



VERIFICATION REPORT FOR THE MADRE DE DIOS AMAZON REDD PROJECT



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Summary:

This report describes the verification of the Madre de Dios Amazon REDD project (“the project”), a Reduced Emissions from Deforestation and Degradation (REDD) project located in Peru, that was conducted by SCS. The purpose of the verification engagement was to conduct, in accordance with the VCS rules, an ex-post independent assessment of the GHG emission reductions and removals that have occurred as a result of the project during the monitoring period from 01 January 2019 to 31 December 2019 (“the verification period”). The verification engagement was carried out through a combination of document review, interviews with relevant personnel and on-site inspections. As part of the verification engagement 23 findings were raised: 19 Non-Conformity Reports, 3 New Information Requests and 1 Observation. These findings are described in Appendix A of this report. The project complies with the verification criteria, and SCS holds no restrictions or uncertainties with respect to the compliance of the project with the verification criteria.

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1 INTRODUCTION

1.1 Objective

In accordance with Section 4.1 of the VCS Standard (see Section 1.2 below for full reference), SCS carried out an ex-post independent assessment of the GHG emission reductions and removals that have occurred as a result of the project during the verification period, conducted in accordance with the VCS rules. In accordance with Section 2.1.2 of the VCS Validation & Verification Manual, V3.2, the objectives of the verification engagement were to evaluate the monitoring report and assess

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

The other objective of the verification engagement was to assess the non-permanence risk analysis.

1.2 Scope and Criteria

1.2.1 Scope

As defined in accordance with Section 4.3.4 of ISO 14064-3:2006, the scope included

- The project and its activities.
- The carbon pools and/or greenhouse gases included in the project boundary.
- The verification period.

1.2.2 Criteria

In accordance with Section 4.1.8(2) of the VCS Standard (see below for full reference), the criteria for verification was the VCS Version 4, including the following documents:

- VCS Program Guide, V4.0
- VCS Standard, V4.0
- VCS Program Definitions, Version 4.0
- VCS Non-Permanence Risk Tool, V4.0
- The VCS-approved methodology, VM0007 REDD+ Methodology Framework v1.5 (“the methodology”) as well as any VCS-provided related guidance or Errata & Clarification documents
- Estimation of carbon stocks in the above- and belowground biomass in live tree and non-tree pools (CP-AB), v1.1

- Estimation of greenhouse gas emissions from biomass and peat burning (E-BPB), v1.2
- Estimation of emissions from fossil fuel combustion (E-FFC), v1.0
- Methods for monitoring of GHG emissions and removals in REDD and CIW projects (M-REDD), v2.2
- Estimation of emissions from activity shifting for avoiding unplanned deforestation and avoiding unplanned wetland degradation (LK-ASU), v1.2
- Estimation of uncertainty for REDD+ project activities (X-UNC), v2.2

1.3 Level of Assurance

In accordance with Section 4.1.8(1) of the VCS Standard, the level of assurance was reasonable.

1.4 Summary Description of the Project

The project is located in the department of Madre de Dios in south eastern Peru and is aimed at avoiding unplanned deforestation and degradation.

2 VERIFICATION PROCESS

2.1 Method and Criteria

The verification engagement was conducted through a combination of document review, interviews with relevant personnel and on-site inspections, as discussed in Sections 2.2 through 2.4 of this report. At all times, an assessment was made for conformance to the criteria described in Section 1.2.2 of this report. As discussed in Section 2.5 of this report, findings were issued to ensure conformance to all requirements.

The audit team created a sampling plan following a proprietary sampling plan template developed by SCS. The audit team identified areas of “residual risk”—those areas where there existed risk of a material discrepancy (either in terms of non-conformance to the verification criteria or in terms of errors, omissions and misrepresentations that, in aggregate, exceeded the materiality threshold established for the project as a percentage of the total reported GHG emission reductions and/or removals) that was not prevented or detected by the controls of the project. Sampling and data testing activities were planned to address areas of residual risk. The audit team then created a verification plan that took the sampling plan into account. This approach is justified as it has been designed in accordance with Section 4.4.3 of ISO 14064-3:2006 and the guidance provided in Annex A.2.4.6 of the same document.

2.2 Document Review

The monitoring report (titled “VCS-Monitoring-Report-Template-v4.0 (2019) 15th December VERRA”; “MR”) and non-permanence risk report (titled “VCS-Non-Permanence-Risk-Report-Template-v4.0 28 setiembre 2019 v4.docx”; “NPRR”) were carefully reviewed for conformance to the verification criteria. The following additional documentation, provided by project personnel in support of the aforementioned documents, was also reviewed by the audit team:

Document	File Name	Ref.
Report on National Multi-Hazard Seismic Drill Training, August 15, 2019	Informe 029-2019-MADERACRE-MECM.pdf	/1/
Report on Practical Training against Forest Fires carried out by the Madre de Dios Fire Department	Informe 32-2019-MADERACRE-MECM.pdf	/2/
Resolution to take part in Tahuamanu Province’s INDECI Platform	Resolution 050-2019-ALC-MP-TAH.pdf	/3/
Report on Participatory Rural Appraisal (PRA) results	Diagnostico PRA Proyecto REDD 2019- finalF (1).pdf	/4/
Report on the dissemination of the Public Summary of the General Forest Management Plan of Maderacre	informe 002_2019_resumen_PGMF REDD.pdf	/5/
Report on the dissemination of the Public Summary of Environmental and Forestry Monitoring	informe 003_2019_ResumenSocial REDD.pdf	/6/
Public Social Summary Report of Management in 2018	informe_001_resumen_social REDD	/7/
memoria descriptiva (description of remote sensing methods and results)	02. memoria_M&M_julio2020.pdf	/8/
Sample of harvest record measurements	FORMATOS CUBICACION MADERYJA (Muestra solicitada) (1).pdf	/9/
General Forest Management Plan for Maderacre Concession - 2019	PGMF CMRA 2019.pdf	/10/
General Forest Management Plan for Maderyja Concession - 2019	PGMF MADERYJA 2019.pdf	/11/

Document	File Name	Ref.
Comprehensive Custody Plan - 2019	Plan de Custodia M&M act 2019.pdf	/12/
Resume for Milton Huanca	Curriculum Milton R. Huanca 2020.pdf	/13/
Resume for Jose Canchaya	CV Jose Canchaya MDDARP.pdf	/14/
Resume for Enrrique Pacheco	CV-Enrrique Pacheco.pdf	/15/
Spatial products related to the of deforestation in the leakage belt	lb_tb_uso_cambio_2019.shp	/16/
Spatial products related to monitoring of harvesting	[various files]	/17/
Spatial products related to forest cover in protected areas	[various files]	/18/
Photographs of harvest registers	Monitoreo de Arrastre.jpg Monitoreo de Arrastre_2.jpg Monitoreo de Arrastre_3.jpg Monitoreo de Arrastre_4.jpg	/19/
Workbook showing changes in carbon stocks between the 2018 and 2019 monitoring periods	05. Tabla de cambios 2018 a 2019_27.07.20.xlsx	/20/
Cash flow estimation and opportunity cost analysis workbook	cash flow REDD audit 2020 NPRR.xlsx	/21/
Calculation workbook for quantification of carbon stock changes in the project area	CP ESTimation 2019. 28 Setiembre.xlsx	/22/
Workbook showing areas harvested by parcela de corte anual (PCA), year and stratum	Info_aprovechamient_MRY_REDD 2019. 01 Mayo 2020.xlsx	/23/
Calculation workbook for quantification of leakage emissions	Leakage Estimations 2019. 27 julio.xlsx	/24/

Document	File Name	Ref.
Workbooks containing additional data harvests, roads and skid trails, as requested by the audit team	TALADOS ARRASTRADOS 2018 Y CUBICADO 2019.xlsx TALADOS_ARRASTRADOS 2019_V2 .01 Mayo(26-06) Excel Dinámico.xlsx TALADOS_ARRASTRADOS 2019_V2 .01 Mayo	/25/
Calculation workbook for quantification of uncertainty	Uncertainty Analysis 2019. 15 Mayo	/26/
Calculation workbook VCS Risk Report Calculation tool	VCS-Risk-Report-Calculation-Tool-v4.0	/27/
Calculation workbook for quantification of GHG emission reductions and VCUs	VCUs Estimation 2019. 28 setiembre	/28/
Validated project description (PD), as uploaded to VCS project database	PROJ_DESC_844_11SEP2012.pdf	/29/
Monitoring report for the 1 January 2009-31 December 2012 monitoring period, as uploaded to VCS project database	MONIT_REP_844_01JAN2009_31DEC2012.pdf	/30/
Monitoring report for the 1 January 2013-31 December 2013 monitoring period, as uploaded to VCS project database	MONIT_REP_844_01JAN2013_31DEC2013.pdf	/31/
Monitoring report for the 1 January 2014-31 December 2014 monitoring period, as uploaded to VCS project database	MONIT_REP_844_01JAN2014_31DEC2014.pdf	/32/
Monitoring report for the 1 January 2015-31 December 2015 monitoring period, as uploaded to VCS project database	MONIT_REP_844_01JAN2015_31DEC2015.pdf	/33/
Monitoring report for the 1 January 2016-31 December 2016 monitoring period, as uploaded to VCS project database	MONIT_REP_844_01JAN2016_31DEC2016.pdf	/34/
Monitoring report for the 1 January 2017-31 December 2017 monitoring period, as uploaded to VCS project database	MONIT_REP_844_01JAN2017_31DEC2017.pdf	/37/

Document	File Name	Ref.
Verification report for the 1 January 2013-31 December 2013 monitoring period, as uploaded to VCS project database	VERIF_REP_844_01JAN2013_31DEC2013.pdf	/38/
Report on insect and pest risk	Rpta NIR ausencia pestes bosques Proyecto.docx	/39/
Supporting documentation relating to conduct of the PRA	[no digital files provided]	/40/
Harvest records	[no digital files provided; however, see Refs. 9, 20-21, 25-28]	/41/

2.3 Interviews

2.3.1 Interviews of Project Personnel

The process used in interviewing project personnel was a process wherein the audit team elicited information from project personnel regarding (1) the work products provided to the audit team in support of the MR and NPRR; (2) actions undertaken to ensure conformance with various requirements and (3) implementation status of the project activities.

The following personnel associated with the project proponent and/or implementing partner were interviewed.

Individual	Affiliation	Role	Date(s) Interviewed
Silvia Gomez Caviglia	Greenoxx Sociedad Civil	Executive Vice-President	Throughout audit
Tatiana Lapeyre	Independent Consultant	GIS and Monitoring Specialist	Throughout audit
Lizardo Manuel Fachín Malaverri	Instituto De Investigaciones de la Amazonía Peruana	Remote Sensing and GIS Specialist	4 August 2020
Milagros Regina Ñique	Maderacre	Social Scientist	6 August 2020
Nelson Kroll Kohel	Maderacre	Forest Manager	11 August 2020
Demetrio Enrique Pacheco Villanueva	Maderyja	Chief Forest Engineer	11 August 2020

Individual	Affiliation	Role	Date(s) Interviewed
José Luis Canchaya Toledo	Maderacre	Manager	24 August 2020

2.3.2 Interviews of Other Individuals

The process used in interviewing individuals other than project personnel was a process wherein the audit team made inquiries to confirm the validity of the information provided to the audit team. The following personnel not associated with the project proponent and/or implementing partner were interviewed.

Individual	Affiliation	Role	Date(s) Interviewed
Lizabeth Estrata Quispe	Provincial Municipality of Tahuamanu	Chief of Forest Concessions	4 August 2020

2.4 Site Inspections

The verification has taken place during a global pandemic (COVID19); thus, the audit team was not able to conduct an in-person site visit. Instead we relied on remote auditing techniques with the use of Information and Communication Technology (i.e., remote sensing imagery, video-conferencing, photographic evidence), based on guidance in the ANSI National Accreditation Board's Heads Up #1, dated 23 March 2020, to fulfil the following objectives:

- Select samples of data and information from remote observations in order to meet a reasonable level of assurance and to meet the materiality requirements of the project, as required by Section 4.1.2 of the VCS Standard
- Perform a risk-based review of the project area and project activities to ensure that the monitoring and quantification of GHG emission reductions and removals for the verification period conforms to the verification criteria
- Confirm the validity of information presented in the non-permanence risk report

In fulfilment of the above objectives, the audit team performed a remote inspection of the project throughout the audit. The main activities undertaken by the audit team were as follows:

- Interviewed project personnel and the Chief of Tahuamanu Forest Concessions (see Section 2.3 of this report) using video conferencing, to gather information regarding the monitoring procedures and project implementation
- Carried out remote inspections of the project's measurement and/or monitoring methodologies through the following activities:

- Independent check of deforestation and disturbances using high resolution imagery from the PlanetScope satellites (3.7-m resolution).
- Independent check of reported harvest volumes by tracing reported volumes for individual logs to datasheets

The primary forms of Information and Communication Technology used in conduct of the remote assessments were (1) videoconferencing software packages such as Skype and Zoom and (2) remotely sensed imagery from the PlanetScope satellites. The framework set out in the Heads Up #1 document was used to confirm that the required level of assurance could be reached (see Section 1.3, above) and that any potential impacts to confidentiality and the integrity of the verification engagement could be mitigated. In the end, Information and Communication Technology was found to be highly effective as a tool to replace on-the-ground inspections and in-person meetings. This is due to the generally good quality of internet connection available in Peru, as well as the significant prior experience that the audit team had in verifying this project (this is the seventh verification service SCS has provided in respect of the project since its inception), which contributed to a highly efficient audit process. Additional information is contained in SCS' proprietary sampling plan document (see Section 2.1, above, for more details).

2.5 Resolution of Findings

Any potential or actual discrepancies identified during the audit process were resolved through the issuance of findings. The types of findings typically issued by SCS during this type of verification engagement are characterized as follows:

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

As part of the audit process, 20 NCRs, 3 NIRs and 1 OBS were issued. All findings issued by the audit team during the audit process have been closed. In accordance with Section 4.1.14 of the VCS Standard, all findings issued during the audit process, and the impetus for the closure of each such finding, are described in Appendix A of this report.

2.5.1 Forward Action Requests

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

2.6 Eligibility for Validation Activities

This section is not applicable, as SCS holds accreditation for validation for the relevant sectoral scope (scope 14; AFOLU).

3 VALIDATION FINDINGS

3.1 Participation under Other GHG Programs

This section is not applicable, as the project is not, at this time, seeking registration under the VCS Program and an approved GHG program.

3.2 Methodology Deviations

The below table identifies each methodology deviation applied to the project were validated as part of the verification engagement described in this report. The audit team concludes, in summary, that all such deviations are valid.

Identification of deviation	Assessment column 1*	Assessment column 2**
Methodology deviation 06: Deviation from Equation 5 of REDD-MF	Audit team agrees that deviation pertains solely to criteria and procedures for monitoring of buffer allocation, as set out in REDD-MF	Deviation has no impact on quantification of GHG emission reductions (and so does not negatively impact conservativeness of said quantification); deviation will result in increased accuracy of quantification of the number of credits to assign to the buffer pool

Identification of deviation	Assessment column 1*	Assessment column 2**
Methodology deviation 07: Deviation from requirement of M-MON to monitor parameter $ARRL_{forest,t}$ prior to any verification event (where verification is more frequent than every five years	Audit team agrees that deviation pertains solely to criteria and procedures for monitoring, as set out in M-MON	Audit team agrees that deviation has no impact on quantification of reported GHG emission reductions (and so does not negatively impact conservativeness of said quantification)

- *Assessment column 1 contains information regarding assessment of whether the deviation meets with the criteria and specifications for permitted methodology deviations.
- **Assessment column 2 contains information regarding assessment of whether the deviation does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals (except where it results in increased accuracy)

3.3 Project Description Deviations

The below table identifies each project description deviation applied by the project were validated as part of the verification engagement described in this report. The audit team concludes, in summary, that all such deviations are valid.

Identification of deviation	Assessment column 1*	Assessment column 2**	Assessment column 3***
Project description deviation 02: deviation from statement in PD that ENVI will be used for supervised classification	No impacts to applicability of methodology, as no applicability conditions contain any requirements for classification methods	No impacts to additionality, as classification methods do not have any bearing on procedures for demonstration of additionality	As documented in detail in Section 2.2.3 of the verification report for the 1 January 2009 to 31 December 2012 monitoring period, this deviation has no impact on the baseline scenario, as the visual interpretation method was the method used in determination of the baseline deforestation rate (i.e., automated classification methods were not used for this purpose)

- *Assessment column 1 contains information regarding assessment of whether the proposed deviation impacts the applicability of the methodology.
- **Assessment column 2 contains information regarding assessment of whether the proposed deviation impacts additionality
- ***Assessment column 3 contains information regarding assessment of whether the proposed deviation impacts the appropriateness of the baseline/without-project scenario

3.4 Grouped Project

This section is not applicable, as the project is not a grouped project.

4 VERIFICATION FINDINGS

4.1 Project Implementation Status

4.1.1 Implementation Status of the Project Activity(s)

The steps taken by the audit team to assess each of the following items is specified below.

Item	Verification findings
Existence of any material discrepancies between project implementation and the project description	The audit team reviewed the project description and monitoring plan and compared these documents with the MR. While there are two project description deviations noted (see Section 3.3, above), they are minor. The activities described in the Implementation Status section of the MR are consistent with what is required by the monitoring plan and project description.

The implementation status of the monitoring plan and the completeness of monitoring, including the suitability of the implemented monitoring system (i.e., process and schedule for obtaining, recording, compiling and analysing the monitored data and parameters)	• The audit team reviewed the monitoring system's appropriateness for assessing tree growth and forest dynamics, chain of custody, and biodiversity. The supporting documentation of these monitoring activities is thorough and consistent throughout various reports. The parameters are suitable for the project activities and forest management generally. Interviews with project personnel determined that appropriate processes were in place for the recording, compiling, and analyzing of data. The audit team conducted retracing activities to show tree harvest data was consistent from time of measurement and harvest to data entry and analysis activities. The suitability of field activities was assessed with remeasurement of skid trail lengths from shapefiles provided. No new primary roads, secondary roads, or logging decks were constructed during this monitoring period. The audit team compared remeasured values with those reported, and examined the measurement procedures for quality control and consistency with the manual's described practices. A remote review of the database of tree volume, harvest, and biodiversity data demonstrated that the parameters and processes were as described, and the monitoring systems were implemented as described. The audit team compared reported deforestation with high-resolution remotely sensed imagery and reviewed data processing procedures to determine that land use change monitoring systems are consistent with described practices and result in accurate mapping.
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The existence of any material discrepancies between the actual monitoring system, and the monitoring plan set out in the project description and the applied methodology	The audit team reviewed the MR and supporting documentation to determine whether there were any inconsistencies with the monitoring plan and applied methodology. While two deviations were noted (see Section 3.3, above) they were justified and deemed not to negatively impact the conservativeness of the quantification of GHG emission reductions or removals. Calculation worksheets required by the methodological elements were reviewed and where there were non-conformances, they were addressed by project personnel.
Whether the GHG emission reductions or removals generated by the project have become included in an emissions trading program or any other mechanism that includes GHG allowance trading	- Through the application of professional judgment, the audit team is reasonably assured that the GHG emission reductions reported in the MR have not been included in an emissions trading program or any other mechanism that includes GHG allowance trading - In 2021, Peru will be shifting to a jurisdictional REDD+ program in which individual, sub-national projects like this one can be nested into the broader jurisdictional program.
Whether the project has received or sought any other form of environmental credit, or has become eligible to do so since validation or previous verification	Through the application of professional judgment, the audit team is reasonably assured that project has not received or sought any other form of environmental credit, not has it become eligible to do so since the previous verification
Whether the project has participated or been rejected under any other GHG programs since validation or previous verification	Through the application of professional judgment, the audit team is reasonably assured that the project has not participated or been rejected under any other GHG programs since the previous verification

Sustainable development contributions	- The audit team confirmed through interviews with project personnel and review of meeting/presentation documents that a variety of social programs have been implemented during the monitoring period - The project has been actively monitoring to meet requirements for the Climate, Community, and Biodiversity Standards, and has identified High Value Conservation Forest Areas to limit potential loss
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4.1.2 Previously Validated Methodology Deviations

The following methodology deviations were previously validated:

Number	Verification Findings
01	This deviation no longer applies because skid trail measurements have been collected in PCAs 16, 17, and 18, the only PCAs that were harvested during the verification period (i.e., there are no PCAs that are missing measurement data regarding skid trails). The audit team confirmed that measurements have been duly collected in respect of the area harvested during the verification period, as discussed further in Section 4.2.2 below.
02	This deviation was made irrelevant with the transition from ResourceSat-1 back to imagery from the Landsat program (in this case, Landsat-8). The original deviation pertained to the fact that data were sourced from the Resource-Sat1 program in lieu of the previously utilized Landsat imagery (see the verification report for the 1 January 2009-31 December 2012 monitoring period for details). Note that Step 1 of Section 5 of M-MON is unclear on what exactly is meant by “source”. However, given that the same processing specifications are utilized for all Landsat standard Level-1 data products, including Landsat-8 (the website https://landsat.usgs.gov/landsat-8 , accessed 5 September 2018, states that “Landsat 8 data products are consistent with other Landsat standard Level-1 data products, using specifications described on the Landsat Processing Details page”), a common-sense reading would suggest that all Landsat products should be considered to be of the same “source” for purposes of application of the guidance in Step 1 of Section 5 of M-REDD.
03	This deviation was noted during the verification audit for the 1 January 2009 to 31 December 2012 monitoring period (also conducted by SCS and led by the same lead auditor as has led the verification engagement documented in this report). The description of the noted deviation, as quoted from Section 2.2.1 of the verification report for the 1 January 2009 to 31 December 2012 monitoring period, is as follows:

	“For the quantification of uncertainty in emissions from construction of skid trails, logging decks and logging roads, the M-MON module requires that “The uncertainty in carbon stocks estimates and resulting emissions must be included in the estimation of with-project scenario uncertainty calculations performed using the module X-UNC (VMD0017) during each verification event unless indisputably conservative estimates are used”. The uncertainty in carbon stock estimates was not included in the estimation of with-project scenario uncertainty calculations.” “For the quantification of uncertainty in skid trail emissions, the audit team agrees that the uncertainty in carbon stock estimates does not have to be included, as discussed in Section 4.2 below. However, for quantification of uncertainty in emission from creation of logging decks and logging roads, sufficient evidence was not provided to the audit team to demonstrate that indisputably conservative estimates of carbon stock have been used. However, the total percent uncertainty calculated by the audit team (using statistically sound calculations and fully accounting for the uncertainty in the carbon stock estimates employed in logging deck and logging road emissions) was far less than 15%, as was the uncertainty reported by project personnel. Therefore, no deduction for uncertainty was required on the basis of either uncertainty calculation. On this basis, the deviation, which applies to the criteria and procedures for monitoring, can be considered to have no impact conservativeness of the quantification of GHG emission reductions, and is therefore considered appropriate with respect to the present monitoring period. It is noted that such a discrepancy with respect to the requirements of the methodology may prove to be a material discrepancy in a future monitoring period.” As noted above, at the time, the audit team had not been provided with evidence that indisputably conservative estimates of carbon stock had been used in the quantification of skid trail emissions, and neither had the uncertainty in carbon stock estimates been accounted for in the uncertainty calculations. In the uncertainty calculations for the verification period /26/, it continues to be the case that uncertainty in carbon stock estimates is not accounted for in calculating the uncertainty of skid trail emission estimates. However, after the experience gained from five different verification engagements, SCS believes that, under the conditions in which skid trails are created in the project area, use of mean carbon stock estimates to calculate emissions is indisputably conservative, for the following reasons: • The accounting process required by the module M-REDD (previously M-MON) treats emissions from skid trails as permanent within a given crediting period; however, skid trails in the project area are known to grow back within a relatively quick time period. Therefore, if small trees are killed in the process of skid trail creation, it is quite possible that those small trees could be replaced by other small trees by the end of the crediting period.
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	The audit team understands that, for obvious reasons, it is common practice to avoid large trees in skid trail construction wherever possible. Therefore, use of the forest carbon inventory data (which includes such large trees in the relative frequency in which they are found in the project area) to estimate emissions indisputably overestimates emissions (perhaps significantly so). Therefore, SCS has applied professional judgment to confirm that indisputably conservative estimates of carbon stock have been used in the quantification of skid trail emissions, and it is no longer believed that there is a methodology deviation in respect of the above.
04	This deviation no longer applies because logging deck measurements have been collected for all log decks in parcels subject to harvest during the verification period (i.e., there are no PCAs that are missing measurement data regarding log decks). The audit team confirmed that measurements have been duly collected in respect of the area harvested during the verification period, as discussed further in Section 4.2.2 below.
05	This deviation no longer applies because measurements have been collected for all secondary roads in the parcels subject to harvest during the verification period (i.e., there are no PCAs that are missing measurement data regarding secondary roads). The audit team confirmed that measurements have been duly collected in respect of the area harvested during the verification period, as discussed further in Section 4.2.2 below.
06	This deviation is no longer relevant as the equation to calculate the number of credits to be deposited into the buffer pool (Equation 9) has been updated in version 1.5 of the methodology.
07	This deviation remains relevant and is discussed in Section 3.2 above. The verifier team agrees that deviation has no impact on quantification of reported GHG emission reductions (and so does not negatively impact conservativeness of said quantification).

4.1.3 Previously Validated Project Design Deviations

The following project description deviations were previously validated:

Number	Verification Findings
01	This deviation was made irrelevant with the transition from ResourceSat-1 back to imagery from the Landsat program (in this case, Landsat-8; see description for parameter “Project Forest Cover Monitoring Map, Leakage Belt Forest Cover Monitoring Map” in Section 4.2.2 below regarding how this was confirmed).
02	This deviation remains relevant and is discussed in Section 3.3 above.

4.1.4 Previously Validated Minor Changes to the Project Description

As there exist no previously validated minor changes to the project description, this section is not applicable.

4.1.5 Overall Conclusion

In summary, with the exception of the deviations to the project description as discussed above, the audit team can confirm that the project has been implemented as described in the validated project description.

4.2 Safeguards

4.2.1 No Net Harm

An assessment of potential negative environmental and socio-economic impacts has been performed in accordance with Section 3.16.1 of the VCS Standard and no such impacts have identified. The audit team performed the following actions to confirm the absence of potential impacts:

- Interviewed project personnel regarding potential negative impacts as well as the positive impacts described in the monitoring report.
- Interviewed the Chief of Tahuamanu Forest Concessions overseeing forest concessions in the region.
- Reviewed Forest Stewardship Council certification and audit report
- The audit team also reviewed reports social monitoring in the project area and the community consultations that have occurred during the monitoring period /6/ /7/

4.2.2 Local Stakeholder Consultation

In accordance with Section 3.16.3 of the VCS Standard, mechanisms for ongoing communication with local stakeholders have been established and maintained to allow stakeholders to raise concerns about potential negative impacts during project implementation. The stakeholder input received during ongoing communication with local stakeholders can be summarized, at a high level, as follows:

- Consultative committee with whom constant and open communication is maintained. Meetings with the consultative committee take place at least twice a year to share information about the project and annual planning.
- Citizen Participation Workshops are held to provide citizens the right to provide feedback and exchange opinions regarding the forestry operations within the project area.
- Socialization and participation events to engage with local citizens and communicate information about harvests, forest management practices, and other topics of interest.

- As described in the MR, there is a process for continuous feedback between communities and the social facilitator.

The audit team concludes, overall, that the project proponent has had regular involvement with communities and stakeholders through their social programs and has implemented adaptive management to account for any stakeholder input. A detailed assessment of the project proponent's response to all and any input is provided in Appendix B.

Please note that Sections 3.16.9-3.16.19 of the VCS Standard are not applicable because the project was validated on 20 September 2012, as can be confirmed by referencing the date of issue of the validation representation available on the VCS Project Database. It is, therefore, assumed that contracting for validation was completed prior to 19 March 2020.

4.3 AFOLU-Specific Safeguards

This section is not applicable because the project was validated on 20 September 2012, as can be confirmed by referencing the date of issue of the validation representation available on the VCS Project Database. It is, therefore, assumed that contracting for validation was completed prior to 19 March 2020.

4.4 Accuracy of GHG Emission Reduction and Removal Calculations

The GHG emission reductions and/or removals have been quantified correctly in accordance with the project description and (with the exception of the methodology deviations discussed in Sections 3.2 and/or 3.3 above) with the applied methodology.

The GHG emission reductions and/or removals have been quantified correctly in accordance with the project description and with the applied methodology.

For all instances in which values were transcribed between datasets (e.g., transcription from the project description to reporting workbooks, or between reporting workbooks), the audit team carefully traced values to ensure the absence of manual transposition errors.

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

4.4.1 Data and Parameters Available at Validation

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
Regional Forest / Non-forest Cover Benchmark Map	N/A (not used for monitoring)	N/A (not used for monitoring)	N/A (not used for monitoring)
Project Forest Cover Benchmark Map	N/A (not used for monitoring)	N/A (not used for monitoring)	N/A (not used for monitoring)
Leakage Belt Forest Cover Benchmark Map	N/A (not used for monitoring)	N/A (not used for monitoring)	N/A (not used for monitoring)
A_i	N/A (assessed at validation)	Visual inspection of spatial products displaying strata of harvested area to confirm that the validated stratification system has been used (through comparison to data shown in Chart 20 of PD /29/ and other sources provided at validation)	N/A (assessed at validation)
CF, CF_j	N/A (assessed at validation)	Confirmed that value of 0.49, as stated in Section 4.1 of the PD /29/ was used in “CP Estimation” workbook /22/.	N/A (assessed at validation)
$f_j(x,y)$	N/A (not directly used)	N/A (not directly used)	N/A (not directly used)

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
Carbon stock in all pools in the forest stratum (includes $C_{BSL,i}$ and $C_{P,post,i}$)	N/A (assessed at validation)	Confirmed that values were correctly transcribed from Chart 22 of PD /29/ to "CP Estimation" workbook /22/ (note that the value in Chart 22 is different from that in Section 4.1 of PD, in respect of the "Deforestation for Agriculture (Corn)" post-deforestation class; project personnel have clarified that the value in Chart 22 is seen as correct for this class and the value in Section 4.1 is the result of a typo)	N/A (assessed at validation)
Change in the land use	N/A (not used for monitoring)	N/A (not used for monitoring)	N/A (not used for monitoring)
Emissions by biomass burning	N/A (not relevant; no biomass burning detected through monitoring of project area)	N/A (not relevant; no biomass burning detected through monitoring of project area)	N/A (not relevant; no biomass burning detected through monitoring of project area)

4.4.2 Data and Parameters Monitored

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
Project Forest Cover Monitoring Map, Leakage Belt Forest Cover Monitoring Map	- Reviewed “memoria descriptiva” /8/ describing image processing and interpretation, in order to confirm that good practice in remote sensing (for radiometric correction, image interpretation, etc.) were followed - Independently acquired Landsat-8 OLI image dated 08 August 2019 and confirmed image met cloud cover specifications (<10% cover) - Independently reviewed high-resolution remotely sensed data from the PlanetScope satellites and compared to the forest cover monitoring map to confirm that deforestation/disturbance monitoring in the project area and leakage belt was free from material error - Applied professional judgment to confirm that, while manual classification instead of supervised classification was applied, the use of manual assessment of LU/LC changes is appropriate and will lend more stability than supervised classification (which would likely introduce a higher error rate than manual classification in this circumstance where relatively little land LU/LC change has occurred)	Reviewed process against Section 4.2 of PD /29/ to confirm that procedures set out in pp. 198-200 were generally followed, excepting the project description deviation as discussed in Section 3.3 above	N/A

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
Degradation PRA Results	- The audit team interviewed project personnel regarding the process for collecting PRA results and sending them to a social specialist for analysis. - The PRA was completed by Milagros Regina Nique of Maderacre, and in interview with Milagros the audit team confirmed her fluency with the values and parameters described in the survey sheet. - Project personnel demonstrated how they review this data to identify populations that have resources closer to where they are, and to patrol areas that are high risk of degradation. - In summary, the audit team confirmed that it was demonstrated that a more detailed assessment of degradation potential was not required, per M-REDD	The PRA analysis /4/ was carried out appropriately, as demonstrated by the supporting documentation and interview with project personnel.	N/A (no default values used)
Result of Limited Degradation Survey	N/A (not relevant; a limited degradation survey was not triggered by the PRA results)	N/A	N/A

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
$A_{burn,i,t}$	N/A (not relevant; no biomass burning detected through monitoring of project area; see “Project Forest Cover Monitoring Map” above)	N/A (not relevant; no biomass burning detected through monitoring of project area; see “Project Forest Cover Monitoring Map” above)	N/A (not relevant; no biomass burning detected through monitoring of project area; see “Project Forest Cover Monitoring Map” above)
$A_{DefPA,i,u,t}$, $A_{DefLB,i,u,t}$	Through interviews with project personnel and independent review of Landsat imagery with high-resolution PlanetScope imagery, as well as independent recalculation of /16/ audit team confirmed that quantification of area deforested in the project area and leakage belt was free of material error	N/A; no particular methods set out in PD for quantification of deforested area from Forest Cover Monitoring Maps	N/A
$A_{DegW,i}$	N/A (the PRA did not indicate a need for a degradation survey)	N/A	N/A
$A_{DECKS,i,t}$	N/A (not relevant; no logging decks constructed in the project area during this monitoring period)	N/A (no specific methods set out in PD /29/ aside from what is stated in methodology)	N/A

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
$A_{DistPA,q,i,t}$	N/A (not relevant; no disturbances detected through monitoring of project area; see “Project Forest Cover Monitoring Map” above)	N/A (not relevant; no disturbances detected through monitoring of project area; see “Project Forest Cover Monitoring Map” above)	N/A (not relevant; no disturbances detected through monitoring of project area; see “Project Forest Cover Monitoring Map” above)
$A_{ROAD,i,t}$	N/A (not relevant; no logging roads constructed in the project area during this monitoring period)	N/A (no specific methods set out in PD /29/ aside from what is stated in methodology)	N/A
$A_{RRL,forest,t}$	N/A (this parameter not currently being monitored; see methodology deviation discussed in Section 3.2 above)	N/A	N/A
AP_i	N/A (the PRA did not indicate a need for a degradation survey)	N/A	N/A
$C_{DegW,i,t}$	N/A (the PRA did not indicate a need for a degradation survey)	N/A	N/A
$C_{AB_tree_dest,i}$	N/A; $C_{tree_AB_dest,i}$ was set equal to $C_{tree_AB,i}$ (as allowed for by M-REDD; see Section 6.2), which was assessed at validation	Confirmed that values reported in Section 3.2 of MR and used in quantification have been correctly transcribed from Chart 22 of PD /29/	N/A

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
$C_{BB_tree_dest,i}$	N/A; $C_{tree_BB_dest,i}$ was set equal to the product of $C_{tree_AB_dest,i}$ and R_j (as allowed for by M-REDD; see Section 6.2), both of which were assessed at validation	Confirmed that values reported in Section 3.2 of MR and used in quantification have been correctly transcribed from Chart 22 of PD /29/ and are correctly calculated as the product of aboveground biomass and root-to-shoot ratio of 0.24	N/A
F_{LU}	N/A (not used for monitoring)	N/A (not used for monitoring)	N/A (not used for monitoring)
F_{MG}	N/A (not used for monitoring)	N/A (not used for monitoring)	N/A (not used for monitoring)
F_i	N/A (not used for monitoring)	N/A (not used for monitoring)	N/A (not used for monitoring)
$L_{sk}, L_{skid,i,t}$	- Through review of sampling design used to establish skid trail plots, audit team confirmed that it constituted “systematic sampling with a random start of the entire area logged” as allowed for by M-REDD Section 6.2 - Audit team traced calculations through reporting workbooks and spatial files to ensure absence of material error	N/A (no specific methods set out in PD /29/ aside from what is stated in methodology)	N/A

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
$V_{EXT,z,i,t}$, $V_{EXT,j,z,i,t}$	- Audit team interviewed project personnel regarding the process for data collection and compilation, to ensure absence of material error - Audit team recalculated volume based on measured data and confirmed the reported quantity was free from material error - During an interview the audit team confirmed that volume data was submitted to Forest Concessions Chief of Tahuamanu	Through independent data testing, audit team confirmed that the Smalian formula, as set out on p. 188 of PD /29/, has been used to calculate this parameter	N/A
W_{SKID}	- N/A (not relevant; no new logging equipment utilized. Average skid trail width measured and verified in 2018 utilized for this monitoring period.) - Audit team traced calculations through reporting workbooks to ensure absence of material error	N/A (no specific methods set out in PD /29/ aside from what is stated in methodology)	N/A

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
D_j, D_{mn}	Through review of data sources for wood densities and interviews with project personnel regarding the selection process, the audit team is reasonably assured that the data sources used are the most applicable to the Madre de Dios region (and, thus, the most likely to accurately project emissions)	Audit team confirmed that the process for selection of wood densities follows the general guidance outlined in pp. 170-171 of PD /29/	Audit team cross-checked all wood densities against relevant source materials and confirmed that, in all cases, the data sources were nationally specific (and, thus, the validation procedures in M-REDD were not required)
$PROP_{IMM}$	Through review of the calculation of this parameter in the “leakage estimations” workbook /24/, the audit team confirmed that it was conservatively calculated using the most recent census data	Audit team confirmed that the calculation followed the same process used in calculating the original value (see p. 160 of PD /29/)	N/A

	Steps taken by audit team to assess...		
Data/Parameter	Accuracy of GHG emission reductions and removals	Whether methods/formulae set out in project description have been followed	Appropriateness of default values
COLB	Through recalculation, the audit team confirmed that this value was correctly calculated using an official, published source	The quantification process is not exactly the same as that used to produce the ex-ante estimates set out in the PD /29/ (see p. 411); however audit team reviewed the quantification process to confirm it represented an improvement over the process described in the PD (this change does not constitute a project description deviation because the PD does not contain a specific plan for monitoring this parameter going forward)	N/A

4.5 Quality of Evidence to Determine GHG Emission Reductions and Removals

4.5.1 Nature of Data and Information Supporting GHG Quantification

Certain data and information supporting the quantification of GHG emission reductions and/or removals were hypothetical, projected and/or historical in nature, as described in more detail below.

- Project emission reductions were derived using a baseline rate of deforestation which is based on projections

4.5.2 Quality and Quantity of Evidence Used to Determine GHG Quantification

The evidence used to determine the GHG reductions and removals for the verification period was of sufficient quantity and appropriate quality. An identification of the categories of evidence used to determine the GHG emission reductions and removals, and a description of the steps taken to assess the sufficiency of quantity, and appropriateness of quality, of each category of evidence, follows.

	Steps taken by audit team to assess...		
Category	Reliability of the evidence, and source and nature of evidence (external or internal, oral or documented) for determination of GHG emission reductions or removals	Information flow from data generation and aggregation, to recording, calculation and final transposition into the MR	Appropriateness of implemented calibration frequency of monitoring equipment
Calculation workbooks	Replication of calculations to verify that workbooks are free of material error and, thus, reasonably reliable	Tracing of information through workbooks to source data (/19/ /22/ /23/ /25/).	N/A
Analysis of remotely sensed imagery	Through review of procedures and independent review of satellite imagery, audit team can confirm this evidence is highly reliable	Through review of spatial analysis processes, audit team confirmed that data were appropriately transcribed into the calculation workbooks (see above)	Audit team confirmed that source data for this analysis is the Landsat program, an official program of the United States government that can be assumed to have industry-standard calibration procedures in place to ensure high-quality data

	Steps taken by audit team to assess...		
Category	Reliability of the evidence, and source and nature of evidence (external or internal, oral or documented) for determination of GHG emission reductions or removals	Information flow from data generation and aggregation, to recording, calculation and final transposition into the MR	Appropriateness of implemented calibration frequency of monitoring equipment
Reported data on harvest volumes	Discussions with project personnel regarding the information flow and independent confirmation of data reporting processes with the Chief of Tahuamanu Forest Concessions.	Independent recalculation of volumes from measured variables (length and diameter at each end); tracing a sample of reported data against measurement data sheets (/19/ /25/).	Discussions with project personnel regarding the instruments used to acquire measurements of length and width
Measured data on roads, skid trails and logging decks	Independent remeasurement of skid trail lengths in GIS. Roads and logging decks were not constructed during this monitoring period	Independent recalculation of degradation from low-level reported data to confirm absence of material transcription/compilation errors (/17/ /19/ /25/)	Discussions with project personnel regarding the instruments used to acquire measurements

Overall, the evidence used to determine the GHG reductions and removals for the verification period is of sufficient quantity (i.e., all necessary information has been provided to allow the audit team to trace and, as necessary, recalculate the quantification of GHG reductions and removals), and of appropriate quality (i.e., information presented is free of misstatements, whether material or immaterial) to allow the audit team to render a verification opinion.

4.6 Non-Permanence Risk Analysis

The reported value of the overall risk rating, as determined based on the risk analysis documented in the NPRR, was 10%.

The audit team did not perform a re-assessment of the risk analysis from first principles, but did assess the following:

- Whether any circumstances or conditions may have transpired since the previous risk analysis such that a previous determination having bearing on the risk rating is no longer valid
- Whether items meant to address certain risks are in place and functioning as intended

The audit team's conclusions regarding the risk analysis are two-fold. The audit team concludes that

- The assignment of risk scores to risk factors that did not change from the previous risk analysis remains appropriate and in conformance to the AFOLU Non-Permanence Risk Tool, to the extent that such assignment was appropriate and in conformance to the AFOLU Non-Permanence Risk Tool at the time of the prior risk analysis.
- The assignment of risk scores to risk factors that did change from the previous risk analysis is appropriate and in conformance to the AFOLU Non-Permanence Risk Tool.

A detailed review of the audit team's conclusions may be found below.

4.6.1 Internal Risk - Project Management

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	• The project continues to be based on natural regeneration. In review of management planning documents and interviews with project personnel, the audit team confirmed that the planting of species that are "not native or proven to be adapted to the same or similar agro-ecological zone(s) in which the project is located" continues to be excluded from the scope of the project activity.	• Maderacre and Maderyja general forest management plans /10/ and /11/ are thorough documents with high quality data that is consistent with supporting documentation.	Risk rating is appropriate
(b)	• The audit team confirmed through interviews with project personnel that the project area continued to have control posts and patrol supervisions	• Maderacre and Maderyja Custody Plan /12/ and appears to be of high quality	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(c)	- The audit team was able to confirm, through review of project personnel CVs (/13/ /14/ /15/)and interviews with project personnel that the management team continues to include individuals with significant experience in each of the skills required for effective project implementation. - This same management team has been relatively constant throughout the duration of the project and has successfully guided the project through validation and several verifications as indicated on the VCS Project Database https://registry.terra.org/app/projectDetail/VCS/844	CVs of project personnel, which support the project personnel experience, and are therefore presumed to be high quality and accurate.	Risk rating is appropriate
(d)	The audit team can confirm through Google Maps searches that the base of operations for Maderacre and Maderyja is located near the town of Iñapari, and thus within a day's travel from the project area. There are forest worker headquarters quite close to the project area.	N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(e)	- The audit team can affirm that the management team includes individuals that have already guided this project through successful validation, verification and issuance of GHG credits of the project under the VCS Program, as demonstrated by credit issuance relating to GHG emission reductions attributable to prior monitoring periods (the management team has remained largely constant over time). - Evidence of prior credit issuance may be found on the VCS Project Database https://registry.terra.org/app/projectDetail/VCS/844	Evidence of prior credit issuance may be found on the VCS Project Database (https://registry.terra.org/app/projectDetail/VCS/844), which is presumed to be of high quality.	
(f)	The audit team confirmed by reviewing provided documentation and through interviews with project personnel that the project implements an Adaptive Management Plan in their general Forest Management Plans.	General Management Plans /10/ and /11/ are thorough documents with high quality data that is consistent with supporting documentation.	

4.6.2 Internal Risk – Financial Viability

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	NA	NA	Risk rating is appropriate
(b)	NA	NA	Risk rating is appropriate
(c)	NA	NA	

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(d)	The audit team determined through review of financial information and interview with project's financial director that the project has indeed already reached its breakeven point through the sale of VCUs and timber.	The "cash flow" documentation /21/ is thorough and includes appropriate information.	Risk rating is appropriate
(e)	NA	NA	Risk rating is appropriate
(f)	NA	NA	Risk rating is appropriate
(g)	NA	NA	Risk rating is appropriate
(h)	NA	NA	Risk rating is appropriate
(i)	NA	NA	Risk rating is appropriate

4.6.3 Internal Risk – Opportunity Cost

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	N/A	N/A	Risk rating is appropriate
(b)	N/A	N/A	Risk rating is appropriate
(c)	N/A	N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(d)	N/A	N/A	Risk rating is appropriate
(e)	- Review of the financial information /21/ supports the overall comparison of net present values from project activities and alternative uses. - The audit team confirmed through review of financial information and interview with project's financial director, that the NPV from project activities is at least 43% greater than the most profitable alternative land use. Confirmed during interview that more up-to-date information is not available.	Cash flow documentation /21/ is thorough and easy to follow and includes appropriate values to the alternative land uses cited in the NPRR. While these values are from 2010 and may be somewhat outdated, there does not appear to be more recent information.	Risk rating is appropriate
(f)	N/A	N/A	Risk rating is appropriate
(g)	N/A	N/A	Risk rating is appropriate
(h)	- In review of the forest concession contracts and Peruvian law, and through an interview with the Chief of Forest Concessions in Tahuamanu, the audit team confirmed that the project is protected by legally binding commitments that protect the credited carbon stocks over at least the length of the crediting period. - These agreements were previously confirmed to constitute legally binding commitments to continue management practices that protect the credited carbon stocks over the length of the project crediting period (see pp. 38-39 of verification report for the 1 January 2009-31 December 2012 monitoring period)	N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(i)	- In review of the forest concession contracts and Peruvian law, and through an interview with the Chief of Forest Concessions in Tahuamanu, the audit team confirmed that the project is protected by legally binding commitments that protect the credited carbon stocks over at least 100 years. - This designation was previously confirmed to constitute a legally binding commitment to continue management practices that protect the credited carbon stocks over at least 100 years (see p. 22 of verification report for the 1 January 2014-31 December 2014 monitoring period)	N/A	Risk rating is appropriate

4.6.4 Internal Risk – Project Longevity

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	N/A	N/A	Risk rating is appropriate
(b)	Per Section 2.2.4(5) of the AFOLU Non-Permanence Risk Tool, “Any project with a legally binding agreement that covers at least a 100 year period from the project start date shall be assigned a score of zero for project longevity”); thus, a zero score for project longevity is appropriate	N/A	Risk rating is appropriate

4.6.5 External Risk – Land Tenure and Resource Access/Impacts

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	N/A	N/A	Risk rating is appropriate
(b)	Through interviews with the Chief of Forest Concessions for Tahuamanu and review of the forest concession contracts, the audit team confirmed that the project area remains under Peruvian government ownership while resource use is granted to the project proponent via the concessions.	N/A	Risk rating is appropriate
(c)	Through interviews with project personnel and the Chief of Forest Concessions for Tahuamanu, the audit team was able to confirm that there have not been any disputes in the project area during the monitoring period.	N/A	Risk rating is appropriate
(d)	Through interviews with project personnel and the Chief of Forest Concessions for Tahuamanu, the audit team confirmed that no disputes over access/use rights (or overlapping rights) exist within the project area.	N/A	Risk rating is appropriate
(e)	N/A	N/A	Risk rating is appropriate
(f)	- Through interview with the Chief of Forest Concessions for Tahuamanu, the audit confirmed that the project area continues to be protected by legally binding commitment to continue management practices that protect carbon stocks over at least the project crediting period. - See item (h) under Section 4.6.3 above	N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(g)	N/A	N/A	Risk rating is appropriate

4.6.6 External Risk – Community Engagement

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	N/A - The audit team can confirm, through review of high-resolution remotely sensed data indicating the absence of any land clearing, and through interviews with project personnel and the Chief of Forest Concessions for Tahuamanu that there are still no households located within the project area	N/A	Risk rating is appropriate
(b)	N/A - There are no households living within 20km of the project boundary who are reliant on the project area. Audit team confirmed this by review of the PRA completed in 2019 and by interview with project personnel.	The PRA is the result of a diligent effort conducted by qualified personnel according to current best practice, and is thus considered to be of high quality	Risk rating is appropriate
(c)	N/A	N/A	

4.6.7 External Risk – Political Risk

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	N/A	N/A	Risk rating is appropriate
(b)	N/A	N/A	Risk rating is appropriate
(c)	Audit team independently recalculated Peru's governance score through World Bank Institute's Worldwide Governance Indicators for 2014-2018, as downloaded from http://info.worldbank.org/governance/wgi/#home as -0.1373. The score has been accurately calculated. Since beginning the verification, the 2019 Governance Indicators were published. The audit team calculated the governance score from 2015-2019 as -0.1086, indicating that the score has increased, but the risk score remains appropriate.	The Worldwide Governance Indicators are required for use by the AFOLU Non-Permanence Risk Tool and are thus considered to be of high quality.	Risk rating is appropriate
(d)	N/A	N/A	Risk rating is appropriate
(e)	N/A	N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(f)	- Audit team confirmed that the Madre de Dios region of Peru is participating in the Governors' Climate and Forest Taskforce as indicated on their webpage (https://www.gcftf.org/, accessed on June 24, 2020) - Peru is also receiving REDD+ readiness funding from the World Bank Forest Carbon Partnership facility (https://www.forestcarbonpartnership.org/country/peru) - The audit team verified that the CDM reforestation project has been approved (https://cdm.unfccc.int/Projects/DB/TUEV-SUED1245856381.67/view) - Thus, more than one of the mitigation discount examples applies.	- The press release has been posted to the official website for the Governors' Climate and Forest Taskforce and can be considered to be of high quality - The Forest Carbon Partnership site is considered high quality.	Risk rating is appropriate

4.6.8 Natural Risk

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
Fire			

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
L	Audit team reviewed INDECI statistics (https://www.indeci.gob.pe/informe/resumen-incendios-forestales/?title=i%C3%B1apari&tipo_alerta=incendio-forestal&anos_alertas=2019, accessed June 24 2020, and confirmed that the likelihood of fire spread into surrounding forests from agricultural systems is low.	INDECI is a government agency and their records are considered of high quality.	Risk rating is appropriate
S	Through interviews with project personnel as well as the Chief of Forest Concessions for Tahuamanu (see Sec. 2.3.2), the audit team confirmed that no known fires have recently occurred in the project area and, therefore, the risk remains not applicable	N/A	
M	N/A	N/A	
Pest and Disease Outbreaks			
L	Audit team reviewed past verification reports and literature provided /39/to confirm that this risk was and continues to not be applicable to the project area.	Peer-reviewed scientific publications are considered high quality.	Risk rating is appropriate
S	Through interviews with project personnel as well as the Head of Forest Concessions for Tahuamanu, the audit team confirmed that no known pest/disease outbreaks have recently occurred in the project area and, therefore, the risk remains not applicable to the project area	N/A	
M	N/A	N/A	
Extreme Weather			

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
L	Verifier team reviewed past verification reports to confirm that this risk was and continues to not be applicable to the project area.	N/A	Risk rating is appropriate
S	Through interviews with project personnel as well as the Chief of Forest Concessions for Tahuamanu, the audit team confirmed that no extreme weather events have recently occurred in the project area and, therefore, the risk remains not applicable to the project area	N/A	
M	N/A	N/A	
Geological Risk			
L	- Verifier team reviewed past verification reports to confirm that this risk was and continues to not be applicable to the project area. - Audit team reviewed INDECI statistics https://www.indeci.gob.pe/informe/resumen-incendios-forestales/?title=i%C3%B1apari&tipo_alerta=sismo&anos_alertas=2019, accessed 24 June 2020, showing that iñapari district has very low risk of geologic events, which is further supported in that there are no volcanoes and it is far from fault lines.	INDECI is a government agency and their records are considered high quality.	Risk rating is appropriate
S	Through interviews with project personnel as well as the Chief of Forest Concessions for Tahuamanu, the audit team confirmed that no geologic events have recently occurred in the project area and, therefore, the risk remains not applicable to the project area		

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
M	N/A	N/A	

5 VERIFICATION CONCLUSION

The audit team asserts, with no qualifications or limitations, that

- The project complies with the verification criteria for projects and their GHG emission reductions or removals set out in VCS Version 4.
- The project has been implemented in accordance with the validated project description and any subsequently validated variations.

Verification period: From 01 January 2019 to 31 December 2019

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

Year	Baseline emissions or removals (tCO ₂ e)	Project emissions or removals (tCO ₂ e)	Leakage emissions (tCO ₂ e)	Net GHG emission reductions or removals (tCO ₂ e)	Buffer pool allocation	VCUs eligible for issuance
2019	1,016,709.00	72,463.74	16,813.12	927,432.13	94,424.53	833,007.60
Total	1,016,709.00	72,463.74	16,813.12	927,432.13	94,424.53	833,007.60

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

Year	Baseline emissions or removals (tCO ₂ e)	Project emissions or removals (tCO ₂ e)	Leakage emissions (tCO ₂ e)	Net GHG emission reductions or removals (tCO ₂ e)	Buffer pool allocation	VCUs eligible for issuance
2019	12,436,646.00	1,783,526.33	220,046.76	10,433,072.90	1,065,311.97	9,367,760.94
Total	12,436,646.00	1,783,526.33	220,046.76	10,433,072.90	1,065,311.97	9,367,760.94

- Net change in carbon stocks (cumulative): 10,433,072.90 tCO₂e
- Net change in carbon stocks (annual): 927,432.13 tCO₂e
- Non-permanence risk rating (see Section 4.6 above): 10%
- Total number of buffer credits to be deposited into AFOLU pooled buffer account (cumulative): 1,065,311.97 credits
- Total number of buffer credits to be deposited into AFOLU pooled buffer account (annual 2019): 94,424.53 credits
- Total VCUs eligible for issuance (Cumulative): 9,367,760.94 credits
- Total VCUs eligible for issuance (annual 2019): 833,007.61 credits

APPENDIX A: LIST OF FINDINGS

Please see Section 2.5 above for a description of the findings issuance process and the categories of findings issued. It should be noted that all language under “Project Personnel Response” is a verbatim transcription of responses provided to the findings by project personnel.

NCR 1 Dated 17 Jul 2020

Standard Reference: AFOLU Non-Permanence Risk Tool version 4.0

Document Reference: VCS-Non-Permanence-Risk-Report-Template-v4.0 15 Mayo 2020.docx

Finding: Section 1.1.3 of the AFOLU Non-Permanence Risk Tool states “Project proponents shall clearly document and substantiate the risk analysis covering each risk factor applicable to the project. During the analysis, the validation/verification body shall evaluate the risk assessment undertaken by the project proponent and assess all data, rationales, assumptions, justifications and documentation provided by the project proponent to support the non-permanence risk rating. “

Section 3 (Fire) of the NPRR states that “Although it is common practice for local people to deforest for the installation of agriculture and livestock systems using fire, the fire spread to the surrounding forests is low. According to the INDECI statistics, a very low number of forest fire events are reported. The project area is not adjacent to the agriculture productive areas where the fire events occur.

Evidence (references):

http://www.indeci.gob.pe/estadisticas/res_2006/res_2006_a.pdf

http://www.indeci.gob.pe/estadisticas/2007/1er_tri_a.pdf

http://www.indeci.gob.pe/estadisticas/2008/1er_tri_a.pdf

http://www.indeci.gob.pe/estadisticas/2009/1_eme_reg_fen.pdf

http://www.indeci.gob.pe/estadisticas/2010/1_eme_reg_fen.pdf”

These links do not work. Therefore, the risk is not adequately documented and substantiated.

Project Personnel Response: The Risk report has been updated. The new text:

"Although it is common practice for local people to deforest for the installation of agriculture and livestock systems using fire, the fire spread to the surrounding forests is low. According to the INDECI statistics, the Governmental office in charge of reporting natural disasters, including forest fires, none major event has been reported in Iñapari due to forest fires over the last 5 years:

https://www.indeci.gob.pe/informe/resumen-incendios-forestales/?title=i%C3%B1apari&tipo_alerta=incendio-forestal&anos_alertas=2019

Below the screenshots taken of the search: (...)"

Auditor Response: The audit team confirmed that the Risk Report was updated and now contains an active and functioning link to the government disturbance website. Likewise screen shots showing that no fires have occurred in the district are now included in the Risk Report (v2). We confirmed that the risk of forest fire is low. This finding is closed.

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

NCR 2 Dated 17 Jul 2020

Standard Reference: AFOLU Non-Permanence Risk Tool version 4.0

Document Reference: VCS-Non-Permanence-Risk-Report-Template-v4.0 15 Mayo 2020.docx

Finding: Section 1.1.3 of the AFOLU Non-Permanence Risk Tool states “Project proponents shall clearly document and substantiate the risk analysis covering each risk factor applicable to the project. During the analysis, the validation/verification body shall evaluate the risk assessment undertaken by the project proponent and assess all data, rationales, assumptions, justifications and documentation provided by the project proponent to support the non-permanence risk rating. “

Finding: Section 3 (Fire) of the NPRR states “Despite what is said above, the Madre de Dios Amazon REDD Project will seek to mitigate this risk in several ways:

Within the monitoring system planned for the Madre de Dios Amazon REDD Project, the monitoring of fires and burns is contemplated. In this regard, the Project will be actively engaged with the Regional Plan of Burning, designed specifically for the Madre de Dios region, which was approved by the Regional Ordinance N° 039-2010-GRMDD/CR.

The organization at community level will be also essential to prevent the impacts of these burnings. In the framework of the Madre de Dios Amazon REDD project activities, the strengthening of the communities capacities included, as well as the implementation of awareness and environmental education programs in schools of the towns within the scope of the project.”

The audit team requests evidence that the project is actively engaged in the Regional Plan of Burning.

Project Personnel Response: The risk report has been updated . The new text:

"Despite what is said above, the Madre de Dios Amazon REDD Project will seek to mitigate this risk in several ways:

Within the monitoring system planned for the Madre de Dios Amazon REDD Project, the monitoring of fires and burns is contemplated. Also the project proponents, Maderacre and Maderyja, take part of the Tahuamanu Province's INDECI Platform (Resolution 050-2019-ALC-MP.-TAH). As said INDECI is the Governmental office in charge of the natural disasters in Peru, including forest fires. As part of this Platform, that includes public and private stakeholders in the Province, the Project has taken part of trainings and coordination meetings." Evidence of trainings and actions within the INDECI Platform: “Informe 029-2019-Maderacre SAC/MECM”, “Informe 032-2019-Maderacre SAC/MECM”, Informe 017-2020-MADERACRE/MECM

Auditor Response: The audit team confirmed that the Risk Report was updated with reference to the training workshops provided by SERFOR to prevent and reduce the risk of forest fires. The audit team reviewed the reports from these trainings (Informe 017-2020-MADERACRE-MECM.pdf, Informe 029-2019-MADERACRE-MECM.pdf, Informe 32-2019-MADERACRE-MECM.pdf) as well as the agreement between the project proponents and INDECI to take part in the tracking of forest fires on the INDESI platform (Resolution 050-2019-ALC-MP-TAH.pdf). We confirmed that these provide sufficient evidence indicating that the risk of fires, though low, is being mitigated. This finding is closed.

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

NCR 3 Dated 17 Jul 2020

Standard Reference: AFOLU Non-Permanence Risk Tool version 4.0

Document Reference: VCS-Non-Permanence-Risk-Report-Template-v4.0 15 Mayo 2020.docx

Finding: Section 1.1.3 of the AFOLU Non-Permanence Risk Tool states “Project proponents shall clearly document and substantiate the risk analysis covering each risk factor applicable to the project. During the analysis, the validation/verification body shall evaluate the risk assessment undertaken by the project proponent and assess all data, rationales, assumptions, justifications and documentation provided by the project proponent to support the non-permanence risk rating. “

Section 3 (Pest and Disease outbreaks) of the NPRR states “The amount of carbon stocks lost due to pests or diseases within the Madre de Dios Amazon REDD project area, which is a tropical natural forest, is insignificant, this due to the high heterogeneity of forest species and pest and diseases control species that occur within it. The processes of tree mortality in this ecosystem are part of its natural dynamics and these areas are quickly covered by the natural regeneration.

This can be verified considering that the National Service of Agrarian Sanitation (in Spanish Servicio Nacional de Sanidad Agraria – SENASA) has not registered the occurrence of forest pests within the Madre de Dios Amazon REDD project area nor in its surroundings.

Evidence (references):

http://www.senasa.gob.pe/0/modulos/JER/JER_Interna.aspx?ARE=0&PFL=2&JER=1989

This link does not work. Therefore, the risk is not adequately documented and substantiated.

Project Personnel Response: The Risk Report has been updated, as follows:

"Likelihood The amount of carbon stocks lost due to pests or diseases within the Madre de Dios Amazon REDD project area, which is a tropical natural forest, is insignificant, this due to the high heterogeneity of forest species and pest and diseases control species that occur within it. The processes of tree mortality in this ecosystem are part of its natural dynamics and these areas are quickly covered by the natural regeneration.

There are several studies done as evidence for this statement. For example this one:

“Tropical forests can maintain hyperdiversity because of enemies”

Taal Levi, Michael Barfield, Shane Barrantes, Christopher Sullivan, Robert D. Holt, and View ORCID Profile John Terborgh

<https://www.pnas.org/content/116/2/581>

Auditor Response: The audit team verified that the Risk Report was updated with a new reference to research <https://www.pnas.org/content/116/2/581> (Title: Tropical forests can maintain hyperdiversity because of enemies). We reviewed this study and concluded that it does not support the statement that the risk of carbon loss due to insect/disease is low or insignificant in the project area. The study instead focuses on the ability of tropical forests to support high diversity (high number of species) due to mechanisms that favor recruitment of rare species. This finding remains open.

Project Personnel Response 2: A review of the national legislation of the health authority on the subject has been carried out and research on the matter has been reviewed; and it can be concluded that according to research, as the natural forest is highly diverse, the neighbors of a plant are not usually of the same species, which means that they are not subject to attack by the same pathogens or predators, avoiding this. In this way, the occurrence of pests that affect the forest in general and should be considered as a risk to it.

Auditor Response 2: The audit team reviewed the summary review document (Rpta NIR ausencia pests bosques Proyecto.docx) which is referenced in the below finding response. We confirmed that there is adequate information in support of the low risk of insects and pests in the project area given research in the area and the work by SENASA. This finding has been closed.

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

NCR 4 Dated 17 Jul 2020

Standard Reference: Verified Carbon Standard, version 4.0; VM0007 REDD-MF Framework Methodology version 1.5

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: The VM0007 REDD-MF Framework Methodology, Section1 , states as follows: “This methodology is comprised of a number of modules and tools each of which has been assigned an abbreviated title (eg, CP-AB) which are referenced throughout the modules and tools. This methodology uses the latest versions of the following methodologies, modules and tools:”

Section 1.8 of the monitoring report lists the following methodologies, modules, and tools:

- AFOLU Requirements: VCS Version 3.5
- Approved VCS Methodology VM0007 REDD Methodology Modules (REDD-MF) Version 1.2
- Estimation of carbon stocks in the above- and belowground biomass in live tree and non-tree pools (CP-AB), v1.1
- Estimation of baseline carbon stock changes and greenhouse gas emissions from unplanned deforestation (BL-UP), v3.2
- Estimation of emissions from activity shifting for avoided unplanned deforestation (LK-ASU), v1.1
- Estimation of greenhouse gas emissions from biomass burning (E-BB), v1.1
- Estimation of emissions from fossil fuel combustion (E-FFC), v1.0
- Methods for monitoring of greenhouse gas emissions and removals (M-MON), v2.1
- Methods for stratification of the project area (X-STR), v1.1
- Estimation of uncertainty for REDD project activities (X-UNC), v2.1
- Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities (Approved VCS Tool VT001), v1.0
- AFOLU non-permanence risk tool, v3.3
- Tool for testing significance of GHG emissions in A/R CDM project activities (EB_31), v1.0

The audit team found the following nonconformances: (1) the module VMD0013 is incorrectly named in the monitoring report, (2)The incorrect version of the AFOLU non-permanence risk tool is listed, (3) the incorrect version of the AFOLU requires is listed, (4)and VCS Methodology VM0007 REDD+ Methodology Framework (REDD-MF) version 1.5 supersedes the REDD Methodology Modules REDD-MF 1.2.

Project Personnel Response: The following changes have been made as established: 1) The aforementioned VMD 0013 has been removed. 2) The corrected non-permanence risk tool has been mentioned. 4.0 3) The version of VCS Requirements has been changed. 4) The VCS VM007 REDD Methodology has been placed + REDD MF Framework Methodology Version 1.5. Pages 9 and 10

Auditor Response: The audit team verified that the corrections to the names and version of the methodologies used have been updated in section 1.8 of the monitoring report (VCS-Monitoring-Report-Template-v4.0 (2019) 27julio INGLES NIR.xlsx). This finding is closed.

Project Personnel Response 2: A summary word of the review carried out is attached, with the sustenance investigations and legal scope of SENASA, an authority on the subject in Peru.

Auditor Response 2: The finding response was made in error and corresponds to finding #2 above. This finding has been closed.

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

NIR 5 Dated 17 Jul 2020

Standard Reference: Verified Carbon Standard, version 4.0

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: Section 3.4.3 of the VCS Standard indicates “The project proponent shall use the VCS Monitoring Report Template or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template.” Section 2.2. of the Monitoring Report Template states “For AFOLU projects, also demonstrate how the project has communicated the following with local stakeholders:

The results of project implementation, including the results of monitoring...”

Section 2.2 of the monitoring report states “With regards to the social area, as has been mentioned before there were two instances of socialization of the results of the social work that has been carried out. The first public social summary regarding the results of the year 2019 has been distributed among 20 groups of interest. The dissemination of the public social summary has been done through the delivery of letters to the different public and private institutions and to representatives of the Neighbourhoods, Communities and Human Settlements. Afterwards, the dissemination of the public summary referred to environmental and forestry monitoring - public summary referred to social monitoring was done, among 18 representatives of different institutions from the social environment of the project.”

The audit team requests evidence of the public social summary that was distributed.

Project Personnel Response: In fact, two socialisations with stakeholders were carried out during 2019 and are recorded in reports. It is specified that the first socialization corresponds to the Public Summary of Social Monitoring where the results of the social management of 2018 are reached. This dissemination was shared with 20 stakeholders on April 8, 2019, presented in the attached report 001-2019.

The second socialization corresponds to two socialized contents: first, to the forest surveillance and management measures through the socialization of the Forest Management Plan and second, to the Public Summary of the Environmental and Forest Monitoring and the Public Summary of the Social Monitoring; this dissemination was made to 18 stakeholders between October 3 and 16, 2019, orienting them to visit the project's information platforms. The evidence of this second process is found in the attached Report 002-2019 and Report 003-2019 respectively.

Auditor Response: The audit team reviewed the reports provided (informe_001_resumen_social REDD.pdf, informe 003_2019_ResumenSocial REDD.pdf, informe 002_2019_resumen_PGMF REDD.pdf) which provide evidence that the dissemination of the public social summary with the stakeholders were carried out in 2019. This finding is closed.

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

NCR 6 Dated 17 Jul 2020

Standard Reference: VM0007 REDD-MF Framework Methodology version 1.5

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: Section 2.3.1 of the Monitoring Report Template states "Describe and justify any methodology deviations applied during this monitoring period. Include evidence to demonstrate the following:

- The deviation does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.
- The deviations relate only to the criteria and procedures for monitoring or measurement, and do not relate to any other part of the methodology."

This section of the monitoring report indicates that "While employing "VM0007, REDD Methodology Modules (REDD-MF) version 1.2, during the validation, in order to obtain the Madre de Dios Amazon Redd Project validation, the methodology showed that the buffer allocation should be calculated using equation 4" was incorrect. It then indicates the correct form of the equation and states "and this equation is showed in the recently version 1.4."

This methodological deviation references equation 5 in version 1.4 of the methodology which is not the most up-to-date version of the methodology nor the correct equation number.

Project Personnel Response: The equation and the number of equation (9) and the version of methodology 1.5 have been varied, in their most updated version. Page 24.

Auditor Response: The audit team confirmed that the correct equation number and version of the methodology have been included in the monitoring report (VCS-Monitoring-Report-Template-v4.0 (2019) 27julio INGLES NIR.xlsx). This finding is closed.

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

NCR 7 Dated 17 Jul 2020

Standard Reference: VM0007 REDD-MF Framework Methodology version 1.5; VCS MODULE VMD0015 (M-MON) Version 2.1

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: Section 6.2 of the M-MON module indicates that the parameters “Area of recorded deforestation in the project area in stratum i converted to land use u at time t” and “Area of recorded deforestation in the leakage belt in stratum i converted to land use u at time t” “Must be monitored at least every 5 years or if verification occurs on a frequency of less than every 5 years examination must occur prior to any verification event.”

These parameters are included in the calculation workbooks (e.g., Leakage Estimations 2019.15 Mayo.xlsx), but were not included in section 4.2 of the monitoring report.

Project Personnel Response: In the Monitoring Report, it is indicated on pages 37, the deforested area in the project area, this is ZERO. On page 41, the deforested area in the leakage belt is presented, by stratum since it has become ; as requested.

Auditor Response: The audit team confirmed that "Area of recorded deforestation in the project area in stratum i converted to land use u at time t" and the "Area of recorded deforestation in the leakage belt in stratum i converted to land use u at time t" have been included in the updated monitoring report (VCS-Monitoring-Report-Template-v4.0 (2019) 27julio INGLES NIR.xlsx). This finding is closed.

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

NCR 8 Dated 17 Jul 2020

Standard Reference: VM0007 REDD-MF Framework Methodology version 1.5; VMD0010 Estimation of emissions from activity shifting for

avoiding unplanned deforestation (LK-ASU) version 1.1

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: Section 6.2 of the LK-ASU module (VMD0010) indicates that the following parameters “Must be monitored at least every 5 years or if verification occurs on a frequency of less than every 5 years examination must occur prior to any verification event”: MANFOR, PROTFOR, TOTFOR, ΔCP, LB, PROPIMM, PROPRES.

However section 4.2 of the monitoring report does not include parameters MANFOR, PROTFOR, TOTFOR, ΔCP, LB, or PROPRES.

Project Personnel Response: Monitoring of the requested parameters has been carried out. MANFOR, PROTOFOR, TOTFOR and PROPRES, are presented in new sheets of the updated Leakage belt excel. In the Monitoring Report, the tables of MANFOR, PROTOFOR, TOTFOR PROimm, PROP res, and Cplb have been incorporated, on pages 32 to 36.

Auditor Response: The audit team verified that all required parameters are listed in section 4.2 in the updated monitoring report (VCS-Monitoring-Report-Template-v4.0 (2019) 27julio INGLES NIR.xlsx). This finding is closed.

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

NCR 9 Dated 17 Jul 2020

Standard Reference: AFOLU Non-Permanence Risk Tool version 4.0

Document Reference: VCS-Non-Permanence-Risk-Report-Template-v4.0 15 Mayo 2020.docx

Finding: The Instructions for Completing the Non-Permanence Risk Report template states “Unless applying a merited deviation, please complete all sections using Arial or Franklin Gothic Book 10.5 point, black, regular (non-italic) font.”

The font size in the Nonpermanence Risk Report is 10.0. Furthermore there are several areas within the tables that are not in black font, but rather a gray font.

Project Personnel Response: The format has been adequated to the standards required.

Auditor Response: The audit team confirmed that the format was corrected in the latest version of the Non-permanance risk report (VCS-Non-Permanence-Risk-Report-Template-v4.0 MDDARP v2019 v2.docx). This finding is closed.

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

NIR 10 Dated 17 Jul 2020

Standard Reference: AFOLU Non-Permanence Risk Tool version 4.0

Document Reference: VCS-Non-Permanence-Risk-Report-Template-v4.0 15 Mayo 2020

Finding: Section 2 (External Risks) of the Non-Permanence Risk Report template states “Document and substantiate the risk and/or mitigation for each risk factor applicable to the project. Include any relevant documentary evidence. Where a risk or mitigation is not relevant to the project, please write “Not applicable”.”

The Non permanence Risk report section 2 (Political Risks), risk factor f) states “Peru is implementing the following activities: It has created, in 2000, its own Certification Initiative, officially recognized by the FSC (www.cfperu.com).” The link provided does not work. Therefore, the risk is not adequately documented and substantiated.

Project Personnel Response: The Risk report has been updated. The new text:

"Peru is implementing the following activities:

"1) It has created, in 2000, its own Certification Initiative, officially recognized by the FSC (<https://pe.fsc.org/es-pe/fsc-per>)"

The link has been updated

Auditor Response: The audit team confirmed that the link was corrected in the latest version of the Non-permanence risk report (VCS-Non-Permanence-Risk-Report-Template-v4.0 MDDARP v2019 v2.docx). We were able to verify the FSC certification as indicated. This finding is closed.

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

NCR 11 Dated 17 Jul 2020

Standard Reference: VCS version 4.0, VM0007 version 1.5, VCS-Monitoring-Report-Template-v4.0.docx

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: Section 3.4.3 of the VCS Standard indicates “The project proponent shall use the VCS Monitoring Report Template or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template.”

Section 8.4.5 of the methodology states “The number of credits to be held in the AFOLU pooled buffer account is determined as a percentage of the total carbon stock benefits. For REDD project activities, this is equal to the net emissions in the baseline minus emissions from fossil fuel use and fertilizer use minus the net emissions in the project case minus emissions from fossil fuels and fertilizer use. Leakage emissions do not factor into the buffer calculations.”

Section 5.4 of the Monitoring report calculates the buffer from Buffer withholding for avoiding unplanned deforestation project activities using equation 9 of methodology. While the calculation is carried out correctly, the equation is not represented correctly. More specifically, the monitoring report indicates that “Bufferunplanned = $\Delta C_p - \Delta C_{LK}$ ” which does not represent the parameters of the equation as indicated in the methodology or as applied for this project.

Project Personnel Response:

The correct equation has been incorporated in the Monitoring Report, page 69

Auditor Response: The audit team verified that the correct equation (equation 9) was included in the updated monitoring report (VCS-Monitoring-Report-Template-v4.0 (2019) 27julio INGLES NIR.xlsx). This finding is closed.

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

NCR 12 Dated 17 Jul 2020

Standard Reference: VCS version 4.0, VM0007 version 1.5, VCS-Monitoring-Report-Template-v4.0.docx

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: Section 3.4.3 of the VCS Standard indicates “The project proponent shall use the VCS Monitoring Report Template or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template.”

Section 4.2 of the Monitoring Report Template states “Complete the table below for all data and parameters monitored during the project crediting period (copy the table as necessary for each data unit/parameter). Data and parameters determined or available at validation are included in Section 3.1 (Data and Parameters Available at Validation) above.” In the table, under row titled “calculation method,” it provides the directions “Where relevant, provide the calculation method, including any equations, used to establish the data/parameter.”

In section 4.2. of the Monitoring Report, for the Parameter “Project Forest Cover Monitoring Map” under the row titled “calculation method” it continues to state the directions “Where relevant, provide the calculation method, including any equations, used to establish the data/parameter,” but does not provide the required information.

Project Personnel Response: Required information was incorporated into the Monitoring Report. Page 38

Auditor Response: The audit team verified that the required information was included in the updated monitoring report (VCS-Monitoring-Report-Template-v4.0 (2019) 27julio INGLES NIR.xlsx). This finding is closed.

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

NCR 13 Dated 17 Jul 2020

Standard Reference: VCS version 4.0, VM0007 version 1.5, VCS-Monitoring-Report-Template-v4.0.docx

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: Section 3.4.3 of the VCS Standard indicates “The project proponent shall use the VCS Monitoring Report Template or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template.”

In Section 4.2 of the Monitoring Report Template states “Complete the table below for all data and parameters monitored during the project crediting period (copy the table as necessary for each data unit/parameter). Data and parameters determined or available at validation are included in Section 3.1 (Data and Parameters Available at Validation) above.” In the table, under row titled “Frequency” it states “Specify measurement and recording frequency.”

In section 4.2 of the Monitoring Report, for the Parameter “Results of Limited Degradation Survey”, under the row “Frequency” it states “Each two years the PRA indicates there is or there isn’t degradation potential to the project area.”

In section 6.2 of the M-MON module for the parameter “Result of the limited degradation survey” under frequency it states “Must be repeated each time the PRA indicates a potential for degradation” indicated that the parameter is only measured when there is (not isn’t) degradation potential in the project area.

Project Personnel Response:

The phrase: “Repeat each time the PRA indicates a potential for degradation” in the project area has been changed in the PRA Results parameter. Page 39

Auditor Response: The audit team reviewed the row "Frequency" for the Parameter "Results of Limited Degradation Survey" in the updated monitoring report (VCS-Monitoring-Report-Template-v4.0 (2019) 27julio INGLES NIR.xlsx). The frequency row was not changed since the previous version of the monitoring report. Instead, it appears that the "Degradation PRA Results" parameter was updated instead (see finding #20 below). This finding remains open.

Project Personnel Response 2: The table with the parameter was removed, since according to the template it indicates that the tables are repeated according to the parameters that have been monitored. This parameter, which must be performed in the event that there is potential for degradation in the project area, has not been monitored during this verification period, since the PRA indicated that there is no potential for degradation.

Auditor Response 2: The audit team reviewed section 4.2 of the updated Monitoring Report (VCS-Monitoring-Report-Template-v4.0 (2019) 7 Set.INGLES NIR.docx) and confirmed that the parameter "Results of Limited Degradation Survey" has been reviewed. This removal of this parameter is in conformance with the methodology and template requirements as the parameter was not monitored during this monitoring period given that the results of the PRA indicated no potential for degradation. This finding has been closed.

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

NCR 14 Dated 17 Jul 2020

Standard Reference: VCS version 4.0, VM0007 version 1.5, VCS-Monitoring-Report-Template-v4.0.docx

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: Section 3.4.3 of the VCS Standard indicates "The project proponent shall use the VCS Monitoring Report Template or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template."

Section 4.2 of the Monitoring Report Template states "Complete the table below for all data and parameters monitored during the project crediting period (copy the table as necessary for each data unit/parameter). Data and parameters determined or available at validation are included in Section 3.1 (Data and Parameters Available at Validation) above."

In Section 4.2 of the Monitoring Report, for the Parameter "Area impacted by natural disturbance..." the information for "Monitoring equipment", "QA/WQC procedures to be applied" and "Purpose of the data" and "calculation method" are all blank. While, the audit team understand that no disturbance occurred during this reporting period, the required information was not provided to demonstrate how this value of "zero" was obtained.

Project Personnel Response: We write in the missing spaces the information requested in the Monitoring Report. Page 44

Auditor Response: The audit team confirmed that the required information about the parameter was added to the monitoring report (VCS-Monitoring-Report-Template-v4.0 (2019) 27julio INGLES NIR.xlsx). This finding is closed.

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

NCR 15 Dated 17 Jul 2020

Standard Reference: VCS version 4.0, VM0007 version 1.5, VCS-Monitoring-Report-Template-v4.0.docx

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: Section 3.4.3 of the VCS Standard indicates “The project proponent shall use the VCS Monitoring Report Template or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template.”

Section 4.2 of the Monitoring Report Template states “Complete the table below for all data and parameters monitored during the project crediting period (copy the table as necessary for each data unit/parameter). Data and parameters determined or available at validation are included in Section 3.1 (Data and Parameters Available at Validation) above.”

In section 4.2 of the Monitoring Report, for the Parameter “C olb” the “data unit” is not provided.

Project Personnel Response: The data unit was placed in the Colb parameter. Page 50

Auditor Response: Audit team confirmed that the unit 'tCO2' was added to the Colb parameter on page 51 of the monitoring report (VCS-Monitoring-Report-Template-v4.0 (2019) 27julio INGLES NIR.xlsx). This finding is closed.

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

NIR 16 Dated 17 Jul 2020

Standard Reference: VMD0010 Estimation of emissions from activity shifting for avoiding unplanned deforestation (LK-ASU) version 1.1

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: The monitoring schedule for the parameters in LK-ASU is included in Section 6.2.

Parameter PROP(Imm) must be “monitored at least every 5 years or if verification occurs on a frequency of less than every 5 years examination must occur prior to any verification event”; as verification has occurred annually, this parameter must be monitored annually, prior to each verification event.

In Section 4.2, the Monitoring Report indicates that monitored value for the parameter PROP(Imm) is 0.03. According to the records maintained by the audit team through provision of prior verification services, the data underlying the calculation of parameter PROP(Imm) are from the national GHG inventory for Peru (dated 2012) and the statistical reporting (dated 2018) published by El Instituto Nacional de Estadística e Informática (INEI). The requirement to "monitor" this parameter implies that there is a requirement to actively search for updated information that may be used to update the calculation. Please provide a description of actions undertaken to monitor this parameter for the 2019 monitoring period.

Project Personnel Response: To determine the PRO imm, statistical data from the 2017 National Censuses have been used: XII of Population, VII of Housing and III of Indigenous Communities, which was carried out on October 22 in the urban area; and in the rural area, from October 23 to November 6. From volume I, the economically active population of Madre de Dios was obtained, for the Iñapari district and the number of farmers. There is no updated national registry since that date. The spreadsheets for this parameter and the links for better visualization have been placed in the Leakage calculation file. The land use change areas have been updated with official data from the page <http://infocarbono.minam.gob.pe/reportes-sectoriales/uscuss-2014/>

Auditor Response: The audit team reviewed and verified calculations and references applied to derive the PROPimm parameters (in workbook Leakage Estimations 2019. 27 julio.xlsx (sheets 'PRO imm PRO Res', 'Iñapari Agricultores', 'Iñapari hace 5 años'). We also verified that updated national census data is not available, and that the next census to occur is planned for 2021. This finding is closed.

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

NCR 17 Dated 17 Jul 2020**Standard Reference:** VCS version 4.0**Document Reference:** VCUs Estimation 2019. 15 Mayo

Finding: Section 4.1.8(4) of the VCS Standard states that "The threshold for materiality with respect to the aggregate of errors, omissions and misrepresentations relative to the total reported GHG emission reductions and/or removals shall be five percent for projects and one percent for large projects."

The audit team has identified an error in the calculation of GHG emission reductions in the worksheet "VCUs" in the workbook "VCUs Estimation 2019. 15 Mayo". Specifically, the calculation in cell F14 references the value in cell D18 of the "VCUs 2009-2018" worksheet. The audit team understands that this value is supposed to be the cumulative carbon stock change in the project area under the project scenario from 2009 through 2018. However, instead, the value referenced is the corresponding value for the time period 2009 through 2017. This error has a quantitative impact in excess of one percent, the materiality threshold applicable to this project, and is therefore a material misstatement.

Project Personnel Response: The change of Cell F 14 of the workbook Estimation VCU 2019 May 15 was made, with the value of Cell D21 of the worksheet VCUs 2009 2018, this corresponds to the cumulative value of carbon change in the project area from 2009 to 2018. The respective variations were made in the Monitoring Report item 5.4.

Auditor Response: The audit team can confirm that the cell referencing error has been corrected. The calculation in cell F14 of the revised workbook correctly references the value in cell D21 of the "VCUs 2009-2018" worksheet. The resulting quantification of GHG emission reductions is, therefore, within one percent of the audit team's independent calculation, and the non-conformity has been resolved.

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

NCR 18 Dated 4 Sep 2020

Standard Reference: VCS version 4.0, VM0007 version 1.5, VCS-Monitoring-Report-Template-v4.0.docx; VCS MODULE VMD0015 (M-MON) Version 2.1

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: Page 169 of the PD states that a value of 0.49 needs to be used for the variable CF(j), but, in cells K41:K55 of the worksheet "CLG - Extracted Timber" in the workbook "CP EStimation 2019. 15 Mayo", the value 0.47 is used.

Project Personnel Response: The value 0.47 is the indicated default value that can be used on page 26 of the M-MON. Value 0.49 is also identified as the upper limit of the range of possible values for the entire tree for tropical ecosystems, and factor 0.47 is identified as the mean value and following the conservative VCS principle, this factor was used. During the 2018 audit, as a result of an IRS 14, that factor was placed

Auditor Response: The audit team verified that 0.47 is indicated as the default value for all forests as well as the average value for all components of tropical and subtropical trees as indicated in table 4.3 of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories vol 4. Likewise it is indicated in the M-MON module as the default value that "can be used." The audit team also reviewed the NCR #14 from the 2018 audit (VCS_CCB_Greenox_MDD2018_RPT_VerificationReport_V1-0_120319.pdf), which was originally issued because no carbon factor was applied in the calculation of equation 11. We found that this value of 0.47 was applied to equation 11 in response to that finding. The audit team confirms that a value of 0.47 is a valid value for CF. Thus this finding has been closed. However see finding #22 below.

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

NCR 19 Dated 4 Sep 2020

Standard Reference: VCS version 4.0, VM0007 version 1.5, VCS-Monitoring-Report-Template-v4.0.docx; VCS MODULE VMD0015 (M-MON) Version 2.1

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 15 Mayo INGLES.docx

Finding: Equations 10 and 11 of M-MON V2.1 require that the factor 44/12 be used to convert from carbon stock to CO2-equivalent. In cells K41:K55 of the worksheet "CLG - Extracted Timber" in the workbook "CP Estimation 2019. 15 Mayo", the value 3.66666666666667 is used.

Project Personnel Response: The factor 44/12 is equal to 3.6666666667, there is no variation in the result. The factor 44/12 was placed for its best visualization

Auditor Response: The audit team verified that the factor of 44/12 was used in the CP Estimation 2019. 7 set.xlsx workbook, sheet CLG - Extracted Timber, cells K41:K55. This finding is closed.

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

NCR 20 Dated 4 Sep 2020

Standard Reference: VCS version 4.0, VM0007 version 1.5, VCS-Monitoring-Report-Template-v4.0.docx; VCS MODULE VMD0015 (M-MON) Version 2.1

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 27julio INGLES NIR.docx

Finding: This finding is related to the Project Response to finding #13 above.

Section 3.4.3 of the VCS Standard indicates “The project proponent shall use the VCS Monitoring Report Template or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template.”

In Section 4.2 of the Monitoring Report Template states “Complete the table below for all data and parameters monitored during the project crediting period (copy the table as necessary for each data unit/parameter). Data and parameters determined or available at validation are included in Section 3.1 (Data and Parameters Available at Validation) above.” In the table, under row titled “Frequency” it states “Specify measurement and recording frequency.”

Section 6.2 of the M-MON module indicates that for the parameter "Degradation PRA Results" the Frequency is "every two years." However, in the updated monitoring report, the frequency for this parameter has been changed to "Repeat each time the PRA indicates a potential for degradation in the project area" which is not in conformance with the methodology.

Project Personnel Response: The table with the parameter was removed, since according to the template it indicates that the tables are repeated according to the parameters that have been monitored. This parameter, which must be performed in the event that there is potential for degradation in the project area, has not been monitored during this verification period, since the PRA indicated that there is no potential for degradation.

Auditor Response: The audit team reviewed the updated Monitoring report (VCS-Monitoring-Report-Template-v4.0 (2019) 7 Set.INGLES NIR.docx) and could not verify that the parameter "Degradation PRA Results" was removed. Likewise, according to interviews with project personnel this parameter was monitored. However, the frequency of this parameter has been updated to "Every two years, according to the methodology" which is now in conformance with the methodology. This finding has been closed.

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

OBS 21 Dated 4 Sep 2020

Standard Reference: VCS version 4.0, VM0007 version 1.5, VCS-Monitoring-Report-Template-v4.0.docx; VCS MODULE VMD0015 (M-MON) Version 2.1

Document Reference: Red_vial_2019xPC.shp; CP Estimation 2019. 15 Mayo.xlsx

Finding: Step 2 of the M-MON module indicates that "The emissions from the creation of skid trails is estimated by multiplying the total length of skid trails created and a skid trail emission factor."

The shapefile, Red_vial_2019xPC.shp contains the skid trails and their associated lengths in column 'Longitud(m)'. The audit team independently calculated the total skid trail length as 51,805.37 meters. This total length matches the total length calculated by the project team in the shapefile. However, this value differs from the skid trail length (42,089.01 meters) use to calculate skid trail emissions in workbook CP 'Estimation 2019. 15 Mayo.xlsx', sheet 'CLR - Skid Trail', cell J40. The audit team found that the Mean length of skid trails (m/ha) for Plot 16 in cell H37 (sheet 'CLR - Skid Trail') was multiplied by the Plot Area (ha) for Plot 17 and Plot 18 (see calculation in cells J38 and J39). This results in an underestimate of the total length of the skid trails across the three plots. However, this does not result in a material error.

The audit team is issuing an observational finding regarding this calculation error given that this calculation workbook template may be used for subsequent monitoring periods, and the discrepancy could become material in future monitoring periods.

Project Personnel Response: Cells J38 and J39 were varied according to the finding, indeed the total value is 51 805.37 meters.

Auditor Response: The audit team reviewed the updated calculation workbook (CP Estimation 2019. 7 Set.xlsx) and confirmed that Cells J38 and J39 of sheet CLR - Skid Trail have been updated. Thus the value for the length of the skid trails is now reported as 51,805.37 meters which matches the shapefile and independent calculations by the audit team.

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

NCR 22 Dated 17 Sep 2020

Standard Reference: VCS version 4.0; VCS-Monitoring-Report-Template-v4.0.docx; VCS MODULE VMD0015 (M-MON) Version 2.1

Document Reference: CP EStimation 2019. 7 Set.xlsx, VCS-Monitoring-Report-Template-v4.0 (2019) 7 Set.INGLES NIR.docx

Finding: Section 3.18 of the Standard states "Projects may deviate from the validated project description in certain cases in order to accommodate changing circumstances post-validation. Such deviations shall be described and assessed by a validation/verification body during the next project verification." Later section 3.18.2(2) indicates "Where the deviation does not impact the applicability of the methodology, additionality or the appropriateness of the baseline scenario, and the project remains in compliance with the applied methodology, the deviation shall be described and justified in the monitoring report. This shall include a description of when the changes occurred and the reasons for the changes. The deviation shall also be described in all subsequent monitoring reports. Examples of such deviations include changes in the procedures for measurement and monitoring, or project design changes that do not have an impact on the applicability of the methodology, additionality or the appropriateness of the baseline scenario."

As indicated in Finding 18 above, on Page 169 of the PD states that a value of 0.49 needs to be used for the variable CF(j), but, in cells K41:K55 of the worksheet "CLG - Extracted Timber" in the workbook "CP EStimation 2019. 7 Set", the value 0.47 is used." Likewise in section 4.1 of the monitoring report, it indicates that a value of 0.47 is used for the parameter "Carbon fraction of dry matter." If the project proponent is to make this change to the variable CF(j), it represents a project description deviation, and therefore must meet the requirements of section 3.18 of the standard. Given that this deviation is not documented in the PD, it therefore not in conformance with the standard.

Project Personnel Response: The following response has been incorporated into pages 25 and 26 of the Monitoring Report as requested: Another deviation from the project description has been applied. In the document PD, page 169 it was indicated that 0.49 is the value of CF (j). However, during the 2018 Audit, as a result of observations found by the auditor (NIR 14), in calculations of extractable wood volume, changes were made for the calculation and the factor 0.47 was used as the fraction of carbon of dry matter. The factor 0.47 is the indicated default value that can be used on page 26 of the M-MON. The value 0.49 is identified as the upper limit of the range of possible values for the whole tree for tropical ecosystems, and the factor 0.47 is identified as the mean value and, following the conservative principle of VCS, this was used factor.

This change was made to adapt to the circumstances and the deviation does not affect the applicability of the methodology, the additionality or the suitability of the baseline scenario, and the project continues to comply with the applied methodology.

Auditor Response: The audit team reviewed the updated monitoring report (VCS-Monitoring-Report-Template-v4.0 (2019) 7 Set.INGLES NIR 22.docx) and confirmed that section 3.2.2 has been updated with a project description deviation for the use of 0.47 as the carbon fraction of wood. We confirmed that this deviation is in conformance with the standard. This finding is closed.

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

NCR 23 Dated 25 Sep 2020

Standard Reference: VCS version 4.0; VCS-Monitoring-Report-Template-v4.0.docx; VCS MODULE VMD0015 (M-MON) Version 2.1; VCS MODULE VMD0001 (CP-AB) Version 1.1

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 7 Set.INGLES NIR 22.docx; PROJ_DESC_844_11SEP2012.pdf; CP ESTimation 2019. 7 Set.xlsx

Finding: This finding relates to findings #22 and #18 above.

Page 169 of the PD states that a value of 0.49 needs to be used for the variable CF(j), but, in cells K41:K55 of the worksheet "CLG - Extracted Timber" in the workbook "CP ESTimation 2019. 15 Mayo", the value 0.47 is used. Likewise in section 4.1 of the updated monitoring report it indicates that a carbon fraction of 0.47 is applied. Page 419 in Annex 7 of the PD indicates that this variable CF(j) was set to 0.49 and was utilized to determine carbon stocks in aboveground- and belowground tree biomass in the baseline case. Therefore, the value of 0.49 was also used to determine carbon stocks in aboveground- and belowground tree biomass in order to calculate (1) the variable C(BSLi), as used in Equation 5 of the M-MON module and (2) the variable C(dest,i), as calculated in Equation 15 of the M-MON module.

Section 6.1 of the M-MON module indicates that the variable CF(j) is "the carbon fraction of biomass for tree species j" and is utilized to calculate the the carbon in timber extracted from the project area as in equations 11, 35, and 37. Furthermore, the CP-AB module indicates that CF(j) is the "Carbon fraction of biomass for species j" and is also utilized to calculate the carbon stock in aboveground and belowground biomass in live trees and non-tree pools, as referenced in equations 1, 3, 10 and 11 of the module.

Section 3.1.1 of the VCS Standard states "Projects shall be guided by the principles set out in Section 2.2.1." The principle of consistency is defined in Section 2.2.1 of the VCS Standard follows: "enable meaningful comparisons in GHG-related information."

Given that a value of 0.49 has been applied in the calculation of carbon stock changes in the baseline, but a value of 0.47 has been applied in the calculation of carbon stock changes under the project scenario during the monitoring period, there is a difference between carbon stock changes under the baseline and project scenarios that is solely due to the different values of the variable CF(j) that are used. This has not enabled meaningful comparisons in GHG-related information, and thus the VCS principle of consistency has been violated.

Project Personnel Response: A value of 0.49 has been applied in the calculation of changes in carbon stocks in the project scenario during the monitoring period. This saves the VCS consistency principle between baseline calculations and project scenario calculations. The respective changes have been made in: the Monitoring Report items 5.2 and 5.4, in the Permanence Risk Report item 4.2 and in the spreadsheets Cp Estimation 2019. 27 September and VCU Estimation 2019. 27 September

Auditor Response: The audit team confirmed that a value of 0.49 for CF was applied in the updated project emissions calculation (CP ESTimation 2019. 28 Setiembre.xlsx). The VCU calculation workbook (VCUs Estimation 2019. 28 setiembre.xlsx), the monitoring report (VCS-Monitoring-Report-Template-v4.0 (2019) 28 Set.INGLES NIR 23.doc) and the non-permanance risk report (VCS-Non-Permanence-Risk-Report-Template-v4.0 28 setiembre 2019 v4.docx) were also updated accordingly. Given that a value of 0.47 was not used, there is no longer project description deviation as indicated in the Finding #22 and its response. The audit team confirmed that the propject description deviation related to CF was removed from the monitoring report.

This finding is closed.

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

NCR 24 Dated 15 Oct 2020

Standard Reference: VM0007 REDD-MF Framework Methodology version 1.5

Document Reference: VCS-Monitoring-Report-Template-v4.0 (2019) 28 Set.INGLES NIR 23.docx

Finding: The methodology states "This methodology is comprised of a number of modules and tools each of which has been assigned an abbreviated title (eg, CP-AB) which are referenced throughout the modules and tools. This methodology uses the latest versions of the following methodologies, modules and tools" which means that the most up-to-date versions of all modules must be used. On 8 September 2020, Verra released updated versions of several of the modules, which resulted in changes to various parameters, equations, and module titles. As a result, the monitoring report is not in conformance. I list the relevant updates below:

1. Parameter – Net greenhouse gas emissions within the project area under the project scenario ΔC_p updated to $\Delta CWPS-REDD$
2. Parameter - Net greenhouse gas emissions under the baseline scenario ΔC_{BSL} updated to $\Delta C_{BSL-REDD}$
3. Parameter - Net greenhouse gas emissions due to leakage ΔCLK updated to $\Delta CLK-REDD$
4. Parameter - Total net greenhouse emission reductions of the REDD project activity C_{REDD} updated to NER_{REDD}
5. Parameter - Net GHG emissions in the leakage belt in the REDD project case $\Delta C_{P,LB}$ updated to $\Delta CWPS-REDD, LB$
6. Module versions/naming conventions (note that the title of these modules also changed in some cases):
 - a. M-MON 2.1 updated to M-REDD v2.2
 - b. LK-ASU v1.1 updated to LK-ASU v1.2
 - c. X-UNCv2.1 updated to X-UNCv2.2
 - d. BL-UP v3.2 updated to BL-UP v3.3
 - e. E-BBv1.1 updated to E-BPB v1.2
 - f. X-STR v1.1 updated to X-STR v1.2
7. Methodology deviation "(a)" in MR is no longer valid as the equation has been updated in the M-REDDv2.2

Project Personnel Response: The monitoring report has been updated accordingly.

Auditor Response: The audit team reviewed the updated monitoring report (dated 19 October).

The following issues still remain resulting in a nonconformity:

(1) The titles of several of the modules have changed, but these changed. For instance, E-BPB v1.2 is titled "Estimation of greenhouse gas emissions from biomass and peat burning". Several other module titles have been updated but these updates are not reflected in section 1.8 of the monitoring report.

(2) There are still references to the M-MON module in the monitoring report, see section 4.2, 5.2, 5.3. The short name for the module is now M-REDD

(3) Table 5.3-6 of the Monitoring Report shows that the parameter calculated using equation 11 in the LK-ASU module is $\Delta\text{CLK-REDD-ASU,OLB}$. However, this parameter in the LK-ASU module is $\Delta\text{CLK-ASU,OLB}$

(4) In section 5.4 (Page 68) of the monitoring report, the Adjusted_NERredd equation is shown as $\text{Adjusted_NERREDD} = \text{CREDD} * (100\% - \text{CREDD_ERROR} + 15\%)$. However, the parameter CREDD has been updated to NERREDD and the parameter CREDD_ERROR is now NERREDD_ERROR in version 1.5 of the methodology (see page 29 of methodology).

(5) The table on page 61 of the monitoring report lists a column as $\Delta\text{CREDD,t}$. In version 1.5 of the methodology and version 2.2. of the M-REDD module, this parameter is listed as $\Delta\text{CWPS-REDD}$.

Project Personnel Response 2: [Response outside workbook]

Auditor Response 2: An updated version of the monitoring report was submitted to the audit team via email on 21 October 2020. We reviewed it confirmed that the updates to the parameters, module titles, and equations have been made. This finding has been closed.

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

APPENDIX B: STAKEHOLDER INPUT AND PROJECT PROPONENT RESPONSE

The following table includes

- All and any input received during the stakeholder consultation process.
- The project proponent's response to said input.
- A description of any resultant changes to the project design.
- The audit team's explanation of how the project proponent's responses are appropriate.

Input received	Project proponent's response	Resultant changes to project design	Conclusion regarding appropriateness of response
Consider a new call for member of the Consultive Committee	Agreed to hold a new call for members of the Consultative Committee in 2020	No change to project design required	Project proponent agreed to implement suggestion, which was appropriate
Continuation of the social support for the next year.	Agreed to continue to support health and education areas	No change to project design required	Project proponent agreed to implement suggestion, which was appropriate
Continue motivating the culture and sports in Iñapari	Agreed to participate in and/or promote sports activities	No change to project design required	Project proponent agreed to implement suggestion, which was appropriate