



# VERIFICATION REPORT FOR THE PROJECT MADRE DE DIOS AMAZON REDD PROJECT



Document Prepared By

AENOR INTERNACIONAL S.A.U

6 Génova. 28004 Madrid – Spain

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| Prepared By         | AENOR INTERNACIONAL S.A.U.                                                                                                                                             |
| Contact             | Génova 6. 28004 Madrid- Spain. Telephone +34 914326000 <a href="mailto:jlfuentes@aenor.com">jlfuentes@aenor.com</a> , <a href="http://www.aenor.com">www.aenor.com</a> |
| Approved By         | <i>Jose Luis FUENTES PEREZ</i>                                                                                                                                         |
| Work Carried Out By | Lead validator: Richard Daniel GONZALES TOLEDO<br>Technical reviewer: Juan Carlos GÓMEZ MARTÍN                                                                         |

### Summary:

AENOR INTERNACIONAL, S.A.U. (hereinafter AENOR) has carried out the verification of the *Madre De Dios Amazon REDD Project in Peru*. The process started on 7<sup>th</sup> May 2021, when the project proponent submitted the Monitoring and Implementation Report (01 January 2020 to 31 December 2020) and supporting documents, such as the calculation spreadsheet and the non-permanence risk assessment.

Due to the circumstances of the COVID-19 pandemic, travel has been restricted globally since January of 2020. Then, on-site visit for “Madre De Dios Amazon REDD Project in Peru” (844) was not performed as mean of verification. However, in order to provide a reasonable level of assurance and compliance with applicable requirements and to ensure the completeness and credibility of the audit, teleconference interviews with project participants, persons responsible for data collection has been carried out. This assessment included a request of additional evidences, such as photographs of monitoring activities and video records. Then, on-site assessment has been replaced by interviews and communications via teleconferences using Microsoft Teams. Topics covered are summarized in section 2.5.

The verification scope is to verify that actual monitoring systems and procedures are in compliance with the monitoring systems and procedures described in the monitoring plan; evaluate the GHG emission reduction data and express a conclusion with a reasonable level of assurance about whether the reported GHG emission reduction data is free from material misstatement and reported GHG emission data is sufficiently supported by evidence. The implementation period covered by this verification reports is from 1 January 2020 to 31 December 2020.

The purpose of the verification was to determine the conformance of the project with respect to the VCS Standard version 4.1 and validated VCS Project Description (VCS-PD). In order to verify the compliance of VCS rules and requirement, verification team developed a protocol (findings).

The implementation period covered by this verification reports is from 1 January 2020 – 31 December 2020.

This is the third verification event. The project is well managed, and results are well supported. Monitoring plans are effective. Project proponent developed enough procedures and tools to manage data. As a result of the project proponent experience with the VCS requirements, documents are well detailed. In this regard, this is a verification report that contains the findings of the verification 2 CARs. These issues, raised during the verification process, were properly resolved.

Thus, AENOR has carried out this verification report and deems with reasonable level of assurance that the project implementation complies with all verification requirements of the VCS Standard. The assessment team has no restrictions or uncertainties with respect to the compliance of the project with the verification criteria; hence, the audit team concludes that the net GHG emissions reductions or removals are 984,636 tCO<sub>2</sub>e tonnes CO<sub>2</sub> equivalent, over the monitoring period, 01 January 2020 to 31 December 2020, has been quantified in accordance with VCS rules. Finally, a buffer discount rate of 10% was applied, that results in 884,129 VCUs

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# 1 INTRODUCTION

## 1.1 Objective

The objective of the verification audit was to conduct an independent assessment of the project to determine:

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

## 1.2 Scope and Criteria

**Verification Scope:** The scope of the verification audit is to verify the emissions reductions and/or removals of the project, against the Verified Carbon Standard, the identified methodology and the validated PD throughout the monitoring period from 1 January 2020 to 31 December 2020.

The objectives of this audit included a verification of the projects calculated reductions with the Verified Carbon Standard requirements and any additional requirements of VCS AFOLU projects. In addition, the audit assessed the project with respect to the validated baseline scenarios presented in the VCS-PD and the fulfilment of the monitoring plan.

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

- *VCS Program Guide v.4.0*
- *VCS Standard v.4.1*
- *VCS AFOLU Non-Permanence Risk Tool v.4.0.*

## 1.3 Level of Assurance

The assessment was conducted to provide a reasonable level of assurance of conformance against the defined audit criteria and materiality thresholds within the audit scope. Based on the audit findings, a positive evaluation statement reasonably assures that the project GHG assertion is materially correct and is a fair representation of the GHG data and information.

All the revisions of the verification report before being submitted to the client were subjected to an independent internal technical review to confirm that all verification activities had been completed according to the pertinent AENOR instructions required. The technical review was performed by a technical reviewer(s) qualified in accordance with AENOR´s qualification scheme for CDM/VCS validation and verification.

## 1.4 Summary Description of the Project

The project is developed by “Maderera Rio Acre SAC” and “Maderera Rio Yaverija SAC”, in the department of Madre de Dios, southeastern Peru, in the Peruvian Amazon. Both companies have signed concession contracts with the Peruvian Government in May 2002 for an area of 98,932 hectares (49,376 Maderacre and 49,556 Maderyja). The contract gives legal rights over both areas under concession, and all the environmental services included in them.

In the concession there are no people living within the boundaries. According to the Final Verification Report of the Project under CCBA performed by SCS, Maderyja and Maderacre have exclusive rights to environmental services within the project area, including forest carbon.

The purpose of the project is to avoid unplanned deforestation of forests that are managed sustainably by the certified timber concessions “Maderera Rio Acre SAC” and “Maderera Rio Yaverija SAC”. The project aims to reduce land pressure in the project area and its buffer zone, to ensure sustainable forest management of both timber concessions, and to improve the living conditions of local communities through implementation of an avoided deforestation project to help generate more resources for the management of the area.

The project was validated under the Verified Carbon Standard (VCS) on 20<sup>th</sup> September 2012. Then, according to the applied methodology, up to 2019, the accumulated avoided emissions have been 10,433,072.90 tCO<sub>2e</sub> and up to 2020 11,417,709.82; therefore, the emission reduction for the year 2020 accounts 984,636.92 tCO<sub>2e</sub>; then, discounting buffer allocation, eligible VCUs are 884,129 tCO<sub>2e</sub>. It is important to notice that during the 2020, due to pandemic condition, there was no use of wood, and therefore there was no construction of infrastructure such as roads, patios, etc.

# 2 VERIFICATION PROCESS

The verification was performed through a combination of document review, interviews and communications with relevant personnel via Microsoft Teams. The project was assessed for conformance to the criteria described in Section 1.2 of this report and detailed in section 2.1 and 2.2.

## 2.1 Method and Criteria

AENOR carried out this verification report and deems with reasonable level of assurance that the project complies with all of the verification criteria.

The verification has been performed through a deep desk review and remote-audit assessment, including interviews with relevant personnel.

The verification activities in which risks were assessed were the evaluations of the monitoring system (data flow, data control procedures, etc.) but mainly the quality of raw data as well as sources and the spreadsheet calculations.

AENOR reproduced and verified 100% of sheets in the “VCUs Estimation 2020” spreadsheet calculations and 50% of the data/calculations carried out in those sheets for the monitoring period 1 January 2020 to 31 December 2020 for the project area and leakage belt. The project boundary and deforested areas in the project area and L.B for the monitoring period were 100% checked using the GIS database. The carbon stock changes, forest classes in the project area and L.B were also 100% verified and crosschecked with validated values.

AENOR decided to carry out a deep and meticulous review of the sheets due to the following reasons:

- *To verify the correct application of the methodology (formulae, equations.) and checked that data required to calculate the GHG removals are appropriately provided.*
- *Based on the assessment carried out, AENOR confirms with a reasonable level of assurance that the claimed emission reductions are free from material errors, omissions or misstatements.*

In addition, AENOR confirms that sufficient evidence was presented for the reported net anthropogenic GHG emission reductions and that there is a clear audit trail that contains the evidence and records that validate the stated figure in this verification report since:

- *Sufficient evidence available: The project participant has provided the 100% of data used in the calculations to achieve the final amount of GHG emission reductions reported.*
- *Nature of evidence: The raw data were collected from reliable sources. They are detailed in the project documents and have been provided to the verification team and the most relevant are appropriately detailed in the appendix 1.*
- *Cross-checked evidence: AENOR cross-checked the collected information through the remote audit process to the project area and reproducing calculations.*

Hence, AENOR confirms that the stated figures in the monitoring report are correct and confirms that is able to certify net anthropogenic GHG removals based on verifiable and reliable evidence.

## 2.2 Document Review

The monitoring report, project description, and supporting documentation were carefully reviewed for conformance to the verification criteria and consistency with the Project Description. The audit team examined the baseline data gathered from the baseline determined for this Region, spreadsheets used to enter, and compile information required by the methodology and reproduced the GHG emissions reductions calculations presented in the spreadsheet models to obtain same results than those appearing in the Monitoring report. The Non-Permanence Risks Reports for this monitoring period were assessed, as well.

Appendix 1 to this report details the list of documents provided by PP and reviewed by AENOR during the process.

## 2.3 Interviews

The list of the interviewed people is following detailed. The people interviewed were those directly affected or involved in the project activity, and in some cases were just indirectly affected.

| Audit Date                      | Name                         | Title/Organization                                                                |
|---------------------------------|------------------------------|-----------------------------------------------------------------------------------|
| 07/06/2021<br>(Microsoft Teams) | Milagros Regina Ñique Quispe | Social specialist - MADRE DE DIOS AMAZON REDD PROJECT                             |
|                                 | Jose Luis Canchaya Toledo    | Financial specialist and business manager - MADRE DE DIOS AMAZON REDD PROJECT     |
|                                 | Melson Nilton Kroll Kohel    | Environmental specialist and regional manager - MADRE DE DIOS AMAZON REDD PROJECT |
| 08/06/2021<br>(Microsoft Teams) | Tatiana Lapeyre Zárate       | REDD consultant - MADRE DE DIOS AMAZON REDD PROJECT                               |
|                                 | Lizardo Fachin Malaberri     | GIS Consultant - MADRE DE DIOS AMAZON REDD PROJECT                                |

## 2.4 Site Inspections

For this monitoring period, on-site inspection has been not performed as means of verification, due to the COVID-19 pandemic conditions. In this sense; the government of Peru by supreme decree (N° 105-2021-PCM), established the national emergency until 20/06/2021, banning any group meetings and reducing displacement of people from their residences. In such circumstances, AENOR verification teams decided to interview relevant personnel involved in the monitoring report and GHG emission reduction calculation (interviewed person is listed in section 2.4)

The verification team ensures the level of assurance as reasonable; since it has verified all the information sent by the project developer, listed in the annex 1 of verification report. Moreover, during the remote assessment, verification team requested additional evidences, to confirm the project benefits, including:

- *Attendance lists and pictures of training activities for local stakeholder;*
- *Photographs of communication activities;*
- *Project dissemination activities pictures and video records*
- *Surveys conducted during the monitoring period.*
- *FSC certificate*

## 2.5 Resolution of Findings

All documentation provided by the Project Proponent was assessed against the most recent version of the relevant VCS guidance document. Two corrective action requests (CAR) were raised and submitted to the Project Proponent, which addressed them either by providing to the audit team the requested information or by making the appropriate corrections. Updated versions of the documentation were submitted by the Project Proponent and the audit team reassessed them against the guidance documentation. This process was repeated iteratively until both CARs were fully resolved.

All findings issued by the AENOR audit team during the verification process have been closed. All findings issued during the verification process, and the inputs for their closure, are described in Appendix 2 of this report.

### 2.5.1 Forward Action Requests

No FARs were raised to the PP during the verification process

## 2.6 Eligibility for Validation Activities

AENOR holds accreditation for validation for the relevant sectoral scope 14 under which this project activity is classified.

## 3 VALIDATION FINDINGS

### 3.1 Participation under Other GHG Programs

The project is not included in an emissions trading program; This program does not exist in Peru to date.

### 3.2 Methodology Deviations

Project has applied two, previously approved, methodology deviations

- a) During the validation, the methodology showed that the buffer allocation should be calculated using equation in which the final function of the formula was:

VM0007, Version 1.2  
Sectoral Scope 14

$$Buffer_{UNPLANNED} = \left( \left( \Delta C_{BSL,unplanned} - \sum_{t=1}^{t^*} \sum_{i=1}^M (E_{FC,i,t} + N_2 O_{direct,i,t}) \right) - \left( \Delta C_{P,(UnplannedDeforestationAreas)} - \sum_{t=1}^{t^*} \sum_{i=1}^M (E_{FC,i,t} + N_2 O_{direct,i,t}) \right) \right) * (1 - Buffer\%) \quad (5)$$

However, this formula is not correct. Therefore, during the validation and during all verifications it was used the corrected equation as following:

VM0007, Version 1.6  
Sectoral Scope 14

$$Buffer_{Unplanned} = \left( \left( \Delta C_{BSL,Unplanned} - \sum_{t=1}^{t^*} \sum_{i=1}^M (E_{FC,i,t} + N_2 O_{direct,i,t}) \right) - \left( \Delta C_{P,Unplanned} - \sum_{t=1}^{t^*} \sum_{i=1}^M (E_{FC,i,t} + N_2 O_{direct,i,t}) \right) \right) \times Buffer\% \quad (15)$$

This equation is showed in the version 1.6. The deviation relates only to the criteria and procedures for monitoring or measurement and does not relate any other part of the methodology.

- b) The other methodology deviations were applied from the guidance of the parameter (RRL, forest, t), since it has not been recalculated, as the methodology indicates. This deviation does not negatively impact the conservativeness of the quantification of GHG emission reductions, since the parameter is not included in annual carbon calculations and therefore does not need to be monitored until baseline re-assessment.

### 3.3 Project Description Deviations

Project proponent also has included a project deviation (previously approved), regarding the applied images processing software. The VCS-PD document indicates that the interpretation would be done with ENVI 4.7. However, ERDAS was employed during this verification period. This interpretation work does not affect the final calculations, it does not increase or decrease them, nor affects the methodology calculation with respect to the baseline. On the contrary, interpretation has been consistent since 2012. It was decided to employ ERDAS since the technical team is very familiar with this software. It was used for the purpose of geometric and radiometric corrections, with the objective of assigning a system of coordinates to the images and improve their visual appearance in order to highlight elements and proceed to their interpretation. The team that carries out the interpretation work, employs a methodology based on visual interpretation of the elements of the landscape because it is a more certain and realistic interpretation and generates less errors than digital interpretation. Changes are registered through the observation of the elements of visual interpretation such as color, texture, tone, shape, size, spatial pattern, among others.

### 3.4 Grouped Project

This is not a grouped Project.

## 4 VERIFICATION FINDINGS

### 4.1 Project Implementation Status

The monitoring report provides few relevant milestones occurred during the last years in the project area related to the management and development of the project to understand its implementation status. These milestones are directly linked with the success to implement and achieve the goals established by the project.

Summarizing; The project started on January 1st, 2009, when the validation process was completed under the Climate, Community and Biodiversity Project Design Standards (CCB), thus ensuring social and environmental sustainability of the proposal. The project was also validated under the Verified Carbon Standard (VCS) on September 20, 2012, subsequently completing the verification of 2009-2012 on 21 May 2013, and afterwards achieving the verification of vintages 2013, 2014, 2015, 2016, 2017, 2018 and, 2019. This verification corresponds to the period 2020.

During this verification process, AENOR has not detected project changes in regards of the project title, its purposes and objectives. As such, the project activity accurately reflects the proposed project which mainly consists in alleviating deforestation and degradation pressures on the forests, improving the quality of life of population in the area and strengthening relationships with government agencies to insure the proper long-term management of the Project Proponent. Through interviews with key staff and evidence provided, the auditor team ratified the main objectives of the project activity.

Besides, the project has not participated nor been rejected under any other GHG programs. GHG emission reductions or removals generated by the project are not included in an emission trading program or any other mechanism that includes GHG allowance trading. The project has not received or sought any other form of environmental credit.

Hence, after a complete review of the different documents provided and the remote assessment, AENOR is able to confirm that the project implementation is in accordance with the project description contained in the VCS-PD. There are not material discrepancies between project implementation and the project description.

## 4.2 Safeguards

### 4.2.1 No Net Harm

Project proponent has not identified any potential negative environmental and socio-economic impacts.

During the remote assessment, AENOR requested additional evidences regarding project stakeholders' impacts, such as: grievance procedure, monitoring report dissemination; also, the social specialist was interviewed in order to confirm the impacts. Then, verification team is able to confirm that no negative impacts have been noticed.

### 4.2.2 Local Stakeholder Consultation

Section 2.2 of the MR details the local stakeholder consultation process. The Madre de Dios Amazon REDD Project carries out informative and participation instances within the project zone, with the public and private sectors. The project counts with a consultative Committee (integrated by stakeholders that represent the main groups of local interest) with whom constant communication is maintained; Citizen Participation Workshops: they are understood as broader mechanisms which provide the citizens with the right to be informed and provide feedback so they can be informed, generate discussions and exchange opinions regarding the forestry operations within the project area; and Socialization and participation at events: as part of the communication and information transparency policies, the project establishes means of information to communicate the results of each harvest, the good practices in forest management and/or any other information of social interest. The following chart describes the participative activities:

Even COVID-19 pandemic condition the project proponent has remained in constant contact with local stakeholder, Communication activities, during 2020, with local stakeholders are detailed in the *table 2.2-1: Communication activities with the interested parties*; including: Citizen Participation Workshops; Consultative Committee meetings; and Public Social Summary dissemination. In addition to those activities, the project proponents has given support to the communities due adverse health conditions. In this sense it has given economic support and medical material to the communities, as detailed in section 2.2 of the MR.

In order to verify provide information in the MR, verification team requested the reports of workshops and consultative committee meetings; including photographs and attendance lists. Then, AENOR is able to confirm that the project proponents comply with the mechanisms established in the VCS-PD.

### 4.3 AFOLU-Specific Safeguards

The AFOLU-specific safeguards are detailed in section 2.3 of the monitoring report. In summary the project proponents have carried out the following activities:

#### **Activities that mitigate risks**

- ✓ Custody and Patrolling System: the project counts with a custody and patrolling plan in order to safeguard the forest areas against potential illegal activities or threatens to the sustainable forestry management.

- ✓ PRA Study (Diagnosis through stakeholders): This study looks for the existence of a potential degradation risk within the project area caused by the deforestation agents from nearby areas such as extraction of firewood, carbon production or illegal logging. The study is carried out every two years with an in-field identification of the potential degradation through a diagnosis with the participation of the stakeholders that live in the nearby areas as well as in the whole area of influence of the project. For this verification it is stated that the last PRA was in 2019, where for the year 2019 the result of this study confirmed that the Madre de Dios Amazon REDD Project area does not have a potential degradation.
- ✓ Satellite monitoring of deforestation: It is carried out in the project areas as well as in the leakage belt, the results of the satellite image interpretation are validated in the field through verification visits to the sampling points.
- ✓ Environmentally friendly projects: Local initiatives that have objectives related to the objectives of the Madre de Dios Amazon Redd Project and are identified by the project. During 2020, project proponent implemented remote informative activities; educational videos on Iñapari Educational Center; and support in the public health of serious cases in Iñapari and in the Native Community of Bélgica.

Verification teams requested evidences of patrolling activities during 2020 (Patrolling plan 2020 acts) and photographic evidences of such activities. Also, project proponents provided the last PRA study (applicable to this monitoring period). In addition, verification team interviewed the social specialist to confirm the activities carried out by project proponents in the communities. Furthermore, the verification team reviewed satellites images and interviewed the responsible of processing GIS data to confirm the result for this monitoring period

#### **Changes in property rights**

- ✓ No changes in property rights and land use are identified.

Verification team reviewed the concession contrast for both project participant (Maderacre and Maderyja). The concession contracts are in force and have a term of 40 years.

#### **Direct communication processes. Monitoring**

- ✓ Information related to the REDD project activities, as well as the results of monitoring are presented annually in participatory meetings. These instances of information and communication take place twice a year (public workshops),

Verification team requested the reports of workshops and consultive committee meetings; including photographs and attendance lists in order to confirm the communication process with stakeholders.

#### **Conflicts communication processes**

- ✓ During the year 2020 there were no conflicts among the interested parties.

Verification team requested the grievance procedure and procedure to attend any potential conflicts; moreover, the social specialist was interviewed to confirm that there were no established cases during 2020.

Based on provided information, which include: Patrolling plan 2020 acts; photographic evidences; PRA study; consultive committee meetings acts; grievance procedure; procedure to attend any potential conflicts; and the interview whit social specialist, AENOR is able to confirm that the project proponents has taken has taken the appropriate measures to ensure that the project has not created negative impacts on local stakeholders; instead, the identified effects are positive for the stakeholders.

#### 4.4 Accuracy of GHG Emission Reduction and Removal Calculations

Procedures for quantifying the baseline emissions were conducted in accordance with the methodology. The verification team performed an intensive review of all input data, parameters, formulas, calculations, conversions, statistics and resulting uncertainties and output data to ensure consistency with the VCS documentation, methodology and associated tools, and the VCS-PD.

The verification team reproduced calculations for selected samples to ensure accuracy of the results. Conversion factors, formulas, and calculations were provided by project proponents in spreadsheet format to ensure all formulas were accessible for review.

AENOR verified for the parameters available at validation, the values reported or the references to the documents where they are used or explained by reviewing, reproducing and crosschecking the evidence provided by the PP. AENOR checked the values of these parameters to be appropriate and correctly used in equations

AENOR checked that the list of parameters available at validation and confirm that the monitoring report and speedster's calculation have the same values of registered VCS-PD.

AENOR, also, checked the parameters to be monitored was complete and consistent with information in the monitoring plan of the VCS-PD and reviewed against applied methodology (Approved VCS Methodology, VM0007, version1.2. The following table summarize monitored parameters, used by project proponent, assessed by AENOR:

| Data/Parameter monitored                   | Value            | Purpose of data/parameter        | Assessment procedure and result                                                                                                            |
|--------------------------------------------|------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Project Forest Cover Monitoring Map</b> | Satellite images | Calculation of project emissions | Verification team reviewed GIS Data, satellite images and software processing results. Values used are in accordance to provided evidences |

| Data/Parameter monitored                                                                                    | Value                                                                                         | Purpose of data/parameter        | Assessment procedure and result                                                                                                            |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Leakage Belt Forest Cover Monitoring Map.</b>                                                            | 134.7 ha                                                                                      | Calculation of leakage           | Verification team reviewed GIS Data, satellite images and software processing results. Values used are in accordance to provided evidences |
| <b>Degradation PRA Results</b>                                                                              | - (There is no degradation in 2020)                                                           | Calculation of project emissions | Verification team reviewed Current PRA report (2019), including surveys and confirm that no there is no degradation during 2020.           |
| <b>Results of limited Degradation survey</b>                                                                | - (There is no degradation in 2020)                                                           | Calculation of project emissions | Verification team reviewed Current PRA report (2019), including surveys and confirm that no there is no degradation during 2020.           |
| <b><math>A_{burn,i,t}</math> : Area burnt in Stratum <math>i</math> at time <math>t</math></b>              | - (There are no burned areas in this period 2020)                                             | Calculation of project emissions | Verification team reviewed GIS Data, satellite images and software processing results. No burned area was identified.                      |
| <b><math>A_{DefPA,i,t}</math> : Deforested area in the Project area by type of forest</b>                   | - (According with the results of satellite image analysis, there is no deforestation inside)  | Calculation of project emissions | Verification team reviewed GIS Data, satellite images and software processing results. Values used are in accordance to provided evidences |
| <b><math>A_{DefLB,i,t}</math> : Deforested area in the Leakage belt by type of forest</b>                   | 134.7 ha (total area, the detail of each type of forest is included in the monitoring report) | Calculation of project emissions | Verification team reviewed the description of the methodological procedure report, which summarize the proceeded satellite imagines        |
| <b><math>A_{DegW,i}</math> : Area under potential degradation process.</b>                                  | - (degradation is non-existent for this monitoring period)                                    | Calculation of project emissions | Verification team reviewed Current PRA report (2019), including surveys and confirm that no there is no degradation during 2020.           |
| <b><math>A_{DECKS,i,t}</math> : Area of logging decks in stratum <math>i</math> at time <math>t</math>.</b> | - (There aren't logging decks during this period)                                             | Calculation of project emissions | Verification team reviewed GIS Data, satellite images and software processing results and confirm the reported value.                      |

| Data/Parameter monitored                                                                                                                                                                                    | Value                                                                                              | Purpose of data/parameter        | Assessment procedure and result                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| $A_{DistPA,q,I,t}$ : Area impacted by natural disturbance in the project stratum $i$ converted to natural disturbance stratum $q$ at time $t$ ; ha.                                                         | - (there is no disturbance during this period)                                                     | Calculation of project emissions | Verification team reviewed GIS Data, satellite images and software processing results and confirm the reported value.           |
| $A_{ROAD,I,t}$ : Area of roads in stratum $i$ at time $t$ .                                                                                                                                                 | - (there are no roads construction during this monitoring period)                                  | Calculation of project emissions | Verification team reviewed GIS Data, satellite images and software processing results and confirm the reported value.           |
| $A_{RRL,forest,t}$ : Remaining area of forest in RRL                                                                                                                                                        | Multiple values                                                                                    | Calculation of project emissions | Verification team reviewed GIS Data, satellite images and software processing results and confirm the reported value.           |
| $A_{Pi}$ : Total degraded area verified by sampling plots.                                                                                                                                                  | - (There is no degradation pressure during this monitoring period)                                 | Calculation of project emissions | Verification team reviewed Current PRA report (2019), including surveys and confirm that no there is no degradation during 2020 |
| $C_{DegW,i,t}$ : Biomass carbon of removed trees through degradation process from plots measures in stratum.                                                                                                | - (During this verification no biomass was removed due to pandemic conditions)                     | Calculation of project emissions | Verification team reviewed Current PRA report (2019), including surveys and confirm that the biomass was not removed.           |
| $C_{AB\_tree\_dest,i}$ : Carbon stock in aboveground tree biomass assumed to be killed per unit area resulting from the creation of the skid trail per stratum. As baseline, and it permits the methodology | Hilly forest:<br>407.34 tCO <sub>2</sub> /ha<br><br>Terrace forest:<br>441.78 tCO <sub>2</sub> /ha | Calculation of project emissions | Calculated as per VCS-PD and applied methodology                                                                                |
| $C_{BB\_tree\_dest,i}$ : Carbon stock in belowground tree biomass assumed to be killed per unit area                                                                                                        | Hilly forest:<br>97.76 tCO <sub>2</sub> /ha<br><br>Terrace forest:<br>106.03 tCO <sub>2</sub> /ha  | Calculation of project emissions | Calculated as per VCS-PD and applied methodology                                                                                |

| Data/Parameter monitored                                                                                  | Value                      | Purpose of data/parameter        | Assessment procedure and result                                   |
|-----------------------------------------------------------------------------------------------------------|----------------------------|----------------------------------|-------------------------------------------------------------------|
| <i>resulting from the creation of the skid trail per stratum.</i>                                         |                            |                                  |                                                                   |
| $F_{lu}$ : Land use factor before or after conversion                                                     | No applicable.             | Not applicable                   | Soil carbon pool was excluded as per registered VCS-PD (page 128) |
| $F_{MG}$ : Management factor before or after conversion                                                   | No applicable.             | Not applicable                   | Soil carbon pool was excluded as per registered VCS-PD (page 128) |
| $F_i$ : Land use factor before or after conversion                                                        | No applicable.             | Not applicable                   | Soil carbon pool was excluded as per registered VCS-PD (page 128) |
| $L_{SK}$ : Length of skid trail sk.                                                                       | - (There was not activity) | Calculation of project emissions | There was not activity due to pandemic conditions.                |
| $V_{EXT,z,i,t}$ : Volume extracted from logging stratum z in stratum i at time t.                         | - (There was not activity) | Calculation of project emissions | There was not activity due to pandemic conditions.                |
| $V_{EXT,j,z,i,t}$ : Volume of timber extracted of species j for logging stratum z in stratum i at time t. | - (There was not activity) | Calculation of project emissions | There was not activity due to pandemic conditions.                |
| $W_{SKID}$ : Mean width of skid trails.                                                                   | - (There was not activity) | Calculation of project emissions | There was not activity due to pandemic conditions.                |

The verification team recalculated subsets of the analysis to confirm correctness. Project proponent also provided a step-by-step overview of select calculations to ensure the verification team understood the approach and could confirm its consistency with the methodologies and PD. Where applicable, references for analysis methods or default values were checked against relevant scientific literature for best practice.

Baseline Scenario Emissions are determined as per registered VCS-PD. It was estimated at validation and is reported in section 5.1 of the MR. Project Emissions are detailed in section 5.2 of the MR, during this verification period there was no forest use; the, there was no degradation of forest biomass, nor implementation of road infrastructure as every period, this due to the COVID context, which was experienced. Therefore, the considered value is zero. Calculation of Leakage emissions are detailed in section 5.3 of the it was calculated in accordance to applied VCS methodology.

The calculation spreadsheet submitted to AENOR provide information related to the baseline emissions calculations, project emission and leakages. Audit team has found the calculation traceable and in accordance with the applied methodology. The Emission reductions, according to the methodology applied, are calculated cumulatively and summarized in the following table:

| Year                       | Baseline emissions or removals (tCO2e) | Project emissions or removals (tCO2e) | Leakage emissions(tCO2e) | Net GHG emission reduction or removals(tCO2e) |
|----------------------------|----------------------------------------|---------------------------------------|--------------------------|-----------------------------------------------|
| 2019<br>(cumulative value) | 12,436,646.00                          | 1,783,526.33                          | 220,046.76               | 10,433,072.90                                 |
| 2020<br>(cumulative value) | 13,441,716.06                          | 1,783,526.33                          | 240,479.91               | 11,417,709.82                                 |

| Year                       | Net Emissions Reductions (tCO2e) | Buffer credits (tCO2e) | Total VCUs    |
|----------------------------|----------------------------------|------------------------|---------------|
| 2019<br>(cumulative value) | 10,433,072.90                    | 1,065,311.97           | 9,367,760.94  |
| 2020<br>(cumulative value) | 11,417,709.82                    | 1,165,818.97           | 10,251,890.85 |

AENOR reproduced the calculations to achieve the same results and deems they are depicted clearly and correctly in the provided sheets. The AENOR verification team was able to trace calculations directly from the data sources of inventory's field measurements. Formulae used are in compliance with monitoring plan, VCS-PD and methodology like the default values used to determine the parameters, they are appropriate. In addition, the Buffer credits were calculated as per uncertainty analysis. Thus, the net amount of VCU's to be issued is accurate and realistic. Therefore, for the year 2020 the total VCUs accounts **884,129 tCO<sub>2</sub>e**, that the difference between the accumulated values of 2019 and 2020 (10,251,890.85 tCO<sub>2</sub>e - 9,367,760.94 tCO<sub>2</sub>e = 884,129.91 tCO<sub>2</sub>e)

After reviewing provide spreadsheet of emission reduction calculation and supporting evidence, the verification team is able to confirm that:

After field QA/QC assessments had been completed, the data was then entered into a database. This data was diligently reviewed by field supervisors and compared to information from the digital archives, ensuring field data accuracy.

- ✓ Interviews with project proponents and inspection of data and results demonstrated that the project proponents possess all of the competencies required for reporting of GHG emissions reductions in an accurate way.
- ✓ Data presented to the audit team was clear and coherent and processing steps could be traced to the corresponding sections of the methodology and monitoring plan with transparency.
- ✓ The monitoring plan provides means for internal data review and quality control, and the data presented by the project proponent included the results of these internal assessments. AENOR considers that information provided is sufficient and the quality of that information is appropriate to determine the GHG removals.
- ✓ Therefore, AENOR deems that emissions reduction calculation are reliable and appropriate. AENOR deems that evidence is enough to reproduce calculations in accuracy and quality.

## 4.5 Quality of Evidence to Determine GHG Emission Reductions and Removals

The data and parameters used to determine greenhouse gas emission reductions and removals listed in sections 4.1. and 4.2 3 of the monitoring reports are in accordance with the validated VCS-PD and applied methodology. Project proponent has implemented standard operative procedures: monitoring deforestation and data and information storage.

PPs were responsible for analysing the existence of forest and non-forest in the project area and leakage belt during project verification. They used a GIS information package. Section 4.3 of the monitoring report describes the steps followed to analyse the information. This information is deeper treated in a report where monitoring deforestation steps are described. Images of Landsat-8 were used.

AENOR has verified that the monitoring crews implemented the monitoring plan as it is established in the validated VCS-PD. AENOR also found evidence during the remote assessment that key workers are fully involved in monitoring events (training, measuring, archiving, reporting, quality control, etc.).

Quality assurance and control is an essential part of company procedures in order to assure the accuracy of inventory data, modelling results, and carbon accounting. Quality assurance procedures are done in order to minimize and correct any potential data transcription, calculation, or formatting errors that may result in inaccurate carbon accounting results.

In this regard, AENOR paid close attention to the knowledge of field teams about procedures for measuring, the frequency of measurements and the quality of metering equipment including maintenance/calibration requirements.

After remote assessments had been completed, the data was then entered into a database. This data was diligently reviewed by field supervisors and compared to information from the digital archives, ensuring field data accuracy.

Interviews with project proponents and inspection of data and results demonstrated that the project proponents possess all of the competencies required for reporting of GHG emissions reductions in an accurate way.

Data presented to the audit team was clear and coherent and processing steps could be traced to the corresponding sections of the methodology and monitoring plan with transparency.

The monitoring plan provides means for internal data review and quality control, and the data presented by the project proponent included the results of these internal assessments (internal auditing). AENOR considers that information provided is sufficient and the quality of that information is appropriate to determine the GHG removals.

AENOR deems they are reliable and appropriate. AENOR deems that evidence is enough to reproduce calculations in accuracy and quality.

## 4.6 Non-Permanence Risk Analysis

AENOR has checked that information provided in the Non-Permanence Risk Report version 3, dated on 12 August 2020, for the monitoring period and is consistent with supporting documents provided. The assumptions and justifications provided to determine the risk rating of each risk factor are developed and they are based on provided documents using conservative assessments. AENOR deems that information provided is reliable and appropriate from official sources, thus, the overall risk rating is credible and realistic. The overall non-permeance risk rating is 0, then the risk rating is 10%.

| Risk Category                   | Rating |
|---------------------------------|--------|
| Internal Risk                   | 0      |
| External Risk                   | 0      |
| Natural Risk                    | 0      |
| Overall Risk Rating (a + b + c) | 0      |

## 5 VERIFICATION CONCLUSION

AENOR has verified that the project is in compliance with the Verified Carbon Standard version 4.1 without qualifications or limitations. The project has been implemented in accordance with the validated Project Description and its validated variations.

AENOR is able to issue a positive verification opinion for the 984,636 tCO<sub>2</sub>e of verified emissions removals, as reported in the Monitoring Report version 01, dated on 21 June 2021.

The verification assessment covered the monitoring period from 1 January 2020 – 31 December 2020 and verified that calculated emission reductions and/or removals were achieved during the monitoring period with a reasonable level of assurance. The overall non-permanence risk rating was 10%. Therefore, the total number of credits to be deposited in the buffer account is 100,507 tCO<sub>2</sub>e and the total VCUs to be issued are 884,129 tCO<sub>2</sub>e

AENOR is able to confirm that the new instances added to the Project meet all the eligible criteria outlined in the validated VCS-PD and is in line with all criteria applicable for the validation against the VCS standard Version 4.1 without any qualifications or limitations.

Verification period: From 01-January-2020 to 31 December 2020.

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

| Year  | Baseline emissions or removals (tCO <sub>2</sub> e) | Project emissions or removals (tCO <sub>2</sub> e) | Leakage emissions (tCO <sub>2</sub> e) | Net GHG emission reductions or removals (tCO <sub>2</sub> e) | Buffer pool allocation | VCUs eligible for issuance |
|-------|-----------------------------------------------------|----------------------------------------------------|----------------------------------------|--------------------------------------------------------------|------------------------|----------------------------|
| 2020  | 13,441,716.06                                       | 1,783,526.33                                       | 240,479.91                             | 11,417,709.82                                                | 1,165,818.97           | 10,251,890.85              |
| Total | 13,441,716.06                                       | 1,783,526.33                                       | 240,479.91                             | 11,417,709.82                                                | 1,165,818.97           | 10,251,890.85              |

The above calculations are for the cumulative GHG emission reductions from project start to the end of the verification period, as quantified in the applied methodology.

| Year  | Baseline emissions or removals (tCO <sub>2</sub> e) | Project emissions or removals (tCO <sub>2</sub> e) | Leakage emissions (tCO <sub>2</sub> e) | Net GHG emission reductions or removals (tCO <sub>2</sub> e) | Buffer pool allocation | VCUs eligible for issuance |
|-------|-----------------------------------------------------|----------------------------------------------------|----------------------------------------|--------------------------------------------------------------|------------------------|----------------------------|
| 2020  | 1,005,070                                           | 0.0                                                | 20,433                                 | 984,636                                                      | 100,507                | 884,129                    |
| Total | 1,005,070                                           | 0.0                                                | 20,433                                 | 984,636                                                      | 100,507                | 884,129                    |

The above calculations were carried out by taking the respective quantities, as calculated for the end of the monitoring period on a cumulative basis, i.e.: cumulated value 2020 less cumulated value 2019. These calculations are being provided in order to comply with the requirement of the VCS Verification Report Template that “a conclusion on the quantity of GHG emission reductions or removals in tCO<sub>2</sub>e equivalents achieved by the project during the verification period” be provided. Therefore, the quantity of VCU is 884,129 tCO<sub>2</sub>e.

Date: 19 August 2021

Lead Auditor

Richard Gonzales



## APPENDIX 1: LIST OF EVIDENCE PROVIDED

| N° | Document                                                      |
|----|---------------------------------------------------------------|
| 1  | Final M.R version 2, dated on 17 August 2021                  |
| 2  | First version of the MR                                       |
| 3  | Registered VCS PD                                             |
| 4  | Non-Permanence Risk Report version 3, dated on 12 August 2021 |
| 5  | Emission reduction calculation spreadsheet for period 2020    |
| 6  | Cumulative VCUs estimation                                    |
| 7  | Uncertainty Analysis 2020                                     |
| 8  | Leakage estimation                                            |
| 9  | GIS Data                                                      |
| 10 | GIS processing images                                         |
| 11 | Sentinel Satellite images 2020                                |
| 12 | Approved VCS Methodology VM0007, version 1.2.                 |
| 13 | Approved VCS Methodology VM0007, version 1.6.                 |
| 14 | Madre de Dios amazon redd project presentation (ppt)          |
| 15 | Valid FCS certificate                                         |
| 16 | Social project dissemination report                           |
| 17 | Grievance procedure                                           |
| 18 | procedure to attend any potential conflicts                   |
| 19 | Annual training programme (2020)                              |
| 20 | COVID protocol                                                |
| 21 | Consultative committee meetings report                        |

| N° | Document                                                                                                                         |
|----|----------------------------------------------------------------------------------------------------------------------------------|
| 22 | Consultive committee meetings acts                                                                                               |
| 23 | Comprehensive custody plan (2020)                                                                                                |
| 24 | Maderacre concession                                                                                                             |
| 25 | Maderyja concession                                                                                                              |
| 26 | Guide for the evaluation of forest degradation caused by the implementation of forest management in the area of the redd project |
| 27 | PRA report 2019                                                                                                                  |
| 28 | Photographic evidence of the training's activities during the monitoring period                                                  |
| 29 | Photographic evidence of monitoring activities                                                                                   |

## APPENDIX 2: CORRECTIVE ACTION REQUESTS

|                                                                                                                                                                                                                                                                                         |           |                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------|
| <b>CAR ID</b>                                                                                                                                                                                                                                                                           | <b>01</b> | <b>Date: 18/06/2021</b> |
| <b>Description</b>                                                                                                                                                                                                                                                                      |           |                         |
| During the remote assessment to the GIS processing data it was identified that areas reported in section 4.2. (Data and Parameters Monitored) are different from those indicated in the descriptive memory (table 9) and GIS maps. Then, emission reduction is not calculated properly. |           |                         |
| <b>Project proponent response</b>                                                                                                                                                                                                                                                       |           | <b>Date: 21/06/2021</b> |
| The Monitoring Report has been updated with the change needed                                                                                                                                                                                                                           |           |                         |
| <b>Documentation provided by Project proponent</b>                                                                                                                                                                                                                                      |           |                         |
| Monitoring Report                                                                                                                                                                                                                                                                       |           |                         |
| <b>VVB Assessment</b>                                                                                                                                                                                                                                                                   |           | <b>Date: 07/08/2021</b> |
| Project updated emission reduction calculation in accordance to provided evidence                                                                                                                                                                                                       |           |                         |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |    |                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------|
| CAR ID                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 02 | Date: 18/06/2021 |
| <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |    |                  |
| <p>Some section of the monitoring report form has not been filled following the instructions of the MR template. i.e.:</p> <ul style="list-style-type: none"> <li><i>Many tables of the monitoring report are empty, and it is not explicitly indicated that there is no value to report</i></li> <li><i>Some footnotes are Spanish: 5, 6 y 7</i></li> <li><i>Quantify the net GHG emission reductions and removals, summarized in section 5.4 does not included the period (years)</i></li> </ul> |    |                  |
| <b>Project proponent response</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |    | Date: 21/06/2021 |
| The Monitoring Report has been updated including the changes required.                                                                                                                                                                                                                                                                                                                                                                                                                             |    |                  |
| <b>Documentation provided by Project proponent</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |    |                  |
| Monitoring Report                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |    |                  |
| <b>VVB Assessment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |    | Date: 07/08/2021 |
| Project proponent has updated the monitoring report in accordance to the VCS template                                                                                                                                                                                                                                                                                                                                                                                                              |    |                  |