigate the risk" - "02 fauna monitoring carried out, one in the rainy season and the other in the dry season. Monitoring covered all PAIs" 2. There is no consistence between the value of the category "GHG emission reductions or removals" in Table 2 of MR/CCB and the document "BRC_VCS_PD_MR_REDD_APD_GPD_13102021.pdf" nor in the Excel document "Consolidate_results_PA11_5_exante_expost_07102021" 3. It is not clear why the "Achievements during the Project lifetime" in Table 2, Monitoring Report CCB, have a lower data than the "Achievements during the monitoring period, eg; Improve land management-...Number of women for whom health... Well-being-...Total number of community members whose well-being... 4. It is not clear where this audit can confirm the data found (2,172 ha) in Table 4- Achievements during the monitoring period- Biodiversity conservation- Expected change in the number of hectares managed significantly better by the project for biodiversity conservation...		
Project owner Response (20 Dec. 2021)	1. The second fauna monitoring report (dry season) was delivered to BRC and shared with the auditor. Data related to the second monitoring were duly incorporated into the project documentation (Appendix X). 2. The GHG emission reductions or removals value has been revised and updated in the project documentation to ensure consistency between "BRC_VCS_PD_MR_REDD_APD_GPD_13102021.pdf" and "Consolidate_results_PA11_5_exante_expost_07102021". 3. Values in "Achievements during the Project lifetime" appear lower than in "Achievements during the monitoring period" in situations where benefit generation expectations exceeded the verifiable target for the project lifetime in the first monitoring period. In these situations, the value of "Achievements during the Project lifetime" was equaled to "Achievements during the monitoring period" in this monitoring report. During the next verification event, BRC will present a minor change to project design, resizing "Achievements during the Project lifetime" goal.		

CAR- Verification process				04		Potential Impact: High																																											
				4. Number 2,170ha corresponds to the planned deforestation avoided during the first monitoring period and can be confirmed in the PD-MR VCS in table 44: Total and annual area of planned deforestation over the baseline scenario in all PAIs in the first monitoring period. The value has been corrected to 2,170ha due to post audit reviews.																																													
Assessment 1 (18 Jan. 2022)				1. The results of fauna monitoring in the “Appendix X” were revised. CLOSED 2. The equivalence of the GHG emission reductions or removals values reported in all documents is ensured. CLOSED 3. According to the response of the project proponent: the value of “Achievements during the Project lifetime” was equaled to “Achievements during the monitoring period”, the above is not evidenced for the following metrics (Table 2, Monitoring Report CCB): - Number of women for whom health services are expected to improve as a result of project activities, measured against the without-project scenario. - Total number of community members whose well-being is expected to improve as a result of project activities. PENDING 4. Particular area in which specific management measures are being implemented with the aim of improving biodiversity conservation is not evident. PENDING																																													
Project owner Response (04 Feb. 2022)				3. CCB Monitoring report Table 2 was reviewed and updated in a way that the “Achievements during the Project lifetime” equals the “Achievements during the monitoring period” for the reference parameters, that is, “the number of women for whom health services are expected to improve as a result of project activities, measured against the without-project scenario” and “the total number of community members whose well-being is expected to improve as a result of project activities” . See: https://brcarbon.com.br/EiLO2tqwe_5Jr_xskK8bUyIQByF2xIJtxpqWeNVYAXQwnJw?e=0ocbMV 4. Expected change in the number of hectares managed significantly better by the project for biodiversity conservation was defined as 2,170ha. The Project owner Response (20 Dec. 2021) and the CCB MR were reviewed to reflect that. Number 2,170ha corresponds to the planned deforestation avoided during the first monitoring period and can be confirmed in the PD-MR VCS in table 44: Total and annual area of planned deforestation over the baseline scenario in all PAIs in the first monitoring period, as it is shown here:																																													
				<table><tr><th rowspan="3">Year</th><th colspan="10">AA_{planned,i,t}</th></tr><tr><th colspan="2">PAI#01</th><th colspan="2">PAI#02</th><th colspan="2">PAI#03</th><th colspan="2">PAI#04</th><th colspan="2">PAI#05</th></tr><tr><th>As</th><th>Ds</th><th>Aa</th><th>Ab</th><th>Aa</th><th>Ab</th><th>Aa</th><th>Ab</th><th>Aa</th><th>Ab</th></tr><tr><td>2021</td><td>186,09</td><td>91,65</td><td>0</td><td>404,34</td><td>246,87</td><td>246,87</td><td>248,59</td><td>248,59</td><td>248,59</td><td>248,59</td></tr></table> Total (ha) 2.170,18 See: https://brcarbon.com.br/EiLO2tqwe_5Jr_xskK8bUyIQByF2xIJtxpqWeNVYAXQwnJw?e=0ocbMV				Year	AA _{planned,i,t}										PAI#01		PAI#02		PAI#03		PAI#04		PAI#05		As	Ds	Aa	Ab	Aa	Ab	Aa	Ab	Aa	Ab	2021	186,09	91,65	0	404,34	246,87	246,87	248,59	248,59	248,59	248,59
Year	AA _{planned,i,t}																																																
	PAI#01		PAI#02		PAI#03		PAI#04		PAI#05																																								
	As	Ds	Aa	Ab	Aa	Ab	Aa	Ab	Aa	Ab																																							
2021	186,09	91,65	0	404,34	246,87	246,87	248,59	248,59	248,59	248,59																																							

CAR- Verification process		04	Potential Impact: High
Assessment 2 (05 April 2022)	3. The changes made to Table 2 in version 1.3 of the CCB monitoring report are evidenced and are pertinent. CLOSED 4. The area in which management actions are being implemented to improve the conservation of biodiversity is clarified. CLOSED		
Auditor Conclusion	Finding closed successfully.		

CL- Validation process		05	Potential Impact: Medium
Description.	<u>Agreement</u> 1. There is no consistence between the area document named "Appendix_I_Conservation Agreement_PAI_1_5" numeral 4.2 (iii) (19.107 ha) and the described in the PD&MR VCS/CCB (17.660 ha). 2. The contract agreement between the project proponent and the landowners does not specify the areas and the name of the project referred to.		
Project owner Response (20 Dec. 2021)	Project documentation has been revised and updated for consistency between are values reported in "Appendix_I_Conservation Agreement_PAI_1_5" and PD&MR VCS/CCB. The conservation agreement has been updated to reference the project name and show the project areas in Annex I of the document itself. (Appendix I and XY).		
Assessment 1 (18 Jan. 2022)	1. The equivalence of the project area reported in the agreement and all documents is ensured. CLOSED 2. The areas of the properties Castanhal and Potiguar in the agreement (page 2) is not consistence with the areas described in the PD&MR VCS/CCB. Page 19 is not readable. PENDING		
Auditor Conclusion	Finding remains open.		
Project owner Response (04 Feb. 2022)	2. VCS PD_MR, CCB PD and the agreement were reviewed for consistency. See https://brcarbonsevidos-my.sharepoint.com/:f:/r/personal/bruno_matta_brcarbon_com_br/Documents/Brazilian%20Amazon%20GPD%20Project_final%20documentation_07102021/New%20documents_fev2022/CAR%2305?csf=1&web=1&e=5q610u		
Assessment 2 (23 March 2022)	2. The agreement were verified.		
Auditor Conclusion	Finding closed successfully.		

CAR- Validation and verification process		06	Potential Impact: High
Description.	<u>Methodology application.</u> 1. There is no evidence in the PD&MR VCS nor the attached documents the applicable modules of VM0007 methodology for future instances, their inclusion, justification, selection and compliance, eg; the evidence of the compliance that the Project is not developed or not in a wetland. 2. The monitoring period of the project do no demonstrates compliance with the stipulated requirement in the VM0007 methodology, numeral 5.2.3 ...“The minimum duration of a monitoring period is one year and the maximum duration is 10 years”...		
	1. VCS joint PD_MR section 1.4.1 of the PD provides for "Eligibility Criteria". Section 1.4.2 for "Eligibility Criteria for New PAIs". Section 1.4.3 for "Inclusion of New PAIs". Section 1.4.2 defines that all new PAIs must meet the applicability conditions set out in the methodology applied to the project, while section 3.2 shows and discusses the applicability conditions of each module of the methodology, considering the current scope of the project. Future instances must necessarily demonstrate compliance with requirements 1.4.2 and 3.2 and, therefore, with all existing application conditions in all modules used in the project scope, as can be seen in section 3.2. - Section 1.13.2 presents the different types of soils and discusses the absence of peatlands in the project area. The section further points out that glei soils, subject to temporary waterlogging, are not subject to drainage in the baseline scenario. Thus, BRC understands to comply with methodology VM0007 v1.6, section 2: "If the project area includes peatland already drained, or tidal wetlands already degraded or that would be drained or degraded in the baseline case, the project must combine the project activities identified above with the WRC category...". The VCS Joint PD-MR was reviewed for clarity. 2. The first monitoring period extends from August 2 (project start date) to October 19, 2021 (first monitoring report closing date). BRC proposes a methodology deviation related to the minimum duration of a monitoring period, to be applicable only in the first monitoring event. - Considering that this is a REDD+ APD project, GHG emissions in the baseline scenario would occur in the same period (from august to october) as the monitored period, that refers to the dry period in Amazonia, where logging and forest suppression is feasible, which is evidenced by the project start date (dry period in Amazonia), by operational and financial capacity of the landowner, through contracts signed with service providers for vegetation suppression and also through spatial analysis in other areas of the landowner property (Appendix XII). The project GHG emissions, in turn, cannot be considered as underestimated as the project excludes all deforested area within the properties, in the last 10 years, from the project area. In this way, the reduction of forest area affects the GHG estimates negatively anyway. GHG emissions due to activity shifting leakage were considered as zero in the first year, because of the current project scope, which characterizes the absence of legally suppressible forest areas on		

**Project owner
Response (20
Dec. 2021)**

CAR- Validation and verification process		06	Potential Impact: High
	other farms within the landowners' properties. Finally, market effects leakage varies in function of the volume of timber projected to be extracted from within the project boundary during the baseline and would be the same for the first vintage, regardless of the length of the monitoring period (if 3 or 12 months). Thus, with the proposed deviation, the project will achieve the same level of accuracy in GHG estimates. The deviation will not negatively impact the conservativeness of the quantification of GHG emission reductions.		
Assessment 1 (18 Jan. 2022)	- The applicable modules of VM0007 methodology for future instances, their inclusion, justification, selection, and compliance were revised in addition it does not include wetlands areas. - However, the PP affirms in the PD&MR VCS ... "Complementary activities related to the reduction of unplanned deforestation, leakage mitigation, social and biodiversity related activities and monitoring activities are described in section 1.11 and 5.3"... , however, the activity for the reduction of unplanned deforestation is not described in those sections and the modules are not included in the PD. PENDING - It was verified that the methodological deviation of the monitoring period does not negatively affect the conservative nature of the quantification of GHG emission reductions. CLOSED		
Project owner Response	- The only project activity considered in the project scope for which carbon credits generation is attributable and that is related to the methodology adopted in the project design in all project activity instances is avoiding planned deforestation. The VCS PD_MR was reviewed for clarity. Avoided unplanned deforestation will be considered as a specific project activity in the scope of a new PD and it is no longer being referred to in sections 1.11 and 5.3. - See: https://brcarbon.com/my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/EvJVM8VcuXNCtpCmn_T5cjMBelNCCAvc-Vdr5bDENm5wyg?e=lcVce8		
Assessment 2 (23 March 2022)	The project made the clarification that the activity of avoiding unplanned deforestation was not included in the current monitoring period.		
Auditor Conclusion	Finding closed successfully.		

CAR- Validation process		07	Potential Impact: High
Description	Land tenure		

CAR- Validation process	07	Potential Impact: High
	Compliance with legal requirements to the ownership of the project is not supported completely: 1. The information related to the “propriety area” and to the “Landholder details and user rights”, provided in the VCS-PD, Table 7, pg 54, is not in accordance with evidence provided to the validation team for propriety names Katianã, Potiguar and Porongaba. Moreover, area figures diverge between VCS-PD and CCB _PD documents. 2. The land tenure could not be evidenced for all project areas. The Certificate of Full Content and the Twentyrary Certification of Domain Chain of the area Potiguar Part B are not registered in the name of a person/entity to whom the project proponent has a contract agreement with. In addition, based on information in contracts with landowners of the Project areas, the SIGEF database was consulted, which results are: Potiguar: Parte A: Registration in the information system of National Institute of Land Reform (INCRA – SIGEF). Not available Parte B: Registration in the information system of National Institute of Land Reform (INCRA – SIGEF). Not available, Rural Property Registration Certificate CCIR -2021). Not available Porongaba: Registration in the information system of National Institute of Land Reform (INCRA – SIGEF). Not available Castanhal: Castanhal 1: Twentyrary Certification of Domain Chain missing. Registration in the information system of National Institute of Land Reform (INCRA – SIGEF). Not available Castanhal 2: Twentyrary Certification of Domain Chain missing. Registration in the information system of National Institute of Land Reform (INCRA – SIGEF). Not available Total Area Castanhal 1 and 2 is 5.524,8350 ha, however the area is not consistent with the reported in the MR 5.627,00 Fazenda Palmares: Gleba 1- A: 2,424.60, Gleba 1- B: 2,424.60, Gleba 1- C: 2,424.60, Gleba 1- D: 2,424.60, Gleba 1- E: 2,424.60, Lote 5, Parte III, Parte IV- E, Part VII, Parte VIII, Parte VIII: Rural Property Registration Certificate CCIR -2021 # not available Registration in the information system of National Institute of Land Reform (INCRA – SIGEF). Not available.	

	CAR- Validation process	07	Potential Impact: Hight
Project owner Response (20 Dec. 2021)	1. BRC revised the project documentation, taking into account land documents, the spatial database, the PD-MR VCS, the PD CCB and the MR CCB in order to ensure consistency between names, areas and other information related to landholder details and user rights, with special attention to table 07 of the PD-MR VCS. 2. The Potiguar B farm is owned by Mr. Moacir Eloy Crocetta, which can be evidenced by the Certificate of Full Content and by payment of taxes on the territory, duly collected by the Brazilian federal government. The registration of the certificate of full content and twenty-year certificate in the name of Mr. Crocetta is currently in process with the land agency, INCRA. • The Land Management System (SIGEF) is an electronic tool developed by the National Institute for Colonization and Agrarian Reform (INCRA) to provide geo-referenced information on property boundaries. Registration in this system does not constitute complete evidence of land ownership. The lack of a registry in the system does not mean that a certain land does not belong to a certain landowner. In fact, as this is a new system (second version), it is common that old landowners have not registered their properties in the system. A legal opinion has been prepared by BRC lawyers to justify these claims (appendix VI). • The CCIR and the twenty-years certificate of all farms were duly made available to the auditor (appendix VI). • The divergence of areas between the representative shape files and the project documentation was duly corrected. Small differences between area values can be found between the land title documentation and the spatial database from SICAR, used for the GHG estimates. These divergences are mainly due to technological advances in equipment and methods for measuring rural properties and recording data. Most of the original registrations were generated with information obtained with low-precision equipment when compared to current ones and often the data were obtained and recorded in an analogical way, embedding human errors, mainly in the typing of coordinates of the vertices, consequently carried forward by the notary offices during the transcription and transfer of registrations to another owner. With the advent of technology, there was a change in public land management policies, with new requirements for land registration and environmental adequacy of rural properties being adopted. The georeferencing of rural properties started to be required, bringing greater accuracy to the mapping of the boundaries of rural properties, creating a digital mesh with the main objective of analyzing the confrontations with other rural properties to minimize overlapping errors between properties and give speed in the process of analyzing the situation, as well as resolving possible conflicts and disputes over land title. In relation to the properties in question, the limits of the properties made available in the SICAR base were adopted, as in addition to the convenience of processing spatial data, it contains crucial information for the determination of technical parameters such as the eligibility of rural properties and the environmental		

CAR- Validation process

07

Potential Impact: High

compliance with the laws in force in Brazil. Certainly, these adopted limits underwent scrutiny by the technical team to make sure that the limits refer to properties referenced in the registrations and ownership documents presented by the property owner.

In addition, and specifically, BRC adds:

- **About Potiguar**
The land "a" from Potiguar was included in the SIGEF. Land "b" has a certificate of full content, purchase and sale agreement and ITR paid. The CCIR and SIGEF registration approval are pending with INCRA.
- **About Porongaba**
Porongaba has the full content certificate, twenty-year and CCIR. The SIGEF registration approval is depending on the georeferencing process and INCRA's approval.
- **About Castanhal**
Castanhal has INCRA certification which can be proven both in the old INCRA system (Version 01) and in land registrations. The land agency's process and certification numbers demonstrate ownership of Moacir and can be found in land documentation provided to the audit team.

See URL:

https://certificacao.incra.gov.br/Certifica/certREPR_GRAFICA_IMOVELlist.asp?x_NUM_PROCESSO=54240%2E004526%2F2008%2D21&z_NUM_PROCESSO=LIKE

SR	Código do Imóvel	Nr da Certificação	Dt. Certificação	Nr do Processo	Nome do Imóvel	Área Peça Técnica (ha)
sr-13	9012020528762	131108000062-29	8/29/2011	54240.004526/2008-21	FAZENDA CASTANHAL	11005.5315

- **About Palmares**
All parcels that make up the Seringal Palmares can be found in the SIGEF using the Batista's CNPJ (22839815000100)
(https://sigef.incra.gov.br/consultar/parcelas/?termo=&pesquisa_avancada=True&cpf_cnpj=22839815000100&proprietario=&cns=&matricula=&codigo=&protocolo=&credenciado=&vertice=&snrc=).

CAR- Validation process

07

Potential Impact: High

Consulta de Parcelas

CPF/CNPJ do Detentor
22839815000100

Nome do Detentor

Código do Cartório (CNS)
Nº da Matrícula/Transcrição

Código da Parcela
Protocolo de envio

Protocolo de envio da planilha.

Código do Credenciado
Código do Vértice
Código do Imóvel (SCNR/INCRA)

Credenciado responsável técnico pela parcela. Código de um dos vértices que compõe a parcela. Código SNCR do imóvel.

Resultados: 12

Nome	Área (ha)	Detentor	CNS	Matrícula	Ações
Fazenda Palmares - Gleba 1-A / Fazenda Palmares Gleba 1-A	2476,7111	Batista & Cia Ltda	15.387-4	2038	
Fazenda Palmares - Gleba 1-B / Fazenda Palmares Gleba 1-B	2484,5895	Batista & Cia Ltda	15.387-4	2039	
Fazenda Palmares - Gleba 1-C / Fazenda Palmares Gleba 1-C	2476,3317	Batista & Cia Ltda	15.387-4	2040	
Fazenda Palmares - Gleba 1-D / Fazenda Palmares Gleba 1-D	2490,2287	Batista & Cia Ltda	15.387-4	2046	
Fazenda Palmares - Gleba 1-E / Fazenda Palmares Gleba 1-E	2487,2005	Batista & Cia Ltda	15.387-4	2041	
Seringal Palmares - Lote 5 / Seringal Palmares - Lote 5	4007,5915	Batista & Cia Ltda	15.387-4	514	
Seringal Palmares - (Parte III) / Seringal Palmares - (Parte III)	2426,6356	Batista & Cia Ltda	15.387-4	776	

About Katiana

Katiana has the certificate of full content proving the sale of CIRO MARCIAL ROSA JUNIOR to MOACIR ELOY CROCETTA BATISTA & CIA LTDA. BRC provided revised documents with tags to facilitate the understanding of the audit team. Katiana farm is registry on SIGEF as the old name of CIROPOLIS, what can be evidenced by the map and descriptive memorial. (<https://sigef.incra.gov.br/geo/parcela/detalhe/40e3f71f-0820-4adb-8c31-ca6102920582/#>).

- The information related to the "propriety area" and to the "Landholder details and user rights", provided in the VCS-PD are now in accordance with evidences provided

Regarding the land tenure of proprieties:

- PAI# 01 - Fazenda Castanhal (Aripuanã - MT)- Área 01 - Title nº 4.208 (Aripuanã - MT) and Área 02 - Title nº 4.209 (Aripuanã - MT)**
 - the chain of domain of this property issued by the relevant Real Estate Registry Office has not been provided
 - Negative certificate of embargo issued from the Ministry of the environment in owner's name received is outdated..
 - Certificates issued by the Federal and State Prosecutors Office - Attorneys / Environmental Attorneys indicating the (in)existence of procedures involving the Property or activities developed in developed, or yet, existence of environmental damages subject to indemnification or recovery measures were not provided to the validation team

Assessment 1 (18 Jan. 2022)

CAR- Validation process	07	Potential Impact: High
	d. The Certificates issued by the State Court of Justice, of the location of the Property(s) and the domicile of the Owner(s), covering a period of 10 (ten) years were not provided to the validation team	
	3. <u>PAI# 02 - Fazenda Katiana (Sena Madureira - AC) Title nº 5.055</u> a. Regarding the Clearance Certificate issued by the competent State Environmental Authority, The received Negative certificate of embargo issued from the Ministry of the environment in owner's name was outdated. b. The validation team did not received evidences on Certificates issued by the Federal and State Prosecutors Office - Attorneys / Environmental Attorneys indicating the (in)existence of procedures involving the Property or activities developed in developed, or yet, existence of environmental damages subject to indemnification or recovery measures. c. The validation team could not identify Certificates issued by the State Court of Justice, of the location of the Property(s) and the domicile of the Owner(s), covering a period of 10 (ten) years	
	4. <u>PAI# 03 - Fazenda Palmares (Sena Madureira - AC)</u> a. Title nº 595 (Sena Madureira - AC): This Audit did not receive the chain of domain of this property issued by the relevant Real Estate Registry Office. b. the following issues were found in the Geodesic Survey Approved By INCRA i. Title nº 595 (Sena Madureira - AC): This Audit did not receive the chain of domain of this property issued by the relevant Real Estate Registry Office. ii. Title nº 2.038 (Sena Madureira - AC): Pending. Geodesic Survey Certificate n.º 5ff6570f-a7e7-4628-ad18-19d1794c917c is not dully registered before the title. iii. Title nº 2.039 (Sena Madureira - AC): Pending. Geodesic Survey Certificate n.º 0345094d-f288-478f-982e-75f0772832ec is not dully registered before the title. iv. Title nº 2.040 (Sena Madureira - AC): Pending. Geodesic Survey Certificate n.º 0704b79f-f440-47c4-bea6-ec6d31ab2c62 is not dully registered before the title. v. Title nº 2.046 (Sena Madureira - AC): vi. Pending. Geodesic Survey Certificate n.º 7bcc9ee5-178b-4f6b-b14f-485268fc5cc8 is not dully registered before the title. vii. Title nº 2.041 (Sena Madureira - AC): viii. Pending. Geodesic Survey Certificate n.º 42c363a1-254e-40dc-8ce1-d809bac63c3e is not dully registered before the title. ix. Title nº 514 (Sena Madureira - AC):	

CAR- Validation process	07	Potential Impact: Hight
	x. Pending. Geodesic Survey Certificate n.º b2d65224-bbb9-4a92-88f0-eed667bec9fb is not dully registered before the title. xi. Title nº 776 (Sena Madureira - AC): xii. Pending. Geodesic Survey Certificate n.º 929b587d-d23f-4345-b67f-515b5a48fcb9 is not dully registered before the title. xiii. Title nº 778 (Sena Madureira - AC): Pending. Geodesic Survey Certificate n.º 78b9c895-65a4-401c-8858-25ef4d37f575 is not dully registered before the title. xiv. Title nº 765 (Sena Madureira - AC): xv. Pending. Geodesic Survey Certificate n.º dc1447c7-830e-4703-a950-a729fde478b8 is not dully registered before the title. xvi. Title nº 781 (Sena Madureira - AC): Pending. Geodesic Survey Certificate n.º b9130a13-71db-4dca-8f23-9bfcef06a1d6 is not dully registered before the title. xvii. Title nº 782 (Sena Madureira - AC): xviii. Pending. Geodesic Survey Certificate n.º 04d57489-2ae0-4440-9baf-6ab1fe09ed9e is not dully registered before the title. xix. Title nº 595 (Sena Madureira - AC): Pending. Geodesic Survey Certificate n.º dbb9d05d-a978-46c4-a078-5e1e5974bb0e is not dully registered before the title. c. The following documents could not be evidenced: i. Title nº 514 (Sena Madureira - AC): ii. Title nº 595 (Sena Madureira - AC): d. Regarding the Clearance Certificate issued by the competent State Environmental Authority, the validation team has received an outdate Negative certificate of embargo issued from the Ministry of the environment in owner's name. e. The validation team did not received the Certificates issued by the Federal and State Prosecutors Office for the following titles: Title nº 2.038, Title nº 2.039, Title nº 2.040, Title nº 2.046, Title nº 2.041, Title nº 514, Title nº 776, Title nº 778, Title nº 765, Title nº 781, Title nº 782 & Title nº 595 f. the validation team did not received the Certificates issued by the State Court of Justice, of the location of the Property(s) and the domicile of the Owner(s), covering a period of 10 (ten) years for titles Title nº 2.038, Title nº 2.039, Title nº 2.040, Title nº 2.046, Title nº 2.041, Title nº 514, Title nº 776, Title nº 778, Title nº 765, Title nº 781, Title nº 782 & Title nº 595 5. <u>PAI# 04 - Fazenda Porongaba - (Sena Madureira - AC) Title nº 2553</u> a. This audit team received the real estate record issued by the Real Estate Registry Office of Sena Madureira-AC nº 2553 related to this property, owned by Junior Galvane Batista., dated on 2021/07/20. According to this title the property contains 31.218,8721 hectares. According to registration nº 3 of this property, there is a judicial attachment against the owner Junior Galvane Batista (Lawsuit nº 0001468-98.2019.8.01.0011),	

CAR- Validation process	07	Potential Impact: High
	<i>which in the worst-case scenario may imply the loss of the property as well as the possession of this area.</i> <i>b. This audit team received the chain of domain certificate of this property issued by the Real Estate Registry Office of Sena Madureira – State of Acre of 2020/12/04 and dating back 1915/10/20 judicial inventory of Adelia Pinheiro Pessoa to the currently owner at february of 2014; and Administrative Legal Procedure for Restoration of Books of the Real Estate Registry Office of Sena Madureira - State of Acre - Former title nº 157. However, pursuant to the chain of domain certificate it is not possible to attest of the area from the public domain to initial owners.</i> <i>c. The validation team did not received the Geodesic Survey approved by INCRA</i> <i>d. The validation team received outdate Negative certificate of embargo issued from the Ministry of the environment in owner's name. "There is nothing on the list of embargos on IBAMA.</i> <i>e. the validation team did not receive Certificates issued by the Federal and State Prosecutors Office - Attorneys / Environmental Attorneys indicating the (in)existence of procedures involving the Property or activities developed in developed, or yet, existence of environmental damages subject to indemnification or recovery measures.</i> <i>f. The validation team did not received the Certificates issued by the State Court of Justice, of the location of the Property(s) and the domicile of the Owner(s), covering a period of 10 (ten) years.</i> <i>g. According to the analysis of these certificates, there are no lawsuits regarding the location of the property and the owner's domicile, with implications related to this property.</i> 6. <u>PAI# 05 - Fazenda Potiguar (Sena Madureira - AC)</u> <i>a. Fazenda Potiguar Parte B - Title nº 28 (Sena Madureira - AC): This audit team received the real estate record of the property nº 28 (Trancrição nº 28) related to this property in 1973, with total área of 100,000.00 hectares, supposed owned by Josué Alexandre de Oliveira date on 2021/07/22. Also, we received the Public Deed dated of 18/11/2004 between Josué Alexandre de Oliveira as seller and Moacir Eloy Crocetta Batista e CIA LTDA as buyer related to an area of 12,350 hectares, which still pending of dully register. This public deed does not specify the real estate title subject.</i> <i>b. The validation team did not receive CCIR (Rural Property Registry) before INCRA for Fazenda Potiguar Parte B - Title nº 28 (Sena Madureira - AC)</i> <i>c. Regarding geodesic survey, the following issues were found</i> <i>i. Fazenda Potiguar Parte A- Title nº 5.100 (Sena Madureira - AC) and Fazenda Potiguar Parte B - Title nº 28 (Sena Madureira - AC)</i>	

CAR- Validation process	07	Potential Impact: Hight
	ii. Pending. Geodesic Survey Certificate n. ° 62bac64d-d0e5-44d4-9e05-9adfa62e1ca4 is not dully registered before the title. iii. Pending. Geodesic Survey Certificate n. ° d6eb8469-f1aa-4e66-89f6-6e1e1724bbc6 is not dully registered before the title. d. the validation team received outdate Negative certificate of embargo issued from the Ministry of the environment in owner's name. "There is nothing on the list of embargos on IBAMA. e. The validation team did not receive Certificates issued by the Federal and State Prosecutors Office - Attorneys / Environmental Attorneys indicating the (in)existence of procedures involving the Property or activities developed in developed, or yet, existence of environmental damages subject to indemnification or recovery measures. f. The validation team did not receive Certificates issued by the State Court of Justice, of the location of the Property(s) and the domicile of the Owner(s), covering a period of 10 (ten) years	
Project owner response	Below is the BRC response for the auditor legal analysis: 2. PAI# 01 - Fazenda Castanhal (Aripuanã - MT)- Área 01 - Title nº 4.208 (Aripuanã - MT) and Área 02 - Title nº 4.209 (Aripuanã - MT) a. BRC response: Castanhal chain of domain can be found on https://brcarbonsevidos-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/Erq4u4K5ep1Ampo1ETLS1fwBnougzNsAGbf_D7Br3NbiqQ?e=Pyj7S5 Specifically search for: i. matricula_54535_cadeia_dominial ii. matricula_54536_cadeia_dominial b. An updated certificate issued by IBAMA and a certificate issued by SEFAZ and others on behalf of the property owners can be found on: https://brcarbonsevidos-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/EmT224Km4e9DjlpqhBXBwWkBL1MTg6RLV57hjzbuXg?e=QdftCa Specifically search for: i. CND_SEFAZ_MT_BATISTA & CIA ii. CND_SEFAZ_MT_JUNIOR BATISTA iii. CND_SEFAZ_MT_MOACIR BATISTA iv. CNE_BATISTA&CIA v. CNE_JUNIOR_BATISTA vi. CNE_MOACIR_BATISTA Such certificates issued in the name of individuals and legal entities demonstrate that the property has no pending issues. c. We did not identify in this item a reference to a specific requirement of the VCS standard to which the project is not in compliance with. BRC considers it excessive to charge such documents for the	

CAR- Validation process	07	Potential Impact: High
	purpose of proving rights over the project. However, in good faith, we forward the set of certificates below. Certificates issued by the Federal, State Prosecutors Office and others can be found on: https://brcarbon.com.br/EmT224Km4e9DjlpqhBxBwWkBLy1MTg6RLV57hjbw-uXq?e=QdftCa Search for: i. <u>CERTIDÃO NEGATIVA MPE MT - BATISTA E CIA</u> ii. <u>CERTIDÃO NEGATIVA MPE MT - JUNIOR GALVANE BATISTA</u> iii. <u>CERTIDÃO NEGATIVA MPE MT - MOACIR BATISTA</u> iv. <u>CERTIDÃO NEGATIVA MPF - BATISTA E CIA</u> v. <u>CERTIDÃO NEGATIVA MPF - JUNIOR BATISTA</u> vi. <u>CERTIDÃO NEGATIVA MPF - MOACIR BATISTA</u> vii. <u>CERTIDÃO NEGATIVA TJ-AC BATISTA E CIA (CIVEL)</u> viii. <u>CERTIDÃO NEGATIVA TJ-AC BATISTA E CIA (CRIMINAL)</u> ix. <u>CERTIDÃO NEGATIVA TJ-AC JUNIOR BATISTA (CIVEL)</u> x. <u>CERTIDÃO NEGATIVA TJ-AC JUNIOR BATISTA (CRIMINAL)</u> xi. <u>CERTIDÃO NEGATIVA TJ-AC MOACIR BATISTA (CIVEL)</u> xii. <u>CERTIDÃO NEGATIVA TJ-AC MOACIR BATISTA (CRIMINAL)</u> xiii. <u>CERTIDÃO NEGATIVA TJ-MT JUNIOR BATISTA</u> xiv. <u>CERTIDÃO NEGATIVA TJ-RO BATISTA & CIA</u> xv. <u>CERTIDÃO NEGATIVA TJ-RO JUNIOR BATISTA</u> xvi. <u>CERTIDÃO NEGATIVA TJ-RO MOACIR BATISTA</u> xvii. <u>Certidão Inexistencia ACP MPF BATISTA & CIA</u> - xviii. <u>Certidão Inexistencia ACP MPF JUNIOR BATISTA</u> xix. <u>Certidão Inexistencia ACP MPF MOACIR BATISTA</u> xx. <u>CND IMAC Batista&Cia</u> xxi. <u>CND IMAC Junior Galvane Batista</u> xxii. <u>CND IMAC Moacir Batista</u> - xxiii. <u>CND SEDAM RO BATISTA & CIA</u> xxiv. <u>CND SEDAM RO JUNIOR BATISTA</u> xxv. <u>CND SEDAM RO MOACIR BATISTA</u> xxvi. <u>CND SEFAZ MT BATISTA & CIA</u> - xxvii. <u>CND SEFAZ MT JUNIOR BATISTA</u> - xxviii. <u>CND SEFAZ MT MOACIR BATISTA</u> xxix. <u>CND TRABALHISTA BATISTA & CIA</u> xxx. <u>CND TRABALHISTA JUNIOR BATISTA</u> xxxi. <u>CND TRABALHISTA MOACIR BATISTA</u> - xxxii. <u>CNIB BATISTA & CIA</u> - xxxiii. <u>CNIB JUNIOR BATISTA</u> - xxxiv. <u>CNIB MOACIR BATISTA</u> xxxv. <u>SEI MPRO - JUNIOR BATISTA</u> - xxxvi. <u>SEI MPRO - MOACIR BATISTA</u> - xxxvii. <u>SEI MPRO BATISTA & CIA</u> d. We did not identify in this item a reference to a specific requirement of the VCS standard to which the project is not in compliance with.	

CAR- Validation process	07	Potential Impact: High
	<i>BRC considers it excessive to charge such documents for the purpose of proving rights over the project. However, in good faith, we forward the set of certificates above. Through these certificates it is possible to prove the location of the Property(s) and the domicile of the Owner(s).</i> 3. <u>PAI# 02 - Fazenda Katiana (Sena Madureira - AC) Title nº 5.055</u> a. <i>An updated certificate issued by IBAMA and a certificate issued by SEFAZ and others on behalf of the property owners can be found on: https://brcarbonsevidos-my.sharepoint.com/:f/q/personal/bruno_matta_brcarbon_com_br/EmT224Km4e9DjlpqhBxBwWkbtLY1MTg6RLV57hjzbuXq?e=QdftCa</i> <i>Specifically search for:</i> i. <i>Certidao Junior SEFAZ AC</i> ii. <i>Certidao Moacir SEFAZ AC</i> iii. <i>Certidao Batista SEFAZ AC</i> iv. <i>CNE_BATISTA&CIA</i> v. <i>CNE_JUNIOR_BATISTA</i> vi. <i>CNE_MOACIR_BATISTA</i> <i>Such certificates issued in the name of individuals and legal entities demonstrate that the property has no pending issues.</i> b. <i>We did not identify in this item a reference to a specific requirement of the VCS standard to which the project is not in compliance with. BRC considers it excessive to charge such documents for the purpose of proving rights over the project. However, in good faith, we forward the set of certificates below. Certificates issued by the Federal, State Prosecutors Office and others can be found on: https://brcarbonsevidos-my.sharepoint.com/:f/q/personal/bruno_matta_brcarbon_com_br/EmT224Km4e9DjlpqhBxBwWkbtLY1MTg6RLV57hjzbuXq?e=QdftCa</i> <i>Search for:</i> i. <i>certidao nada consta_MPAC</i> ii. <i>CERTIDÃO NEGATIVA MPF - BATISTA E CIA</i> iii. <i>CERTIDÃO NEGATIVA MPF - JUNIOR BATISTA</i> iv. <i>CERTIDÃO NEGATIVA MPF - MOACIR BATISTA</i> v. <i>CERTIDÃO NEGATIVA TJ-AC BATISTA E CIA (CIVEL)</i> vi. <i>CERTIDÃO NEGATIVA TJ-AC BATISTA E CIA (CRIMINAL)</i> vii. <i>CERTIDÃO NEGATIVA TJ-AC JUNIOR BATISTA (CIVEL)</i> viii. <i>CERTIDÃO NEGATIVA TJ-AC JUNIOR BATISTA (CRIMINAL)</i> ix. <i>CERTIDÃO NEGATIVA TJ-AC MOACIR BATISTA (CIVEL)</i> x. <i>CERTIDÃO NEGATIVA TJ-AC MOACIR BATISTA (CRIMINAL)</i> xi. <i>CERTIDÃO NEGATIVA TJ-MT JUNIOR BATISTA</i> xii. <i>CERTIDÃO NEGATIVA TJ-RO BATISTA & CIA</i>	

CAR- Validation process	07	Potential Impact: High
	xiii. CERTIDÃO NEGATIVA TJ-RO JUNIOR BATISTA xiv. CERTIDÃO NEGATIVA TJ-RO MOACIR BATISTA xv. Certidão_Inexistencia_ACP_MPF_BATISTA & CIA xvi. Certidão_Inexistencia_ACP_MPF_JUNIOR BATISTA xvii. Certidão_Inexistencia_ACP_MPF_MOACIR BATISTA xviii. CND_IMAC_Batista&Cia xix. CND_IMAC_Junior Galvane Batista xx. CND_IMAC_Moacir_Batista xxi. CND_SEDAM_RO_BATISTA & CIA xxii. CND_SEDAM_RO_JUNIOR BATISTA xxiii. CND_SEDAM_RO_MOACIR BATISTA xxiv. CND_SEFAZ_MT_BATISTA & CIA xxv. CND_SEFAZ_MT_JUNIOR BATISTA xxvi. CND_SEFAZ_MT_MOACIR BATISTA xxvii. CND_TRABALHISTA_BATISTA & CIA xxviii. CND_TRABALHISTA_JUNIOR BATISTA xxix. CND_TRABALHISTA_MOACIR BATISTA xxx. CNIB_BATISTA & CIA xxxi. CNIB_JUNIOR BATISTA xxxii. CNIB_MOACIR BATISTA xxxiii. SEI_MPRO - JUNIOR BATISTA xxxiv. SEI_MPRO - MOACIR BATISTA xxxv. SEI_MPRO BATISTA & CIA c. <i>We did not identify in this item a reference to a specific requirement of the VCS standard to which the project is not in compliance with. BRC considers it excessive to charge such documents for the purpose of proving rights over the project. However, in good faith, we forward the set of certificates above. Through these certificates it is possible to prove the location of the Property(s) and the domicile of the Owner(s).</i>	
	4. <u>PAI# 03 - Fazenda Palmares (Sena Madureira - AC)</u> a. BRC: The title nº 595 was requested from the registry office in Sena Madureira. However, ownership of the land can be proven by the documentation below. The land is duly certified by INCRA, with the CCIR being issued for the entire project area, considering all the lands involved, including 595 (Santo Antonio): https://brcarbonsevidos-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/Es7cT9kDsepJo0iAEo_TvLEBhuiy2GxaaO1i72fCIV-4HA?e=WNKiMD Specifically search for: i. CCIR44307016228.pdf ii. Santo Antonio.pdf b. Geodesic Survey approved by INCRA can be found here: https://brcarbonsevidos-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/Es7cT9kDsepJo0iAEo_TvLEBhuiy2GxaaO1i72fCIV-4HA?e=WNKiMD	

CAR- Validation process	07	Potential Impact: High
	<i>Specifically search for:</i> i. <i>Palmares GEO INCRA.zip</i> c. <i>The attached certificate proves the inexistence of debts with the IRS.</i> <i>https://brcarbonsevidos-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/Es7cT9kDsepJo0iAEo_TvLEBhuiv2GxaaO1i72fClV-4HA?e=WNKiMD</i> <i>Specifically search for:</i> i. <i>Certidao-37142755 (1).pdf</i> <i>In good faith, the project proponent offers this certificate requested by the auditor, however, it should be said that such proof is not necessary for the purpose of proving project ownership, and non-compliance with the VCS standard is not characterized.</i> d. <i>An updated certificate issued by IBAMA and a certificate issued by SEFAZ and others on behalf of the property owners can be found on:</i> <i>https://brcarbonsevidos-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/EmT224Km4e9DjlpqhBxBwWkbtLY1MTg6RLV57hjzbw-uXg?e=QdftCa</i> <i>Specifically search for:</i> i. <i>Certidao Junior SEFAZ AC</i> ii. <i>Certidao Moacir SEFAZ AC</i> iii. <i>Certidao Batista SEFAZ AC</i> iv. <i>CNE_BATISTA&CIA</i> v. <i>CNE_JUNIOR_BATISTA</i> vi. <i>CNE_MOACIR_BATISTA</i> <i>Such certificates issued in the name of individuals and legal entities demonstrate that the property has no pending issues.</i> e. <i>We did not identify in this item a reference to a specific requirement of the VCS standard to which the project is not in compliance with. BRC considers it excessive to charge such documents for the purpose of proving rights over the project. However, in good faith, we forward the set of certificates below. Certificates issued by the Federal, State Prosecutors Office and others can be found on:</i> <i>https://brcarbonsevidos-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/EmT224Km4e9DjlpqhBxBwWkbtLY1MTg6RLV57hjzbw-uXg?e=QdftCa</i> <i>Search for:</i> i. <i>certidao nada consta_MPAC</i> ii. <i>CERTIDÃO NEGATIVA MPF - BATISTA E CIA</i> iii. <i>CERTIDÃO NEGATIVA MPF - JUNIOR BATISTA</i> iv. <i>CERTIDÃO NEGATIVA MPF - MOACIR BATISTA</i> v. <i>CERTIDÃO NEGATIVA TJ-AC BATISTA E CIA (CIVEL)</i> vi. <i>CERTIDÃO NEGATIVA TJ-AC BATISTA E CIA (CRIMINAL)</i> vii. <i>CERTIDÃO NEGATIVA TJ-AC JUNIOR BATISTA (CIVEL)</i>	

CAR- Validation process	07	Potential Impact: High
	viii. CERTIDÃO NEGATIVA TJ-AC JUNIOR BATISTA (CRIMINAL) ix. CERTIDÃO NEGATIVA TJ-AC MOACIR BATISTA (CIVEL) x. CERTIDÃO NEGATIVA TJ-AC MOACIR BATISTA (CRIMINAL) xi. CERTIDÃO NEGATIVA TJ-MT JUNIOR BATISTA xii. CERTIDÃO NEGATIVA TJ-RO BATISTA & CIA xiii. CERTIDÃO NEGATIVA TJ-RO JUNIOR BATISTA xiv. CERTIDÃO NEGATIVA TJ-RO MOACIR BATISTA xv. Certidão_Inexistencia_ACP_MPF_BATISTA & CIA xvi. Certidão_Inexistencia_ACP_MPF_JUNIOR BATISTA xvii. Certidão_Inexistencia_ACP_MPF_MOACIR BATISTA xviii. CND_IMAC_Batista&Cia xix. CND_IMAC_Junior Galvane Batista xx. CND_IMAC_Moacir_Batista xxi. CND_SEDAM_RO_BATISTA & CIA xxii. CND_SEDAM_RO_JUNIOR BATISTA xxiii. CND_SEDAM_RO_MOACIR BATISTA xxiv. CND_SEFAZ_MT_BATISTA & CIA xxv. CND_SEFAZ_MT_JUNIOR BATISTA xxvi. CND_SEFAZ_MT_MOACIR BATISTA xxvii. CND_TRABALHISTA_BATISTA & CIA xxviii. CND_TRABALHISTA_JUNIOR BATISTA xxix. CND_TRABALHISTA_MOACIR BATISTA xxx. CNIB_BATISTA & CIA xxxi. CNIB_JUNIOR BATISTA xxxii. CNIB_MOACIR BATISTA xxxiii. SEI_MPRO - JUNIOR BATISTA xxxiv. SEI_MPRO - MOACIR BATISTA xxxv. SEI_MPRO BATISTA & CIA f. We did not identify in this item a reference to a specific requirement of the VCS standard to which the project is not in compliance with. BRC considers it excessive to charge such documents for the purpose of proving rights over the project. However, in good faith, we forward the set of certificates above. Through these certificates it is possible to prove the location of the Property(s) and the domicile of the Owner(s).	
	5. PAI# 04 - Fazenda Porongaba - (Sena Madureira - AC) Title nº 2553 a. Document “2553_Positiva_Onus” proves the judicial attachment of the farm. The pledge, however, does not nullify the right to property, nor the owner's right to the farm's natural resources and carbon credits. On the contrary, the project is verified in a retroactive period where the owner's property is precisely characterized. Notwithstanding this, it should be said that the process of contesting the fine that led to the attachment was won in the first instance and that in the event of succumbence, the owner has other assets to ensure the eventual payment, which does not need to be demonstrated at the moment. The financial resources generated by	

CAR- Validation process	07	Potential Impact: High
	the project can be used to pay the mortgage on the property, which will mitigate the risk of losing the land. See: https://brcarbonsearc-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/En9Upe4d0lxDq0jufnUw2jQBeBOe-DrMQsJwa-iruCMtOw?e=BqGIBi Search for: xxxvi. <i>sentenca julio Porongaba.pdf</i> b. According to document “2553_Cadeia_Dominial”, the ownership chain was recognized by a court decision due to the deterioration of the previous land documentation. See: https://brcarbonsearc-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/En9Upe4d0lxDq0jufnUw2jQBeBOe-DrMQsJwa-iruCMtOw?e=BqGIBi Search for: xxxvii. <i>2553_Cadeia_Dominial.pdf</i> c. The process of georeferencing the Porongaba farm will be conducted in a participatory manner, considering the traditional communities that live in the territory and supervised by INCRA. The owner of the rural property intends to donate land, recognizing the use rights of traditional communities as property rights. This activity will be listed in a REDD+ AUD project to be developed in the territory in 2022. Carrying out the georeferencing process now to redo it after the land donation would represent an unnecessary waste of time and financial resources. d. An updated certificate issued by IBAMA and a certificate issued by SEFAZ and others on behalf of the property owners can be found on: https://brcarbonsearc-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/EmT224Km4e9DjlpqhBxBwWkBTLY1MTg6RLV57hjzbw-uXg?e=QdftCa Specifically search for: i. <i>Certidao Junior SEFAZ AC</i> ii. <i>Certidao Moacir SEFAZ AC</i> iii. <i>Certidao Batista SEFAZ AC</i> iv. <i>CNE_BATISTA&CIA</i> v. <i>CNE_JUNIOR_BATISTA</i> vi. <i>CNE_MOACIR_BATISTA</i> vii. <i>Such certificates issued in the name of individuals and legal entities demonstrate that the property has no pending issues.</i> e. We did not identify in this item a reference to a specific requirement of the VCS standard to which the project is not in compliance with. BRC considers it excessive to charge such documents for the purpose of proving rights over the project. However, in good faith, we forward the set of certificates below. https://brcarbonsearc-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/EmT224Km4e9DjlpqhBxBwWkBTLY1MTg6RLV57hjzbw-uXg?e=QdftCa Search for: i. <i>certidao nada consta_MPAC</i> ii. <i>CERTIDÃO NEGATIVA MPF - BATISTA E CIA</i> iii. <i>CERTIDÃO NEGATIVA MPF - JUNIOR BATISTA</i>	

CAR- Validation process	07	Potential Impact: High
	iv. CERTIDÃO NEGATIVA MPF - MOACIR BATISTA v. CERTIDÃO NEGATIVA TJ-AC BATISTA E CIA (CIVEL) vi. CERTIDÃO NEGATIVA TJ-AC BATISTA E CIA (CRIMINAL) vii. CERTIDÃO NEGATIVA TJ-AC JUNIOR BATISTA (CIVEL) viii. CERTIDÃO NEGATIVA TJ-AC JUNIOR BATISTA (CRIMINAL) ix. CERTIDÃO NEGATIVA TJ-AC MOACIR BATISTA (CIVEL) x. CERTIDÃO NEGATIVA TJ-AC MOACIR BATISTA (CRIMINAL) xi. CERTIDÃO NEGATIVA TJ-MT JUNIOR BATISTA xii. CERTIDÃO NEGATIVA TJ-RO BATISTA & CIA xiii. CERTIDÃO NEGATIVA TJ-RO JUNIOR BATISTA xiv. CERTIDÃO NEGATIVA TJ-RO MOACIR BATISTA xv. Certidão_Inexistencia_ACP_MPF_BATISTA & CIA xvi. Certidão_Inexistencia_ACP_MPF_JUNIOR BATISTA xvii. Certidão_Inexistencia_ACP_MPF_MOACIR BATISTA - xviii. CND_IMAC_Batista&Cia xix. CND_IMAC_Junior Galvane Batista xx. CND_IMAC_Moacir_Batista xxi. CND_SEDAM_RO_BATISTA & CIA xxii. CND_SEDAM_RO_JUNIOR BATISTA - xxiii. CND_SEDAM_RO_MOACIR BATISTA xxiv. CND_SEFAZ_MT_BATISTA & CIA xxv. CND_SEFAZ_MT_JUNIOR BATISTA xxvi. CND_SEFAZ_MT_MOACIR BATISTA - xxvii. CND_TRABALHISTA_BATISTA & CIA - xxviii. CND_TRABALHISTA_JUNIOR BATISTA xxix. CND_TRABALHISTA_MOACIR BATISTA xxx. CNIB_BATISTA & CIA xxxi. CNIB_JUNIOR BATISTA - xxxii. CNIB_MOACIR BATISTA - xxxiii. SEI_MPRO - JUNIOR BATISTA - xxxiv. SEI_MPRO - MOACIR BATISTA xxxv. SEI_MPRO BATISTA & CIA	
	f. We did not identify in this item a reference to a specific requirement of the VCS standard to which the project is not in compliance with. BRC considers it excessive to charge such documents for the purpose of proving rights over the project. However, in good faith, we forward the set of certificates above. Through these certificates it is possible to prove the location of the Property(s) and the domicile of the Owner(s).	
	6. <u>PAI# 05 - Fazenda Potiguar (Sena Madureira - AC)</u>	

CAR- Validation process	07	Potential Impact: High
	a. <i>The Potiguar certificate of full content of is in the process of being updated between the landowner and the notary's office, considering the attached public deed of purchase and sale, which encompasses plot B and corrects previous mistakes in the domain chain, which is a lengthy process as it is the spoil of Mr. Josué. The Potiguar B area is recognized and certified by INCRA in the SIGEF system, according to the attached supporting document. We emphasize that there is no dispute or interested third party. Ownership of the area is recognized. See: https://brcarbonsearcos-my.sharepoint.com/:f/q/personal/bruno_matta_brcarbon_com_br/EryfO-NBMApJhgvywRbSDsoBvO2wjwx6v77kPaGaMtC5Ww?e=qzoPAo</i> <i>Search for:</i> i. 03. SIGEF 2021. MAPA_SIGEF_POTIGUAR_PARTE_B.pdf ii. 5100_Acoes_Reais_Reipersecutoria.pdf b. <i>The CCIR proves the registration of rural properties and even possessions with the National Rural Registry System (SNCR) - a federal government database managed by Incra, which contains information on public and private areas. By itself, the CCIR cannot be used to prove land ownership, as it is a only a registry. The proof of ownership of Potiguar part B emanates today from the purchase and sale agreement, the twenty-year certificate, and from its certification by INCRA, as stated in the SIGEF system. The Potiguar certificate of full content is in the process of being updated between the landowner and the notary's office. See: https://brcarbonsearcos-my.sharepoint.com/:f/q/personal/bruno_matta_brcarbon_com_br/EryfO-NBMApJhgvywRbSDsoBvO2wjwx6v77kPaGaMtC5Ww?e=qzoPAo</i> <i>Search for:</i> i. - 03. SIGEF 2021. MAPA_SIGEF_POTIGUAR_PARTE_B.pdf. ii. - 01. Certidão da Cadeia Dominial. Fazenda Potiguar. Matrícula 1.435. Dez_2020.pdf iii. - Sep 28, 2020 Doc_8 (4) c. <i>This area is recognized and certified by INCRA and duly registered with SIGEF, as per annex. See: https://brcarbonsearcos-my.sharepoint.com/:f/q/personal/bruno_matta_brcarbon_com_br/EryfO-NBMApJhgvywRbSDsoBvO2wjwx6v77kPaGaMtC5Ww?e=qzoPAo</i> <i>Search for:</i> i. - 03. SIGEF 2021. MAPA_SIGEF_POTIGUAR_PARTE_B.pdf ii. - 03. SIGEF 2021. MAPA_SIGEF_POTIGUAR_PARTE_A.pdf	

CAR- Validation process	07	Potential Impact: High
	d. An updated certificate issued by IBAMA and a certificate issued by SEFAZ and others on behalf of the property owners can be found on: https://brcarbonsevidencas-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/EmT224Km4e9DjlpqhBxBwWkbtLY1MTg6RLV57hjzbuXg?e=QdftCa Specifically search for: i. Certidao Junior SEFAZ AC ii. Certidao Moacir SEFAZ AC iii. Certidao Batista SEFAZ AC iv. CNE_BATISTA&CIA v. CNE_JUNIOR_BATISTA vi. CNE_MOACIR_BATISTA vii. Such certificates issued in the name of individuals and legal entities demonstrate that the property has no pending issues. e. We did not identify in this item a reference to a specific requirement of the VCS standard to which the project is not in compliance with. BRC considers it excessive to charge such documents for the purpose of proving rights over the project. However, in good faith, we forward the set of certificates below. Certificates issued by the Federal, State Prosecutors Office and others can be found on: https://brcarbonsevidencas-my.sharepoint.com/:f/g/personal/bruno_matta_brcarbon_com_br/EmT224Km4e9DjlpqhBxBwWkbtLY1MTg6RLV57hjzbuXg?e=QdftCa Search for: i. <u>certidao nada consta MPAC</u> ii. <u>CERTIDÃO NEGATIVA MPF - BATISTA E CIA</u> iii. <u>CERTIDÃO NEGATIVA MPF - JUNIOR BATISTA</u> iv. <u>CERTIDÃO NEGATIVA MPF - MOACIR BATISTA</u> v. <u>CERTIDÃO NEGATIVA TJ-AC BATISTA E CIA (CIVEL)</u> vi. <u>CERTIDÃO NEGATIVA TJ-AC BATISTA E CIA (CRIMINAL)</u> vii. <u>CERTIDÃO NEGATIVA TJ-AC JUNIOR BATISTA (CIVEL)</u> viii. <u>CERTIDÃO NEGATIVA TJ-AC JUNIOR BATISTA (CRIMINAL)</u> ix. <u>CERTIDÃO NEGATIVA TJ-AC MOACIR BATISTA (CIVEL)</u> x. <u>CERTIDÃO NEGATIVA TJ-AC MOACIR BATISTA (CRIMINAL)</u> xi. <u>CERTIDÃO NEGATIVA TJ-MT JUNIOR BATISTA</u> xii. <u>CERTIDÃO NEGATIVA TJ-RO BATISTA & CIA</u> xiii. <u>CERTIDÃO NEGATIVA TJ-RO JUNIOR BATISTA</u> xiv. <u>CERTIDÃO NEGATIVA TJ-RO MOACIR BATISTA</u> xv. <u>Certidão Inexistencia ACP MPF BATISTA & CIA</u> xvi. <u>Certidão Inexistencia ACP MPF JUNIOR BATISTA</u> xvii. <u>Certidão Inexistencia ACP MPF MOACIR BATISTA</u> - xviii. <u>CND IMAC Batista&Cia</u> xix. <u>CND IMAC Junior Galvane Batista</u> xx. <u>CND IMAC Moacir Batista</u> xxi. <u>CND SEDAM RO BATISTA & CIA</u>	

CAR- Validation process	07	Potential Impact: Hight
	xxii. <u>CND SEDAM RO JUNIOR BATISTA</u> - xxiii. <u>CND SEDAM RO MOACIR BATISTA</u> xxiv. <u>CND SEFAZ MT BATISTA & CIA</u> xxv. <u>CND SEFAZ MT JUNIOR BATISTA</u> xxvi. <u>CND SEFAZ MT MOACIR BATISTA</u> - xxvii. <u>CND TRABALHISTA BATISTA & CIA</u> - xxviii. <u>CND TRABALHISTA JUNIOR BATISTA</u> xxix. <u>CND TRABALHISTA MOACIR BATISTA</u> xxx. <u>CNIB BATISTA & CIA</u> xxxi. <u>CNIB JUNIOR BATISTA</u> - xxxii. <u>CNIB MOACIR BATISTA</u> - xxxiii. <u>SEI MPRO - JUNIOR BATISTA</u> - xxxiv. <u>SEI MPRO - MOACIR BATISTA</u> xxxv. <u>SEI MPRO BATISTA & CIA</u> f. We did not identify in this item a reference to a specific requirement of the VCS standard to which the project is not in compliance with. BRC considers it excessive to charge such documents for the purpose of proving rights over the project. However, in good faith, we forward the set of certificates above. Through these certificates it is possible to prove the location of the Property(s) and the domicile of the Owner(s).	
Assessment 2 (04 April 2022)	2. <u>PAI# 01 - Fazenda Castanhal (Aripuanã - MT)</u> a. The validation team received the real estate record issued by the Real Estate Registry Office of Aripuanã - MT nº 4208 and 4209 related to this property, owned by Moacir Eloy Crocetta Batista and his wife dated on 2021/03/21. According to this title the property contains 2,788.6883 hectares and two mortgages there are registered. b. The validation team received the complete chain of domain certificate of these properties issued by the 6º Real Estate Registry Office of Cuiabá – State of Mato Grosso of 2022/02/08 which dates back to 18 (eighteen) definitive titles issued by the State of Mato Grosso in the year 1966. In view of that, the regularity of this chain of domain can be presumed. c. All the certificates were negative, indicating that there are no proceedings involving these Property. d. OK. According to the analysis of these certificates, there are no lawsuits regarding the location of the property and the owner's domicile, with implications related to this property. 3. <u>PAI# 02 - Fazenda Katiana (Sena Madureira – AC)</u> a. The validation team received the Negative certificate of embargo issued from the Ministry of the environment in owner's name. "there is nothing on the list of embargo's on IBAMA.	

CAR- Validation process	07	Potential Impact: High
	b. All the certificates were negative, indicating that there are no proceedings involving these Property. c. According to the analysis of these certificates, there are no lawsuits regarding the location of the property and the owner's domicile, with implications related to this property.	
	4. <u>PAI# 03 - Fazenda Palmares (Sena Madureira - AC)</u> a. The validation team received the real estate record issued by the Real Estate Registry Office of Sena Madureira b. The evidences have been duly provided to validation team c. Evidences were provided that the properties are free and clear of any liens and encumbrances. d. The validation team received the Negative certificate of embargo issued from the Ministry of the environment in owner's name. "There is nothing on the list of embargos on IBAMA. e. Evidences have been duly provided to the validation team. f. According to the analysis of these certificates, there are no lawsuits regarding the location of the property and the owner's domicile, with implications related to this property.	
	5. <u>PAI# 04 - Fazenda Porongaba - (Sena Madureira - AC)</u> a. The validation team received the real estate record issued by the Real Estate Registry Office of Sena Madureira-AC nº 2553 related to this property, owned by Junior Galvane Batista., dated on 2021/07/20. According to this title the property contains 31.218,8721 hectares. The evidences are duly provided. b. The validation team received the chain of domain certificate of this property issued by the Real Estate Registry Office of Sena Madureira and in view of that, the regularity of this chain of domain can be presumed. There are no irregularities in the ownership of the Property or in the exercise of its possession. c. The information provided by the project developer could be evidenced during the site visit. Therefore, the validation team agrees that, considering the circumstances, the process of georeferencing the propriety at this point could financially damage the project activity. Moreover, the fact of not having the georreferencing process finished in the propriety, does not mean that the propriety ownership was not evidenced, which in fact, has been duly evidenced. Therefore, the issue is closed. d. The validation team received the Negative certificate of embargo issued from the Ministry of the environment in owner's name. "there is nothing on the list of embargo's on IBAMA.	

CAR- Validation process		07	Potential Impact: High
	e. <i>All the certificates were negative, indicating that there are no proceedings involving these Property.</i> 6. <u>PAI# 05 - Fazenda Potiguar (Sena Madureira - AC)</u> a. <i>The real estate chain of domain certificate is a valid document, with public-faith granted by the Real Estate Registry Office with jurisdiction to record the titles of properties in this location. In principle, the same applies to the public deeds, which was considered valid, when the title was opened in 1973 (almost 50 years after), by the Real Estate Registry Office. In view of that, the regularity of this chain of domain can be presumed. There are no irregularities in the ownership of the Property or in the exercise of its possession</i> b. <i>Evidence has been duly received by validation team</i> c. <i>Evidence has been duly received by validation team</i> d. <i>We received the Negative certificate of embargo issued from the Ministry of the environment in owner's name. "There is nothing on the list of embargo's on IBAMA</i> e. <i>All the certificates were negative, indicating that there are no proceedings involving these Property.</i> f. <i>According to the analysis of these certificates, there are no lawsuits regarding the location of the property and the owner's domicile, with implications related to this property.</i>		
Auditor Conclusion	Considering all evidences provided and justification above detailed, the validation team concludes that the land propriety is duly evidenced and there are not pending issues. <u>NC is closed</u>		

CL-Validation and verification process		08	Potential Impact: Low
Description	<u>Quality Management system</u> 1. In the VCS-PD and CCB-PD, the numbers' description is not being carried out as per required notation (coma for thousands and dots for decimals) 2. The There are some documents in the Project Management system with highlighted text and comments. 3. The monitoring period is not easily identified in the documents 4. Some references along the documents do not have correspondence, eg; Numeral 2.4.2 in MR/CCB "(Figs 25,26)" or "(Appendix XVII)", Numeral 3.1 the sections do not corresponds with the numeral.		

CL-Validation and verification process		08	Potential Impact: Low
Project owner Response (20 Dec. 2021)	BRC carried out a complete review of the project documentation in order to adopt the American notation for dots and commas in all numerals and to eliminate comments and excerpts highlighted in yellow. In this effort, BRC also revised the document references, creating a clear correspondence between the referenced documents, the reference list and the project database. Finally, the monitoring reports were revised to explicitly point out the monitored period.		
Assessment 1 (18 Jan. 2022)	1. In the VCS-PD and CCB-PD, the numbers were adjusted according to the required notation. 2. Comments and excerpts highlighted in yellow have been removed from the documents. 3. The monitoring period is identified in the documents. 4. References and numerals are adjusted in documents.		
Auditor Conclusion	Finding closed successfully.		