

# VERIFICATION REPORT FOR FORTEKO AFFORESTATION ON DEGRADED GRASSLANDS UNDER EXTENSIVE GRAZING PROJECT



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|----------------------|------------------------------------------------------------------------------|
| <b>Project Title</b> | Forteko afforestation on degraded grasslands under extensive grazing project |
| <b>Version</b>       | 1.7                                                                          |
| <b>Report ID</b>     | Forteko_VerificationReport_1.7                                               |

|                            |                                                                                                                                                                                                                                                            |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Report Title</b>        | Forteko_BDU III_ Verification Report_1.7                                                                                                                                                                                                                   |
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| <b>Pages</b>               | 78                                                                                                                                                                                                                                                         |
| <b>Date of Issue</b>       | 10-July-2024                                                                                                                                                                                                                                               |
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## Summary

AENOR INTERNATIONAL S.A.U (AENOR) has performed the verification of the project “Forteko’ afforestation on degraded grassland under extensive grazing project” in Uruguay on the basis of Voluntary Carbon Standard (VCS) and Climate, Community & Biodiversity standard (CCB), as well as the host country criteria. The period covered by this verification reports is from 26 March 2013 – 25 September 2021.

AENOR conducted the verification under VCS Standard version 4.4 and the CCB Standard Third Edition, by reviewing the monitoring report and supporting evidence submitted by the project proponent.

The purpose of verification is to have an independent, third party assess the project design. In particular, the project's emission reduction calculation; the monitoring plan implementing, and the project's compliance with relevant VCS and CCB requirements.

The project comprises a productive area totalling 16,181.5 ha of land previously under extensive grazing by beef cattle on which afforestation for obtaining high-value, long-lived timber products and for sequestering large amounts of carbon dioxide from the atmosphere was established.

Forests were initially based on long term rotation Loblolly Pine (*Pinus taeda*) and to a lesser extent Hybrid Pine (*caribea x elliotti*). In 2017, and after the properties were sold to BDU III Trust Fund, a change in the species was implemented on up to 12% of total planted area, only on some of the properties. This replacement took place from 2017 to 2021 with the plantation of *Eucalyptus grandis* (74.6%) plantations and *dunnii* (25.4%). Practices are certified with FSC standard.

Planted forests are removing carbon dioxide from the atmosphere and storing it in different carbon pools (living above-ground and below-ground biomass, soil, litter, and dead wood). In this second monitoring event the carbon stock in different pools is measured in all 14,413 ha planted areas, resulting in 3,710,011 tCO<sub>2</sub>-e for this verification period. At the same time the project is monitoring and identifying high conservation areas and implementing sustainable management practices.

The project has contributed to the sustainable development of Uruguay, and specifically the project zone by:

- Increasing labour demand from the local population
- Adding value to wood products and diversifying the regional production leading to higher economic revenues for the region
- Promoting an integrated management scheme with the ecosystem, achieving HCV conservation
- Creating and developing a new mechanism to finance projects in the forestry sector

In order to confirm that the monitoring report as documented meets the stated requirements and identified criteria, the verification consisted of the following three phases: i) a desk review of the project monitoring report and monitoring plan implementation; ii) follow-up interviews with project stakeholders with an on-site visit as well as review of project activities; iii) the resolution of outstanding issues and internal technical review followed by the issuance of the final verification report and opinion. In the course of the verification process 4 corrective actions and 5 clarifications were raised, all have been successfully closed.

The purpose of the visit assessment was to determine the conformance of the project with respect to the VCS Standard Version 4.4; the Third Edition of the CCB Standard; The field visit took place from 19/7/2022 to 23/07/2022 in which the CCB expert visited the project area, interviewed key stakeholders, staff and other related experts, and also reviewed the CCB-VCS-MR and supporting documents. The

scope of the verification was to assess the conformance of information in the project design document with the VCS and CCB standards.

Hence, once all issued detected were appropriately solved, AENOR carried out a final verification report and deems with reasonable level of assurance that the project complies with all of the verification criteria for VCS and CCB. The assessment team has no restrictions or uncertainties with respect to the compliance of the project with the verification criteria, hence, the audit team concludes that the net GHG emissions reductions or removals, for the lands included in the project boundary at verification stage has been quantified in accordance with VCS rules.

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## 1. INTRODUCTION

### 1.1 Objective

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

- The extent to which methods and procedures, including monitoring procedures, have been implemented in accordance with the validated project description, including the monitoring plan.
- The extent to which GHG emission reductions and removals reported in the monitoring report are materially accurate.
- The accuracy of the processes and activities carried out under the CCB standards which have also been implemented under the monitoring plan.

### 1.2 Scope and Criteria

**Verification Scope:** The scope of the verification audit is to verify the emissions reductions and/or removals of the project, against the Verified Carbon Standard, the identified methodology and the validated CCB and VCS PDD (CCB PDD is currently under validation) throughout the monitoring period from 26 March 2013 to 25 September 2021.

The objectives of this audit included a verification of the projects calculated removals with the Verified Carbon Standard requirements and any additional requirements of VCS AFOLU projects. In addition, the audit assessed the project with respect to the validated baseline scenarios presented in the CCB and VCS PD and the fulfilment of the Climate, community, and biodiversity criteria against the CCB Standard.

The scope was defined as follows:

- The project and its baseline scenarios;
- The physical infrastructure, activities, technologies and processes of the project;
- The GHG sources, sinks and/or reservoirs applicable to the project;
- The types of GHGs that are applicable to the project; and
- The project monitoring period
- The climate, community, and biodiversity benefits, including gold distinctions (if any)

The verification assessment was performed in accordance with the requirements detailed in section 4 of the VCS standard; including the following documents:

- VCS Program Guide, v4.3
- VCS Standard, v4.4
- Program Definitions, v4.3
- AFOLU Non-Permanence Risk Tool, v4.0
- Climate, Community & Biodiversity Standards, v3.1
- CCB Program Rules, v3.1

Unless otherwise indicated, the assessment was performed against the most recent version of the relevant VCS and CCB guidance document.

### 1.3 Level of Assurance

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

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

The threshold for materiality with respect to the aggregate of errors, omissions, and misrepresentations relative to the total reported GHG emission reductions/removals was one percent (5%), as established for projects by the VCS Standard.

### 1.4 Summary Description of the Project

Forteko project is an afforestation project that comprises a productive area of 16,181.5 ha of land previously under extensive grazing by beef cattle on which afforestation for obtaining high-value, long-lived timber products and for sequestering large amounts of carbon dioxide from the atmosphere was established.

Forests were initially based on long term rotation Loblolly Pine (*Pinus taeda*) and to a lesser extent Hybrid Pine (*caribea x elliotti*). In 2017, and after the properties were sold to BDU III Trust Fund, a change in the species was implemented on up to 12% of total planted area, only on some of the properties. This replacement took place from 2017 to 2021 with the plantation of *Eucalyptus grandis* (74.6%) plantations and *dunnii* (25.4%). Rotation periods for these new species is 18-20 and 10 years respectively and forest plantations will be replanted after clear-cut harvest. Practices are still certified with FSC standard /8-15/.

In this second monitoring event the carbon stock in different pools is measured in all 14,413 ha planted areas, resulting in 3,710,011 tCO<sub>2</sub>-e for this verification period. At the same time the project is monitoring and identifying high conservation areas and implementing sustainable management practices

The project has contributed to the sustainable development of Uruguay, and specifically the project zone by:

- Increasing labour demand from the local population
- Adding value to wood products and diversifying the regional production leading to higher economic revenues for the region
- Promoting an integrated management scheme with the ecosystem, achieving HCV conservation
- Creating and developing a new mechanism to finance projects in the forestry sector

The project start date was 31/07/2007, and the project crediting period is 100 years, ending in 2107 July 30th.

Some project activities have been implemented during this monitoring period of 26 March 2013 to 25 September 2021, and among them the most relevant are the following:

- 14,413 hectares of forest cover increased in the project area measured against the without project scenario.
- 3,710,011 tCO<sub>2</sub>e are the net estimated emission removals in the project area, measured against the without project scenario.
- 666 is the number of community member that improved skills due to the participation of some trainings, and within this figure, 27 are women.
- 1,036 are the people who improved their livelihoods because of the project activities, and 454 people improved their access to education, of which 222 are women.

The Forteko project falls under the VCS sectoral scope 14: – Agriculture, Forestry, and Other Land Uses (AFOLU). Specifically, the project falls under Afforestation, Reforestation and Revegetation (ARR).

## 2. VERIFICATION PROCESS

### 2.1 Audit Team Composition (*Rules 4.3.1*)

| Name                | Position in the team |
|---------------------|----------------------|
| Javier Cócera Cañas | Lead auditor         |
| Pablo Domínguez     | Auditor              |
| Daniel Bermejo      | Auditor trainee      |
| José Luis Fuentes   | Technical Reviewer   |

The auditors have the Spanish as mother language. However, they are fluent in English. The auditors have experience in social and cultural issues. They have been auditing CDM, VCS, CCB and GS projects in AENOR for more than 15 years all around the world.

Javier Cócera is a forest engineer with a Master in forest management. He has developed his career focused to the forest management. Mainly he has been working through sustainability in two ways: the main one as forestry consultancy, developing forest management plans, working with GIS and LiDAR both in the field and the office and getting experience of the forest resources. The second one was developing environmental footprint projects and sustainability reports. Javier has been working many years as a forest manager, carrying out forest inventories, forest management plans and reforestation designs. He has a broad experience in biodiversity knowledge, gathered during his forestry studies, international-professional experience and passion to the worldwide nature. Currently Javier is working in AENOR as an auditor focused in AFOLU projects. He has leaded different type of projects such as REDD+ or ARR projects, and has performed onsite visits in Africa, South America, Asia, and Europe, in which he was able to engage with local stakeholders and deal with different types of biodiversity components. Javier participated in courses about ISO lead auditing, REDD+ projects, Sustainable management of wild-animals and new technologies for agriculture and plantations.

Pablo Domínguez Engineer in Renewable Natural Resources, specializing in management and exploitation of rubber trees in farms, management of natural resources, forest certification systems, monitoring,

reporting and verification of carbon credits, registration and issuance of carbon credits, and auditor of projects that generate carbon credits. Pablo have developed specialization studies in Sweden, Mozambique, Thailand and Ecuador. As the Senior Specialist in Development and Management of carbon projects, and nowadays, as a consultant and auditor, Pablo has been using standards of the Clean Development Mechanism -CDM- and voluntary market (Verra -VCS-, Gold Standard -GS-, Climate Community and Biodiversity Standard -CCBS-), among others. Also, for private projects he has been in charge of the project design, field implementation of the monitoring methodology for measurement of baseline emissions, as well as the measurement of reduced emissions (fixed or avoided) by growth of the plantations or avoided deforestation, guiding and training the technical personnel of the project owner in the establishment of a system of permanent plots and GIS systems that are in tune with the forest monitoring that will be carried out in the plantations and / or forests. Regarding FSC, Pablo was in charge of the FSC certification of Forest Management and Multisite Chain of Custody of the certified groups that he managed. Since 2016, Pablo has participated directly as part of the Central American Subregional working group, as a permanent member, which is in charge of the process of transferring national indicators to the international generic indicators IGI's of the FSC, according to the procedure contained in document FSC-STD-60-006 (V1-2) ES, with the purpose of generating, reviewing and implementing a single Subregional standard for Central America.

Daniel Bermejo is a Forest Engineer with a MSc in Sustainable Finance. He began his career in private consulting, specializing in climate risk analysis and TCFD risks, forestry development, agriculture and forestry banking standards, environmental footprint projects and others. Since 2022 he participates as an auditor in several AFOLU projects in different carbon schemes, such as VCS, CCB, GS, FCPF, Cercarbono and BCR. Daniel has a professional Certificate Program in Sustainable & Inclusive Landscapes from Wageningen University, understanding topics regarding Landscape Leadership, Governance, Finance and Climate Action. He has participated in several ISO lead auditor courses. He is an expert in Climate, Community and Biodiversity aspects and has worked in LATAM, North America, Africa, and Europe countries. He speaks Spanish, English and French fluently.

José Luis Fuentes is the manager of the Climate Change Unit of AENOR. He is a Forestry Engineer and has a Master in Business Administration and a Post-Graduate in Environmental Management. He has more than 15 years of experience in auditing, consulting and training activities related to environmental and carbon management projects. Jose Luis has actively participated in the audit of international sustainable development projects in several carbon schemes, such as the Clean Development Mechanisms (CDM), Verified Carbon Standard (VCS), Climate, Community and Biodiversity Standards (CCB), Gold Standard (GS) and carbon footprints (ISO 14067 and ISO 14064).

The audit team has the appropriate expertise to carry out the audit of both the VCS and the CCB project.

According to point 4.3.1 of the CCB program rules, the team carrying out the audit must have experience in the following areas:

- 1) Proficiency in a relevant local or regional language for the project location: all members of the audit team have Spanish as their mother tongue. Complementary, all members of the audit team are fluent in English.
- 2) Relevant agriculture, forestry and/or other land use experience in the project country or region: all team members have studies related to nature and environment as described in the previous paragraphs. All team members are forestry engineers or related, with master's degrees in environmental fields as well. In addition, all team members have a lot of experience working with audits, especially in climate change audits under VCS and CCB in LATAM, Africa, Europe and Asia.

3) Relevant social and cultural expertise: all members of the audit team are fully experienced in conducting CCB audits. The members of AENOR have travelled internationally carrying out VCS and CCB audits (which is one of the ways to gather experience), so they are fully aware of the socio-cultural aspects to be taken into account in each audit and in each place. The audit team has received courses for leading audits, and they are auditing projects for more than 15 years. In this time, they have audited different parameters of the projects such as Climate, Community or Biodiversity, as well as their impacts or their monitoring techniques.

4) Relevant ecological and biodiversity expertise: all members of the audit team have forestry and/or environmental studies, which allows them to know and apply their knowledge in ecology and biodiversity issues to the projects they are working on. The members of the audit team have worked on a wide range of projects and are well versed in the environmental and biodiversity conditions in the project area, as well as in other parts of the world where they conduct audits. The audit team, as described in the paragraphs above, have also deep professional experience, working for many years auditing CCB projects in Africa, America, Asia and Europe. Also, some members of the team have also experience working as a consultant in the forestry sector, which provides to them an extra knowledge about ecology, biodiversity, inventories, monitoring or certification.

## 2.2 Method and Criteria

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 the 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.

AENOR carried out this verification report and deems with reasonable level of assurance that the project complies with all of the verification criteria. The verification activities in which risks were assessed were the evaluations of the monitoring system (data flow, data control procedures, etc.) but mainly the quality of raw data as well as sources and the spreadsheet calculations.

Previous to the start of the auditing process, the VVB developed an audit and sampling plan to obtain a general view of the audit, managing the times, the method and the criteria among other topics, and including as relevant part of the document, the way in which the VVB is going to assess the different parts of the project. In this sampling plan, there is a schedule for each activity, considering the field visit, stakeholder interviews, desk review and so on. The sampling of the different activities, such as the stakeholder interviews has been performed randomly, getting the whole boundaries of the project, with enough representation to reach the confirmed uncertainty. The sampling plan was sent to the PP, and it also includes information regarding the on-site visit, specifically the field assessment. The sampling and audit plan was sent before the visit, however, within the initial meeting, the audit team and the project proponent adjusted the final audit and sampling plan. [Section 2.5](#) of this document shows an example of the schedule of activities proposed within the sampling plan. These activities include all the topics that the VVB wanted to check during the visit, and the field assessment is included in such activities. Within the field assessment, the audit team has visited some instances belonging to Forteko. These instances were: “Las Mimadas”, “La Loma” and “Italiano”.

In addition to visiting the aforementioned sites to check the general condition of the project, in which the species used, the morphology of the site and even inspections for the biodiversity component were checked, the audit team reproduced the parameters measured on the plots belonging to these sites for the climate component. Furthermore, certain extra monitoring plots were visited, accompanied by members of

AF and members of the company who carrying out the forest monitoring and inventory (Bosques Servicios Forestales SA,), to check the quality of the measurements captured in the inventory calculations, which go directly from the field to the Caliper system, and from there to the Excel calculation.

In order to analyse how many plots had to be visited, the audit team made an audit plan as stated above, prior to the visit by checking the MR and the Excel calculations, determining the possible strata to analyse, as well as the species that made up the plot. The audit team wanted to visit plots that would have been part of the current monitoring calculations, but also that would have been measured in 2022 in order to make a comparison between the two measurements, taking into account the annual growth. Thus, the audit team would check the 2022 measurements in 2022 to see if the monitoring equipment complied with the requirements, and reasonably estimate the differences in diameter and height growth between 2021 and 2022. The following plots were visited for the assessment of the volume parameters: 301613, 301610, 301201, 301210, 301033, 301025, 303101, 300917, 303813, 301040. For these plots' selection, the VVB considered the strata, the species used and the possibility to reproduce monitoring calculations.

Firstly, the audit team asked to the inventory team to explain how they located the plot, what procedures they followed, what tools they used and where they recorded the information. Once the centre of the plot was found, the plot, depending on the type of species, had a different surface area, which could be 300m<sup>2</sup>, 500m<sup>2</sup> or 800m<sup>2</sup>.

Once everything had been explained, the inventory teams set to work in the same way as they would do in a normal inventory, and the VVB noted down all the trees that made up the plot and, contiguously, the height and diameter at breast height.

The same procedure was repeated for all the plots visited during the audit.

Once the process was completed, the audit team checked the field data with the data provided by the PP in Excel, thus verifying the correct similarity between the sampled calculations and those used for the biomass component of the project.

The audit team also checked during these inspections that the monitoring teams used the measurement tools defined in the monitoring plan.

The audit team has not found any errors neither in the measurement nor in the transposition of the data from the field to the processing with Excel or the Caliper system.

Other visits and interviews carried out during the Forteko on-site visit were: Ministry of Labour, (Montevideo) Planning area AF, Community relations area AF, Local board and Cerro Colorado school authorities, CAIF and Cerro Chato school, Contractor and pastoralist Cerro Chato, Contractor and shepherd Treinta y Tres, Intendant *Treinta y Tres*, Mayor *Treinta y Tres*, Environmental authorities.

AENOR reproduced and verified 100% of sheets in the spreadsheet of emission reduction calculations /1/ and the data-calculations carried out in those sheets for the monitoring period for the project area. The project area was 100% checked using the GIS database and shape files /4-7/. The carbon calculations were also 100% verified and crosschecked with validated values. AENOR also checked the transposition between the raw data, the Caliper system and the biomass spreadsheets and consider that the procedures are correct, and the information is reliable based on the accuracy of the measurements and the lack of transposition errors.

The Verification & Sampling Plan methodology was derived from all items in our verification process stated above. Specifically, the sampling plan utilized the VCS guidance documents and ISO 14064-3. Any modifications applied to the Verification and Sampling plan were made based upon the conditions observed for monitoring in order to detect the processes with highest risk of material discrepancy.

Based on these analyses and considering the requirements of the GHG program used, the following sampling was carried out:

- Project proponent, developers/management team, local team onsite (management capacity)
- Project design and boundaries
- Project rights and legal requirements
- Stakeholders' consultation process & Public Comment Period and engagement.
- Project conflicts, barriers, or difficulties.
- Project Communication & Grievance Mechanism
- Financial issues, financial sustainability
- Benefit permanence (mid and long term)
- Project area context prior to the project initiation and the main deforestation drivers
- Additionality assessment
- Methodology used and deviations
- Risk assessment. NPRR and NPR tool used.
- Baseline scenario, project scenario, leakage
- Carbon calculations. Estimates and assumptions for determining GHG data. Remote sensing.
- Ex-post Quantification of emission reductions or removals
- Monitoring procedures. Monitoring team and equipment.
- Areas of high conservation value (HCV).
- Project activities conducted during the monitoring period
- Project impacts *Climate, Community, and Biodiversity* during the monitoring period (and related to PD)
- Exceptional benefits (*Climate, community and biodiversity*) in the monitoring period

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

- To verify the correct application of the methodology (formulae, equations.) and checked that data required to calculate the GHG removals are appropriately provided.

Based on the assessment carried out, AENOR confirms with a reasonable level of assurance that the claimed emission reductions are free from material errors, omissions or misstatements.

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

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

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

## 2.3 Document Review

The monitoring report /2/, project description, and supporting documentation were carefully reviewed for conformance to the verification criteria and consistency with the validated project. The audit team examined the baseline data gathered from the baseline determined for this Region, spreadsheets used to enter, and compile information required by the methodology and reproduced the GHG emissions reductions calculations presented in the spreadsheet models to obtain same results than those appearing in the Monitoring report. The Non-Permanence Risks Report /3/ for this monitoring period were assessed, as well.

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

## 2.4 Interviews

The AENOR's verification team conducted interviews with project developers; local stakeholders; and key personnel involved in the project activity, in order to confirm selected information and to resolve issues identified in the document review.

The field visit took place from 19/07/2022 to 22/07/2022 in which the technical expert visited the project area, interviewed key stakeholders, staff and other related experts, and also reviewed the monitoring report and supporting documents. The people interviewed were those directly affected or involved in the project activity and in some cases were just indirectly affected. Finally, some activities stated within the MR were also reviewed during the on-site visit and verified with the information provided.

Additional to site visit, some meetings via teleconferences were carried during the year 2022 in order to additionally review the calculation and verify the processing data from satellite images. The scope of the

verification was to assess the conformance of information in the monitoring report with the VCS and CCB requirements.

The following table summarizes the interviews carried out during the process.

| Name                      | Role/Relation to the project                          | Date of the meeting |
|---------------------------|-------------------------------------------------------|---------------------|
| Josefina Ujit den Bogaart | ProSustentia / consultant                             | 19/07/2022          |
| Anibal Morella            | AF / Silviculture Manager                             | 19/07/2022          |
| Dan Guapura               | AF / General Manager / Project proponent              | 19/07/2022          |
| William Padulla           | AF Consultant                                         | 19/07/2022          |
| Álvaro de Paula           | AF / Consultant                                       | 19/07/2022          |
| Carlos Faroppa            | Ministry / Forestry Director                          | 19/07/2022          |
| Estefani Olvera           | Local Council / Secretary                             | 20/07/2022          |
| Analia Barbé              | Public School N° 17 / Director                        | 20/07/2022          |
| Sebastián López           | Italiano and La Loma cattle breeder                   | 20/07/2022          |
| Jose María Trias          | Cattle breeder Cerro Colorado                         | 20/07/2022          |
| Hugo Alba                 | Agromar Forestal SAS / Director Cerro Chato           | 20/07/2022          |
| Juan Magallanes           | Cattle Breeder Treinta y Tres                         | 20/07/2022          |
| Juan Jose Fontes          | Cildur / Director                                     | 20/07/2022          |
| Néstor Calama             | Doctor of Public Hospital                             | 20/07/2022          |
| Mauricio Otegui           | AF / Forestry coordinator                             | 20/07/2022          |
| Nereo Ascué               | AF/ Supervisor                                        | 20/07/2022          |
| Jorge Perugorría          | AF/ Supervisor                                        | 20/07/2022          |
| Elías Fuentes             | Major / Treinta y Tres department                     | 20/07/2022          |
| Mario Silvera             | Treinta y tres Quartermaster                          | 21/07/2022          |
| Horacio Bordón            | Treinta y tres Quartermaster                          | 21/07/2022          |
| Leonardo Roda             | Treinta y tres Quartermaster                          | 21/07/2022          |
| Pablo Jauregui            | Treinta y tres Quartermaster                          | 21/07/2022          |
| Luis Amslosia             | DINACEA / Director                                    | 21/07/2022          |
| Carlos Rodriguez          | DINACEA / technician                                  | 21/07/2022          |
| Alejandro Castroman       | DINACEA / Technician                                  | 21/07/2022          |
| Natalia Baldomir          | MTSS (Ministry of Labor and Social Security) / Lawyer | 22/07/2022          |
| Ana Lorca Machado         | MTSS / Lawyer                                         | 22/07/2022          |
| Guillermo Lal             | MTSS / Lawyer                                         | 22/07/2022          |
| Bolivar Moreira           | MTSS / Lawyer                                         | 22/07/2022          |

| Name          | Role/Relation to the project | Date of the meeting |
|---------------|------------------------------|---------------------|
| Daniel Romero | AF / Planification Manager   | 22/07/2022          |
| Camila Gómez  | AF / Analyst                 | 22/07/2022          |

## 2.5 Site Inspections

The objectives of the on-site inspections performed were mainly to cross check the description provided in the monitoring report, related to the VCS and CCB requirement implemented by the proponent, including

- Ensure that the geographic area of the project, as reported in the CCB-VCS-PD and the accompanying KML file, is in conformance with Section 3.11.2 of the VCS Standard;
- Perform a risk-based review of the project area to ensure that the project conforms to all other requirements of the VCS rules and the methodology.
- Observe the Project Proponent's evidence and collect and record data in order to assess whether data collection techniques conform to the monitoring plan and related documentation and to evaluate data quality control systems.
- Select samples of data and information for verification in order to meet a reasonable level of assurance and to meet the materiality requirements of the project, as required by Section 4.1.8 of the VCS Standard;
- Perform a risk-based review of the project area to ensure that the project is in conformance the eligibility requirements of the VCS rules and the applicability conditions of the methodology; and
- Interview local authorities to confirm that the project operates in accordance with current permits and authorizations and its relationship with local actors and communities.
- Interview the key personnel involved in the mentoring and observe monitoring practices.
- Verify activities such as plantations, in the project zone

The following issues, among others, were assessed in-situ during the field visit:

- FSC certificates /8-15/
- Farms properties /30-32/
- Project Zone /4-7/
- Illegal activities
- Monitoring System /16-29/
- Cattle displacement and contract with cattle breeder /103/
- Trainings /43-46/
- Planting area /4-7/

- Annual capacitation /43/
- Biodiversity monitoring
- QA/QC
- Dissemination documents
- SOPs and Policies /69-70/

The schedule that the audit team followed during the visit was similar to the following:

| Activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Location       | Date       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------|
| Initial meeting<br>Presentation of validation and verification team<br>Confirmation of activities during site visit.                                                                                                                                                                                                                                                                                                                                                                                                     | AF Main office | 2022-07-19 |
| Comments and opinions about the project<br>Introduction about the project<br>Presentation of the area and the stakeholders<br>Property Rights and benefits of the project<br>Status of project activities implementation<br>Monitoring activities on the field                                                                                                                                                                                                                                                           | Project area   | 2022-07-19 |
| Characteristics of the project<br>Physical parameters of the project<br>FSC certification<br>Financial sustainability and financial health<br>Forest management general plan<br>Risks of the project<br>Conflicts and grievance procedure. AF structure<br>Required skills of the team<br>Quality Management System ISO 9001                                                                                                                                                                                             | Project area   | 2022-07-20 |
| Stakeholder consultation<br>Dissemination of documentation<br>Meetings and stakeholder consultation. Mechanism to communicate<br>Neighbours visit form<br>Complaint's mechanism<br>Forestry trainings. Annual capacitation plan.<br>Community survey<br>Surveys and talks in schools<br>Approvals from the Government<br>Opinion from different stakeholders:<br>Public sector: Clinic, Education, Government and Police<br>Private sector: consultants, engineer, commerce<br>Civil society: cattle breeder, neighbours | Project area   | 2022-07-21 |
| Biodiversity<br>Biodiversity trainings<br>Fire prevention talks<br>Biodiversity changes<br>Mitigation and measures<br>Monitoring of BD. Invasive species.                                                                                                                                                                                                                                                                                                                                                                | Project area   | 2022-07-21 |
| Climate<br>Reproduction of spreadsheets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Project area   | 2022-07-22 |

|                                                                                                   |                |            |
|---------------------------------------------------------------------------------------------------|----------------|------------|
| Allometric equation demonstration<br>GIS review<br>Field inventory monitoring<br>Plots assessment |                |            |
| Final meeting<br>Closure of the visit                                                             | AF Main office | 2022-07-22 |

## 2.6 Resolution of Findings

All documentation provided by the Project Proponent was assessed against the most recent version of the relevant VCS guidance document. Several clarification requests (CL) and corrective action requests (CAR) were raised and submitted to the Project Proponent, which addressed them either by providing to the audit team the requested information or by making the appropriate corrections. Updated versions of the documentation were submitted by the Project Proponent and the audit team reassessed them against the guidance documentation. This process was repeated iteratively until all CLs and CARs were fully resolved. Specifically, 4 CARs and 5 CLs were reported.

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

### 2.6.1 Forward Action Requests

No Forward Action Requests were raised to the PP during this process.

## 2.7 Eligibility for Validation Activities

AENOR has conducted the verification at the same time considering the paragraph 4.1.23 VCS standard. AENOR holds accreditation for validation and verification for the sectoral scope 14. Agriculture, Forestry, Land Use.

## 3. VALIDATION FINDINGS

### 3.1 Participation under Other GHG Programs

The project has not been registered, and is not seeking registration, under any other GHG programs. The project has already been validated and registered under the VCS and CCB Program.

### 3.2 Methodology Deviations

There are not methodology deviations. AENOR has reviewed the document and the PDD and confirms that the PP did not report any methodology deviation.

### 3.3 Project Description Deviations (*Rules 3.5.7 – 3.5.10*)

Some project description deviations from the validated PD have been applied during this monitoring period:

#### 1. Land ownership:

Since the last VCS verification, changes in the project's land ownership took place from previous owner Forestal Tekoayhu S.A to BDU III Trust Fund. The audit team has reviewed the property certifications /30-

32/, the deeds of accession /47-64/ and the information of the Bosques del Uruguay webpage. AENOR has carried out several interviews with the project proponent and also performed the onsite visit, in which the VVB was able to check again the ownership of the land.

The PP has provided deep information about the change of ownership in the MR and this information does comply with the VCS and CCB requirements. Therefore, this project description deviation is deemed valid.

## **2. Project boundary**

The forest area of the project slightly changed from 16,553.31 to a productive area of 16,181.5ha. The difference is explained by cartographic adjustments and changes in the productive area due to adjustment to legislation during reforestation activities. The total project area was modified, but without changes in the project boundary.

AENOR has reviewed the GIS files /4-7/ and crosschecked the new information with the previous one. AENOR deems that the reduction of the area is totally explained and demonstrated in the MR, and there is considered as an increase in the accuracy of the area as well as the onward calculations.

The update of the area is done downward, so this change will not suppose and increase in the GHG emission removals.

Therefore, AENOR deems that this PDD deviation will not affect negatively to the development of the project and the project description deviation is valid.

## **3. Plantation and forestry cultural activities:**

It is stated in the MR that in June of year 2017, the first *Pinus* plantation was harvested and later replaced, in the same year, by *Eucalyptus dunni* in Manolete property. During 2019 and 2020, other properties would follow (El Chico, El Pudú, Jotape, Matador, La Gordi y Las Mimadas). As of June 2017, harvest of *Pinus taeda* took place and 1,738ha (12% of total project area) was planted with *Eucalyptus*, both *grandis* (74.6%) and, to a lesser extent (25.4%), *Eucalyptus dunnii*. The main purpose of this change was to benefit soil productivity, demand and market opportunities, as well as to increase carbon fixation due to better standing volumes obtained. The main destiny of the wood is still high quality timber. Solid wood of *Eucalyptus grandis* allows an excellent growth rate and final volume, added to the fact that it is recognized as a less invasive species than *Pinus*.

According to this deviation on the change of specie, the LTA has been recalculated due to the different harvest time of the plantations and resulted in 4,534,914 tCO<sub>2</sub>e (with a total GHG benefit of 453,491,421 tCO<sub>2</sub>e). AENOR has reviewed the spreadsheet /1/ and assessed the new calculation of the LTA /96/ and deems that the information gathered due to the change of specie is done correctly.

Complementary, the cultural activities are different from *Pinus* and *Eucalyptus*. These activities are described in the MR and the VVB has reviewed the management plan /109/ to confirm that these activities do match with the stated in the plan for the group of species.

Therefore, AENOR deems that this PDD deviation will not affect negatively to the development of the project and the project description deviation is valid.

## **4. Monitoring plan:**

Due to changes in the operation authorities, and the impossibility to access information from previous owners, there has been changes in the definition of strata. In this case instead of region, soil classification is considered, along with plantation year and species, to define monitoring strata. Soil classification is considered as robust as region in order to define a monitoring stratum, especially taking into account the project is limited to two departments in the same country's region.

At the same time, the replacement of 12% of *Pinus* with *Eucalyptus* demanded the increase in the number of stratum for monitoring. Also, the addition of new species will suppose an incorporation in values in the section "data and parameters available at validation" and "parameters monitored". AENOR has reviewed the strata changes with the GIS files /4-7/ and crosschecked with the MR information. Also, AENOR has reviewed the new section of parameters and crosschecked the new ones with their sources. Complementary, the LTA which has been described above, is also part of this deviation, which AENOR considers that this deviation is correct and does not affect negatively. AENOR deems that this PDD deviation will not affect negatively to the development of the project and the project description deviation is valid.

#### **5. Quality assurance and quality control:**

Once field measurements have been collected, the contractor sends them by email specifying the type of inventory carried out, establishment surveyed, number of plots and location in kmz format. All the information sent is reviewed by the head of inventories. In case of finding any inconsistency or doubt, a field check is performed. Once the data has been reviewed, it is processed using the data processing system Calliper.

The Vtree equation used in last verification was changed for the smalian volumetric equation using data from a regression equation by Bruce et el. (1968), extensively used in forestry sector.

The parameters for the regression equation are obtained from studies conducted within the project area, farms owned by BDU and neighbouring companies, with variables derived from a data set of more than 50 trees and in line with the conditions stated in A/R Methodological Tool "Demonstrating appropriateness of allometric equations for estimation of aboveground tree biomass in A/R CDM project activities"

AENOR has reviewed the new process to receive the information and such process has been crosschecked with the information obtained in the onsite visit, by interviewing forest and inventory workers. The auditor has assessed the appropriateness of the new equation and also the source and its application and deems that the new equation is correct. AENOR has reviewed the section of the MR and asked different inventory personnel about these tasks to conclude that the information is reliable

Finally, AENOR has compared the tool with the usage of parameters to obtain the equation, and deems that the calculation has been done correctly following the guidelines.

AENOR deems that this PDD deviation will not affect negatively to the development of the project and the project description deviation is valid.

#### **6. Data and parameters available at validation:**

New ex-ante estimations were conducted given the lack of access to previous estimations when the properties were bought. These estimations are based on new growing estimations, and minor changes in default values during ex-ante estimations.

The new plantations of *Eucalyptus* will suppose new parameters such as:

- |               |                       |          |
|---------------|-----------------------|----------|
| • $BEF_{2,j}$ | • $V_{TREE\ j\ p\ i}$ | • DBH    |
| • $CF_j$      | • Bark volume         | • H      |
| • $D_j$       | • $f_{MG,i}$          | • $Ap,i$ |
| • $R_j$       | • $A_i$               |          |

AENOR has reviewed the new parameters used and proposed and assessed with their sources and the reason of their change and deems that the new values are used properly and will increase the accuracy of the project. According to this modification, AENOR deems that it is a positive change which improves the accuracy and good management of the process. AENOR deems that this PDD deviation will not affect negatively to the development of the project and the project description deviation is valid. The additionality of the project will not be either affected by the correction of the new parameters, since these modifications only will affect the accuracy of the calculations favourably.

Hence, AENOR deems, according to the evidence provided and the studies carried on, that the project description deviations are valid, and the modifications on the PD will involve an increase in the accuracy of the data. The reduction of the area will mean avoiding the calculation in invalid areas, while the new formulae of some species will increase the accuracy of the data. Finally, the modifications in the monitoring will also increase the accuracy, adjusting the process to the day to day. Then AENOR considers that the project description deviations are valid.

The PP also has performed an analysis of the applicability of the methodology, the additionality and the appropriateness of the baseline scenario, and it can be concluded that all the deviations previously mentioned do not impact additionality, nor the appropriateness of the baseline scenario.

### 3.4 Minor Changes to Project Description (Rules 3.5.6)

Due to the change of species planted, between *Pinus taeda* and the introduction of *Eucalyptus*, there are variations in the biodiversity section: 5.2.5, 5.2.6 and 5.2.7 of the PDD. Also details regarding non-native species is included in section 5.1.5 and 5.1.6 of this monitoring report. No other changes in community or biodiversity are expected to have taken place due to the change in species used.

AENOR has reviewed the new information and crosschecked with evidence provided and deems that the information is correct and these changes do not affect critically the design of the project and are well considered and justified. Hence, the project remains in compliance with the project's validated design.

### 3.5 Grouped Project (G1.13 – G1.15, G4.1)

This is not a grouped Project. Therefore, this section is not applicable.

## 4. VERIFICATION FINDINGS

### 4.1 Public Comments (Rules 4.6)

The monitoring report was submitted to the VCS website for a 30-day public comment period from 04/05/2022 to 03/06/2022. No public comments were received during the verification process. The audit team confirmed this issue against public information in VERRA database platform.

### 4.2 Summary of Project Benefits

Section 1 of the monitoring report provides information about the project benefits. Achievements for the current monitoring period and for the project lifetime are detailed with specific data per categories.

Data are supported with evidence and records checked during the interview with stakeholders, review of activities implemented and desk review. The section has been completed appropriately with data from the sources provided such as GIS package, records of trainings activities, employees etc.

As specific and remarkable achievements for the current monitoring period the monitoring report in its section 1.2 states the net emission removals of 3,710,011 tCO<sub>2</sub>e for the monitoring period. It has been assessed with the proper review of the calculations /1/ as final step of the desk review process. The standardized benefit metrics, including: GHG emission reductions or removals; Forest cover; Training; Employment; Livelihoods; Health; Education; Water; Well-being and Biodiversity conservation.

Some of these values are 666 community members who have improved skills and/or knowledge resulting from training provided as part of project activities of which 27 are women; or 454 number of people for whom access to, or quality of, education was improved as a result of project activities, measured against the without-project scenario of which 222 are women.

The audit team reviewed information reported in this section against supporting evidences listed in appendix I and further information referenced in proper sections stated in standardized benefits; complementary, due to the onsite audit visit, the VVB was able to personally evidence and crosscheck all this information, the audit team has verified that all achievements reported are substantiated with information provided in the body of the CCB/VCS-MR.

In opinion of AENOR, the project benefits are credible based on the supporting documents provided by PP and evidence received during the AENOR's stakeholders interviewed, records checked and field records.

### 4.3 General

#### 4.3.1 Implementation Status (G1.9)

Section 2.2 of the monitoring report provides the relevant milestones occurred during the last years in the project area related to the management and development of the project to understand its implementation status. These milestones are directly linked with the success to implement and achieve the goals established by the project in the community and biodiversity areas.

Table in section 2.2.1 of the monitoring report provide complete information of activities carried out and impacts of these activities for the goals of the project. Project objectives and activities to reach them are analysed with their outputs and outcomes for the present monitoring period.

The most important milestones are described in the in section 2.2.1 of the monitoring report. The following table summarizes the assessment carried out by the audit team.

| Date         | Milestone(s) in the project's development and implementation                                              | VVB Assessment                                                                                                                                                                                                                                                            |
|--------------|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Jan-Dec 2006 | Forest projects presented to the Forest Directorate and EIA to the Environment Office with public comment | Assessed on the validated PDD and the environmental approvals /93-94/. Additional evidence reviewed: Decree 349/2005; FSC Summary Report (2009); Cambium Forest Management Plan; Cambium Environmental and Social Monitoring Report; HCV consultation; Survey and results |
| Jul 2007     | Project start date with land preparation for planting over degraded grassland                             | Assessed on the validated PDD /92/ and the environmental approvals /93-94/ and some bills to demonstrate the start date                                                                                                                                                   |
| Aug 2008     | First environmental characterization of farms                                                             | Assessed with the validated PDD                                                                                                                                                                                                                                           |
| Nov 2009     | Properties were first certified FSC                                                                       | Assessed with the validated PDD and the FSC certificates /8-15/                                                                                                                                                                                                           |
| Nov 2009     | Annual biodiversity survey reports of the projects                                                        | Assessed with the validated PDD and the flora and fauna reports.                                                                                                                                                                                                          |
| Jul 2010     | Silvicultural activities started (pruning and thinning)                                                   | Assessed with the corresponding evidence /107-108/, forest management plan as well as with interviews during the onsite visit.                                                                                                                                            |
| Jan-Dec 2011 | Community activities were performed                                                                       | Assessed with interviews during the onsite visit and evidence provided by the PP such as images and invitations                                                                                                                                                           |
| Mar 2013     | First productive project created with rural communities                                                   | Assessed interviews during the onsite visit.                                                                                                                                                                                                                              |
| Jan 2013     | Project was VCS validated                                                                                 | Assessed on the VERRA's webpage                                                                                                                                                                                                                                           |
| Apr 2017     | Forteko lands are bought by BDU III Trust Fund                                                            | Assessed with the corresponding evidence /30-32/ as well as with interviews during the onsite visit.                                                                                                                                                                      |
| May 2017     | First verification took place for period (2007-2013)                                                      | Assessed on the previous MR and Verra webpage.                                                                                                                                                                                                                            |
| Jun 2017     | First Pinus taeda plantation area harvested and replaced by Eucalyptus                                    | Assessed with the onsite visit, the GIS files /4-7/ the forest inventory manual /98/ and the management plan /109/                                                                                                                                                        |
| Sep 2019     | New environmental characterization of farms                                                               | Assessed with the evidence provided /47-64/                                                                                                                                                                                                                               |
| Sep 2022     | Project seeks CCB validation                                                                              | Carried on by AENOR                                                                                                                                                                                                                                                       |
| Jul 2107     | End of project crediting period                                                                           | Assessed with the validated PDD                                                                                                                                                                                                                                           |

After reviewing listed documents, AENOR's Verification team confirm the most important dates of the project schedule.

During this verification process, AENOR has not detected project changes in regards of the project title, its purposes, and objectives. As such, the project activity accurately reflects the proposed project which mainly consists in alleviating deforestation and degradation pressures on the forests, improving the quality of life of population in the area and strengthening relationships with government agencies to ensure the proper long-term management of the Project Proponent. Through interviews with key staff and evidence provided, the auditor team ratified the main objectives of the project activity, that result in the SD contributions described in the MR. Complementary to the interviews and the field assessment, AENOR has worked on the desk review of the Monitoring report close to the validated Project Description. AENOR has reviewed those sections which the implementation has been described during the current monitoring period. Complementary AENOR has contrasted the monitoring plan of the PDD, and the monitoring plan developed during the current verification. AENOR has reviewed the sections about deviations, specifically, project description deviations or minor changes to project description. In those sections the PP has explained the changes or modifications to the PDD. AENOR has reviewed such explanations and crosschecked the information with the requirements to be considered as a valid change.

Regarding the monitoring plan, AENOR has compared the information on the PDD and the information stated on the corresponding section of the MR. AENOR confirms that the information is the same, and for confirming that the information is reliable, AENOR has carried out a deep desk review, has carried out several interviews and has checked different parameters during the onsite visit. AENOR confirms that the monitoring plan is suitable according to the validated PDD and the implemented monitoring system. In case the PP redacts any type of methodology modification, it is described in the Methodology deviation sections, and the assessment is done by AENOR to determine that the methodology meets with the criteria and specifications for permitted deviations and it does not affect negatively the conservativeness of the quantification of GHG ERs.

Besides, the project has not participated nor been rejected under any other GHG programs. GHG emission reductions or removals generated by the project are not included in an emission trading program or any other mechanism that includes GHG allowance trading. The project has not received or sought any other form of environmental credit. AENOR has performed its own analysis to check these parameters as well as the overlapping of the project. AENOR has also interviewed some Public Authorities related to the Environmental Sector and confirms through these interviews that the project has not participated in other programs neither has received other form of environmental credit.

Regarding the SDGs, the Forteko Project contributes to the achievement of some SDGs. AENOR has reviewed the information on the MR and contrasted with the whole MR, other evidence and interviews with stakeholders and local authorities.

Hence, after a complete review of the different documents provided and the on-site visit, AENOR is able to confirm that the project implementation is in accordance with the project description contained in the validated CCB-VCS-PD and final version of the monitoring report /2/. There are not material discrepancies between project implementation and the monitoring report.

#### 4.3.2 Risks to the Community and Biodiversity Benefits (G1.10)

Section 2.2.6 of the monitoring report addresses the natural and human induced risks and how the project considered several initiatives to diminish these risks to the project benefits. The main possible risk identified by project proponent are:

- Natural: fire, diseases and insects, wind and frost.

Risk of fire in commercial plantations the risk of fires in commercial forest plantations in Uruguay is very low due to reduced population density and a very humid climate. Normally forest fires in Uruguay only occur in summer in the coastal areas of the South and Southeast of the country, associated with the tourism activity.

In spite of prevention activities, fires can happen. In that case, equipment and staff (owned and contracted) is ready and trained for fire-fighting. Other preventive activities are establishment of a network of firebreaks surrounding forests blocks with an area not larger than 50 ha, transit of non-authorized hunters, hikers or campers is forbidden, or hiring a fire insurance. AENOR has reviewed these measures and deem that they are correct since also were crosschecked onsite.

Diseases and insects are a low possibility disaster of occurrence, however, the diseases, in any case, will be controlled by the weeds and insects control plan /109/. The pesticides are allowed to be used, always that comply with the National policy and the FSC standard. Also, an external consultant specialized in health is available, which is used in case of detecting anomalous situations. Supervisors permanently monitor plantations

Wind could occur mainly to young individuals. It is well known that thinning could increase the risk of wind problems, so, in this way, the thinning will be controlled under the management plan /109/ basis, and thinned density never below 150 trees / ha.

Frost is frequent at nights during winter, and could be a problem for young plantations, therefore, these areas susceptible for frosting were excluded of the plantation areas.

- Human induced: water and soil contamination, affectation of habitats and economic risks.

Some EIA were carried out /47-63/ and the results showed low significance impacts in water contamination due to the usage of agrochemicals. However, operative procedures are used to avoid future problems. The same occurred with the habitats affected, there is low significance of impacts since plantations take place in grasslands with no natural habitat replacement. AENOR has reviewed the baseline scenario and deems that the natural habitat corresponds with grasslands.

The PP has calculated the risk through the Non-Permanence Risk Report /3/, and it is clear that there has been no great changes in any risk category: internal, external, and natural since the validation.

As stated, the changes in the PDD are minimum, and the audit team has reviewed both, the information provided in the MR and the information provided in the validated PDD. Complementary, an exhaustive assessment of the NPRR /3/ has been carried out, analysing the complementary information and attached evidence to the NPRR. During the visit, the audit team asked about the potential risks of the project, and the interviewees mentioned that the project staff explained them all the possible risks. There is also a

workers policy /114/ which they follow during field work. The audit team has also reviewed this policy, which is group of rules to follow for the proper development of project activities.

AENOR deems that the Project Proponent correctly identified the risks to the project, and it is implementing actions to reduce or diminish the negative impacts of these risks in the benefits on the Climate, community and biodiversity.

#### 4.3.3 Community and Biodiversity Benefit Permanence (G1.11)

The project is currently taking active measures to enhance the climate, community, and biodiversity benefits of the project beyond the project crediting period. The ultimate purpose is achieving long-term sustainability and improving soil quality in line with national objectives. Thus, it is important to stress that the project has not been implemented to generate GHG emissions for the purpose of their subsequent reduction, removal or destruction.

To demonstrate the permanence and commitment in long term, the PP has explained different measures in the MR.

For example, due to the location of the project, categorized as forestry priority, the change from grasslands to forestry, will improve the conservativeness and enhancement of the project in long term. The project is certified by *FSC* and the management plans were submitted to Uruguayan government. Hence, this is another positive point for the conservativeness of project.

The project is expected to contribute to the development of the region and the country pursuant the priorities defined by Uruguayan government (promotion of small family businesses, increase in exports, eradication of rural poverty, incorporation of technology, increased nationally added value, development of new productive chains and geographic decentralization of development) as follows. BDU project activity will generate several job opportunities, creating nearly 600 job positions when the sustainable production is reached. These high rates of employment will suppose another positive point for the well development of the project.

The products obtained from BDU will have the international market as the final destination. Also, one of the evidence provided by the PP demonstrates that the forestry projects oriented to the production of high quality logs, generates high positive impacts in the eradication of poverty in rural areas and reverting the process of internal migration to big cities. Directly related, the varied markets and type of products are an action that favour the permanence of the project. About technology, the project incorporates the best available and affordable technology for optimizing wood productivity and quality through the selection of seeds, site preparation, plantation, weed and pest control, forest management and wood harvesting and logistics, and achieving sustainability objectives.

Within the fields where Agroempresa Forestal (AF) operates, environmental assessments and impact surveys are carried out by a team of experts and communicated to communities in order to define mitigation actions. Based on the results obtained in these studies and consultation processes, management and monitoring plans have been developed for the restoration of natural systems which may have been affected by previous practices (agricultural, farming, forestry or other activities), the conservation of natural resources and values in the influence areas (flora, fauna, soils and hydric resources) and the prevention or mitigation of environmental impact caused by forestry operations, there are complex ecosystems of native forests, lowlands, rocky outcrops, with well conserved lands and good connectivity to high conservation value basins, which means it potentially included HCV area. Also, the type of soils where the project was

implemented, were categorized by law, as “Forest Priority Soils”. Because of that, the best productive activity to perform there is forestry.

AENOR has verified those activities through the desk review and during the on-site visit. Some of the evidence used for the desk review were studies for job analysis in Uruguay, the agricultural census, the Chronicles of forestry development in Uruguay or the study for the forestry contribution to the Uruguayan sector among other. AENOR considers that the measures and activities explained above are positive and will increase the effectivity and permanence of the project. It is clear that when all the actions are positive in social, economical and ecological terms, the permanence is clear established.

Hence, AENOR deems that the benefit permanence and the measures implemented are in accordance with the validated PDD and they are reasonable and apparent to further implemented.

#### **4.3.4 Stakeholder Access to Information (G3.1- G3.3)**

According to the section 2.3.1, the VCS Project Description has been published in the VCS website. The full CCB project documentation will be published also in VCS and CCB’s website for public comments, as well as the project summary in Spanish version. Local communities and other stakeholders can easily access it from the website. Also, the main information of the project, described in the Forest Management Plan, is published in Spanish on BDU website for public review and comments. The project has also been presented to the community during FSC and VCS validation. Given its FSC certification /8-15/, public summary reports of the mentioned certification are also available to public access.

Monitoring reports are also published online for all stakeholders to access and presented to communities during face-to-face training and communications.

Verification team reviewed the public information, regarding project activities, in the BDU webpage and confirm that information regarding project activity is accessible. Furthermore, during the on-site visit, Verification team confirmed by interviews with various local actors that the information generated for the design and distribution of the project has been explained to the community. Also, the stakeholders recognized to be aware of the costs, risks and benefits of the project, and these topics were covered during several meetings they had to obtain information. In terms of risks, the project organizes training and communication campaigns around fire risks in the area, in order to, not only tackle project’s own risks, but neighbours’ usual practices which can endanger the community’s safety. Regarding workers, there are impact assessments in place to identify and monitor risks for workers, and training to communicate and mitigate them /33-42/.

Also, the summary of project documentation has been published on VCS and CCB website for all stakeholders, so that they can obtain concise project information and development progress. These summary and other project documents have also been shared, discussed, and explained to communities in various meetings, or trainings. These facts were corroborated during the visit assessment and the desk review. AENOR assessed this during the on-site visit and through the review of the participatory workshops and conclude that the stakeholders have access to information regarding project activity and the verification process.

#### **4.3.5 Stakeholder Consultation (G3.4 – G3.5)**

As described in section 2.3.7 of the MR, AF has in place a mechanism for on-going communication with local stakeholders for BDU projects. The mechanism consists in local communities’ surveys to identify their perception of forestry activity’ negative impacts and to analyze the actions to be taken to mitigate these

impacts. To implement the surveys', AF personnel organize talks at schools near BDU project' lands and invite the community to assist and to ask questions on forestry activities and its impacts in the region. The attendants receive the survey asking about the social, economic and environmental impacts they perceive. At the end of the talk, the surveys are collected and later analyzed to establish a negative impact mitigation action plan.

The stakeholder groups that influence project design are the beef cattle breeders and rural communities. This stakeholder is normally the previous landowner that after forest implementation continues breeding cattle in the non-forested areas. The interaction between cattle and forest is so mutually beneficial that BDU and cattle breeders communicate about the design of projects in order to synergistically grow. According to the Forest Management Certification Report /8-15/, a wide range of stakeholders were contacted.

At the beginning, letters /106/ were the method to communicate, but currently the main mean is the WhatsApp communication with local representatives. Part of the communication with communities consist in verbal communication from the company' workers towards them. BDU workers are permanently present in the project area, and they communicate with communities and stakeholders.

Verification team reviewed the evidence provided such as the presentation, the survey or the letters among others. Also, during the onsite visit, the verification team asked for the consultation process and the participation of the different stakeholders in this process. All the interviewees answered to be part of the consultation process, being part of the communication and being considered for the taking decisions process. The project proponent, according to the interviews, accepted suggestions provided from the stakeholders and the project design was developed with the recommendations of those stakeholders.

Then, AENOR's Verification team is able to confirm that the consultation process is effective and fulfil the requirement of VCS and CCB requirements.

#### **4.3.6 Stakeholder Participation in Decision-making and Implementation (G3.6)**

Forteko has open channels to enable the effective participation of all communities. The "complaint form" and "visit to neighbor form" are a way for communication to communities and community groups. These channels are open to any culture and gender. Stakeholder identification is based on the level of relation to the project so no discrimination in terms of culture or gender is done. Stakeholders can complete the "complaints and claims section" to inform discomfort over actions implemented by the project. The information collected, is later processed and recorded by Forteko and published in the annual monitoring report available online at BDU/Forteko website.

The stakeholder involvement in project design as well as the stakeholder communication system is described in the CCB-VCS-MR and PD. During the site visit, the audit team was able to verify the stakeholder's involvement through the different interviews and meetings conducted and through records of different meetings.

In opinion of AENOR, the communication and consultation plan are being implemented as described in the project design document. The project design document, monitoring report and other documents related the project activities are public available and were disseminated as per VCS and CCB requirements. These documents have been made accessible to communities through socialization events, trainings, and community participation spaces, and have been delivered by different means.

As described in the previous section 4.3.5, the stakeholders have been considered for the decision-making process, and the project has been designed in part according to their needs. The interaction between cattle

and forest is so mutually beneficial that BDU and cattle breeders communicate about the design of projects in order to synergistically grow for example.

AENOR's verification team checked the above information, during the on-site visit, by interviewing several stakeholders as well as verified with the information provided on the MR followed by pictures, workshops reports and attendance lists /34/. AENOR has also reviewed the "forms", or the public consultation reports for the High Conservation Values areas /65-68/. Therefore, AENOR deems that the information provided in the MR which has been strengthened with other evidence and supported with the onsite visit and questions to different stakeholders, is reliable, and confirm that the participation in decision making and implementation is in accordance with VCS and CCB requirements.

#### **4.3.7 Anti-discrimination (G3.7)**

The project owner obeys Labor Law of the Republica Oriental del Uruguay with anti-discrimination assurance. Forteko project has the code of ethics /69-70/ which provides the ethical principles, values and rules of conduct applicable to all of those who are part of Agro Empresa Forestal S.A. By implementing this Code, AF aims to meet the needs and expectations of all the Company's stakeholders in order to promote transparency in the compliance with the ethical and legal requirements.

According to the policy, the companies of the AF Group are committed to avoiding any kind of discrimination (sexual, racial, generational, etc.). They also encourage all their members to promote fairness in the workplace, as well as in the professional development opportunities, on-the-job training and in the use of the tools available to each member of the teams.

Some forms of harassment are considered a hate crime, e.g., sexual or physical assault. In case of becoming aware of any of those behaviors, employees shall promptly report them to the HR Manager.

During this MP there have not been reporting of any stakeholder discrimination evidence.

The verification team has reviewed the information provided in the MR and crosschecked with the evidence mentioned such as the non-discrimination and non-harassment policy and the company workers 'policy /114/. Complementary, through the onsite visit carried out by the verification team, AENOR had the opportunity to ask to the stakeholders and beneficiaries if they had knowledge of any sign of discrimination. None of the interviewees declared to know proofs of discrimination. Furthermore, among the interviewees, there were women who declared to be part of the project without being discriminated.

Therefore, AENOR deems that the project implementation is being carried out without any type of discrimination and is reliable. Hence, the implementation is in accordance with the VCS and CCB requirements.

#### **4.3.8 Stakeholder Feedback and Grievance Redress Procedure (G3.8)**

Forteko has in place since 2008 the "Procedure to solve social and/or illegal activities conflicts or complaints". This procedure applies to any social complaint including lands' right of use, fires, illegal activity. The grievance mechanism follows up a clear process:

1. Once some complaints are received (by every mean: direct, email, letter), they need to be transmitted to forest manages in written within 10 days.

2. If needed, there will be a meeting between the FM and the impacted stakeholders within 30 days since the reception.
3. Both parties will try to reach a positive answer
4. The resources needed to solve the incidence will be analyzed as well as deadlines to comply with the proposal
5. Proposal is presented to the Director for its approval
6. Proposal is implemented
7. If the claim is not pertinent, a written response is sent, and the claim will be archived
8. If the dispute cannot be resolved, the activity is stopped until the conflict is solved.

The General Manager will designate a person responsible for collecting and processing the information regarding all the complaints received by the company, who will keep record of them and their resolution status. The External Adviser in charge of AF Management System is in charge of registering the complaints in the corresponding form. Once a complaint is registered, its treatment and deadlines are defined, and the complainant is notified about the treatment that will be given. Once the treatment is finished, the complainant is consulted about his satisfaction with the result. If he agrees with the result, the complaint is closed. Otherwise, the procedure is repeated until the complainant is satisfied. In the case of illegal activity once noticed, the activity must be instantly reported to the harvest manager in charge. AENOR has also interviewed several people and gathered information about the grievance process (as proposed in the audit plan). AENOR confirms that the neutral third party stated in section 2.3.12 of the MR is a common process in Uruguay. Specifically for the project, the third party would be a stakeholder with knowledge about conflict. AENOR considers that this method is correct and useful for moderating disputes. AENOR has not identified any negative comment about the GRM neither the communication with the third party.

No grievances were recorded during this verification period.

AENOR has assessed the information provided in the MR and validated PD and crosschecked with the consultations performed during the onsite visit, and confirms that there are not grievances between the stakeholders and the project proponent, and all of the interviewees are aware of the existence of the this grievance mechanism as well as the organigram until the closure of any complaint.

AENOR has also reviewed the complaint form /110/ and the management plan /109/ which includes a specific section for grievance and complaints resolution.

Therefore, AENOR's verification team is able to confirm the grievances producers was applied as per validated CCB-VCS-PD and in accordance with VCS and CCB (G.3.8) requirements.

#### **4.3.9 Worker Relations (G3.9 – G3.12)**

AF considers that is very important to have a very well-trained workers, for their personal motivation as well as for the good performance within the company, avoiding mistakes and risks. Therefore, all the workers related to the project must be trained in order to perform the activities with observance to the FSC status. Forteko has an annual capacitation plan for workers, both direct employees and contractors.

Among other courses, the workers have received education about Risks, health and first aid, fire control, procedures during emergencies, negotiation skills, English and leadership.

AENOR has reviewed the annual capacitation plan /44-46/, which includes the proposed dates for the current MP, for workers and contractors. AENOR has also reviewed the spreadsheet with the participation as well as the main topics of each course. The VVB has also reviewed the attendance lists of all the courses /43/ and confirms that such information matches with the previous spreadsheet planification.

Finally, AENOR, through the onsite inspection, was able to interview some workers of the company, and all of them recognized to be part of some courses. Later AENOR crosschecked the information of the interviews with the attendance lists to verify that the information was reliable. Therefore, AENOR's Verification team is able to confirm that project proponent provides orientation and training for those employed through project activities and relevant people from the communities and meet the VCS an CCB (G.3.9) requirement.

Forteko gives equal opportunities for all the people in the region to cover any job offer. A transparent system of contracts is available, through price calls to award long-term contracts and permanent evaluations of suppliers are carried out. From the total number of contractors working for BDU, it is estimated that around 82% of these contractors are living in the project area departments. AENOR has reviewed the evidence, which is a survey that demonstrates the origin of most of the employees.

Both women and men have same opportunities to work in each position, however there are some forest activities where more subtle or dainty movements are needed or where more meticulous work is demanded, which is the case of the work at nurseries or the harvesting with ultra-sophisticated harvesters. In such cases, women could be better qualified for the task, this is also the case for administrative and technical work. AENOR has interviewed some women from the communities, or workers of BDU and they confirmed that the process of selection is equal, and they had the chance to apply for whatever position.

According to the Laws that cover the workers, forestry in the country has its own regulation for labor conditions (Decree 372/99), on top of a large number of norms which affect any activity. This decree was developed with the active participation of the forest producers, and basically defines several rules for safety, health and living conditions of forest workers. Uruguay also has a National Code of Good Forestry Practices applicable to the forestry sector, which is a set of prescriptions and work guidelines for forestry workers. This code is of voluntary implementation, but it is enforceable at the level of the FSC certification standard.

The company has agreements, which set minimum wages by category, with semi-annual adjustments based on inflation and dollar variations. Employees work 48 hours a week, with a maximum of eight-hour per day, (excepting if the hours worked on Saturdays are distributed from Mondays to Fridays). In this case the hours worked per day can be extended to nine and a half hours. Finally, as the project is in compliance with FSC /8-15/ the working conditions are achieved as the different FSC annual summary reports. AENOR has reviewed such reports and asked to the interviewees about their compliance with the law, if they knew the Law or even if they have signed any type of contract to work under BDU III.

Forteko considers some of the jobs as risky. For example, the jobs which work with agrochemicals. Then, only trained employees with the usage of agrochemicals are authorized to work with them. Also, Forteko has risk assessment for other positions, for example for the pruning activities, grass removing, thinning or logging activities among others. AENOR has reviewed such files /33-42/ as well as the analysis of accidents occurred in the company /115-116/. AENOR has interviewed several workers of the company and asked if they were informed of the risks of their job position, if they were trained and if they knew any heavy accident.

All the interviewees recognized to be trained in risks according to their job, to be informed about their risks and they did not know any serious accident. Therefore, AENOR is able to confirm that the project developer is taking the necessary measures regarding occupational safety of workers.

Verification team is able to confirm that all activities are carried out within the framework of the project are in accordance with current regulations. AENOR did not detect incompliance with them checking the documents provided and interviewing to the workers. They have been informed about risks of the works and they received training about safety matters. Then, the project fulfils with CCB requirements related to worker relations.

#### **4.3.10 Management Capacity (G4.2 – G4.3)**

The monitoring report states in its section 2.4 the management capacity of the PP, including the skills, the experience, and the financial health.

Some skills are needed to perform properly the works. These skills are: experience in management of natural resources, skills to interact with different stakeholders, projects' development with rural population, experience with carbon projects and biodiversity monitoring.

AF is an experienced company, which started its activities in 2000. Currently AF manages more than 50.000 hectares per year just in Uruguay. The team of AF is composed by 8 agricultural engineers, 19 foresters and field supervisors and 8 administrative staff.

AF has been certified by FSC /8-15/ for many years. All the workers (both AF personnel as well as contractors) will be trained in order to perform the activities with adherence to the Principles & Criteria of the Forest Stewardship Council for forest management and chain of custody. More than 50 employees (direct employees and contractors) are working in Forteko project. These are specialized in engineering, forestry, administrative and technical. All these employees are included in the company's "Annual Capacitation Plan". AF hires experts to conduct the monitoring, and has a technical team, within the planning area, in charge of controlling and analysing data results obtained from a systematic tool which makes biomass estimations. Moreover, regarding carbon credits, AF works together with a consultancy firm which provides services and constant support in the climate and carbon aspects of the project.

AENOR has reviewed the companies hired by AF to perform different activities. Also, the technical skills have been crosschecked with the capacitation plan and finally, the FSC certificate was reviewed. Complementary, AENOR asked to some of the staff about the minimum knowledge required and experience to perform the task properly and their experience until get the position.

AENOR's verification team reviewed the resumes of responsible for the project, concluding that the management team has the expertise and prior experience implementing land management and carbon projects at the scale of this project.

The PP is a legally registered company in Uruguay, and according to the public information listed in National Enterprise Credit Information Publicity System, none of them were involved in or complicit in any form of corruption such as bribery, embezzlement, fraud, favouritism, cronyism, nepotism, extortion, and collusion. the total investment of the project in year zero was 50 million USD. Furthermore, the project cash flow with the results per year are illustrated in the prospectus. Based on this information it is possible to determine that the project cash flow breakeven point is 11 years and 11.4 months. AENOR has reviewed the cashflow in validation, as well as the code of ethics, which states that every negative behaviour is totally forbidden

in the company. AENOR has reviewed the FSC Certificates /8-15/ which have a specific section for conflicts, illegal activities and compliance with the laws and deems that the information provided is correct and does match with the reported in the MR. The annual FSC audits are the responsible to make BDU III to be under the compliance.

Through the onsite visit, the verification team did not obtain any proof of corruption signs, and none of the interviewees recognized to have the knowledge of corruption signs. Complementary, AENOR has reviewed the policy /69-70/ and deems that the information provided does match with the development of the project. Hence, AENOR confirms that the project is in accordance with the VCS and CCB requirements.

#### **4.3.11 Commercially Sensitive Information (Rules 3.5.13 – 3.5.14)**

No commercially sensitive information has been presented in the MR.

#### **4.3.12 Rights Protection and Free, Prior and Informed Consent (G5.1-G5.5)**

The land in the project area is totally private, and owned by BDU. Prior to the project initiation, all of the project land was owned by Forestal Tekoayhu S.A. AENOR has reviewed these purchase agreements /30-32/ of all the farms, and also check the GIS /4-7/ to crosscheck the location of such farms according to the agreement information and cadastral files. AENOR interviewed managers of Forteko and asked about these agreements, and deems that the information is reliable and correct.

Complementary, the PP has provided to the environmental Government the agreements of purchasing to make sure the successful development of the project. AENOR has also reviewed such documentation from the Government /47-64/. Therefore, the property is clear, and Forteko does not encroach other properties. To conclude, the Principle N°2 of FSC is related about the rights and responsibilities of tenure and use, and BDU III is certified under FSC /8-15/.

Only cattle breeders and beekeepers community groups are invited to use the area. The company offers grazing to neighbors or previous owners who own cattle with the aim of reducing the amount of fuel in firebreak areas and therefore the risk of fires. AENOR has reviewed such agreements /103/ as well has performed interviews with such stakeholders to get information about the property, possible conflicts and the possibility of them to graze when the trees reach the proper high. AENOR deems that the information reported is deemed correct and reliable.

Private owners voluntarily sold the lands to project owners, therefore the project activities will not lead to involuntary removal or relocation of property rights holders from their lands or territories, and does not force rights holders to relocate activities important to their culture or livelihood. There are no native peoples in Uruguay. Only a new stream of people who have recognized themselves as descendants of indigenous communities, but who currently reside in cities.

According to illegal activities, the forests are surveyed by project staff regularly, so there are not deforestation activities within the Forteko farms or boundaries. There is a process to avoid illegal activities. Additionally, hunting is prohibited on all Forteko lands and native forests are not disturbed, and only special authorization may be issued for hunting allowed animals.

The project activity complies with the National law and binding regulations, since forest investment has been approved by the General Forestry Directorate and the National Environment Directorate. To demonstrate the compliance with the Laws, the project has the FSC certificate, in which there is a section about these compliances. Since the PDD there were not changes in the list of laws that affect the project.

During the visit, the audit team did not find any inconsistency or proof to demonstrate that the information provided by the PP was wrong.

According to information provided in the monitoring report and gathered from authorities and the project proponent. AENOR can confirm that the project protects the rights of the communities and other stakeholders in accordance to the Climate, Community & Biodiversity Standards and the validated project design.

#### **4.3.13 Legal Status (G5.6)**

On the MR the PP has stated that there were not modifications, incorporations, or eliminations of some laws since the validation process.

AENOR did not detect during the interview with local authorities or desk review incompliance related to laws and regulations.

### **4.4 Climate**

#### **4.4.1 Accuracy of GHG Emission Reduction and Removal Calculations**

Procedures for quantifying the baseline emissions were conducted in accordance with the methodology. The verification team performed an intensive review of all input data, parameters, formulas, calculations, conversions, statistics and resulting uncertainties and output data to ensure consistency with the VCS documentation, methodology and associated tools, and the CCB-VCS-PD. Further, the verification team reproduced the calculations to ensure accuracy of the results. Inventory data, formulas, and calculations were provided by project proponents in spreadsheet /1/ format to ensure all formulas were accessible for review. The verification team recalculated subsets of the analysis to confirm correctness. If needed, project proponent also provided a step-by-step overview of select calculations to ensure the verification team understood the approach and could confirm its consistency with the methodologies and CCB-VCS-PD. Where applicable, references for analysis methods or default values were checked against relevant scientific literature for best practice. Some meetings with the PP were performed remotely and onsite during the audit in July 2022.

Verification team assessed the parameters listed in section 3.1 of the final version of the monitoring report, including fixed and monitored parameters and considered that they are complete and in accordance with the applied methodology and validated CCB-VCS-PD. Verification team confirms that the emission reductions, including accuracy of spreadsheet formulae, conversions and aggregations are consistent in the using of the data and parameters. Also, the methods and formulae set out in the project description for calculating baseline emissions, project emissions and leakage have been followed.

To quantify current carbon stocks in the project area, was used the procedure defined in the methodology "AR-ACM0001 "Afforestation and reforestation of degraded land" (version 05.2.0, EB 65). Complete steps to calculate emission reduction are detailed in section 3.2 of the CCB-VCS-PD and the results derived from validate project design document are listed in section 3.2 of the CCB-VCS-MR. Verification team assessed the emission reduction calculation spreadsheet /1/; GIS data /4-7/; Raw data from the inventories /78/. Results are summarized as following:

| Year                       | Baseline emissions or removals (tCO <sub>2</sub> e) | Project emissions or removals (tCO <sub>2</sub> e) | Leakage emissions (tCO <sub>2</sub> e) | Net GHG emission reductions or removals (tCO <sub>2</sub> e) | Buffer pool allocation (10%) | VCUs eligible to be issued |
|----------------------------|-----------------------------------------------------|----------------------------------------------------|----------------------------------------|--------------------------------------------------------------|------------------------------|----------------------------|
| 26-Mar-2013 to 31-Dec-2013 | 0                                                   | 287.353                                            | 0                                      | 287.353                                                      | 28.736                       | 258.617                    |
| 1-Jan-2014 to 31-Dec-2014  | 0                                                   | 335.657                                            | 0                                      | 335.657                                                      | 33.566                       | 302.091                    |
| 1-Jan-2015 to 31-Dec-2015  | 0                                                   | 335.657                                            | 0                                      | 335.657                                                      | 33.566                       | 302.091                    |
| 1-Jan-2016 to 31-Dec-2016  | 0                                                   | 335.657                                            | 0                                      | 335.657                                                      | 33.566                       | 302.091                    |
| 1-Jan-2017 to 31-Dec-2017  | 0                                                   | 334.998                                            | 0                                      | 334.998                                                      | 33.500                       | 301.498                    |
| 1-Jan-2018 to 31-Dec-2018  | 0                                                   | 649.076                                            | 0                                      | 649.076                                                      | 64.908                       | 584.168                    |
| 1-Jan-2019 to 31-Dec-2019  | 0                                                   | 709.910                                            | 0                                      | 709.910                                                      | 70.991                       | 638.919                    |
| 1-Jan-2020 to 31-Dec-2020  | 0                                                   | 387.762                                            | 0                                      | 387.762                                                      | 38.777                       | 348.985                    |
| 1-Jan-2021 to 25-Sep-2021  | 0                                                   | 333.941                                            | 0                                      | 333.941                                                      | 33.395                       | 300.546                    |
| <b>Total</b>               | 0                                                   | 3.710.011                                          | 0                                      | 3.710.011                                                    | 371.005                      | 3.339.006                  |

Until 2017 values of project removals result from the calculated removals for the period (1,988,307.7tCO<sub>2</sub>e) minus those from the previous monitoring period (- 358,983tCO<sub>2</sub>e), with a total of 1,629,324.7 before buffer deductions. The vintages are assigned based on lineal growth for the biomass pool -estimated based on the monthly average value (21,666 tCO<sub>2</sub>)- and the actual soil carbon stock for the vintage.

| Year                       | Net GHG emission reductions or removals (tCO <sub>2</sub> e) | Buffer pool allocation (10%) | VCUs eligible to be issued |
|----------------------------|--------------------------------------------------------------|------------------------------|----------------------------|
| 26-Mar-2013 to 31-Dec-2013 | 287.353                                                      | 28.736                       | 258.617                    |
| 1-Jan-2014 to 31-Dec-2014  | 335.657                                                      | 33.566                       | 302.091                    |
| 1-Jan-2015 to 31-Dec-2015  | 335.657                                                      | 33.566                       | 302.091                    |
| 1-Jan-2016 to 31-Dec-2016  | 335.657                                                      | 33.566                       | 302.091                    |
| 1-Jan-2017 to 31-Dec-2017  | 334.998                                                      | 33.500                       | 301.498                    |
| 1-Jan-2018 to 31-Dec-2018  | 649.076                                                      | 64.908                       | 584.168                    |
| 1-Jan-2019 to 31-Dec-2019  | 709.910                                                      | 70.991                       | 638.919                    |
| 1-Jan-2020 to 31-Dec-2020  | 387.762                                                      | 38.777                       | 348.985                    |
| 1-Jan-2021 to 25-Sep-2021  | 333.941                                                      | 33.395                       | 300.546                    |
| <b>Total</b>               | <b>3.710.011</b>                                             | <b>371.005</b>               | <b>3.339.006</b>           |

LTA value calculated ex-post equals 4,534,914 tCO<sub>2</sub>e. Total NERs verified during the different monitoring periods equal 4,068,994tCO<sub>2</sub>e a value still below LTA (estimated from the addition of monitoring period 1: 358,983tCO<sub>2</sub>e; and current monitoring period: 3,710,011tCO<sub>2</sub>e). Thus, total VCUs to be emitted in this monitoring period equals total emissions captured: 3,710,011tCO<sub>2</sub>e (decimal places rounded-down), minus buffer pool allocation which equals a total of 3,339,006. Buffer credits equal 371,005 tCO<sub>2</sub>e, in line with the 10% value result from the NPRR assessment and decimal values for annual removals rounded-up.

AENOR reproduced the calculations to achieve the same results and deems they are clearly and correctly in the provided sheets. The AENOR verification team was able to trace calculations directly from the data sources of inventory's field measurements. Formulae used are in compliance with monitoring plan, project design document and methodology. Monitored parameters and fixed parameters are appropriate. Thus, the net amount of VCUs to be issued is accurate and realistic. According to the VCUs and the buffer credits, the percentage of buffer was 10% according to the NPRR /3/ explained below. Therefore, the amount of buffer credits is 371,005 tCO<sub>2</sub>e in line with the 10% value result from the NPRR assessment, meaning the total amount to be emitted is 3,339,006 VCUs.

Regarding the leakage emissions, it is considered to be zero as per the estimations of the PP. The VVB has reviewed the “Guidelines on conditions under which increase in GHG emissions related to displacement of pre-project grazing activities in A/R CDM project activity is insignificant”. According to this tool, the increase in GHG emissions due to displacement of pre-project grazing activities attributable to the A/R CDM project activity is insignificant if at least one of the conditions exposed in the tool is met.

For the first condition about the total area expected to be displaced is more than 5% of the entire A/R CDM project activity or more than 50 ha, and the  $n - a$  ha (where “n” is the area in ha expected to be displaced and “a” is 5% of the total project area or 50 ha) are displaced to: i. Areas of land that can be identified as degraded or degrading. ii. Existing grasslands with the carrying capacity that allows for accommodation of the displaced animals during the entire period of displacement.

The total area to be displaced corresponds to the total area of the project 16,181.5 ha, meaning that the grazing area displaced is 100%. AENOR has reviewed the GIS files and also, during the onsite visit considers that the whole area of the project is expected to be displaced. During the desk review, and strengthen with stakeholder interview it is clear that the grazing animals are moved to neighbor zones (which is another condition of the tool). Moreover, the animals will be displaced only for 2 to 3 years and lately returned to the same site. To contrast this information, AENOR has also reviewed the grazing contracts /103/ which explains the conditions, and among others, the start and final date of the contract.

The tool also refers to other conditions such as the total number of animals expected to be displaced is more than 40 LSU, and those animals are displaced to i. Areas of land that can identified as degraded or degrading; ii. Existing grasslands with the carrying capacity that allows for accommodation of the displaced animals during the entire period of displacement; v. Slaughterhouses.

It is important to emphasize that the area that comprises Forteko’s boundary were not planted all at a same time, so animals are displaced gradually to other lands, following the sequence of plantations. Also, Uruguayan grazing activity is completely associated with forestry. A larger amount of cattle, more than what is usual, is put within the project area during some months to substantially reduce the amount of above ground biomass minimizing the use of glyphosate (herbicides for site preparation) during site preparation for the forest establishment. AENOR has reviewed additional sources which demonstrate the applicability conditions and the usage of this tool. Some of these evidence are the National forestry cartography (Uruguay) or the National Forestry Resources from Uruguay.

In order to calculate the above terms, the monitoring report details the data and parameters used during the verification process in section 3. Data and parameters available at validation are the ones stated in section 3.1.1. of the MR.

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

On the other hand, the data and parameters monitored to calculate the VCUs to be issued are the ones stated in section 3.1.2. of the MR.

AENOR checked that the list of parameters to be monitored was complete and consistent with information in the monitoring plan of the validated CCB-VCS-PD. If any modification was required, a project description deviation was indicated.

Regarding the accuracy of spreadsheet, formulae, conversions and aggregations and consistent use of data and parameters, the Project Proponent elaborated a complete procedure to assure the accuracy and appropriateness of data. During the verification process, AENOR not only verified the spreadsheet calculation, data, and parameters but also the AENOR team could verify that the Project Proponent conducted a rigorous QC/QA procedure of its field measurements and an assessment of uncertainty. Thus, AENOR deems the Project Proponent performed good practices in this assessment and concludes that GHG removals were quantified correctly in accordance with the project description and applied methodology.

For all these parameters reported in the monitoring report /2/, AENOR cross-checked with the PDD and the spreadsheet calculations /1/ and deems that values/calculations/methods match and are free of mistakes and errors. AENOR did not find inconsistencies between the project design document, technical annexes, monitoring report and spreadsheet calculation.

#### **4.4.2 Quality of Evidence to Determine GHG Emission Reductions and Removals**

The QA/QC procedures are, therefore, an essential part of the Forest Inventory Program and GHG Removal of BDU III. Provisions for different aspects of QA/QC have been implemented to ensure that the carbon stocks and carbon credits generated are accurate and reliable and have been estimated following relevant, consistent, transparent, and comparable standards that meet the requirements set for measurement procedures and which result in conservative estimates. These QA/QC provisions are an integral part of the standard operating procedures for the conduct of carbon and biomass estimation of BDU III. They are detailed in the forest inventory manual /98/ for the conduct of measurements at the time of monitoring. These procedures aim to:

- Collect reliable field measurements;
- Verify laboratory procedures;
- Verify data entry and analysis techniques;
- Check data completeness and consistency; and
- Maintain and archive data.

AENOR's verification team paid close attention to the knowledge of field teams about procedures for measuring, the frequency of measurements and the quality of metering equipment including maintenance/calibration requirements.

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

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

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

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

AENOR deems the information and the sources are reliable and appropriate. AENOR deems that evidence is enough to reproduce calculations in quantity and quality.

#### 4.4.3 Non-Permanence Risk Analysis

Verification team has assessed the final version of Non-permanence Risk Report /3/ for the verification process according to the AFOLU Non-Permanence Risk Tool, v4.0.

Below, it is explained the assessment of the non-permanence risk rating determined by the project participant.

| Internal Risk             | Risk Factor and/or Mitigation Description                                                                                                                                                                                                                 | Risk Rating | DOE Assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Project Management</b> | a) Species planted (where applicable) associated with more than 25% of the stocks on which GHG credits have previously been issued are not native or proven to be adapted to the same or similar agro-ecological zone(s) in which the project is located. | 0           | <p>The project uses mostly Loblolly Pine (<i>Pinus taeda</i>), <i>Eucalyptus grandis</i> and, to a lesser extent, <i>Eucalyptus dunnii</i>. None of the species are native to the area. The choice of species is due primarily to the fact that they ensure an adequate productivity level and a market access for the products to be obtained, which would not be possible if other species were used. On the other hand, they originate in regions with ecological conditions highly similar to those in Uruguay. At the same time, the mentioned species are broadly used in Uruguay and therefore adapted to the project agro-ecological zone.</p> <p>The Forestry Directorate stated that in 2018, of the 953 thousand hectares that the department of Treinta y tres has, 5% are occupied with planted forests, some 41,355 effective hectares where species could be identified, 18,835 hectares (46%) correspond to <i>Eucalyptus grandis</i>, 7,729 hectares (19%) to <i>Pinus taeda</i> and 7% to <i>Eucalyptus dunnii</i>. AENOR has reviewed the evidence which demonstrate the presence of such VCS projects with the usage of <i>Eucalyptus</i> in the surroundings as well as the paper from the Forestry Delegation and deems that the information is correct. Also, AENOR has</p> |

| Internal Risk | Risk Factor and/or Mitigation Description                                                                                                                                                                                                                                                                                                                        | Risk Rating | DOE Assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|               |                                                                                                                                                                                                                                                                                                                                                                  |             | visited the plantations and determines that the species used are according to the stated in the NPRT and the MR.                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|               | b) 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.                                                                                                                                                                                                | 0           | This is not applicable since there is a plan in place in order to respond to illegal activities within the farms from outside actors.                                                                                                                                                                                                                                                                                                                                                                                                                |
|               | c) Management team does not include individuals with significant experience in all skills necessary to successfully undertake all project activities (ie, any area of required experience is not covered by at least one individual with at least 5 year experience in the area).                                                                                | 0           | AF has a long track record in managing forests. It started its activities in Uruguay in 2000 as a forestry services company, and expanded to Chile and Brazil in 2007 and 2010 respectively. Currently AF offers services throughout the forest growth stages from consulting to forest lands management services. The company supervises more than 50,000 hectares per annum only in Uruguay. The audit team has had direct interviews with the responsible of different sections and has reviewed the evidence provided, for example, the resumes. |
|               | d) Management team does not maintain a presence in the country or is located more than a day of travel from the project site, considering all parcels or polygons in the project area.                                                                                                                                                                           | 0           | The core team is based in the project headquarters in Montevideo, around 2 hours by car to the project area. The audit team has been in the project headquarters when the onsite visit has been performed.                                                                                                                                                                                                                                                                                                                                           |
|               | e) Mitigation: Management team includes individuals with significant experience Management team includes individuals with significant experience in AFOLU project design and implementation, carbon accounting and reporting (eg, individuals who have successfully managed projects through validation, verification and issuance of GHG credits) under the VCS | -2          | AF has contracted ProSustentia, a climate change consultancy firm with large experience in the carbon credit certification process. Most of the experience was focused on CDM and VCS projects. The audit team has reviewed the evidence provided and interviewed responsible of different sections, checking the expertise of those members.                                                                                                                                                                                                        |

| Internal Risk | Risk Factor and/or Mitigation Description                                                         | Risk Rating | DOE Assessment                                                                                                                                                                  |
|---------------|---------------------------------------------------------------------------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|               | Program or other approved GHG programs.                                                           |             |                                                                                                                                                                                 |
|               | f) Mitigation: Adaptive management plan in place                                                  | -2          | BDU has a forest management plan which has been assessed by AENOR. Furthermore, BDU counts with FSC certification /8-15/ and there are other SOPs that were assessed by the VVB |
|               | <b>Total Project Management (PM): (a + b + c + d + e + f): -4</b><br>Total may be less than zero. |             |                                                                                                                                                                                 |

In AENOR's opinion, total project management risk rating (-4) is properly justified and in accordance with the AFOLU Non-Permanence Risk Tool: VCS V4.0.

| Internal Risk              | Risk Factor and/or Mitigation Description                                                                               | Risk Rating | DOE Assessment                                                                                                                                                                                                                                                                 |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Financial Viability</b> | a) Project cash flow breakeven point is greater than 10 years from the current risk assessment                          | 0           | Not applicable.                                                                                                                                                                                                                                                                |
|                            | b) Project cash flow breakeven point is between 7 and up to less than 10 years from the current risk assessment         | 0           | Not applicable                                                                                                                                                                                                                                                                 |
|                            | c) Project cash flow breakeven point between 4 and up to less than 7 years from the current risk assessment             | 1           | Forteko project is nearly in its breakeven point. In order to be conservative, 4 to 7 years was chosen. AENOR has reviewed the prospectus about the cashflow where all the information is explained and also AENOR has considered the description of the assumption by the PP. |
|                            | d) Project cash flow breakeven point is less than 4 years from the current risk assessment                              | 0           | Not applicable.                                                                                                                                                                                                                                                                |
|                            | e) Project has secured less than 15% of funding needed to cover the total cash out before the project reaches breakeven | 0           | Not applicable.                                                                                                                                                                                                                                                                |
|                            | f) Project has secured 15% to less than 40% of funding needed to cover the total cash                                   | 0           | Not applicable.                                                                                                                                                                                                                                                                |

| Internal Risk | Risk Factor and/or Mitigation Description                                                                                               | Risk Rating | DOE Assessment                                                                                                                                                                                                                                                                                                                                                                       |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|               | out required before the project reaches breakeven                                                                                       |             |                                                                                                                                                                                                                                                                                                                                                                                      |
|               | g) Project has secured 40% to less than 80% of funding needed to cover the total cash out required before the project reaches breakeven | 0           | Not applicable.                                                                                                                                                                                                                                                                                                                                                                      |
|               | h) Project has secured 80% or more of funding needed to cover the total cash out before the project reaches breakeven                   | 0           | Project has secured more than 80% of funding needed to cover the total cash out before the project reaches breakeven. Total cost of purchased land and plantation costs represented more than 80% over the accumulated cash out in Forteko afforestation cash flows. AENOR has reviewed the cashflow and financial analysis to confirm that the information is reliable and correct. |
|               | i) Mitigation: Project has available as callable financial resources at least 50% of total cash out before project reaches breakeven    | 0           | Project had available as callable financial resources more than 50% of total cash out before project reaches breakeven. AENOR has reviewed the balance sheet and deems that the information is deemed correct.                                                                                                                                                                       |
|               | <b>Total Financial Viability (FV): (a + b + c + d + e + f): 1</b><br>Total may not be less than zero.                                   |             |                                                                                                                                                                                                                                                                                                                                                                                      |

In accordance with provided evidence, the project has secured the funding needed to cover the total cash out required before the project reaches breakeven. It was verified against cash flow and supporting evidences of incomes and outcomes. Then, in AENOR's opinion, total financial viability risk rating (1) is properly justified and in accordance with the AFOLU Non-Permanence Risk Tool: VCS v4.0.

| Internal Risk           | Risk Factor and/or Mitigation Description                                                                                                                                                                                                                 | Risk Rating | DOE Assessment                                                                                                                                                                                                                                 |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Opportunity Cost</b> | a) NPV from the most profitable alternative land use activity is expected to be at least 100% more than that associated with project activities; or where baseline activities are subsistence-driven, net positive community impacts are not demonstrated | 0           | Not applicable since NPV from project activities is expected to be between 20% more than and up to 20% less than from project activities; or where baseline activities are subsistence-driven, net positive community impacts are demonstrated |

| Internal Risk | Risk Factor and/or Mitigation Description                                                                                                                                                                                                                   | Risk Rating | DOE Assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|               | b) NPV from the most profitable alternative land use activity is expected to be between 50% and up to 100% more than from project activities                                                                                                                | 0           | Not applicable since NPV from project activities is expected to be between 20% more than and up to 20% less than from project activities; or where baseline activities are subsistence-driven, net positive community impacts are demonstrated                                                                                                                                                                                                                                                                                  |
|               | c) NPV from the most profitable alternative land use activity is expected to be between 20% and up to 50% more than from project activities                                                                                                                 | 0           | Not applicable since NPV from project activities is expected to be between 20% more than and up to 20% less than from project activities; or where baseline activities are subsistence-driven, net positive community impacts are demonstrated                                                                                                                                                                                                                                                                                  |
|               | d) NPV from the most profitable alternative land use activity is expected to be between 20% more than and up to 20% less than from project activities; or where baseline activities are subsistence-driven, net positive community impacts are demonstrated | 0           | As stated in the baseline and additionality sections, extensive beef cattle is the only possible alternative of the land use. Even though there is a public information that confirms that project activities are more profitable than extensive cattle. Afforestation can increase the gross margin of extensive cattle production in improved areas in a 26.6%. AENOR has reviewed the study about the rentability of cattle and forest activities provided by the PP and deems that the information is reliable and correct. |
|               | e) NPV from project activities is expected to be between 20% and up to 50% more profitable than the most profitable alternative land use activity                                                                                                           | 0           | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|               | f) NPV from project activities is expected to be at least 50% more profitable than the most profitable alternative land use activity                                                                                                                        | 0           | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|               | g) Mitigation: Project proponent is a non-profit organization                                                                                                                                                                                               | 0           | Not applicable: the PP is not a non-profit organization                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|               | h) Mitigation: Project is protected by legally binding commitment to continue management                                                                                                                                                                    | 0           | The project proponent has a commitment with its investors, to continue with the project throughout the crediting period,                                                                                                                                                                                                                                                                                                                                                                                                        |

| Internal Risk | Risk Factor and/or Mitigation Description                                                                                                                           | Risk Rating | DOE Assessment                                                                               |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------|
|               | practices that protect the credited carbon stocks over the length of the project crediting period                                                                   |             | but in order to be conservative, no mitigation is considered in this sense                   |
|               | i) Mitigation: Project is protected by legally binding commitment to continue management practices that protect the credited carbon stocks over at least 100 years. | 0           | Not applicable as the project does not have a legal binding commitment for a 100 year period |
|               | <b>Total Opportunity Cost (OC) (a, b, c, d, e or f) + (g + h or i): 0</b><br>Total may be less than 0.                                                              |             |                                                                                              |

Then, in AENOR's opinion, total opportunity cost risk rating (0) is properly justified and in accordance with the AFOLU Non-Permanence Risk Tool, v4.0.

| Internal Risk            | Risk Factor and/or Mitigation Description                                     | Risk Rating | DOE Assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------|-------------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Project Longevity</b> | a) Without legal agreement or requirement to continue the management practice | 4           | $24 - (100/5) = 4$<br>The project promotes an integrated management scheme with the ecosystem. In this sense, it pursues FSC standard certification, demonstrating the commitment to implement forest management practices in the long term. Moreover, it has already obtained the necessary approval from the DINAMA (National Directorate of Environment).<br>Also, according to the deep information provided by the PP in the NPRR, is considered that all the factors mentioned above represent strong arguments to ensure that the planted forest will continue at least for the next 100 years. AENOR has reviewed all the agreements and information about the forestry sector in Uruguay, and deems that the information provided is reliable and correct to apply this risk rating. |
|                          | b) With legal agreement or requirement to continue the management practice    | 0           | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                          | <b>Total Project Longevity (PL): 4</b>                                        |             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

In AENOR's opinion, Total Project Longevity (4) is properly justified and in accordance with the AFOLU Non-Permanence Risk Tool, v4.0.

Therefore, **total internal risk** is calculated as the sum of (PM + FV + OC + PL), totalling 1 (according the NPR tool the total may not be less than zero).

| External Risk                          | Risk Factor and/or Mitigation Description                                                                                                                                                                                                                        | Risk Rating | DOE Assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Land tenure and access resource</b> | a) Ownership and resource access/use rights are held by same entity(s).                                                                                                                                                                                          | 0           | Forteko Project operated and administered by Agroempresa Forestal (AF) and EF Asset Management on behalf of "Fideicomiso Financiero Forestal Bosques del Uruguay" (the trust fund). The latter is the land owner and the entity that finances the project activities. The trust fund has the property rights on the project land, demonstrated by the available notarial certificates and no disputes over the tenure or use of the land are present. AENOR has reviewed the purchase agreements that demonstrate the ownership of the land /30-32/. |
|                                        | b) Ownership and resource access/use rights are held by different entity(s) (eg, land is government owned and the project proponent holds a lease or concession).                                                                                                | 0           | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                        | c) In more than 5% of the project area, there exist disputes over land tenure or ownership.                                                                                                                                                                      | 0           | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                        | d) There exist disputes over access/use rights (or overlapping rights).                                                                                                                                                                                          | 0           | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                        | e) WRC projects unable to demonstrate that potential upstream and sea impacts that could undermine issued credits in the next 10 years are irrelevant or expected to be insignificant, or that there is a plan in place for effectively mitigating such impacts. | 0           | Not applicable. Since no irreversible negative impacts have been identified in the Forteko establishments as a result of the activities carried out. Those impacts identified as mitigable that this project can generate in the human environment and natural, they have a monitoring and recomposition plan for each one of them.                                                                                                                                                                                                                  |

| External Risk | Risk Factor and/or Mitigation Description                                                                                                                                                                                           | Risk Rating | DOE Assessment  |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------|
|               | f) Mitigation: Project area is protected by legally binding commitment (eg, a conservation easement or protected area) to continue management practices that protect carbon stocks over the length of the project crediting period. | 0           | Not applicable. |
|               | g) Mitigation: Where disputes over land tenure, ownership or access/use rights exist, documented evidence is provided that projects have implemented activities to resolve the disputes or clarify overlapping claims.              | 0           | Not applicable. |
|               | <b>Total Land Tenure (LT) ((a or b) + c + d + e + f +g): 0</b><br>Total may not be less than zero.                                                                                                                                  |             |                 |

The ownership and resources access are given by the contracts /30-32/. No disputes or conflicts were identified during the on-site visit. Then, in AENOR's opinion, total land tenure (0) is properly justified and in accordance with the AFOLU Non-Permanence Risk Tool, v4.0.

| External Risk               | Risk Factor and/or Mitigation Description                                                                                                                                 | Risk Rating | DOE Assessment                                                                                                                                                                                                                                    |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Community Engagement</b> | a) Less than 50 percent of households living within the project area who are reliant on the project area, have been consulted.                                            | 0           | Previous to the project implementation the project farms were used for extensive cattle grazing with no presence of local population on them. Therefore, this risk is not relevant to the project.                                                |
|                             | b) Less than 20 percent of households living within 20 km of the project boundary outside the project area, and who are reliant on the project area, have been consulted. | 0           | Although no communities derive livelihoods from the project area different stakeholder consultation events have taken place during validation and FSC certification /8-15/, as well as a continuous communication plan in place with communities. |
|                             | c) Mitigation: The project generates net positive impacts on the social and economic well-being of the                                                                    | 0           | Not applicable since no communities derive livelihoods from the project area.                                                                                                                                                                     |

| External Risk | Risk Factor and/or Mitigation Description                                                  | Risk Rating | DOE Assessment |
|---------------|--------------------------------------------------------------------------------------------|-------------|----------------|
|               | local communities who derive livelihoods from the project area.                            |             |                |
|               | <b>Total Community Engagement (CE), (a + b + c): 0</b><br>Total may not be less than zero. |             |                |

The VVB confirms that there are not communities or local population living within the project boundaries. Then, in AENOR's opinion, total community engagement (0) is properly justified and in accordance with the AFOLU Non-Permanence Risk Tool, v4.0.

| External Risk         | Risk Factor and/or Mitigation Description                                                                     | Risk Rating | DOE Assessment                                                                                                                                                                                                         |
|-----------------------|---------------------------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Political Risk</b> | a) Governance score of less than -0.79                                                                        | 0           | Not applicable.                                                                                                                                                                                                        |
|                       | b) Governance score of -0.79 to less than -0.32                                                               | 0           | Not applicable.                                                                                                                                                                                                        |
|                       | c) Governance score of -0.32 to less than 0.19.                                                               | 0           | Not applicable                                                                                                                                                                                                         |
|                       | d) Governance score of 0.19 to less than 0.82.                                                                | 0           | Not applicable.                                                                                                                                                                                                        |
|                       | e) Governance score of 0.82 or higher.                                                                        | 0           | Governance score estimation is 0.88. AENOR has reviewed the evidence from the Worldwide Governance Indicators and deems that the calculations and the information are correct. Therefore, the information is reliable. |
|                       | f) Mitigation: Country is implementing REDD+ Readiness or other activities, as set out in this Section 2.3.3. | -2          | Uruguay has an established DNA under the CDM and has one registered CDM ARR project. AENOR has reviewed such project and deems that it is correct.                                                                     |
|                       | <b>Total Political (PC) ((a, b, c, d or e) + f): 0</b><br>Total may not be less than zero.                    |             |                                                                                                                                                                                                                        |

Verification team confirms the governance score against the world bank platform: <http://info.worldbank.org/governance/wgi/Home/Reports>; the average indicator was calculated for the last 5 years.

Then, in AENOR's opinion, total political risk (0) is properly justified and in accordance with the AFOLU Non-Permanence Risk Tool, v4.0.

Therefore, **total external risk** is calculated as the sum of (LT + CE + PC), totalling 0. (according to the NPR tool the total may not be less than zero).

| Natural Risk                      | Score (LS) | Mitigation | DOE Assessment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------|------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Fire</b>                       | 2          | 0.5        | According to SINAE statistics of fire events from 2004 to 2011, only 11 out of 102 took place in some of the 4 departments where the project farms are located. The events happened only in 4 years: 2005 (430 ha), 2007 (70 ha), 2008 (390ha) and 2011 (1242 ha). The latter produced the greatest impact affecting only 0,027% of the total area of these 4 departments. These events affected mainly natural grasslands, not forest plantations. AENOR has reviewed the previous events during the onsite visit through the explanation by GIS of the PP, and considers that the area corresponds with the stated. Complementary, AENOR has reviewed the spreadsheet from the SINAE to assess the likelihood of fire risk and other recommendations. Also, AENOR reviewed the FSC /8-15/ to analyze the fire management section detailed in the Plan /109/. |
| <b>Pest and Disease Outbreaks</b> | 2          | 0.5        | The VVB has reviewed the information provided in such section of the MR and asked different stakeholders during the onsite visit for the knowledge of pests and diseases risks. AENOR has reviewed the study about the historical antecedents of Porcile, and deems that the information is properly analyzed.<br><br>About the mitigation, the PP has FSC certificates /8-15/ which includes a chapter about sanitary aspects. Also the PP has a plan to eliminate invasive species /131/ which has also been assessed by AENOR.                                                                                                                                                                                                                                                                                                                              |
| <b>Extreme weather</b>            | 2          | 1          | The PP has provided an historical analysis about extreme weather events, which has been assessed by AENOR to determine that the information is correct. Considering all registered extreme weather events from 1959 to 2011, only two of them took place near the project locations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Geological Risk</b>            | 0          | 0          | Risk associated to earthquakes and volcanoes are not applicable to the project area since no                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| Natural Risk                                                                               | Score (LS) | Mitigation | DOE Assessment                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------|------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                            |            |            | such activities have occurred during the last 100 years in Uruguay. AENOR has reviewed the source of the regional center for seismology for South America, and deems that the information is correct. |
| <b>Total Natural Risk (as applicable, F + PD + W + G + ON): 4</b><br>Determined by LS × M. |            |            |                                                                                                                                                                                                       |

During the on-site visit, Verification team confirmed that the information provided in the sections above is reliable, in AENOR's opinion, total natural risk (4) is properly justified and in accordance with AFOLU Non-Permanence Risk Tool, v4.0 and was assessed using table 10.

Therefore, overall non-permanence risk rating and buffer determination are calculated as follow:

| Risk Category                          | Rating    |
|----------------------------------------|-----------|
| a) Internal Risk                       | 1         |
| b) External Risk                       | 0         |
| c) Natural Risk                        | 4         |
| <b>Overall Risk Rating (a + b + c)</b> | <b>10</b> |

AENOR has checked that information provided in the Non-Permanence Risk Report is consistent with documents of support provided. AENOR deems that information provided is reliable and appropriate, thus, the overall risk rating is credible and realistic. Then, non-permanence risk deduction to be applied for the project is 10%.

#### 4.4.4 Dissemination of Monitoring Plan and Results (CL4.2)

AENOR confirmed during the on-site visit by interviewing local stakeholders the awareness about the results of the projects, its implementation and monitoring. Through different interviews, the audit team was able to contrast and confirm the information provided in the MR according to the dissemination of the monitoring plan and results. All the interviewees recognized to know about the process and got access to the documents and summaries of the monitoring plan. Results of the climate benefits were provided in a spreadsheet calculation. AENOR reproduced the calculation to achieve the same results, checked baseline and project emissions and leakage. Further information on the process and data checks is provided in sections above. In opinion of AENOR the monitoring plan and the results were disseminated in accordance with the validated monitoring plan. Complementary, during the meetings that the PP organized with the stakeholders while the development of the MR, the information and the results were provided to them, and proof of that are the pictures that the PP has provided as evidence to be evaluated for the VVB.

Also, the documentation was uploaded to different webpages, for example the BDU or Forteko webpage. The information was uploaded there in both languages, English and Spanish. Additionally, other means were used to share the information, for example the radio, local newspapers, or different events to ensure that everyone had the chance to hear about the project and its dissemination. AENOR reviewed the evidence provided by the PP for this sharing of information and asked complementary different stakeholders

during the onsite visit about the reception of information. All the interviewees were aware of the dissemination and had the opportunity to read and understand the documents. Summaries are reported to the community during consultation instances, including verification stages and events specially organized for monitor report results communication. This is the case of biodiversity reports, communicated in schools.

Verification team also reviewed the webpage links where supposedly the PP has shared further information complementary to the dissemination process and deems that the information stated on the MR does match with the information obtained from the onsite visit and the review of the documentation.

#### **4.4.5 Optional Gold Level: Climate Change Adaptation Measures (GL1.3)**

Not applicable.

#### **4.4.6 Optional Gold Level: Climate Change Adaptation Benefits (GL1.4)**

Not applicable.

### **4.5 Community**

#### **4.5.1 Community Impacts (CM2.1)**

Community impacts include relocation of activities, increase in economic activities, increase in scale and demand for jobs industries, improvement in education and other benefits.

Impacts have resulted explicitly from the following project activities:

- Direct employment and jobs creation through ARR (666 people benefiting including 27 women);
- Access to education – planned for a total of 454 including 222 women);
- Access to improved health care facilities (total 666 including 27 women)

The project proponent has provided different evidence to demonstrate the community benefits mentioned above. The main evidence provided have been the different studies /100-101/ where all these benefits have been estimated and reported. Additionally, the audit team has verified these benefits through the onsite visit, where different interviews have been carried out and other documentation such as contracts has been shown to the verification team.

Complementary, the EIA analysed the risks and impacts for the community as well, and AENOR reviewed the matrix where all these risks are categorized. Through the review of the analysis, all the activities have a positive impact in the socio-economic sector.

Then, AENOR's Verification team confirms that the information reported in the CCB-VCS-MR are properly addressed.

#### **4.5.2 Negative Community Impact Mitigation (CM2.2)**

According to the MR, the project impacts identified in the Environmental Impact Assessment will be mitigated based on:

- Impacts on personnel: mandatory use of PPE and mandatory training course and license when working with chemicals. AENOR has interviewed some of the workers during the onsite visit, and

confirm that the workers had PPE and license when they were the responsible to work with chemicals.

- Roads and routes: to deteriorate roads, the company prohibits the driving on unpaved roads on rainy days. This information was crosschecked during the onsite visit by AENOR. For this possible problem, the company sent a notification due to the continuous transit of truck in the roads due to harvesting operation /106/.
- Soil and water contamination by chemicals: there is a SOP for the usage of chemicals which has been assessed by AENOR to confirm the evidence.
- Flora: there are some trainings to avoid contamination of local flora. AENOR asked to the stakeholders about these trainings and deems that the information is correct.
- Gullies: they are monitored annually to avoid their increasing in size.
- Erosion: to avoid erosion and soil loss, the plantation has been carried out following technical criteria which reduce the risk of erosion and desertification.
- Soil analysis: it is stated that soil analysis will be performed to check the proper quality of the soils of the project
- Harvesting: to avoid problems about harvesting, these activities should be developed according to the forest management plan /109/ which has been assessed by AENOR and deems that these techniques are correct and look after the environment.

AENOR has reviewed the annual survey /80-82/ to confirm that no comments were received about these activities during this MR.

Although there are not negative impacts on the current MR, the PP has developed different mitigation strategies for the negative activities planned on the PD.

Assessment by the audit team through the desk review and further onsite analysis concluded that the likelihood of net negative impacts on the well-being of the community is adequately addressed in the monitoring report and in accordance with the validated project description.

#### **4.5.3 Net Positive Community Well-being (CM2.3)**

The main source of income in the project area is the beef-cattle breeding. This method of production was degrading the landscape and the soil, decreasing the agricultural production yields and providing a low level of employment. Therefore, the project is improving the incomes, is creating new job opportunities (permanent, temporary, direct and indirect), the project is also providing training for these communities and additionally, the project is protecting the HCV.

AENOR's verification team confirms that net well-being impacts of the project are positive for all identified community groups compared with their anticipated well-being conditions under the without-project. This was assessed during the onsite visit through interviews with local stakeholders. The interviewees recognized that due to the project activities, among others, the possibilities to live in the surroundings of the project area is easier due to the options for working in the project. Hence, AENOR deems that the impacts in the community have resulted positive in comparison with the previous situation.

#### **4.5.4 Protection of High Conservation Values (CM2.4)**

According to the MR all the HCV are either protected, by national Laws, or by regulation made by the project proponent. To ensure the protection of these HCV, the PP is carrying out some monitoring, and it has been

assessed by the Management Plan /109/. AENOR deems that the information about protection in the plan is correct, and it does match with the visual inspection performed in July 2022 by the onsite visit.

Therefore, verification team is able to confirm high conservation values have not been negatively affected by the project, and in the other hand, they are promoting their conservation.

#### 4.5.5 Other Stakeholder Impacts (CM3.2-CM3.3)

AENOR has assessed that the project doesn't result in net negative impacts on the wellbeing of other stakeholder groups. Assessment by the audit team concluded that the likelihood of net negative impacts on the well-being of other stakeholder groups is adequately addressed in the monitoring report and the net impacts of project activities on the well-being are positive. Actually, the project will benefit the community and the stakeholders since the change in the land use, from grassland to forest, will reduce the possibilities of flooding and positively helps to reduce the climate change.

#### 4.5.6 Community Monitoring Plan (CM4.1, CM4.2, GL2.2, GL2.3, GL2.5)

Community monitoring plan are detailed in section 4.3.1. of the monitoring report. The specific variables measured are:

- Improvement of livelihoods of communities and stakeholders
- Improvement of technical capacities of communities and stakeholders
- Achieve exceptional community communication and participation throughout the project lifetime
- Improvement of communities well-being
- Cattle breeders participation
- Maintenance of community HCV
- Mitigate workers health risks

All these impacts were positive, and there were no negative impacts. Hence, the net impact of the project on all the above has been assessed to be positive. The frequency of monitoring is detailed in section 4.3.1 of the MR as well as the results of these observations. Monitor reports show updated information on stakeholders identified in the project zone related to the Forteko establishments.

Verification team assessed the evidence provided /16-29/. Complementary, through the onsite visit, the audit team assessed through interviews the implementation of the monitoring activities with the different stakeholders and activities. AENOR confirms that community monitoring plan is implemented as per validated CCB-VCS-PD.

#### 4.5.7 Community Monitoring Plan Dissemination (CM4.3)

AENOR confirmed during the on-site visit by interviewing local stakeholders the awareness about the results of the projects, its implementation and monitoring. Verification team reviewed the evidence provided by the PP such as the participatory process, the FSC presentation and on the website of BDU and Cambium. AENOR team has also reviewed the links where the information has been uploaded for the stakeholders, and additionally, the audit team, through the onsite visit and the interviews performed confirms that the dissemination of the documents stated by the PP has been done correctly. In opinion of AENOR the results of community monitoring were disseminated in accordance with the validated CCB-VCS-PD.

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

Not applicable.

**4.5.9 Optional Gold Level: Smallholder/community member Risks (GL2.3)**

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

**4.6 Biodiversity****4.6.1 Biodiversity Changes (B2.1)**

Section 5.1.1 describes the biodiversity monitored changes and different project interventions to produce the benefits which includes: increase in the biodiversity richness and control of invasive species.

Verification team reviewed the evidence provided by the PP, such as the biodiversity inventory of Mi Generala /132/, where surveys carried out at this stage allowed the following number of Total / SNAP / CITES-IUCN vascular plants to be recorded: 280/15/10. In relation to the 2019 baseline, the increase is summarized as: Totals / SNAP / CITES-IUCN: 7/1/2.

In Don Ramón property, the last monitoring reports have provided evidence that there is no invasion of non-native species in the HCV area, with no erosion or loss of pasture in the natural field area. An adequate pastoral management of the surrounding area is maintained, with exclusion in critical areas, which has enabled the development of communities of various species.

According to the invasive species, results have shown no increase in areas occupied by invasive species, compared to without-project condition, but same species identified in cattle breeding livestock dumps areas.

Different interviews were performed and, in those interviews, questions about biodiversity improvement were done. The interviewees recognized that the increasing in biodiversity was noticed since the project

start. Therefore, verification team is able to confirm that the project's assessment of changes in biodiversity resulting from project activities in the project zone during the monitoring period are accurate.

#### 4.6.2 Mitigation Actions (B2.3)

Section 5.1.2 of the monitoring report detail the measures taken specifically designed, planned and implemented to create positive impacts for biodiversity through reducing direct or indirect threats to biodiversity and HCVs; mapping of the conservation area; control of the presence of hunters, fishermen or other people related to the forest; reduce the presence of dogs; fence the area where vulnerable species have found; control the presence of invasive species above all within HCV; reduce the risk fire by building firewalls, surveillance and protection. The PP has also provided some aspects to be considered after and during harvest of forest to mitigate negative effects on the biodiversity.

Verification team during the onsite visit that the information stated in section 5.1.2 and along the whole biodiversity section is right. Therefore, verification team concludes that the mitigation actions taken are appropriate and in accordance with validated project description. The VVB has asked to the managers and some people related to these activities about their performance in the cases any negative effect would occur in the project area. The people related to the biodiversity conservancy are very educated about these values of conservation and all of them have in mind these mitigation activities to avoid negative effects.

#### 4.6.3 Net Positive Biodiversity Impacts (B2.2)

Forteko project implemented afforestation activities with scientific and reasonable configuration method, with no burning and slash. The row site preparation will protect the existing vegetation as much as possible. Therefore, the implementation of this project will not decrease biodiversity of project sites. In addition, the previous land use was homogenous and with low ratings of biodiversity, all of the biodiversity conservancy was decreasing. So, these different areas will create ecotones and buffer areas, which are very important for biodiversity and its conservation. Also, the plantations will act as corridors and will allow the movements of animals among other areas. Finally, among other benefits, the hydrological cycle is other of the beneficiaries of the project. The audit team has assessed the evidence provided such as the compliance with the flora and fauna conservation by BDU (Forteko) (<https://www.bosquesdeluruguay.com/compromiso-con-la-conservacion-de-flora-y-fauna-autoctona/>).

Through direct interviews with stakeholders the audit team confirmed that the information stated on the MR is true, and the project activities have only positive incomes for biodiversity as well as for social sectors. Therefore, verification team considers that the net impact of the project's activities on biodiversity are positive.

#### 4.6.4 High Conservation Values Protected (B2.4)

All biodiversity related HCVs Areas are present in the project zone and the project has been implementing activities that protect, maintain and enhance these valued biodiversity features and landscapes and other sites of biodiversity significance and value in a manner commensurate with their conservation significance/status or identified quality in the biodiversity monitoring. The different project activities have helped to improve biodiversity, HCVs areas and other local environmental conditions such as air, water and landscape quality, taking into account relevant information. As a consequence, the project has contributed to the enhancement and maintenance of these HCVs Areas and have had no negative impact on these as described below.

In section 5.1.4 of the MR there is a deep information about HCV and their protection. HCV Quebrada Los Loros at “La Hacienda” farm corresponds to a ravine that is born within the property, with abundant native vegetation. According to the survey of flora and fauna that began in the spring of 2008, species of conservation interest were found. These included the presence of 43 species of trees and shrubs, among which some of interest for conservation were recorded, in attention to their restricted distribution or to its productive uses. Moreover, regarding fauna, three parrots listed in the SNAP list for conservation were recorded:

- *Pyrrhura frontalis*
- *Aratinga leucophthalmus*
- *Aratinga acuticaudata*

During the onsite visit, the VVB has reviewed several information, such as the summary report for forest HCV management and the forest management plan.

Therefore, AENOR deems that the information provided by the PP is reliable and correct.

#### **4.6.5 Invasive Species (B2.5)**

Forteko plantations contains exotic species of Eucalyptus and Pines. They have been evaluated and validated by national regulatory and research bodies. Specifically, the Exotic Invasive Species Committee for Uruguay (CEEI) has published a list of invasive flora and fauna, where *Eucalyptus* is not among them. AENOR has reviewed such evidence as well as the mitigation activities to eliminate invasive species in some places. AENOR deems. The plan to control or eliminate invasive species was shown and explained by the PP during the onsite visit.

#### **4.6.6 Impacts of Non-native Species (B2.6)**

The project is using *Eucalyptus grandis* and *dunii*, and *Pinus taeda* which are non-native species to the area. However, the usage of these species is deeply justified by good productivity, adaptation to Uruguayan market and good quality of wood production.

*Pinus taeda* is one of the most widely planted in Uruguay, representing approximately 20% of commercial plantations according to the Ministry of Environment. To avoid negative effects, the project is following the Good Forest Practices and also practices are certified by FSC.

The *Eucalyptus dunii* has similar benefits, and complementary it can be planted in areas where *grandis* could be affected by frosting.

An environmental management system will be implemented with a focus on continuous improvement, following the FSC (Forest Stewardship Council) standard. Based on the environmental impact studies carried out, a significant negative environmental impact is not expected as a consequence of the implementation of the project activities and the use of *Eucalyptus grandis* and *dunii*. The project is classified in category A in DINAMA as lower impact. Also, to control natural regeneration, it will be controlled with some techniques.

AENOR deems that the usage of these species is properly justified as well as the measures to avoid future problems. Therefore, AENOR considers that the section is properly justified.

#### 4.6.7 GMO Exclusion (B2.7)

Forteko Project is FSC certified /8-15/ so it has a commitment with FSC values. One of them is the prohibition of introduction of genetically modified organisms in forestry operations.

#### 4.6.8 Inputs Justification (B2.8)

Based on FSC Principle 6, Environmental Impact, management systems should promote the development and adoption of non-chemical methods for pest management, in order not to harm the environment. The use of chemical pesticides should be avoided. Because of that, Forteko has in place an internal policy and strategy /114/ to minimize the use of chemical substances. In the case of pest control, if chemical pesticides are needed, an environmental and social risk assessment is conducted prior to application, with the aim of identifying impacts, mitigation and monitoring measures of the different chemical alternatives. The project has been granted by FSC a permit to use the chemical till 2021, after which risk analysis and mitigation plans are to be presented till the use of Fipronil is discontinued.

In the MR there are explanations of some inputs, their justification of use and the potential adverse effects. Some of these inputs are:

- Fipronil
- Metsulfuron
- Glyphosate
- Phosphorite
- Oxyfluorfen

AENOR has reviewed the FSC summary /8-15/ as well as the internal policy /114/ and crosschecked with the justification of use of these inputs. AENOR has looked for extra information about these inputs and asked to professional about these products and considers that its usage in the project is properly justified.

#### 4.6.9 Negative Offsite Biodiversity Impacts (B3.1) and Mitigation Actions (B3.2)

The PP has provided a list of all the negative offsite impacts and their mitigation measures to control or avoid them. Among all the negative offsite impacts, some of them are:

- Problems in protected areas by livestock: mitigated by building fences.
- High density of cattle: mitigated by proper livestock management plan and annual surveys.
- Advance of the native forest towards the plantation: mitigated by buffer zones.
- Plague outbreaks: mitigated with the forest management plan, monitoring and plagues control.

Verification team assessed the information provided on the MR through interviews with stakeholders and deems that the information stated on the MR is reliable and right.

#### 4.6.10 Net Offsite Biodiversity Benefits (B3.3)

Forteko project, forest plantations for obtaining pulp and saw wood and removing carbon dioxide from the atmosphere have been established since 2007, significantly decreasing soil erosion and soil degradation. Before the implementation of the Forteko project, native fauna or flora studies in the area were never conducted. Extensive beef production companies did not have the habit nor the obligation to carry out this kind of studies, since traditionally the extensive cattle is not certified by international standards (for example, FSC or similar), nor is it controlled by the Ministry of the Environment (ex-DINAMA). Burning was a common activity in pastures by cattle breeders. With the BDU project implementation, new HCVs areas are defined,

native forests are strictly controlled and fires are controlled. Periodic monitoring activities allows to identify the activities' impact on HCV and communities

The net offsite BD benefits have been assessed at the same time than the rest of biodiversity impacts and benefits, performed with onsite interviews with stakeholders and crosschecking the information with the statements of the MR. AENOR deems that the information provided on the MR is correct.

#### 4.6.11 Biodiversity Monitoring Plan (B4.1, B4.2, GL3.4)

During 2008, the first characterization and survey of the properties with potential conservation interest were conducted. The goal of the studies was to detect those areas that contain the most conservation values, in a broad sense, encompassing not only species but also conservation values. Considering the connectivity and the representativeness of the values contained with respect to the region in which they are located, defining the presence or not of areas of High Conservation Value (HCV).

Flora field sampling was planned by means of prior photo-interpretation, identification of different environments and definition of permanent sample areas, and further field visits with the corresponding identification of species and herborization of plants. A checklist was generated to report vegetation conservation conditions and species identification.

In the case of fauna field sampling, these are conducted at establishment level with bi-annual frequency (taking into consideration seasonal variety), for HCV areas, based on sighting methodology, with visual inspection during the field supervisor's tours (photographic camera tool). The sampling identifies species richness for: amphibians, reptiles, mammals and birds.

The PP has provided deeper information about monitoring in section 5.3.1 of the MR, including dates, frequencies, species and methods to monitor.

The audit team has reviewed the evidence provided to demonstrate the biodiversity monitoring plan, as well as the pictures or videos of relevant species obtained from the visit.

Complementary, the VVB has reviewed during the onsite visit all the BD aspects and current problems associated as well as the implementation of Biodiversity monitoring plan. The biodiversity monitoring plan complies with the validated PD. The evidence verified during the onsite visit and their respective procedures are in accordance with the section of the MR and the validated PD.

Some of the evidence reviewed by AENOR were the report about tetrapod fauna in Don Ramon and Don Ramon III /133/, the monitoring plan for Mi Generala property /132/, the invasive species management plan /131/, or the Red List of Uruguay birds.

AF has carried out several monitoring programs in some instances or farms of this project. Las Mimadas, Las Flacas, Matador, La Loma, El Italiano are those farms in which AF monitors several variables. These variables measured are among others: Presence of unwanted natural revegetation of Pinus or Eucalyptus, Extra stand forestry practices observed invading conservation areas, Animal sights or Forest distances from water bodies. The PP has developed some templates for describing the monitoring works. Within these templates, the responsible can answer each question made for analyse the variables to monitor. These templates are provided as evidence and are created for the abovementioned farms. Complementary, the PP has provided a deep spreadsheet, which is a database of all the monitored farms within the AF group. In such spreadsheet, the PP indicates the year, the indicator, the monitoring tool, the parameter to monitor or measure, the responsible, the frequency as well as the evidence of the sight.

AENOR has reviewed such surveys with the information obtained from each responsible, and it has been crosschecked with the information on the spreadsheet. AENOR has also contrasted this information with the testimonies from some interviewees about the biodiversity conditions of the area. Finally, AENOR

reviewed the evidence provided by the PP in the MR, such as the FSC certification, the Bird Red List of Uruguay, the Priority Species for Biodiversity Conservation in Uruguay or the Flora Monitoring report from Brussa & Walkwer about the Farm Mi Generala. AENOR considers that all information is correct, reliable, effective and do match among the different sources which has been assessed. The interview with some Forestry Authorities is another good opinion to confirm that the monitoring and its results are correct.

Therefore, the monitoring plan is in compliance with the validated CCB-VCS-PD (PDD CCB is under validation registry). In opinion of AENOR the monitoring plan is effective to have a real idea of the situation. Measures scheduled and designed by the project proponent to maintain or enhance the biodiversity are correct and results confirm their effectiveness.

#### **4.6.12 Biodiversity Monitoring Plan Dissemination (B4.3)**

AENOR confirmed during the on-site visit by interviewing local stakeholders the awareness about the results of the projects, its implementation and monitoring. Verification team reviewed the documents shared in the BDU webpage as indicated in the MR, as well as the summary of monitoring of fauna and flora. Complementary, these documents were presented through the public consultation sessions for HCV and other surveys. AENOR has also reviewed the website where the PP has uploaded the information to share with the stakeholders and finally it has assessed with the community members to verify if the information has been shared properly with them.

Therefore, AENOR deems that the information provided on the MR is reliable and correct. Hence, the dissemination of the monitoring plan is under the CCB requirements.

#### **4.6.13 Optional Gold Level: Trigger Species Population Trends (GL3.3)**

Not applicable.

#### **4.6.14 Optional Gold Level: Effectiveness of Threat Reduction Actions (GL3.4)**

Not applicable.

### **4.7 Additional Project Implementation Information**

There is no more additional information; all was discussed in the above sections.

### **4.8 Additional Project Impact Information**

There is no more additional information; all was discussed in the above sections.

## 5. VERIFICATION CONCLUSION

AENOR has verified that the project is in compliance with the verification criteria of Verified Carbon Standard version 4.4 and the CCB Standards Third Edition without qualifications or limitations.

The project has been implemented in accordance with the validated project description.

AENOR is able to issue a positive verification opinion for the 3,710,011 tCO<sub>2</sub>e, discounting the buffer, which is 10% and corresponds to 371,005 tCO<sub>2</sub>e, corresponds to an amount of 3,339,006 VCUs, as reported in the Monitoring Report.

The verification of the ex-post emissions of the project has been conducted by AENOR in accordance with ISO 14064-3:2019.

The verification assessment covered the monitoring period from 26th March 2013 to 25th September 2021 and verified that calculated emission reductions and/or removals were achieved during the monitoring period with a reasonable level of assurance. The overall risk rating was 10 %. Therefore, the total number of credits to be deposited in the buffer account is 371,005 tCO<sub>2</sub>e.

It is not applicable any conclusion about adaptive activities and resilience for this project. Likewise, AENOR confirms the project benefits on community and biodiversity for the current monitoring period as described in the Monitoring Report version. In opinion of the AENOR verification team the project is achieving their community and biodiversity objectives.

Verification/monitoring period: 26th March 2013 to 25th September 2021

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

| Year                       | Baseline emissions or removals (tCO <sub>2</sub> e) | Project emissions or removals (tCO <sub>2</sub> e) | Leakage emissions (tCO <sub>2</sub> e) | Net GHG emission reductions or removals (tCO <sub>2</sub> e) | Buffer pool allocation (10%) | VCUs eligible to be issued |
|----------------------------|-----------------------------------------------------|----------------------------------------------------|----------------------------------------|--------------------------------------------------------------|------------------------------|----------------------------|
| 26-Mar-2013 to 31-Dec-2013 | 0                                                   | 287.353                                            | 0                                      | 287.353                                                      | 28.736                       | 258.617                    |
| 1-Jan-2014 to 31-Dec-2014  | 0                                                   | 335.657                                            | 0                                      | 335.657                                                      | 33.566                       | 302.091                    |
| 1-Jan-2015 to 31-Dec-2015  | 0                                                   | 335.657                                            | 0                                      | 335.657                                                      | 33.566                       | 302.091                    |
| 1-Jan-2016 to 31-Dec-2016  | 0                                                   | 335.657                                            | 0                                      | 335.657                                                      | 33.566                       | 302.091                    |
| 1-Jan-2017 to 31-Dec-2017  | 0                                                   | 334.998                                            | 0                                      | 334.998                                                      | 33.500                       | 301.498                    |

|                           |   |           |   |           |         |           |
|---------------------------|---|-----------|---|-----------|---------|-----------|
| 1-Jan-2018 to 31-Dec-2018 | 0 | 649.076   | 0 | 649.076   | 64.908  | 584.168   |
| 1-Jan-2019 to 31-Dec-2019 | 0 | 709.910   | 0 | 709.910   | 70.991  | 638.919   |
| 1-Jan-2020 to 31-Dec-2020 | 0 | 387.762   | 0 | 387.762   | 38.777  | 348.985   |
| 1-Jan-2021 to 25-Sep-2021 | 0 | 333.941   | 0 | 333.941   | 33.395  | 300.546   |
| <b>Total</b>              | 0 | 3.710.011 | 0 | 3.710.011 | 371.005 | 3.339.006 |

Overall non-permanence risk rating: 10%

Date: 10/07/2024

VCUs buffer to be deposited: 371,005tCO<sub>2</sub>e.

Total VCUs to be issued: 3,339,006 VCUs.

Lead Auditor  
Javier Cócera



## APPENDIX I: LIST OF EVIDENCES

| List of evidence             |                                                                                   |
|------------------------------|-----------------------------------------------------------------------------------|
| <b>Main documents</b>        |                                                                                   |
| 1                            | BDU III - CO2 pools calculation_revised.xlsx                                      |
| 2                            | Monitoring_Report_Template_CCBv3.0-_VCSv3.4_BDUIII_track_V5.2.docx                |
| 3                            | VCS-Non-Permanence-Risk-Report-Template-v4.0 BDU III_Forteko_track.docx           |
| <b>Shp</b>                   |                                                                                   |
| 4                            | 30km_Influencia_BDU3-point.shp                                                    |
| 5                            | HCV_BDU_III-point.shp                                                             |
| 6                            | Predios_BDU3-polygon.shp                                                          |
| 7                            | Copia de Forteko.shp                                                              |
| <b>FSC Certificate</b>       |                                                                                   |
| 8                            | AF_Cert ISO 90001-2008_valid_20171023.jpg                                         |
| 9                            | Informe 2017.doc                                                                  |
| 10                           | Informe 2016.pdf                                                                  |
| 11                           | Informe 2018.pdf                                                                  |
| 12                           | Informe 2019.pdf                                                                  |
| 13                           | Informe 2020.pdf                                                                  |
| 14                           | Informe 2021.pdf                                                                  |
| 15                           | RSP_PS1_FM_CambiumUruguay_09_es.pdf                                               |
| <b>Monitoring summary</b>    |                                                                                   |
| 16                           | Monitoreo GRUPO AF 2020 - Indicadores.xls                                         |
| 17                           | RESULTADO ENCUESTA ORGANIZACIONES.xls                                             |
| 18                           | RESULTADO ENCUESTA ZONA NORTE.xls                                                 |
| 19                           | Resultados de Encuesta 2017 (con analisis individual).xls                         |
| 20                           | Resultados de Encuesta 2018.xls                                                   |
| 21                           | RESULTADOS ENCUESTA 2019.xls                                                      |
| 22                           | RESULTADOS ENCUESTA ZONA SUR, SUR ESTE.xls                                        |
| 23                           | RESUMEN_PUBLICO_MONITOREOS_2018.pdf                                               |
| 24                           | RESUMEN_PUBLICO_MONITOREOS_2019.pdf                                               |
| 25                           | RESUMEN_PUBLICO_MONITOREOS_2020.pdf                                               |
| 26                           | RESUMEN-PUBLICO-DE-MONITOREO-2017.pdf                                             |
| 27                           | Social monitoring _2017 cambium.pdf                                               |
| 28                           | Social monitoring_2015 Cambium.pdf                                                |
| 29                           | Social monitoring_2016 cambium.pdf                                                |
| <b>Property certificates</b> |                                                                                   |
| 30                           | Papel Notarial de Actuación (1).PDF                                               |
| 31                           | Papel Notarial de Actuación.PDF                                                   |
| 32                           | Papel Notarial de Actuación 2.PDF                                                 |
| <b>Risks</b>                 |                                                                                   |
| 33                           | ANALISIS DE RIESGO PODA MECANIZADA.xls                                            |
| 34                           | Identificación de Peligros y Análisis de riesgos Depósito de Acopio de Madera.xls |

|                                    |                                                                                              |
|------------------------------------|----------------------------------------------------------------------------------------------|
| 35                                 | IDENTIFICACIÓN GENERAL DE PELIGROS (CONTROL DE MALEZAS).xls                                  |
| 36                                 | IDENTIFICACIÓN GENERAL DE PELIGROS 3ERA REVISIÓN.xls                                         |
| 37                                 | INF SEG 06-22 GESTIÓN SEGURIDAD AF - TRÍAS.xlsx                                              |
| 38                                 | IPER COSECHA AF 03-2020 Cosecha Forestal.xls                                                 |
| 39                                 | Matriz de Riesgos TRANSPORTE DE MADERA SIPORAL Versión 1 - 2020.xls                          |
| 40                                 | PL 001 MGAF - PLAN DE SEGURIDAD SILVICULTURA Y COSECHA AF 2022.xlsx                          |
| 41                                 | PL 002 MGAF - PLAN DE SEGURIDAD AF TRANSPORTE 2022.xlsx                                      |
| 42                                 | Reg040 Registros para Análisis de Riesgo tareas pantación, macheteo y manejo de rebrotes.xls |
| <b>Training</b>                    |                                                                                              |
| 43                                 | 34. Entrenamientos 2021 Escaneados.rar                                                       |
| 44                                 | 34. Plan de capacitacion estrategico Unificado - Silvana Tome.xlsx                           |
| 45                                 | 34. Reg 049 Plan de Capacitación Contratista.xlsx                                            |
| 46                                 | 34.Training_Campos BDU Proyectos VCS.xlsx                                                    |
| <b>Environmental authorisation</b> |                                                                                              |
| 47                                 | AAP Canito, La Loma, El Italiano.pdf                                                         |
| 48                                 | AAP Cerros del Chircal.pdf                                                                   |
| 49                                 | AAP El Chuncho y Sta Mariana.pdf                                                             |
| 50                                 | AAP El Enzo.pdf                                                                              |
| 51                                 | AAP El Huaso.pdf                                                                             |
| 52                                 | AAP El Nacho y Los Azules.pdf                                                                |
| 53                                 | AAP El Ombú y Los Cóndores.pdf                                                               |
| 54                                 | AAP La Gordi.pdf                                                                             |
| 55                                 | AAP La Hacienda .pdf                                                                         |
| 56                                 | AAP La Roja.pdf                                                                              |
| 57                                 | AAP Las Mimadas.pdf                                                                          |
| 58                                 | AAP Las Palmas.pdf                                                                           |
| 59                                 | AAP Manolete.pdf                                                                             |
| 60                                 | AAP Matador.pdf                                                                              |
| 61                                 | AAP Mique Mique .pdf                                                                         |
| 62                                 | AAP Sta Hildara.pdf                                                                          |
| 63                                 | AAP Tronco Pérez y Los Teros.pdf                                                             |
| 64                                 | Listado AAPs Forteko_ ambiental.docx                                                         |
| <b>HCV consultation</b>            |                                                                                              |
| 65                                 | Anexos_ESTUDIO AVC.xls                                                                       |
| 66                                 | Anexos_Informe evaluación AVC 2018.doc                                                       |
| 67                                 | Anexos_Sitio de valor histórico (Puesto de Lowestone)..doc                                   |
| 68                                 | Consulta AAVC_BDU III.docx                                                                   |
| <b>Policies</b>                    |                                                                                              |
| 69                                 | 1.- GFG CÓDIGO DE ÉTICA Y CONDUCTA Rev.6.doc                                                 |
| 70                                 | 1.-GFG Code of Ethics and Conduct.pdf                                                        |
| <b>HCV mitigation</b>              |                                                                                              |
| 71                                 | Hunting_Littering.jpg                                                                        |

|                                 |                                                                                                |
|---------------------------------|------------------------------------------------------------------------------------------------|
| 72                              | La Hacienda_map.png                                                                            |
| 73                              | Procedimiento Plan de Eliminación de Especies Exóticas (1).doc                                 |
| <b>Sample plot</b>              |                                                                                                |
| 74                              | 3010_Manolete_Inv_Parc_Perm (4).pdf                                                            |
| 75                              | 3012_La_Loma_Inv_Parc_Perm (1).pdf                                                             |
| 76                              | 3014_El_Chico_Inv_Parc_Perm.pdf                                                                |
| 77                              | Parcelas Permanentes Forteko.kml                                                               |
| 78                              | Sample plot_Parcels 10 y 13_Italiano.xlsx                                                      |
| <b>Survey forms and results</b> |                                                                                                |
| 80                              | 01. Procedimiento para la resolución de conflictos y reclamos.doc                              |
| 81                              | Encuesta a zona de influencia.xls                                                              |
| 82                              | FORMULARIO VISITA VECINOS - RECLAMOS O QUEJAS.docx                                             |
| <b>NPRR evidence</b>            |                                                                                                |
| 83                              | 9. Informe_de_resultados_de_la_cartografia_2018.pdf                                            |
| 84                              | 10. Sector forestal Uruguay_reporte anual.pdf                                                  |
| 85                              | 11. CARE-Informe-Anual_BDU-3_Abr2018.pdf                                                       |
| 86                              | 12. Polo forestal maderero_UY.pdf                                                              |
| 87                              | 13. Governance_indicator.xlsx                                                                  |
| 88                              | 14. Anuario estadístico_ 2017_UY.pdf                                                           |
| 89                              | 15. SINAE Natural Risks.xlsx                                                                   |
| 90                              | 16. Management plan _ Grupo AF.pdf                                                             |
| 91                              | 17. ASPECTOS FITOSANITARIOS DEL DESARROLLO FORESTAL UY.docx                                    |
| <b>Other documents</b>          |                                                                                                |
| 92                              | 22. PROJ_DESC_962_11SEP2012.pdf                                                                |
| 93                              | 24. Deed Of Accession04042017.pdf                                                              |
| 94                              | 24. Deed Of Partial Release04042017.pdf                                                        |
| 95                              | 26. Power of attorney EFAM to AF_Fideicomiso Financiero Forestal Bosque III_Spanish.PDF        |
| 96                              | 28. LTA_Forteko VCS Project Calculator_v01_ex-ante.xls                                         |
| 97                              | 29. Bruce et al_1968_Volume and Taper Tables for Red Alder.pdf                                 |
| 98                              | 30. Forestry inventory Manual_ AF.pdf                                                          |
| 99                              | 32. San Ramón (2004)_Dirección General Forestal UY_puestosdetrabajoenlafaseagrariaforestal.pdf |
| 100                             | 33. Carambula_2006.pdf                                                                         |
| 101                             | 34. CPA Ferrere_2017.pdf                                                                       |
| 102                             | 37. Porceli Madermi (2007) cronicas_del_desarrollo_forestal_del_uruguay_ii_0.pdf               |
| 103                             | 42. Contract with cattle breeder_Los Cóndores.pdf                                              |
| 104                             | 43. RSP_PS1_FM_CambiumUruguay_09_es.pdf                                                        |
| 105                             | 43. SGS -20130531 - Grupo AF-.pdf                                                              |
| 106                             | 50. Nota Vecinos por Riesgos transporte de madera en camión de carga pesada..pdf               |
| 107                             | 53. GAF PM - Plan de Manejo Grupo AF (updated).pdf                                             |
| 108                             | 53. GAF PM - Plan de Manejo Grupo AF.pdf                                                       |
| 109                             | 53. Management plan _ Grupo AF.pdf                                                             |
| 110                             | 54. Procedimiento para la resolución de conflictos y reclamos.doc                              |

|     |                                                                     |
|-----|---------------------------------------------------------------------|
| 111 | 61. Terena (2018).pdf                                               |
| 112 | 64. INSTRUCTIVO DOC. CONTROLADA AFU - VERSION 1.pdf                 |
| 113 | 64. PROPUESTA SERVICOS OVAL-AF S.A. ENERO 2017.doc                  |
| 114 | 65. Company's policy_ workers.doc                                   |
| 115 | 67. Accidente por millon de horas trabajadas mensualmente_2022.xls  |
| 116 | 67. Días Perdidos Q2.xls                                            |
| 117 | 67. Monitoreo GRUPO AF 2020 - Indicadores.xls                       |
| 118 | 72. Tenencia 2020-07-29 FINAL_con autorias.pdf                      |
| 119 | 73. Censo agrícola_2011.pdf                                         |
| 120 | 90. Forestry and native forest surface 1980-to date.pdf             |
| 121 | 98. Silveira (2006).pdf                                             |
| 122 | 99. Nosetto_y_Jobbagy_ (2006) Informe_Agua_y_Forestaciones_.pdf     |
| 123 | 100. Gimenez et al _CC y ppt.pdf                                    |
| 124 | 104. PLAN_DE_MANEJO_BAVC-2015_cambium.pdf                           |
| 125 | 104. PLAN_DE_MANEJO_BAVC-2016_cambium.pdf                           |
| 126 | 114. Fipronil y Oxifluorfen.xls                                     |
| 127 | 115. Oberschelp_2016.pdf                                            |
| 128 | 127. Azpiroz et al (2012).pdf                                       |
| 129 | 127. Soutulloetal_2013.pdf                                          |
| 130 | 130. ELEI 2020-2022.doc                                             |
| 131 | 130. Procedimiento Plan de Eliminación de Especies Exóticas (1).doc |
| 132 | 131. Brussa_Walker_ MiGenerala-Monitoreo2021.pdf                    |
| 133 | 132. Brussa_Walker-DonRamón-Monitoreo2021.pdf                       |
| 134 | Cabezas de ganado_1980-2014.pdf                                     |

## APPENDIX II: VERIFICATION PROTOCOL (FINDINGS)

### Corrective action requests (CARs)

|                                                                                                                             |           |                         |
|-----------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------|
| <b>CAR ID:</b>                                                                                                              | <b>01</b> | <b>Date: 24/07/2022</b> |
| <b>Description of CAR</b>                                                                                                   |           |                         |
| The template of the MR has specifics requirements regarding format. However, the page number does not meet the requirement. |           |                         |
| <b>Country participant response</b>                                                                                         |           | <b>Date: 10/08/2022</b> |
| <i>Format corrected to template requirements</i>                                                                            |           |                         |
| <b>Documentation provided by the Country Participant</b>                                                                    |           |                         |
|                                                                                                                             |           |                         |
| <b>VVB Assessment</b>                                                                                                       |           | <b>Date: 13/10/2022</b> |
| The format has not been updated in the whole document                                                                       |           |                         |
| <b>Country participant response</b>                                                                                         |           | <b>Date: 25/10/2022</b> |
| <i>Format corrected to template requirements in all the document.</i>                                                       |           |                         |
| <b>VVB Assessment</b>                                                                                                       |           | <b>Date: 07/11/2022</b> |
| The format has been updated and corrected.<br>Therefore, CAR 01 is closed                                                   |           |                         |
| <b>CAR ID:</b>                                                                                                              | <b>02</b> | <b>Date: 24/07/2022</b> |
| <b>Description of CAR</b>                                                                                                   |           |                         |

The following incongruences have been found along the document:

1. In section 1.2 it is stated that the number of hectares of forest cover increased are 14,172 ha. It is said that the figure is referenced in section 2.1. however, the figure reference does not appear in section 2.1. furthermore, explain if 14,172ha is the plantation area or the project area. Provide evidence of both shapes.
2. In section 2.1.1, the implementation description states that the project comprises a total of 16553,31 hectares. However, the evidence provided does not match with that area.
3. In section 2.1.7 different incongruences have been found between the cadastral area of table 1 and the GIS evidence provided.
4. In section 2.2.4 inconsistencies between the evidence provided of all farms and the evidence provided have been found. Also, the total general does not match with the total evidence provided.
5. In section 2.2.4 incongruences have been found between the 43152156 tco2e and the LTA figure stated in following sections.
6. In section 2.2.4 it is stated that the planting stocking are 1450 trees per hectare. However, the forest management plan states a different number of plants per hectare.
7. In section 2.2.4, the pruning and thinning table for eucalyptus grandis does not match with the management plan provided as evidence.
8. In section 3.1.1 the value for the parameter Dj does not match with the value at validation. Neither the Rj, the Bark Volume, the FiNi, the fMGi.
9. In section 3.1.2 there is an incongruence with the parameter Ai (16,259.24ha). in addition, this figure is changing along the document.

**Country participant response**

**Date:** 27/08/2022

1. 14,413 is the corrected plantation area for the monitoring period (2021) and included in the corresponding section. In section 2.1 both planted area for this monitoring period and productive area are included. The difference between the productive and effected planted area is due to a period of harvest and change of species explained in the project description deviation section of the document. During 2022 more area has been reforested, evidenced in the shp files provided.
2. During the last verification period, the project boundary area used to be 16553.3 ha but during this verification period it is corrected to 16181.5ha. based on the productive area. This difference is explained in project description deviation. It is now changed in section 2.1.1.  
  
The difference is due to cartographic adjustment during reforestation, meaning, during reforestation, productive area was adjusted based on legislation, land use, etc.
3. Areas in section 2.1.7 have been updated based on GIS for productive area (ha).
4. Areas have now been updated to last values of productive area (ha) and plantation areas, in line with shp files provided as evidence.
5. LTA unified along the PD document
6. The difference is due to previous seedling densities, now updated in new management plan available in the shared Google Drive folder
7. Same as previous point (6), management plan updated. Eucaliptus plantations in Forteko are new and management plan is now updated.
8. New ex-ante estimations were conducted given the lack of access to previous estimations when the properties were bought. This estimations are based on new growing estimations, and minor changes in default values during ex-ante estimations. Even though different from the validation values, they are default values provided and recommended by methodology:  
  
Dj: same values are used for Pinus, new values provided for Eucalyptus, as it was not included in ex-ante estimations during validation.  
  
Rj: originally, ex-ante was estimated based on the equation provided in methodology, in this case, default values are used during ex-ante estimation and same equation during ex-post estimations  
  
Bark volume: same values are used for Pinus, new values provided for Eucalyptus, as it was not included in ex-ante estimations during validation.  
  
FiNi: Understand that the 0,7 value during validation was incorrect, given all grassland without input of fertilizers is assigned an input factor of 1  
  
fMGi: No changes to validation values, same value used
9. Value updated throughout the document based on verification value and current productive area (16,181.5)

**Documentation provided by the Country Participant**

**VVB Assessment**

**Date:** 14/10/2022

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |    |                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------------------------|
| <ol style="list-style-type: none"> <li>1. Section updated and deemed correct</li> <li>2. Section and value updated and deemed correct</li> <li>3. Section updated which does match with the cadastral surfaces</li> <li>4. Section updated and deemed correct</li> <li>5. LTA updated and deemed correct</li> <li>6. The management plan, which has the number 53, has not been updated and does not match with the plantation stated in the section 2.2.4</li> <li>7. The management plan is not updated yet according to the pruning interventions</li> <li>8. If values have been changed, and properly justified and evidenced, they should be included as project description deviation since there have changed since validation</li> <li>9. The value has updated.</li> </ol>                               |    |                         |
| <b>Country participant response</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |    | <b>Date:</b> 31/10/2022 |
| <p>3. The information of the area in the mentioned table corresponds to productive area (ha), referenced in the corresponding shp file "Productive area_2022", different to the effective planted area. Areas have been reviewed with the mentioned reference and match.</p> <p>6. Two Forest Management Plans available, one updated. New Eucalyptus plantations have suffered changes in the silvicultural management this year and the updated version of the Management Plan did not match the silvicultural management at the time of Forteko's Eucalyptus plantation. The Management Plan now referenced matches Forteko's Eucalyptus management.</p> <p>7. Management Plan updated according to pruning interventions</p> <p>8. Changes in parameters included in section 2.1.16 of project deviations.</p> |    |                         |
| <b>VVB Assessment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |    | <b>Date:</b> 07/11/2022 |
| <p>3. the section has been updated and matches between the GIS and the cadastral evidence:</p> <p>6. the forest management plan has been updated and is deemed correct</p> <p>7 the forest management plan matches with the MR information</p> <p>8. section updated and deemed correct. However, the format does not properly match with the requirements: (unhighlight / and remove italic and grey color found in pages 42.</p>                                                                                                                                                                                                                                                                                                                                                                                 |    |                         |
| <b>Country participant response</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |    | <b>Date:</b> 08/11/2022 |
| 8. Format changed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |    |                         |
| <b>VVB Assessment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |    | <b>Date:</b> 07/11/2022 |
| CAR 02 is closed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |    |                         |
| <b>CAR ID:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 03 | <b>Date:</b> 24/07/2022 |
| <b>Description of CAR</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |    |                         |

According to the CCB and VCS Monitoring Report Template:

1. In section 1.2, according to the template, *data included in the monitoring period column shall be substantiated in this document as denoted by the corresponding section reference. In section 1.2 it is stated that the benefits are referenced in different sections.* However, these values or benefits are not referenced in those sections nor evidenced.
2. In section 1.2, *the columns of achievements during monitoring period and project lifetime should be written as same. In the case they are the same, please, write the same values.*
3. In section 2.1.4 *Provide contact information and roles/responsibilities for any project participant(s) for which information was not provided in the cover page of this document. Copy and paste the table as needed.* However, the box does not comply with this requirement. Neither the address.
4. In section 2.1.7, *include geodetic coordinates.* However this requirement is not met.
5. In section 2.5.6, *provide assurance that the project is in compliance with all national and local laws and regulations in the host country that are relevant to the project activities and where relevant, demonstrate how compliance is achieved.* However, this requirement is not met.
6. In section 4.3.1, *present the results of the community impact monitoring, which should include: all communities, community groups, other SH, and HCVs related to community well-being identified in the MP. Dates, frequency, sampling methods used, and other information regarding the monitoring process.* However, this requirement is not met.
7. *Demonstrate how relevant and adequate information about potential costs, risks and benefits to communities – identified using a participatory and transparent process – has been provided to communities in an understandable form and in a timely manner prior to any decision they may have been asked to make with respect to participation in the project.* However, the requirement is not met. Specifically, there has no been information about the costs information.
8. *Provide justification that adequate levels of information sharing have occurred.* However this requirement is not met.

**Country participant response**

**Date:** 27/08/2022

1. *Data now substantiated within the document corresponding section*
2. *Same values now written*
3. *Contact information now included within section 2.1.4*
4. *Geodetic coordinates now provided together with productive area of the properties*
5. *Compliance with national and regional legislation is evidenced with the FSC summary reports where Principle 1- Criteria 1.1 has been fulfilled in all reports. Moreover, AF hires the service of a third party (Oval), in charge of following the contractors' legal requirements, documentations, etc. See references: 17 and 64 in section 2.5.6*
6. *All information regarding community monitoring now included*
7. *More information regarding cost, risk and benefit communication included in section 2.3.4*
8. *In general, more information is provided regarding communications*

**Documentation provided by the Country Participant**

**VVB Assessment**

**Date:** 17/10/2022

1. The section has been uploaded according to the template requirements.
2. The section has been uploaded according to the template requirements.
3. The section has been uploaded according to the template requirements.
4. The section has been uploaded according to the template requirements.
5. The section has been uploaded according to the template requirements.
6. The section has been uploaded according to the template requirements.
7. The section has been uploaded according to the template requirements.
8. The section has been uploaded according to the template requirements.

Therefore CAR 03 is closed

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |           |                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------|
| <b>CAR ID:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>04</b> | <b>Date: 24/07/2022</b> |
| <b>Description of CAR</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                         |
| <p>The following issues have been found according to the section 3 about carbon calculations:</p> <ol style="list-style-type: none"> <li>1. It is stated that the following equation is used to estimate above and below ground biomass: <math display="block">B_{TREEj,p,i,t} = V_{TREEj,p,i,t} * D_j * BEF_{2,j} * (1 + R_j)</math> . However, this equation is not used properly since the BEF has not been incorporated to the equation.</li> <li>2. In section 3.2.2, it is stated that the recommended default value by the methodology was 0.15; however, this information does not match with the default value stated in the methodology.</li> <li>3. The names of the columns in the table of section 3.2.4 does not correspond to the current values, such as VCUs.</li> <li>4. In section 3.2.4, there is an inconsistency between the total values of table 3.2.4 stated in the table and the spreadsheet calculation.</li> <li>5. There have been found errors in some sections of the calculations: litter; Area and SOC.</li> </ol> |           |                         |
| <b>Country participant response</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |           | <b>Date: 27/08/2022</b> |
| <ol style="list-style-type: none"> <li>1. <i>BEF is not incorporated in the equation as aboveground biomass value includes branches biomass. More information now included in the section.</i></li> <li>2. <i>There was a typing error, the value is 1.15, now corrected.</i></li> <li>3. <i>Value and titles of columns now changed.</i></li> <li>4. <i>Values now updated and unified along documents.</i></li> <li>5. <i>Calculations updated and corrected based on VVB observations.</i></li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |           |                         |
| <b>Documentation provided by the Country Participant</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |           |                         |
| Updated CO2 pools calculation spreadsheet                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |           |                         |
| <b>VVB Assessment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           | <b>Date: 17/10/2022</b> |
| <ol style="list-style-type: none"> <li>1. Provide further information about the statement above within the corresponding section in MR.</li> <li>2. Value updated and deemed correct</li> <li>3. The section has been uploaded according to the template requirements.</li> <li>4. There are still incongruences between the table of section 3.2.4 and the excel parameters.</li> <li>5. Section updated.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |                         |

| Country participant response                                                                                                                                                                                                                                                                                                                                                                                 |                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <p>1. More information provided</p> <p>4. The difference correspond to the values of project carbon removals for the monitoring period resulting from subtracting the previous monitoring period carbon removals. Values in the table of section 3.2.4 correspond to those in worksheet "vintages". "calculations" now mentions the 2007-2013 carbon removals. More detail included in the MR. Worksheet</p> |                        |
| <b>VVB Assessment</b>                                                                                                                                                                                                                                                                                                                                                                                        | <b>Date:</b> 7/11/2022 |
| <p>1. Section updated and deemed correct.</p> <p>4. Section updated and deemed correct.</p> <p>Therefore CAR 04 is closed</p>                                                                                                                                                                                                                                                                                |                        |

**Clarification requests (CLs)**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |           |                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------|
| <b>CL ID</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>01</b> | <b>Date: 24/07/2022</b> |
| <b>Description of CL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           |                         |
| <p>Please, provide the following explanations for section 1.2:</p> <ol style="list-style-type: none"> <li>1. In some sections, such education, explain how the achievements during the whole life of the project are lower than the achieved by the MP.</li> <li>2. Within biodiversity conservation, the change in the number of hectares for the MP is different than the project lifetime. Explain that because the area of the project lifetime according to the total area has suffered modifications.</li> <li>3. Within biodiversity conservation, in the number of critically endangered species, according to the template the ways to fill out the boxes are "not applicable" where the metric does not apply and "data not available" where the metric does apply but there are no means of quantification.</li> <li>4. Explain the statement: "as many IUCN species as possible" within the Biodiversity conservation box. It is not a real achievement during the project lifetime.</li> </ol> |           |                         |
| <b>Country participant response</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |           | <b>Date: 27/08/2022</b> |
| <ol style="list-style-type: none"> <li>1. <i>Values corrected as they should be the same achievements</i></li> <li>2. <i>Values now corrected</i></li> <li>3. <i>Value changed, as it has been measured but no critically or endangered IUCN has been identified.</i></li> <li>4. <i>Achievement now changed</i></li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |           |                         |
| <b>Documentation provided by the Country Participant</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |           |                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |           |                         |
| <b>VVB assessment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |           | <b>Date: 17/10/2022</b> |
| <ol style="list-style-type: none"> <li>1. Section updated and deemed correct</li> <li>2. The section has been uploaded and deemed correct</li> <li>3. The section has been uploaded according to the template requirements.</li> <li>4. Section updated and deemed correct.</li> </ol> <p>Therefore CL 01 is closed</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |           |                         |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |    |                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------|
| CL ID                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 02 | Date: 24/07/2022 |
| <b>Description of CL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |    |                  |
| <p>Please, provide explanations for the following topics of section 2:</p> <ol style="list-style-type: none"> <li>1. In section 2.1.3, within the project proponents, explain what is the role of Dan Guapurá in the project.</li> <li>2. In section 2.1.4, explain why ProSustentia, as project developer, is not included in the entities involved in the project.</li> <li>3. In section 2.2.1, within the implementation schedule, please, specify the date of each milestone with the month. Furthermore, according to the last milestone, the CCB validation has not been reached yet.</li> <li>4. In section 2.2.4, please, explain if the evidence of notarial documents mentioned in section 2.2.4 are those provided as "deed"</li> <li>5. In section 2.2.4, explain what farm corresponds to the 2.176 hectares mentioned under the statement: "its project boundary at validation was 2.176ha"</li> <li>6. In section 2.2.4, please, provide further information and explanation about the change between <i>Pinus</i> and <i>Eucalyptus</i>, among others, the date of this change.</li> <li>7. In section 2.3.8, please explain how the registration of complaints is done.</li> <li>8. In section 2.4.2, it is stated that in relation to the carbon component, Carbosur is the consultant hired in charge. However, this company is not presented in the section of entities involved in the project. Explain that.</li> </ol> |    |                  |
| <b>Country participant response</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |    | Date: 27/08/2022 |
| <ol style="list-style-type: none"> <li>1. <i>Sorry for the typing error. Dan is Country Manager, now included</i></li> <li>2. <i>ProSustentia is the consultant firm which prepared the PDD and MR and works as technical assistant to AF in carbon credits issues. As it has not been previously presented as an entity involved in the project during validation it was not initially included in the MR. It is now included.</i></li> <li>3. <i>Months now specified.</i></li> <li>4. <i>No, the documents it references to are the property certifications available under reference 23</i></li> <li>5. <i>It refers to Manolete Property, now included in text.</i></li> <li>6. <i>More information on species replacement included.</i></li> <li>7. <i>Document now referenced and more information provided.</i></li> <li>8. <i>Carbosur, used to be the consultancy firm providing climate issues services for the project and previous owners. It is mentioned as during the first period of this monitoring plan they were an important stakeholder, but are not included as listed entities as there is no relation with the current project proponent or project.</i></li> </ol>                                                                                                                                                                                                                                                   |    |                  |
| <b>Documentation provided by the Country Participant</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |    |                  |
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| <b>VVB assessment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |    | Date: 17/10/2022 |
| <ol style="list-style-type: none"> <li>1. Section updated</li> <li>2. Section updated</li> <li>3. Section updated</li> <li>4. Clear</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |    |                  |

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| 5. Section updated and deemed correct<br>6. Section updated and deemed correct<br>7. please provide evidence 54<br>8. section is clear                                                  |                         |
| <b>Country participant response</b>                                                                                                                                                     | <b>Date:</b> 28/10/2022 |
| 7.Evidence 54 is the one in the shared folder "Reference CCB_VCS Monitoring report" named: " <i>Procedimiento para la resolución de conflictos y reclamos</i> "<br>9.Awaiting response. |                         |
| <b>VVB Assessment</b>                                                                                                                                                                   | <b>Date:</b> 07/11/2022 |
| 7. evidence provided and deemed correct.<br>Therefore, CL 02 is closed                                                                                                                  |                         |

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| CL ID                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 03 | Date: 24/07/2022 |
| <b>Description of CL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |    |                  |
| <p>Please, provide further explanations about the following's topics of section 3:</p> <ol style="list-style-type: none"> <li>1. In section 3.1.3, please explain the following statement: "BDU monitoring plan has been designed in line with the methodology AR-ACM0003 and its applicable tools referenced in sections 2.1 and 2.2 above in order to provide all relevant data necessary to verify: i) the applicability conditions listed under section 2.2 are met; ii) changes in carbon stocks in the pools selected; and iii) project emissions and leakage emissions." Due to this methodology is not the used one</li> <li>2. In section 3.1.3, it is stated that the monitoring event took place between 2015 and 2021. Please, provide further explanation of the years previous to this date and are considered as MP.</li> <li>3. In section 3.2.1, provide further explanations about baseline emissions and their consideration as zero.</li> <li>4. In section 3.2.2, it is stated that the "following general formula described in the methodology is used to calculate... "please, explain in which methodology.</li> </ol> |    |                  |
| <b>Country participant response</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |    | Date: 27/08/2022 |
| <ol style="list-style-type: none"> <li>1. <i>Sorry for the typing error, methodology mentioned now changed to AR-ACM0001 "Afforestation and reforestation of degraded land" (version 05.2.0, EB 65) as mentioned later in the text</i></li> <li>2. <i>The monitoring event makes reference to the specific years for which biomass data is available. Project changed of landowners in 2017 and in this line, there is limited information for the years prior to that date (regarding biomass). For the rest of the monitoring period, all variables have been analyzed.</i></li> <li>3. <i>More information on baseline conditions included.</i></li> <li>4. <i>Now detailed: methodology AR-ACM0001 (equation 8)</i></li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                             |    |                  |
| <b>Documentation provided by the Country Participant</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |    |                  |
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| <b>VVB assessment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |    | Date: 17/10/2022 |
| <ol style="list-style-type: none"> <li>1. Section updated and deemed correct</li> <li>2. Section clear and deemed correct</li> <li>3. Section updated and deemed correct</li> <li>4. Updated and deemed correct</li> <li>5. New finding → the leakage formula is not represented as per methodology requirements</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |    |                  |
| <b>Country participant response</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |    | Date: 01/11/2022 |
| 5. Leakage formula now included in the section 3.2.3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    |                  |

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| <b>VVB Assessment</b>                       | <b>Date:</b> 07/112022 |
| Section updated. Therefore, CL 03 is closed |                        |

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| CL ID                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 04 | Date: 24/07/2022 |
| Description of CL                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |    |                  |
|  The Climate, Community & Biodiversity Standards <span style="float: right;">CCB Version 3.0, VCS Version 3.4</span>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |    |                  |
| <p>Please, provide the following evidence:</p> <ol style="list-style-type: none"> <li>1. In section 2.2.3, please, provide the following evidence: "Currently there are approximately 256 thousand planted hectares located mainly in the departments of Rivera (44%), Tacuarembó (27%) and Paysandú (11%).</li> <li>2. In section 2.2.3, provide the following evidence: It is worth mentioning that there are no trees where forests will be established (project area), since the original vegetation is grassland</li> <li>3. In section 2.2.4, provide the evidence of the demonstration of 16259 hectares as well as the area planted of all farms in table 3 or current productive area to see the differences.</li> <li>4. In section 2.2.4, provide evidence of the recalculation of the LTA (4315216 tco2e)</li> <li>5. In section 2.2.7, provide the evidence of the following statement: Species selected (<i>Pinus</i> and <i>Eucalyptus</i>) have previously proven to be adapted to the agro-ecological conditions of the project zone.</li> <li>6. In section 2.3.11 it is stated that Forteko has a general management general manual where it is explained that discrimination attitudes are forbidden. Please, provide and demonstrate such evidence.</li> <li>7. In section 2.3.16, please reference the evidence of risk assessment about agrochemicals use.</li> <li>8. Please, provide the evidence of the financial health of the company of section 2.4.4</li> <li>9. Please provide the evidence of the Forest Management General Manual where are explained the forbidden behaviours of section 2.4.5</li> <li>10. please, provide the evidence numbered as 43 which is not included in the drive</li> <li>11. please, provide the evidence of permanent inventory plots of section 3.1.3.</li> <li>12. please, provide the values of the inventory measurements for the Vtree calculation.</li> <li>13. Please, provide the evidence 51, which is not found within the Gdrive folder</li> <li>14. In section 5.1.2, please provide evidence of some examples of the following statement: fence the area where vulnerable species have been found.</li> <li>15. Please, provide evidence of the following statement in section 5.1.6: <i>Pinus taeda</i> started to be used in the 1960s. Currently this tree species is one of the most widely planted in Uruguay, representing approximately 20% (177,469ha) of commercial plantations according to "Dirección General Forestal". In addition, this species has been successfully planted and has satisfactorily growth in the Forteko project site since 2007, there were no soil or weather adaptation problems which could be seen during last verification.</li> <li>16. Please, provide evidence of the following statement in section 5.1.6: This specie will be planted in lower areas where <i>Eucalyptus grandis</i> can be affected by frost damage Similarly to <i>Eucalyptus grandis</i>, <i>Eucalyptus dunnii</i> ensure an adequate productivity level and a market access for the products to be obtained, which would not be possible if other species were used. The project will produce high quality wood suitable for plywood and saw wood production.</li> </ol> |    |                  |
| Country participant response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |    | Date: 27/08/2022 |
| <ol style="list-style-type: none"> <li>1. Data updated to 2021, and referenced</li> <li>2. The evidence has been provided during Project validation and now referenced in the document</li> <li>3. New shp files provided to VVB with plantation area detail and productive areas. Values updated to last information provided by PP</li> <li>4. LTA calculation spreadsheet available to VVB, and value unified along the document</li> <li>5. Evidence now included in section 2.2.7.</li> <li>6. Code of ethics document now referenced and available for VVB</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |    |                  |

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| <ol style="list-style-type: none"> <li>7. <i>Agrochemicals risk assessment now referenced and available for VVB</i></li> <li>8. <i>Evidence of the projects' risk assessment and prospectus now referenced</i></li> <li>9. <i>Code of Ethics now referenced.</i></li> <li>10. <i>Now referenced under n°47 &amp; 23 includes the documents authorized by the authorities and property certifications.</i></li> <li>11. <i>Evidence on plots is now included as figure 6</i></li> <li>12. <i>Complete values for that sampling plot requested by VVB shared. All Standard deviation values included and evidence of systematic platform for plot follow up shared.</i></li> <li>13. <i>Reference N°51 is mentioned to be referenced under 48 (Forest inventory manual and management plan) in Shared Folder, now updated to reference n°30 &amp; 53 and</i></li> <li>14. <i>Wording changed as not all measures are implemented within this project, but planned according to needs. Reference included for some of the listed measures, such as maps identifying conservation areas, as well as contracts with cattle breeders, invasive species management plans, signs and procedures in case of hunters.</i></li> <li>15. <i>Evidence now referenced</i></li> <li>16. <i>Text corrected due to typing error and more information provided</i></li> </ol> |                         |
| <b>Documentation provided by the Country Participant</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                         |
| LTA calculation spreadsheet; project plantation area and productive areas shp files                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                         |
| <b>VVB assessment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Date: 17/10/2022</b> |
| <ol style="list-style-type: none"> <li>1. Section updated and deemed correct</li> <li>2. Evidence provided and deemed correct</li> <li>3. Evidence provided and information updated</li> <li>4. Evidence provided and deemed correct</li> <li>5. Evidence provided and deemed correct</li> <li>6. Evidence provided and deemed correct</li> <li>7. Evidence provided and deemed correct</li> <li>8. The evidence provided is deemed correct</li> <li>9. Evidence provided and deemed correct</li> <li>10. Evidence provided</li> <li>11. Please, provide other evidence such as GIS file of the plots if available</li> <li>12. Please, specify which evidence has been uploaded and updated</li> <li>13. Clear</li> <li>14. It is not clear. Please specify more or provide the evidence for the examples of fencing.</li> <li>15. Evidence provided and deemed correct</li> <li>16. Evidence provided and deemed correct</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                       |                         |
| <b>Country participant response</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Date: 27/10/2022</b> |
| <p>11. <i>KLM for plots and example of mapping for some of the properties available in reference folder: "Sample plots" folder</i></p> <p>12. <i>Deviation (Si) values for uncertainty calculations in carbon pool spreadsheet; worksheet "uncertainty". Figure for the evidence of systematic platform included in section 3.1.3 (figure 6); Complete values for the sampling plot requested by VVB during on site audit shared in "sample plot" folder in shared folder.</i></p> <p>14. <i>Fencing did not take place for these project area. It is a mitigation measure AF takes (did it in other properties like Mi Generala), but for now, it's not the case for Forteko's properties. On the other hand,</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                         |

other measures were implemented, as mentioned and evidenced. The list, as mentioned is a list of possible actions according to needs.

**VVB Assessment**

**Date:** 07/11/2022

*11. klm provided and deemed correct.*

*12. evidence provided and deemed correct*

*14. ok, its clear.*

*Therefore, CL 04 is closed*

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| CL ID                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 05 | Date: 24/07/2022 |
| <b>Description of CL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |    |                  |
| <p>The following issues should be solved within the NPRR:</p> <ol style="list-style-type: none"> <li>1. Explain why the mitigation adaptative management plan in place is 0 instead of -2.</li> <li>2. The same for mitigation: "project has an available as callable financial..."</li> <li>3. The number of credits to be deposited in the buffer account is wrong.</li> </ol>                                                                                                                                                                                                                         |    |                  |
| <b>Country participant response</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |    | Date: 27/08/2022 |
| <ol style="list-style-type: none"> <li>1. As mentioned, despite the argumentation, in order to be conservative it was assumed that BDU does not have in place an adaptive management plan and thus, the score of this item is zero. After further evaluation and more information provided, the value was updated to -2.</li> <li>2. The information in the NPRR was the one available during validation and first verification. Due to changes in landownership this information is not available so in order to be conservative, no mitigation is assumed.</li> <li>3. Number now corrected</li> </ol> |    |                  |
| <b>Documentation provided by the Country Participant</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |    |                  |
| New NPRR with review track and clean                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |    |                  |
| <b>VVB assessment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |    | Date: 17/10/2022 |
| <ol style="list-style-type: none"> <li>1. Ok, it is clear</li> <li>2. Ok, it is clear</li> <li>3. The number of buffer account is still wrong.</li> <li>4. New finding → the index of the NPRR does not meet the template requirements.</li> </ol>                                                                                                                                                                                                                                                                                                                                                       |    |                  |
| <b>Country participant response</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |    | Date: 27/10/2022 |
| <p>3. Buffer number updated</p> <p>4. Index corrected</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |    |                  |
| <b>VVB Assessment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |    | Date: 07/11/2022 |
| <p>3. section updated</p> <p>4. section updated</p> <p>Therefore, CL 05 is closed</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |    |                  |