VCS/CCB VALIDATION REPORT
MAÍSA REDD+ PROJECT

Document Prepared by IMAFLORA/Rainforest Alliance

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Cedric de Ville de Goyet

Summary:

This is a Final Draft Validation Report of REDD+ Maísa project in Moju, PA, Brazil. The validation report purpose is to provide a systematic way of identifying conformance to the VCS and CCB Standards as well as areas of nonconformances and observations.

The VCS Standard Version 3 and the CCB Standards 2nd Edition (2008), along with the VCS VM0015 v1.1 methodology are the relevant criteria used for this evaluation. The method is desk based and field based. A prevalidation report was conducted in the weeks prior to the field audit, which served to identify areas of potential nonconformance and to guide the audit and sampling plan. The field audit was conducted from June 10th to 13th. Before the field audit, the audit team have stayed an additional day in Belém, PA for public consultation with key informants, government agencies and projects implementation partners. The audit was combined with a VCS verification audit for which a separate verification report will be issued. Given the large scope of the process, five Imaflora/Rainforest Alliance auditors were assigned to the audit.

All findings are expressed as nonconformity reports (NCRs), forward action requests (FARs) or observations (OBS) and represent areas of nonconformance or potential opportunities for improvement.

Fourteen NCRs, two FARs and two OBSs were identified during the field audit and the subsequent desk review. The project proponents have implemented corrective actions and raised evidences of compliance with both standards, VCS and CCBS, in order to address the NCRs raised by the audit team. All NCRs were closed, however, due to the long term nature of some issues related to four particular NCRs, such as community engagement (in a broader sense), forest management enterprise legal compliance (labour, safety & health regulations), employee training and social and biodiversity project activities full implementation, the audit team decides to raise four additional FARs, in order to indicate issues that must be resolved until the next verification audit. Please see Appendix 1 for detailed descriptions of all nonconformances and observations.

Once the NCRs were closed, this Final Draft report describes in detail, the full conformance to the VCS and CCBS, based on the PD version 2.1 dated on December 12th,2014 and the AFOLU Non-Permanence Risk Report Version 2.0 dated on September 12th, 2014 into this statement, bringing a positive conclusion for this validation processes. The audit team indicates the validation of REDD+ Maísa project in VCS Standard Version 3 and the CCB Standards 2nd Edition (2008)

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1 INTRODUCTION

Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for audit design, evaluation, and certification / verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA. Rainforest Alliance is an ANSI ISO 14065:2007 accredited validation and verification body; additionally, Rainforest Alliance is a member of the Climate, Community, and Biodiversity Alliance (CCBA) standards, and an approved verification body with a number of other forest carbon project standards.

Imaflora acts in partnership with Rainforest Alliance as a VCS/CCB validation/verification body since 2008. Besides, Imaflora has more than eighteen years of experience with environmental-social standards certification, such as SAN (Sustainable Agriculture Network) and FSC® (Forest Stewardship Council®), what has given it familiarity with land management practices in Brazil and has provided a solid professional platform for auditing forestry carbon projects.

For a complete list of the services provided by the Imaflora/Rainforest Alliance, see http://www.imaflora.org/certificacao-socioambiental.php and http://www.rainforest-alliance.org/climate.cfm?id=international_standards.

Dispute resolution: If Imaflora/Rainforest Alliance clients encounter organizations or individuals having concerns or comments about Rainforest Alliance and our services, these parties are strongly encouraged to contact Imaflora or the RA-Cert Division headquarters directly. Formal complaints or concerns should be sent in writing.

1.1 Objective

The purpose of this report is to document the conformance of the design of the Maísa REDD+ Project with the requirements of the Verified Carbon Standard and the Climate, Community, and Biodiversity Standards, Second Edition. The project was developed by Biofilica Investimentos Ambientais SA, Maísa-Mojú Agroindustrial Ltda., and Sipasa-Seringa Industrial do Pará S/A, hereafter referred to as “Project Proponent”. The report presents the findings of qualified Imaflora/Rainforest Alliance auditors who have evaluated the Project Proponent’s documentation, systems and performance against the applicable standards in the field.

1.2 Scope and Criteria

Scope: The scope of the audit is to assess the conformance of the Maísa REDD+ Project in the city of Moju, PA, Brazil, against the Verified Carbon Standard and the Climate (VCS version 3) and the Climate, Community, and Biodiversity Standards, Second Edition. The objectives of this audit included an assessment of the project’s preliminary conformance with the standard criteria for validation. The project covers an area of 28,752 hectares. The land is private. The project has a lifetime of 30 years and estimates 2.023.743,8 tCO2e over the course of the project lifetime.

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

- Verified Carbon Standard Program Guide Version 3.5;
- Verified Carbon Standard Version 3.4;
- Verified Carbon Standard Agriculture, Forestry and Other Land Use (AFOLU) Requirements Version 3.4;
- Verified Carbon Standard AFOLU Non-Permanence Risk Tool Version 3.2;
- Verified Carbon Standard Program Updates
- VCS VM0015 - Methodology for Avoided Unplanned Deforestation, v1.1;
- CCBA. 2008. Climate, Community & Biodiversity Project Design Standards Second Edition. CCBA, Arlington, VA. December, 2008. At: www.climate-standards.org.
- CCBA. 2013. Rules for the Use of the Climate, Community & Biodiversity Standards (December 2013). CCBA, Arlington, VA, USA. December, 2013. At: www.climate-standards.org.

Materiality: The Maísa REDD+ Project ex ante estimates that it will produce over 67.458,1 ton. CO2eq. in reductions per year, hence it is not consider as a VCS Large Project and thus subject to a 5% materiality threshold.

1.3 Level of assurance

The assessment was conducted to a reasonable level of assurance.

1.4 Summary Description of the Project

The Project REDD+ Maísa is a result of the partnership between Biofilica Environmental Investments, Sipasa-Seringa and Maísa-Moju Agroindustrial aiming to promote forest conservation and emissions reductions from unplanned deforestation by attributing value to “standing forest” by integrating its multiple use in a sustainable fashion: the sustainable forest management with low impact logging techniques, small scale agriculture, collecting non-wood forest products and trade of environmental services credits.

Historically the region where the project is being developed in Brazil, called “Região do Baixo Tocantins”, in the northwest of Pará State have been part of several land tenure conflicts between farmers, illegal loggers and squatters. These conflicts initiated during the 70s with a set of governmental policies and incentives, infrastructure projects and access routes. Since then a context of easy access (through the road PA-150), lack rural public policies and services, poor law enforcement and land speculation turned the region as part of the famous “Amazon Deforestation Arc”, a deforestation belt moving forward to the center of the Amazon. Project’s boundaries, such as Project Area (where project activities aim to generate net climate benefits) and the Project Zone or Reference Region (where project activities are implemented), can be observed at KML files (ref. 10).

The basic physical parameters of the Project Zone are characteristic from tropical regions with equatorial climate dynamics (hot and wet). Annual average precipitations are between 1,800 and 2,300 milimeters/year and daily averages temperatures stay between 26 and 29ºC. The rainy period occur from December to June, related with seasonal dynamics of the Intertropical Convergence Zone (ITCZ). The project Zone is part of rivers Guamá, Capim and Moju drainage network, and the Project Area is located on Cariri River drainage influence (Moju River basin). The geological environment of the Project Area encompasses sedimentary and metasedimentary rocks and sedimentary formations, predominantly Tertiary and Cretaceous age. Stands out in this context the importance of unconsolidated sediments’ Barriers Group, which present as layers of fine to coarse sand, layers of argillite and siltstone, including lenses of conglomerates and coarse sands.

Considering regional agents, drivers and underlining causes of deforestation and other assess, as risk analysis and leakage trends, different activities were settled in order to address unplanned deforestation in an efficient and effective way. These activities can be divided according the goals target to climate, communities and biodiversity and each of those Project's goals are:

• **Climate:** To generate effective emissions reductions through avoided unplanned deforestation, leakage control and mitigation of non-permanence risk.

• **Community:** To promote mitigation of agents and drivers of deforestation potentiating positive impacts to the surrounding communities through stakeholders' engagement, strengthening communities' organizational aspects and by promoting rural technical assistance.

• **Biodiversity:** To assure biodiversity conservation (on the Project Area and at the landscape level) by monitoring and evaluation of REDD+ impacts on the "Amazon Deforestation Arc" and landscape context, monitoring of threatened species and by stimulating scientific research and knowledge spreading on biodiversity matters.

Project start date is May 21th 2012 with a lifetime and a GHG accounting period of 30 years, from May 21th 2012 to May 21th 2042.

Currently Maísa REDD+ Project is initializing validation and verification process under VCS and validation process under CCBS, monitoring climate activities, implementing socioeconomic and biodiversity activities and executing sustainable forest management (SFM).

The responsibilities regarding implementation of project activities and MRV (monitoring, report and verification) are the project proponents and regional partners. Project proponents are: Biofilica Environmental Investments, responsible for general coordination of the socioeconomic and environmental assessment, baseline studies and carbon stock, PDD (project design document) development and financing, activities implementation, project validation/verification carbon, credits trading and project co-management throughout the Project lifetime; Maisa-Moju Agroindustrial, responsible for responsible for Project's co-management, the land title, assurance of the right of use and propriety surveillance and monitoring; and Sipasa-Seringa, responsible for sustainable forest management operation, implementation of low impact logging techniques, maintenance and enhancement of forest carbon stocks.

2 VALIDATION PROCESS

2.1 Method and Criteria

This document is a Final Draft Validation Report conducted against the VCS and CCB Standards using a desk based and field based audit. During the audit field, the audit team have split in two or three groups to cover a bigger area on the project area and trough the communities around, inside the reference region/project zone. The part of the audit team that was responsible for re-sample the project proponent previously installed inventory plots have determined its sampling approach systematically through transects, aiming to cover the bigger possible extent of land over the project area and this way, possibly noting existent differences over forest patterns; and randomly through plots of a transect, this way

adopting good statically directives for its analysis. The part of the team that was in charge of conducting interviews inside the communities and for the overall social context analysis have systematically chose three communities around the project area, taking in consideration the proximity between them and the Maísa's farm, the expected influence that the project activities would possibly have over them all over the project lifetime and the proximity of these communities and the leakage management areas previously established by the project proponent.

AUDIT TEAM

Auditor team names and positions	Auditor qualifications
Bruno Brazil - Lead auditor	Forest Engineer graduated by Escola Superior de Agricultura "Luiz de Queiroz" (ESALQ). Biologist graduated by Universidade de São Paulo (USP). Bruno was empowered by the Instituto Floresta Tropical (IFT) and Imaflora through intensive evaluations in FSC Forest Certification and Reduced Impact Exploration. He was trained as lead auditor of management systens by ATSG (Lead Assessor ISO 14001:2004). He has 4 years of work experience in FSC, when he worked with forest management and chain of custody certification. He was trained to be a carbon projects auditor by Rainforest Alliance and currently integrates Imaflora's climate team. He has technical expertise on VCS and CCB standards and is also experienced on the development of REDD+policies social and environmental safeguards.
Cedric de Ville de Goyet	Forest engineer with 5 years of experience in forest management. Cedric was trained as lead auditor of management systems by ATSG (Lead Assessor ISO 14001:2004) and was empowered by the Instituto Floresta Tropical (IFT) and Imaflora through intensive evaluations in FSC Forest Certification and Reduced Impact Exploration. He currently integrates the Imaflora audit teams covering environmental, legal and chain of custody aspects, besides have been trained by Imaflora to be a carbon auditor.

Guilherme Berwerth Stucchi	Native forest certification coordinator at Imaflora. Guilherme has master degrees in silviculture and forest management. He has five years of work experience in forest management over Brazilian Amazon, where he had worked with forest management enterprises. Guilherme is an auditor since 2010, when he have started to work with FSC forest certification processes of native forests. He was empowered by the Instituto Floresta Tropical (IFT; 2008 to 2013) and Imaflora (2010 onwards) through intensive evaluations in FSC Forest Certification and Reduced Impact Exploration. He was trained as lead auditor of management systems by ATSG (Lead Assessor ISO 14001:2004).
Isabel Garcia Drigo	PhD in Environmental science by PROCAM/USP/AgroParisTech/França, with thesis about barriers on implantation of forest concessions in Latin America. Author of a dissertation about impacts of FSC forestcertification over two communities in the state of Acre. She was trained to be an internal auditor of FM-06, April 19th, 2012 ISO 9001:2000. She has seven years of experience in audit teams administration at organic certification processes. Since 2008 she executes audits over the social principle and criteria in community forest management and in forest management enterprises. She was also trained as lead auditor of management systems by ATSG (Lead Assessor ISO 14001:2004) and to be a carbon auditor by Imaflora.
Thales West	Thales has a BA in forest engineering and a MSc in forest resources, both from the University of Sao Paulo. Thales started working with forest carbon projects in 2008, and since 2011 he works as a climate specialist auditor for the Rainforest Alliance. He is currently a PhD student at the University of Florida, focused on land-use change decisions, remote sensing, and deforestation modelling under REDD+ initiatives.
Campbell Moore Senior Internal Reviewer	Campbell is a tropical forestry and REDD+ expert with international professional experience in Africa, Central America, South America and Southeast Asia. He is Carbon Expert with Rainforest Alliance where he conducts audits against six forest carbon standards, supervises methodology assessments, and acts as technical expert on carbon for RA-Cert globally. Campbell has experience on both the technical and policy sides of REDD+. Previous professional experience includes consulting work for GIZ Philippines performing carbon stock assessments of different forest types including agroforestry and plantation systems, as well as work centered on reforestation in Sri Lanka for the Environmental Leadership and Training Initiative. He additionally has worked for Climate Focus on LULUCF policy issues. From 2009-2011 Campbell pursued his

	Master of Forestry from the Yale University School of Forestry and Environmental Studies. This period included a variety of forestry projects including developing a management plan for Connecticut forest preserve, planning timber sales in a New England hardwood forest, and designing and modeling carbon sequestration potential of agroforestry systems for the Nature Conservancy's Global Climate Team. Prior to his time at Yale, Campbell worked in The Gambia for over two years as a Peace Corps Volunteer designing and implementing a wide variety of forestry, agroforestry, and agricultural projects. In addition to his Master of Forestry degree, he holds a M.A. in Environmental Studies from St. Mary's College. Campbell is fluent in Pulaar and Wolof and has experience with Spanish.

2.2 Document Review

Describe how the validation was performed as an audit where the project description and any supporting documents were reviewed and compared with identified and stated requirements.

The following documents were viewed as a part of the field audit:

Ref.	Title, Author(s), Version, Date	Electronic Filename
1	PROJETO REDD+ MAÍSA, Biofílica Investimentos Ambientais, v.1, 22/04/2014	PDD_Maísa_v.1.0.pdf
2	Determination of baseline for Maísa REDD+ Project, Biofílica Investimentos Ambientais, v.1, 15/04/2014	VM0015_planilha de cálculo_v.1.xlsx
3	Planilha de inventario de carbono - Maísa, Biofílica Investimentos Ambientais, v.1	Planilha_Inventário_Carbono_Maísa.xlsx
4	Planilha de inventario de carbono - AGA, Biofílica Investimentos Ambientais, v.1	Planilha_Inventário_AGA.xlsx
5	DETERMINAÇÃO DA LINHA DE BASE E DINÂMICA DE DESMATAMENTO PARA O PROJETO REDD+ MAÍSA, Biofílica Investimentos Ambientais and Eco-lógica	Passo-a-passo_Linha de Base_Maísa.pdf
6	DETERMINAÇÃO DA LINHA DE BASE E DINÂMICA DE DESMATAMENTO PARA O PROJETO REDD+FAZENDA MAÍSA, Biofílica Investimentos Ambientais and Eco-lógica	Relatório_Linha de Base_Eco-lógica.pdf
7	ESTIMATIVA DE ESTOQUE DE CARBONO FLORESTAL NA FAZENDA MAÍSA, Amazonia Gestao Ambiental	Relatório_Inventário_Carbono_AGA.pdf
8	Resolução nº 2 de 10 de agosto de 2005, Comissão Interministerial de Mudança Global do Clima	Resol_2_CIMGC.pdf
9	Desmatamento e estradas não-oficiais da Amazônia, Imazon	Brandao_et_al_2007.pdf
10	Arquivos de SIG folder	Shapefiles used for the analyses
11	Fearnside, 1996	--
12	Fazenda Santa Maria (invasao)	Adicionalidade_Pratica Comum Santa Maria case.zip
13	Instituto Peabiru, 2013	Diagnóstico Fauna REDD+ Maísa.pdf

14	Accuracy map assessment, Biofilica and Eco-logica	kappa10cond_pontosRF.xlsx
15	Sangermano et al., 2010	--
16	Puyravaud (2003):	--
17	Silva Equacao Alometrica (2007)	Tese_Silva (2007).pdf
18	Nogueira 2008 carbon fraction	--
19	AFOLU Non-Permanence Risk report	Maísa_Relatório de Risco_v1.0.pdf
20	Lists of participantes in trainning events (registers of 2012 and 2013)	2012_07_Sipasa_Treinamento_ Lista de Presença.pdf 2012_09_Sipasa_Treinamento_ Lista de Presença.pdf 2012_10_Sipasa_Treinamento_ Lista de Presença.pdf 2012_11_Sipasa_Treinamento_ Lista de Presença.pdf 2013_01_Sipasa_Treinamento_ Lista de Presença.pdf 2013_02_Sipasa_Treinamento_ Lista de Presença.pdf 2013_03_Sipasa_Treinamento_ Lista de Presença.pdf
21	Report of the meetings in communities to deliver information about the socioecomic assessment	Reunião da devolutória do diagnóstico socioeconomico e ambiental.REV.pdf
22	Projeto REDD+ Maísa-Diagnóstico Socioeconômico Capítulo I, Capítulo II e Capítulo III, abril 2013	Diagnóstico Socioeconomico_Maísa_Capítulo I.pdf. Diagnóstico Socioeconomico_Maísa_Capítulo II.pdf. Diagnóstico Socioeconomico_Maísa_Capítulo III.pdf.
23	Financial and additionality analyses, Microsoft Excel file, SIPASA, version and date unknown.	Maisa_Modelo adicionalidade economico-financeiro_2014.xls
24	Inventory data base for Annual Unit Production 2014, Microsoft Excel file, SIPASA, version and date unknown.	Inventário 100% upa 12 2014.xls
25	Instrumento Particular de Prestação de Serviços, Comissão, Investimentos e outras Avenças; 21May2012	Contrato_Biofilica_Maisa_assinado.pdf
26	Fazenda Maísa – Projeto REDD+ Diagnóstico Ambiental Vegetação e Flora; AGA, Biofilica; 2013	Diagnóstico de Vegetação e Flora Fazenda Maísa.pdf
27	Determination of baseline for Maísa REDD+ Project, Biofílica Investimentos Ambientais, v.2, 15/09/2014	VM0015_planilha de cálculo_v.2.1xlsx
28	Factor map files, risk map files, Figure of Merits files, 12/09/2014	NCR2_data.zip
29	Technical note on forest similarity, 10/11/2014	Metodologia_Nota Tecnica.docx Tabela Analise.xlsx
30	Maps_forest similarity, 10/11/2014	Similaridade da flora.zip
31	Baccini, 2012	Baccini et al. (2012) DOI.pdf
32	Planilha de inventario de carbono - Maísa, Biofílica	Planilha_Inventário_Carbono_M

	Investimentos Ambientais, v.2, 11/09/2014	aísa_v.2.xlsx
33	Demonstração do Resultado do Exercício, 11/09/2014	DRE e Balanço Patrimonial SIPASA - 2007.pdf; DRE e Balanco Patrimonial SIPASA - 2008:2009.pdf; DRE e Balanco Patrimonial SIPASA - 2010:2011:2012.pdf
34	AFOLU Non-Permanence Risk report, v.2,	Relatório de Risco v.2.pdf
35	Forest fires risk assessment	Focos de queimadas.zip;
36	PROJETO REDD+ MAÍSA, Biofílica Investimentos Ambientais, v.1, 12/12/2014	PD_Maísa_v.2.0.pdf
37	Fazenda Maísa – Biofílica_Plano de Comunicação 2015; v.2;	141118_Biofilica_PlanoComunicacao2015.pdf
38	Capacity and training plan, v.1, 27/11/14	PLANO DE TREINAMENTO E CAPACITACAO 2015.xlsx
39	IFT application form, 12/09/14	Solicitação de Treinamento IFT.pdf
40	Work conditions assessment, 20/10/14	Relatório_Questões Trabalhistas.pdf
41	FGTS payments, 13/09/14	CERTIDÕES FGTS 10 09 2014.pdf
42	FGTS negotiation request, 28/11/14	Pedido de Parcelamento FGTS - Maísa e Sertaneja.pdf
43	Social Security Taxes negotiation, 13/10/14	Parcelamento_Citag.pdf; Parcelamento_Magesa.pdf; Parcelamento_Maísa.pdf; Parcelamento_Sipasa.pdf
44	PCMSOs	PCMSO_Citag.pdf; PCMSO_Magesa.pdf; PCMSO_Maísa.pdf; PCMSO_Promasa.pdf PCMSO_Sipasa.pdf
45	PPRAs	PPRA_Citag.pdf PPRA_Magesa.pdf PPRA_Magesa.pdf PPRA_Maísa.pdf PPRA_Promasa.pdf PPRA_Sipasa.pdf
47	Cooks legal work contract	Cozinheiras contratadas.zip
48	Procedure to handle conflicts and grievance mechanisms, 27/11/14	Procedimento de Recebimento de Retornos e Resolução de Conflitos – Projeto REDD+ Maísa.pdf
49	FAZENDA MAÍSA – PROJETO REDD+ DIAGNÓSTICO AMBIENTAL VEGETAÇÃO E FLORA, 15/04/14	Diagnóstico de Vegetação e Flora Fazenda Maísa.pdf
50	Diagnóstico Socioeconômico e Ambiental da região do Projeto REDD+ Maisa – Módulo Fauna Avifauna, Mastofauna, Herpetofauna, Ictiofauna e Entomofauna (Abelhas Sociais), 01/04/14	Diagnóstico Fauna REDD+ Maísa.pdf
51	Plano de Trabalho Maísa_2015, 11/12/14	Plano de Trabalho_Maísa_2015.xlsx

52	DESMATAMENTO E DEGRADAÇÃO FLORESTAL NO BIOMA AMAZÔNIA 2000 – 2010, 2013.	IMAZON 2013 Desmatamento e Degracao na Amazonia 2010 2011.pdf
53	Documentação CRA – Cotas de Reserva Ambiental, 16/09/2014	Documentação CRA.zip
54	Forest Fire Control Protocols, 12/09/2014	PROCEDIMENTOS NO CASO DE INCÊNDIOS.pdf

2.3 Interviews

Describe the interview process and identify personnel, including their roles, who were interviewed and/or provided information additional to that provided in the project description and any supporting documents.

The audit team conducted interviews in three villages (Ituquara, Alto Apeí and Branquelândia) inside the leakage management area. It means the audit team sampled 75% of villages inside the leakage management area. In the three villages a sample of community members, including leaderships and other members were interviewed. The community members interviewed represent small producers living in settlement projects areas and some newcomers. Their dominant model of production is the subsistence agriculture (i.e. manioc production system). In addition, the audit team interviewed the project workers and members of the subcontracted organization to perform social assessments.

The following interviews were conducted as part of the field audit.

Interviewee or Village Chief	Village or other Location	Date	Number of participants
João Meirelles, director of Peabiru Institute, Paula Vanessa, member of the team of Peabiru in charge of social assessment	Belém	09/06/2014	02
Lucas Mazzei, researcher of EMBRAPA in Belém, forestry engineer,specialized in carbon research	Belém	09/06/2014	01
Maria Batista Antão, women leadership, associated do the Community Association; João Batista Antão, member of the board of Community Association; Gino Batista Antão, son of Maria Batista Antão; Dil Silva e Deodora Silva, a couple, members of the Community, but not associated to the Association. Dinaldo Batista, a newcomer in the Community	Alto Apeí	10/06/2014	06

Moacir Santos Pereira, husband of Raquel de Souza Pereira, president of the women Association of Ituquara, Denildo Alves, member of the Community and holds a plot near Maísa Farm boundaries, Maria Ferreira, nurse, member of the Ituquara Community	Ituquara	11/06/2014	03
Diana Teixeira, president of one Association in Branquelândia village, Ana Furtoza (called Nina), member of one Association in Braquelândia, president of a second Association in Branquelândia (a rivel of Diana Teixeira),	Branquelândia	12/06/2014	03
Arigleison dos Santos Lima, Massau Mendes de Abreu, Mauro Ferreira de Araújo Filho (workers at proponent bases, they are also members of Ituquara and Branquelândia Community); Luis Gonzaga, mechanic, Benedito Lucena de Souza, supervisor of proponent activities, João, worker being trained to perform as social agent, Valdemir, proponent for human resources department, Josvel, administrative functions in central office, Tercina Barros da Silva, female cook.	Maísa central bureau	13/06/2014	08

2.4 Site Inspections

Describe the method and objectives for any on-site inspections performed.

Location	Date
Maisa Farm, Mojú city, Pará/BR, Openiing meeting, strategic interviews with project proponent	June 10th, 2014
Plots 09, 11, Maisa Farm, Mojú city, Pará/BR, plots selected in the farm to compare inventory data field data field from proponent for carbon stocks.	June 10th, 2014
Plots 34, 37, 02, 08, Maisa Farm, Mojú city, Pará/BR, plots selected in the farm to compare inventory data field from proponent for carbon stocks.	June 11th, 2014
Unit Work 02, Annual Unit Production 12, Maisa Farm, Mojú city, Pará/BR, plot selected in the farm to compare inventory data field and carbon stocks	June 13th, 2014
Maisa Farm, Mojú city, Pará/BR, strategic interviews with project proponent	June 11th, 2014
Maisa Farm, Mojú city, Pará/BR, strategic interviews with project	June 12th, 2014

proponent	
Maisa Farm, Mojú city, Pará/BR, closing meeting with project proponent	June 13th, 2014
Surveillance bases 1, 2 and 3, three roponente a bases on the borders of the project area and in the central workers housing. The proponent approach in these inspections included: i) interviews with the workers; ii) visual verification of the legal work conditions (housing, source of water, quality of the food, etc.), safety issues and proponent to perform the surveillance activities.	June 13th, 2014

2.5 Public Comments

The CCB public comment period lasted from May 9th through June 8th, 2014. No comments were received from stakeholders during this period.

During the field audit, when assessing the stakeholder engagement process through interviews with community members, the audit team found evidence that this process was not conducted in an appropriate manner by the project proponent. After the field audit, however, the project proponent redefined its communication strategy for communities. This new approach includes a reformulation of the project activities in regards to social aspects of the project, which focus on community engagement processes in the first period of the project implementation, after its validation (ref. 36). The project proponent has also renewed it's contract with Instituto Peabiru, a hired consultancy in charge of social assessments and community communication processes, in order to achieve the project goals regarding communication, engagement and effective community participation. The consultancy has presented a communication plan for 2015, in which they present the tools that will be used to improve and amplify the relationship between the project proponent, the relevant stakeholders and other actors affected by the project activities (ref. 37).

2.6 Resolution of Any Material Discrepancy

Material discrepancies and nonconformances have been identified through the issuance of nonconformity reports (NCRs), forward action requests (FARs) and observations (OBSs). The project proponents have implemented corrective actions and presented evidence of compliance with both standards, VCS and CCBS, in order to address the NCRs raised by the audit team. The non-conformity reports were related to inappropriate accounting for dead wood carbon pool; lack of evidence regarding factor map files, the risk map files, and the files used to calculate the figure of merits; allometric equations and inventory spreadsheets; annual deforestation rate equations; project economic features and additionality; non permanence risk report; stakeholder information and consultation processes; conflicts and grievance mechanisms; employee training programs; equity on job opportunities; legal compliance with labour, health and safety regulations and finally, to the full project activities implementation in regards to social and biodiversity aspects (see Appendix 1 for detailed descriptions of all NCRs). All NCRs were closed, however, due to the long term nature of some issues the audit team decides to raise two additional FARs, in order to indicate problems that must be resolved until the next verification audit. These FARs are related to community engagement (in a broader sense), forest management enterprise legal compliance (labour, safety & health regulations), employee training and social and biodiversity project activities full implementation (see Appendix 1 for detailed descriptions of all FARs).

VALIDATION FINDINGS

3 GENERAL

3.1 Summary Description of the Project (G3)

Document the evidence used to determine that the project satisfies G3.1.

The PD section 1.1 (ref. 1) describes the climate, community, and biodiversity objectives of the project with sufficient detail and clarity.

3.2 Project Location (G1 & G3)

Identify, discuss and justify conclusions regarding project location, including the requirements of G1.1, G1.3 and G3.3.

The project proponent has used geodetic polygons to delineate the project area, reference region, leakage belt, leakage management areas, transects and inventory plots allocation and has provided this information in KML files. Geodetic coordinates of the project area boundary were also provided by the project proponent, following the VCS criteria (ref. 10). The project proponent has considered the VCS reference region as the CCB project zone. Thus, the project proponent has appropriately defined the boundaries of the project area and the project zone, following the CCBS criteria as well.

The Maísa's farm, where the project is installed, is privately owned. All relevant documentation necessary to check details over legal ownership status of Maísa's representatives over the land and to demonstrate control over the entire project area by the project proponents was assessed by the audit team, at the responsible state agency in Pará, a day before the audit started. For a more complete description of this process please refer to report section 5.2.

The PD (ref. 1), brings a complete description over physical parameters on the project area, including climate, hydrography, geology, soils and more in PD section 1.2. The description is sufficient to meet the requirements of G1.1.

3.3 Conditions Prior to Project Initiation (G1)

Identify, discuss and justify conclusions regarding the condition prior to project initiation, including the requirements of G1.2, G1.5-8.6.

<u>CCB</u>

<u>G1.2</u>

The proponent describes the types and conditions of vegetation in the project zone in sufficient detail in the PD Section 1.2 and 1.3 (ref. 1), including floral diversity and forest type. Within the different forest types that make up the Amazon biome, the project area consists essentially of

wooded Campinarana without Palm Tree and the Dense Lowland Ombrophilous Forest with Emergent Canopy.

G1.5 – 1.8.6

The project proponent has identified HCV types 1 and 2 at the project area. The landscape surrounding the project area isa f highly fragmented and deforested landscape, such thatthe project area is one of the largest forest blocks within the reference region. This justifies the Maísa's farm a place of significant regional biodiversity and relevance at a landscape level (Ref. 1, section 1.3). Moreover, the project proponent has hired the Instituto Peabiru, to perform faunal surveys at the project area. Based on secondary data, activity data (collected at the field) and in interviews with community members and Maísas's farm workers the subcontractor hase presented a report that shows several endangered and some endemic species that occur in the project area (ref. 13).

Section 1.3 of the PD (ref. 1, pgs. 30-36) describes communities including a socioeconomic assessment of the communities living in the project zone. The socioeconomic assessment was performed by an organization subcontracted by the project proponents with prior field experience in the project zone (ref. 22). The documented assessment describes the geographical origins of the population living around the project area. The document describes them as groups of small, and medium producers historically settled by government in public lands. The document also provides information on their main economic activities (subsistence agriculture, cattle ranching and charcoal production), social organization (associations, etc.) and the dominant production model (subsistence agriculture based in slash-and-burn land use or pasturelands in the case of medium and larger producers).

Based on the audit team's observations of the project zone and on interviews performed (see Section 2.3 above) it is confirmed that the main economic activities are cattle ranching, subsistence agriculture based in slash-and-burn land use model, charcoal production and eventually fruits production. Cattle ranching and subsistence agriculture are the main economic activities and also the main drivers of deforestation. Labour, land, and resource descriptions are additionally provided in the PD and are materially accurate per observations made in the field.

According to the project proponent (ref 1, page 29, table 4) there is no HCV types 5-6 and there are no traditional use rights that communities hold inside the project area. The audit team have confirmed such statement through the interviews performed in the field. The main characteristic of the population living in the project zone is being part of small landless farmer groups that have migrated from other Amazon States. The extraction of Brazil nuts or medicinal plants occurs as well. This activity is restricted to community's members' own plots and forest areas due to individual needs.

3.4 Project Proponent (G4)

Identify, discuss and justify conclusions regarding roles/responsibilities for the project proponent(s), including the requirements of G4.1.

The PD (ref. 1) provides a description of all of the project proponents at section 1.4. There are three project proponents. Biofilica Investimentos Ambientais S.A. will take the overall

responsibility over the project design and implementation, which includes the coordination of socioeconomic assessment as well as baseline and carbon stock studies; development and financing of the PDD, validation/verification and trading of credits. Maísa-Mojú Agroindustrial Ltda. Which is the land owner and project co-manager. It will take responsibility over infrastructure maintenance and land monitoring. Sipasa-Seringa Industrial do Pará S/A , which is responsible for operation of sustainable forest management and implementation of techniques for improving maintenance and enhancing forest carbon stocks.

3.5 Other Entities Involved in the Project (G4)

Identify, discuss and justify conclusions regarding roles/responsibilities for any other entities involved in the development of the project, including the requirements of G4.2.

Instituto Peabiru, Eco-lógica Consultoria Socioambiental and Amazônia Gestão Ambiental have been identified as other entities involved in the project (ref. 1, section 1.5).The roles and responsibilities of Instituto Peabiru have been understood as providing expertise in socioeconomic assessments to the project, as well as for mobilization and coordination with local communities and stakeholders, implementing social activities in partnership with Biofílica and developing studies related to the social aspects of biodiversity and proponent of deforestation agents and drivers in the project area. Eco-lógica has been identified as providing expertise to perform the base studies and deforestation projections. Finally, Amazônia Gestão Ambiental will be responsible for provide the forest inventory and carbon stock measurement.

The document “Non-permanence Risk Report (ref. 19, pgs. 3-5) addresses and identifies the technical skills required for the project implementation for all staff involved in the project, including the implementation partner’s professionals.

3.6 Project Start Date

Identify, discuss and justify conclusions regarding the project start date.

The project start date was defined as May 21, 2012. This is the date on which Biofilica Investimentos Ambientais S.A. and Maísa-Mojú Agroindustrial Ltda. signed a contract for the project development and implementation (ref. 25). Activities related to property security and monitoring of forest cover which involved the reorganization and enhancement of procedures for ensuring property security commenced in February 2012 and have been continuously implemented since that date. These project activities and forest protection plan were additional to the pre-project forest management practices. However, the proponent has selected the more conservative start date in May as the project start date (ref. 36).

3.7 Project Crediting Period (G3)

Identify, discuss and justify conclusions regarding the project crediting period, including the requirements of G3.4.

The project crediting period is 30 years, beginning on May 21, 2012 and ending on May 21, 2042. The project lifetime is the same time period. An implementation schedule for the project activities indicating an execution plan with the duration of each activity can be found on the PD (ref. 1)

section 2.2, table 8. Thirty years is an acceptable project lifetime/crediting period for an AFOLU project under the VCS.

4 DESIGN

4.1 Sectoral Scope and Project Type

Identify, discuss and justify conclusions regarding the sectoral scope(s), type, technologies and measures implemented and eligibility of the project.

The project is under the AFOLU Sectorial Scope and is a REDD Avoiding Unplanned Deforestation (AUD) project type. This is an eligible project type under the VCS and CCB. The proponent has chosen a VCS methodology congruent with the project type (VCS VM0015 v1.1).

The project area qualifies as forest since at least 2000, as can be observed in the reports provided by Eco-lógica Consultoria Consultoira Socioambiental (refs. 5 & 6). The baseline activities include limited planned logging resulting only in degradation in the reference region and project area, however the only cause of deforestation is unplanned deforestation from small, medium, and large scale producers conducting illegal deforestation.

4.2 Description of the Project Activity (G3)

Identify, discuss and justify conclusions regarding the project activity, including the requirements of G3.2.

The project activities are described in the PD (ref. 1), section 2.2. They were designed to achieve positive net benefits throughout the project's life cycle in the three main areas: climate, community and biodiversity.

The project proponent's strategy for bringing positive benefits to the climate is based on the 1) valuation of the standing forest. The proponents aim to increase the value of the standing forest through FSC certification and sales of VCUs. The project area is not currently FSC certified but is involved in a "Smart Step" program aimed to help forest management enterprises move towards certification. The proponent believes that FSC certification will promote better management which will lead to more effective protection of the forest. This process includes a value chain analysis which will further increase the value of the standing forest through identification of non-timber forest products such as *Açaí*, *Andiroba* and *Copaíba* oils and seeds of forest species; 2) property security. The proponent will develop monitoring stations and formalize security procedures to effectively maintain the project forest area from illegal invasion including project patrol groups and patrol frequency; 3) leakage management. The project plans to develop agroforestry systems on nonforest land both within the boundaries of the farm where the project occurs and in collaboration with surrounding communities which act as agents of illegal deforestation. These agroforestry activities will serve to provide alternative income, and greater income which should reduce the need for agents of deforestation to conduct illegal logging and deforestation in the project area. This will also serve to promote the long term sustainability of production systems in the area.

The community-related actions will be based on engaging local players and stakeholders, regional and state institutions and the surrounding communities in a dialogue aiming to attract improvements to regional rural development, strengthening the association and providing access to public benefit policies, government programs, technical assistance and also for productive purpose, through cooperatives. In order to achieve the project objectives the project proponent has define a step-wise approach. At the beginning the project activities will be focused on the improvement of workers safety and legal conditions and also on the community engagement process. The project proponent has contracted a specialized legal counsel in order to identify noncompliance to the National Labor Law and health & safety regulations on the Maísas Farm enterprise and their associated enterprises. This legal consultancy delivered a report with recommendations (ref. 40) that is being used by the project proponents and their implementation partners in order to make the forest management enterprise achieve legal compliance. The project proponents are in full compliance with governmental taxes such as FGTS (in Portuguese: *Fundo de Garantia por Tempo de Serviço)* for the enterprises Promasa, Magesa, Sipasa and Citag (ref. 41) and have also made a request for negotiation of FGTS debts for Sertaneja and Maísa (ref. 42) with *Caixa Economica Federal* (Brazilian governmental bank). The project proponent has also presented negotiation requests with the government in regards to social security taxes for Citag, Magesa, Maísa and Sipasa enterprises (ref. 43). The proponent has also developed PCMSOs (in Portuguese: Programa de Saúde Médico e Operacional) and PPRA (in Portuguese: Programa de Prevenção dos Riscos Ambientais) for Citag, Magesa, Maisa, Promasa and Sipasa (refs. 44 and 45, proponent) and have hired a work safety technician to train the forest management enterprises' employees on related procedures (ref. 46). Additionally, the project proponents have legally formalized the jobs for the cooks (ref. 47) and have also installed filters for water on each surveillance station. The project proponents have also renewed their contracts with Instituto Peabiru (ref. 37), a hired consultancy in charge of social assessments, community communication processes and other issues on this matter. Regarding biodiversity, the strategies consists of monitoring the impacts of the forest management activities through permanent plots, the overall biodiversity, focused on endangered species and the relevant "key" species of birds, mammals and insects that could be used as indicators, through field surveys conducted in partnership with research and education institutions, such as AGA (in Portuguese: *Amazônia Gestão Ambiental;* ref. 49) and *Instituto Peabiru* (ref. 50).

4.3 Management of Risks to Project Benefits (G3)

Document the evidence used to determine that the project satisfies G3.5 and G3.7.

CCB

G3.5

The CCB Standards G3.5 requires that risks be identified for the specific climate, community, and biodiversity benefits during the project lifetime and that specific measures be outlined to mitigate these risks. The proponent identifies a potential disengagement or a lack of involvement by private entities, government institutions, education and research institutions with local stakeholders, communities and the project proponents, as risks for the project goals related to community and biodiversity benefits. The project proponent is planning to mitigate these risks by strengthening the regional cooperatives and associations, improving their articulation capacity

and by amplifying the number of institutions contacted with the purpose of engagement with the project activities. The project proponent also identifies market risks associated with fluctuations in the selling prices of verified carbon units as a threat for the project activities accomplishment. The main mitigation strategy is the search for new business and activities, synergistic to the maintenance of the standing forest, which can be implemented in the Project Area and at Fazenda Maísa, making the project's positive net benefits less susceptible to the market risk of not selling (or risk of selling for an insufficient price) the credits generated (ref. 1, section 2.3).

G3.7

The measures that will be taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime were described together with the project goals (ref. 1, section 2.2) and can also be observed at item 4.2 of this report, above.

VCS

The project proponent uses the VCS non-permanence risk report (ref. 34) to identify risks and mitigation measures to the project climate aspects. The risk report shows the risk factor score for each category, subcategory and the global score of 19. Many justifications and mitigation measures were provided in order to calculate the total score, this way accomplishing the objectives of the VCS tool.

Risk Factor	Self Assessment Risk Rating	Findings (including description of any mitigation activities as required per VCS AFOLU Non-Permanence Risk Tool Section 2.1.2.2)	NCR/ OBS
Internal Risks (VCS AFOLU Non-Permanence Risk Tool Section 2.2):			
Project Management: Shall be assessed using Table 1 of VCS AFOLU Risk Tool.	-2	Justified. The REDD+ project is implemented on Brazilian Amazon native forests. No exotic species will be planted as part of the project activities in association with GHG accounting an VCUs generation (a: 0). The project has not generated VCUs yet (b: 0). The project proponent staff is highly qualified and have demonstrated work experience on REDD+ projects development and forest management activities (ref. 34; c: 0, e: -2). Sipasa and Maisa-Moju are project proponents and forest management enterprises based in the project area. Biofilica maintains staff in Belém, PA, less them a day distant from the project area (d: 0)	None
Financial viability: Shall be assessed using Table 2 of VCS AFOLU Risk Tool.	5	Justified. Project cash flow breakeven point 8 years from the current risk assessment (ref. 23, b: 2). Project has secured less than 15% of funding needed to cover the total cash out before the project reaches breakeven (e: 3). No mitigation measures were considered.	None

Opportunity cost: Shall be assessed using Table 3 of the VCS AFOLU Risk Tool.	0	Justified. Most of the activities in the baseline scenario are driven by subsistence; 66% of the deforestation in the reference region is attributed to small holder agricultural practices (a: 8). The project is protected by legally binding commitment to continue management practices that protect the credited carbon stocks over at least 100 years; 52% of the project area is protected by the Brazilian forest code (Law nº 12.651, from 25/05/2012 and CAR – in Portuguese, *Cadastro Ambiental Rural*) and the remainder is protected as an environmental forest reserve, in accordance with Brazilian law and agreements already instituted by the land owner (ref. 53) (i: -8);	None
Project longevity: Shall be assessed using Table 4 of the VCS AFOLU Risk Tool.	15	Justified. The project is protected by legally binding commitment to continue management practices that protect the credited carbon stocks over at least 100 years; 52% of the project area is protected by the Brazilian forest code (Law nº 12.651, from 25/05/2012 and CAR – in Portuguese, Cadastro Ambiental Rural) and the rest will be protected as environmental forest reserves, in conformance with Brazilian law and agreements already implemented by the land owner (ref. 53) (b: 15).	None
Total Internal Risk: Shall be calculated using Table 5 of the VCS Risk Tool.	18	Justified per above findings.	
External risks (VCS AFOLU Non-Permanence Risk Tool Section 2.3):			
Land and resource tenure: Shall be assessed using Table 6 of the VCS Risk Tool.	0	Justified. The land ownership and resource access/use rights are held by the same entity (Maísa-Moju Agroindustrial, a: 0). The project area is also protected by legally binding commitment to continue management practices that protect carbon stocks over the length of the project crediting period. Project is protected by legally binding commitment to continue management practices that protect the forest carbon stocks over at least 100 years; 52% of the project area is protected by the Brazilian forest code (Law nº 12.651, from 25/05/2012 and CAR – in Portuguese, Cadastro Ambiental Rural) and the rest will be protected as environmental forest reserves, in conformance with Brazilian law and agreements already implemented with the land owner (ref. 53) (f: -2)	None
Community engagement: Shall be assessed using Table 7 of the VCS Risk Tool.	0	Not applicable. Justified. There are no communities living inside the project area. The communities around are not reliant on the project area based on documented consultations with the communities and interviews conducted by the audit team. The communities in the	None

		project zone (but outside the project area) have been previously consulted about the project activities and implementation. The community engagement process was further bolstered after the validation field audit as a result of findings of the field audit and will be continuously implemented in a step-wise approach until the next verification audit. Communities exist in the project zone only outside the project area and do not have legal right or traditional right to the resources in the project area.	
Political risk: Shall be assessed using Table 8 of the VCS Risk Tool.		Justified. Brazilian governance score was calculated as 0,054 according to the World Bank Institute's Worldwide Governance Indicators (c: 2). Brazil federation and state governments are working with different REDD+ iniatives, such as *Fundo Amazônia* (-www.fundoamazonia.gov.br), REDD+ PSA (http://www.redd-standards.org), GCF (www.gcftaskforce.org) and also has a an established national FSC standards body (www.fsc.org.br) and a Designated National Authority under the CDM with at registered CDM Afforestation/Reforestation project (http://cdm.unfccc.int) (f: -2).	None
Total external risks: Shall be calculated using Table 9 of the VCS Risk Tool.	0	Justified	None
Natural Risks (VCS AFOLU Non-Permanence Risk Tool Section 2.4):			
Natural risks: Shall be assessed using Table 10 of the VCS Risk Tool.	1	Justified. The project proponent has accounted for risks related to forest fires in the project area, considering them as frequent, but not significant events; this decision was supported by a GIS analysis that covered a period of ten years over the project area and over a buffer zone of 3.5Km beyond the project boundaries (ref. 35) (LS_F: 2). In addition there are mitigation measures in place to deal with forest fires (ref. 54) including fire breaks as confirmed by the audit team. As a result the project proponent has justified a mitigation score 0,5 (M_F), in regards to risk of forest fires, reaching a final sub-score of 1 for this natural risks subcategory (F=1). The project proponent considered the likelihood of impacts due to pests and diseases outbreaks as null. The Amazon biome is the most diverse ecosystem in the world. It is well established that this high species and functional diversity as well as minor dominance by specific species or genera, leads to low risks of pests for tropical forests. This high biodiversity condition regulates the pests and microbiological populations preventing possible outbreaks (LS_{PD} = 0) as	

		justified by the proponent. Supported by secondary data, the project proponent considered the likelihood of impacts due to extreme weather as insignificant (less than 5% loss of carbon stocks) in case of severe droughts and floods and rare (once every 100 years or more) in case of hurricanes and blowdowns (LS_W = 0, LS_{ON} = 0). Also supported by secondary data, the project proponent considered the likelihood of impacts due to geological risk as null (LS_G = 0).	
***Overall Risk (VCS AFOLU Non-Permanence Risk Tool Section 2.5):* 19**			

4.4 Measures to Maintain High Conservation Values (G3)

Document the evidence used to determine that the project satisfies G3.6.

The proponent describes in Section 2.2 (ref 1, page 44) how the project activities will help to maintain high conservation values identified in Section 1.3. The project area is inside the zone called “Endemism Center of Belém”. The project proponents have listed several animal species recognized as high conservation values. Two primates, the *Chiropotes satanas* and the *Cebus Kaapori* are among the endangered species identified. The project activities describe monitoring actions to be performed in collaboration with national and international research institutions to the biodiversity aspects. The table 8 of the PD (ref 1, page 45) provides a plan of action with timelines and status.

4.5 Project Financing (G3 & G4)

Document the evidence used to determine that the project satisfies G3.11 and G4.7.

The proponent discusses the Project Financing in the PD (ref. 1, section 2.5, pg. 52). The excel file “Maisa_Modelo proponente economico-financeiro_2014” (ref. 23) presents the project cash flow. The spreadsheet “Avaliação Carbono” brings the annual total costs related to community and biodiversity actions.

Regarding G3.11, based on the interview with the owner of Maisa farm and with Biofílica’s responsible manager and according to section 2.5, page 52 of the PD (ref. 1), Biofílica is responsible for the initial investment in developing studies, consultancy and stakeholder engagement needed to elaborate the PD. The continuity of the project activities depends on revenues coming from VCUs sells.

4.6 Employment Opportunities and Worker Safety (G4)

Document the evidence used to determine that the project satisfies G4.3-4 and G4.6.

The project proponent describes employment opportunities and worker safety actions in Section 2.6 of the PD (ref. 1 pg. 52), providing evidence of opportunities for employment for local

communities. The audit team confirmed substantial employment opportunities for local communities in the field.

The project proponent has renewed its contract with Instituto Peabiru, a hired consultancy in charge of social assessments and community communication processes, in order to achieve the project goals regarding communication, engagement and effective community participation. The consultancy has presented a communication plan for 2015 (ref. 37), in which they present an appropriate and impartial communication channel, through local radio station, in order to communicate job opportunities.

The project proponent has presented a formal training program that covers all themes related to the relevant project activities. In this planning, the project proponent defines a schedule training for 2015, several and different kinds of training for each related theme (health and workers safety, forest management operation, particular REDD+ project activities), who will be the target audience (workers positions) and the frequency of each training event (ref. 38). In order to prove its efforts in starting the capacity and training implementation, the project proponent has also presented an IFT application form (in proponente: *Instituto Floresta Tropical*) in which it requested a company training exercise at Maísas farm.

Based on interviews the audit team confirmed that the Maisa Group encompasses seven different enterprises: SIPASA, SEMASA, MAISA, CITAG, MAGESA, SERTANEJA and PROMASA. Each enterprise is in charge of specific activities inside the project area. For instance, SIPASA is in charge of the activities regarding roads infrastructure and machinery maintenance. The proponent proponent has developed PCMSOs (in Portuguese: Programa de Saúde Médico e Operacional) and PPRAs (in Portuguese: Programa de Prevenção dos Riscos Ambientais) for Citag, Magesa, Maisa, Promasa and Sipasa (refs. 44 and 45, respectively) and has hired a work safety technician to train the forest management enterprises employee on related procedures (ref. 46).

4.7 Stakeholders (G3)

Document the evidence used to determine that the project satisfies G3.8-10.

<u>G3.8 and G3.9</u>

The project proponent identifies appropriately communities as stakeholders in the PD section 2.7 (ref 1, pgs. 52-53). All communities in the leakage management areas have been consulted regarding the project activities.

There are also registers (ref. 21) of three meetings conducted in the communities in the consultation process but, during the field audit, interviews with leaderships and other relevant stakeholders held at different villages confirmed that not all communities were informed about the project implementation through these meetings.

A informative fact sheet was also distributed to community leadership by the project proponent with the purpose of publicizing information about the project, the CCBA public comment period and to stimulate participation among relevant stakeholders, however, the same interviews review that the fact sheet have not been well understood by the public. The audit team has observed that

in general, community members are functionally illiterate and the fact sheet language was too technical. In addition, the fact sheet was distributed only to community leaders.

Although community leaders have confirmed they received instructions about how to participate in the public consultation period through the CCB website, they also have reported difficulties to realize this task due to the lack of Internet access in the villages. Finally, due to social and political heterogeneities inside communities, rival leaders didn't share and spread information, working as multipliers.

Therefore, the communications methods used to engage communities and stimulate participation were not appropriate to reach the community members in a broader way. Even though the relevant stakeholders were found to be aware of the potential benefits that will come from the introduction of alternative economic activities due to project implementation, they were unaware about what exactly were the project objectives and what were the risks involved.

In order to resolve this situation, the project proponent has redefined its communication strategy for communities. This new approach includes a reformulation of the project activities in regards to social aspects of the project, which may have focus on community engagement processes in the first period of the project implementation, after its validation (ref. 36). The project proponent has also renewed it's contract with Instituto Peabiru, a hired consultancy in charge of social assessments and community communication processes, in order to achieve the project goals regarding communication, engagement and effective community participation. The consultancy has presented a communication plan for 2015, in which they present the tools that will be used to improve and amplify the relationship between the project proponent , the relevant stakeholders and other actors affected by the project activities (ref. 37). It is the audit team understanding that the new communication strategy adopted by the project proponent will be effective and that the project proponent has taken all possible actions to solve this particular issue since the field audit, thus demonstrating conformance

G3.10

The project proponent has developed a procedure to handle conflicts and grievance mechanisms (ref. 48). This procedure is based on 1) message boxes that will be left in strategic and neutral sites such as churches and villages; 2) direct communication with the villages, through open meetings, workshops and also through the direct contact with the project employees; 3) remote communication by e-mail, telephone, letters, among others ways. The Maísas farm employees, which are directly in contact with community stakeholder will be trained to perform this procedure, which is stated on the validated PD (ref. 36) and can be observed in the capacity and training planning (ref. 38).

4.8 Commercially Sensitive Information

Identify, discuss and justify conclusions regarding commercially sensitive information.

The project proponent has identified the following references as being commercially sensitive. These documents, which pertain to workplans and investments, are in conformance with VCS requirements for designation of commercially sensitive information.

Ref. 25	Instrumento Particular de Prestação de Serviços, Comissão, Investimentos e outras Avenças; 21May2012
Ref. 51	Plano de Trabalho_Maísa_2015.xlsx

5 LEGAL STATUS

5.1 Compliance with Laws, Statues, Property Rights and Other Regulatory Frameworks (G4 & G5)

Identify, discuss and justify conclusions regarding compliance with applicable laws, statutes and regulatory frameworks, including the requirements of G4.5 and G5.1-5.2..

VCS+ CCB

Section 3.1.3 of the VCS AFOLU Requirements establishes that the project activities shall not lead to a violation of any applicable laws. The project proponent has provided a list of applicable laws in the PD, section 3.1 (ref 1, page 62).

The audit team has confirmed the conformance with applicable environmental laws and regulations through official documents review, field observation and interviews. The audit team had access to official documents regarding legal property rights over land and resources, the Forest Management Plan and harvest licenses approved by the environmental agency. Compliance with the National Forest Law was also confirmed.

In the other hand, a review over labour obligations and interviews with project proponent staff in charge of human resources as well with farm workers, demonstrated that there was a relevant degree of uncertainty about some aspects of legal conformance.To resolve this situation, the project proponent contracted a specialized legal advisor in order to identify National Labor Law and health & safety regulations noncompliance's in the Maísas Farm enterprise and their associated enterprises. This hired legal consultancy delivered a report with recommendations (ref. 40) that is being used by the project proponent and its implementation partners in order to make the forest management enterprise achieve legal compliance. The project proponents have already finished the debts related with governmental taxes such as FGTS (in Portuguese: *Fundo de Garantia por Tempo de Serviço)* for the enterprises Promasa, Magesa, Sipasa and Citag (ref. 41) and have also made a request for negotiation of FGTS debts for Sertaneja and Maísa (ref. 42) with *Caixa Economica Federal* (Brazilian governmental bank). The project proponent has also presented negotiations requests with the government in regards to social security taxes for Citag, Magesa, Maísa and Sipasa enterprises (ref. 43). The project proponent has also developed PCMSOs (in Portuguese: Programa de Saúde Médico e Operacional) and PPRA (in Portuguese: Programa de Prevenção dos Riscos Ambientais) for Citag, Magesa, Maisa, Promasa and Sipasa (refs. 44 and 45, respectively) and has hired a work safety technician to train the forest management enterprises employee on related procedures (ref. 46). Additionally, the project proponents have legally formalized the jobs for the cooks (ref. 47) and have also installed filters for water on each surveillance station. These actions have demonstrated conformance with the VCS and CCBS requirements.

5.2 Evidence of Right of Use (G5)

Identify, discuss and justify conclusions regarding evidence of right of use, including the requirements of G5.6.

The project proponent describes the evidence related to Right of Use in PD, section 3.2 (ref 1, page 67-68). The project proponent right of use over land and resources is confirmed by a definitive land title issued by government authorities to the extent of 29.906 ha of the Maísa-Moju Agroindustrial Farm. The audit team reviewed and confirmed that the documents secure Maísa's private property rights over land and resources. It confirmed that the project proponent acquired several land titles in the past and grouped them into one to register the Maísa Farm. The definitive land title was granted to the Maísa Farm owners by the land authorities of the Pará State. The audit team rewiewed the document Land title nº 57/1998, annexed to the Forest Management Plan, this way confirming a right of use arising by virtue of a property of the land (VCS 3.11.1, Right of Use 4). The audit team also confirmed through interviews in the project zone that the land title of Maísa Farm is not contested. Sipasa-Seringa Industrial do Pará, another project proponent, is actually another enterprise owned by Maísa-Moju Agroindustrial Farm holder (Sipasa is responsible for the operation of sustainable forest management and implementation of techniques for improving maintenance and enhancing forest carbon stocks).Thus, its right of use also comes from a property right in the land (VCS 3.11.1, Right of Use 4). Biofílica Investimentos Ambientais S.A. is responsible for the overall coordination of the environmental and socioeconomic assessments as well as baseline and carbon stock studies; development and financing of the PD; validation/verification and trading of credits; and co-management of the project throughout its duration. Its right of use comes from an agreement with Maísa-Moju Agroindustrial Farm meeting the requirements of VCS Right of Use (# 6) (ref. 25).

5.3 Emissions Trading Programs and Other Binding Limits

Identify, discuss and justify conclusions regarding emissions trading programs and other binding limits.

The proponent explains in section 3.3 of the PD (ref. 1) that the project will not be used for compliance with Emissions Trading Programs or other binding limits, and that emissions reductions are only issued as VCU's. As seen that Brazil is a non-Annex I country under the Kyoto Protocol, it has no national commitments to reducing emissions of greenhouse gases under the UNFCCC. Furthermore, the project proponent states that REDD+ Maísa Project has no current connection or history of involvement with any initiative to generate credits within the Clean Development Mechanism (CDM) or other regulatory or voluntary schemes. The audit team confirmed this.

5.4 Participation under Other GHG Programs

Identify, discuss and justify conclusions regarding participation under other GHG programs.

The proponent asserts in section 3.4 of the PD (ref. 1) that it has not and will not be seeking registration under other GHG programs other than the VCS. The audit team has verified that the

project is not listed under any other GHG program. Currently in Brazil, there are only REDD projects seeking to participate on VCS and CCB programs, under the voluntary market.

5.5 Other Forms of Environmental Credit

Identify, discuss and justify conclusions regarding other forms of GHG-related environmental credit.

The project proponent states that REDD+ Maísa Project neither has nor intends to generate any other form of environmental credit related to the reduction of GHG emissions or removals claimed under the VCS Program or any other (ref. 1, section 3.5). The audit team has verified that the project is not listed under any other GHG program or in the VCS pipeline, as an applicant for another sectoral scope.

5.6 Projects Rejected by Other GHG Programs

Identify, discuss and justify conclusions regarding rejection by any other GHG programs.

The project proponent states that the REDD+ Maísa Project has not been submitted for validation/verification under any other GHG program and, therefore, has not been rejected by any other GHG program (ref. 1, section 3.6). The audit team has verified that the project is not listed under any other GHG program.

5.7 Respect for Rights and No Involuntary Relocation (G5)

Document the evidence used to determine that the project satisfies G5.3-4.

The project proponent has provided a description in section 3.7 of the PD (ref. 1, page 69) justifying that no involuntary relocation is required by the project. The proponent asserts that the project does not require or involve the involuntary relocation of people or of their livelihood activities nor affected customary property rights. The project area is located on privately owned lands. There are no communities living inside the project area.

The audit team confirmed this statement during the field audit through qualitative interviews. Three communities were visited by the audit team. The interviews with key informants from the communities as well as with employees confirmed that there is no traditional use of the forest resources by communities. Small, medium and larger farmers compose the neighbourhood in the project zone. The traditional use of land is for agriculture and cattle ranching activities. Although, some informants revealed they used to collect Brazilian nuts, they have confirmed that they collect inside their own plots.

5.8 Illegal Activities and Project Benefits (G5)

Document the evidence used to determine that the project satisfies G5.5.

The proponent explains in the PD, section 3.8 (ref. 1, pg. 70) that the illegal activities that may negatively impact the project proposal are mostly illegal logging, hunting and predatory exploitation of species of fauna and flora.

The project activities aim to precisely control and combat these illegal activities working with other actors and local stakeholders to foster the regional socio-economic development and effective law enforcement interventions. Besides surveillance activities to prevent illegal logging inside the project area, the project proponent is attempting to address the impact of illegal logging in the project zone through generation of alternative income activities for residents of the communities in the project zone. The audit team has confirmed through interviews that the community members are aware of the potential social and economic activities. There is a dialog process in place between the project proponent and communities to develop such alternatives.

6 APPLICATION OF METHODOLOGY

6.1 Title and Reference of Methodology

Identify the title, reference and version number of the applied methodology

The proponent has identified the selected carbon accounting methodology as the VM0015 version 1.1, "Methodology for Avoided Unplanned Deforestation", in section 4.1 of the PD (ref. 1). This information is sufficient for properly identifying and referencing the utilized methodology.

6.2 Applicability of Methodology

Identify, discuss and justify conclusions regarding the applicability of the methodology.

Section 4.2 of the PD (ref. 1) justifies the use of the methodology. In accordance with VM0015, the proposed project activities:

- Include unplanned deforestation caused by crops and grazing activities implemented under the baseline scenario;
- Include activities that promote forest protection, e.g. forest management (scenario B of VM0015 Table 1).
- Are implemented under forest areas, following the definition of the Designed National Authority of Brazil (ref. 8) and the VM0015 requirements (i.e. areas forested for a minimum of 10 years). The audit team noted that the project area is old mature forest that has been forest well beyond the 10 year minimum;
- Do not take place under areas classified as wetlands or peat swamp forests. To assess this requirement a national vegetation map available for the country was presented to the audit team (see ref. 6 – figure 5). Such finding is also supported by the auditors' surveys performed in the project area.

6.3 Methodology Deviations

Identify, discuss and justify conclusions regarding methodology deviations applied to the project.

The project proponent and Eco-logica have used the equation (4) from Puyravaud's study (2003; ref. 16) instead of the equation (3) of VM0015 to calculate the annual deforestation rate. The

project proponent have properly justified its approach, discussing the modelling types used and presenting a results based comparison between both equations, in which for the same set of data, Puyravaud's equation outcome is more conservative than equation 3 of VM0015 (ref. 32, worksheet "Step 4.1.2.1"). It's the audit team understanding that the Puyravaud's Equation is more complex than the equation 3 of VM0015 and promotes a more conservative approach. As seen that this proposed methodology deviation is related to deforestation rates measurement and monitoring and is more conservative, the audit team has concluded that this deviation meets the VCS requirements for methodology deviations.

6.4 Project Boundary (G1)

Identify, discuss and justify conclusions regarding the definition of the project boundary.

Carbon Pools

In accordance with VM0015 table 3, the tree above-ground carbon pool was included in project scope (ref. 1, Table 11). Non-tree above-ground pool was considered because it was assumed to be a significant post-deforestation land-use class under the baseline scenario (refer to section of 6.5 of this report for details). The below-ground pool was included as it is optional and recommended according to VM0015. Wood products pool was excluded because it is expected to continue to be the same under both project and baseline scenarios. The dead wood carbon pool was excluded considering that is a non-obligatory carbon pool. The exclusion did not lead to a significant over-estimation of the net anthropogenic GHG emission reductions of the project activity.

Spatial Boundaries

The spatial boundaries of the project are displayed in the PD (ref. 1, fig. 2). The Project Area was defined as the at least 10-year old forest areas within Maísa farm property. Non-forest areas (ref. 1, fig. 8) were excluded in accordance with VM0015. The forest areas were obtained from PRODES, a Brazilian national program that monitors forest cover in the Amazon region (data available at http://www.dpi.inpe.br/prodesdigital/prodes.php). The initiative makes available Landsat imagery and shapefiles with land-use classification that were used to identify forest and non-forest areas (ref.1, table 14).

The Reference Region of the project (ref. 1 – section 4.4) was selected in accordance with VM0015, following the rule of thumb suggested by Brown et al. 2007 (i.e. 20-40 times the size of the project area for projects below 100.000 ha). It was selected based on hydrographic basin where the project is located. The analyses related to Step 1 of VM0015 for the selection of the reference region were implemented by the project proponent and the consultant company Eco-logica (see ref. 5 and 7). According to GIS/Remote Sensing analyses performed, the agents and drivers of deforestation (ref. 9 – Brandao et al. 2007), the landscape configuration and ecological conditions (ref. 7 – fig. 4 to 7), and socio-economic and cultural conditions (based on the legal status of private properties within the project region – obtained from http://monitoramento.sema.pa.gov.br/simlam/MapaNavegacao/Flex/MapaCAR.html), were found to be present and similar in both project and reference area, as required by VM0015. Despite of the fact that in the reference region private properties and government owned areas does exist, in contrast to the project area which is a private property, is the audit team understanding that the

reference region was defined by the project proponent following a conservative approach, since the deforestation rates are found to be bigger on private owned lands, according to supporting documentation provided by the project proponent (ref. 52). The audit team evaluated such points by interviewing the technician responsible for the analyses and checking the shapefiles used (ref. 10).

The Leakage Belt of the project (ref. 1 – section 4.4) was defined using the Option II of VM0015 "Mobility analysis". Three rules were used to allocate the leakage belt: areas with higher deforestation risk within the Reference Region (obtained from the analyses performed in Step 4 of VM0015); private properties with the same legal status to the project area (obtained as mentioned above); and distance to the project area. The procedure followed was found to be in conformance with the adopted methodology.

Leakage management areas were selected in accordance with VM0015 (non-forest areas) and were based on the location of the communities surrounding the project area where the project proponent aims to implement actions to mitigate unplanned deforestation. All the areas required by the methodology were available in the GIS shapefiles reviewed by the auditors (ref. 10).

Temporal Boundaries

Temporal boundaries were found to be in conformance with VM0015. The fixed baseline period was set as 10 years (ref. 1 – section 4.4). The starting and end date of the historical reference period were the years of 2000 and 2011 (ref. 1 – fig. 11), hence within the window set by VM0015 section 1.2.1.

6.5 Baseline Scenario (G2)

Identify, discuss and justify conclusions regarding the determination of the baseline scenario, including the requirements of G2.1 and G2.4-5.

Section 4.6 of the PD (ref. 1) describes the project's baseline scenario. The project proponent brings an analysis of agents, drivers and underlying causes of deforestation, describing the typical chain of events leading to land-use and land-cover change, according to "Step 3" of VM0015 v.1.1. It is argued that the most likely land-use scenario is the conversion of forests to a mosaic of land uses that support local livelihood strategies (see ref. 11 – Fearnside, 1996). The communities surrounding the project area represent the agents that trigger of deforestation. The chain starts with the entry of capitalized illegal loggers, using financial incentives or violence to lure them toward land squatting and predatory exploitation to obtain hardwood for the construction market. Once the commercial timber is removed, the land loses its value and it is converted to uses associated with livelihood activities or sold to larger farmers who will likely convert the degraded forest to pasture or agricultural lands, such as palm oil, soybeans and corn production (ref. 13). This complex chain of events and the absence of governmental strategies for the conservation and sustainable development are typical of the "Arc of Deforestation" in the Brazilian Amazon, which shows a pattern of continuous and predatory exploitation. As stated in the PD, once private lands are invaded, land owners face extreme difficulties in regaining control over them. The case of Santa Maria farm invaded in 2006 in the Reference Region was used as an example to support the project proponent case (see section 6.6 of this report). The invaders

were never removed from the land, which presented high rates of deforestation since then (ref. 12).

Finally, the project area is located in a context of nearly total absence of public policies, thus, the main underlying causes of deforestation are related to land tenure insecurity, absence of public policies for sustainable land use, weak law enforcement and governance over environmental issues.

CCB

G2.1

As stated in section 6.1 above, the proponent uses the VM0015 version 1.1, "Methodology for Avoided Unplanned Deforestation", in section 4.1 of the PD (ref. 1) to identify and quantify the emissions associated with the baseline scenario. The VCS methodology is considered equally or more robust than IPCC 2006 GL, and the VCS standards requirements for methodologies are rooted in IPCC 2006 GL for AFOLU requirements.

G2.4-5

As stated above, without the project, the forest areas in the reference scenario are expected to be converted to a mosaic of different land-uses (see refs. 11 and 13). The consequences of the chain of events explained above are the destruction of the vegetation cover and its biodiversity, social harm, violence against communities and exclusion.

6.6 Additionality (G2)

Identify, discuss and justify conclusions regarding the demonstration of additionality, including the requirements of G2.2.

Section 4.6 of the PD presents the assessment of additionality (ref. 19) according to "VT0001 Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities", version 3.0, February 1st, 2012" following the steps:

a) STEP 1.

Sub-step 1a - Identification of alternative land use scenarios to the AFOLU project activity: in the scenario without the project (i), the deforestation remains in essence due to illegal extraction of wood by small land invaders ("no logs" in Portuguese: "sem toras"). The second scenario (ii), the project activities would reinforce activities for surveillance and monitoring deforestation, exploration and investment in new business alternatives and, the implementation of activities focused on the development of socioeconomic and conservation of biodiversity within the farm and in the surrounding communities. This would require considerable additional investment, only possible with the additional revenue resulting from the sale of verified credits

Sub-step 1b - Consistency of credible land use scenarios with enforced mandatory applicable laws and regulations: the proponent affirms he is in compliance with all applicable legal and regulatory requirements and explains that only practices listed in scenario (i) are not in

accordance with the mandatory laws and regulations. The illegal or unauthorized deforestation occurs systematically and widespread in Amazonia, especially in situations like the project area, located in the region known as the "Arc of Deforestation". This happens because of the difficulties of government agencies (federal and state level) to enforce the law due to barriers involving corruption, bureaucracy and lack of human and financial resources for surveillance and a high degree of impunity.

Sub-step 1c - Selection of the baseline scenario: the project proponent have chosen the most plausible scenario for the area, the baseline scenario (i), which represents the continuation of the pre-project activities, largely spread in the Amazon context in general and more intensive in the “Arc of deforestation”. The baseline scenario is characterized for ongoing illegal activities, in a situation where the law is poorly enforced.

b) STEP 2. Investment analysis to determine that the proposed project activity is not the most economically or financially attractive of the identified land use scenarios

Sub-step 2a - As the Project generates financial benefits beyond revenue related to carbon credits through the marketing of tropical timber, a comparative investment analysis was applied (Option II) for determining the additionality of the project scenario.

Sub-step 2b –The proponent selected the Net Present Value (NPV) as the financial indicator for comparative analysis investments of alternative scenarios. He justifies that it is a method widely used by companies and has the following advantages over other indicators: takes into account the time value of money, NPVs can be added and depend only on cash flows and cost of capital.

Sub-step 2c - The project proponent have presented a summary of sources of revenue and expenditure considered in the analysis in the PD (ref. 1), at tables 23 and 24. He have also presented a comparative analysis between scenarios, taken in consideration their cash flow and premises like wood volume, selling prices, the REDD+ project implementation costs, using different panoramas (pessimistic/optimistic).

An analysis of 30 years showed a negative NPV of R$3,750,953.00 for scenario (i) and an even more negative NPV of R$5,406,953.00 for scenario (ii). Thus, the project proponent, has presented a rationale in which the Maísa’s farm forest management enterprise is experiencing financial losses over time. In this perspective, none of the compared scenarios would be financially attractive anyway, but of course, the scenario which includes the implementation costs for REDD+ without considering a potential revenue coming from VCUs sells on voluntary market would be worse. Even with reasonable variations in the critical assumptions, this sensitivity analysis strengthens the conclusion that the REDD+ Project Maísa and also the Maísa’s farm itself needs the revenue from VCUs to continue existing, reaching its goals of sustainable forest management and conservation.

The audit team have considered the project proponent’s analysis feasible. The project proponent has presented additional documentation (ref. 33) in order to support this financial analysis and has also reviewed this financial spreadsheet (ref. 23). These new financial reports shows the source of data used for the project proponent in his financial analysis, corroborating the statement that the revenue from VCUs selling is essential for the maintenance of the forest management enterprise activities and of course, the REDD+ project activities themselves.

c) STEP 4. Common practice analysis: the project proponent describes a similar activity in the region, the Santa Marta's Farm, a 23,000.00 ha forest management enterprise that used to harvest wood according to a sustainable forest management plan approved by the government. An essential distinction is that the Santa Marta's Farm had lower land security and easier access by roads in the most part of its perimeter. As a result, it was invaded in 2006. The invaders were looking for illegal extraction of wood and charcoal production. An analysis of satellite images from the year 2000 to 2011 shows a great increase of deforestation rates after the invasion (ref. 12). The invaders were never removed from the land, which presents high rates of deforestation since then (ref. 12). The Santa Marta's Farm case perfectly represents the baseline scenario over the project's reference region.

Maísa's farm has thus far maintained its security over time, keeping invaders away. But, as the forest management enterprise at the Maísa's farm is experiencing financial troubles, it will be harder to keep security over its borders, while land surveillance is one of the predicted REDD+ project activities. Thus, it is conclusive that the Maísa REDD+ project activity does not represent the baseline scenario and that financial incentives are needed to keep an standing forest on site, hence, the project is additional. In summary the proponent has demonstrated that effective conservation of forest management areas is not common practice given the threats posed from illegal agents of deforestation which have successfully invaded and deforested other similar properties in the immediate vicinity of the project. Analysis of satellite imagery demonstrates areas of deforestation moving closer to the project area.

7 QUANTIFICATON OF GHG EMISSION REDUCTIONS AND REMOVALS

7.1 Project Scale and Estimated GHG Emission Reductions or Removals

Identify, discuss and justify conclusions regarding the project scale and the estimated GHG emission reductions or removals, including the requirements of G1.4.

The project area is 28.752 ha and the average annual emission reduction is 67.458,1 tCO2 eq. The project proponent correctly identifies the project scale at the PD (ref. 1) section 5.1. The project aims to avoid the emission of 2,023,743.8 tCO2 eq. due the conservation of 6007 ha in the project area over thirty years. The section 5.1 also shows the emission reductions per vintage periods during the project lifetime.

The proponent has identified the selected carbon accounting methodology as the VM0015 version 1.1, "Methodology for Avoided Unplanned Deforestation", in section 4.1 of the PD (ref. 1). All carbon stocks per vegetation type and biomass plots can be observed at the inventory spread sheet (ref. 3). All default values used can be observed at the spread sheet and also in PD (ref. 1), section 8.2, where the data and parameters are described.

An allometric equation developed by Silva (2007; ref. 17) was used to estimate individual tree dry biomass. This equation has actually been developed for western Amazon forest and not for the project area site, however the project proponent have made additional analysis (ref. 29) and provided additional documentation (ref. 30) in order to prove the similarity between both sites and so, that the equation could be used. This was accepted by the audit team, because it is a conservative approach.

7.2 Leakage Management

Identify, discuss and justify conclusions regarding leakage management.

The leakage management plan is presented in the PD (ref. 1, section 2.2). The VM0015 allows for the implementation of leakage management areas as part of the project activities. Such areas are "specifically designed to implement activities that reduce the risk of activity displacement leakage." The auditors assessed the GIS shapefiles obtained from PRODES to verify that at the project start date, leakage management areas were non-forest land, in accordance with VM0015 (ref. 10).

CCB

CL2.2

According to VM015, the proponent is required to estimate the extent to which leakage will be reduced by the leakage mitigation activities. The activities proposed by the proponent to mitigate leakage are focused on community engagement and are reported in the PD (ref. 1, section 2.2 & Table 8). The proponent assumed a displaced leakage varying from 5 to 10% during the project lifetime (see ref. 2 – worksheet "Table 34"). Leakage displacement is expected to reduce as the proposed project activities are implemented with the surrounding communities.

The audit team have performed interviews and direct observations inside the leakage management areas. The scenario encompasses a mosaic of small, medium and large producers. The economic activity in the leakage management area encompasses subsistence agriculture based on slash-and-burn practices, cattle ranching and charcoal producing (in reducing order of importance). In the absence of effective public policies capable of ameliorating their low incomes, some small producers have confirmed they make alliances with illegal loggers to allow the access to timber inside their lots.

The project proponent strategy for managing leakage is related to crop-livestock-forest integration, enabling the generation of income and jobs. Rural and forestry institutions will also be coordinated to facilitate access of the surrounding communities to public policies and programs relevant to rural development. The project proponent strategies to manage leakage makes sense for all interviewees in the communities and other stakeholders listened to by auditors.

7.3 Baseline Emissions (G2)

Identify, discuss and justify conclusions regarding the quantification of baseline emissions, including the requirements of G2.3.

The audit team have assessed the baseline emissions in conformance with VCS AFOLU requirements v.3.4 and VM0015 v.1.1 in two parts: the first part is related to the quantification of the current carbon stocks in the project area and under the identified land-use post-deforestation; the second part is related to the spatial analyses of the predicted future deforestation.

QUANTIFICATION OF THE CARBON STOCKS

The carbon inventory conducted in the project area is described both in the PD (ref. 1, section 5.3) and in supplementary material provided to the audit team (ref. 7). The inventory data and the calculations were made available to the auditors in an Excel file (ref. 3). Six parcels, with 8 sub-parcels (20 x 125 m), were randomly allocated in the project area. As stated in the PD (ref. 1), the results of the inventory led the project proponent to consider only one stratum for the entire project area.

During the field work, the auditors resampled 3 sub-parcels within transect 2 (9, 11, and 13), 3 sub-parcels within transect 1 (8 and 2), and 2 sub-parcels within transect 5 (37 and 34), re-measuring all trees within the plots ≥15 cm DBH (diameter breast height) according to the inventory procedures followed by the project proponent (see ref. 7). To check for significant differences between the project proponent's and our measurements, the audit team have conducted a standard paired t-student test in R (www.r-project.org) using the DBH of the measured trees. No differences in the measurements were identified ($p > 0.05$).

During interviews with employees in charge of the forest management, it was mentioned that the annual logging units (UPA, acronym in Portuguese for *Unidade de Produção Anual*) within the project area were logged with four different logging techniques (i.e. conventional logging, reduced-impact logging, and two others in between). To assess the potential influence of logging techniques in the carbon stocks within the project area, the auditors regrouped the sub-parcels by logging technique and calculated the biomass of each sub-parcel per hectare. The biomass stocks of the four different groups were compared with multiple standard unpaired t-student tests in R. Again, no differences were identified. With such results the auditors confirmed that the project stratification adopted was appropriated.

Wood density values were not used since the allometric equation adopted only required input from tree DBH. The auditors found that the root-to-shot factor of 0.27 (ref. 18 – Nogueira, 2007) and the carbon fraction of 0.485 (ref. 18 – Nogueira, 2008) used in the calculations to be in accordance with VCS AFOLU and VM0015. Finally, the molecular proportion of 44/12 was correctly used to convert carbon values to CO_2e. The statistical analysis of the carbon inventory were reviewed by the auditors and no inconsistencies were found (ref. 3).

SPATIAL ANALYSES OF THE DEFORESTATION

STEP 1: Definition of Boundaries (VM0015 v.1.1)

For information on the GIS analyses performed to select the project boundaries please refer to section 6.4 of this report.

STEP 2: Analysis of Historical Land-Use and Land-Cover Change (VM0015 v.1.1)

As mentioned above, the project proponent and Eco-logica used GIS shapefiles available from the PRODES program to identify forest and non-forest areas within the project's reference region (refs. 5, 6, and 10). The classification is based on a spectral mixture analysis of Landsat imagery, resulting in four distinct classes: forest; water; non-photosynthetic vegetation; and anthropic areas. The GIS shapefiles gathered from PRODES were already pre-processed (VM0015 step 2.4.1) and classified (VM0015 step 2.4.3). Post-processing was not necessary for the project as only one forest stratum was considered to be present in project area (ref. 1, tab. 34 and ref. 3). In

addition, 44 Landsat 5 TM images were collected covering the reference region from 2000 to 2011 (ref. 1, tab. 13).

The **Forest Cover Benchmark Map** showing only "forest" and "non-forest" areas based on the years 2000 and 2011 were reviewed by the auditors (ref. 10) and found to be in conformance with VM0015. The **Land-Use and Land-Cover Map/ Land-Use and Land-Cover Change Map** for the year of 2011 was also reviewed by the auditors (ref. 10) and found to be in conformance with VM0015. The **Land-Use and Land-Cover Change Matrix** is presented in the project documents (ref. 1 – Table 16 and ref. 2 – worksheet "Table_7").

A **map accuracy assessment** based on the most recent land-use (2011) was provided to auditors. The assessment was based on 82 randomly distributed points within the reference region. High resolution imagery obtained from Google Earth was used for the visual interpretation and the accuracy assessment. All land-use classes resulted in accuracy higher than 80% and the global map accuracy was 94% (ref. 14). The procedure and the results from the analyses were found to be in conformance with VM0015 (see ref. 6 for the GIS/remote sensing methodology used – step 2.6 of VM0015).

STEP 3: Analysis of Agents, Drivers and Underlying Causes of Deforestation and their Likely Future Development (VM0015)

The project proponent identifies and describes the **agents of deforestation** as small and larger farmers in the PD (ref. 1). The deforestation process occurs as described above (see section 6.5) and it is triggered by members of the surrounding communities (ref. 1 – section 4.5 and ref. 13). **Deforestation vectors** were properly identified and described in the PD (ref. 1 – section 4.5) as livelihood crops, pasture, palm oil, and soy and corn plantations. Physical vectors were also identified following the method proposed by Sangermano et al., 2010 (ref. 15). The most important ones were identified as: distance to deforested areas; distance to communities; elevation; distance to protected areas; distance from roads; distance from rivers (see ref. 1 – Graphic 3). Such deforestation vectors have been extensively cited in the scientific literature and were identified by the audit team surrounding the project area. **Underlying causes of deforestation** were also identified in the same section of the PD and are mainly supported by the findings of a local NGO, Instituto Peabiru, which works with conservation issues in the region (ref. 13).

As a result of the analyses conducted under step 3 of VM0015, the project proponent successfully concludes that there is a relationship between the agents of deforestation, deforestation vectors, and the underlying causes of deforestation, with the observed deforestation in the project's reference region.

STEP 4: Projection of Future Deforestation (VM0015)

Based on the evidence from step 3, the observed annual deforestation trend in the reference region was considered constant and, hence, the project proponent and Eco-logica used an historical average approach, in accordance with VM0015 section 4.1.1. During an interview with the project proponent staff, the auditors reviewed the deforestation mapped in the GIS shapefiles and the values used to calculate the annual deforestation rate applied to the project (see ref. 2 – worksheet "Step 4.1.2.1"). No inconsistences were found.

However, to calculate the annual deforestation rate, the project proponent and Eco-logica used equation (4) from Puyravaud's study (2003; ref. 16) instead of the equation (3) of VM0015. Such methodological deviation was properly justified by the project proponent.

Ten physical variables identified in the literature as correlated with deforestation were tested for the development of the deforestation risk map (ref. 5 and 6). Such variables were transformed into GIS factor maps, in accordance with VM0015 step 4.2.1. The method proposed by Sangermano et al. (2010; ref.15) was used to assign relevance weights to the factor maps to create deforestation risk maps (VM0015 step 4.2.2). Based on the observed deforestation during the 2000–2005 period, the best deforestation risk map was selected (VM0015 step 4.2.3). The final relevance weight of the factor maps used to calculate the final risk map and the algorithms used to create each factor map were presented to the auditors (ref. 2 – worksheet "Table_10"). After the selection of the best risk map, the future deforestation was annually allocated in the reference region using the Land Change Modeler (LCM) extension of IDRISI Selva software (refs. 5 and 6). In accordance with VM0015 step 4.2.3, the Figure of Merit (FOM) was calculated for the confirmation of the projected deforestation. The minimum FOM threshold set by methodology for the project, i.e. 0.08, was met (ref. 2 – worksheet "FOM").

7.4 Project Emissions

Identify, discuss and justify conclusions regarding quantification of project emissions.

In accordance with VM0015 step 7.1.1, ex-ante emissions from planned activities were accounted by the project proponent (see ref. 2 – worksheet "Table_25"). According to the PD (ref. 1), section 5.4, emissions from planned activities were based on the average deforestation and degradation caused by logging operations available from logging reports of the farm (see ref. 1 – Table 40). The logging reports were assessed by the audit team (ref. 24). No inconsistences were found.

Ex-ante emissions from unplanned deforestation were estimated in conformance with VM0015 step 7.1.2. The project proponent assumed an Effectiveness Index (VM0015 equation 16) of 90% during the first four years of the project, followed by an Effectiveness Index of 95% until 2020 (ref. 1 – section 5.4). No ex-ante emissions from forest fires were considered.

7.5 Leakage

Identify, discuss and justify conclusions regarding quantification of leakage emissions.

As mentioned above, the leakage belt and the leakage management areas were established in accordance with VM0015 (see section 6.4 of this report). Ex-post Leakage will be monitored through remote sensing following the monitoring plan described in the PD (ref. 1), section 8.1.

According to the PD (ref.1, sections 2.2 and 5.5), the project proponent does not expect ex-post leakage due to leakage prevention measures as they will be implemented within the project area and the leakage management areas without significant changes in the carbon stocks.

Ex-ante leakage in the leakage belt due to due to activity displacement was also estimated in accordance with VM0015 step 8.2 (ref.1, section 5.5). A Displacement Leakage Factor (DFL) of

10% was considered for the year of the project with constant decrease until reach 5% in the 2017 (ref. 1, tab. 44 and ref. 2 – worksheet "Table_27").

7.6 Summary of GHG Emission Reductions and Removals

Identify, discuss and justify conclusions regarding the summary of GHG emission reductions or removals and uncertainties associated with the calculation of emissions.

The summary of GHG emission reductions and removals is reported in the PD (ref. 36), section 5.6). The non-permanence risk report indicates an overall score of 19. The project aims to avoid the emissions of 2,023,743.8 tCO2 eq. in 30 years. 409,204.8 tCO2 eq. will be hold as buffer credits and 1,641,539.0 tCO2 eq. were validated as VCUs tradable to be generated over the project life time.

7.7 Climate Change Adaptation Benefits (GL1)

If applicable, document the evidence used to determine that the project satisfies GL1.1-4.

The project proponent discusses possible climate change adaptation benefits in the PD (ref. 1) section 5.7. It raises the benefits that actions mostly related to leakage management areas could possibly cause in communities within. However, in the same section, the project notes that the project was not designed seeking a direct approach to climate change adaptation. Thus, the project has not demonstrated gold level climate change adaptation benefits, however, GL1 is not required for CCB Validation.

8 COMMUNITY

8.1 Net Positive Community Impacts (CM1)

Document the evidence used to determine that the project satisfies CM1.1-2.

<u>CM1.1</u>

The proponent assesses net positive community impacts in the PD (ref. 1), section 6.1.

The proponent's project activities fall under three program areas (improve access to public policies, improve social organization in the communities, improve articulation with public agents). Several project activities, which are adaptive over time, are organized under each program area. These program areas and associated activities, in turn, contribute to the project objectives. The Theory of Change Matrix table 17 (ref 1, pg. 136) provides specific project activities, indicators/outputs, outcomes, and impacts on the different objectives in an organized fashion, in this way making a comparison between the 'with project' scenario and the 'without project' scenario of social and economic well-being for the groups taken into consideration. Monitoring of outputs and outcomes throughout project implementation is meant to inform selection and implementation of project activities over time.

The audit team performed interviews with a range of different community members, including leaders and residents, women and key informants such as local community members who work

for the proponent. The objective was to assess the appropriateness of the program areas and project activities, and the likelihood to generate net positive benefits. These interviews confirmed the appropriateness of the program areas and the beginning of the first stage of the project activities (first conversations and an agenda for dialogue/planning established).

CM1.2

Section 6.1 of the PD (ref 1, pg. 139) estimates no negative impacts in any social HCVs (HCV 5-6). The audit team have confirmed in the field that the project does not impose reduction in natural resource extraction from the forest by community members. The communities in the neighbourhood are not traditional communities, but rather small, medium and large producers. All the interviewees confirmed some families harvest Brazilian nuts on their own plots. Workers interviewed confirmed some community member also ask for permission to collect medicinal plants inside the project area. The audit team have confirmed that the project proponent allows this practice. This is not a cultural practice of social groups, but from individuals.

8.2 Negative Offsite Stakeholder impacts (CM2)

Document the evidence used to determine that the project satisfies CM2.1-3.

In the PD (ref. 1, pg. 139), section 6.2, the project proponent considers that the only stakeholders that could be negatively impacted by the project implementation are actually the loggers working illegally in the project zone. The proponent asserts that the project strategy in the project zone is to promote sustainable development in order to improve the livelihood conditions to all actors in the territory, including a portion of these illegal loggers. The mitigation measures defined for this impact are like the project objectives to generate social benefits as a whole, in other words, to foster access to public policies, articulation between government agencies, regional institutions and local stakeholders and, this way, to promote improved social and economic conditions for the region.

The audit team also confirmed in the field that community members perceive as a good action the attempts to include such particular stakeholder in the social and economic strategies, even though it can be quite challenging.

The audit team raised an observation (OBS#01/14) due to the fact that there is a risk that promoting sustainable development through engagement of a large range of heterogeneous actors, which include illegal loggers, can be too costly (regarding time and the financial resources required) and the desired impacts cannot be achieved (ref 1, pg. 48, tab. 8 and pg. 137).

8.3 Exceptional Community Benefits (GL2)

If applicable, document the evidence used to determine that the project satisfies GL2.1-5.

The project proponent states in the PD (ref. 1), section 6.3 that this requirement is not applicable, because there are no communities living within the project area, therefore, the poorest families, albeit indirectly benefited, do not effectively participate in carbon-related activities based on land use.

9 BIODIVERSITY

9.1 Net Positive Biodiversity Impacts (B1)

Document the evidence used to determine that the project satisfies B1.1-5.

The project proponent has estimated the biodiversity in the project area through its implementation partners work, *Instituto Peabiru* which was responsible for faunal surveys and *Amazonia Gestão Ambiental,* in charge of floral analysis.

The Instituto Peabiru have presented a report (ref. 13) produced after significant surveys performed in the field and also several studies on secondary data. Despite having been characterized as a "rapid study", in which for some of the *taxa* studied, statistics have indicated the necessity of increasing sampling in order to achieve an accurate biodiversity estimative, it's the audit team conclusion that the preliminary efforts made were enough to prove compliance with CCB requirements in a validation process.

The report shows estimates on mammals, reptiles, birds, fish, reptiles, amphibians and insects biodiversity for the project area, based on activity data, interviews with community members and also on surveys realized on similar ecosystems nearby. The results were crossed with endangered species lists of IUCN, CITES, MMA and IBAMA in order to select primary targets for conservation, under a special management plan to be developed for endangered species.

The report also carries a proposal for biodiversity monitoring during the project lifetime. This proposal is based on training of local stakeholders to perform field surveys under supervision in a participatory approach.

Amazonia Gestão Ambiental, have provided a study (ref. 26) of biodiversity for tree species. This study includes a complete floral analysis for the forest community. Several ecosystem indexes were presented for biodiversity, equitability and similarity parameterization. In a similar approach, the results were crossed with endangers species lists of IUCN, CITES, MMA and SEMA in order to select primary targets for monitoring and conservation.

Considering the baseline scenario, the project proponent estimates that only 52.91% of the forest cover existing in 2011, will remain in the project zone by the end of the project lifetime. This scenario will bring serious implications for biodiversity in the region due to loss, degradation and fragmentation of habitats. In the other hand, considering the project activities, the maintenance of vegetation cover will ensure the conservation of habitats inside the project area and will also help to mitigate biodiversity pressure under the fragmented landscape context set out in the baseline for the project zone, as seen that the forests under Maísa's farm will work as ecological corridors or stepping stones.

The REDD+ project happens in a context of undergoing sustainable forest management, in a native natural tropical forest. No invasive species will be introduced into any area as a result of the project activities. No exotic species or genetically modified organisms will be used to generate emission reduction and GHG removals.

9.2 Negative Offsite Biodiversity Impacts (B2)

Document the evidence used to determine that the project satisfies B2.1-3.

The project proponent does not expect potential negative impacts on biodiversity outside the project zone. In the same way, the project proponent does not expect ex-post leakage too, as seen that leakage prevention measures will be implemented within the project area and the leakage management areas. However, ex-ante leakage due to activity displacement was considered in the carbon accountability and ex-post leakage will be monitored through remote sensing following the monitoring plan described in the PD (ref. 1), section 8.1 (see section 7.5 of this report).

9.3 Exceptional Biodiversity Benefits (GL3)

If applicable, document the evidence used to determine that the project satisfies GL3.1-2.

The project proponent correctly states that the project zone includes areas of high priority for biodiversity conservation for meeting the vulnerability criteria of CCB standards. Some endemic species of primates, such as the Chiropotes satanas (known locally as Cixiú-preto) and Cebus Kaapori (Known locally as cairara), were found through faunal surveys developed under the project activities and they are considered as critically endangered (CR) on the IUCN Red List of endangered species. These species were also pointed to as primary target for conservation (ref. 13). This fact attributes the gold level for biodiversity to the project, in regards to CCB standards.

However, the management plans for endangered species conservation were not fully designed and implemented yet and they are dependent on future agreements between the project proponent and its implementation partners. The audit team raises an observation to point the risk that this important component of local biodiversity identified through faunal surveys may be not monitored in the future and that actions needed to protect it may possibly not be taken. OBS#02/14.

10 MONITORING

10.1 Description of the Monitoring Plan (CM3 & B3)

Identify, discuss and justify conclusions regarding the following:

- *Data and parameters available at validation*
- *Data and parameters monitored*
- *Applicability and eligibility of monitoring equipment and procedures*

Document the evidence used to determine that the project satisfies CL3.1-2, CM3.1-2, B3.1-2, CM3 and B3.

The project proponent has presented its monitoring plan in the PD (ref. 1), section 8. The monitoring plan clearly follows all the steps of the VM0015 v.1. 1.

The implementation of REDD+ activities will be in charge of Biofilica Ivestimentos Ambientais and will be monitored through financial spreadsheets, performance and quality reports, social

management reports, maps of vegetation cover, among others. In regards to forest management and property security, the monitoring of project implementation will be in charge of Maísa-Moju Agroindustrial and Sipasa and will be developed in accordance with Sipasa's procedures (please refer to table 51, ref. 1).

The monitoring of actual carbon stock changes and GHG emissions within the Project area will be carried out through the monitoring of avoided unplanned deforestation. The data to be collected, including all parameters to be monitored, sources and frequency of analysis can be found on table 48 (ref. 1).

The monitoring of planned and unplanned deforestation will be done through forest cover mapping in the project area. The procedures for monitoring of land-use and land-cover changes will involve: 1) selection of optical satellite images with less cloud coverage; 2) georeferencing of satellite images; 3) estimation of the percentage of vegetation, soil and shadow component for each pixel of the image; 4) identification of spatially adjacent regions (segments) with similar spectral characteristics; 5) classification of segments to identify forest classes, non-forest vegetation and deforestation. The minimum accuracy of the land-use and land-cover classification is 80%. The information obtained from satellite image will be checked through data collected in the field with a handheld GPS. Decreases in carbon stocks and increases in GHG emissions due to natural disturbances or catastrophic events will be monitored by the same methods. In addition the monitoring of the deforestation due to implementation of forest management infrastructure will be carried out through specific field records for the construction of roads, trails and storage yards inside the project area, reported on post-exploratory reports.

The monitoring of changes in carbon stocks will be performed through forest inventory. The monitoring of carbon stocks in forest management areas will be performed through pre-harvest measurement of permanent inventory plots in each unit Annual Production Unit. Each plot under monitoring will be measured post-harvest at intervals of one (immediately after harvest), three (three years after harvest) and 5 years (after the three-year inventory, at every 5 years), according to the Sustainable Forest Management Plan. This process will be handled by Sipasa over the pre and post-harvest inventories.

Monitoring of carbon stock decrease and increases in GHG emissions due to leakage displacement will be monitored through satellite images in the leakage belt, using the same procedures applied to monitor deforestation in the project area. Decreases in carbon stocks and/or increase in GHG emissions associated with leakage prevention measures will be monitored just in case improved farming techniques or management of grazing areas be adopted in leakage management areas.

All data and reports of the REDD+ Maísa Project will be stored by Biofílica Investimentos Ambientais in digital files throughout the project lifecycle. Original (physical) reports and field records produced by the forest management activity will be stored by Sipasa. All documents related to the monitoring of the REDD + Maísa Project will be gathered in physical and/or virtual files and provided to the verification staff at each verification event.

The project proponent has presented an initial plan to monitor impacts on communities (ref.1, section 8, pg. 151). The plan establishes the engagement of players, strengthening of

associations, coordination of rural technical assistance services and leakage management as goals to be pursued in order to promote changes in social and economic well-being of the stakeholders impacted by the project activities. Table 52 (ref. 1) shows variables to be monitored and the frequency of monitoring. The monitoring results will be reported every six months or annually, depending on the parameter monitored.

The project proponent has also presented an initial plan to monitor impacts on biodiversity (ref.1, section 8, pg. 157). The plan is based on regular surveys of different fauna taxa, starting with avifauna, measurement of permanent inventory plots and evaluation of impacts and damages related to forest management activities, monitoring of endangered species (addressing HCV1) and coordination of actions with education and research institutions (addressing HCV2). The monitoring results will be reported annually, before each verification event.

The project proponent states the commitment to develop a complete monitoring plan for communities and biodiversity within one year after the project validation and to publish it on the Internet and report it to the communities, project proponents, partners and other stakeholders through the full document, an executive summary and return from workshops.

11 VALIDATION CONCLUSION

Clearly state whether the project conforms with the validation criteria for projects, as set out in VCS Version 3 and CCB Standards Second Edition, and include any qualifications or limitations. Conclude whether the project is likely to achieve estimated GHG emission reduction or removals and positive community and biodiversity impacts.

This is finaldraft report. Fourteen NCRs, two FARs and two OBSs were identified during the field audit and the subsequent desk review. The project proponents have implemented corrective actions and raised evidences of compliance with both standards, VCS and CCBS, in order to address the NCRs raised by the audit team. All NCRs were closed, however, due to the long term nature of some issues related to four particular NCRs, such as community engagement (in a broader sense), forest management enterprise legal compliance (labour, safety & health regulations), employee training and social and biodiversity project activities full implementation, the audit team decides to raise four additional FARs, in order to indicate issues that must be resolved until the next verification audit. Please see Appendix 1 for detailed descriptions of all nonconformances and observations.

Once the NCRs were closed, this Final Draft report describes in detail, the full conformance to the VCS and CCBS, based on the PD version 2.1 dated on December 12th,2014 and the AFOLU Non-Permanence Risk Report Version 2.0 dated on September 12th, 2014 into this statement, bringing a positive conclusion for this validation processes. The audit team indicates the validation of REDD+ Maísa project in VCS Standard Version 3 and the CCB Standards 2nd Edition (2008)

CCB STANDARDS CRITERIA CHECKLIST:

GENERAL SECTION	**CONFORMANCE**	
G1. Original Conditions in the Project Area (Required)	YES X	NO __
G2. Baseline Projections (Required)	YES X	NO __
G3. Project Design and Goals (Required)	YES X	NO __
G4. Management Capacity and Best Practices (Required)	YES X	NO __
G5. Legal Status and Property Rights (Required)	YES X	NO __
CLIMATE SECTION		
CL1. Net Positive Climate Impacts (Required)	YES X	NO __
CL2. Offsite Climate Impacts (“Leakage”) (Required)	YES X	NO __
CL3. Climate Impact Monitoring (Required)	YES X	NO __
COMMUNITY SECTION		
CM1. Net Positive Community Impacts (Required)	YES X	NO __
CM2. Offsite Community Impacts (Required)	YES X	NO __
CM3. Community Impact Monitoring (Required)	YES X	NO __
BIODIVERSITY SECTION		
B1. Net Positive Biodiversity Impacts (Required)	YES X	NO __
B2. Offsite Biodiversity Impacts (Required)	YES X	NO __
B3. Biodiversity Impact Monitoring (Required)	YES X	NO __
GOLD SECTION		
GL1. Climate Change Adaptation Benefits (Optional)	YES __	NO X
GL2. Exceptional Community Benefits (Optional)	YES __	NO X
GL3. Exceptional Biodiversity Benefits (Optional)	YES X	NO __

APPENDIX 1. NONCONFORMANCE REPORTS AND OBSERVATIONS

NCR#:	01/14
Standard & Requirement:	VCS Standard v.3.4, item 3.1.3 VM0015 v1.1, step 1.3
Report Section:	6.4
Description of Non-conformance and Related Evidence:	
The dead wood carbon pool was included as a significant pool. However, it was not measured in accordance with VM0015 Annex 3. Instead, the project proponent used a default factor available from the literature to estimate it (ref. 1 – section 5.3). Thus, the inclusion of the dead wood pool was not conservative (ref. 2 – worksheet "Table_15").	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 2: VM0015_planilha de cálculo_v.1.xlsx Ref. 27: VM0015_planilha de cálculo_v.2.1.xlsx
Findings for Evaluation of Evidence:	The project proponent decided to exclude dead wood carbon pool, considering that is a non-obligatory carbon pool. The exclusion did not lead to a significant over-estimation of the net anthropogenic GHG emission reductions of the project activity. Actually, it was found to be a conservative action taken by the proponent, as seen that the total amount of carbon per hectare has been reduced from 478.1t CO2eq to 459t CO2eq in the revised spreadsheet (ref. 27).
NCR Status:	CLOSED
Comments (optional):	--

NCR#:	02/14
Standard & Requirement:	VM0015 v1.1, step 2.1 & 4.2.1
Report Section:	7.3
Description of Non-conformance and Related Evidence:	
The factor map files, the risk map files, and the files used to calculate the Figure of Merits (VM0015 step 4.2.3) were not presented to the auditors. Although no inconsistencies were found in the projection of future deforestation, a full assessment of the GIS analyses and their outcomes could not be performed by the audit team.	

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 28: NCR2_data.zip Ref. 5: Passo-a-passo_Linha de Base_Maísa.pdf
Findings for Evaluation of Evidence:	The factor map files, the risk map files, and the files used to calculate the Figure of Merits were presented by the project proponent (ref. 28). The audit team has conducted an additional interview with the project staff and the technical consultant hired by Biofilica as responsible for the deforestation baseline studies. All steps related to the GIS analyses and their outcomes evaluation, which includes deforestation projections, allocation and the modelling calibration were appropriate presented for the audit team, and can be find on the document "Passo-a-passo_Linha de Base_Maísa" (ref. 5)
NCR Status:	CLOSED
Comments (optional):	Ten physical variables identified in the literature as correlated with deforestation were tested for the development of the deforestation rick map (ref. 5 and 6). Such variables were transformed into GIS factor maps, in accordance with VM0015 step 4.2.1. The method proposed by Sangermano et al. (2010; ref.15) was used to assign relevance weights to the factor maps to create deforestation risk maps (VM0015 step 4.2.2). Based on the observed deforestation during the 2000–2005 period, the best deforestation risk map was selected (VM0015 step 4.2.3). The final relevance weight of the factor maps used to calculate the final risk map and the algorithms used to create each factor map were presented to the auditors (ref. 2 – worksheet "Table_10"). After the selection of the best risk map, the future deforestation was annually allocated in the reference region using the Land Change Modeler (LCM) extension of IDRISI Selva software (refs. 5 and 6). In accordance with VM0015 step 4.2.3, the Figure of Merit (FOM) was calculated for the confirmation of the projected deforestation. The minimum FOM threshold set by methodology for the project, i.e. 0.08, was met (ref. 2 – worksheet "FOM").

NCR#:	03/14
Standard & Requirement:	VM0015 v1.1, anexo 3 VCS Principle of accuracy
Report Section:	7.1, 7.3
Description of Non-conformance and Related Evidence:	
An allometric equation developed by Silva (2007; ref. 17) was used to estimate individual tree dry biomass. The equation, however, was developed for western Amazon forest and no validation of the equation was performed within the project area by destructively harvesting, as required by VM0015 appendix 3. Additionally, the equation was developed for trees ranging from 5 to 120 cm DBH, but it was applied to trees with >120 cm DBH. Such procedure was found not be accurate by the audit team.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 29: Metodologia_Nota Tecnica.docx Ref. 30: Similaridade da flora.zip Ref. 17: Tese_Silva (2007).pdf Ref. 31: Baccini et al. (2012) DOI.pdf Ref. 32: Planilha_Inventário_Carbono_Maísa_v.2.xlsx Ref. 27: VM0015_planilha de cálculo_v.2.1.xlsx
Findings for Evaluation of Evidence:	The project proponent have made additional analysis (ref. 29) and provided additional documentation (ref. 30) in order to prove the similarity between the forest in the project area and the western Amazon forest, for which Silva's allometric equation were developed, in terms of carbon biomass. The project proponent have compared height and biomass between both forest sites trough an SIG based analysis (ref. 30) and secondary data (refs. 17 & 31) to infer that the using of Silva's equation is actually a conservative approach. The audit team have analyzed the documents, maps and the spreadsheet provided by the proponent in order to concluded that Silva's equation can be used without overestimation of biomass calculation and the overall GHG assertion. Furthermore, the project proponent have revised its inventory and carbon calculations spreadsheet (refs. 32 & 27), excluding trees out of the range of the equation from data.
NCR Status:	CLOSED
Comments (optional):	--

NCR#:	04/14
Standard & Requirement:	VCS Standard v.3.4, item 3.15.1
Report Section:	7.3, 7.6
Description of Non-conformance and Related Evidence:	
The Silva (2007) equation indicated on the PD (ref. 1), section 5.3 page 116 is incorrect in the excel spreadsheet, "Planilha_Inventário_Carbono_Maísa" (ref. 3). Thus the final ex-ante estimation of the net anthropogenic GHG emission reductions was found to be incorrect.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 32: Planilha_Inventário_Carbono_Maísa_v.2.xlsx Ref. 3: Planilha_Inventário_Carbono_Maísa.xlsx Ref. 7: Tese_Silva (2007).pdf
Findings for Evaluation of Evidence:	The project proponent has revised its carbon calculations spreadsheet (refs. 32), erasing the typo in the allometric equation used, which is now correctly pointed as PF = 2.7179 * $(DAP)^{1.8774}$, according to Silva's equation (ref. 7).
NCR Status:	CLOSED
Comments (optional):	--

NCR#:	05/14
Standard & Requirement:	VCS Standard v.3.4, item 3.5.1
Report Section:	6.3
Description of Non-conformance and Related Evidence:	
The project proponent and Eco-logica have used the equation (4) from Puyravaud's study (2003; ref. 16) instead of the equation (3) of VM0015 to calculate the annual deforestation rate. Such methodological deviation was not properly justified by the project proponent.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 32: Planilha_Inventário_Carbono_Maísa_v.2.xlsx
Findings for Evaluation of Evidence:	The project proponent has properly justified its approach, discussing the modelling types used and presenting a results based comparison between both equations, in which for the same set of data, Puyravaud's equation outcome is lower than equation 3 of VM0015 (ref. 32, worksheet "Step 4.1.2.1"). It's the audit team understanding that the Puyravaud's Equation is more complex than the equation 3 of VM0015 and promotes a more conservative approach. As seen that this proposed methodology deviation is related to deforestation rates monitoring, the audit team has concluded that this deviation can be done without prejudice of GHG assertion and, actually, improving it.
NCR Status:	CLOSED
Comments (optional):	--

NCR#:	06/14
Standard & Requirement:	VCS Standard v.3.4, item 3.14.1 VT0001 v.3.0, step 2
Report Section:	6.6
Description of Non-conformance and Related Evidence:	
The project proponent have failed to provide additional documentation in order to prove the financial situation in which the forest management enterprise at Maísa's farm is currently within. Additional documentation would be necessary to support the financial analysis presented by the project proponent (ref. 23), the sensitivity analysis for VCS Non permanence risk tool and finally, the project additionality itself.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 23: Maisa_Modelo adicionalidade economico-financeiro_2014.xls Ref. 33: DRE e Balanço Patrimonial SIPASA - 2007.pdf; DRE e Balanco Patrimonial SIPASA - 2008:2009.pdf; DRE e Balanco Patrimonial SIPASA - 2010:2011:2012.pdf
Findings for Evaluation of Evidence:	The project proponent has presented additional documentation (ref. 33) in order to support his financial analysis and have also reviewed

	his financial spreadsheet (ref. 23). These new financial reports shows the source of data used for the project proponent in his financial analysis, corroborating the statement that the revenue from VCUs selling is essential for the maintenance of the forest management enterprise activities and of course, the REDD+ project activities themselves.
NCR Status:	CLOSED
Comments (optional):	--

NCR#:	07/14
Standard & Requirement:	VCS AFOLU Requirements v.3.4, item 3.7.3 VCS AFOLU Non-permanence risk tool v.3.2, item 2.5.1
Report Section:	4.3
Description of Non-conformance and Related Evidence:	
The review of the AFOLU Non-Permanence Risk report found that the project's VCU buffer was underestimated (ref. 19). The following errors or omissions were identified which led to the underestimation: 1. The proponent failed to provide evidence that mitigation measures are in place, in order to obtain negative scores in the risk assessment. Per VCS AFOLU Non-Permanence Risk Tool, Table 1, f) an adaptive management plan shall be in place to claim this mitigation credit. However, the results of the adaptive management plan were not presented to the audit team. 2. The proponent have failed to demonstrate that the project activities have already achieved net positive impacts on the social and economic well-being of the local communities (Table. 7, c) what is also non implemented mitigation measure. 3. The project proponent have committed an error when assessing risks related to the project opportunity costs, accounting negatives scores for the same reason twice, considering mitigations measures "h" and "i" simultaneously (Table. 3). 4. The project proponent haven't considered risks related to forest fires in the project area. However, the auditors found evidence of fire in parts of project's boarders. This particular fire was originated from a pasture in one of the neighbour's farms. Hence, it was found that the project proponent have given an unrealistic score for the project's natural risks too (Table. 10, f).	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 34: Relatório de Risco v.2.pdf Ref. 35: Focos de queimadas.zip;
Findings for Evaluation of	The project proponent has reviewed its non-permanence risk

Evidence:	assessment in order to address the audit team observations made in the field audit (ref. 34). In this process the project proponent decides to no longer account for mitigations measures related to adaptive management plan and also to social and economic well-being for local communities. The project proponent have also reconsidered the negative score related to the opportunity costs for the project, thus eliminating the duplicity not permitted by the VCS tool in regards to mitigation measures of this component. Besides this, the project proponent have accounted for risks related to forest fires in the project area, considering them as frequent, but not significant events; this decision was supported by a SIG analysis that covered a period of ten years over the project area and over a buffer zone with 3.5Km beyond the project boundaries (ref. 35).
NCR Status:	CLOSED
Comments (optional):	--

NCR#:	08/14
Standard & Requirement:	CCB Standards, 2º ed. (2008), Section G.3.9
Report Section:	4.7
Description of Non-conformance and Related Evidence:	
The project proponent has not conducted the stakeholder information and consultation process in an appropriated manner. The communications methods used to engage communities and stimulate participation were not appropriate to reach the community members in a broader way. Interviews with leaderships and other relevant stakeholders held at different villages confirmed that not all communities were informed about the project implementation and that some stakeholders were unaware about what exactly were the project objectives and what were the risks involved. Besides, the same interviews review that the informative fact sheet, distributed to community leaderships by the project proponent with the purpose of publicize information about the project, the CCBA public comment period and to stimulate participation among relevant stakeholders have not been well understood by the public. The audit team have observed that in general, community members are functionally illiterate and the fact sheet language was too technical. In addition, the fact sheet was distributed only to community leaders. Although community leaders have confirmed they received instructions about how to participate of the public consultation period through the CCB website, they also have reported difficulties to realize this task due to the lack of Internet access in the villages. Finally, it stayed characterized that due to social and political heterogeneities inside communities, rival leaders didn't share and spread information, working as multipliers.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 36: PD_Maísa_v.2.0.pdf Ref. 37: 141118_Biofilica_PlanoComunicacao2015.pdf
Findings for Evaluation of Evidence:	The project proponent has redefined its communication strategy for communities. This new approach passes through a reformulation of the project activities in regards to social aspects of the project, which may have focus on community engagement processes in the first period of the project implementation, after its validation (ref. 36). The project proponent have also renewed it's contract with Instituto Peabiru, a hired consultancy in charge of social assessments and community communication processes, in order to achieve the project goals regarding communication, engagement and effective community participation. The consultancy have presented a communication plan for 2015, in which they present the tools that will be used to improve and amplify the relationship between the project proponent , the relevant stakeholders and other actors affected by the project activities (ref. 37). It is the audit team understanding that the new communication strategy adopted by the project proponent can work and that the project proponent have taken all possible actions to solve this particular issue by the time he had since the field audit. However, there are still no evidences of results reached by these new procedures. Thus, the audit team have decided to close this NCR and open a FAR, in order to signalize that stakeholder information and consultation process needs to be assessed in the future, by the next validation/verification body.
NCR Status:	CLOSED
Comments (optional):	The audit team decides to raise a forward action request (FAR#01/14) in order to signalize that stakeholder information and consultation process needs to be assessed again in the next verification audit.

NCR#:	09/14
Standard & Requirement:	CCB Standards, 2º ed. (2008), Section G.3.10
Report Section:	4.7
Description of Non-conformance and Related Evidence:	
There is not a formal and communicated procedure to handle conflicts and grievance that arises from the project planning and lasts during its implementation. Section 2.7 of the PD (ref.1, pgs. 60-61) describes in general terms a process for grievance and handling to stakeholder conflicts. However, based on interviews with the project proponent and workers assigned to handle grievances, the audit team realized that there is not a formal procedure to register and answers grievances. Besides, the worker assigned to perform as a social agent was not trained to receive and answers grievances.	

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 36: PD_Maísa_v.2.0.pdf Ref. 48: Procedimento de Recebimento de Retornos e Resolução de Conflitos – Projeto REDD+ Maísa.pdf Ref. 38: PLANO DE TREINAMENTO E CAPACITACAO 2015.xlsx
Findings for Evaluation of Evidence:	The project proponent has developed a procedure to handle conflicts and grievance mechanisms (ref. 48). This procedure is based on 1) message boxes that will be left in strategic and neutral sites such as churches and villages; 2) direct communication at the villages, through open meetings, workshops and also through the direct contact with the project employee; 3) remote communication by e-mail, telephone, letters, among others ways. The Maísas farm employee, which are directly in contact with community stakeholder will be trained to perform this procedure, which is stated on the validated PD (ref. 36) and can be observed in the capacity and training planning (ref. 38).
NCR Status:	CLOSED
Comments (optional):	--

NCR#:	10/14
Standard & Requirement:	CCB Standards, 2º ed. (2008), Section G.4.3
Report Section:	4.6
Description of Non-conformance and Related Evidence:	
There is not a formal training program that cover all activities and themes related to the project activities for all relevant workers positions. The PD (ref 1, section 2.6, page 52) describes the trainings provided for workers in general terms. It mentions technical, health and safety trainings among others. However, based on interviews and review of the training registers (ref. 20) the audit team realized that the most part of the training events was provided by subcontractors in 2012. In addition, the participant lists show that only workers involved directly in the forest exploitation activities seemed to be involved in some training activities more related to safety issues. The audit team have also observed workers in field performing activities without any previous training.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate

	conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 38: PLANO DE TREINAMENTO E CAPACITACAO 2015.xlsx Ref. 39: Solicitação de Treinamento IFT.pdf
Findings for Evaluation of Evidence:	The project proponent has presented a formal training program that cover all themes related to the relevant project activities. In this planning, the project proponent defines a schedule training for 2015, several and different kinds of training for each related theme (health and workers safety, forest management operation, particular REDD+ project activities), who will be the target audience (workers positions) and the frequency of each training event (ref. 38). In order to prove its efforts in starting the capacity and training implementation, the project proponent have also presented an IFT application form (in portuguese: *Instituto Floresta Tropical*) in which is requested an in company training execution at Maísas farm.
NCR Status:	CLOSED
Comments (optional):	

NCR#:	11/14
Standard & Requirement:	CCB Standards, 2º ed. (2008), Section G.4.4
Report Section:	4.6
Description of Non-conformance and Related Evidence:	
The opportunities to fulfil job positions are not being provided by the proponent equitably. Based on the field interviews, the audit team observed that some villages and community's member are not sufficient informed about job opportunities. Given the lack of economic opportunities in the project zone, the project proponent is in fact the main employer. However, the table 9 of the PD (ref. 1, pg. 52) shows that 70% of the employees come from just one village. The audit team observed that it happens because the person assigned to communicate job opportunities in behalf of the proponent, is a person with family origins from a particular village. There is evidence that the job opportunities communication is	

biased.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 37: 141118_Biofilica_PlanoComunicacao2015.pdf
Findings for Evaluation of Evidence:	The project proponent has renewed its contract with Instituto Peabiru, a hired consultancy in charge of social assessments and community communication processes, in order to achieve the project goals regarding communication, engagement and effective community participation. The consultancy have presented a communication plan for 2015 (ref. 37), in which they present an appropriate and impartial communication channel, through local radio station, in order to communicate job opportunities.
NCR Status:	CLOSED
Comments (optional):	--

NCR#:	12/14
Standard & Requirement:	CCB Standards, 2º ed. (2008), Section G.4.5 & G.5.1
Report Section:	5.1
Description of Non-conformance and Related Evidence:	
The project proponent fails to demonstrate full compliance with National Labour Law and with specific regulations of health and safety. A review over labour obligations and interviews with project proponent staff in charge of human resources as well with farm workers, demonstrate that there is a relevant degree of uncertainty about legal payments owed to workers. The audit team have also found workers in the field without the legal registration required by the National Law and without the minimum legally required supply of potable water.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause

	to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 40: Relatório_Questões Trabalhistas.pdf Ref. 41: CERTIDÕES FGTS 10 09 2014.pdf Ref. 42: Pedido de Parcelamento FGTS - Maísa e Sertaneja.pdf Ref. 43: Parcelamento_Citag.pdf; Parcelamento_Magesa.pdf; Parcelamento_Maísa.pdf; Parcelamento_Sipasa.pdf Ref. 44: PCMSO_Citag.pdf; PCMSO_Magesa.pdf; PCMSO_Maísa.pdf; PCMSO_Promasa.pdf; PCMSO_Sipasa.pdf Ref. 45: PPRA_Citag.pdf; PPRA_Magesa.pdf; PPRA_Magesa.pdf; PPRA_Maísa.pdf; PPRA_Promasa.pdf; PPRA_Sipasa.pdf Ref. 47: Cozinheiras contratadas.zip

Findings for Evaluation of Evidence:	The project proponent has contracted an specialized legal advice in order to identify National Labor Law and health & safety regulations noncompliance's in the Maísas Farm enterprise and their associated enterprises. This hired legal consultancy delivered a report with recommendations (ref. 40) that is being used by the project proponent and its implementation partners in order to make the forest management enterprise achieve legal compliance. The project proponents have already finished the debts related with governmental taxes such as FGTS (in Portuguese: *Fundo de Garantia por Tempo de Serviço)* for the enterprises Promasa, Magesa, Sipasa and Citag (ref. 41) and have also made a request for negotiation of FGTS debts for Sertaneja and Maísa (ref. 42) with *Caixa Economica Federal* (Brazilian governmental bank). The project proponent have also presented negotiations requests with the government in regards to social security taxes for Citag, Magesa, Maísa and Sipasa enterprises (ref. 43). The project proponent have also developed PCMSOs (in Portuguese: Programa de Saúde Médico e Operacional) and PPRA (in Portuguese: Programa de Prevenção dos Riscos Ambientais) for Citag, Magesa, Maisa, Promasa and Sipasa (refs. 44 and 45, respectvely) and have hired a work safety technician to train the forest management enterprises employee on related procedures (ref. 46). Besides this, the project proponents have legally formalized the jobs for the cooks (ref. 47) and have also installed filters for water on each surveillance station. It is the audit team understanding that the project proponents are working for reach legal compliance for Maísas and all its associated enterprises and that there are evidences of results occasioned by their efforts. However, a full legal compliance in regards to National Labour Law and with health and safety regulations was not reached yet. Many of the evidences presented by the project proponent in order to prove that corrective actions are in place are related to a process that will probably fix this non-conformity in time, but not to an evidence that this nonconformance is already resolved. Thus, the audit team have decided to close this NCR and open a FAR, in order to signalize that the Maísas farm and their associated enterprises legal compliance in regards to the National Labour Law and health & safety regulations must be assessed in the future, by the next validation/verification body.
NCR Status:	CLOSED
Comments (optional):	The audit team have decided to close this NCR and open a FAR (#02/14), in order to ensure that the Maísas farm and their associated enterprises legal compliance in regards to the National Labour Law and health & safety regulations must be assessed in the future, by the next verification audit. The proponent has implemented sufficient corrective actions at this point but the on the

	ground verification of these will take multiple months or years so it is appropriate to simultaneously open the Forward Action Request (FAR).

NCR#:	13/14
Standard & Requirement:	CCB Standards, 2º ed. (2008), Section G.4.6
Report Section:	4.6
Description of Non-conformance and Related Evidence:	
The project proponent have failed to demonstrate that a complete safety risks analysis to all enterprises and relevant work positions were developed and implemented for the Maisa Group. Based on interviews the audit team realized that the Maisa Group encompasses seven different enterprises: SIPASA, SEMASA, MAISA, CITAG, MAGESA, SERTANEJA and PROMASA. Each enterprise is in charge of specific activities inside the project area. The total amount of project workers are registered in these different enterprises. The project proponents provided the audit team the document "Environmental Risk Prevention Program" from SIPASA. A document analysis demonstrated that the program was applied only to SIPASA workers. In addition, the document structure analysis show that the document don't follow the legal requirements established in the Regulation Norm (NR-09) of The Brazilian Ministry of Labour and Employment. Moreover, workers were generally unaware of risk mitigation measures.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 44: PCMSO_Citag.pdf; PCMSO_Magesa.pdf; PCMSO_Maísa.pdf; PCMSO_Promasa.pdf; PCMSO_Sipasa.pdf Ref. 45: PPRA_Citag.pdf; PPRA_Magesa.pdf; PPRA_Magesa.pdf; PPRA_Maísa.pdf; PPRA_Promasa.pdf; PPRA_Sipasa.pdf Ref. 46: Work safety technician agrrement
Findings for Evaluation of Evidence:	The project proponent has developed PCMSOs (in Portuguese: Programa de Saúde Médico e Operacional) and PPRA (in Portuguese: Programa de Prevenção dos Riscos Ambientais) for Citag, Magesa, Maisa, Promasa and Sipasa (refs. 44 and 45, respectively) and have hired a work safety technician to train the forest management enterprises employee on related procedures (ref. 46).
NCR Status:	CLOSED
Comments (optional):	--

NCR#:	14/14
Standard & Requirement:	CCB Standards, 2º ed. (2008), Section G.4.7
Report Section:	4.5
Description of Non-conformance and Related Evidence:	
The project proponent have failed to demonstrate that financial resources budgeted will be adequate to implement the project activities related to community and biodiversity aspects. The excel file "Maisa_Modelo adicionalidade economico-financeiro_2014" (ref. 23) presents the project cash flow. The spreadsheet "Avaliação Carbono" brings the annual total costs related to community and biodiversity actions. The audit team have assessed this spreadsheet and found an insufficient level of detail, in order to prove that the project activities, as defined in the tables 8, 52 and 53 of the PD (ref. 1), could be implemented. Besides, interviews with project proponent staff reviews an uncertainty about whether all the actions planned (considering the number of actions, schedule and the frequency predicted) will be implemented and monitored.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Validation
Evidence Provided by Organization:	Ref. 23: Maisa_Modelo adicionalidade economico-financeiro_2014.xls Ref. 37: 141118_Biofilica_PlanoComunicacao2015.pdf Ref. 41: CERTIDÕES FGTS 10 09 2014.pdf Ref. 42: Pedido de Parcelamento FGTS - Maísa e Sertaneja.pdf Ref. 43: Parcelamento_Citag.pdf; Parcelamento_Magesa.pdf; Parcelamento_Maísa.pdf; Parcelamento_Sipasa.pdf Ref. 44: PCMSO_Citag.pdf; PCMSO_Magesa.pdf; PCMSO_Maísa.pdf; PCMSO_Promasa.pdf; PCMSO_Sipasa.pdf Ref. 45: PPRA_Citag.pdf; PPRA_Magesa.pdf; PPRA_Magesa.pdf; PPRA_Maísa.pdf; PPRA_Promasa.pdf; PPRA_Sipasa.pdf Ref. 47: Cozinheiras contratadas.zip
Findings for Evaluation of Evidence:	In order to achieve the project objectives the project proponent has reviewed the project activities, redefining them into a step-wise approach. In regards to social aspects of the project, the project proponent have defined an initial focus on the improvement of workers safety and legal conditions (see NCRs #12/14 and #13/14 also above) and on the community engagement process (see NCRs #08/14 and #09/14 above). This first step in social sphere shall take at least five years, according to project proponent revised implementation plan. By now, the project proponent have promoted substantial improvements in regards to legal compliance of workers conditions

	(ref. 41, 42, 43 & 47) and have also renewed its contract with Instituto Peabiru (ref. 37), a hired consultancy in charge of social assessments, community communication processes and other issues on this matter. In regards to biodiversity aspects, the project proponent have defined an initial focus on training and capacitation on reduced impact logging for his implementation partners workers (this way correctly assuming that better practices on forest implementation reduces considerably the negative impacts over biodiversity) and also on research initiatives on biodiversity to support monitoring.
NCR Status:	CLOSED
Comments (optional):	--

FAR 01/14	Reference Standard & Requirement: CCB Standards, 2º ed. (2008), Section G.3.9
Description of findings leading to observation: The project proponent has redefined its communication strategy for communities. This new approach passes through a reformulation of the project activities in regards to social aspects of the project, which may have focus on community engagement processes in the first period of the project implementation, after its validation (ref. 36). The project proponent have also renewed it's contract with Instituto Peabiru, a hired consultancy in charge of social assessments and community communication processes, in order to achieve the project goals regarding communication, engagement and effective community participation. The consultancy have presented a communication plan for 2015, in which they present the tools that will be used to improve and amplify the relationship between the project proponent , the relevant stakeholders and other actors affected by the project activities (ref. 37). It is the audit team understanding that the new communication strategy adopted by the project proponent can work and that the project proponent have taken all possible actions to improve community engagement and promote the relevant stakeholder participation by the time he had since the field audit. However, there are still no evidences of results reached by these new procedures	
Forward Action request: Stakeholder information and consultation process needs to be assessed again in the next verification audit.	

FAR 02/14	Reference Standard & Requirement: CCB Standards, 2º ed. (2008), Section G.4.5 & G.5.1
Description of findings leading to observation: The project proponent hasve contracted an specialized legal advice in order to identify National Labor Law and health & safety regulations noncompliance's in the Maísas Farm enterprise and their associated enterprises. This hired legal consultancy delivered a report with recommendations (ref. 40) that is being used by the project proponent and its implementation partners in order to make the forest management enterprise achieve legal compliance. The project proponents have already finished the debts related with governmental taxes such as FGTS (in Portuguese: Fundo de Garantia por Tempo de Serviço) for the enterprises Promasa, Magesa, Sipasa and Citag (ref. 41) and have also made a request for negotiation of FGTS debts for Sertaneja and Maísa (ref. 42) with Caixa Economica Federal (Brazilian governmental bank). The project proponent have also presented negotiations requests with the government in regards to social security taxes for Citag, Magesa, Maísa and Sipasa enterprises (ref. 43). The project proponent have also developed PCMSOs (in Portuguese: Programa de Saúde Médico e Operacional) and PPRA (in Portuguese: Programa de Prevenção dos Riscos Ambientais) for Citag, Magesa, Maisa, Promasa and Sipasa (refs. 44 and 45, respectvely) and have hired a work safety technician to train the forest management enterprises employee on related procedures (ref. 46). Besides this, the project proponents have legally formalized the jobs for the cooks (ref. 47) and have also installed filters for water on each surveillance station. It is the audit team understanding that the project proponents are working for reach legal compliance for Maísas and all its associated enterprises and that there are evidences of results occasioned by their efforts. However, a full legal compliance in regards to National Labour Law and with health and safety regulations was not reached yet. Many of the evidences presented by the project proponent in order to prove that corrective actions are in place are related to a process that will probably fix this non-conformity in time, but not to an evidence that this nonconformance is already resolved.	
Forward Action request: Maísas farm and their associated enterprises legal compliance in regards to the National Labour Law and health & safety regulations must be assessed in the future during the next verification audit.	

OBS 01/14	Reference Standard & Requirement: CCB Standards, 2º ed. (2008), Section CM.2.2
Description of findings leading to observation: In the PD (ref. 1, page 139), section 6.2, the project proponent considers that the only public that could be negatively impacted by the project implementation are actually the loggers working illegally in the project zone. The proponent asserts that the project strategy in the project zone is to promote sustainable development in order to improve the livelihood conditions to all actors in the territory, including a portion of these illegal loggers. The mitigation measures defined for this impact are alike the project objectives to generate social benefits as a whole, in other words, to foster access to public policies, articulation between government agencies, regional institutions and local stakeholders and, this way, to promote improved social and economic conditions for the region.	
Observation: there is a risk that promoting sustainable development through engagement of a large range of heterogeneous actors, which include illegal loggers, can be too costly (regarding time and the financial resources required) and the desired impacts couldn't be achieved.	

OBS 02/14	Reference Standard & Requirement: CCB Standards, 2º ed. (2008), Section GL.3.1
Description of findings leading to observation: the management plans for endangered species conservation were not fully designed and implemented yet and they are dependent on future agreements between the project proponent and its implementation partners.	
Observation: there is a risk that this important component of local biodiversity identified through faunal surveys be not monitored in the future and that actions needed to protect it may possibly not be taken.	