THE REDD PROJECT IN BRAZIL NUT CONCESSIONS IN MADRE DE DIOS, PERU VCS VERIFICATION

THIRD MONITORING PERIOD

Document Prepared by S&A Carbon, LLC

Project Title	REDD Project in Brazil Nut Concessions in Madre de Dios
Version	1.3
Report ID	2015 - 2016 BAM BNCMD REDD VCS Verif_v1.3_20201013

Report Title	THE REDD PROJECT IN BRAZIL NUT CONCESSIONS IN MADRE DE DIOS, PERU VCS VERIFICATION
Client	Bosques Amazónicos - BAM
Pages	118
Date of Issue	13 October 2020
Prepared By	S&A Carbon
Contact	Kyle Silon; Phone: 971-235-7835 Email: kyle.silon@saacarbon.com Website: www.saacarbon.com
Approved By	Alexa Kandaris
Work Carried Out By	Lead Verifier: Bruno B. Souza Verification Support: Bruno M. Matta Technical Reviewer: Lawson Henderson Project Manager/Approver: Alexa Kandaris

Summary:

This report shows the conclusions from the REDD Project in Brazil Nut Concessions in Madre de Dios, Peru (the Project) verification process against the VCS version 4 standard. The Project is an AFOLU (REDD+) project which is being established with the objective to reduce unplanned deforestation within the limits of a group of a Non-Timber-Forest-Products (NTFP) (Brazil nuts) forest concessions. Bosques Amazonicos is the project proponent organization (PP), with Federación de Productores de Castaña de Madre de Dios - FEPROCAMD as its implementation partner. The project proponent applies the VCS approved VM00007 v1.5 methodology. It has estimated that 3,666,386 tCO2e of greenhouse gas (GHG) emissions was avoided by implementation of the project activities over the time period between 01 January 2015 and 31 December 2016, corresponding to the monitoring period covered by this verification.

The verification was performed through a combination of document review, interviews, and communications with relevant personnel, as well as on-site inspections. The site visit to the project area was conducted from November 25th to 29th, 2019, in the region of Madre de Dios, Peru. The verification process included several official and documented exchanges between the audit team and the project proponents to gather additional information for review and for examination of conformance with all applicable criteria. These exchanges included three rounds of an Issues Log produced by S&A to which the project proponents were required to respond, During the verification process, S&A Carbon raised 23 findings (11 non-conformities, 04 forward action requests and 08 observations). All non-conformities were resolved, and the necessary clarifications were provided by the project

proponent. The audit team confirmed in an email to the project proponents dated October 09th, 2020 that all remaining issues were satisfied in the responses provided in the Issues Log.

Once all identified issues were adequately resolved, S&A Carbon drafted this verification report and deems, with a reasonable level of assurance, that the project design is in compliance with all of the requirements in the Verified Carbon Standard version 4.0, without qualifications or limitations. The project activities implementation status is clearly reported in the monitoring report, and all its components have been established in conformance with the applied VCS methodology and validated project design document.

S&A Carbon is thus able to issue a positive verification opinion for the reported 3,666,386 tonnes CO2e of ex-post avoided emissions, as reported in the Monitoring Report Document, version 4.0, dated 07 October 2020. The audit team verified that calculated ex-post avoided emission reductions and/or removals was achieved during the project crediting period with a reasonable level of assurance. The overall risk rating was 13%. Therefore, the total number of credits to be deposited in the buffer account is 499,763 VCUs and the total VCUs to be issued are 3,166,622 tCO2e.

1 Introduction 5

1.1 Objective 5

1.2 Scope and Criteria 5

1.3 Level of Assurance 6

1.4 Summary Description of the Project 6

2 Verification Process 7

2.1 Method and Criteria 7

2.2 Document Review 8

2.3 Interviews 10

2.4 Site Inspections 10

2.5 Resolution of Findings 11

2.5.1 Forward Action Requests 12

2.6 Eligibility for Validation Activities 13

3 Validation Findings 14

3.1 Participation under Other GHG Programs 14

3.2 Methodology Deviations 14

3.3 Project Description Deviations 15

3.4 Grouped Project 15

4 Verification Findings 15

4.1 Project Implementation Status 15

4.2 Safeguards 19

4.2.1 No Net Harm 19

4.2.2 Local Stakeholder Consultation 20

4.3 AFOLU-Specific Safeguards 20

4.4 Accuracy of GHG Emission Reduction and Removal Calculations 21

4.5 Quality of Evidence to Determine GHG Emission Reductions and Removals 24

4.6 Non-Permanence Risk Analysis 25

5 Verification conclusion 28

APPENDIX A: List of Findings 30

1 INTRODUCTION

S&A Carbon (VVB), developed this audit report to verify the project against the VCS standard (4th edition, Verra). The audit process was managed by Bruno B. Souza (bruno.souza@saacarbon.com). Bruno also played the role of lead auditor.

1.1 Objective

The objective of this verification audit is to provide offset verification services as defined in the criteria documents mentioned below and to issue an offset verification statement on the ex-post GHG emission reductions and/or removals achieved by implementation of the project activities from 01 January 2015 to 31 December 2016 (monitoring period).

1.2 Scope and Criteria

This report represents the results of the project's verification to the VCS Standards. The scope of work includes a complete assessment (including a site visit) of the Project's conformance with the VCS criteria described below for the from 01 January 2015 to 31 December 2016 (monitoring period).

Specific verification audit tasks include:

- Assess the conformity of the monitoring report (MR) with the VCS standards, approved VCS methodology and applicable tools, considering its applicability conditions in face of the reality found in the field.
- Verify that the project activities were implementation as described in the validated PD and the project activities implementation status, taking into account the monitoring plan, all relevant sinks, sources and reservoirs, GHG emission factors, deforestation rates and deforestation modelling, ex-post estimates and risk analysis, as well as other aspects relevant for the conformance with the standard;
- Evaluate the projected ex-post GHG emission reduction data and express a conclusion with a reasonable level of assurance as to whether the reported GHG emission reduction data is free from material misstatement.
- Assess whether the reported GHG emissions data is sufficiently supported by evidence.
- Analyse the project according to the guidelines described in the criteria below.

The criteria for the offset validation services are:

- Verified Carbon Standard Program Guide 2019 v.4.
- Verified Carbon Standard 2019 v.4.
- VCS Validation and Verification Manual v.3.2.
- VM0007, March 2015 v.1.5.

- VCS AFOLU Non-Permanence Risk Tool 2019 v.4.
- ISO Standards 14064-2 and 14064-3, 2006.

Audit Team:

- Bruno B. Souza - Lead Verifier.
- Bruno M. Matta – Verifier.
- Lawson Henderson - Technical Reviewer.
- Alexa Kandaris – Approver.

1.3 Level of Assurance

The VVB evaluated the project's conformance with the standard criteria and the projected GHG emission reduction estimates (ex-post) to certify the absence of material errors against the applicable materiality threshold (1%) with a reasonable level of assurance. The average annual GHG emissions of the project is 1,833,193 tCO2e. The analysis considered all discrepancies, omissions and inaccuracies in the estimates reported by the project proponent.

1.4 Summary Description of the Project

The Project is within the Agriculture, Forestry and Other Land Use (AFOLU) sectoral scope and consist in a Reduced Emissions from Deforestation and Degradation (REDD) project, under the category of Avoiding Unplanned Deforestation and/or Degradation (AUDD). It was developed and implemented in the Madre de Dios region, in Peru. It consists of a total area of 308,757 hectares (ha) within 405 forest concessions and was prepared based on the VM00007 v1.5 methodology. The project estimates that it has avoid the emission of 3,666,386 tCO2e from 01 January 2015 to 31 December 2016 (monitoring period).

According to the validated PD, the main strategy related to reducing deforestation in the project area refers to strengthening the federation of Brazil Nut producers and generating income through the forest management of non-timber forest products (Brazil nuts). Specifically, the project activities include:

- Implementation of the Forest Monitoring and Surveillance System.
- Training deforestation agents in alternative and sustainable productive Initiatives.
- Training and establishment of community tree nurseries.
- Forest enrichment through plantation of native species.

The basic characteristics of the project are:

- Project start date: 24th September 2009.
- Project duration: 30 years.
- GHG crediting period: 30st January 2010 to 31st December 2040.
- Carbon pools: above-ground biomass, below-ground biomass.
- Emission sources: CH_4 and N_2O from burning of biomass.

- Verification start date: 30st October 2019.
- Monitoring period: 01 January 2015 to 31 December 2016.

2 VERIFICATION PROCESS

2.1 Method and Criteria

S&A submitted a proposal to BAM for the verification of the Project on July 15th, 2019. Upon contract execution, S&A was selected as the VVB. A Kick Off call was held on October 30th, 2019. The project team and auditors discussed initial findings from a desk review of submitted documents, targeting aspects of the documentation that might affect the site visit. Site visit logistics were also discussed. The project proponents provided additional supporting project documents on several occasions throughout the verification.

A sampling plan was prepared based on information available from the project proponents. The sampling plan considers the requirements of all the criteria documents listed in section 1.2 of this report and evaluates the credibility and rigor of all methodology and standard items in question. A risk evaluation was conducted assessing the size (both in area and carbon storage) and accessibility of all of the GHG reservoirs involved in the project. The revised final Sampling Plan summarizes the results of the sampling and the data checks performed on the project data assessed. The Sampling Plan will be retained by S&A for a period of not less than 15 years following submission to Verra. All materials received, reviewed, and generated by the provision of Offset Verification Services will be retained by S&A for the same period.

The verification was performed through a combination of document review, interviews and communications with relevant personnel and on-site inspections. The project was assessed for conformance to all criteria described in Section 1.2 of this report. As discussed in this report, findings were issued to ensure that the project was in full conformance to all requirements.

The site visit to the project was conducted from November 25th to 29th, 2019, in the region of Madre de Dios, Peru. The verification team conducted an opening meeting on the evening of November 24th in the city of Puerto Maldonado and discussed a variety of verification issues and site visit logistics. The meeting was attended by the main project proponents and a large contingent of all relevant project personnel. During the opening meeting, such matters as the scope, criteria, methodology, level of assurance, materiality thresholds, and activity plan for the site visit and verification services were reviewed. A review of the relevant sampling approaches and schedule of activities for the visit and verification were also confirmed.

All of the days out in the field involved verification checks and activities centred on the implementation status of the project activities, plausibility of the baseline scenario, plausibility of the baseline deforestation projections, leakage, evaluation of project benefits, and socio-environmental safeguards established over the course of the monitoring period.

These activities used interviews and consultations with relevant stakeholders, project beneficiaries, and project personnel to confirm the information presented and data collected. All of the main distinct political and geographical locations of the project area were visited, which included visits to several forest concessions in the provinces of Tambopata e Tahuamanu and FEPROCAMD headquarters in Puerto Maldonado.

The verification process included several other exchanges between the audit team and the project proponents to gather additional information for review and for examination. These exchanges included three rounds of an Issues Log produced by S&A to which the project proponents were required to respond. The project proponents were able to bring all outstanding issues to a close on October 09th, 2020. Verifiers confirmed this in an email dated October 09th, 2020 that all remaining issues were satisfied in the responses to the final Issues Log. S&A auditors drafted the Verification Statement and Verification Report and presented it for Independent Review, which determined the Verification Statement to be justified based on the project documentation and verification assessment. The Verification Report and Verification Statement were provided to the project proponents for review and comment on October 09th, 2020. Upon approval from the project proponents, the final verification documents were submitted to the registry.

2.2 Document Review

The table below contains the revised documentation. Unless otherwise stated, only the final versions of the documentation have been listed.

Ref.	Title, Author(s), Version, Date	Electronic Filename
1	REDD Project in Brazil Nut Concessions in Madre de Dios – BAM Monitoring Report 2015-2016	BAM Monitoring Report 2015-2016.docx
2	REDD Project in Brazil Nut Concessions in Madre de Dios – Project Design 2012	PROJ_DESC_868_12JUN2012.pdf
3	VCS MODULE VMD0010 - Estimation of emissions from activity shifting for avoiding unplanned deforestation (LK-ASU), v 1.1, 2015.	VMD0010 LK-ASU v1.1.pdf
4	VCS MODULE VMD0015 REDD methodological module: methods for monitoring of GHG emissions and removals (M-MON), v 2.1, 2012.	VMD0015 M-MON, v2.1.pdf
5	VCS standard, v4.0, 2019	VCS_Standard_v4.0.pdf
6	Monitoring report: REDD Project in Brazil Nut Concessions in Madre de Dios (2010-2012)	MONIT_REP_868_01JAN2010_31DEC2012.pdf
7	Excel file: Castañeros REDD Project Calculations MODIFIED_2015-2016	Castañeros REDD Project Calculations MODIFIED_2015-2016.xlsx
8	Shape file: Area monitoreada 2015 detalle	Area_monitoreada_2015_detalle.shp

9	Baseline spatial database – deforestation maps	2009.tif, 2010.tif, 2011.tif, 2012.tif, 2015.tif, 2016.tif, 2015.tif, 2016.tif
10	Land use database of the monitored period (2015 and 2016)	Tipo_de_Uso_2015.shp, Tipo_de_Uso_2016.shp
11	Informe final desarrollo de la línea base de deforestación para Madre de Dios, 2011. Carbon Decisions International.	Informe FInal N. 8, 20 Oct 2011-1.pdf
12	VCS MODULE VMD0015 REDD METHODOLOGICAL MODULE: METHODS FOR MONITORING OF GHG EMISSIONS AND REMOVALS (M-MON), v2.1	VMD0015 M-MON, v2.1.pdf
13	Banco de dados de Queimadas (BDQueimadas) - INPE	http://queimadas.dgi.inpe.br/queimadas/bdqueimadas#exportar
14	Auditing piece for formal consultation with Verra & Verras approval	- S&A Carbon_BAM Castanero REDD VCS Verif Audit Piece 28Jul2020 v1.2.pdf - S&A Carbon_Project ID868_VCS verification_Clarification Request.msg
15	Workshops and Training Events	Capacitaciones 2016 - 2015 – 2016.zip
16	Letter from Peruvian Government	Carta MINAM.pdf
17	Land Use Cover & Change reports	- Memoria_2017_BAM.pdf - Memoria_2020_BAM_v1.pdf
18	Reviewed carbon calculation spreadsheets	- Áreas y Estratos periodo 2012_2016 - v02.xlsx - Castañeros REDD Project Calculations MODIFIED_2015-2016 (Autoguardado) - v8 13-14.xlsx - Cp Estimations in Castañeros REDD Project 2nd monitoring report - v8 13-14.xlsx - ENCUESTAS DATA - v8 13-14.xlsx - Leakage Estimations in BAM 2015-2016 - v8 13-14.xlsx - VCUs Estimations 2015-2016 - v8 13-14.xlsx

2.3 Interviews

The table below shows complete list of all the people interviewed as part of this verification audit:

#	Name	Institution	Date
1	David Asturima H.	FEPROCAMD (President)	Throughout verification
2	Raúl Andy Huanaco Huanca	FEPROCAMD	Throughout verification
3	Carlos Gameros M.	BAM	Throughout verification
4	Claudia Arlette Lozano Alvarez	BAM	Throughout verification
5	Pedro Ruiz Alvarado	BAM	Throughout verification
6	Eduardo Galindo Alvizuri	BAM	Throughout verification
7	Florencia Paredes Dueñas	FEPROCAMD	Throughout verification
8	Abigail Sanz Salinas	FEPROCAMD	25 Nov 2019
9	Daisy Chavez Puma	FEPROCAMD	26 Nov 2019
10	Ronal Cisneros Castro	FEPROCAMD	24 Nov 2019
11	Anderson Arenas	Concessionaire	25 Nov 2019
12	Blanca Victoria Sahuarico De Aradivi	Concessionaire	25 Nov 2019
13	Juana Idme Guetierrez (hereiss, Daniel)	Concessionaire	26 Nov 2019
14	Julián Mamani Chino	Concessionaire	27 Nov 2019
15	Boris Mamani Chino	Concessionaire	27 Nov 2019
16	Raul Vargas Racua	Concessionaire	27 Nov 2019
17	Carlos Rosa Vargas (son in Law Maria Rosa Vargas Racua)	Concessionaire	27 Nov 2019
18	Nillo Flores De Vela (husband Edelmira)	Concessionaire	26 Nov 2019
19	Florencia Paredes	Concessionaire	26 Nov 2019
20	Regina & Damian	Concessionaire	26 Nov 2019
21	David Rodriguez	Concessionaire	26 Nov 2019
22	Lucinda Salazar	Concessionaire	26 Nov 2019
23	Jose Sapana	Concessionaire	26 Nov 2019
24	Andrew Beauchamp	Verra	25 August 2020
25	Anna Mortimer	Verra	25 August 2020

2.4 Site Inspections

The table below contains the locations visited during the field audit:

Local	Concession Number	Date
FERPOCAMD Headquarters	N/A	29 Nov 2019
Concession of Maria Rosa	3	25 to 28 Nov 2019
Concession of Jesus Racua	12	25 to 28 Nov 2019
Concession of Jesus Chaves	13	25 to 28 Nov 2019
Concession of Rolando Racua	16	25 to 28 Nov 2019
Concession of Francisco Chaves	48	25 to 28 Nov 2019

Concession of Pedro Quispe	63	25 to 28 Nov 2019
Concession of Samuel Huamani	65	25 to 28 Nov 2019
Concession of Daniel Ideme	92	25 to 28 Nov 2019
Concession of Dionizia Ccorahua	122	25 to 28 Nov 2019
Concession of Juan Flores	182	25 to 28 Nov 2019
Concession of Eduardo Cumari	194	25 to 28 Nov 2019
Concession of Edelmira Flores	206	25 to 28 Nov 2019
Concession of Julian Mamani	211	25 to 28 Nov 2019
Concession of Cornelio Bolivar	213	25 to 28 Nov 2019
Concession of Manuel Quispe	216	25 to 28 Nov 2019
Concession of Raul Vargas	232	25 to 28 Nov 2019
Concession of Nicanor Kuno	275	25 to 28 Nov 2019
Concession of Alberto Garcia	315	25 to 28 Nov 2019
Concession of David Rodriguez	331	25 to 28 Nov 2019
Concession of Regina Palla	332	25 to 28 Nov 2019
Concession of Florencia Paredes	389	25 to 28 Nov 2019
Concession of Juan de la Cruz	394	25 to 28 Nov 2019
Concession of Blanca Victoria	395	25 to 28 Nov 2019
Concession of Miguel Silva	355	25 to 28 Nov 2019

2.5 Resolution of Findings

The verification process included several official and documented exchanges between the audit team and the project proponents in order to gather additional information for review and for examination of conformance with all applicable criteria. These exchanges included three rounds of an Issues Log produced by S&A to which the project proponents were required to respond, During the verification process, S&A Carbon raised 23 findings (11 non-conformities, 04 forward action requests and 08 observations). The diagnosed non-conformities were related to forest degradation monitoring, GHG emissions from forest degradation, the project monitoring scope, the project area eligibility, the project monitoring plan execution, the monitoring report completeness, and the project non-permanence risk analysis. The verification of the project also included a round of formal consultation with Verra on the monitoring approach proposed by the project proponent (ref. 14). This consultation was carried out between July 28th to September 10th and included at multiple rounds of analysis and calls with the Verra and the project proponent. According to the monitoring proposal carried out by the project proponent, baseline emissions from specific concessions may or may not be considered by the project proponent as part of the project scope in each monitoring period depending on the applicability conditions of the VMD0015 M-MON v2.1 module, which implies disregarding areas subject to authorized logging. All non-conformities were resolved, and the necessary clarifications were provided by the project proponent. The audit team confirmed in an email to the project proponents dated October 09th 2020 that all remaining issues were satisfied in the responses provided in the Issues Log. This final issues log, which contains details on all the findings issued during the audit process, as well as the responses and evidence provided by the project proponents for their closure, is provided as a separate Appendix (A) to this report.

2.5.1 Forward Action Requests

The verification team raised four Forward Action Requests (FARs) as a result of the verification assessment:

1) **FAR#15/2020:** According to the methodology adopted in the project design, the proponent must necessarily reassess the project baseline within 10 years from the project start date, which was 2019. Once the monitored period has happened from 2015 to 2016 and is covered by the fixed baseline period previously established under validation, the audit team raises this FAR to indicate the need to consider this auditable aspect to the next validation/verification body. The verifiers consider the baseline scenario to be more complex than the one described in the project documentation. According to the project proponent, deforestation in the project area occurs mainly due to agricultural activity in situations of land invasion and lack of respect for the limits of forest concessions, that is, unplanned deforestation. Through spatial analysis, direct field observation and interviews with concessionaries, the audit team discovered that deforestation in the project area caused by a wider range of factors and situations. In addition to deforestation due to land invasions and the conversion of forests into grasslands, there is also deforestation generated by the concessionaires themselves to grown corn, cassava and other crops, which may even be considered as planned deforestation, if legally authorized. The audit team emphasizes the need to reassess the behaviour of deforestation agents and drivers of deforestation at the time the project baseline is reassessed.
2) **FAR#23/2020:** The project proponent reported a methodology deviation regarding the realization of a participatory rural appraisal (PRA), which is related to forest degradation monitoring. According to the tool VMD0015 M-MON, v2.1, the PRA shall be repeated every two years. Considering that a first PRA was conducted in 2012, the project proponent should have made this diagnosis in 2016 and 2016. Instead the project proponent stated that the last PRA was made only in 2018. The audit team will consider this methodology deviation as acceptable, since 1) there is no way to perform PRAs with the frequency determined by the monitoring module at the present time for the current monitoring period subject to this verification and 2) it is possible to assume that the level of forest degradation monitored until 2018 is higher than the level of forest degradation possibly found by the realization of PRAs in 2015 and 2016. The audit team raises a FAR to highlight for the project proponent and the next VVB the need to assess forest degradation with the application of PRAs with biennial frequency as guided by the module VMD0015 M-MON, v2.1.
3) **FAR#10/2020:** The audit team understands that no clear economic or financial incentives to the concessionaries have been generated due to the project implementation during the monitoring period covered by this verification. This conclusion was supported by interviews conducted with the concessionaries in the field and corroborated by evidence taken from the project complaint box, which demonstrates the concessionaries' dissatisfaction with the project benefit-sharing. According to the project documents and contracts signed among the

parties, the concessionaries have the right to benefit from 30% of the net carbon credits generated by the project verification. The audit team consulted the VCS project database available on the VERRA platform and found that 3,635,405 VCUs have been issued to the project. The project proponent presented the contract signed with FERPOCAMD in order to highlight its commitment to the transfer of carbon credits to the federation, as well as proof of financial loans made by the federation to the concessionaires and other evidence of representation of its members with public bodies. The audit team understands that the documentation presented can in part be considered as evidence of net social benefits promoted by the implementation of the project in the monitored period. The audit team also understands that, in part, such actions can be understood as evidence of compliance with the activities described in the social sphere of the validated PD. In this way, the audit team raises this FAR so that the positive net benefits to the communities, can be proven due to the implementation of the project until the next verification.

4) **FAR#11/2020:** In its monitoring report, the project proponent does not show a clear relationship between the project activities carried out during this monitoring period and the activities described in the validated PD. In the validated PD, the project proponent lists a series of 13 specific categories of activities distributed across three axis related to climate, communities and biodiversity addressed by the project. Considering that the climate axis implementation is more related to the scope of this verification, the project proponent did not report a clear progress in implementing the project activities as described in the validated PD, such as 1) the implementation of a forest surveillance and monitoring system, 2) training of deforestation agents in alternative sustainable productive initiatives 3) implementation of a forest nurseries 4) forest enrichment through plantation of native species. Also, the project proponent reports the execution of activities apparently not described in the validated PD during the monitoring period covered by this verification, such as the execution and publication of scientific research. According to the project proponent, advances in the implementation of actions related to the strengthening of FEPROCAMD and grassroots associations were mainly responsible for reducing deforestation in the project area over the monitored period. In this way, the audit team raises this FAR so that the positive net benefits to the communities, can be proven due to the implementation of the project until the next verification.

2.6 Eligibility for Validation Activities

The VVB has not undertaken validation activities as part of the verification. While the project is structured as a Grouped Project, for this monitoring period the proponent did not include new project instances that would require a validation assessment.

3 VALIDATION FINDINGS

3.1 Participation under Other GHG Programs

The project is not seeking registration under any other GHG program (e.g., CDM).

3.2 Methodology Deviations

The project proponent reported two methodology deviations:

1) A methodology deviation regarding the realization of a participatory rural appraisal (PRA), which is related to forest degradation monitoring. According to the tool VMD0015 M-MON, v2.1, the PRA shall be repeated every two years. Considering that a first PRA was conducted in 2012, the project proponent should have made this diagnosis in 2015 and 2016. Instead the project proponent stated that the last PRA was made only in 2018. The audit team will consider this deviation of methodology as acceptable, since 1) there is no way to perform PRAs with the frequency determined by the monitoring module at the present time for the current monitoring period subject to this verification and 2) it is possible to assume that the level of forest degradation monitored until 2018 is higher than the level of forest degradation possibly found by the realization of PRAs in 2015 and 2016. The audit team raises a FAR to highlight for the project proponent and the next VVB the need to assess forest degradation with the application of PRAs with biennial frequency as guided by the module VMD0015 M-MON, v2.1.
2) A methodology deviation regarding the estimation of the proportions of area deforested by immigrant and local deforestation agents in the baseline, VMD0010 LK-ASU v1.1 step 2 (ref.3). According to the module, PRAS, existing studies and other verifiable sources of information, shall be used to determine the proportion of area deforested by population that has migrated into the area in the last 5 years. According to the project proponent the last official available census was performed in 2007 and does not met the module requirements. In this sense the project proponent has performed a PRA and generated primary data for this assessment in 2018. The verification team understands this methodology deviation as acceptable , since 1) there is no way to perform PRAs with the frequency determined by the leakage module at the present time for the current monitoring period subject to this verification and 2) it is possible to assume that the level of deforestation caused by immigration until 2018 is higher than the level of deforestation caused by immigration possibly found by the realization of PRAs in the monitoring period. The audit team raises a OBS to highlight for the project proponent the need to assess population immigration with the application of PRAs with the frequency of five years as guided by the module VMD0010 LK-ASU v1.1 step 2, as risk of non-conformance in subsequent verifications.

3.3 Project Description Deviations

The project proponent describes PD deviations related to the implementation of the project activities as listed in the validated DP. According to validated PD, considering the strategies related to impacts over the climate, the proponent must make efforts to implement a seedling nursery, promote enrichment of forests through planting native species and implement a surveillance system to contain deforestation. In interviews, the project proponent justified the failure to carry out the nursery and enrichment actions for financial reasons, while also highlighting his commitment to carrying out such activities over the subsequent monitoring periods. The surveillance system proposed in the validated PD, in turn, was replaced by an informal protocol of complaints about deforestation perceived by the concessionaires to the federation. The verification team understands that the proposed PD deviations does not impacts the applicability of the methodology, additionality, or the appropriateness of the baseline scenario and that they were properly justified by the project proponent. The audit team raises a FAR (#11/2020) to highlight for the project proponent and the next VVB the need to focus on the project activity implementation, as defined in the validated PD and reaffirmed in the MR during the subsequent monitoring periods.

3.4 Grouped Project

The project under verification is a Grouped Project. However, for this monitoring period the proponent did not include new project instances (MR, ref. # 1), so it was not necessary to assess the adherence of new areas against the criteria of the VCS standard and the requirements of the methodology used in the project.

4 VERIFICATION FINDINGS

4.1 Project Implementation Status

As designed, the project was oriented to cause positive impacts in the climatic, social and biodiversity spheres[1]. Understanding that it is a VCS verification, the audit team evaluated the degree of implementation of the activities related to the project's climate strategy, understanding that these activities have a more adequate correspondence relationship to reduce deforestation in the project area. According to the validated PD (ref. 02), the main strategy related to reducing deforestation in the project area refers to strengthening the federation of Brazil Nut producers and generating income through the forest management of non-timber forest products (Brazil

[1] The project was validated against the CCB standard in 15th January 2014. The project's CCB validation status has since expired before the date in which this VCS verification report was produced.

nuts). The table below shows specific activities as described in the validated PD and the verification team considerations in regards to each one, that were made having in perspective the implementation of the project activities as described in the MR, complementary documentation presented by the project proponent, direct observations and the results of interviews performed at the field.

Project Activity	VVB Considerations
Implementation of the Forest Monitoring and Surveillance System.	This activity was not fully implemented as designed. In the validated PD, the project proponent describes a monitoring protocol that foresees the formation of working groups for systematic patrolling on a weekly basis, implementation of watch posts and the creation of a surveillance committee. In the MR, the project proponent described a PD deviation in which the activity has been replaced by a more simplified protocol, in which the concessionaires report perceived deforestation to the federation by "word of mouth". In the field, the audit team could perceive that the communication between concessionaires and the federation takes place, which even allowed denunciations about land invasions and deforestation caused by third parties in specific concessions. The audit team does not consider the proposed deviation to impact the baseline scenario, the additionality of the project or the application of the methodology. The audit team points out an observation to demonstrate to the project proponent that this activity, as implemented, can be improved to increase efficiency in tackling deforestation in the project area (FAR#11/2020).
Training deforestation agents in alternative and sustainable productive Initiatives.	The project proponent carried out specific training on forest management and other topics relevant to concessionaires and the general public at the headquarters of the Brazil Nut federation during the monitored period, which can be confirmed by specific documentation (ref. 15) and can also be witnessed by the audit team directly in the field.
Training and establishment of community tree nurseries.	This activity was not fully implemented as planned in the validated PD. The project proponent justifies not implementing this specific activity in the present monitoring period, as a PD deviation, in the monitoring report. According to the project's proponent, a preparatory stage related to the selection of matrices for the collection of seeds and the production of clonal seedlings was undergoing and needed to be finished for the nursery implementation. Also, according to the project proponent, the production of seedlings will start in 2020. The audit team does not consider the proposed deviation to impact the baseline scenario, the additionality of the project or the application of the methodology. The audit team raises a FAR to demonstrate to the project proponent and the next VVB the need to implement the project actions, as described in the validated PD, in subsequent monitoring periods (FAR#11/2020).
Forest enrichment through plantation of native species.	This activity was not fully implemented as planned in the validated PD. The project proponent justifies not implementing this specific activity in the present monitoring period, as a PD deviation, in the monitoring report. According to the project's proponent, the forest enrichment is dependent on the nursery implementation. Also, according to the project proponent, the production of seedlings will start in 2020. The audit team does not consider that the proposed

	deviation to impact the baseline scenario, the additionality of the project or the application of the methodology. The audit team raises a FAR to demonstrate to the project proponent and the next VVB the need to implement the project actions, as described in the validated PD, in subsequent monitoring periods (FAR#11/2020).

In the monitoring report the project proponent also describes the implementation of other activities, perhaps more related to the social sphere of the project, such as the formation of strategic alliances with research institutions and civil society organizations to support REDD + activities in the territory, the institutional representation of the concessionaires by FEPROCAMD in front of environmental agencies to facilitate processes for approving management plans, among others, the articulation of actions with the grassroots associations in the territory to strengthen the Brazil Nut federation, and carbon credits & financial resources transfer to FEPROCAMD. The verification team found that strengthening the Brazil Nut federation has increased the support for concessionaires and the governance of the territory, thereby effectively contributing to contain deforestation in the project area.

No material discrepancies between the actual monitoring system, and the monitoring plan set out in the project description were made. The project proponent revised its governance structure and disregarded the elaboration and use of additional standard operational procedures for the project monitoring in the current monitoring period, which was considered as minor modifications to the validated monitoring plan by the verification team.

The project proponent adequately follows the steps described in the monitoring module VMD0015 v2.1. The project proponent adequately selects medium resolution images from the Landsat 8 OLI satellite as a substrate for monitoring changes in land use and land cover in the reference region, leakage belt and project area during the monitored period. The project proponent makes the necessary radiometric and geometrical corrections and calculates the change in land use and land cover in a GIS environment from the forest cover maps verified in the previous monitoring period, thus complying with the methodology. The proponent also presents a confusion matrix showing errors of omission and commission in the classification of the images processed in the pre-processing steps. According to the project's proponent, this evaluation was carried out based on direct observation in the field of 30 points selected arbitrarily based on uncertainties that arose during the stages of analysis of the transition maps on one occasion for the period from 2012 to 2016. The proponent still shows a Kappa index of more than 93.3%, as proof of accuracy in the classification stages (ref. 17). The audit team understands that the protocols followed by the project proponent for assessing accuracy do not fully reach the recommendations of good practices established in the GOFC-GOLD 2008 Sourcebook for REDD guide, referenced by the methodology adopted in the project design, as it does not present a sufficient number of sampling points for each class of land use and cover and a random approach to the selection of points. The audit team understands that the approach used by the project proponent at this stage constitutes an OBS#22/2020 and should be taken care off by the project proponent in order to avoid potential errors in the project monitoring.

From the selected and processed images interpolated with the deforestation map verified at the end of the last monitoring period, the project proponent analyses the features and delineates the polygons representative of the land use and land cover change categories in a GIS environment. In this way, the project proponent defines the deforestation observed in the project area in the monitored period.

The area and GHG emissions due to forest degradation were assessed and estimated according to illegal logging activities in the region. Following the steps of the methodology, the proponent mixes an initial exploratory analysis based on diagnoses carried out together with communities in forest concessions with sampling inventories in the field. When preparing these diagnoses with the communities (PRA - Participatory Rural Appraisal), the project proponent understood that about 40% of forest concessions suffered from illegal logging that occurred in the current monitored period. Thereafter, the project proponent established a grid of transects for the realization of a sampling inventory of trees illegally harvested in four specific concessions. Thus, through the estimates of the affected area and volume of illegally harvested wood, the project proponent made its estimates of GHG emissions as a function of forest degradation and significance analysis, following the requirements of the methodology and significance tool. The audit team reviewed the supporting documentation submitted to prove the analysis of forest degradation in the office and visited the concessions in the field, thus proving the consistency of the rationale used and the plausibility of the monitored information.

In order to comply with the applicability condition of the VMD0015 v2.1 module, the project proponent identifies in each monitoring period which concessionaires worked with legal logging in their concessions and exclude them from the monitoring & reporting scope of the project in the year in which the logging took place. The identification takes place through document analysis through the records of FEPROCAMD, which facilitates and organizes the approval of the forest management plans to all concessionaires with the competent environmental agency. As a result of this approach, the scope monitored by the project proponent changes with each monitoring period or each crediting year vintage. In each vintage year, GHG emissions in the baseline scenario (emissions from deforestation projected by the deforestation model) and GHG emissions in the project scenario (emissions from unplanned unavoidable deforestation and forest degradation) will vary depending on the monitoring scope. Because of this approach, in the present monitoring period the project proponent has disregarded 100 of 405 concessions because of the legal logging activity perceived in the project area, considering only 305 concessions in its ex-post estimates.

It is important to note that the project proponent continually monitors the entire area of the project, that is, 405 concessions in every monitored period, only by clipping the area of the eligible concessions for the purpose of calculating ex-post estimates in a given vintage year and monitoring period. The project proponent also makes a comparison of the GHG emission estimates for monitored deforestation in each concession disregarded in a given monitoring period with the estimated emissions for the same concession in the project baseline scenario, in order to test for possible reversals . The audit team sought guidance with Verra as to the validity

of this monitoring approach in view of the applicable requirements of the methodology and the VCS standard. At the end of this consultation process with Verra, the acceptance of the proposed approach was characterized. The audit team then evaluated the area estimates in a GIS environment independently and the calculations presented in the project calculation spreadsheets to verify the absence of material errors in the estimates and attest to their compliance.

The project proponent does not calculate GHG emissions from forest management in the project area because these activities are not certified to the Forest Stweardship Council (FSC) forest management standards, thus following the requirements of the methodology. The removal of atmospheric CO2 by forest growth is conservatively disregarded by the project proponent. GHG emissions from natural disasters were also disregarded by the project proponent. The project proponent uses data from INDECI, a Peruvian government agency responsible for corroborating their thesis that natural disasters did not occur in the project area in the period under significant monitoring. Emissions of non-CO2 gases from burning associated with deforestation processes are duly considered by the proponent of the project. The audit team evaluated the monitoring report, calculation spreadsheets and other complementary documentation made available by the project proponent in order to check all input data, equations and aggregations and verify the absence of errors. Thus, the audit team certifies the conformity of the calculations to the methodology.

The project has not applied for registration into any other GHG programs since its previous verification. No GHG emission reductions generated by the project have become included in an emissions trading program or any other mechanism that includes GHG allowance trading. Peru currently has a national REDD + program under development. The proponent provided a letter from the Ministry of the Environment authorizing the project to continue as a standalone project until December 31, 2020 (ref. 16).

The project proponent's objectives and the project actions are oriented towards sustainable development goals. The audit team understands that the REDD + project in the Madre de Dios region clearly contributes to the UN's sustainable development goals, directly contributing to climate change mitigation (SDG 13) and also respects the strategic directives of the Peruvian NDC, while fostering sustainable forestry management associated with non-timber forest products (ref. 17).

4.2 Safeguards

4.2.1 No Net Harm

The project proponent does not identify any negative socio-environmental impacts due to the project activities implementation. The audit team agrees with this determination, considering it is a project aimed at reducing deforestation, promoting social benefits, and conserving biodiversity. It should be noted that the project design was validated against the CCB standard in 2008. Currently, the project's status about CCB certification is "validation expired", but in

practice, the project proponent has still performed some of the social activities inherent to the project's design under CCB, as planned in the validated PD, which could be observed by the field verification team.

4.2.2 Local Stakeholder Consultation

The project proponent sustains a continuous process of engagement with communities through the work of FEPROCAMD in association with other grassroots associations. In addition, the project proponent maintains an open channel for complaints at the headquarters of FEPROCAMD and reports in a transparent manner the complaints received in its Monitoring Report The audit team had the opportunity to witness FEPROCAMD meetings with the concessionaires during the verification field audit and conclude that the relationship between the parties is natural & constant, and considers that the responses to complaints received orally during the meetings held as appropriate. The audit team interviewed several concessionaries in the 21 concessions they visited during the fieldwork. Although complaints about the lack of transparency and the degree of implementation of the project activities was voiced to the audit team during this process, the audit team believes that these are typical opinions expressed in a REDD + project implemented in a complex reality as that the project exists in, and that the project has and maintains adequate mechanisms for engagement with relevant stakeholders.

4.3 AFOLU-Specific Safeguards

The project proponent do not identify risks to local stakeholders due to project implementation. Therefore, it does not implement risk mitigation measures.

The were no updates to the property and land use rights of the local stakeholders. No new members were included in the grouped project in this monitoring period.

The project proponent sustains a continuous process of engagement and communication with communities through the work of FEPROCAMD in association with other grassroots associations. In addition, the project proponent maintains an open channel for complaints at the headquarters of FEPROCAMD and reports in a transparent manner the complaints received in its PD. The audit team had the opportunity to witness FEPROCAMD meetings with the concessionaires during the field work and conclude that the relationship between

the parties is natural & constant and considers that the responses to complaints received orally during the meetings held as appropriate. The audit team interviewed several concessionaries in the 21 concessions they visited during the fieldwork. Although complaints about the lack of transparency and the degree of implementation of the project activities was voiced to the audit team during this process, the audit team believes that these are typical opinions expressed in a REDD + project implemented in a complex reality as that the project exists in, and that the project has and maintains adequate mechanisms for engagement with relevant stakeholders as it keeps social safeguards in place.

4.4 Accuracy of GHG Emission Reduction and Removal Calculations

Considering that the baseline emissions were fixed throughout the first 10 year period of the validated baseline, as per the VM0007 v1.5 requirements, the project proponent has calculated the project ex-post estimates following the VMD00015 v2.1 monitoring tool. Project emissions were estimated through activity data on deforestation and the fixed carbon stocks per strata. GHG emissions from forest degradation and natural disturbances were considered to be insignificant by the project proponent.

The verification team evaluated all the parameters monitored and reported by the project proponent in its monitoring report, cross-checking the information with the data reported in the calculation spreadsheets and found no discrepancies. The verification team evaluated all input data presented in the calculation spreadsheets. All activity data (parameters related to areas monitored) in the current monitoring period were cross-checked with spatial information presented by the project proponent. All default values used in the calculations and previously validated data (i.e.: carbon stocks per land use class and GHG emission factors by land use change category) were cross-checked with data presented in the validated PD, and were considered to be appropriate. The audit team verified all equation formula, conversions, and data aggregations in the carbon calculation spreadsheets to confirm that no manual transposition errors between datasets have occurred. The VVB determined that the methods and formula set out in the project description for calculating baseline emissions, project emissions and leakage have been correctly followed in the second monitoring report. Therefore, the VVB is able to verify that the GHG emission reductions have been quantified correctly in accordance with the project description and applied methodology.

The table below provides a description of the analysis carried out by the verification team on each parameter monitored by the project proponent.

Parameters	VVB analysis
ΔCP (tCO2e) Net greenhouse gas emissions within the project area under the project scenario	188,947 tCO2e. Data calculated according to the methodology. The project proponent calculates the parameter based on activity data for land use and land cover change categories monitored over the present monitoring period and the GHG emission factors fixed during the project validation. The verification team evaluated the data monitored using GIS and the calculations presented in calculation spreadsheets and attest to the accuracy of the reported value.
ΔCP,LB (tCO2e) Net greenhouse gas emissions within the leakage belt in the project case	864,260 tCO2e. Data calculated according to the methodology. The project proponent calculates the parameter based on activity data for land use and land cover change categories monitored in the present monitoring period in the leakage belt and the GHG emission factors fixed during the project validation. The verification team evaluated the data monitored using GIS and the calculations presented in calculation spreadsheets and attest to the accuracy of the reported value. Considering that ΔCBSL,LK,unplanned is 10,150,158 tCO2e (fixed during the project validation), that ΔCLK-ASU-LB = ΔCP,LB - ΔCBSL,LK,unplanned and that per the VMD0010 v1.1, where ΔCLK-ASU-LB < 0, ΔCLK-ASU-LB = 0, it remains that no GHG emissions has occurred during the present monitoring period due to the Unplanned Deforestation Displaced

	from the Project Area to the Leakage Belt. The project proponent considers Net CO2 emissions due to unplanned deforestation displaced outside the leakage belt following the requirements of VMD0010 v1.1 (75 tCO2e). The verification team evaluated the data monitored using GIS and the calculations presented in calculation spreadsheets and attest to the compliance of the reported value.
ARRD,unplanned,hrp (ha)	N/A. Data to be monitored Every 10 years (when the project baseline must be revisited).
ARRL,forest,t (ha)	1,584,864.97 ha. Parameter based on monitored data. The project proponent monitored forest cover within the reference region, leakage belt and project area, as established in the PD and the MR (section 4.3). The remote sensing methodology used by the proponent met the requirements of the VCS standard and the methodology of monitoring modules.
ADefPA,i,u,t (ha) Area of recorded deforestation in the project area in the project case in stratum i at time t	Parameter based on monitored data. The project proponent identified in the project area, in the monitored period, between 2015-2016, 154.37 ha of deforestation in the project area (MR, section 4.2) and attached excel files. The project proponent appropriately assumes that all deforested area is burned in its ex-post estimates. The audit team can verify through the GIS data and the rest of the supporting documentation provided that the proponent considered the emissions from the different forest strata converted to non-forest classes. Thus, the project quantified this parameter in accordance with the methodology used and the VCS standard.
ADefLB,i,u,t	Parameter based on monitored data. The project proponent identified 998.44 hectares in the leakage belt area between 2015-2016 (MR, section 4.2) and attached excel files. The audit team can verify through the GIS data and the rest of the supporting documentation provided that the proponent disregarded the emissions from the different forest strata converted to non-forest classes within the leakage belt according to the LK-ASU module. As monitored deforestation was lower than projected deforestation, the proponent can consider net emissions equal to zero. Thus, the project meets this parameter in accordance with the methodology used and the VCS standard.
Aburn,i,t (ha) Area of recorded deforestation in the project area in the project case in stratum i at time t	Parameter based on monitored data. The project proponent identified in the project area, in the monitored period, between 2015-2016, 154.37 ha of deforestation in the project area (MR, section 4.2) and attached excel files. The project proponent adequately assumes that all deforested areas are burned in their ex-post estimates. The audit team can verify through the GIS data and the rest of the documentation provided that the proponent considered the emissions from the different forest strata converted to non-forest classes. Thus, the project meets this parameter in accordance with the methodology used and the VCS standard.
ADistPA,i,t (ha) Area impacted by natural disturbance in stratum i at time t	Parameter based on monitored data. According to the project proponent natural disturbances such as forest fires, pests, disease outbreaks and extreme weather (flooding) do not have significant presence in the Project area according to INDECI, therefore they are not estimated. The project proponent justifies not accounting for emissions due to natural disasters due to the low frequency with which they occur in the Madre de Dios region, using, to prove this claim, reports from INDECI, the national civil defence agency in the country. The audit team evaluated INDECI reports for the

	monitored period and found the occurrence of forest fires, droughts, strong winds, landslides, among other natural disasters in the project area. INDECI's reports show the number of occurrences of these events, but they do not provide information about the affected area and the impact on carbon stocks. According to INDECI, in the years 2015 and 2016 there were only 40 forest fires in the region, which can be considered as a low frequency given the territorial extension of the region. Based on the information presented, it is not possible to infer anything about its significance regarding the impact on carbon stocks. The audit team, according to the information obtained in the database of the Queimadas Program of the National Institute for Space Research (INPE), which monitors the hot spots in the project area identified over the period (01-01-2015 until 31- 12-2016) which overlaps the monitoring period subject to this verification a total of 290 hot spots within the project area. These hot spots could potentially have contributed to the emission of different GHGs (CO2 and non-CO2), which may be representative in view of the emission reductions generated by the project. The audit team raises an observation (OBS#19/2020) as a risk of non-compliance in relation to this aspect of the standard.
ADegW,i	93,504.5 ha. Parameter based on monitored data. Area under potential degradation process resulting from PRA. The project proponent revised its monitoring report to show how the PRA results were used to estimate the area degraded by illegal wood exploitation and to assess the significance of its GHG emissions. The project proponent also presented an Excel spreadsheet with the calculations used for this purpose. The audit team evaluated the spreadsheet and the monitoring report. The audit team considers the proponent's rationale to assume that the area degraded by illegal wood exploitation in the project area is acceptable and is in conformity with the methodology requirements.
Project Forest Cover Monitoring Map (ha)	233,648.82ha. Parameter based on monitored data through satellite imagery and GIS. The project proponent monitored forest cover within the reference region, leakage belt and project area, as established in the PD and the MR (section 4.3). The remote sensing methodology used by the proponent met the requirements of the VCS standard and the methodology of monitoring modules.
Leakage Belt Forest Cover Monitoring Map	706,555.52ha. Parameter based on monitored data through satellite imagery and GIS. The project proponent monitored forest cover within the reference region, leakage belt and project area, as established in the PD and the MR (section 4.3). The remote sensing methodology used by the proponent met the requirements of the certification standard and the methodology of monitoring modules. Thus, the project meets this parameter in accordance with the methodology used and the certification standard.
Degradation PRA Results	ΔCP,DegW ,i,t = 6,135 tCO2e. Data calculated according to the methodology. The area and GHG emissions due to forest degradation were assessed and estimated according to illegal logging in the region. Following the steps of the methodology, the proponent mixes an initial exploratory analysis based on diagnoses carried out together with communities in forest concessions with sampling inventories in the field. When preparing these diagnoses with the communities (PRA - Participatory Rural Appraisal),

	the project proponent understood that about 40% of forest concessions suffered from illegal logging in the current monitored period (Adeg = 93,504.5 ha). Thereafter, the project proponent established a grid of transects for the realization of a sampling inventory of trees illegally harvested in four specific concessions (APi = 4,298.76 ha). Thus, through the estimates of the affected area and volume of illegally harvested wood (17 stumps, CdegW,i,t = 309.85 tCo2e) the project proponent estimated GHG emissions as a function of forest degradation and significance analysis, following the requirements of the methodology and significance tool. The audit team reviewed the supporting documentation submitted to confirm the analysis of forest degradation in the office and visited the concessions in the field, thus proving the consistency of the rationale used and the plausibility of the monitored information.
Result of Limited Degradation Survey	Parameter based on data monitored. 40% of forest concessions suffered from illegal logging in the current monitored period (Adeg = 93,504.5 ha). 17 stumps were found and interpreted as illegal logging (CdegW,i,t = 309.85 tCo2e).
ADECKS,I,t; AROAD,i,t; CAB_tree_dest, I; CBB_tree_dest, I; CS/U,Ig; CB,Ig; FLU; FMG; FI; Ftr,t,I (A, B) Lsk ; VEXT,z,i,t ; VEXT,j,z,i,t WSKID;	N/A. These parameters are only applied in case of an FSC certified forest management operations in the project area in the monitoring period as per the methodology requirements.

4.5 Quality of Evidence to Determine GHG Emission Reductions and Removals

The project proponent adequately selects medium resolution images from the Landsat 8 OLI satellite as a substrate for monitoring changes in land use and land cover in the reference region, leakage belt and project area in the monitored period. The project proponent makes the necessary radiometric and geometrical corrections and calculates the change in land use and land cover in a GIS environment from the forest cover maps verified in the previous monitoring period, thus complying with the methodology. The proponent also presents a confusion matrix showing errors of omission and commission in the classification of the images processed in the pre-processing steps. According to the project's proponent, this evaluation was carried out based on direct observation in the field of 30 points selected arbitrarily based on uncertainties that arose during the stages of analysis of the transition maps on one occasion for the period from 2012 to 2016. The proponent still shows a Kappa index of more than 93.3%, as proof of accuracy

in the classification stages (ref. 17). The audit team understands that the protocols followed by the project proponent for assessing accuracy do not fully reach the recommendations of good practices established in the GOFC-GOLD 2008 Sourcebook for REDD guide, referenced by the methodology adopted in the project design, as it does not present a sufficient number of sampling points for each class of land use and cover and a random approach to the selection of points. The audit team understands that the approach used by the project proponent at this stage constitutes an OBS#22/2020 and should be taken care off by the project proponent in order to avoid potential errors in the project monitoring.

Based on the verifier's assessment, the audit team considers the activity data (area monitored) as presented to conform with the methodology adopted in the project design. The project's information management system ensures that the information is properly managed from the data collection, going through all stages of transformation in a GIS environment and calculation spreadsheets, until they are reported in the monitoring report, which was assessed by the audit team through document analysis and interviews with the project team. The project proponent uses online data storage to archive information relevant to the project and keeps it readily available, including the results of the project validation and previous verification. Supporting evidence, including remotely sensed imagery, data sheets and reports, were made fully available to the audit team.

Based in the project documentation review (including spreadsheets and annexes), the verification findings and their resolutions presented in the appendix 1, the VVB is able to confirm with a reasonable level of assurance the project evidences used to determine the GHG reductions and removals have sufficiency and appropriateness of quantity. The VVB also confirms that GHG emission reductions and removals have been quantified correctly in accordance with the project description and applied methodology. For more details on this regarding, please refer to appendix 1.

4.6 Non-Permanence Risk Analysis

The project proponent carried out their risk analysis of non-permanence considering the requirements of the VCS tool for risk analysis of AFOLU projects. The table below contains findings from the assessment of the audit team:

Risk Factor	Score	Verification Team Considerations
Internal Risk (IR)		
Project Management (PM)	0	The project does not include forest restoration activities (a = 0). The management team includes individuals with significant experience with all skills necessary to successfully undertake all project activities as it can be proven by their CVs and portfolio (c = 0). (ref. 26). FEPROCAMD maintains

		an office in the city of Puerto Maldonado, which is less than a day from the concessions (d = 0). The project proponent correctly considers the risk of invasion to the project area (b = 2) and the mitigation measure related to the technical expertise of the project team (e = -2). The is no Adaptative Management Plan in Place (f = 0). The audit team considers the plausible argument and the score associated with this risk factor to be in accordance with the VCS tool (b + e = 0).
Financial viability (FV)	0	The project proponent justifies the financial risk of the project based on a VCU sales contract and its financial spreadsheet that shows a breakeven point of less than 4 years (d = 0, a = NA, b = NA, c = NA) and that more than 80% of the financial resources needed to implement the project activities during the next monitoring period are secured (h = 0, e = NA, f = NA, g = NA). The audit team considers the score associated with this risk factor as in accordance with the VCS tool (d + h = 0).
Opportunity costs (OC)	-2	The project proponent considers the risk associated with the opportunity cost of the land as a function of corn, rice and yucca crops (d=0, so a = NA, b = NA, c = NA, e = NA, f = NA, e = NA). The project proponent considers the existence of the forest concession agreements as a risk mitigation measure related to the legal obligation for conservation (i = -2). The audit team considers the plausible argument and the score associated with this risk factor to be in accordance with the VCS tool (d + h = -2).
Project longevity (PL)	10	The project proponent defines the project's longevity based on a clause in the forest concession agreement, which determines the 40-year period for the concession, and performs the calculations for this risk factor correctly, taking into account the existence of a legally binding agreement for the conservation of the area (b = 30 – 40/2 = 10).
Total Internal Risk	8	The score associated with the project's internal risk was assessed by the audit team and considered in accordance with the VCS tool (PM + FV + OC + PL = 4).
External Risk (ER)		

Land ownership and access to resources / impacts (LO)	3	Ownership and resource access/use rights are held by different entity(s) (e.g., land is government owned and the project proponent holds a lease or concession) (a = NA, b = 2). The project proponent does not consider the existence of overlapping of different land categories in more than 5% of the project area (c = 0). The project proponent considers the existence of conflicts over existing natural resources within the reserve (d = 5). This is not a WRC project (e = 0). The project proponent considers the existence of a legal agreement for the protection of the project area (f = -2) and also the existence of a dispute resolution procedure (g = -2). The audit team found the plausible argument and the score associated with this risk factor to be in accordance with the VCS tool (b + c + d + f + g = 3).
Community Engagement (CE)	0	The project proponent considers the risk associated with community engagement (a= NA, b = 5). According to the rationale presented by the project proponent, the concessionaires do not live in their concessions, making a migratory movement from the cities to the areas during the Brazil Nut harvest season. The project proponent also considers mitigation measures associated with the generation of positive socio-environmental impacts due to the implementation of the project activities (c = -5). It should be noted that the project design was validated against the CCB standard, but it's status as a CCB project has since expired. The audit team acknowledges that FEPROCAMD has a good on-the-ground relationship with communities in the context and in cooperation with other grass-root associations, in addition to the fact that the project is focused on improving the quality of life of people in the region. Thus, the audit team considers the score associated with this risk factor to be in accordance with the VCS tool (b + c = 0).
Political Risk (PR)	0	The audit team independently assessed the country's political risk, using the World Bank tool and agrees with the score given by the project proponent (c = 2, so a = 0, b = 0, d = 0, e = 0), as well as with the associated mitigation measures (f = -2). (c + f = 0)
Total external risk	0	The score associated with the external risk of the project was assessed by the audit team and considered in accordance with the aforementioned

		VCS tool (LO + CE + PR = 13).
Natural Risk (NR)		
Natural Risk	2	The project proponent considers the risk associated with forest fires (F = 2) based on data for fire outbreaks in the region of Madre de Dios. The audit team, according to the information obtained in the database of the Queimadas Program of the National Institute for Space Research (INPE), which monitors the hot spots in the project area identified over the period (01-01-2013 until 31- 12-2016) which overlaps the current monitoring period subject to this verification a total of 290 hot spots within the project area. These hot spots could potentially have contributed to the emission of different GHGs (CO2 and non-CO2), which may be representative in view of the emission reductions generated by the project. The audit team raises an observation (OBS#19/2020) as a risk of non-compliance in relation to this aspect of the standard. Extreme Weather, Geological risks, Pests and diseases were not considered to have any real significant or likelihood on the impact of carbon stocks in tropical forests by the project proponent. The verification team considers the project proponent rationale as acceptable.
TOTAL NON-PERMANENCE RISK SCORE: 13		
Based on the evidence presented and analyses described above, the audit team agrees with the Proponent's Total Non-Permanence Risk Score.		

5 VERIFICATION CONCLUSION

S&A Carbon has verified that the project is in conformance with all of the requirements in the Verified Carbon Standard version 4.0, without qualifications or limitations. The project has been implemented over the monitoring period in accordance with the VCS standards and applicable methodology.

S&A Carbon is able to issue a positive verification opinion for the 3,666,386 tonnes CO2e of ex-post emissions reductions, as reported in the Monitoring Report version 1.1, dated 09th October 2020. The verification assessment determined with a reasonable level of assurance that that calculated ex-post emission reductions and/or removals were achieved over the second monitoring period. All material issues identified by the verification team were addressed by the project proponent in the verification process. Upon the verification conclusion, no material errors,

omissions or misstatements remained, and the materiality check conducted by the verification team can therefore be effectively considered zero, and thus meets the requirement at least reaching a 1% materiality threshold. The overall risk rating was 13 %. Therefore, the total number of credits to be deposited in the buffer account is 499,763.VCUs and the total VCUs to be issued are 3,166,623 tCO2e.

Monitoring Period: From 01 January 2015 to 31 December 2016. The project proponent has decided to consider a single vintage of two years for the present monitoring period.

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

Year	Baseline emissions or removals (tCO_2e)	Project emissions or removals (tCO_2e)	Leakage emissions (tCO_2e)	Net GHG emission reductions or removals (tCO_2e)	Buffer pool allocation	VCUs eligible for issuance
01 January 2015 to 31 December 2016	4,033,280	188,947	123	3,666,386	499,763	3,166,622
Total	4,033,280	188,947	**123**	3,666,386	**499,763**	3,166,622

APPENDIX A: LIST OF FINDINGS

Use appendices for supporting information. Delete this appendix (title and instructions) where no appendix is required.

Verifier Issue	Issue ID: 01/2020	Status: Closed	Checked by: BM	Date Identified 12/10/2019
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VMD0015 M-MON, v2.1 (step 2) and VCS standard, v4.0, section 3.17.2 VCS MR template, section 2.2.1	2.2.1	Non conformance.	The project proponent reported a methodology deviation regarding the realization of a participatory rural appraisal (PRA), which is related to forest degradation monitoring. According to the tool VMD0015 M-MON, v2.1, the PRA shall be repeated every 02 years. Considering that a first PRA was conducted in 2012, the project proponent should have made this diagnosis in 2015 and 2016. Instead the project proponent stated that the last PRA was made only in 2018. The project proponent did not present the results of the 2018 PRA nor a justifiable cause for the deviation. According to the VCS standard, v4.0, section 3.17.2, deviations are permitted when they do not negatively impact the conservativeness of the quantification of GHG emission reductions. According to the VCS Monitoring Report Template, methodology deviation shall be justified.	The project proponent shall implement corrective actions to demonstrate compliance with the mentioned requirement (s). Note: Effective corrective actions focus on the specific occurrence approach described in the above evidence, as well as its root cause, in order to eliminate and prevent recurrence of nonconformity.

			During the field visit the audit team identified the occurrence of forest degradation in the project area due to forest exploitation activity. Twenty-four concessions were visited during the 25th, 26th and 27th of November, 2019. Of the 24 areas visited (concessions), 16 areas (66.6%) presented indications and evidence that there was logging, such as stumps, logs, trails and the own testimonials from the concessionaires. It is the audit team understanding that the extraction of trees for illegal timber or fuelwood and charcoal is a major driver for forest degradation in the project area. The proponent failed to explain the reason for the proposed methodological deviation and to demonstrate that the gap in participatory diagnosis does not affect the conservatism of GHG emission reduction calculations.	The audit team evaluated the following project documentation for issuance of this NCR: - BAM Monitoring Report 2015-2016
			<u>Findings from Review on 23 January 2020:</u> The audit team understands the financial reasons that led to the failure to perform the PRA in 2016 and 2016. Still, this methodological deviation requested by the proponent must follow the requirements of the standard VCS, v4.0, section 3.17.2, of not impacting the conservatism of the calculations.	

			According to the project proponent the PRA carried out in 2018 presents the same results as the PRA 2012, which shows a constant trend of illegal logging between 2012-2018. However, analyzing the results of PRA 2018, of the 25 Brazil Nut trees accounted for in the diagnosis, 10 BN harvesters declared that there were problems of illegal logging in their respective concessions, that is, 40% of the participants. In 2012, of the 56 BN harvesters that participated in the PRA, only 5 declared that there were problems with illegal logging in their respective concessions, that is, approximately 9% of the participants in the diagnosis. The audit team has also noted that the sampling efforts between PRAs are different. In the 2012 study, 100% of the areas were sampled, while in 2018, only 40% were sampled, which makes this trend analysis conducted by the project proponent potentially biased. Thus, the VVB believes that this methodological deviation can affect the conservatism of calculations since in 2018 the number of participants in the diagnosis with issues related to illegal logging was significantly higher. In this way, this NCR remains open.	

			<u>Findings from Review on 16 June 2020:</u> The project proponent revised its monitoring report to show how the PRA results were used to estimate the area degraded by illegal wood exploitation and to assess the significance of its GHG emissions. The project proponent also presented an Excel spreadsheet with the calculations used for this purpose. The audit team evaluated the spreadsheet and the monitoring report. The area and GHG emissions due to forest degradation were assessed and estimated according to illegal logging in the region. Following the steps of the methodology, the proponent mixes an initial exploratory analysis based on diagnoses carried out together with communities in forest concessions with sampling inventories in the field. When preparing these diagnoses with the communities (PRA - Participatory Rural Appraisal), the project proponent understood that about 40% of forest concessions suffered from illegal logging in the current monitored period (Adeg = 93,504.5 ha). Thereafter, the project proponent established a grid of transects for the realization of a sampling inventory of trees illegally harvested in four specific concessions (APi = 4,298.76 ha). Thus, through the estimates of the affected area and volume of illegally harvested wood (17 stumps, CdegW,i,t = 309.85 tCo2e) the project proponent made its estimates of GHG emissions as a function of forest degradation and significance analysis, following the requirements of the methodology and significance tool. The audit team reviewed the supporting documentation submitted to confirm the analysis of forest degradation in the office and visited the concessions in the field, thus	- Respuestas BAM Segunda ronda - Biomasa - 198 socios_v2 - POA: MARIA ZAIDA RODRIGUEZ TAPUY.pdf - POA: MARTINA SABINA MAMANI CAHUANA.pdf - POA: HILARIO GRIFA PALLA.pdf - Informe de campo monitoreo de degradacion REDD Castañero 2009 y 2010 (PRA-2012) - Informe de campo monitoreo de degradacion REDD Castañero 2015-2016 (PRA 2018) - Arboles ilegales Calculos

			verifying the consistency of the rationale used and the plausibility of the monitored information.	

PP Response (1st round)		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	Although it is true that the PRA 2016 and PRA 2016 were not carried out on the date established by the methodology VMD0015 M-MON, V2.1 for budgetary reasons, this was done in the year 2018. This PRA 2018 showed the same tendency to non-significance as the PRA 2012, considering that the population sampling was 14% (PRA 2012) and 13% (PRA2018), choosing randomly the plots to be evaluated at 100% (PRA 2012) and 40% (PRA 2018). In addition, these presented on average 4 trees illegally felled by 2012 compared to 4.25 trees in 2018. For this reason, the technical team opted to use the data from the PRA 2012 that 100% sampling the impact of illegal timber and for being more conservative. The PRA 2012 and PRA 2018 documents are attached for review. In any case, we are open to a deeper research of the level of extension of degradation with another proposed methodology.	- Respuestas BAM - Informe de campo monitoreo de degradacion REDD Castañero 2009 y 2010 (PRA-2012) - Informe de campo monitoreo de degradacion REDD Castañero 2015-2016 (PRA 2018)

PP Response (2nd round)		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
3/24/2020	The monitoring report was revised to show how the PRA results were used to estimate the area degraded by illegal wood exploitation and to assess the significance of its GHG emissions. The provided Excel spreadsheet includes the associated calculations and results.	- Respuestas BAM Segunda ronda - Biomasa - 198 socios_v2 - Fwd balances - Arboles ilegales

Verifier Issue	Issue ID: 02/2020	Status: Closed	Checked by: BM	Date Identified 12/10/2019
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VMD0015 M-Mon monitoring tool, v2.1. methodology, section 4 – applicability conditions	MR, section 2.3.1	Non conformance.	The project proponent did not consider emissions from forest degradation due to legal forest exploitation in the ex-post estimates. According to the MR, section 2.3.1, 236 concessions were disregarded from the carbon calculations that led to the ex-post estimates during this monitoring period, due to authorized forest management activity at the project area. It is the audit team understanding that this approach obeys the VMD0015 M-Mon monitoring tool, v2.1 criteria, which defines that all areas subjected to forest management inside the project area shall be FSC certified as an applicability condition (see section 4). However, the project proponent did not provide documents related to authorized forest management (POAs/DEMAs) in the project area that could be related to these 236 disregarded forest concessions. It is not clear to the audit team which forest concessions were excluded from	The project proponent shall implement corrective actions to demonstrate compliance with the mentioned requirement (s). Note: Effective corrective actions focus on the specific occurrence approach described in the above evidence, as well as its root cause, in order to eliminate and prevent recurrence of nonconformity. The audit team evaluated the following project

			this monitoring scope and how this has affected the carbon calculations, considering aspects as the allocation of the projected deforestation and the variation of the carbon stocks into the project area.	documentation for issuance of this NCR: - BAM Monitoring Report 2015-2016 - Castañeros REDD Project Calculations MODIFIED_2015-2016
			<u>Findings from Review on 23 January 2020:</u> The excel document (all contracts v.2) provided by the project proponent shows a number of forest management concessions authorized by the environmental agency of 345 and 299 in the monitoring period, in sheets "totales" and "totales (2)", respectively. Based on the document provided by, the VVB could not reach the number of 236 forest concessions that were authorized to carry out forest management during the monitoring period and were excluded for this verification, as stated by the project proponent. Thus, the VVB understands that there is an inconsistency between the information provided by the PP in the MR and with respect to the documentation provided by The Forest and Wildlife Regional Directorate. Thus, this NCR remains open until the proponent can address this issue raised by the audit team.	

			<u>Findings from 10 April 2020:</u> The audit team reviewed the updated project documentation. The data presented in the lists of concessions and project partners are consistent with the numbers found in the monitoring report, considering the same parameters. The audit team understands, finally, that of the 405 concessionaires belonging to the scope of the project, only 198 partners were considered in the monitored period, and these partners correspond to those who did not carry out legal logging in the project area between 2015 and 2016. Due to the legalized timber activity in the project area, the project proponent excluded 207 concessionaires from the scope of verification, which corresponded to a decrease of 186,961 ha in the project's monitoring area. The audit team carried out an independent assessment on the concessions monitored and excluded from the scope of verification, cross-checking the data reported in the list of project partners with the	- Respuestas BAM Segunda ronda - base datos contratos – aprovechamiento 2015 – 2016.xlsx - 405 socios del proyecto - BAM-Monitoring-Report-2015-2016-v4.0.doc - 207_concesiones_CON_aprovechamiento_de_madera.shp - 198_concesiones_SIN_aprovechamiento_de_madera.shp - Cp Estimations in Castañeros REDD Project 2nd monitoring report VCUs Estimations 2015-2016

			updated spatial information of the project. No inconsistencies were found. This NCR can then be closed.	

PP Response (1st round)		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	As the methodology points out, timber extraction is only allowed if the concession is FSC certified, which is not the case in any of the project's Brazil nut concessions. For this reason, all 236 partner concessions that performed legal timber extraction in at least one of the four years that are currently under verification were excluded for the current verification. To ensure it, BAM collected from The Forest and Wildlife Regional Directorate, the database of logging permits in Brazil Nut Concessions, granted during 2015-2016. A consolidated harvesting balance spreadsheet is attached and the original files given by the DRFFS may also be scanned and shared with IMAFLORA if needed.	- Respuestas BAM - TODOS CONTRATO v.2

PP Response (2nd round)		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
3/24/2020	There was definitely an inconsistency at the time of writing the monitoring report, the number of forest concessions authorized to carry out forest management during the monitoring period was 207 instead of 236. We attach the Excel “base datos contratos – aprovechamiento 2015 – 2016.xlsx” and the shapefiles in the ZIP “405 socios del proyecto” as evidence.	- Respuestas BAM Segunda ronda - base datos contratos – aprovechamiento 2015 – 2016.xlsx - 405 socios del Proyecto - BAM-Monitoring-Report-2015-2016-v4.0.doc

Verifier Issue	Issue ID:	03/2020	Status: Closed	Checked by: BM	Date Identified	12/10/2019
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**		**Comments**	
VMD0015 M-MON, v2.1 (step 2)	3.2	Non conformance	The project proponent did not consider emissions related to illegal logging activities in the carbon calculations the led to the ex-post estimates. As identified in the field through material evidence (stumps, cut logs, sawdust residues, treetops, among others) and interviews with the concessioners, illegal logging is a common practice in the reference region, for self-supply purposes and for commercial purposes. The project did not provide PRA results for the monitoring period as per the guidance of the methodology tool used for forest degradation monitoring, VMD0015 M-Mon, v2.1. In this sense, the audit team could not cross-check the information from the field results with the diagnostic results in a way that could be concluded whether degradation activities exist and if they have impacted the carbon stocks in the project area.		The project proponent shall implement corrective actions to demonstrate compliance with the mentioned requirement (s). Note: Effective corrective actions focus on the specific occurrence approach described in the above evidence, as well as its root cause, in order to eliminate and prevent recurrence of nonconformity. The audit team evaluated the following project	

				documentation for issuance of this NCR: - BAM Monitoring Report 2015-2016
			<u>Findings from Review on 23 January 2020:</u> The project proponent did not address this NCR correctly. The aspect raised in this findings is related to the fact that GHG emissions related to forest degradation between 2015-2016 were not considered. The NCR is not related to deforested areas. The project proponent does not consider GHG emissions due to forest degradation from illegal logging. The project proponent suggests that there is a constant trend regarding emissions related to forest degradation, using the 2012 data as a reference for 2016 and 2016, however, analyzing the documents provided by the project proponent the audit team did not verify this constant trend (see NCR 20-1). Moreover, the audit team has found that illegal logging is a common practice in the project's reference region during the fieldwork. In this way, VVB keeps this NCR open until the project proponent presents more evidence about the insignificance of forest degradation for calculating the project's emission reductions.	

			<u>Findings from Review on 16 June 2020:</u> The project proponent revised its monitoring report to show how the PRA results were used to estimate the area degraded by illegal wood exploitation and to assess the significance of its GHG emissions. The project proponent also presented an Excel spreadsheet with the calculations used for this purpose. The audit team evaluated the spreadsheet and the monitoring report. According to the project proponent, ΔCP,DegW ,i,t = 6,135 tCO2e representing less than 5% of the baseline emissions and thus being neglectable. The audit team agrees with the rationale and closes the NCR.	- Respuestas BAM Segunda ronda - BAM-Monitoring-Report-2015-2016-v4.0.doc - Cp Estimations in Castañeros REDD Project 2nd monitoring report - VCUs Estimations 2015-2016 - Calculations

PP Response (1st round)		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	According to the maps prepared using the methodology of the EEZ that was approved during the validation of the project, the areas that were found deforested during the verification visit of S&A were still forest until 2016, even. Attached, we are sharing the technical report developed by an independent consultant for your review about its technical robustness and statistical significance.	- Respuestas BAM - Informe de campo monitoreo de degradacion REDD Castañero 2009 y 2010 (PRA-2012) Informe de campo monitoreo de degradacion REDD Castañero 2015-2016 (PRA 2018)

PP Response (2nd round)		
Date	*PP Comment*	*Additional evidence submitted for review by PP*

3/24/2020	The monitoring report was revised to show how the PRA results were used to estimate the area degraded by illegal wood exploitation and to assess the significance of its GHG emissions. The provided Excel spreadsheet includes the associated calculations and results. ΔCP,DegW ,i,t = 6,135 tCO2e and therefore represents less than 5% of the baseline emissions and is considered as negligible.	- Respuestas BAM Segunda ronda - base datos contratos – aprovechamiento 2015 – 2016.xlsx - 405 socios del Proyecto - BAM-Monitoring-Report-2015-2016-v4.0.doc

Verifier Issue	Issue ID:	04/2020	Status: Closed	Checked by: BM	Date Identified	12/10/2019
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**		**Comments**	
VMD0015 M-Mon, v2.1 (step 6.2)	4.1 - 4.4.	Non conformance.	The project proponent didn't provide updated spatial boundaries for the project area, reference region (RRD and RRL), leakage belt and did not provide the limits of the 169 concessions monitored in the present monitoring period in KML files. The audit team could not evaluate if the baseline deforestation was only projected into these 169 concessions monitored in this crediting period (table 1.a, excel castañeros REDD project calculations modified, 2015-2016). In this sense it wasn´t possible to analyse if the baseline emissions were accurately defined and thus if GHG net emission reductions and verifiable carbon units (VCUs) were accurately calculated.		The project proponent shall implement corrective actions to demonstrate compliance with the mentioned requirement (s). Note: Effective corrective actions focus on the specific occurrence approach described in the above evidence, as well as	

			Since this is a grouped project, it is not clear to the audit team when each of the 405 concessions currently in the scope of the project joined the project at first, nor is it clear to the audit team when part of these forest concessions was disregarded in terms of monitoring, due to the module VMD0015 M-MON v.2.1 applicability criteria, which implies in the exclusion of legally managed areas without FSC certification. It is not clear to the audit team whether the map presented as a figure in section 1.7 of the monitoring report corresponds to the project area. Analyzing the limits of the forest concessions presented by the project proponent, the audit team verified the occurrence of overlap between the limits of different concessions. It is not clear to the audit team how overlaps between different forests concessions affected net GHG emission reduction estimates.	its root cause, in order to eliminate and prevent recurrence of nonconformity. The audit team evaluated the following project documentation for issuance of this NCR: - BAM Monitoring Report 2015-2016 - Tipos_de_Uso_-_2015.shp Tipos_de_Uso_-_2016.shp
			<u>Findings from Review on 23 January 2020:</u> The audit team has analyzed the file “area_monitoreada_2015.shp” provided by the project proponent. Based on this cartographic information, it was not possible to check whether the limits of the 197 concessions monitored in the present monitoring period are contained in this shapefile. The shapefile is already processed after the command dissolve and does not contain detailed information in its attribute table. In this sense, it was not possible to verify if the information provided	

			effectively covers the 198 concessions mentioned in the MR. It was not possible to assess whether the concessions visited during the field verification are found in the geographical data provided. In this way, the audit team requests that the project proponent share the 197 concession limits in a shapefile file containing in its attribute table the concession number, the number of the concession contract with the government and the name of the concessionaire that is actually being monitored in this crediting period. Therefore, VVB understands that this NCR remains open until the requested information is presented.	
			<u>Findings from Review on 16 June 2020:</u> The project proponent presented spatial information related to the limits of each concession, indicating the concessionaires monitored and excluded from the project in the current monitoring period. In the final Monitoring Report and supporting project documentation, the Proponent has considered a total of 305 concessions in its ex-post estimates. iThe audit team evaluated the information together with the annual deforestation maps, to carry out an independent assessment on deforestation in the baseline scenario projected for the monitored period. The values found by the audit team do not correspond to the	- Respuestas BAM Segunda ronda - BAM-Monitoring-Report-2015-2016-v4.0.doc - 198_concesiones_SIN_aprovechamiento_de_madera.shp - 207_concesiones_CON_aprovechamiento_de_madera - 405_Socios_del_Proyecto.shp - area_monitoreada_2015.shp - “2012.tif; 2015.tif; 2015.tif; 2015.tif; 2015.tif

			values reported by the project proponent in its calculation spreadsheet. Thus, this NCR cannot be closed. It should be noted that, in this analysis effort, the audit team considered the information passed on by the project proponent during the first and second rounds of interaction to close the NCRS, in addition to the data on deforestation in raster format that had previously been made available: “Area_monitoreada_2015.shp” “198_concesiones_SIN_aprovechamiento_de_madera.shp”, “207_concesiones_CON_aprovechamiento_de_madera”, “405_Socios_del_Proyecto.shp”, “2012.tif; 2015.tif; 2015.tif; 2015.tif; 2015.tif; The table below provides a comparison between the values reported by the project proponent in its calculation spreadsheet (“Castañeros REDD Project Calculations MODIFIED_2015-2016”) and the values found by the audit team independently.	- Castañeros REDD Project Calculations MODIFIED_2015-2016

Fonte dos dados	**PP** - MR - Castañeros REDD Project Calculations MODIFIED 2013-2016 table 1		**VVB** - 198_concesiones_SIN_aprovechamiento_de_madera.shp		A
Ano	*Desmatamento acumulado - PA (ha)*	*Incremento anual do desmatamento - PA (ha)*	*Desmatamento acumulado - PA (ha)*	*Incremento anual do desmatamento - PA (ha)*	*De o*
2012	9,360.13		12,542.51		
2013	11,861.98	2,501.85	14,024.06	1,481.55	
2014	14,273.09	2,411.11	15,355.39	1,331.33	
2015	16,794.09	2,521.00	16,795.60	1,440.21	
2016	19,026.25	2,232.15	18,238.84	1,443.24	
Total		9,666.12		5,696.33	

			<u>Findings from Review on 7 October 2020:</u> The project proponent divided the monitoring period into two vintages and presented two separate monitoring reports considering a complete review of the monitored scope between the years 2015 and 2016. In order to comply with the applicability condition of the VMD0015 v2.1 module, the project proponent identifies in each monitoring period which concessionaires worked with legal logging in their concessions and exclude them from the scope of the project in the year in which the logging took place. The identification takes place through document analysis through the records of FEPROCAMD, which facilitates and organizes the approval of the forest management plans to all concessionaires with the competent environmental agency. As a result of this approach, the scope monitored by the project proponent changes	BAM-Monitoring-Report-2015-2016-v4.0 BAM-Monitoring-Report-2015-2016-v4.0

			with each monitoring period or each vintage. In each vintage, GHG emissions in the baseline scenario (emissions from deforestation projected by the deforestation model) and GHG emissions in the project scenario (emissions from unplanned unavoidable deforestation and forest degradation) will vary depending on the monitoring scope. Because of this approach, in the present monitoring period the project proponent has disregarded 100 of 405 concessions because of the legal logging activity perceived in the project area, considering only 305 concessions in its ex-post estimates in the final Monitoring Report and supporting project documentation. It is important to note that the project proponent monitors the entire area of the project, that is, 405 concessions in every monitored period, only by clipping the area of the eligible concessions for the purpose of calculating ex-post estimates in a given vintage. The project proponent also makes a comparison of the GHG emission estimates for monitored deforestation in each concession disregarded in a given monitoring period with the estimated emissions for the same concession in the project baseline scenario, in order to test for possible reversals . The audit team sought guidance with Verra as to the validity of this monitoring approach in view of the applicable requirements of the methodology and the VCS standard. At the end of this process, the acceptance of the proposed approach was confirmed by Verra. The audit team then evaluated the area estimates in a GIS environment independently and the calculations presented in the project calculation spreadsheets to verify the absence of material errors in the estimates and attest to their compliance. The verification team evaluated both the monitoring reports produced and the results of the monitoring for both periods monitored separately, producing two separate formal verification reports. This finding is therefore closed.	

PP Response (1st round)		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	KML file that can be downloaded from VCS webpage is the official validated project area map. It may be compared with the map presented in section 1.7 to clarify this issue to audit team. A few other BN harvesters joined the project during 2010-2012 and were included during the first verification audit. It means that no new concessionaries have joined the project after 2012. During this verification, BAM is not claiming for the inclusion of new partners. Finally, BAM has provided the shapefile with the 197 Brazil nut concessions that make up the Project Area for current verification. It is on this basis that all the numbers and analyzes of actual deforestation, projected and by type of use change, necessary for the elaboration of all the tables have been prepared with numerical calculations that are part of the project. It can be verified that the 197 are part of the original KML file, ergo, are part of the project area. It can also be verified that there is no overlapping between BN concessions and no double-counting is occurring.	- Respuestas BAM - Shapes usados BAM

PP Response (2nd round)		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	Attached are the requested shapefiles (not dissolved) and the corresponding excel: 405 socios del Proyecto (ZIP: GIS).	

PP Response (3nd round)		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
9/17/2020	The project proponent divided the monitoring period into two vintages and presented two separate monitoring reports considering a complete review of the monitored scope between the years 2015 and 2016.	BAM-Monitoring-Report-2015-2016-v4.0 BAM-Monitoring-Report-2015-2016-v4.0

Verifier Issue	Issue ID: 05/2020	Status: Closed	Checked by: BM & BS	Date Identified 12/10/2019
Protocol ref	Monitoring Report Section	Significance	Issue Description	Comments
VMD0007 BL-UP, in section 1.1.2	4.4	Non conformance.	During the field visit, the audit team observed already consolidated agricultural areas, with corn, pasture, lemon, cocoa plantations, among others, within the forest concessions. Interviews with FEPROCAMD representatives corroborated the recognized existence of agricultural areas within the forest concessions. Also according to these representatives, the issue is related to inconsistencies in the process of demarcation of the concession's boundaries, which do not necessarily respect the boundaries of previously established agricultural areas.	The project proponent shall implement corrective actions to demonstrate compliance with the mentioned requirement (s). Note: Effective corrective actions focus on the

			It is the audit team understanding that non-forest areas (not eligible areas) have been considered as part of the project area at the project start date (time zero), which is affecting the ratio of the project area to the total area of RRD, the area of unplanned baseline deforestation in the project area, the GHG baseline emissions and ultimately, the ex-post estimates in the present monitoring period.	specific occurrence approach described in the above evidence, as well as its root cause, in order to eliminate and prevent recurrence of nonconformity. The audit team evaluated the following project documentation for issuance of this NCR: - BAM Monitoring Report 2015-2016
			<u>Findings from Review on 23 January 2020:</u> Based on the shapefile provided by the project proponent, the audit team has concluded that non-forested areas were not part of the project area at the project start date. Using Google Earth images of 2015 and the information provided by the project in a GIS environment the audit team concluded that only forested areas were present in the project area on the 24 concessions visited during the field audit. In this way, considering those 24 concessions as	

			a representative sample of the whole project area, it was possible to verify the conformance with this methodology criteria and from this the verifiers reached a reasonable level of assurance that only forested areas were present in the project area . Therefore, this NCR is closed.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	The project area at the beginning of the project only included areas with forest cover that were within the project's concession partners. The project area is not equivalent to the concession area, that can be verified on the map developed using the attached ZEE methodology. Indeed, within the Brazil nut concessions there are areas for non-forest use (mainly small crop areas), sometimes driven by the concessionaires themselves, sometimes, by external agents. This same situation was found when the PD was designed and for that reason, in consistency with the methodology, those non-forested areas were excluded even if they were part of the area granted under concession, in order to comply with the methodology. This can be corroborated on the indicated map. This also explains why the surface of the partner concessions is slightly larger than the project area. The difference is the unmasked area that already existed in 2009 within the partner concessions, according to the image interpretation work developed with the methodology used in this project and that was based on the methodology with which the Economic Ecological Zoning was developed (ZEE) Madre de Dios.	- Respuestas BAM - Shapes usados BAM - RRD y RRL

Verifier Issue	Issue ID: 06/2020	Status: Closed	Checked by: BS	Date Identified 1/2/2020
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VCS version 4, items 2.2.1, 3.4.3, 3.15.3	3.3	Non conformance.	The monitoring plan does not bring details on the process and schedule followed for monitoring the data and parameters set out in Section 3.2 of the monitoring report (Data and Parameters Monitored), during the monitoring period covered by this verification. The PP does not show the methods used for generating/measuring, recording, storing, aggregating, collating and reporting the data on monitored parameters. The PP also does not describe details on the implementation of sampling approaches, including target precision and confidence levels, sample sizes, sample site locations, stratification and frequency of measurement and QA/QC procedures. Instead the monitoring plan offers statements saying that the monitoring plan has been executed according to the module VMD0015 M-MON v.2.1, the monitored data will be collected directly in the field or through satellite image and another regarding the frequency of the monitoring activities.	The project proponent shall implement corrective actions to demonstrate compliance with the mentioned requirement (s). Note: Effective corrective actions focus on the specific occurrence approach described in the above evidence, as well as its root cause, in order to eliminate and prevent recurrence of nonconformity. The audit team evaluated the following project

			The project proponent shall use the VCS Monitoring Report Template available on the Verra website, as appropriate, and adhere to all instructional text within the template. The project proponent shall establish a GHG information system for obtaining, recording, compiling and analyzing data and information important for quantifying and reporting GHG emissions and/or removals relevant for the project (including leakage) and baseline scenario. The project proponent must disclose sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence.	documentation for issuance of this NCR: - BAM Monitoring Report 2015-2016
			<u>Findings from Review on 31 January 2020:</u> The project proponent did not respond to this NCR in the document "List of Findings_BAM Madre de Dios REDD Project_ID 868_v2.0_02Jan20" or in the document "Respuestas BAM". The audit team compared the monitoring reports presented before and after the audit. No changes were made to section 3.3, Monitoring Plan. The NCR remains open. The audit team strongly recommends that the project proponent use the updated version of the monitoring report template, available on the Verra website.	
			<u>Findings from Review on 16 June 2020:</u>	

			The project proponent has updated its monitoring report, considering the most updated template available on Verra's website. In addition, it reviewed the monitored data and parameters and its monitoring plan. Section 4.2 now provides a comprehensive list of the relevant parameters. The audit team has assessed the parameters and discussed within section 4.4 of the monitoring report. The NCR can be closed.	

PP Response (1st round)		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
	None. A formal response to this finding was not provided by the Project Proponent.	- Updated BAM Monitoring Report 2015-2016 - Respuestas BAM
PP Response (2nd round)		
Date	*PP Comment*	
	It was updated in the Monitoring Report.	-

Verifier Issue	Issue ID: 07/2020	Status: Closed	Checked by: BS	Date Identified 1/2/2020
Protocol ref	Monitoring Report Section	Significance	Issue Description	Comments

VCS version 4, items 2.2.1, 3.4.3, 3.15.3	4	Non conformance.	The Monitoring Report does not quantify the baseline emissions, the project emissions, the leakage and the net GHG emission reductions providing sufficient information to allow the reader to reproduce the calculation. Instead, the Monitoring Report brings standalone tables taken from the project carbon calculation estimates. The project proponent must be able to show the calculation procedure using the three steps approach as defined in the VMD0015 M-MON v.2.1. The project proponent shall establish a GHG information system for obtaining, recording, compiling and analyzing data and information important for quantifying and reporting GHG emissions and/or removals relevant for the project (including leakage) and baseline scenario. The project proponent must disclose sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence.	The project proponent shall implement corrective actions to demonstrate compliance with the mentioned requirement (s). Note: Effective corrective actions focus on the specific occurrence approach described in the above evidence, as well as its root cause, in order to eliminate and prevent recurrence of nonconformity. The audit team evaluated the following project documentation for issuance of this NCR: - BAM Monitoring Report 2015-2016
			<u>Findings from Review on 31 January 2020:</u>	

			The project proponent has not revised its monitoring report in order to clearly demonstrate how baseline emissions, project emissions, leakage emissions and net GHG emissions were calculated. The monitoring report must have enough information for the reader to reproduce the calculations involved in the estimates. In addition, the project proponent needs to demonstrate in the monitoring report how all applicable steps of the methodology used in the project design have been followed.	
			<u>Findings from Review on 16 June 2020:</u> The project proponent reviewed the monitoring report to demonstrate how baseline estimates, project emissions, leakage and net GHG emission reduction estimates were made. In its monitoring report, the project proponent shows carbon stocks for different reservoirs in the pre- and post-deforestation classes and information on projected deforestation in the baseline scenario for the monitored period. The information reported in the monitoring report matches the spreadsheet. The documentation presented is sufficient for the reader to reproduce the calculations performed. In this sense, the audit team closes this NCR. In its monitoring report, the project proponent does not demonstrate how steps 01, 02 and 03 of the BL-UP module were followed to calculate baseline emissions explicitly. In addition, the project proponent does not	

			use formulas 16, 18 and 23 from step 4 of the BL-UP module according to the methodology: instead of calculating the change in carbon stocks by reservoir and then multiplying by the annual deforested area by stratum, the proponent multiplies the annual deforested area by the carbon stock in the pre-deforestation class, multiplies the annual deforested area by the carbon stock in the post-deforestation classes and subtracts the second factor from the first. The result is mathematically the same, therefore, the materiality of the GHG emission reduction assertion is not impacted, but the calculation logic presented differed slightly from the methodology, making it difficult to understand on this point. In addition, the project proponent apparently did not consider the effect of the decay of carbon stocks below ground after deforestation according to the BL-UP module step 4.3, equation 24. The audit team has raised an observation in this regard (OBS#21-20) The project proponent correctly considers the project's emissions due to the biomass burning in the baseline scenario, according to the requirements of the E-BPB module. Calculations are displayed in the spreadsheet in a traceable manner. The numbers reported in the monitoring report correspond to those presented in the calculation spreadsheet. The project proponent correctly considers project emissions in the project scenario according to the requirements of the M-MON module. Calculations are displayed in the spreadsheet in a traceable manner. The numbers reported in the monitoring report correspond to those presented in the calculation spreadsheet. However, the project proponent refers to the stage of acquiring images using verbal tenses in	

			the future and not in the past, which does not reflect actions taken in the monitored period. The audit team raises this observation as an opportunity to improve this aspect of the project (OBS#21-21). The project proponent considers emissions due to forest degradation from forest management with FSC certification to be zero correctly since there was no certified exploitation in the monitored period. The zero emissions for the parameter ΔCpSelLog can be checked in the spreadsheet. The proponent however fails to describe it in the section "Monitoring degradation due to selective logging of forest management areas possessing a FSC certificate" in the monitoring report, when it is claimed that such emissions will be verified in the future and does not describe the fact that they have not been monitored in the monitoring period covered by this verification. The monitoring report serves the purpose of reporting actions taken in the monitored period and not reporting an action plan. The audit team considers this as an opportunity of improvement of the project documentation because it does not affect the materiality of the GHG assertion reported during this monitoring period. Therefore this aspect of the finding is considered closed, but an observation. Is raised (OBS#21-21). The project proponent justifies not accounting for emissions due to natural disasters due to the low frequency with which they occur in the Madre de Dios region, using, to prove this claim, reports from INDECI, the national civil defense agency in the country. The audit team	

			evaluated INDECI reports for the monitored period and found the occurrence of forest fires, droughts, strong winds, landslides, among other natural disasters in the project area. INDECI's reports show the number of occurrences of these events, but they do not provide information about the affected area and the impact on carbon stocks. According to INDECI, in the years 2015 and 2016 there were only 40 forest fires in the region, which can be considered as a low frequency given the territorial extension of the region. Based on the information presented, however, it is not possible to infer anything about its significance regarding the impact on carbon stocks. The audit team raises an observation as a risk of non-compliance in relation to this aspect of the standard (OBS#21-20). The area and GHG emissions due to forest degradation were assessed and estimated according to illegal logging in the region. Following the steps of the methodology, the proponent mixes an initial exploratory analysis based on diagnoses carried out together with communities in forest concessions with sampling inventories in the field. When preparing these diagnoses with the communities (PRA - Participatory Rural Appraisal), the project proponent found that about 40% of forest concessions suffered from illegal logging in the current monitored period (Adeg = 93,504.5 ha). Thereafter, the project proponent established a grid of transects for the realization of a sampling inventory of trees illegally harvested in four specific concessions (APi = 4,298.76 ha). Thus, through the estimates of the affected area and volume of illegally harvested wood (17 stumps, CdegW,i,t = 309.85 tCo2e) the project proponent made its estimates of GHG emissions as a function of forest degradation and significance analysis, following the requirements of the methodology and significance tool. The audit team reviewed the	

			supporting documentation submitted to prove the analysis of forest degradation in the office and visited the concessions in the field, thus confirming the consistency of the rationale used and the plausibility of the monitored information. The project proponent considers the increase in carbon stocks in the monitored period to be zero, which is conservative and in accordance with the requirements of the methodology. The project proponent correctly considers emissions due to biomass burning in the project scenario.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	The corresponding real and projected numerical deforestation calculations have been regenerated until 2016 by stratum and change of use, the area of the subtraction project of 207 of 405 Brazil nut dealers who made forest extraction was determined, leaving the area of the project with 132,056.48 ha, the area of the leakage belt has remained the same as the previous verification period, that is 706,555.52 ha.	- Updated BAM Monitoring Report 2015-2016 - Excel "Nuevas áreas y estratos 2016_v6" - Respuestas BAM

PP Response (2nd round)		
Date	*PP Comment*	

	The complete procedures are in the attached “BL-UP – Castañeros REDD project v4.docx”.	-

Verifier Issue	Issue ID: 08/2020	Status: Closed	Checked by: BS	Date Identified 1/2/2020
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VCS version 4, items 2.2.1, 3.4.3	3	Non conformance.	The monitoring report does not bring all relevant data and parameters according to the module VMD0015 M-MON v.2.1 and VMD0017 X-UNC v.2.1, such as ΔCP, ΔCP,LB, ARRD,unplanned,hrp, UREDD_BSL,SS,i,pool# and U*,i,t. The monitoring report does not bring information about the value monitored for a set of specific parameters such as ADefPA,i,t, ADefLB,i,t, Aburn,i,t and ADistPA,i,t, in the monitoring period covered by this verification. The monitoring report does not use the correct tables of the monitoring report template, not showing the “monitored value” for the parameters monitored during the period covered by this verification.	The project proponent shall implement corrective actions to demonstrate compliance with the mentioned requirement (s). Note: Effective corrective actions focus on the specific occurrence approach described in the above evidence, as well as its root cause, in order to eliminate and prevent recurrence of nonconformity.

				The audit team evaluated the following project documentation for issuance of this NCR: - BAM Monitoring Report 2015-2016
			<u>Findings from Review on 31 January 2020:</u> The updated monitoring report does not reference tables. Thus, there is no table 4.4 in the document submitted for the audit team analysis. The audit team understands that the project proponent is referring to section 4 of the report "QUANTIFICATION OF GHG EMISSION REDUCTIONS AND REMOVALS" where tables show the results of the monitoring in a synthetic way and where the values of the three parameters referenced by the project proponent in their response can be noted. The audit team stresses that all applicable data and monitoring parameters, described in modules VMD0015 M-MON v.2.1 and VMD0017 X-UNC v.2.1, must be described in section 3.2 "Data and Parameters Monitored". The audit team evaluated the updated monitoring report. Few changes were made in relation to the data and parameters monitored. The	

			monitoring report still does not show all the data and parameters applicable in section 3.2 of the monitoring report. The monitoring report still does not show the monitored value for a number of parameters described. The NCR remains open.	
			<u>Findings from Review on 16 June 2020:</u> The project proponent has updated its monitoring report to consider a complete set of data and parameters. Specific aspects that still needs to be addressed by the project proponent to reach compliance with the methodology were discussed in the NCRs #20-6 and 20-7 above. In this sense, this NCR can be closed.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	ΔCP is showed in the Table 4.4 Net GHG emissions and removals which value is 296,114.60. ΔCP,LB is showed in the Table 4.4 Net GHG emissions and removals which value is 273.59. ARRD,unplanned,hrp UREDD_BSL,SS,i,pool is in the Table 4.4 Net GHG emissions and removals which value is 382,263.32	- Updated BAM Monitoring Report 2015-2016 - Respuestas BAM
PP Response (2nd round)		

Date	*PP Comment*	
	Updated in the Monitoring Report.	-

Verifier Issue	Issue ID: 09/2020	Status: Closed	Checked by: BS	Date Identified 1/2/2020
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VCS Non permanence risk tool v.4.0 VCS Standard v.4.0, item 3.21.3	VCS Non permanence risk report	Non conformance.	The project proponent does not assess "project management risk" correctly. According to the VCS Non permanence risk tool v.4.0, table 01, "b)", if ongoing enforcement to prevent encroachment by outside actors is required to protect more than 50% of stocks on which GHG credits have previously been issued the project proponent must account for a risk rate of 2. The project proponent presents a rationale of deforestation projected area by 2040, instead of a rationale based on carbon stocks that would be lost in the absence of the project activities during the monitored period covered by this verification in order to assume a risk rate of zero, thus not being in conformance to the tool requirements. Besides this, the project proponent considers the risk factor related to the management team skills and expertize (table 01, "c)"), which	The project proponent shall implement corrective actions to demonstrate compliance with the mentioned requirement (s). Note: Effective corrective actions focus on the specific occurrence approach described in the above evidence, as well as its root cause, in order to eliminate and prevent recurrence of nonconformity.

			implied in a risk rating of zero, without providing evidence that could be used to justify the statement. The project proponent considers the mitigation measure related to the experience of the management team in AFOLU projects design and implementation without providing evidence that could be used to justify the statement. The project proponent did not provide the project financial spreadsheet to the audit team in order to allow the assessment of the project "financial risk" and risks related to the "opportunity costs" (table 02 and 03). Besides, the opportunity costs risk item is assessed without considering common economic activities in the geographic region, such as cattle raising and wood exploitation. For verification, the project proponent shall make available to the validation/verification body the project description, validation report, monitoring report applicable to the monitoring period and any requested supporting information and data needed to evidence statements and data in the monitoring report. The project proponent considers the existence of disputes over land tenure or ownership in the project area in order to assess risks related to "land tenure and resource assess" as neglectable 2.9% (8,053.4 ha) (table 06, "c)", "d)"). The project proponent fails to provide evidence that	The audit team evaluated the following project documentation for issuance of this NCR: - BAM Monitoring Report 2015-2016 - Non Permanent Risk Report

			could be used to support this statement. During the field audit, the audit team noticed the existence of disputes among concessionaries or between concessionaries and farmers in different occasions. These disputes were evidenced by interviews and direct observations at the field and also through the analysis of the boundaries of different concessions which shows a certain degree of overlapping. The project proponent disregards the risk associated with "community engagement" (Table 07), but does not provide data to support such a claim. The audit team did not have access to tabulated data supported by physical evidence that could support the adoption of zero risk for this specific risk factor. On the other hand, during the field interviews, a certain level of ignorance about the project or the net benefits promoted by the project, among the interviewed concessionaires was characterized. The project proponent considers a zero score for forest fires (table 10) mitigation measures. This is not a possible value according to the VCS Non permanence risk tool v.4.0 tool. The absence of mitigation measures sets a score 01 for risk factors associated with natural causes in any category, including forest fires.	
			<u>Findings from Review on 31 January 2020:</u>	

			The project proponent did not reconsider the risk due to project management, nor justified the current approach (table 01, "b"). In this regard, the NCR remains open. The project proponent presented the CVs of Pedro Ruiz and Maria Cantuarias in order to corroborate the technical proficiency of the BAM team (table 01, "e"). Mr. Pedro's CV proves his experience in technical issues relevant to an AFOLU project. Other CVs of team members directly involved in the verification process, such as that of Claudia Lozano Alvarez, Carlos Gameros and Eduardo Galindo, were not presented. In this regard, the NCR remains open. The project proponent submitted a financial spreadsheet. The document characterizes the financial deficit of the project in the monitored period. The project has not yet reached the breakeven point. The project proponent asserts in its risk analysis that the project will reach the breakeven point in four years from this evaluation date, that is, by 2023. The financial spreadsheet presented estimates the annual realized profit from 2019, but 1) it does not considers the deficit in the previous period (2009-2018) and 2) estimates the average annual sale of carbon credits above 1,000,000 tons by 2023, with the average sale in the previous period being calculated at 361,297 tons per year. If the total sales value remains around the average, the project's profit by 2023 will not be enough to make up for the deficit of the previous period and the project will not reach the breakeven point. In this regard, the NCR remains open.	

			In the presented spreadsheet, the project proponent does not calculate the breakeven point of the project. Thus, it is not possible to confirm the volume of resources needed to pay off the project until the breakeven point is reached and also to argue in favor of a certain amount of funds that would be guaranteed to pay off the project until the breakeven point is reached (table 2, “f”). In this regard, the NCR remains open. The NPV calculated for the project in the presented financial spreadsheet does not take into account the deficit of the project in the period from 2009 to 2018. The NPV presented in the spreadsheet does not correspond to the NPV presented in the non-permanence risk analysis. The proponent did not present a comparison between the project's NPVs and the main agricultural crops NPVs in the region (table 3, “d”). In this regard, the NCR remains open. The project proponent did not respond to this non-conformity report with respect to the risk of non-permanence associated with overlapping rights (table 06, “c)”, “d)”). The project proponent has not revised its risk analysis or presented a justification that corroborates its previous approach to the risk assessment of this specific aspect. In this regard, the NCR remains open. The audit team reinforces the fact, perceived due to direct observations in the field and interviews with concessionaires, that land conflicts exist in the project area in practice and are not restricted to conflicts between miners and concessionaires.	

			In their response, the project proponent claims that there are no concessionaires living within the project area and also that it is safe to say that at least 20% of the concessionaires living outside the project area and reliant on the project area have been consulted and are engaged in the project activities. In the field, the audit team noticed a mixed situation, where some community members live and others do not live on their concessions or, more specifically, on the land adjacent to the forest concession areas, but still in the same property at the rural area. In addition, in their response, the project proponent does not conclusively demonstrate that an acceptable and specific degree of community members, whether living or not living in the project areas, have been consulted and are engaged in the project activities. The audit team understands that FEPROCAMD plays a fundamental role in disseminating information about the project, but it was not clear, given the results of the field interviews, that this role is being effective and if, as a result, the project proponent may assume a zero non-permanence risk due to this specific risk component. In this regard, the NCR remains open. In its response, the project proponent claims that it did not assume a score zero for risks associated to fires in the project area, but the audit team did not indicate this in its NCR. What the finding points out is that it is not possible to score zero for mitigation measures associated with forest fires, as well as for any other risk component, according to the VCS tool. In this regard, the NCR remains open.	

			<u>Findings from Review on 16 June 2020:</u> The project proponent revised its non-permanence risk analysis. Table 01 letter “b” now scores 2, which shows that the project proponent considered the risk related to the effort required to prevent reversals. The audit team considers this aspect to be in accordance with the VCS tool and for this reason this aspect of the NCR can be closed. The CVs of the entire relevant technical team were presented to the audit team. The audit team considers this aspect to be in accordance with the VCS tool and for this reason this aspect of the NCR can be closed. The project proponent submitted two financial spreadsheets for analysis by the audit team after the field audit (20190119 Financial Analysis BAM.xls and 2020 Financial Analysis BAM). The spreadsheets shows the breakeven point calculation and considers the deficit accumulated in previous years when calculating profit. Based on this data, the verifiers determined this aspect of the NCR as closed. The project proponent presented carbon credit sales contracts and commercial sales proposals to corroborate the potential liquidity of the	

			VCUs to be generated due to the verification of the present monitoring period. In this sense, this aspect of the NCR can be closed. The audit team conducted an additional consultation with Verra on the interpretation of the VCS non-permanence risk analysis tool, items (“c)”, “d)” in table 06). According to the standard, a legal and also material perspective can be used to assess the risk of disputes over the territory, and it is up to the VVB to determine, based on the reality found in the field, whether or not the carbon stocks are threatened due to the behavior of the deforestation agents and drivers in the project region. During the field audit, the audit team observed the reality in the field and directly interviewed concessionaires that are members of the association (included in the scope of the project) and deforestation agents. In this process, it was characterized the occurrence of disputes over the territory that can result in deforestation and loss of carbon stocks. The audit team understands that the project proponent is mobilized to resolve such disputes, even interceding legally in favor of the concessionaires. The audit team even considers that this reinforces the additionality of the project and its need. Due to these aspects, it is necessary to account for the risk factors associated with conflicting rights. The project proponent has reviewed its risk score in order to provide evidence of corrective actions taken to close the NCR. The project proponent presented additional material to corroborate his claim that Brazil Nut trees concessionaries representatives exhibit seasonal migration behavior, establishing in their concession areas during specific periods, but not permanently residing in the area. In addition, in meetings with the audit team, the project proponent	

			demonstrated the way in which the Brazil Nut federation promotes a relevant level of engagement with communities. In this sense, this aspect of the NCR can be closed. The project proponent reviewed its risk analysis to change the score for the mitigation measure related to forest fires. In this sense, the NCR is considered as closed.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	Please find attached the CVs of BAM team that is involved in the project development. We are at your disposal to confirm or review the qualification. Regarding the first part of the question, we agree that we had misunderstood the risk guidelines and it does not refer to the percentage of forest land that is under risk of being lost in the BAU scenario. But, now, we are unable to evaluate how we can measure the level of the enforcement that we (BAM and the federation and the harvesters) need to invest to ensure permanence of already issued VCU. In that sense, we would ask for advice how we can analyze at an objective manner, this risk. Clearly, some concessionaries are not completely aware about the project. The reason why we have considered NOT APPLICABLE is because the risk guidelines clearly requests "...households living within project area..." and BN concessionaries do not live within the project area. Regarding option	- Updated BAM Non-Permanent Risk Report - CVs BAM - 20190119 Financial Analysis BAM - Respuestas BAM

	(b). it states "…households living within 20 km of the project boundary… and who are reliant on the project area…". We can assume the BN concessionaries are the only one who are reliant on BN concessions (i.e. project area) because, according to the concession contract, they have the exclusive rights on all the forest resources within their concessions. If we assume that, even considering that there is certain level of ignorance, it is not expected that is level is over 80%, especially if the project and the federation made a large diffusion and information process when obtaining formal endorsement from the harvesters, through the signature of the rights transfer to FEPROCAMD contract. We have not considered zero risk, in table 10 we have placed as value 2 for forest fire.	
PP Response (2nd round)		
Date	***PP Comment***	
	PP regarding risks related to Project Management: We updated the risk value to 2 in table 01, "b". Sending the following CVs: Claudia Lozano, Carlos Gameros, Eduardo Galindo, and Jorge Cantuarias. *PP regarding risks related to Financial Viability:* Attached we find the Purchase Proposal from BP for the VCUs of this verification period (Propuesta BP), also we are attaching the purchase confirmations from VERPA, PACHAMA and First Climate. The presented NPV in the 2019119 Financial Analysis BAM/Overall Project Cash Flow is 36,379,389.12; the same presented in the non-permanence risk analysis. The differential was due to currency exchange.	-

	PP in regards to risks related to Land Tenure and Resource Access/Impacts: According to the national Law "Ley Forestal y de Fauna Silvestre" (attached) art. 51, "The granting of other qualifying titles in forestry matters is not allowed in areas granted in forest concession within the framework of this Law". It follows that the timber extracted or the change in use of the land generated is illegal. The validity period of the forest concession is up to forty renewable years according to art. 57. Additionally, cases of irregularly granted certificates of possession were detected and the federation was actively supporting concessionaires to combat these activities, as demonstrated in the attached "Denuncia tala 2". Brazil nut harvesting is a seasonal activity that lasts approximately three months where concessionaires must move temporarily to the concessions in the project area because distances and bad weather do not allow them harvest and return to their homes. *PP in regards to risks related to Community Engagement:* Attached we can find a paper named "fennia", which title is "Brazil nut harvesting in Peruvian Amazonia from the perspective of ecosystem services" and mentions several times that harvesting Brazil nut is a seasonal activity. *PP regarding natural risks:* Mitigation measures was updated to 1.	

Verifier Issue	Issue ID:	010/2020	Status: Open	Checked by:	BM & BS	Date Identified	1/2/2020
Protocol ref	Monitoring Report Section	Significance	Issue Description			Comments	

VCS version 4, items 3.2.6 and 3.16.18	3.1	Clarification request. Considered as a FAR in the final verification opinion	The audit team understands that no clear economic or financial incentives to the concessionaries have been generated due to the project implementation during the monitoring period covered by this verification. This conclusion can be supported by interviews conducted with the concessionaries at the field and corroborated by evidence taken from the project complaint box, which demonstrates the concessionaries' dissatisfaction with the project benefit-sharing. According to the project documents and contracts signed among the parties, it remains that the concessionaries have the right to benefit from 30% of the net carbon credits generated by the project verification. The audit team consulted the VCS project database available on the VERRA platform and found that 3,635,405 VCUs have been issued by the project. The audit team did not have access to the project financial spreadsheet in order to be able to check how the revenues from de carbon credits commercialization were utilized for the project implementation and shared among the project proponent, implementation partner and beneficiaries. The audit team raises this finding as a clarification request, in order to have more information and reach a conclusion about the conformity of the project implementation against VCS criteria 3.2.6 and 3.16.18, which relates to the project activity implementation and resolution of grievances on benefit-sharing, respectively.	The project proponent shall implement corrective actions to demonstrate compliance with the mentioned requirement (s). Note: Effective corrective actions focus on the specific occurrence approach described in the above evidence, as well as its root cause, in order to eliminate and prevent recurrence of nonconformity. The audit team evaluated the following project documentation for issuance of this NCR: - BAM Monitoring Report 2015-2016

			<u>Findings from Review on 1 February 2020:</u> The project proponent states that in 2018, 1,039,507 VCUs were transferred to FEPROCAMD. The project proponent provides an agreement as evidence of the transfer of VCUs carried out to FEPROCAMD in 2018. The audit team understands that 1) the transfer of VCUs, by itself, does not represent the implementation of the project activities or the promotion of net benefits to the concessionaires and 2) activities carried out in 2018 are beyond the scope of monitoring covered by this verification. The project proponent further claims that the project's investments were made in order to promote benefits to the concessionaires in a total amount "corresponding to 3,159,970 VCUs". The audit team evaluated the calculation spreadsheet presented, showing the volume of credits traded from 2015 to 2018. The value of 3,159,970 VCUs exceeds the value reported in the calculation spreadsheet, which is 2,167,779 VCUs, and again, the audit team understands that the VCU transaction does not necessarily correspond to the generation of benefits to the concessionaires. The audit team evaluated the expenses reported in the project's financial spreadsheet. The project proponent basically reports	

			administrative expenses, transfers to the Federation, hiring technical assistance and consulting and investments in the nut processing plant. From the amounts reported as project expenses in these different categories, it is not clear to the audit team whether it represents or could be considered as proof of direct benefit to the concessionaires. In addition, it is not clear how the project resource was invested in the nut processing plant in the monitored period. Finally, the audit team noted that not all amounts broken down as expenses in the spreadsheet are added together making up total annual cost values, which may represent an error in the financial spreadsheet. Thus, the audit team still requests clarification on the issue. The project proponent has responded to this finding, but also acknowledges its status and significance in the final verification opinion as a FAR. This FAR remains open and will require corrective action and formal closure at the next verification event	
			<u>Findings from Review on 16 June 2020:</u> The project proponent presented the contract signed with FERPOCAMD in order to highlight its commitment to the transfer of carbon credits to the federation, as well as proof of financial loans made by the federation to the concessionaires and other evidence of representation of its	

			members with public bodies. The audit team finds that the documentation presented can in part be considered as evidence of net social benefits promoted by the implementation of the project in the monitored period. The audit team also understands that, in part, such actions can be understood as evidence of compliance with the activities described in the social sphere of the validated PD. In this way, the audit team considers the necessary clarifications provided as sufficent and closes this NCR. However, the verifiers have raised a FAR so that the positive net benefits to the communities, can be proven due to the implementation of the project at the time of the next verification event.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
Click or tap to enter a date.	BAM has transferred to FEPROCAMD 1,039,507 VCUs in 2018, which is equivalent to 29% of the credits sold. Additionally, according to the 2016 agreement, BAM and FEPROCAMD recognize that the investment made in the project for the benefit of the castañeros, amounts to 2,120,463. All this amounts to 3,159,970 VCUs, which represents 87% of the credits sold and 64% of the credits available for sale, which far exceeds the percentage agreed in the Framework Agreement.	- Acuerdo BAM - Feprocamd 21.04.16 - Acuerdo Proyecto REDD Castañeros - Abril 2018 - Respuestas BAM - FEPROCAMD atividades - 20190119 Financial Analysis BAM

PP Response (2nd round)		
Date	*PP Comment*	
	To demonstrate how the distribution of benefits of the partners and BAM is established, attached is Convenio marco BAM - FEPROCAMD.pdf In addition, we are sending a letter signed by the president of FEPROCAMD where the money contributed by BAM to the federation is corroborated for the benefit of the concessionaires, because at that time the invoice accounting was not kept, but we are attaching invoices of payment of more recent years with the new administration. Loans made by the federation to concessionaires are also attached, thus avoiding the abusive conditions imposed by local intermediaries and entrepreneurs.	-

Verifier Issue	Issue ID: 011/2020	Status: Open	Checked by: BS	Date Identified 1/2/2020
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VCS version 4, items 3.2.6	3.1.1	Clarification request Considered as a FAR in the final verification opinion	In its monitoring report, the project proponent does not show a clear relationship between the project activities carried out during this monitoring period and the activities described in the validated PD. In the validated PD, the project proponent lists a series of 13 specific categories of activities distributed across three axis related to climate, communities and biodiversity addressed by the project.	Clarification requests needs to be addressed by the Project proponent prior to the second round of interactions between the VVB and the PP. The lead auditor will coordinate with the PP to have calls with

			Considering that the climate axis implementation is more related to the scope of this verification, the project proponent did not report a clear progress in implementing the project activities as described in the validated PD, such as 1) the implementation of a forest surveillance and monitoring system, 2) training of deforestation agents in alternative sustainable productive initiatives 3) implementation of a forest nurseries 4) forest enrichment through plantation of native species. Also, the project proponent reports the execution of activities apparently not described in the validated PD during the monitoring period covered by this verification, such as the execution and publication of scientific research. According to the project proponent, advances in the implementation of actions related to the strengthening of FEPROCAMD and grassroots associations were mainly responsible for reducing deforestation in the project area over the monitored period. The audit team requests further clarification about the degree of implementation of the activities described in the validated PD, possible unreported project description deviations and also the attribution of the implemented activities to effectively reduce deforestation in the project scenario during the monitored period.	specific stakeholders for any necessary clarifications. A clarification request can result in further NCRs, FARs or OBSs. The audit team evaluated the following project documentation for issuance of this CR: - BAM Monitoring Report 2015-2016 - PROJ_DESC_868_12JUN2012

			<u>Findings from Review on 1 February 2020:</u> According to VCS standards, the project proponent shall demonstrate that project activities that lead to the intended GHG benefit have been implemented during each verification period in accordance with the project design. Where no new project activities have been implemented during a verification period, project proponents shall demonstrate that previously implemented project activities continued to be implemented during the verification period. Still, the operation of the project activity(s) during this monitoring period, including any information on events that may impact the GHG emission reductions and monitoring shall be described at the monitoring report specifically. Thus, the audit team still requests clarification on the issue.	
			<u>Findings from Review on 16 June 2020:</u> The project proponent does not demonstrate how the activities described in the validated PD were implemented in the monitored period. The project proponent describes how the activities proposed in the validated PD have been changed in the current monitoring period or how planned actions have not yet been carried out. The audit team finds that the main action implemented by the project and related to the reduction of deforestation in the monitored period has been the institutional strengthening of FEPROCAMD. Although the level of	

			implementation of the project activities can be considered as low, when considered as a function of the activities planned in the validated PD, the audit team determined that the work carried out by the project proponent and by FEPROCAMD has caused positive transformations in the territory and that the project is on track to implement the activities as planned overtime. The audit team turns closes this NCR and raises a FAR so that the project proponent can demonstrate compliance with the planned actions, according to the validated PD until the next project verification. The project proponent has responded to this finding, but also acknowledges its status and significance in the final verification opinion as a FAR. This FAR remains open and will require corrective action and formal closure at the next verification event	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	Indeed, during the verification period, most of the project's actions focused on the institutional strengthening of the Federation of Brazil nut Producers of Madre de Dios, FEPROCAMD, which is the organization that represents the Brazil nut trees of the region and with whom BAM has the commercial agreement of this REDD + project.-	- Respuestas BAM - Updated BAM Monitoring Report 2015-2016 - 20190119 Financial Analysis BAM

	The project includes other activities, some of which were carried out in previous years while others are just planned for 2020. Deforestation is a multi-causal phenomenon. According to the National Strategy on Forests and Climate Change, an official instrument of the Peruvian State and which serves as the “Strategy / Action Plan” REDD + pillar before the UNFCCC, it indicates that the strategy to face deforestation should be based on an approach of "sustainable forest landscape management" that involves both conservation, management and restoration actions, this leads to the implementation of political, institutional, productive, technological, economic and financial actions; In addition to monitoring and control. It includes, therefore, policies, measures and actions linked to the forests themselves, as well as to the activities carried out on their margins but which affect them. In political-institutional factors, sectoral approaches not linked to a territorial approach are mentioned, the lack of articulation, the absence of territorial planning, the limited institutional capacity to ensure compliance with the law, poor control and sanction of illegal practices ; and the imperfect and incomplete allocation of rights over forest heritage and agricultural land. Specifically, there is a Strategic Action, EA 3: Reduce illegal / informal activities that generate deforestation and forest degradation, strengthening monitoring, supervision, control, control, surveillance and sanction systems, which includes EA. 3.7: Actively involve civil society and local communities, especially indigenous peoples, and farmers in the control of deforestation and illegal logging. It is not possible to determine the specific weight of each strategic action in the total reduction of deforestation. ENBCC itself does not intend to define mathematically the attribution of each	

	variable. Similarly, in the case of the project it is not relevant to determine the impact on the reduction of deforestation effectively recorded, of the actions included in the report or of other factors beyond the control of the project (such as, for example, the price of Brazil nut or the price of alternative crops). This impact is not easily identifiable in the perception of the concessionaires because the baseline scenario is a scenario that does not occur in reality, precisely because the project has already been implemented since 2010.	
PP Response (2nd round)		
Date	*PP Comment*	
	It was updated in the Monitoring Report, section 3.2: Project Description deviations.	-

Verifier Issue	Issue ID: 012/2020	Status: Closed	Checked by: BS	Date Identified 1/2/2020
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VCS version 4, items 2.2.1, 3.4.3, 3.21.3	3.3	Clarification request turned into NCR	For verification, the project proponent shall make available to the validation/verification body the project description, validation report, monitoring report applicable to the monitoring period and any requested supporting information and data needed to substantiate statements and data in the monitoring report. The project proponent must disclose sufficient and appropriate GHG-related information to allow intended	Clarification requests needs to be addressed by the Project proponent prior to the second round of interactions between the VVB and the PP. The lead

			users to make decisions with reasonable confidence. The verifiers request the following information in order to assess the accuracy of the information presented in the monitoring report: • PRA results for 2012 and 2018; • The Investment Commitment Agreement between BAM and FEPROCAMD; • The Assignment of Rights Contract from an individual concessionaire to the federation (FEPROCAMD); • Concession Contract for the Management and Utilization of Forestry Products other than Timber, entered into by and between the State and the Concessionaires; • Forest Management Plan and related documents (POAs/DEMAs); • Reference to the New Forestry Law; • Shapefile of the areas considered in this monitoring period; • All the referenced monitoring SOPs (the monitoring plan states that Standard Operating Procedures (SOPs) will be fixed to guide monitoring activities without presenting this supporting documents as written protocols nor stating how these SOPs have been used for the project monitoring during the monitoring period covered by this verification); • Sampling results replacing the immigrant census to calculate leakage according to the requirements of the VMD0010 (LK-ASU) v. 1.1; • Project boundaries (including project area, leak belt and reference region); • Financial spreadsheet of the project; • Forest inventory data used to determine carbon stocks over different strata; • Evidence of economic or financial benefits to the project beneficiaries; • Complementary evidence on FEPROCAMDs role of supporting land conflict resolution; • Complementary evidence of financial loans granted by FEPROCAMD to concessionaires;	auditor will coordinate with the PP to have calls with specific stakeholders for any necessary clarifications. A clarification request can result in further NCRs, FARs or OBSs. Agreements and forest management documents can be made available to the list below: Concessionaire — Concession Maria Rosa — 3 Jesus Racua — 12 Jesus Chaves — 13 Rolando Racua — 16 Francisco Chaves — 48

			• Complementary evidence of meetings, assemblies and workshops information (minutes, attendance list and content covered);	Pedro Quispe 63 Samuel Huamani 65 Daniel Ideme 92 Dionizia Ccorahua 122 Juan Flores 182 Eduardo Cumari 194 Edelmira Flores 206 Julian Mamani 211 Cornelio Bolivar 213 Manuel Quispe 216 Raul Vargas 232 Nicanor Kuno 275

				Alberto Garcia 315 David Rodriguez 331 Regina Palla 332 Florencia Paredes 389 Juan de la Cruz 394 Blanca Victoria 395 Miguel Silva 355
			<u>Findings from Review on 2 February 2020:</u> The audit team evaluated the documentation delivered by the project proponent. The available contracts govern the relationship between BAM, and FEPROCAMD and refer to agreements signed in 2018 and 2016 (“Acuerdo Proyecto REDD Castañeros - Abril 2018” e “ Acuerdo BAM - Feprocamd 21.04.16”). The audit team requests copies of the	

			agreements signed at the beginning of the project, such as the referred "Acuerdo Marco Inicial", and also a sample of agreements signed between FEPROCAMD and the concessionaires. Thus, the audit team still requests clarification on the issue. The project proponent has presented documents related to a Brazil Nut forest management plans and concession agreements for two concessionaires ("065-08 DEMA 16-17" e " POAsDEMAs"). The contracts presented seems to be valid between the end of 2016 and 2017, therefore, outside the monitoring period covered by this verification. The audit team requests clarification on the issue. The audit team requests that a larger sample of concession contracts which are relevant to this monitoring period be provided. The audit team did not find, among the documentation sent by the project proponent, management plans and authorizations for logging. The georeferenced limits for the monitored areas in the present monitoring period have been delivered ("Shapes usados BAM") but are "dissolved" and without information about the various concessions that comprise it (see NCR#20-4). The audit team requests the delivery of the same shapefile, but "not dissolved". The project proponent has not delivered any SOPs - Standard Operational Procedures - referenced at the monitoring report.	

			The audit team did not find, among the documentation sent by the project proponent, sampling results to calculate leakage according to the requirements of the VMD0010 (LK-ASU) v. 1.1; The project proponent has not delivered the forest inventory data used to determine carbon stocks over different strata. The audit team requests clarification about which set of data is being used to calculate carbon stocks in different strata in this monitoring period. The validated PD references FONDAM data. If that is the case, the audit team requests FONDAM data. The audit team did not find, among the documentation sent by the project proponent, evidences of economic or financial benefits to the project beneficiaries. The remainder of the assessed documentation provided by the PP was considered sufficient to provide the required clarifications.	
			<u>Findings from Review on 16 June 2020:</u>	

			The project proponent delivered the remaining documentation requested by the verifiers: - Convenio marco BAM – FEPROCAMD.pdf - DEMAS 2015 – 2016.pdf - POAs.pdf - CP-AB_Castañeros Final In this sense, the finding is considered closed The proponent revised its monitoring report to disregard the existence of SOPs and delivered revised shapefiles. In this sense, the clarification request is considered satisfied. The information was reviewed, found to be sufficient, free from error and demonstrated conformance with the applicable criteria.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
Click or tap to enter a date.	The following information has been made available to the verifiers:	- Informe de campo monitoreo de degradacion REDD Castañero 2015-2016 (PRA 2018);

	• PRA results for 2012 and 2018: Attached: Informe de campo monitoreo de degradacion REDD Castañero 2015-2016 (PRA 2018); Informe de campo monitoreo de degradacion REDD Castañero 2009 y 2010 (PRA-2012) • The Investment Commitment Agreement between BAM and FEPROCAMD: Attached: Convenio marco BAM - FEPROCAMD • The Assignment of Rights Contract from an individual concessionaire to the federation (FEPROCAMD): Attached: Convenio marco BAM - FEPROCAMD • Concession Contract for the Management and Utilization of Forestry Products other than Timber, entered into by and between the State and the Concessionaires: Attached: Convenio marco BAM - FEPROCAMD • Forest Management Plan and related documents (POAs/DEMAs): Attached: POADEMA • Reference to the New Forestry Law: Attached: Nueva Ley Forestal • Shapefile of the areas considered in this monitoring period: Attached: Shapes usados BAM • All the referenced monitoring SOPs (the monitoring plan states that Standard Operating Procedures (SOPs) will be fixed to guide monitoring activities without presenting this supporting documents as written protocols nor stating how these SOPs have been used for the project monitoring during the monitoring period covered by this verification); • Sampling results replacing the immigrant census to calculate leakage according to the requirements of the VMD0010 (LK-ASU) v. 1.1; • Project boundaries (including project area, leak belt and reference region): Attached: Nuevas áreas y estratos 2da verificación; Cp Estimations in Castañeros REDD Project 2nd monitoring report; Leakage Estimations in BAM 2015-2016 • Financial spreadsheet of the project: Attached: 20190119 Financial Analysis BAM	- Informe de campo monitoreo de degradacion REDD Castañero 2009 y 2010 (PRA-2012) - Convenio marco BAM – FEPROCAMD - 065-08 DEMA 16-17 - POAsDEMAs - Resolucion DEMA - Prestamo - RRD y RRL

	• Forest inventory data used to determine carbon stocks over different strata: Attached: Cp Estimations in Castañeros REDD Project 2nd monitoring report/Carbon Stocks • Evidence of economic or financial benefits to the project beneficiaries: BAM has transferred to FEPROCAMD 1,039,507 VCUs in 2018, which is equivalent to 29% of the credits sold. Additionally, according to the 2016 agreement, BAM and FEPROCAMD recognize that the investment made in the project for the benefit of the castañeros, amounts to 2,120,463. All this amounts to 3,159,970 VCUs, which represents 87% of the credits sold and 64% of the credits available for sale, which far exceeds the percentage agreed in the Framework Agreement. Attached: - Acuerdo BAM - Feprocamd 21.04.16 - Acuerdo Proyecto REDD Castañeros - Abril 2018 Complementary evidence on FEPROCAMD's role of supporting land conflict resolution: Attached: denuncia tala • Complementary evidence of financial loans granted by FEPROCAMD to concessionaires: Attached: Prestamo1; Prestamo2; Prestamo3 • Complementary evidence of meetings, assemblies and workshops information (minutes, attendance list and content covered): Attached: solicitud espacio; denuncia tala 2	
PP Response (2nd round)		
Date	***PP Comment***	
	PP regarding "Acuerdo Marco Inicial": Documents signed at the beginning of the project are attached: Convenio marco BAM – FEPROCAMD.	-

	PP regarding chestnut forest management plan and concession agreement: A list with 9 POAs is sent for the period 2015 – 2016, the concessionaires are: - Alberto García Rojas - Blanca Sahuarico de Aradivi - David Rodriguez Grifa - Eduardo Cumari Papa - Jesus Chavez Vargas - Jesus Racua Rodriguez - Maria Rosa Vargas Racua - Regina Palla de Calle - Rolando Racua Reaño A list of complementary plans and extraction balances are attached, the concessionaires are: - Eduardo Cumari Papa - Adelma Alicia Palla - Elena Paredes Espinoza - Hector Pizando Navi - Martina Mamani Cahuana - Miguel Silva Pereyra - Gabriela Parillo Quispe	

	- Zenibio Grandiller Olivera *PP regarding georeferenced limits for the monitored areas:* Attached in NCR 17-4. *PP regarding SOPs:* Updated in the Monitoring Report. *PP regarding forest inventory data:* As marked in the legend, it is in the document CP-AB, we can find it attached.	

Verifier Issue	**Issue ID:** 013/2020	**Status:** Closed	**Checked by:** BS	**Date Identified** 1/2/2020
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VCS Non permanence risk tool v.4.0	VCS Non permanence risk report	Clarification request turned into a Observation	The project proponent considers a specific risk rating related to the project longevity (table 04) without demonstrating that a legal agreement or requirement to continue the management practice that would sustain the activities which maintain carbon stocks on which GHG	Clarification requests needs to be addressed by the Project proponent prior to the second round of interactions between the

VCS Standard v.4.0, item 3.21.3			credits have previously been issued will continue beyond the project crediting period is in place. The project proponent considers that there is a low risk of loss of carbon stocks due to forest fires, extreme weather and geological events (table 10), supporting this claim based on INDECI and CNDG information, but without presenting specifically the data source that could be used by the audit team in order to perform an independent check on data reported in the monitoring period covered by this verification. The audit team asks for clarification in this regard.	VVB and the PP. The lead auditor will coordinate with the PP to have calls with specific stakeholders for any necessary clarifications. A clarification request can result in further NCRs, FARs or OBSs. The audit team evaluated the following project documentation for issuance of this CR: - BAM Monitoring Report 2015-2016
			<u>Findings from Review on 2 February 2020:</u> The project proponent did not respond to this clarification request. Regarding the project's longevity, the audit team understands that the proponent has not considered that the project longevity will extend beyond the project crediting period in its risk calculation and, therefore, it is not necessary to demonstrate how carbon stocks would be protected after the project life spam. In this regard, clarification on this aspect is no longer needed.	

			The audit team continued to ask for clarification about the sources of information that could be used to prove the frequency and severity of natural events impacts, as attested by the project proponent in its risk assessment. Any significant natural risk (i.e., a risk affecting more than 5% of the project area) that has occurred over the past 100 years in the project area shall be considered applicable to the project. The frequency and significance of events shall be estimated based on historical records, probabilities, remote sensing data, peer-reviewed scientific literature and/or documented local knowledge, such as survey data in project areas, and may include projected climate change impacts. Where data are available for at least 20 years, but less than 100 years, projects shall conservatively extrapolate using available data. Where such data are not available for the project area, likelihood and significance shall be determined based on conservative estimates (i.e., not underestimating the possible frequency or severity) of historical events in the region in which the project is located.	
			<u>Findings from Review on 16 June 2020:</u> The project proponent shared official reports from a Peruvian government environmental monitoring agency, INDECI. The values for forest fires reported in the reports corroborate low frequency in the	

			analyzed period. INDECI's reports show the number of occurrences of these events, but they do not provide information about the affected area and the impact on carbon stocks. According to INDECI, in the years 2015 and 2016 there were only 40 forest fires in the region, which can be considered as a low frequency given the territorial extension of the region. The audit team performed an independent check using data from INPE, the Brazilian space agency. The number of hot spots registered by INPE for the region is substantial in the monitoring period. The audit team turns this request for clarification into an observation (OBS#19/2020) to highlight the risk of non-compliance due to an underestimated risk in the case of forest fires.	

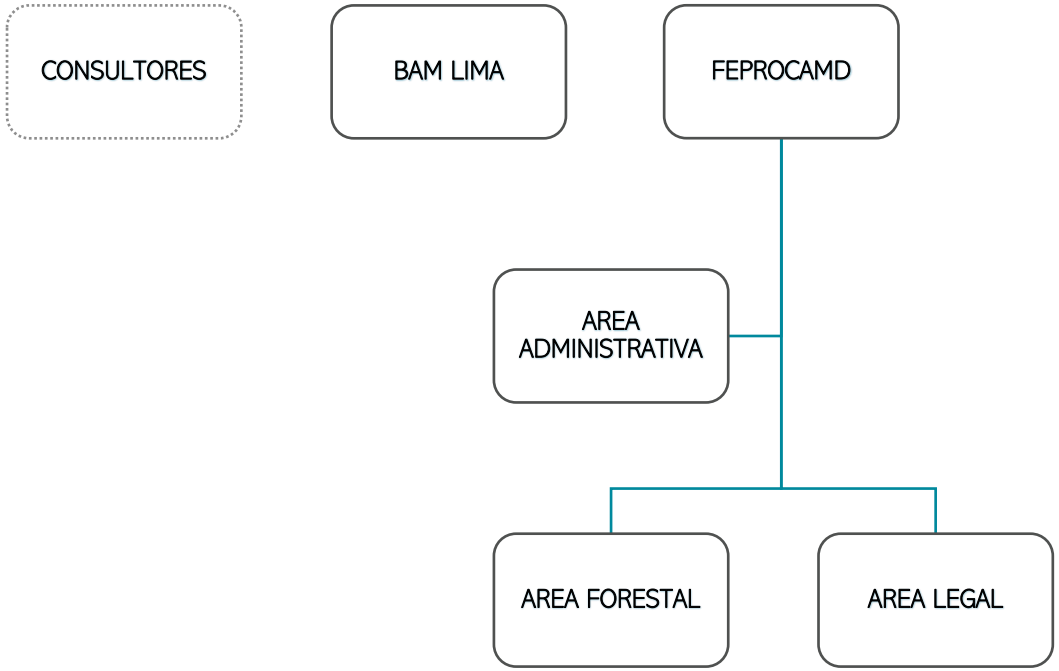
PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
Click or tap to enter a date.	None. A formal response to this finding was not provided by the Project Proponent.	- Respuestas BAM

PP Response (2nd round)		
Date	*PP Comment*	
	It was updated in the Risk Tool, same as 17-9.	-

Verifier Issue	Issue ID:	014/2020	Status: Closed	Checked by: BS	Date Identified	1/2/2020
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**		**Comments**	
VCS version 4, items 2.2.1, 3.4.3, 3.15.3	3.3	Non conformance.	The monitoring plan offers a description about the project governance structure, roles and responsibilities as well an organizational chart. The description shows IIAP (*Instituto de Investigaciones de la Amazonia Peruana*) as having a role of technical support related to spatial analysis, which was corroborated by the interviewed project staff, while the organizational chart shows "GEO Bosques", a government platform, as the primary source of spatial information for the project monitoring. The organizational structure, responsibilities and competencies of the personnel and institutions that carried out the monitoring activities during the period covered by this verification is unclear to the audit team. The project proponent shall establish a GHG information system for obtaining, recording, compiling and analyzing data and information important for quantifying and reporting GHG emissions and/or removals relevant for the project (including leakage) and baseline scenario. The project proponent must disclose sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence.		Clarification requests needs to be addressed by the Project proponent prior to the second round of interactions between the VVB and the PP. The lead auditor will coordinate with the PP to have calls with specific stakeholders for any necessary clarifications. A clarification request can result in further NCRs, FARs or OBSs. The audit team evaluated the following project documentation for issuance of this CR: - BAM Monitoring Report 2015-2016	

			<u>Findings from Review on 2 February 2020:</u> The project proponent presented a new governance structure for the project, showing responsibilities and competencies of the personnel that carried out the monitoring activities. However, he did not update his monitoring report, considering the new structure in the sections related to the project's monitoring plan and project deviations. This clarification request significance was updated to non-conformance.	
			<u>Findings from Review on 16 June 2020:</u> The project proponent has updated its monitoring report to show the revised project governance structure. This finding is therefore closed.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
2/2/2020	For this verification period 2015-2016, the regional management in Madre de Dios - BAM is deactivated to allow FEPROCAMD to take responsibility for the technical - legal area of the project. In addition, a team of consultants was hired to prepare the monitoring report based on the information provided by FEPROCAMD, leaving the organizational structure as follows. Figure: Organizational structure of the team for this monitoring period.	- Respuestas BAM



The responsibilities are as set out below:

FEPROCAMD. - Leads the project in Madre de Dios, disseminates relevant information about the project with the Brazil Nut partners through general and decentralized assemblies, prepares Forest Management Plans, Annual Operational Plans (chestnut harvest) and Complementary Plans (timber harvesting), legally advises as to complaints of invasion or administrative offenses. Likewise, it generates and reports technical, legal and social information under the parameters to monitor the project following the SOPs

	BAM LIMA. - Link between FEPROCAMD and consultants. Recruitment and budget allocation and verification process programming. CONSULTANTS. - Processing and analysis of satellite images for the deforestation model, preparation of a monitoring report based on the information sent by the FEPROCAMD and support in the verification process.	
PP Response (2nd round)		
Date	*PP Comment*	
	Updated in the monitoring report.	-

Verifier Issue	Issue ID: 015/2020	Status: Open	Checked by: BS	Date Identified 11/28/2019
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VCS Non permanence risk tool v.4.0 VCS Standard	4.3	Forward action request	According to the methodology adopted in the project design, the proponent must necessarily reassess the project baseline within 10 years from the project start date, which was 2019. Once the monitored period has happened from 2015 to 2016 and is covered by the fixed baseline period previously established under validation, the audit team raises this FAR to indicate the need to consider this auditable aspect to the next validation/verification body.	The project proponent shall implement corrective actions to demonstrate compliance with the mentioned requirement until the next verification event.

v.4.0, item 3.21.3			The verifiers consider the baseline scenario to be more complex than the one described in the project documentation. According to the project proponent, deforestation in the project area occurs mainly due to agricultural activity in situations of land invasion and lack of respect for the limits of forest concessions, that is, unplanned deforestation. Through spatial analysis, direct field observation and interviews with concessionaries, the audit team discovered that deforestation in the project area caused by a wider range of factors and situations. In addition to deforestation due to land invasions and the conversion of forests into grasslands, there is also deforestation generated by the concessionaires themselves to grown corn, cassava and other crops, which may even be considered as planned deforestation, if legally authorized. The audit team emphasizes the need to reassess the behavior of deforestation agents and drivers of deforestation at the time the project baseline is reassessed.	Note: Effective corrective actions focus on the specific occurrence approach described in the above evidence, as well as its root cause, in order to eliminate and prevent recurrence of nonconformity. The audit team evaluated the following project documentation for issuance of this FAR: - BAM Monitoring Report 2015-2016
			<u>Findings from Review on 2 February 2020:</u> The project proponent has responded to this finding, but also acknowledges its status and significance in the final verification opinion as a FAR. This FAR remains open and will require corrective action and formal closure at the next verification event.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	All modeling is a simplification of reality. Indeed, drivers of deforestation may be due to external actors (migrants, neighbors, farmers, ranchers) as well as internal actors (the concessionaires themselves). In both cases, however, deforestation has the same economic basis: income from agricultural activities is more convenient than alternative land use, in this case, Brazil nut harvest. In the case of external agents, because they do not directly benefit from Brazil nut extraction, their opportunity cost to agricultural activity is zero. In the case of Brazil nut trees, income per Brazil nut is positive but insufficient for the economic needs of the whole year. Therefore, they need to supplement their income per Brazil nut by the cultivation of various bread products (corn, cassava) or destined for the market (pastures). Although the Brazil nut generates most of the income for the concessionaire, the income or products for self-consumption that it can obtain per unit of area for agricultural activities is greater than for the collection of Brazil nut. In any case, in both cases it is unplanned deforestation, understanding that planned deforestation is carried out on forest lands legally authorized to be converted into non-forest for agricultural, livestock or other purposes, which is neither the case caused by external agents nor deforestation by the concessionaire themselves. The concessions of Brazil nut forests are, according to forest zoning, areas categorized as “F lands”, so no land use change is authorized, so it could not be considered a planned deforestation. Regarding the need to reassess the behavior of deforestation agents and drivers during the revalidation period of the baseline, this is already provided by the VCS standard itself, which determines that the baselines have a validity period of 10 years, which, in the case of BAM will	- Respuestas BAM

	occur from the year 2020. It should, however, be mentioned that, in the framework of the nesting process that the Government of Peru has been promoting through the Ministry of Environment, it has extended a communication to all early REDD + initiatives (among which is BAM) indicating that they can use their baselines already validated before VCS until the year 2020, inclusive. Beginning in 2021, all early REDD + initiatives should use the official reference level adopted by the country, which should have a geographic spatialization at the pixel level so that each REDD + early initiative will be able to know in advance what its potential for emission reduction for each year. BAM actively participates in technical meetings with the Peruvian Government with a view to establishing the rules for this nesting and fully supports this decision because it understands that in this way the integrity of carbon accounting is guaranteed and, as a consequence, the credibility of the country, which benefits all of us who implement REDD + in Peru. Considering that BAM's baseline concludes 2019 and the new NREF of the country will replace the baselines of the projects starts from 2021, there is a year (2020) for which it would be necessary to define which parameter to use to determine the project performance in that year. It is not justifiable to project a new BL for only one year. For this reason, the criterion that VCS is adopting with other early initiatives is to allow them to extend their BL until 2020, so that they can later join the country's official NREF. BAM will make the arrangements with VCS so that the same criteria are applied for our project. Attached: the MINAM authorization letter to BAM is included.	

Verifier Issue	Issue ID: 016/2020	Status: Closed	Checked by: BM & BS	Date Identified 12/10/2019
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VCS version 4, item 3.6.1	2.1	Observation	An overlapping of agricultural titles with the forest concession areas was characterized during the field visit, which was corroborated by interviews with representatives of FEPROCAMD, representatives of local communities (alleged owners of agricultural areas) and also direct observations in the field. In some cases, this implies conflicts over land ownership which can potentially impact the project proponent rights over the carbon. The audit team raised this finding as an observation understanding that there is a risk of non-conformance in place.	The issuance of validation/verification statements is not dependent on the execution of corrective actions that might be taken in order to address this observation. The audit team evaluated the following project documentation for issuance of this OBS: - BAM Monitoring Report 2015-2016
			Findings from Review on 2 February 2020:	

			The project proponent has responded to this finding, but also acknowledges its status and significance in the final verification opinion as an OBS. Observations are not considered to represent a non-conformance and no further action on behalf of the project proponent is considered necessary.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	We will request an update of the titles of ownership of PETT and COFOPRI to exclude those areas and we will also find out if the areas of concessions have been resized in the DRFFS.	- Respuestas BAM

Verifier Issue	Issue ID: 017/2020	Status: Closed	Checked by: BM & BS	Date Identified 12/10/2019
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VCS version 4, item 3.6.1	2.1	Observation.	The audit team observed situations where areas claimed to be owned by a third party exist within the limits of the forest concessions. In the field, interviews revealed that in some cases there is no recognition of these areas as being part of the forest concessions, by the individual concessionaries.	The issuance of validation/verification statements is not dependent on the execution of corrective actions that might be taken

			As examples of this contextual factor the verifiers cited concessions number 315, 332 and 122, where agricultural areas grown for pasture and corn are not recognized by the concessionaires as their own and under their responsibility. The audit team understands that territorial governance is weakened within the project boundaries and that there is a risk of planned deforestation in some overlapped areas being interpreted as unplanned deforestation in the project area, what can potentially affect the ex-post estimates. The audit team raised this finding as an observation considering that there is a risk of future non-conformance.	in order to address this observation. The audit team evaluated the following project documentation for issuance of this OBS: - BAM Monitoring Report 2015-2016
			<u>Findings from Review on 2 February 2020:</u> The project proponent has responded to this finding, but also acknowledges its status and significance in the final verification opinion as an OBS. Observations are not considered to represent a non-conformance and no further action on behalf of the project proponent is considered necessary.	
PP Response				

Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	We will request an update of the titles of ownership of PETT and COFOPRI to exclude those areas and we will also find out if the areas of concessions have been resized in the DRFFS.	- Respuestas BAM

Verifier Issue	Issue ID: 018/2020	Status: Closed	Checked by: BS	Date Identified 6/16/2020
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VMD0010 v1.1 step 2	3.2.1	Observation.	A methodology deviation regarding the estimation of the proportions of area deforested by immigrant and local deforestation agents in the baseline, VMD0010 LK-ASU v1.1 step 2 (ref.3) was assessed by the verifiers. According to the module, PRAS, existing studies and other verifiable sources of information, shall be used to determine the proportion of area deforested by population that has migrated into the area in the last 5 years. According to the project proponent the last official available census was performed in 2007 and does not met the module requirements. In this sense the project proponent has performed a PRA and generated primary data for this assessment in 2018. The verification team understands this methodology deviation as acceptable , since 1) there is no way to perform PRAs with the frequency determined by the leakage module at the present time for the monitoring period and 2) it is possible to assume that the level of	The issuance of validation/verification statements is not dependent on the execution of corrective actions that might be taken in order to address this observation. The audit team evaluated the following project documentation for issuance of this OBS:

			deforestation caused by immigration until 2018 is higher than the level of deforestation caused by immigration possibly found by the realization of PRAs in the monitoring period. The audit team raises a OBS to highlight for the project proponent the need to assess population immigration with the application of PRAs within the frequency of five years as guided by the module VMD0010 LK-ASU v1.1 step 2, as risk of non-conformance in subsequent verifications.	- BAM Monitoring Report 2015-2016
			Findings from Review on 2 February 2020: While the project proponent did not formally respond to this finding, its status and significance in the final verification opinion was assigned as an OBS. Observations are not considered to represent a non-conformance and no further action on behalf of the project proponent is considered necessary.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	None	-

Verifier Issue	Issue ID:	019/2020	Status: Closed	Checked by:	BS	Date Identified	6/16/2020

Protocol ref	Monitoring Report Section	Significance	Issue Description	Comments
VCS version 4, items 2.2.1, 3.4.3, 3.15.3	2.1	Observation.	The project proponent justifies not accounting for emissions due to natural disasters due to the low frequency with which they occur in the Madre de Dios region, using, to prove his claim, reports from INDECI, the national civil defense agency in the country. The audit team evaluated INDECI reports for the monitoring period and found the occurrence of forest fires, droughts, strong winds, landslides, among other natural disasters in the project area. INDECI's reports show the number of occurrences of these events, but they do not provide information about the affected area and the impact on carbon stocks. According to INDECI, in the years 2015 and 2016 there were only 40 forest fires in the region, which can be considered as a low frequency given the territorial extension of the region. Based on the information presented, it is not possible to infer anything about its significance regarding the impact on carbon stocks. The audit team, according to the information obtained in the database of the Queimadas Program of the National Institute for Space Research (INPE), which monitors the hot spots in the project area identified over the monitoring period (01-01-2015 until 31- 12-2016) a total of 290 hot spots within the project area. These hot spots could potentially have contributed to the emission of different GHGs (CO2 and non-CO2), which may be representative in view of the emission reductions generated by the project.	The issuance of validation/verification statements is not dependent on the execution of corrective actions that might be taken in order to address this observation. The audit team evaluated the following project documentation for issuance of this OBS: - BAM Monitoring Report 2015-2016

			The audit team considers that INDECI data are official and therefore can be used for inferences about risk. The audit team raises an observation as a risk of non-conformance in relation to this aspect of the VCS standard and non-permanence risk assessment.	
			<u>Findings from Review on 2 February 2020:</u> While the project proponent did not formally respond to this finding, its status and significance in the final verification opinion was assigned as an OBS. Observations are not considered to represent a non-conformance and no further action on behalf of the project proponent is considered necessary.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020		-

<u>Verifier Issue</u>	<u>Issue ID:</u>	020/2020	Status: <u>Closed</u>	Checked by:	BS	Date Identified	6/16/2020

Protocol ref	Monitoring Report Section	Significance	Issue Description	Comments
VCS version 4, items 2.2.1, 3.4.3, 3.15.3	2.1	Observation.	In its monitoring report, the project proponent does not demonstrate how steps 01, 02 and 03 of the BL-UP module were followed to calculate baseline emissions explicitly. In addition, the project proponent does not use formulas 16, 18 and 23 from step 4 of the BL-UP module according to the methodology: instead of calculating the change in carbon stocks by reservoir and then multiplying by the annual deforested area by stratum, the proponent multiplies the annual deforested area by the carbon stock in the pre-deforestation class, multiplies the annual deforested area by the carbon stock in the post-deforestation classes and subtracts the second factor from the first. The result is mathematically the same, therefore, the materiality of the GHG emission reduction assertion is not impacted, but the calculation logic presented differed slightly from the methodology, making it difficult to understand on this point. In addition, the project proponent apparently did not consider the effect of the decay of carbon stocks below ground after deforestation according to the BL-UP module step 4.3, equation 24. The audit team has raised an observation in this regard.	The issuance of validation/verification statements is not dependent on the execution of corrective actions that might be taken in order to address this observation. The audit team evaluated the following project documentation for issuance of this OBS: - BAM Monitoring Report 2015-2016
			<u>Findings from Review on 2 February 2020:</u> While the project proponent did not formally respond to this finding, its status and significance in the final verification opinion was assigned as an OBS. Observations are not considered to represent a non-	

			conformance and no further action on behalf of the project proponent is considered necessary.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	None	-

Verifier Issue	Issue ID: 021/2020	Status: Closed	Checked by: BS	Date Identified 6/16/2020
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VCS version 4, items 2.2.1, 3.4.3, 3.15.3	2.1	Observation.	The project proponent correctly considers project emissions in the project scenario according to the requirements of the M-MON module. Calculations are displayed in the spreadsheet in a traceable manner. The numbers reported in the monitoring report correspond to those presented in the calculation spreadsheet. However, the project proponent refers to the stage of acquiring images using verbal tenses in the future and not in the past, which does not reflect actions taken in the monitored period.	The issuance of validation/verification statements is not dependent on the execution of corrective actions that might be taken in order to address this observation.

			The project proponent considers emissions due to forest degradation from forest management with FSC certification to be zero correctly since there was no certified exploitation in the monitored period. The zero emissions for the parameter ΔCpSelLog can be checked in the spreadsheet. The proponent however fails to describe it in the section "Monitoring degradation due to selective logging of forest management areas possessing a FSC certificate" in the monitoring report, when they claim that such emissions will be verified in the future and does not describe the fact that they have not been monitored in the monitoring period covered by this verification. The monitoring report serves the purpose of reporting actions taken in the monitored period and not reporting an action plan.	The audit team evaluated the following project documentation for issuance of this OBS: - BAM Monitoring Report 2015-2016
			<u>Findings from Review on 2 February 2020:</u> While the project proponent did not formally respond to this finding, its status and significance in the final verification opinion was assigned as an OBS. Observations are not considered to represent a non-conformance and no further action on behalf of the project proponent is considered necessary.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	None	-

Verifier Issue	Issue ID: 022/2020	Status: Closed	Checked by: BS	Date Identified 6/16/2020
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**	**Comments**
VMD0015 v2.1 step 1	4.2	Observation.	The project proponent adequately follows the steps described in the monitoring module VMD0015 v2.1. The project proponent adequately selects medium resolution images from the Landsat 8 OLI satellite as a substrate for monitoring about changes in land use and land cover in the reference region, leakage belt and project area in the monitored period. The project proponent makes the necessary radiometric and geometrical corrections and calculates the change in land use and land cover in a GIS environment from the forest cover maps verified in the previous monitoring period, thus complying with the methodology. The proponent also presents a confusion matrix showing errors of omission and commission in the classification of the images processed in the pre-processing steps. According to the project's proponent, this evaluation was carried out based on direct observation in the field of 30 points selected arbitrarily based on doubts that arose during the stages of analysis of the transition maps on one occasion for the entire	The issuance of validation/verification statements is not dependent on the execution of corrective actions that might be taken in order to address this observation. The audit team evaluated the following project documentation for issuance of this OBS: - BAM Monitoring Report 2015-2016

			monitoring period from 2012 to 2016. The proponent still shows a Kappa index of more than 93.3%, as proof of accuracy in the classification stages (ref. 17). The audit team understands that the protocols followed by the project proponent for assessing accuracy do not fully reach the recommendations of good practices established in the GOFC-GOLD 2008 Sourcebook for REDD guide, referenced by the methodology adopted in the project design, as it does not present a sufficient number of sampling points for each class of land use and cover and a random approach to the selection of points.	- Memoria_2017_BAM.pdf - Memoria_2020_BAM_v1.pdf
			Findings from Review on 2 February 2020: While the project proponent did not formally respond to this finding, its status and significance in the final verification opinion was assigned as an OBS. Observations are not considered to represent a non-conformance and no further action on behalf of the project proponent is considered necessary.	

PP Response		
Date	*PP Comment*	*Additional evidence submitted for review by PP*
1/16/2020	None	-

Verifier Issue	Issue ID: 023/2020		Status: Open	Checked by: BS	Date Identified 6/16/2020
Protocol ref	**Monitoring Report Section**	**Significance**	**Issue Description**		**Comments**
VMD0015 v2.1 step 1	3.2.1	FAR	The project proponent reported a methodology deviation regarding the realization of a participatory rural appraisal (PRA), which is related to forest degradation monitoring. According to the tool VMD0015 M-MON, v2.1, the PRA shall be repeated every two years. Considering that a first PRA was conducted in 2012, the project proponent should have made this diagnosis in 2016 and 2016. Instead the project proponent stated that the last PRA was made only in 2018. The audit team will consider this methodology deviation as acceptable, since 1) there is no way to perform PRAs with the frequency determined by the monitoring module at the present time for the monitoring period and 2) it is possible to assume that the level of forest degradation monitored until 2018 is higher than the level of forest degradation possibly found by the realization of PRAs in 2016 and 2016. The audit team raises a FAR to highlight for the project proponent and the next VVB the need to assess forest degradation with the application of PRAs with biennial frequency as guided by the module VMD0015 M-MON, v2.1.		The issuance of validation/verification statements is not dependent on the execution of corrective actions that might be taken in order to address this observation. The audit team evaluated the following project documentation for issuance of this OBS: - BAM Monitoring Report 2015-2016
			Findings from Review on 2 February 2020:		

			While the project proponent did not formally respond to this finding, they acknowledges its status and significance in the final verification opinion as a FAR. This FAR remains open and will require corrective action and formal closure at the next verification event.	
PP Response				
Date	*PP Comment*			*Additional evidence submitted for review by PP*
1/16/2020	None			-