



# ENVIRONMENTAL SERVICES, INC.

## **Climate, Community and Biodiversity Project Design Standards (Second Edition – December 2008) Project Verification Report**

CarbonCo Purus Project

17 October 2016

Project No. V013022.03

### **Verification Conducted by:**

Environmental Services, Inc.  
Forestry, Carbon, and GHG Services Division  
Corporate Offices at:  
7220 Financial Way, Suite 100  
Jacksonville, Florida 32256  
Phone: 904-470-2200; Fax: 904-470-2112



ANSI ACCREDITED PROGRAM  
GREENHOUSE GAS  
VALIDATION AND VERIFICATION  
0800



## Table of Contents

Introduction..... 4

Contact Information ..... 4

    Verification Team ..... 4

Verification Details ..... 5

    Verification Standard ..... 5

    Verification Criteria ..... 5

    Level of Assurance ..... 5

    Verification Date(s) ..... 5

    Materiality ..... 5

    Final Documents from Client..... 6

Project Description..... 6

Executive Summary of Verification Results..... 7

Verification Findings ..... 7

    G1 Original Conditions in the Project Area ..... 7

    G2 Baseline Projections ..... 14

    G3 Project Design and Goals ..... 17

    G4 Management Capacity and Best Practices ..... 28

    G5 Legal Status and Property Rights ..... 32

    CL1 Net Positive Climate Impacts ..... 35

    CL2 Offsite Climate Impacts (“Leakage”) ..... 37

    CL3 Climate Impact Monitoring ..... 40

    CM1 Net Positive Community Impacts ..... 42

    CM2 Offsite Stakeholder Impacts ..... 44

    CM3 Community Impact Monitoring ..... 46

    B1 Net Positive Biodiversity Impacts ..... 47

    B2 Offsite Biodiversity Impacts ..... 49

    B3 Biodiversity Impact Monitoring ..... 51

Gold Level Section ..... 52

    GL1 Climate Change Adaptation Benefits ..... 52

    GL3 Exceptional Biodiversity Benefits ..... 52

Public Comment Period ..... 53



---

Public Shareholder Comments.....	53
Local Shareholder Comments.....	53
Verification Conclusion.....	53
Submittal Information.....	53
Appendix A – Documents Reviewed / Received.....	54



## Climate, Community & Biodiversity Alliance Purus Project Verification Report

### Introduction

This report presents the findings of an audit conducted by Environmental Services, Inc. (ESI), to verify the claims made by the Purus Project conforms to the Climate, Community and Biodiversity Project Design Standards (Second Edition – December 2008). ESI is accredited by the American National Standards Institute (ANSI) under ISO 14065:2013 for greenhouse gas validation and verifications bodies and is approved by the Climate, Community & Biodiversity Alliance (CCBA) to perform such validations/verifications.

### Contact Information

Client Name Address Phone Website	CarbonCo, LLC 853 Main Street East Aurora, New York 14052 +1 (240) 247-0630 <a href="http://Carboncollc.com/">http://Carboncollc.com/</a>
Contact Name Address Phone	Brian McFarland 853 Main Street East Aurora, New York 14052 +1 (240) 247-0630
3 <sup>rd</sup> Party Auditors	Environmental Services, Inc.
Lead Verifier	Shawn McMahan Environmental Services, Inc. 3800 Clermont Street NW North Lawrence, Ohio 44666 330-833-9941
Verification Team	Lead Verifier/: Shawn McMahan Team Members: Caitlin Sellers, Richard Scharf, Jonathan Pomp, Matthew Perkowski, Guy Pinjuv, Eric Jaeschke, Aaron Holley, Katie Talavera, and Fronika de Wit QA/QC: Janice McMahan



## Verification Details

Verification Standard	Climate, Community and Biodiversity Project Design Standards (Second Edition – December 2008)
Verification Criteria	<p>The criteria will follow the verification guidance documents provided by CCBA located at <a href="http://www.climate-standards.org">www.climate-standards.org</a>. These documents include the following:</p> <ul style="list-style-type: none"> <li>a) <i>Project Design Standards (Second Edition, December 2008)</i></li> <li>b) <i>Rules for the use of the Climate, Community, &amp; Biodiversity Standards, Version December 2013.</i></li> </ul>
Level of Assurance	<p>The level of assurance was used to determine the depth of detail that the verifier placed in the verification plan to determine if there were any errors, omissions, or misrepresentations (ISO 14064-3:2006). ESI selected samples of data and information to be verified to provide <i>reasonable assurance</i>.</p>
Verification Scope	<p>The scope of the verification included the GHG project and implementation; baseline scenarios; physical infrastructure, activities, technologies and processes of the GHG project; GHG sources, sinks and/or reservoirs; types of GHGs; periods covered; the validated PDD; and the evaluation of the project’s net climate, community, and biodiversity benefits.</p> <p>Period of evaluation: 01 January 2015 to 31 December 2015.</p>
Verification Date(s)	16 June 2016 – 05 October 2016
Materiality	<p>Materiality is a concept that errors, omissions and misrepresentations could affect the project design assertions and influence the intended users. CCB does not specifically outline a materiality threshold; however, ESI used a 5% threshold for evidence. If a non-conformance was discovered, the project developer was given the opportunity to correct the non-conformance to the project design document within a reasonable timeframe (within 30 days). If the non-conformance is corrected, the level of assurance has been met, the project design is recommended for verification approval. If the non-conformance cannot be met, the project design will not be verified. For this project, all non-conformances were corrected, so the PIR is herewith verified.</p>
Site Visits	19 July 2016 – 26 July 2016



Final Documents from Client	<ul style="list-style-type: none"> <li>• 2015_PurusMonitoring 2016.10.03.pdf</li> <li>• Purus Project 2015 Implementation Report, Final (English, 10-03-16).pdf</li> </ul> <p>Please see Appendix A for a complete list of documents received/reviewed during this verification.</p>
Public Comment Period on CCBA	<p>22 June 2016 – 22 July 2016: Project listing on CCB for public comment</p> <ul style="list-style-type: none"> <li>○ No comments</li> </ul>
Number of Comments Received	<p>22 June 2016: Posting of Project Implementation Plan</p> <ul style="list-style-type: none"> <li>○ No Comments</li> </ul>

## Project Description

The Purus Project is a REDD+ avoided deforestation project in the Amazon Basin, taking place in the State of Acre, Brazil. The original condition of the project area was mostly primary rainforest with most or all of the expected indigenous species using the area. Some areas along the Purus River were cleared and are being farmed/managed for agricultural purposes by people who do not own the land, without the landowners' permission. The previous plan was for about 20% of the project area to be cleared and converted to cattle ranching, while the rest of the area remained threatened with continued frontier deforestation.

In lieu of the cattle ranch, the landowners will derive some income through the sale of carbon offset credits and are providing local communities the opportunity to develop sustainable sources of income.

Project developers are offering local families, who have cleared and worked the land, title to the land they work. In addition, a number of social benefits are being provided, including a health clinic, agricultural extension courses, and help in transporting agricultural goods to market. None of the people living within the project area will be relocated.

Further clearing is forbidden, and the project will monitor the land for forest loss and biodiversity. Some profit sharing of carbon credit sales, with community members who have joined the project, will also occur. Other sustainable, non-destructive economic activities, including the collection of medicinal plants and other commodities, will be encouraged by the project developers.



## Executive Summary of Verification Results

	Criterion	Required/ Optional	Conformance Y/N N/A
G1	Original Conditions in the Project Area	Required	Y
G2	Baseline Projections	Required	Y
G3	Project Design and Goals	Required	Y
G4	Management Capacity and Best Practices	Required	Y
G5	Legal Status and Property Rights	Required	Y
CL1	Net Positive Climate Impacts	Required	Y
CL2	Offsite Climate Impacts (“Leakage”)	Required	Y
CL3	Climate Impact Monitoring	Required	Y
CM1	Net Positive Community Impacts	Required	Y
CM2	Offsite Stakeholder Impacts	Required	Y
CM3	Community Impact Monitoring	Required	Y
B1	Net Positive Biodiversity Impacts	Required	Y
B2	Offsite Biodiversity Impacts	Required	Y
B3	Biodiversity Impact Monitoring	Required	Y
GL1	Climate Change Adaptation Benefits	Optional	N/A
GL2	Exceptional Community Benefits	Optional	N/A
GL3	Exceptional Biodiversity Benefits	Optional	Y

## Verification Findings

### G1 Original Conditions in the Project Area

<b>Indicator G1.1</b> – The location of the project and basic physical parameters (e.g. soil, geology, climate).	The Purus Project is in Acre State, Brazil, on the Purus River, within 20 miles of Manoel Urbano, the nearest city. A Google Earth image of the project area is provided, with the project’s physical boundaries outlined. Map 2 includes the project boundary and a shaded area depicting the project zone, along with historical deforestation trends.
Evidence Used to Assess Conformance:	Section G1 of the PIR
Findings:	The location was provided in the maps in this section. Physical parameters have not changed since the release of the final version of the PDD in March of 2015. This indicator has been adequately addressed.
Date Closed:	23 June 2016



<b>Indicator G1.2</b> – The types and condition of vegetation within the project area.	The PIR mentions two types of vegetation in the project area: open forest with palms and bamboo and open alluvial forest with palm. Both are intact, primary forests. Map 3 depicts the areas covered by the two vegetation types.
Evidence Used to Assess Conformance:	Section G1.1 of the PIR, site visit
Findings:	The site visit confirms the type and conditions of forest in the project area.
Date Closed:	23 June 2016

<b>Indicator G1.3</b> – The boundaries of the project area and the project zone.	The PIR depicts the boundaries of the project area and project zone in Map 2 in section G1.1.
Evidence Used to Assess Conformance:	Section G1.1 of the PIR
Findings:	Map 2 adequately depicts the boundaries and location of the project area and zone.
Date Closed:	23 June 2016

<b>Indicator G1.4</b> - Current carbon stocks within the project area(s), using stratification by land-use or vegetation type and methods of carbon calculation (such as biomass plots, formulae, default values) from the Intergovernmental Panel on Climate Change’s 2006 Guidelines for National GHG Inventories for Agriculture, Forestry and Other Land Uses (IPCC 2006 GL for AFOLU) or a more robust and detailed methodology.	In regard to the pre-project carbon stocks the PIR states, “The total carbon stock for aboveground biomass, belowground biomass and deadwood (i.e., the carbon pools) in the open forest with bamboo and palm strata is estimated to be 325.5 metric tonnes of carbon dioxide equivalent (mtCO <sub>2</sub> e) per hectare, while the total carbon stock for the same carbon pools in the open alluvial forest with palm strata is estimated to be 411.3 mtCO <sub>2</sub> e per hectare.”
Evidence Used to Assess Conformance:	Section G1.2 of the PIR, dated 6-22-16 and PDD.
Findings:	The carbon accounting was reviewed and found to be consistent with the methodology and approved deviations to the methodology.
Date Closed:	06 October 2016

<b>Indicator G1.5</b> - A description of communities located in the project zone, including basic socio-economic and cultural information that	This section is almost identical to the corresponding section of the verified PIR of December 2013, the verified PIR of October 2014 and the verified PIR of October 2015, with some updates to population
--	--



describes the social, economic and cultural diversity within communities (wealth, gender, age, ethnicity etc.), identifies specific groups such as Indigenous Peoples and describes any community characteristics.	estimates for Acre and the towns near the project area. Aside from the populations, there is no reason to assume this information has changed significantly since that time, and no community monitoring occurred since the start of the project.
Evidence Used to Assess Conformance:	Sections G1.3 of the PIR, dated 6-22-26, site visit.
Findings:	The description of the communities provided in the PIR was reconfirmed during the site visit, and satisfies the requirements of this indicator
Date Closed:	23 June 2016

<p><b>Indicator G1.6</b> - A description of current land use and customary and legal property rights including community property in the project zone, identifying any ongoing or unresolved conflicts or disputes and identifying and describing any disputes over land tenure that were resolved during the last ten years (see also G5).</p>	<p>The PIR describes the demographics of the local population, based on census information from nearby Manoel Urbano and the preliminary rural assessment. The people in the project area have been there for nearly 20 years, on land that does not belong to them. One of the project activities is to legally award land title to lands that were improved by the local people.</p> <p>This section is largely identical to the corresponding section in the previous PIR. In it, opposition to the project by the Guitas and Frota families was described. Reasonable measures were put forth by the project developers to try and convince the two families to participate in the project.</p> <p>A forward action item for this indicator, in the previous PIR states:</p> <p>“Resolution of the concerns of the Guita family’s request that their four sons receive land, and work toward fixing the relationship between the project and upriver community members should be reviewed at the next verification to document progress.”</p>
Evidence Used to Assess Conformance:	Section 1.3 of the PIR, dated 6-22-16, section 1.3 of the PIR from previous reporting period, final report from previous reporting period, site visit.
Findings:	The PIR included no update on the relationship between the opposing community members and the



	<p>project developers. While the current monitoring report in section 2.1 discusses that title has been given to one landowner and is in the process of being transferred to several more, the full titling process is not clearly understood. The MR currently lacks detail to describe the title process. Additionally, it was discussed while onsite that several of the community members were less interested in obtaining legal title as they had been told that they might be encumbered by other issues associated with ownership (e.g., property taxes might be substantial).</p> <p>During the site visit there were “no Indians allowed” signs that were viewed along sand bars en route to the site. Additionally, interviews in the project and leakage area indicated that some indigenous groups have been stealing from families in the area which has become problematic to the community that relies on the project.</p> <p>This raises two concerns; 1. The CCB PD states that “...that there are no indigenous communities living within the project zone...” However, their increasing presence traveling through the project area triggers some additional discussion; 2. While these signs were not seen on the project area, their presence immediately up and down river of the project area and reported theft by indigenous groups raises concerns about community sentiment towards/dispute with indigenous groups in the project zone.</p>
<p>Non-conformance Request (NCR):</p>	<p>Please provide an update regarding the current relationship between the project and the community, especially in regard to the community members who were less than forthcoming during previous reporting periods.</p> <p>Now that the title process has been completed for at least 1 community member, please provide a description in the PIR of the title process and steps required, including the steps which the Purus project is facilitating.</p> <p>Please provide a discussion addressing community member concerns that obtaining title would</p>



	<p>encumber them with unrealistic expenses such as property taxes. Please discuss the implications in your response to this NCR.</p> <p>Given the increasing presence of indigenous persons traveling through the project area and the “no Indians allowed” signs within the project zone, please discuss how it is known that these communities are not in the project zone.</p> <p>Additionally, please discuss if there have been any conflicts/confrontations with indigenous peoples in the project area and how these are tracked and addressed.</p>
Date Issued:	24 August 2016
Project Proponent Response/Actions and Date:	Section 1.3 was updated on September 22, 2016 to address the current relationships, the title process, concerns about additional expenses, and the conflicts/signs with Indians.
Evidence used to close NCR:	<p>Section 1.3 includes several new passages, plus conversations with the project developer.</p> <p><b>Project – Community Relationships:</b> The family that was against the project is still against the project. The project developers have requested help from the Acre State Ministry’s Coordination of Agrarian Conflict and Environmental Coordination office to solve “the regularization of possessions” and to curb illegal deforestation for which the community members are responsible, within the project area. The office accepted this request.</p> <p>A description of the title process Benedito Nunes da Silva went through to receive title to his land is provided in a bulleted list.</p> <p>In order to mitigate fears of the cost of receiving title to the land the community members are working, the project developers are paying all fees associated with surveying, mapping and issuing the property description and deed. The community members will be responsible for transfer tax and their portion of settlement costs. Property taxes are less than R\$150/year for areas up to 100 ha (less than</p>



	<p>\$47/year, US dollars).</p> <p>The PIR states the reserves for indigenous people are far south of the project area, near the mouth of the Chandless River. (This appears to be about 46 km SW of the project area communities, according to Google Earth.) The indigenous people must travel a long way to get to Manoel Urbano, and must camp along the way. One tribe's members are known to walk into homes while the owner is away and steal, so signs were placed by community members to mitigate theft. No mention of any specific incidents of direct conflict.</p> <p>It appears that no indigenous peoples live in the project zone, but some who are settled in the area of the mouth of the Chandless River use the Purus river as their transportation route to Manoel Urbano.</p> <p>The existence of "no Indians allowed" signs is clearly discriminatory, and, among other possible effects, would likely discourage indigenous peoples from applying for work that becomes available in the project zone or making use of the health clinic. However, the indigenous people in question live a considerable distance from the project zone and use the project area only infrequently, as a transport route. They do not qualify as community members.</p>
<p><b>Forward Action Item:</b></p>	<p>Please monitor any incidents that may occur between community members and the indigenous peoples who occasionally use the river for transport (including posting of signs) and include a follow-up in the PIR for the next monitoring period.</p>
<p><b>Date Closed:</b></p>	<p>05 October 2016</p>

<p><b>Indicator G1.7</b> - A description of current biodiversity within the project zone (diversity of species and ecosystems) and threats to that biodiversity, using appropriate methodologies, substantiated where possible with appropriate reference material.</p>	<p>The PIR provides a summary of the project zone's biodiversity, as was done in the previous PIR. This section includes pictures of various species taken by camera traps on project lands from previous reporting periods.</p>
<p><b>Evidence Used to Assess</b></p>	<p>Section G1.4 of the PIR, dated 6-22-16, site visit.</p>



Conformance:	
Findings:	The information provided was previously validated and verified. The site visit indicates little change to project lands.
Date Closed:	23 June 2016

<p><b>Indicator G1.8</b> - An evaluation of whether the project zone includes any of the following High Conservation Values (HCVs) and a description of the qualifying attributes.</p> <p><b>Indicator 8.1</b> - Globally, regionally or nationally significant concentrations of biodiversity values:</p> <ol style="list-style-type: none"> <li>protected areas</li> <li>threatened species</li> <li>endemic species</li> <li>areas that support significant concentrations of a species during any time in their lifecycle (e.g. migrations, feeding grounds, breeding areas).</li> </ol> <p><b>Indicator 8.2</b> - Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.</p> <p><b>Indicator 8.3</b> Threatened or rare ecosystems.</p> <p><b>Indicator 8.4</b> - Areas that provide critical ecosystem services (e.g., hydrological services, erosion control, fire control).</p> <p><b>Indicator 8.5</b> - Areas that are fundamental for meeting the basic needs of local communities (e.g., for essential food, fuel, fodder,</p>	<p>The description of project area HCVs is an updated version of the ones in the validated PDD and verified PIRs from the previous monitoring periods, with the inclusion of some of the results from the camera traps.</p> <p>The project area includes:</p> <ul style="list-style-type: none"> <li>Threatened/endangered species</li> <li>Threatened ecosystem</li> </ul> <p>The area provides ecosystem services:</p> <ul style="list-style-type: none"> <li>Erosion control</li> <li>Water cycling, filtration</li> <li>Oxygen production</li> <li>Nutrient recycling</li> <li>Genetic repository for medicines</li> <li>Food sources for the local community</li> <li>Habitat for fish and game.</li> </ul>
---	--



<p>medicines or building materials without readily available alternatives).</p> <p><b>Indicator 8.6</b> - Areas that are critical for the traditional cultural identity of communities (e.g., areas of cultural, ecological, economic or religious significance identified in collaboration with the communities).</p>	
Evidence Used to Assess Conformance:	Section G1.4 of the PIR, date 6-22-16, site visit.
Findings:	The project's HCVs were previously validated and verified as possessing the HCVs described in G1.8 parts 1, 3, 4 and 5. This indicator has been fully addressed.
Date Closed:	23 June 2016

## G2 Baseline Projections

<p><b>Indicator G2.1</b> - Describe the most likely land-use scenario in the absence of the project following IPCC 2006 GL for AFOLU or a more robust and detailed methodology, describing the range of potential land use scenarios and the associated drivers of GHG emissions and justifying why the land-use scenario selected is most likely.</p>	<p>The PIR states that the 'without project' land use scenario is continued frontier deforestation. This section of the PIR is identical to the corresponding sections of the previous, verified PIRs and validated PDD.</p>
Evidence Used to Assess Conformance:	Section G2.1 of the PIR.
Findings:	The 'without project' scenario was well established by the Project Proponents during validation and does not need to be revisited.
Date Closed:	23 June 2016

<p><b>Indicator G2.2</b> - Document that project benefits would not have occurred in the absence of the project, explaining how existing laws or regulations would likely affect land use and justifying that the benefits being claimed by the project</p>	<p>The landowner originally planned to clear cut 20% of the land for cattle grazing, which is the common land use along the nearby roads BR364 and BR-317. This would force relocation of existing communities and leave the remaining land subject to continued frontier deforestation.</p>
---	--



are truly ‘additional’ and would be unlikely to occur without the project.	
Evidence Used to Assess Conformance:	Sections G2.1 of the PIR, site visit.
Findings:	This indicator was well established during validation. Pressures on the project area have not appreciably changed, so this indicator does not need to be revisited here.
Date Closed:	23 June 2016

<p><b>Indicator G2.3</b> - Calculate the estimated carbon stock changes associated with the ‘without project’ reference scenario described above. This requires estimation of carbon stocks for each of the land-use classes of concern and a definition of the carbon pools included, among the classes defined in the IPCC 2006 GL for AFOLU. The timeframe for this analysis can be either the project lifetime (see G3) or the project GHG accounting period, whichever is more appropriate. Estimate the net change in the emissions of non-CO<sub>2</sub> GHG emissions such as CH<sub>4</sub> and N<sub>2</sub>O in the ‘without project’ scenario. Non-CO<sub>2</sub> gases must be included if they are likely to account for more than 5% (in terms of CO<sub>2</sub>-equivalent) of the project’s overall GHG impact over each monitoring period.</p> <p>Projects whose activities are designed to avoid GHG emissions (such as those reducing emissions from deforestation and forest degradation (REDD), avoiding conversion of non-forest land, or certain improved forest management projects) must include an analysis of the relevant drivers and rates of deforestation and/or degradation and a description and justification of the approaches,</p>	<p>The PIR instructs the reader to see the VCS project description for estimations of carbon stocks in specific carbon pools.</p> <p>Using the CDM Tool for testing the significance of GHG emissions in A/R CDM project activities, contributions from non-CO<sub>2</sub> emissions sources were determined to be less than 5% of the project emissions reductions and removals.</p>
---	---



assumptions and data used to perform this analysis. Regional-level estimates can be used at the project's planning stage as long as there is a commitment to evaluate locally-specific carbon stocks and to develop a project-specific spatial analysis of deforestation and/or degradation using an appropriately robust and detailed carbon accounting methodology before the start of the project.	
Evidence Used to Assess Conformance:	Section G2.2 of the PIR, PDD
Findings:	The narrative provided, along with the supporting documentation and spreadsheets, sufficiently demonstrated at validation the without project scenario for all carbon pools. This included an analysis of the relevant drivers and rates of deforestation and/or degradation and a description and justification of the approaches, assumptions and data used to perform this analysis.
Date Closed:	23 June 2016

<b>Indicator G2.4</b> - Describe how the 'without project' reference scenario would affect communities in the project zone, including the impact of likely changes in water, soil and other locally important ecosystem services.	<p>This section is identical to the corresponding section of the PIR for the previous reporting period. The two without project scenarios would lead to degradation of ecosystem services. One would likely result in the communities being forced off the lands they have lived on and worked, to resettle on a new patch of forest, or to move to a city. The other would result in deterioration of ecosystem services, as unplanned frontier deforestation continued.</p> <p>Continued frontier deforestation would reduce water quality by reducing stabilizing vegetation and increasing erosion.</p> <p>Loss of wildlife habitat will reduce game and fishing resources.</p>
Evidence Used to Assess Conformance:	Sections G2.3 of the PIR
Findings:	The effects of the kinds of deforestation the Purus



	project lands would face in the without-project scenario that are described in the PIR are reasonable. They are well known consequences of these land uses and were sufficiently established during validation.
Date Closed:	23 June 2016

<b>Indicator G2.5</b> - Describe how the ‘without project’ reference scenario would affect biodiversity in the project zone (e.g., habitat availability, landscape connectivity and threatened species).	<p>This section is identical to that of the PIR from the previous monitoring period. No update to the ‘without project’ scenario projections are needed or expected.</p> <p>The without-project scenarios would reduce the amount of habitat as well as fragment remaining habitat.</p> <p>Biodiversity would be reduced, especially affecting creatures requiring forest habitat. Endangered plant species may disappear.</p>
Evidence Used to Assess Conformance:	Sections G2.4 of the PIR and the corresponding section of the previous PIR.
Findings:	<p>It is understood that due to the nature of the type of impacts, the consequences of without-project scenarios would result in habitat loss, fragmentation, and loss of biodiversity. Endangered species are likely to face further pressure.</p> <p>Additionally the impacts of the project on biodiversity were established during validation. The described effects of the without project scenario are reasonable.</p>
Date Closed:	30 June 2016

### G3 Project Design and Goals

<b>Indicator G3.1</b> - Provide a summary of the project’s major climate, community and biodiversity objectives.	<p>As in the PIR for the previous two monitoring periods, the project goals are summarized in the PIR as:</p> <p>“...to generate sustainable economic opportunities for the local communities and to implement social projects, while mitigating deforestation (i.e., which results in less greenhouse gas emissions) and preserving the Project’s rich biodiversity.”</p>
--	--



	<p>A list of activities that have commenced or for which planning has commenced during the time period covered by the PIR is provided, including:</p> <ul style="list-style-type: none"> <li>• Forest Carbon Inventory</li> <li>• Regional Land-use and Deforestation Modeling</li> <li>• Address Underlying Deforestation Drivers to Mitigate Release of GHGs</li> <li>• Develop Climate Monitoring Plan</li> <li>• Monitor Deforestation</li> <li>• Project Awareness, Meet Community, and Discuss Project</li> <li>• Design Social Projects and Programs for Community</li> <li>• Implement Social Projects and Programs for Community</li> <li>• Develop Community Monitoring Plan</li> <li>• Monitor Community Impacts</li> <li>• Rapidly Assess Biodiversity on Project</li> <li>• Develop Biodiversity Monitoring Plan</li> <li>• Monitor Biodiversity Impacts</li> </ul>
Evidence Used to Assess Conformance:	Section G3.1 of the PIR.
Findings:	The PIR adequately described the project’s climate, community and biodiversity objectives, which have not changed since the last monitoring period.
Date Closed:	30 June 2016

<p><b>Indicator G3.2</b> - Describe each project activity with expected climate, community and biodiversity impacts and its relevance to achieving the project’s objectives.</p>	<p>This section of the PIR is very similar to the corresponding section of PIRs from previous reporting periods, with a few updates for the current (1 January – 31 December 2015) reporting period.</p> <p>The PIR states that activities geared toward achieving the climate objective are</p> <ul style="list-style-type: none"> <li>• ongoing monitoring,</li> <li>• the forest carbon inventory, conducted in 2011,</li> <li>• regional land use and deforestation modeling, done in 2011 and 2012, but data acquisition continued in 2013, 2014 and 2015. Dr. Flores was hired to assist in acquisition in each instance.</li> </ul>
--	--



	<ul style="list-style-type: none"><li>• addressing drivers of deforestation</li><li>• development of the monitoring plan, completed in 2012</li></ul> <p>The major community objective, “To generate sustainable economic opportunities and to implement local social projects for communities living in and around the Purus Project...” is linked to the following project activities:</p> <ul style="list-style-type: none"><li>• Project awareness</li><li>• Hire project manager</li><li>• Forest patrols for deforestation</li><li>• Agricultural training</li><li>• Award land rights</li><li>• “social assistance.”</li><li>• Profit sharing of carbon credits.</li><li>• Reforestation near Purus river</li><li>• Build office</li><li>• Improve school and provide a school bus boat</li><li>• Health/dental clinic</li><li>• New houses for families that have joined project</li><li>• Ecotourism</li></ul> <p>Explanation of how each relates to project goals is provided, as well as some specifics about progress during the monitoring period.</p> <p>Updates from previous reporting periods are still included.</p> <p>Updates for the 2015 reporting period include:</p> <ul style="list-style-type: none"><li>• Dr. Flores was again contracted to help with data acquisition.</li><li>• The Project Proponents visited the project area in August of 2015.</li><li>• Kidney visited the project area about 22 times in 2015.</li><li>• Kidney’s accomplishments, which included the ongoing efforts to engage the communities in the project area and leakage belt, the installation of the health clinic, a potable water system at project headquarters</li></ul>
--	---



	<p>and ongoing forest monitoring.</p> <ul style="list-style-type: none"> <li>• Monitoring was conducted using six flyovers, patrolling by boat every two weeks (approximately) as well as using satellite imagery, in the 2015 reporting period.</li> <li>• No additional agricultural extension courses were provided in 2015.</li> <li>• As of June 1, 2016, one family has official title to the land they work, and two more are awaiting INCRA to issue title to their lands.</li> <li>• Some clothing, soccer balls and food was also distributed.</li> <li>• In regard to profit sharing, the Project Proponents donated a portion of their proceeds to the Chico Mendes Foundation.</li> <li>• In 2016, the Project Proponents intend to donate a portion of their proceeds to the local communities.</li> <li>• A soccer field for children will be built near project HQ in 2016, to help build community bonds.</li> <li>• The health center, mentioned previously under Kidney’s achievements, was mostly built during the reporting period. Much of the interior should be completed by mid-July, 2016.</li> </ul>
Evidence Used to Assess Conformance:	Section 3.2 of the PIR, site visit
Findings:	<p>The PIR builds on previously reported project activities and progress and adds additional information on progress during this reporting period.</p> <p>In the previous PIR, agricultural extension courses were said to continue in 2015. Without explanation, that date was changed to 2016 in this PIR, and no courses were reported to be taught in 2015.</p>
Clarification Request (CL):	<p>Please explain planned schedule for agricultural extension classes and the reason no 2015 classes were offered. How does this change for 2016?</p> <p>Please provide some background information on the Chico Mendes Foundation, and how it relates to the profit sharing plan.</p>



	Please explain what activities would be categorized as profit sharing, as opposed to project activities that enhance the community, like the health clinic.
Date Issued:	01 July 2016
Project Proponent Response/Actions and Date:	Additional information about the agricultural courses, Chico Mendes Foundation, and the profit sharing were added to the CCBS PIR on September 12, 2016.
Evidence Used to Close NCR:	<p>The 9-22-16 version of the PIR states that additional agricultural courses were offered, but there was no interest from the community. The project developers are seeking partnerships with two schools in Rio Branco to offer agricultural education to communities throughout the project area and zone.</p> <p>Additional explanation of the Chico Mendes Foundation and its relationship to the project is provided.</p> <p>Revenue sharing differs from social projects and programs in that it is direct sharing of a small portion of carbon revenue with communities who regularize their lands, cease deforesting, and do not use fire for land clearing.</p>
Date Closed:	05 October 2016

<b>Indicator G3.3</b> - Provide a map identifying the project location and boundaries of the project area(s), where the project activities will occur, of the project zone and of additional surrounding locations that are predicted to be impacted by project activities (e.g. through leakage).	In the first section of the PIR, map 2 shows the project zone (leakage area) and project area, along with cleared areas, and the year they were cleared. Map 1 is a Google Earth image that shows the location of the project area, major roads and local cities. Map 3 shows the project area divided into vegetative strata.
Evidence Used to Assess Conformance:	Section G1.1 of the PIR
Findings:	Map 2 shows the location of project boundaries and the project zone.
Date Closed:	01 July 2016

<b>Indicator G3.4</b> - Define the project lifetime and GHG accounting period and explain and justify any	The project lifetime is 60 years, according to the tri-party agreement, with two potential renewable terms of 25 years each, after that (for a potential total of
---	---



<p>differences between them. Define an implementation schedule, indicating key dates and milestones in the project's development.</p>	<p>110 years). The accounting period is the same.</p> <p>The project start date is the date of 23 May 2011, according to the MOUs signed between the three Project Proponents and the communities.</p> <p>This monitoring period covers 01 January 2015 – 31 December 2015.</p> <p>An implementation schedule, through 2021, is provided.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section G3.3 of the PIR.</p>
<p>Findings:</p>	<p>The project lifetime and the accounting period is fully explained. An implementation schedule for the first ten years of the project is included.</p>
<p>Date Closed:</p>	<p>01 July 2016</p>

<p><b>Indicator G3.5</b> - Identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures adopted to mitigate these risks.</p>	<p>The PIR reiterates the natural and human induced risks described in the previous PIRs and PDD, and further states that the risks were reviewed by the Project Proponents during the monitoring period, and the risks are considered low. The low VCS buffer reserve is offered as evidence.</p> <p>Discussion of the Ramal, coming from the northeast and toward the project, is included.</p> <p>No mitigation is cited for natural risks, as this is a natural forest that grew and developed under these risks for many, many years. Mitigation for human induced risks amounts to monitoring for deforestation.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section G3.4 of the PIR, site visit.</p>
<p>Findings:</p>	<p>The natural and human induced risks to the project are described, with reasonable measures for mitigation.</p>
<p>Date Closed:</p>	<p>01 July 2016</p>

<p><b>Indicator G3.6</b> - Demonstrate that the project design includes specific measures to ensure the maintenance</p>	<p>The PIR reiterates the same section of the three previous PIRs here.</p>
---	---



or enhancement of the high conservation value attributes identified in G1 consistent with the precautionary principle.	The HCVs are thoroughly integrated into the project design. All HCVs are maintained or enhanced through the preservation of the existing forest, which is the central project activity.
Evidence Used to Assess Conformance:	Section G3.5 of the PIR.
Findings:	The project design revolves around maintenance of HCVs. HCVs all depend on the existing rainforest remaining intact, and this is the main goal of the project. Activities either monitor the forest or are geared toward reducing the need for community members to deforest more land.
Date Closed:	01 July 2016

<b>Indicator G3.7</b> - Describe the measures that will be taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.	<p>This section is almost identical to that of the corresponding section of the previous PIR, with updates on activities that took place during the monitoring period to extend benefits beyond the project lifetime. Agreements extend the project far into the future. Many of the projects involve education of one sort or another, or training in new skills. These kinds of activities may extend beyond the project's boundaries and lifetime. A legal entity is in place to manage the project beyond the Project Proponent's lifetime (Moura e Rosa Empreendimentos Imobiliários LTDA). Land tenure will clearly extend beyond the project lifetime.</p> <p>During this monitoring period, much of the health clinic was built. Food, clothing and sports equipment was distributed.</p>
Evidence Used to Assess Conformance:	Section G3.5 of the PIR, site visit
Findings:	Sufficient measures, including agreements and educational efforts, are described to ensure project benefits last beyond the project lifetime. Educational efforts, in the form of agricultural extension courses, were not offered during this monitoring period, although the PIR from the previous verification said they would be.
Non-conformance Request (NCR):	Please comment on the status of agricultural extension courses, and the reason they are delayed.
Date Issued:	01 July 2016



Project Proponent Response/Actions and Date:	Additional information on agricultural extension courses was added to the CCBS PIR on September 12, 2016.
Evidence Used to Close NCR:	Sections 3.2 and 3.5 of the version of the PIR, dated 9-22-16, explain that agricultural extension courses were not held due to lack of interest. The project developers are attempting to partner with two universities in Rio Branco to offer agricultural education via small pilot projects between school staff and communities, as well as health and hygiene-related education.
Date Closed:	05 October 2016

<p><b>Indicator G3.8</b> - Document and defend how communities and other stakeholders potentially affected by the project activities have been identified and have been involved in project design through effective consultation, particularly with a view to optimizing community and stakeholder benefits, respecting local customs and values and maintaining high conservation values. Project developers must document stakeholder dialogues and indicate if and how the project proposal was revised based on such input. A plan must be developed to continue communication and consultation between project managers and all community groups about the project and its impacts to facilitate adaptive management throughout the life of the project.</p>	<p>The PIR largely reiterates the efforts to identify and involve stakeholders that were explained in the previous PIR and refers to Appendix A of the PDD for more on the identification of stakeholders.</p> <p>The PIR also adds stakeholder-related activities that occurred during the 2015 monitoring period. These include six presentations and meetings where the project was represented.</p> <p>The project has also met with State of Acre officials to discuss positioning the project for a possible link to the California Cap and Trade Program.</p> <p>Onsite project manager, Kidney, visited onsite stakeholders 22 times in 2015.</p>
Evidence Used to Assess Conformance:	Section G3.6 of the PIR, previous PIRs, site visit.
Findings:	The Project Proponents have included stakeholders to help shape the project for several years. Communications remain open.
Date Closed:	01 July 2016



<p><b>Indicator G3.9</b> - Describe what specific steps have been taken, and communications methods used, to publicize the CCBA public comment period to communities and other stakeholders and to facilitate their submission of comments to CCBA. Project Proponents must play an active role in distributing key project documents to affected communities and stakeholders and hold widely publicized information meetings in relevant local or regional languages.</p>	<p>This section of the PIR is identical to that of the previous PIR. The Project Proponents explain how things were done for previous monitoring periods. No updates to mention dates of efforts made for publicizing this comment period.</p> <p>A Portuguese version of the PIR was provided, along with a Portuguese version of the project summary for this monitoring period.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section G3.6 of the PIR dated Portuguese versions of the PIR and summary.</p>
<p>Findings:</p>	<p>This section was not updated to describe the efforts to publicize the current comment period.</p>
<p>Non-conformance Request (NCR):</p>	<p>Please update this section to include efforts for publicizing the comment period for the current PIR.</p>
<p>Date Issued:</p>	<p>01 July 2016</p>
<p>Project Proponent Response/Actions and Date:</p>	<p>The efforts to publicize the 2016 CCBS Public Comment Period for the Purus Project were updated in the PIR on August 25, 2016.</p>
<p>Evidence Used to Close NCR:</p>	<p>Additions to section 3.6 of the PIR, in the version dated 9-22-16, include the dates of the public comment period. It was announced via newsletter, and the summary report and request for comments was hand-delivered to each family in the community by Kidney. The project developers also launched Purus project website, which is in both Portuguese and English.</p>
<p>Date Closed:</p>	<p>05 October 2016</p>
<p><b>Indicator G3.10</b> - Formalize a clear process for handling unresolved conflicts and grievances that arise during project planning and implementation. The project design must include a process for hearing, responding to and resolving community and other stakeholder grievances within a reasonable time period. This grievance process must</p>	<p>The PIR describes the grievance process, including third party mediation, if necessary, and all other requirements. It is also included in the summary documents that are said to be hand delivered to the community families.</p>



<p>be publicized to communities and other stakeholders and must be managed by a third party or mediator to prevent any conflict of interest. Project management must attempt to resolve all reasonable grievances raised, and provide a written response to grievances within 30 days. Grievances and project responses must be documented.</p>	
<p>Evidence Used to Assess Conformance:</p>	<p>Section G3.6 of the PIR, summary document provided to stakeholders.</p>
<p>Findings:</p>	<p>A grievance process, developed following CCB requirements, is in place and was publicized to stakeholders. The process has been reiterated in project documentation at each verification event, which was delivered to stakeholders in various ways.</p> <p>The language in the section was not updated, so it still mentions that the grievance procedure will again be included in the summary but in the future tense.</p> <p>The grievance procedure stipulates that conflicts and their resolutions will be documented and publicized by the ombudsman.</p>
<p>Non-conformance Request (NCR):</p>	<p>Please include a summary of any grievances received through the official grievance process during the monitoring period and how they were/ are being resolved/addressed.</p> <p>Please update PIR language to state that the grievance procedure was again distributed/publicized to stakeholders.</p>
<p>Date Issued:</p>	<p>01 July 2016</p>
<p>Project Proponent Response/Actions and Date:</p>	<p>The verb tense was changed in the PIR on September 12, 2016 and the following statement was also added, “In 2015 and thus far in 2016, no grievances were received by the Project Proponents through this official grievance process.”</p>
<p>Evidence Used to Close NCR:</p>	<p>The PIR language was updated to state that the grievance procedure was again distributed/publicized to stakeholders.</p>
<p>Date Closed:</p>	<p>05 October 2016</p>



<p><b>Indicator G3.11</b> - Demonstrate that financial mechanisms adopted, including projected revenues from emissions reductions and other sources, are likely to provide an adequate flow of funds for project implementation and to achieve the anticipated climate, community and biodiversity benefits.</p>	<p>This section is identical to that of the corresponding section of the previous PIR. It mentions the experience Carbonfund.org has in carbon and other tree planting projects.</p> <p>It also states that a detailed <i>pro forma</i> was developed, and Carbonfund.org’s IRS form 990 is available on the website.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section G3.8 of the PIR, Carbonfund.org website, (as of 01 July 2016).</p>
<p>Findings:</p>	<p>There is no question of Carbonfund.org’s experience in initiating, implementing and running forestry based carbon projects. The IRS forms available on the Carbonfund.org website do not include the 2015 form 990. No detailed <i>pro forma</i> was provided to the auditors for this verification.</p>
<p>Non-conformance Request (NCR):</p>	<p>Please post the 2015 IRS form 990 on the website. Please provide a copy of the most recent <i>pro forma</i> for the project.</p>
<p>Date Issued:</p>	<p>01 July 2016</p>
<p>Project Proponent Response/Actions and Date:</p>	<p>A revised <i>pro forma</i> was provided to ESI.</p> <p>Carbonfund.org requested an extension to file the 2015 Form 990 with the IRS. A copy of the extension request letter was provided to ESI. As soon as the Form 990 is completed, the Form 990 will be available on Carbonfund.org’s website and on the GuideStar website.</p>
<p>Evidence Used to Close NCR:</p>	<p>A copy of the extension request form for filing the 2015 Form 990 was provided to the auditors. Carbonfund requested an extension until 15 November 2016.</p> <p>The <i>pro forma</i> was provided, indicating positive net revenues beginning in 2014 and increasing significantly in 2015 and beyond.</p>
<p>Date Closed:</p>	<p>05 October 2016</p>



**G4 Management Capacity and Best Practices**

<p><b>Indicator G4.1</b> - Identify a single Project Proponent which is responsible for the project’s design and implementation. If multiple organizations or individuals are involved in the project’s development and implementation the governance structure, roles and responsibilities of each of the organizations or individuals involved must also be described.</p>	<p>This section of the PIR is identical to the last PIR, because the Project Proponents and their responsibilities have not changed.</p> <p>There are three Project Proponents:</p> <ul style="list-style-type: none"> <li>• Moura &amp; Rosa</li> <li>• CarbonCo, LLC</li> <li>• Freitas International Group.</li> </ul> <p>The only difference noted between this and the last reporting period was that Eric Carlson is no longer listed as one of the contact people for CarbonCo.</p> <p>Moura &amp; Rosa is most responsible for implementation and on-site project management. Freitas International acts as a liaison between CarbonCo, landowners and community members. CarbonCo is responsible for technical aspects of project development, preparing documentation for validation and verification, and early stage project finance.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section G4.1 of the PIR.</p>
<p>Findings:</p>	<p>The PIR adequately identifies and explains the roles of the three Project Proponents and provides contact information for them.</p>
<p>Date Closed:</p>	<p>01 July 2016</p>

<p><b>Indicator G4.2</b> - Document key technical skills that will be required to implement the project successfully, including community engagement, biodiversity assessment and carbon measurement and monitoring skills. Document the management team’s expertise and prior experience implementing land management projects at the scale of this project. If relevant experience is lacking, the proponents must either demonstrate how other organizations will be partnered with to support the project</p>	<p>This section is essentially the same as the corresponding section of the previous PIR.</p> <p>Technical skills include:</p> <ul style="list-style-type: none"> <li>• Stakeholder identification and community engagement.</li> <li>• Biodiversity assessment and monitoring.</li> <li>• Carbon stock measurement and monitoring.</li> <li>• Regional Deforestation and land-use modeling.</li> <li>• Project management.</li> <li>• Local knowledge and fluency in Portuguese.</li> <li>• Sales of carbon offset credits.</li> </ul>
---	---



or have a recruitment strategy to fill the gaps.	(The last item was not included in previous PIRs.)  The reader is referred to the PDD for the biographies of staff holding these skills.
Evidence Used to Assess Conformance:	Section G4.2 of the PIR and PDD.
Findings:	The staff possesses the technical skills necessary to implement this project. By referring to the recently validated PDD, the clear implication is that there has been no change in the personnel responsible for the skills described.
Date Closed:	01 July 2016

<b>Indicator G4.3</b> - Include a plan to provide orientation and training for the project’s employees and relevant people from the communities with an objective of building locally useful skills and knowledge to increase local participation in project implementation. These capacity building efforts should target a wide range of people in the communities, including minority and underrepresented groups. Identify how training will be passed on to new workers when there is staff turnover, so that local capacity will not be lost.	The PIR lists the trainings that have occurred since the beginning of the project, including during the monitoring period covered.  Two training items are mentioned to have occurred during the current monitoring period, including Brian McFarland’s presentations and orientations in various settings, and Kidney providing safety equipment and training in its use to workers hired to build the health clinic.
Evidence Used to Assess Conformance:	Section G4.3 of the PIR and of previous PIRs
Findings:	The PIR provides a list of trainings that occurred during the monitoring period, training will continue as new workers are hired, or there is staff turnover. This indicator has been adequately addressed.
Date Closed:	01 July 2016

<b>Indicator G4.4</b> - Show that people from the communities will be given an equal opportunity to fill all employment positions (including management) if the job requirements are met. Project Proponents must explain how employees will be	This section is very similar to the corresponding section of the previous PIR.  The Project Proponents have stated a dedication to hire locally, and have done so, mostly in regard to temporary work opportunities, but also permanent positions.
---	--



selected for positions and where relevant, must indicate how local community members, including women and other potentially underrepresented groups, will be given a fair chance to fill positions for which they can be trained.	<p>A narrative is provided, describing the hiring of the onsite project manager from a local town, and efforts made to advertise the position to under-represented groups.</p> <p>The most recent work opportunity involved building the permanent health clinic. Future employment opportunities will include staffing the health clinic.</p>
Evidence Used to Assess Conformance:	Section G4.4 of the PIR, site visit.
Findings:	The Project Proponents have stated and demonstrated their intent and efforts to hire locally and seek out under-represented groups when employment opportunities arise.
Date Closed:	01 July 2016

<b>Indicator G4.5</b> - Submit a list of all relevant laws and regulations covering worker's rights in the host country. Describe how the project will inform workers about their rights. Provide assurance that the project meets or exceeds all applicable laws and/or regulations covering worker rights and, where relevant, demonstrate how compliance is achieved.	<p>The PIR provides the same list of three laws that was provided in the PIR from the previous monitoring period. Detail on how the laws pertain to the project's workers and the way workers will be informed of their rights is provided. The Project Proponents also state that all laws have been met or exceeded during the monitoring period.</p> <p>The last review of employment-related laws was 01 June 2015.</p>
Evidence Used to Assess Conformance:	Section G4.5 of the PIR. Interviews during site visit.
Findings:	Listing and describing laws and the ways workers will/are being informed of their rights was provided, adequately addressing this indicator.
Date Closed:	01 July 2016



<b>Indicator G4.6</b> - Comprehensively assess situations and occupations that pose a substantial risk to worker safety. A plan must be in place to inform workers of risks and to explain how to minimize such risks. Where worker safety cannot be guaranteed, Project Proponents must show how the risks will be minimized using best work practices.	This section is almost identical to the corresponding section of the PIR from the previous three monitoring periods. Potential work-related risks include drowning, heat exhaustion/dehydration, getting lost, venomous snakes and tropical diseases. In addition to previous hazards, “getting hurt while constructing the health clinic” was added to the list. Brief descriptions of risk reduction measures are included.
Evidence Used to Assess Conformance:	Sections G4.6 of the PIR.
Findings:	Most remain the same as in the PIR from the previous monitoring period. Risk of injury while building the health clinic was addressed through the use of helmets, goggles and back braces, provided through Kidney. This indicator has been adequately addressed.
Date Closed:	01 July 2016

<b>Indicator G4.7</b> - Document the financial health of the implementing organization(s) to demonstrate that financial resources budgeted will be adequate to implement the project.	<p>This section is identical to the corresponding section from the PIR for the previous monitoring period, except it states that IRS 990 forms through the year 2015 can be found at the Carbonfund.org website rather than through 2014.</p> <p>Links are provided to the Carbonfund.org and CarbonCo websites, as well as the page on Carbonfund.org’s website where links to the IRS form 990s are stored.</p> <p>A detailed <i>pro forma</i> was said to have been given to the auditors.</p>
Evidence Used to Assess Conformance:	Section G4.7 of the PIR . Websites visited on 01 July 2016
Findings:	The IRS form 990 for 2015 was not posted on the website at the time of the first round of the audit.
Non-conformance Request (NCR):	Please provide the latest IRS form 990.
Date Issued:	01 July 2016
Project Proponent Response/Actions and Date:	Carbonfund.org requested an extension to file the 2015 Form 990 with the IRS. A copy of the extension request letter was provided to ESI.



	<p>As soon as the Form 990 is completed, the Form will be available on Carbonfund.org’s website and on the GuideStar website.</p> <p>The PIR was updated to state the 2014 IRS Form 990 is currently available and the 2015 IRS Form 990 will be posted as soon as it is completed.</p>
Evidence Used to Close NCR:	<p>The IRS form requesting an extension for filing Carbonfund.org’s Form 990 was provided. It indicates the Form 990 will be filed by 15 November 2016. The Form 990 for 2014 indicates Carbonfund.org had revenue of over \$3.9 million and total expenses of \$3.141 million, for net revenue of over \$800,000. Net assets totaled over \$6.5 million.</p> <p>The updated <i>pro forma</i> indicates the yearly cost of the Purus project was \$86,481 in 2015. Assuming no unusual financial events occurred, Carbonfund.org likely has enough assets to cover the costs of the project, years into the future.</p>
Date Closed:	05 October 2016

**G5 Legal Status and Property Rights**

<p><b>Indicator G5.1</b> - Submit a list of all relevant national and local laws and regulations in the host country and all applicable international treaties and agreements. Provide assurance that the project will comply with these and, where relevant, demonstrate how compliance is achieved.</p>	<p>This section is similar to the corresponding section of the PIR from the previous monitoring period, except that it now includes a federal decree addressing REDD+. Project Proponents spoke with the federal ministry and state, and neither informed them of any restrictions on REDD+ projects.</p> <p>The PIR lists not only the relevant laws, but detailed descriptions as to how the Project Proponents achieve compliance with the laws.</p> <p>The PIR also states that all pertinent laws are regularly reviewed for changes and additions. This was done again during the monitoring period.</p>
Evidence Used to Assess Conformance:	Sections G5.1 of the PIR.
Findings:	Project Proponents have supplied the list of laws and an explanation of how compliance is/will be achieved. Regular review, including one during this monitoring period, ensures project management stays



	up to date. This indicator has been adequately addressed.
Date Closed:	01 July 2016

<b>Indicator G5.2</b> - Document that the project has approval from the appropriate authorities, including the established formal and/or traditional authorities customarily required by the communities.	The project was successfully validated. Approval from appropriate authorities demonstrated. The Project Proponents own the land and are keeping the local communities informed.
Evidence Used to Assess Conformance:	Section G5.2 of the PIR.
Findings:	The Project Proponents established approval for the project from appropriate authorities during validation.
Date Closed:	01 July 2016

<b>Indicator G5.3</b> - Demonstrate with documented consultations and agreements that the project will not encroach uninvited on private property, community property, or government property and has obtained the free, prior, and informed consent of those whose rights will be affected by the project.	This section is appropriately identical to the corresponding section of the PIRs from the previous monitoring periods.
Evidence Used to Assess Conformance:	Sections G5.2 of the PIRs.
Findings:	The Project Proponents established that the project will not encroach uninvited on private, community or government property during the validation. FPIC for all communities volunteering to join the project was also demonstrated.  In the case of these project lands, inversely communities encroached on the Project Proponents' lands and the Project Proponents are actually trying to grant the communities legal title to it.
Date Closed:	01 July 2016

<b>Indicator G5.4</b> - Demonstrate that the project does not require the involuntary relocation of people or of	The PIR reiterates that the project requires no relocation of communities or activities important to livelihoods and culture.
--	---



the activities important for the livelihoods and culture of the communities. If any relocation of habitation or activities is undertaken within the terms of an agreement, the Project Proponents must demonstrate that the agreement was made with the free, prior, and informed consent of those concerned and includes provisions for just and fair compensation.	Some buildings that are too close to the Purus River, according to law, will be voluntarily moved further from the banks of the river.
Evidence Used to Assess Conformance:	Section G5.3 of the PIR
Findings:	Compliance with this indicator was established through the declaration and the fact that one of the main project activities is to grant land title to communities on the lands they have cleared, worked and made productive. No relocation of people is required or supported by the project.
Date Closed:	01 July 2016

<b>Indicator G5.5</b> - Identify any illegal activities that could affect the project's climate, community or biodiversity impacts (e.g., logging) taking place in the project zone and describe how the project will help to reduce these activities so that project benefits are not derived from illegal activities.	This section is nearly identical to the corresponding section of the PIR from the previous monitoring period. Hunting and fishing for protected fauna, illegal logging and illegal drug manufacture, transportation or distribution were listed as potential illegal activities. Monitoring and public awareness will be used to detect illegal activities.  Further, the PIR reports no illegal activities were identified between January and December of 2015.
Evidence Used to Assess Conformance:	Sections G5.4 of the PIR.
Findings:	The Project Proponents identified and described potential illegal activities and provided a reasonable way to detect them. They have also stated that no illegal activity was detected during the monitoring period, adequately addressing this indicator.
Date Closed:	01 July 2016

<b>Indicator G5.6</b> - Demonstrate that the Project Proponents have clear, uncontested title to the carbon rights,	The Project Proponents have clear, uncontested title to both property rights and the carbon rights. A review of the Landowners and the Purus Project
---	--



<p>or provide legal documentation demonstrating that the project is undertaken on behalf of the carbon owners with their full consent. Where local or national conditions preclude clear title to the carbon rights at the time of validation against the Standards, the Project Proponents must provide evidence that their ownership of carbon rights is likely to be established before they enter into any transactions concerning the project's carbon assets.</p>	<p>property was conducted between May 2011 and December 2012 to ensure full title validity and accuracy.</p> <p>The title documentation was confirmed at validation.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Sections G5.6 of the PIR and PDD.</p>
<p>Findings:</p>	<p>This indicator was successfully demonstrated during the validation.</p>
<p>Date Closed:</p>	<p>01 July 2016</p>

### CL1 Net Positive Climate Impacts

<p><b>Indicator CL1.1</b> - Estimate the net change in carbon stocks due to the project activities using the methods of calculation, formulae and default values of the IPCC 2006 GL for AFOLU or using a more robust and detailed methodology. The net change is equal to carbon stock changes <i>with</i> the project minus carbon stock changes <i>without</i> the project (the latter having been estimated in G2). This estimate must be based on clearly defined and defensible assumptions about how project activities will alter GHG emissions of carbon stocks over the duration of the project or the project GHG accounting period.</p>	<p>The PIR refers the reader to the VCS monitoring report.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>2015_PurusMonitoring 2016.10.03.pdf; Purus Project 2015 Implementation Report, Final (English, 10-03-16).pdf</p>



Findings:	The VCS monitoring report and excel spreadsheet sufficiently demonstrate that the methodology has been applied correctly and the net emission removals are accurate.
Date Closed:	05 October 2016

<b>Indicator CL1.2</b> - Estimate the net change in the emissions of non-CO <sub>2</sub> GHG emissions such as CH <sub>4</sub> and N <sub>2</sub> O in the <i>with</i> and <i>without</i> project scenarios if those gases are likely to account for more than a 5% increase or decrease (in terms of CO <sub>2</sub> -equivalent) of the project's overall GHG emissions reductions or removals over each monitoring period.	The PIR refers the reader to the VCS monitoring report.
Evidence Used to Assess Conformance:	2015_PurusMonitoring 2016.10.03.pdf; Purus Project 2015 Implementation Report, Final (English, 10-03-16).pdf
Findings:	The Project Proponent has selected not to quantify fossil fuel combustion or nitrogen application as permitted under the methodological requirements.
Date Closed:	05 October 2016

<b>Indicator CL1.3</b> - Estimate any other GHG emissions resulting from project activities. Emissions sources include, but are not limited to, emissions from biomass burning during site preparation, emissions from fossil fuel combustion, direct emissions from the use of synthetic fertilizers, and emissions from the decomposition of N-fixing species.	The PIR refers the reader to the VCS monitoring report.
Evidence Used to Assess Conformance:	2015_PurusMonitoring 2016.10.03.pdf; Purus Project 2015 Implementation Report, Final (English, 10-03-16).pdf
Findings:	As appropriately justified, total project GHG emissions (GHGP) equal emissions from biomass burning (EBB) as other sources are equal to zero.
Date Closed:	05 October 2016



<b>Indicator CL1.4</b> - Demonstrate that the net climate impact of the project is positive. The net climate impact of the project is the net change in carbon stocks plus net change in non-CO <sub>2</sub> GHGs where appropriate minus any other GHG emissions resulting from project activities minus any likely project-related unmitigated negative offsite climate impacts (see CL2.3).	The PIR refers the reader to the VCS monitoring report.
Evidence Used to Assess Conformance:	2015_PurusMonitoring 2016.10.03.pdf; Purus Project 2015 Implementation Report, Final (English, 10-03-16).pdf
Findings:	The VCS monitoring report sufficiently demonstrates the net GHG change in carbon stocks to be 90,922 mtCO <sub>2</sub> e after the required 11% risk deduction.
Date Closed:	05 October 2016

<b>Indicator CL1.5</b> - Specify how double counting of GHG emissions reductions or removals will be avoided, particularly for offsets sold on the voluntary market and generated in a country with an emissions cap.	The project has been validated to the VCS to ensure the avoidance of double-counting.
Evidence Used to Assess Conformance:	2015_PurusMonitoring 2016.10.03.pdf; Purus Project 2015 Implementation Report, Final (English, 10-03-16).pdf
Findings:	This indicator was addressed by registering the project with VCS.
Date Closed:	05 October 2016

## CL2 Offsite Climate Impacts (“Leakage”)

<b>Indicator CL2.1</b> - Determine the types of leakage that are expected and estimate potential offsite increases in GHGs (increases in emissions or decreases in sequestration) due to project activities. Where relevant, define and justify where leakage is most likely to take place.	The Purus Project’s total baseline GHG emissions are estimated to be 1,709,253 mtCO <sub>2</sub> e from unplanned deforestation in the Project Area, yet only 18% (i.e., 308,406 mtCO <sub>2</sub> e) of these GHG emissions are estimated to be displaced due to the Project from the Project Area to the leakage belt or from the Project Area to outside the leakage belt. Thus, the Purus Project’s deforestation mitigation activities and the leakage mitigation activities, along with the fact that many communities within the Purus Project have
---	--



	<p>been residents for over five years, are estimated to reduce leakage from a potential 100% displacement (i.e., all baseline GHG emissions displaced from Project Area to the leakage belt and outside the leakage belt) down to an estimated 18% displacement. The Project Proponents are implementing leakage mitigation activities and also monitor leakage in hopes of further reducing the GHG emissions associated with such leakage.</p> <p>Please see the VCS Monitoring Report for a discussion of the Project’s leakage.</p>
Evidence Used to Assess Conformance:	2015_PurusMonitoring 2016.10.03.pdf; Purus Project 2015 Implementation Report, Final (English, 10-03-16).pdf
Findings:	The Project Proponent has sufficiently demonstrated that the leakage quantification requirements of the methodology have been appropriately implemented.
Date Closed:	05 October 2016

<p><b>Indicator CL2.2</b> - Document how any leakage will be mitigated and estimate the extent to which such impacts will be reduced by these mitigation activities.</p>	<p>There were a variety of leakage mitigation activities designed and implemented since May 23, 2011 and particularly between January 2015 and December 2015. This includes:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Continuing alignment with the State of Acre’s Payment for Ecosystem Services Scheme</li> <li><input type="checkbox"/> Landowners monitored the leakage belt and will report illegal deforestation to the authorities, if identified</li> </ul> <p>From January 2015 to December 2015, the Project Proponents monitored the leakage belt via a rented plane and via boat. To mitigate the leakage attributed to communities moving from within the Project Zone to outside the Project Zone, the Project Proponents consulted communities throughout the Project Zone and will extend project activities (such as agricultural extension training courses) to communities throughout the Project Zone and not just to those living within Moura &amp; Rosa’s property. Furthermore, satellite imagery was also used to quantify the amount of deforestation that took place as a result of leakage from January 2015 to December 2015.</p>
--	--



	<p>The State of Acre’s Payment for Ecosystem Services Scheme (known as <i>Sistema de Incentivo a Serviços Ambientais</i> or “SISA” in Portuguese) is also relevant to the mitigation of leakage; particularly the leakage attributed to communities moving from outside the Project Zone to within the Project Zone. This is because the SISA is focusing on improving rural livelihoods through a Certification Program of Rural Production Units which shall “provide for the gradual abandonment of burning; priority access to labor-saving technologies; access to incentives and financing; and inclusion in sustainable production chains to encourage the production and protection of environmental services.” Thus by improving rural livelihoods, communities will have less incentive to migrate.</p>
Evidence Used to Assess Conformance:	2015_PurusMonitoring 2016.10.03.pdf; Purus Project 2015 Implementation Report, Final (English, 10-03-16).pdf
Findings:	The leakage mitigation activities are still ongoing. Though agricultural training and other benefits have been extended to the communities inside and beyond the leakage belt, some additional communication is needed with some of the more remote communities. The Project Proponent has planned trips to these communities which can be confirmed at the next verification to ensure progress.
Date Closed:	05 October 2016

<p><b>Indicator CL2.3</b> - Subtract any likely project-related unmitigated negative offsite climate impacts from the climate benefits being claimed by the project and demonstrate that this has been included in the evaluation of net climate impact of the project (as calculated in CL1.4).</p>	<p>The Project subtracted any likely project-related and unmitigated negative offsite climate impacts.</p>
Evidence Used to Assess Conformance:	2015_PurusMonitoring 2016.10.03.pdf; Purus Project 2015 Implementation Report, Final (English, 10-03-16).pdf
Findings:	The Project Proponent has sufficiently demonstrated that the project-related negative offsite climate



	impacts were quantified as per the methodological requirements. This included a demonstration that non-CO <sub>2</sub> emissions from methane and nitrous oxides as a result of biomass burning, fossil fuel combustion, and leakage are less than 5% of the Purus Project's overall GHG emissions reductions and removals.
Date Closed:	05 October 2016

<b>Indicator CL2.4</b> - Non-CO <sub>2</sub> gases must be included if they are likely to account for more than a 5% increase or decrease (in terms of CO <sub>2</sub> -equivalent) of the net change calculations (above) of the project's overall off-site GHG emissions reductions or removals over each monitoring period.	The Project accounted for any non-CO <sub>2</sub> GHG gasses (e.g., methane or nitrous oxides) if they were likely to account for more than a 5% increase or decrease (in terms of CO <sub>2</sub> e) of the net change calculations. In all cases, non-CO <sub>2</sub> emissions from methane and nitrous oxides as a result of biomass burning, fossil fuel combustion (e.g., due to airplane flights, as well as vehicle and boat usage to access the Project), and leakage are less than 5% of the Purus Project's overall GHG emissions reductions and removals.
Evidence Used to Assess Conformance:	2015_PurusMonitoring 2016.10.03.pdf; Purus Project 2015 Implementation Report, Final (English, 10-03-16).pdf
Findings:	The Project Proponent has sufficiently demonstrated that the project-related negative offsite climate impacts were quantified as per the methodological requirements. This included a demonstration that non-CO <sub>2</sub> emissions from methane and nitrous oxides as a result of biomass burning, fossil fuel combustion, and leakage are less than 5% of the Purus Project's overall GHG emissions reductions and removals.
Date Closed:	005 October 2016

### CL3 Climate Impact Monitoring

<b>Indicator CL3.1</b> - Develop an initial plan for selecting carbon pools and non-CO <sub>2</sub> GHGs to be monitored, and determine the frequency of monitoring. Potential pools include aboveground biomass, litter, dead wood, belowground biomass, wood products, soil carbon and peat. Pools to monitor must include any pools	The project already has a complete and detailed climate monitoring plan.
--	--



<p>expected to decrease as a result of project activities, including those in the region outside the project boundaries resulting from all types of leakage identified in CL2. A plan must be in place to continue leakage monitoring for at least five years after all activity displacement or other leakage causing activity has taken place. Individual GHG sources may be considered ‘insignificant’ and do not have to be accounted for if together such omitted decreases in carbon pools and increases in GHG emissions amount to less than 5% of the total CO<sub>2</sub>-equivalent benefits generated by the project. Non-CO<sub>2</sub> gases must be included if they are likely to account for more than 5% (in terms of CO<sub>2</sub>-equivalent) of the project’s overall GHG impact over each monitoring period. Direct field measurements using scientifically robust sampling must be used to measure more significant elements of the project’s carbon stocks. Other data must be suitable to the project site and specific forest type.</p>	
<p>Evidence Used to Assess Conformance:</p>	<p>Section CL3.1 of the PIR, section 4.3 of the validated VCS project description.</p>
<p>Findings:</p>	<p>A complete monitoring plan was completed and included in the VCS validation and does not need to be revisited here.</p>
<p>Date Closed:</p>	<p>05 October 2016</p>

<p><b>Indicator CL3.2</b> - Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to</p>	<p>A full monitoring plan was developed and is in place. This was reviewed during validation.</p>
--	---



the communities and other stakeholders.	
Evidence Used to Assess Conformance:	Section CL3.4 of the PIR, section 4.3 of the validated VCS PD.
Findings:	This indicator was fully addressed during project validation and a monitoring. A full monitoring plan was designed and is in place.
Date Closed:	05 October 2016

### CM1 Net Positive Community Impacts

<p><b>Indicator CM1.1</b> - Use appropriate methodologies to estimate the impacts on communities, including all constituent socio-economic or cultural groups such as indigenous peoples (defined in G1), resulting from planned project activities. A credible estimate of impacts must include changes in community well-being due to project activities and an evaluation of the impacts by the affected groups. This estimate must be based on clearly defined and defensible assumptions about how project activities will alter social and economic well-being, including potential impacts of changes in natural resources and ecosystem services identified as important by the communities (including water and soil resources), over the duration of the project. The ‘with project’ scenario must then be compared with the ‘without project’ scenario of social and economic well-being in the absence of the project (completed in G2). The difference (i.e., the community benefit) must be positive for all community groups.</p>	<p>This section is almost identical to the corresponding section in the PIR from the previous monitoring period, with some updates based on recent activities (during this verification period). The Basic Needs Survey was repeated in 2014, showing that the basic needs of the local people have not changed since the initial survey.</p> <p>A second PRA was conducted in 2015</p> <p>It was previously established, using the PRA, the BNS methodology to develop a theory of change, which projects net positive impacts on the communities.</p>
Evidence Used to Assess Conformance:	Sections CM1.1 of the current PIR and the one from the 2013 monitoring period.



Findings:	<p>The “with project” scenario was established as having greater positive community impacts than the “without project” scenario during validation. The analysis is still valid.</p> <p>This will probably remain the case, since the most likely ‘without project’ scenario would have forced community members to move, and ecosystem services (HCVs) would be negatively impacted.</p>
Clarification Request:	Please add comments regarding the findings of the 2015 PRA.
Date Issued:	01 July 2016
Project Proponent Response/Actions and Date:	Comments from the June 2015 PRA were added to the CCBS PIR on September 1, 2016.
Evidence Used to Close NCR:	The 9-22-16 version of the PIR includes some information on the results of the most recent PRA. 9 people were surveyed, within the project area and the project zone. Little, if any, leakage regarding fuelwood occurred as a result of the project.
Date Closed:	05 October 2016

<p><b>Indicator CM1.2</b> - Demonstrate that no High Conservation Values identified in G1.8.4-6 will be negatively affected by the project.</p>	<p>This section is same as that of the corresponding section of the PIR from the previous verification period. The community-related HCVs identified include food sources (hunting and fishing), fuel, medicinal plants and a source for building materials. Traditional cultural significance is also mentioned.</p> <p>Conservation practices should be neutral or positive regarding food sources and medicinal plants. The collection of fuel wood has been shown not to significantly degrade the primary forest. The project may eventually negatively affect the supply of certain building materials, but there is a movement toward using building materials brought from the city. The PIR states that most fuel is collected from dead wood, not requiring cutting of living trees.</p>
Evidence Used to Assess Conformance:	Section CM1.2 of the PIR, site visit.
Findings:	Food and medicine HCVs will not be negatively affected. The loss of a source of building materials is unavoidable in such a project, but since the trend is moving away from using forest materials for



	building, and that landowners are still permitted to harvest some trees for building, this is not currently a problem.
Date Closed:	01 July 2016

**CM2 Offsite Stakeholder Impacts**

<p><b>Indicator CM2.1</b> - Identify any potential negative offsite stakeholder impacts that the project activities are likely to cause.</p>	<p>This section is very similar to the corresponding section of the PIR for the previous monitoring period. The following potential negative offsite stakeholder impacts were determined to be:</p> <ul style="list-style-type: none"> <li>• Increased cost of land; for example, if forest carbon projects increase property values for future land purchases</li> <li>• Decreased value of land; for example, if Valparaiso Project prevents adjacent properties from accessing markets</li> <li>• In-migration to areas adjacent to the Project Zone</li> <li>• If communities migrate out of the Project Zone (i.e., due to forced relocation or lack of Project success) and into primary forests adjacent to the Project Zone</li> <li>• If the Project Proponents are unable to eliminate deforestation and the community continues to expand into the forest, including forests outside the Project Zone</li> <li>• Wealth in Project Zone creates conflict in surrounding areas due to jealousy, a rise in illicit activities, alcoholism, elite capture, etc.</li> </ul> <p>This section also includes an update, stating that none of these impacts were observed during the monitoring period.</p>
Evidence Used to Assess Conformance:	Section CM2.1 of the PIR.
Findings:	The Project Proponents have addressed negative impacts that could reasonably occur.
Date Closed:	01 July 2016

<p><b>Indicator CM2.2</b> - Describe how the project plans to mitigate these</p>	<p>This section of the PIR is similar to the corresponding section of the previous PIR. It was</p>
--	--



<p>negative offsite social and economic impacts.</p>	<p>updated to state that no known conflicts between main stakeholders living outside the project zone and the project were identified through stakeholder consultations during the monitoring period.</p> <p>Specifically:</p> <ul style="list-style-type: none"> <li>• Land values are unlikely to fluctuate due to the project in comparison with other drivers of land values: building of roads. The only potential impact to offsite stakeholders would be less transportation access through project lands, since no roads will be built through them. Monitoring for this potential impact will continue, but no issues have arisen so far.</li> <li>• In-migration and out-migration will be monitored through forest monitoring, and also by direct communication with community stakeholders regarding social programs and projects.</li> <li>• Social ills due to the availability of jobs and money will be monitored through community monitoring.</li> </ul>
<p>Evidence Used to Assess Conformance:</p>	<p>Section CM2.2 of the PIR.</p>
<p>Findings:</p>	<p>The Project Proponents have addressed this indicator. Mitigation for potential negative impacts is reasonable, and it was reported that no negative impacts actually occurred.</p>
<p>Date Closed:</p>	<p>01 July 2016</p>
<p><b>Indicator CM2.3</b> - Demonstrate that the project is not likely to result in net negative impacts on the well-being of other stakeholder groups.</p>	<p>This section is almost the same as the corresponding section of the previous PIR, updated for the 2015 monitoring period.</p> <p>The PIR states the project will have net positive impacts on all stakeholders' well-being, mostly through increased knowledge for future REDD+ projects, sharing of knowledge and BMPs with stakeholders.</p> <p>Not mentioned in this section are other benefits, including land title to communities, the maintenance of ecosystem services and the health clinic.</p>



Evidence Used to Assess Conformance:	Section CM2.3 of the PIR, various other places in the PIR.
Findings:	The Project Proponents have demonstrated that net impact of the project on all stakeholders is likely to be positive.
Date Closed:	01 July 2016

### CM3 Community Impact Monitoring

<b>Indicator CM3.1</b> - Develop an initial plan for selecting community variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project's community development objectives and to anticipated impacts (positive and negative).	<p>This section is essentially identical to the corresponding section of the PDD.</p> <p>Both an initial community monitoring plan and final community monitoring plan were developed and validated.</p>
Evidence Used to Assess Conformance:	Section 3.1 and 3.3 of the PIR.
Findings:	This indicator was adequately addressed during project validation.
Date Closed:	01 July 2016

<b>Indicator CM3.2</b> - Develop an initial plan for how they will assess the effectiveness of measures used to maintain or enhance High Conservation Values related to community well-being (G1.8.4-6) present in the project zone.	<p>Community-related HCVs are assessed through the PRA and BNS, which include questions about the use and availability of HCVs: trends in the availability of foods and medicinal plants, etc. Specific hydrological resources are also addressed in the surveys.</p> <p>The BNS completed during the 2014 monitoring period indicated no change in basic needs between the initial survey in 2012 and the 2014 survey. Another BNS was conducted in 2016, after the end of this monitoring period.</p> <p>A Ramal, with some deforestation occurring in the project zone (leakage belt) was visited in 2014 and 2015. Project benefits available to those outside the project area, like the use of the health clinic and extension courses, were offered.</p> <p>This section also includes some discussion of the 6 families with negative views of the project.</p>
--	---



Evidence Used to Assess Conformance:	Section CM3.2 of the PIR, site visit.
Findings:	The regular BNS, that has been given every 2 years, should reflect the availability of HCVs to the communities, as well as the regular contact between the communities and the project that goes on.
Date Closed:	01 July 2016

<b>Indicator CM3.3</b> - Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.	Project Proponents developed a full community monitoring plan prior to validation.
Evidence Used to Assess Conformance:	Sections CM3.3 of the PDD and PIR.
Findings:	A full monitoring plan exists and has already been used to set the baseline for community monitoring.
Date Closed:	01 July 2016

## B1 Net Positive Biodiversity Impacts

<b>Indicator B1.1</b> - Use appropriate methodologies to estimate changes in biodiversity as a result of the project in the project zone and in the project lifetime. This estimate must be based on clearly defined and defensible assumptions. The ‘with project’ scenario should then be compared with the baseline ‘without project’ biodiversity scenario completed in G2. The difference (i.e., the net biodiversity benefit) must be positive.	<p>This section is identical to the corresponding section in the PIR from the previous monitoring periods,</p> <p>VCS VM0007 is used to monitor changes in forest cover and island biogeography methodology to estimate change in biodiversity. The estimate resulted in no loss in biodiversity during the monitoring period.</p> <p>The “without project” scenario of continued frontier deforestation would likely result in less tree cover, habitat and biodiversity. The “with project” scenario maintains forest cover and ecosystem services and biodiversity at current levels.</p>
Evidence Used to Assess Conformance:	Section B1.1 of the PIR.



Findings:	The Project Proponents explain that the biodiversity present in primary rainforest is best maintained by protecting the area from deforestation, and is certainly negatively affected by the “without project” scenario of frontier deforestation.
Date Closed:	13 July 2016

<b>Indicator B1.2</b> - Demonstrate that no High Conservation Values identified in G1.8.1-3 will be negatively affected by the project.	This section of the PIR is almost identical to that of the previous PIR, updated to include this monitoring period. The biodiversity-related HCVs identified in section G1.8 exist in the project area due to its relatively pristine condition. The project seeks to maintain this pristine condition.
Evidence Used to Assess Conformance:	Section B1.2 of the PIR.
Findings:	The project’s goal of maintaining the rainforest will maintain the land’s biodiversity-related HCVs. No reportable wildlife related incidents, like the killing of the jaguar in 2014 (see PIR for explanation), occurred during this monitoring period.
Date Closed:	13 July 2016

<b>Indicator B1.3</b> - Identify all species to be used by the project and show that no known invasive species will be introduced into any area affected by the project and that the population of any invasive species will not increase as a result of the project.	<p>The PIR lists the following species that may be used at some point during project activities:</p> <ul style="list-style-type: none"> <li>• Cedro</li> <li>• Copaiba</li> <li>• Cumaru Citim</li> <li>• Cumaru Ferro (<i>Dipteryx micrantha</i> Harms)</li> <li>• Ipê (<i>Eperua bijuga</i> Benth.)</li> <li>• Jatoba</li> <li>• Samauma</li> <li>• Seringueira.</li> </ul> <p>Also, bananas and coconuts were planted around the project headquarters.</p> <p>None of these are on the ISSG’s invasive species list for Brazil, and none of these potential plantings will be included in GHG quantifications.</p>
Evidence Used to Assess Conformance:	Section B1.3 of the PIR, ISSG website.



Findings:	The project will not be using invasive species. Maintaining native vegetation will also not increase the population of invasive species.
Date Closed:	13 July 2015

<b>Indicator B1.4</b> - Describe possible adverse effects of non-native species used by the project on the region’s environment, including impacts on native species and disease introduction or facilitation. Project Proponents must justify any use of non-native species over native species	Only locally appropriate, native species will be used in project activities.
Evidence Used to Assess Conformance:	Section B1.4 of the PIR, ISSG website.
Findings:	No non-native species will be used. The bananas and coconuts planted around the HQ are not problematic species.
Date Closed:	13 July 2016

<b>Indicator B1.5</b> - Guarantee that no GMOs will be used to generate GHG emissions reductions or removals.	The PIR states, “The Project Proponents guarantee that no genetically-modified organisms (GMOs) will be used in the Purus Project to generate GHG emissions reductions or removals and no GMOs were used since May 23, 2011 and particularly none between January 2015 and December 2015.”
Evidence Used to Assess Conformance:	Section B1.5 of the PIR.
Findings:	The guarantee of no GMO use was made. The indicator is addressed.
Date Closed:	13 July 2016

## B2 Offsite Biodiversity Impacts

<b>Indicator B2.1</b> - Identify potential negative offsite biodiversity impacts that the project is likely to cause.	The only negative offsite biodiversity impact from a project of this nature is leakage. Deforestation will be monitored in the project zone to detect leakage. Project activities are planned that should reduce leakage.
Evidence Used to Assess Conformance:	Section B2.1 of the PIR.



Findings:	Leakage of deforestation is the only possible negative offsite biodiversity impact identified. Monitoring of deforestation in the project zone should effectively detect any leakage.
Date Closed:	13 July 2016

<p><b>Indicator B2.2</b> - Document how the project plans to mitigate these negative offsite biodiversity impacts.</p>	<p>This section is nearly identical to the corresponding section of the previous PIR.</p> <p>Negative offsite biodiversity impacts would stem from leakage. Mitigation efforts thus far include discussing the project with the communities, aligning with the State of Acre’s Payment For Ecosystem Services Scheme, and monitoring of the leakage belt and offering educational programs to all local communities, whether they are part of project site communities, or not.</p> <p>According to satellite imagery analysis, deforestation during the 2014 monitoring period was reduced beyond that of the “without project” scenario.</p>
Evidence Used to Assess Conformance:	Section B2.2 of the PIR.
Findings:	Biodiversity leakage mitigation is based primarily on prevention of deforestation leakage. Based on current project status, verification interviews and the PIR negative offsite project impacts are unlikely, and the Project Proponents are addressing activity shifting leakage in a manner consistent with the methodology.
Date Closed:	13 July 2016

<p><b>Indicator B2.3</b> - Evaluate likely unmitigated negative offsite biodiversity impacts against the biodiversity benefits of the project within the project boundaries. Justify and demonstrate that the net effect of the project on biodiversity is positive.</p>	<p>This section of the PIR is almost identical to that of the PIR from the previous monitoring period.</p> <p>The PIR states that the overall effect of the project on biodiversity is positive for the 2015 monitoring period. A map of predicted deforestation in the absence of the project, created by TerraCarbon and Professor Antonio Flores, is provided.</p>
--	---



	The PIR reports the amount of land that would be deforested in the absence of the project is projected to be 6,037 ha, and offsite deforestation with the project is projected to be only 139.7 ha, through 2020.
Evidence Used to Assess Conformance:	Section B2.3 of the PIR.
Findings:	Activity shifting leakage, being the only identified potential offsite biodiversity impact, is unlikely to be 100% and impossible to be greater than 100%. Leakage analysis in the 'with' and 'without-project' scenarios are compared favorably.
Date Closed:	13 July 2016

### B3 Biodiversity Impact Monitoring

<b>Indicator B3.1</b> - Develop an initial plan for selecting biodiversity variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project's biodiversity objectives and to anticipated impacts (positive and negative).	The full biodiversity monitoring plan was submitted to CCBA on 15 May 2013.
Evidence Used to Assess Conformance:	Section B3 of the PIR, Purus Project Full Monitoring Plans document, available on the CCBA website.
Findings:	This indicator was adequately addressed during the validation.
Date Closed:	13 July 2016

<b>Indicator B3.2</b> - Develop an initial plan for assessing the effectiveness of measures used to maintain or enhance High Conservation Values related to globally, regionally or nationally significant biodiversity (G1.8.1-3) present in the project zone.	Wildlife related HCVs were initially assessed by measuring forest cover change. The wildlife related HCVs are dependent on native forest habitat, so measuring cover change provides a good estimate on habitat change.
Evidence Used to Assess Conformance:	Section B3.2 of the PIR, Purus Project Full Monitoring Plans.
Findings:	The full monitoring plan was developed and submitted to CCBA.
Date Closed:	13 July 2016



<p><b>Indicator B3.3</b> - Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.</p>	<p>The PIR states the full monitoring plan was created and is in place.</p> <p>Considerable data collection occurred between the start of the project and the end of the previous monitoring period.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section B3.3 of the PIR.</p>
<p>Findings:</p>	<p>The commitment to develop a full monitoring plan was fulfilled by the Project Proponents. Monitoring is in progress.</p>
<p>Date Closed:</p>	<p>13 July 2016</p>

## Gold Level Section

### GL1 Climate Change Adaptation Benefits

### GL3 Exceptional Biodiversity Benefits

<p><b>Indicator GL3.1 – Vulnerability</b> Regular occurrence of a globally threatened species (according to the IUCN Red List) at the site:</p> <p>1.1 - Critically Endangered (CR) and Endangered (EN) species - presence of at least a single individual; or</p> <p>1.2 - Vulnerable species (VU) - presence of at least 30 individuals or 10 pairs.</p>	<p>Two endangered flora species were identified during a rapid assessment in 2009 (<i>Aniba rosaeodora</i> and <i>Virola surinamensis</i>). Seven endangered or critically endangered species are known to exist in the state of Acre.</p> <p>Camera traps within the project area have photographed a short-eared dog (near threatened), a jaguar (near threatened), a giant anteater (vulnerable) and a lowland tapir (vulnerable).</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section GL3.1 of the PIR.</p>
<p>Findings:</p>	<p>The project area clearly includes endangered species and near threatened and vulnerable species.</p>
<p>Date Closed:</p>	<p>13 July 2016</p>



## Public Comment Period

June 22, 2016 to July 22, 2016

## Public Shareholder Comments

Public comments for CCBA were solicited by posting of the PIR to the CCBA website, an announcement in the CarbonCo newsletter, and through an email list to other regional stakeholders. No comments were received from any stakeholders during the comment period.

## Local Shareholder Comments

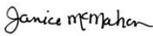
The PIR was made available at project headquarters, and copies of the Portuguese language summary were personally delivered to each family in the project area by the local project manager, Kidney. Comments on the project were also solicited.

No local stakeholder comments were made during the comment period.

## Verification Conclusion

ESI confirms all verification activities, including objectives, scope and criteria, level of assurance, the project's adherence to the validated PDD, and implementation as outlined in the PIR adhere to the CCB Project Design Standards, Second Edition, as documented in this report are complete. ESI concludes without any qualifications or limiting conditions that the Purus Project CCB Project Implementation Report (3 October 2016) and the Purus Project CCB Monitoring Report (3 October 2016) meets the requirements of the CCB Project Design Standards (Second Edition – December 2008) and Gold Level Exceptional Biodiversity Benefits.

## Submittal Information

Report Submitted to:	CarbonCo, LLC 853 Main Street East Aurora, New York 14052  Climate, Community & Biodiversity Alliance
Report Submitted (CCBA-Approved Verifier) by:	Environmental Services, Inc. 7220 Financial Way, Suite 100 Jacksonville, Florida 32256
Lead Verifier and Regional Technical Manager (QA/QC) Names and Signatures:	 Shawn McMahon – Lead Verifier   Janice McMahon – Sr. Vice President/Technical Director Forestry, Carbon, and GHG Services Division
Date:	17 October 2016



---

## Appendix A – Documents Reviewed / Received

### Documents received 14 June 2016

- Purus Project Summary Document (Final Draft, Portuguese) 6-14-16.pdf
- Purus Project 2015 Implementation Report, Final Draft (6-14-16).pdf
- Purus Project 2015 Implementation Report, Portuguese Final Draft (6-14-16).pdf
- Purus Project Summary Document (Final Draft, English) 6-14-16.pdf

### Documents received 15 June 2016

- 2015\_PurusMonitoring 2016.06.13.xls
- 2015\_PurusDegradation 2016.06.13.xlsx
- 2015\_PurusMonitoring 2016.06.13.pdf

### Documents received 16 June 2016

- Gis
  - Project Boundaries
    - RRL\_Boundary.shp
    - RRL\_Boundary.shp.xml
    - RRL\_Boundary.shx
    - LBStrata3.dbf
    - LBStrata3.prj
    - LBStrata3.sbn
    - LBStrata3.sbx
    - LBStrata3.shp
    - LBStrata3.shp.xml
    - LBStrata3.shx
    - PurusLB2012.09.24.kmz
    - PurusLeakageBelt2012.09.19.dbf
    - PurusLeakageBelt2012.09.19.prj
    - PurusLeakageBelt2012.09.19.sbn
    - PurusLeakageBelt2012.09.19.sbx
    - PurusLeakageBelt2012.09.19.shp
    - PurusLeakageBelt2012.09.19.shp.xml
    - PurusLeakageBelt2012.09.19.shx
    - PurusPA2012.9.24.kmz
    - PurusProjectArea2012.09.19.dbf
    - PurusProjectArea2012.09.19.prj
    - PurusProjectArea2012.09.19.sbn
    - PurusProjectArea2012.09.19.sbx
    - PurusProjectArea2012.09.19.shp
    - PurusProjectArea2012.09.19.shp.xml
    - PurusProjectArea2012.09.19.shx
    - PurusStrata.dbf



- PurusStrata.prj
- PurusStrata.sbn
- PurusStrata.sbx
- PurusStrata.shp
- PurusStrata.shp.xml
- PurusStrata.shx
- RRL\_Boundary.dbf
- RRL\_Boundary.prj
- RRL\_Boundary.sbn
- RRL\_Boundary.sbx
- 2015 monitoring
  - 2015 Deforestation Layer
    - Desmate\_TC\_1988\_2015.shx
    - Desmate\_TC\_1988\_2015.dbf
    - Desmate\_TC\_1988\_2015.prj
    - Desmate\_TC\_1988\_2015.sbn
    - Desmate\_TC\_1988\_2015.sbx
    - Desmate\_TC\_1988\_2015.shp
    - Desmate\_TC\_1988\_2015.shp.xml
  - Deforestation1988\_2015\_PurusRRL.dbf
  - Deforestation1988\_2015\_PurusRRL.prj
  - Deforestation1988\_2015\_PurusRRL.sbn
  - Deforestation1988\_2015\_PurusRRL.sbx
  - Deforestation1988\_2015\_PurusRRL.shp
  - Deforestation1988\_2015\_PurusRRL.shp.xml
  - Deforestation1988\_2015\_PurusRRL.shx
  - Deforestation2015\_PurusLB\_strata.dbf
  - Deforestation2015\_PurusLB\_strata.prj
  - Deforestation2015\_PurusLB\_strata.sbn
  - Deforestation2015\_PurusLB\_strata.sbx
  - Deforestation2015\_PurusLB\_strata.shp
  - Deforestation2015\_PurusLB\_strata.shp.xml
  - Deforestation2015\_PurusLB\_strata.shx
  - Deforestation2015\_PurusPA\_strata.dbf
  - Deforestation2015\_PurusPA\_strata.prj
  - Deforestation2015\_PurusPA\_strata.sbn
  - Deforestation2015\_PurusPA\_strata.sbx
  - Deforestation2015\_PurusPA\_strata.shp
  - Deforestation2015\_PurusPA\_strata.shp.xml
  - Deforestation2015\_PurusPA\_strata.shx
  - Deforestation2015\_PurusRRL.dbf
  - Deforestation2015\_PurusRRL.prj
  - Deforestation2015\_PurusRRL.sbn



- Deforestation2015\_PurusRRL.sbx
- Deforestation2015\_PurusRRL.shp
- Deforestation2015\_PurusRRL.shp.xml
- Deforestation2015\_PurusRRL.shx
- Submission 2016.06.15
  - 2015\_PurusMonitoring 2016.06.13.xls
  - 2015\_PurusDegradation 2016.06.13.xlsx
  - 2015\_PurusMonitoring 2016.06.13.docx
  - 2015\_PurusMonitoring 2016.06.13.pdf
- supporting material
  - AccuracyAssessment2015
    - AApoints2015
      - AA\_2015\_points.xlsx
      - 2015\_acre\_all.kml
      - AA\_2015\_points.dbf
      - AA\_2015\_points.prj
      - AA\_2015\_points.sbn
      - AA\_2015\_points.sbx
      - AA\_2015\_points.shp
      - AA\_2015\_points.shx

#### Documents received 22 June 2016

- CarbonCo Exemption Request.pdf
- Purus Project 2015 Implementation Report, Final Draft (6-22-16).pdf
- Purus Project 2015 Implementation Report, Portuguese Final Draft (6-22-16).pdf
- Purus Project Summary Document (Final Draft, Portuguese) 6-22-16.pdf
- Purus Project Summary Document (Final Draft, English) 6-22-16.pdf

#### Documents received 13 July 2016

- Draft Copy of July 2016 Brazil Trip (7-12-16).doc

#### Documents received 11 August 2016

- Photos and movies from the site visit
- Updated Pro Forma for Purus Project Verification (7-11-16).xls

#### Documents received 22 September 2016

- 2015\_PurusMonitoring 2016.09.22 (Tracked Changes).docx
- Carbonfund.org's Form 8868 IRS Extension Request until 11-15-16.pdf
- FAO Global Forest Resource Assessment 2015.pdf
- Purus Project 2015 Implementation Report, English Tracked Changes (9-22-16).pdf
- Updated Pro Forma for Purus Project Verification (8-30-16).xls
- 022\_03 - VCS NCR Round1\_Purus\_FINAL\_09-22-16.xlsx



- World Bank Indicators 2011-2014.xlsx
- 022\_03\_CCBchecklist\_final, Brian's Responses.docx
  
- Accuracy Assessment
  - Accuracy Assessment\Acre2015AA\_responsetoFinding8.docx
  - Accuracy Assessment\2015\_acre\_aa\_updated0916.kml
  - Accuracy Assessment\AA\_2015\_points\_updated.xlsx
- Monitoring Reports – For CCB
  - Monitoring Report Template for Purus Project (Translated for 11-30-2015).pdf
  - Monitoramento 03-09-2015 .pdf
  - Monitoramento 20-10-2015 .pdf
  - Monitoramento 28-04-2015 .pdf
  - Monitoramento 28-12-2015 .pdf
  - Monitoramento 30-11-2015 .pdf

#### Documents received 03 October 2016

- Purus Project Summary Document Final, (English, 10-03-16).pdf
- 2015\_PurusMonitoring 2016.10.03.pdf
- 2015\_PurusNonPermanenceRiskReport 2016.10.03.pdf
- Purus Project 2015 Implementation Report, Final (English, 10-03-16).pdf
  - Reports in Portuguese
    - Purus Project Summary Document, Final (Portuguese, 10-03-16).pdf
    - Purus Project 2015 Implementation Report, Final (Portuguese, 10-03-16).pdf