THE KATINGAN PEATLAND RESTORATION AND CONSERVATION PROJECT

VCS+CCB VERIFICATION REPORT

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Report Title	Katingan Peatland Restoration and Conservation Project VCS+CCB Verification Report
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Summary

Aster Global Environmental Solutions Inc. was contracted by PT. Rimba Makmur Utama, on 09 March 2020 to conduct the monitoring period verification (VCS: 01 January 2019 – 31 December 2019 - 1 year and CCB: 01 Jan 2018 – 31 Dec 2019 - 2 years) of the *Katingan Peatland Restoration and Conservation Project* [Validated Project Description (PD) dated 11 May 2016]. The Katingan Project follows the framework of Reducing Emissions from Deforestation and Degradation (REDD) and is achieving Greenhouse Gas (GHG) emission reductions as well as tropical peatland forest protection and conservation through payments for ecosystem services.

The goal of the project as described in the Monitoring Report (Section 2.1.1) include, "protect and restore 149,800 hectares of peatland ecosystems, to offer local people sustainable sources of income, and to tackle global climate change – all based on a solid business model."

The verification objective included an assessment of compliance with VCS Version 4, CCB Third Edition, and all associated updates, the selected methodology (VM0007, v1.5), and the validated Project Description (PD) *The Katingan Peatland Restoration and Conservation Project* dated 11 May 2016. Aster Global (herein referred to as the Validation/Verification Body – VVB/Verification Team) assessed the Greenhouse Gas (GHG) emission removals for the monitoring period/verification period verification (VCS: 01 January 2019 – 31 December 2019 - 1 year and CCB: 01 Jan 2018 – 31 Dec 2019 - 2 years) through Agriculture, Forestry and Other Land Use (AFOLU) criteria. The project activities are categorized as; Reduced Emissions from Deforestation and Degradation (REDD), a combination of REDD+WRC[1] and ARR[2]+WRC; specifically, as Avoiding Planned Deforestation (APD) and Reforestation (ARR), in combination with Conservation of Undrained and Partially Drained Peatland (CUPP) and Rewetting of Drained Peatland (RDP) activities.

The scope of the verification following Section 4.3.4 of ISO 14064-3:2006 included the GHG project implementation; physical infrastructure, activities, technologies and processes of the GHG project; GHG sources, sinks and/or reservoirs; types of GHGs; and time periods covered. *The Katingan Peatland Restoration and Conservation Project* follows the framework of project activities listed above.

The criteria followed the verification guidance documents provided by Verra located at www.verra.org. Unless otherwise indicated, the assessment was performed against the most recent version of the relevant Verra guidance document as of August 2020.

A summary of all VCS findings (7 total) are included in Appendix B and CCB findings are included in Appendix C. All findings were satisfied to a reasonable level of assurance and there are no restrictions of uncertainty.

After review of all project information, procedures, calculations, and supporting documentation, Aster Global confirms that the monitoring conducted by the project proponent, along with the supporting Monitoring Report, are accurate and consistent with all aforementioned VCS Version 4 and CCB Third Edition criteria, the validated PD, and the selected methodology (VM0007). Aster Global confirms that

[1] Wetlands Restoration and Conservation
[2] Afforestation, Restoration and Revegetation

The Katingan Peatland Restoration and Conservation Project Monitoring Report (v1.0 dated 29 September 2020) has been implemented in accordance with the validated PD.

Aster Global confirms all verification activities, including objectives, scope and criteria, level of assurance, validated Project Description implementation, and project monitoring report adherence to VCS Version 4 (and all associated updates), and CCB Project Design Standards (Third Edition), as documented in this report are complete. Aster Global concludes without any qualifications or limiting conditions that *The Katingan Peatland Restoration and Conservation Project Monitoring Report* (v1.0 dated 29 September 2020) meets the requirements of VCS Version 4 (and all associated updates) and CCB Project Design Standards (Third Edition) for the verification period/reporting period (VCS: 01 January 2019 – 31 December 2019 - 1 year and CCB: 01 Jan 2018 – 31 Dec 2019 - 2 years). In addition, Aster Global asserts that the project complies with the verification criteria for projects set out in the Third Edition of the CCB Standards to achieve Gold Level Distinction for Climate, Community, and Biodiversity.

The GHG assertion provided by PT. Rimba Makmur Utama and verified by Aster Global has resulted in the GHG emissions reduction or removal of 5,677,812 tCO_2 equivalents by the project during the verification period/reporting period (VCS: 01 January 2019 – 31 December 2019 - 1 year and CCB: 01 Jan 2018 – 31 Dec 2019 - 2 years). This value is gross of the 10% (567,781 tCO_2 equivalents) buffer withholding based on the non-permanence risk assessment tool. This results in 5,110,030 tCO_2 equivalents of credits eligible for issuance as VCUs.

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1 INTRODUCTION

1.1 Objective

For this project, the verification objective was to ensure implementation of project activities and project compliance with the *VCS Program Guide, VCS Standard, AFOLU Requirements, CCB Standards, selected methodologies*, and the validated VCS Project Description (PD). Aster Global assessed the GHG emission removals for the AFOLU project, specifically REDD, WRC and ARR.

1.2 Scope and Criteria

The scope of the verification[3] included the GHG project and baseline scenarios; physical infrastructure, activities, technologies and processes of the GHG project; GHG sources, sinks and/or reservoirs; types of GHGs; and time periods covered. The geographic verification scope is defined by the project boundary, the carbon reservoir types, management activities, contract periods and related. The scope of the project was outlined by the Project Proponent within the Project Description dated 11 May 2016 and is re-defined as follows for the GHG project:

Baseline Scenario	Degradation/deforestation-threats from expansion of industrial pulpwood (acacia).
Activities/Technologies/Processes	Protections of largely intact un-drained peat swamp forest-utilizing VCS VM0007
Sources/Sinks/Reservoirs- **REDD**	AGB emissions due to deforestation AGB emissions due to degradation AGB emissions due to uncontrolled burning
Sources/Sinks/Reservoirs - **ARR**	AGB emissions due to uncontrolled burning
Sources/Sinks/Reservoirs - **WRC**	Emissions from microbial decomposition of peat Emissions from dissolved organic content (DOC) Emissions from uncontrolled peat burning
GHG Type	CO2, CH4, and N2O
Time Period (monitoring/verification period)	Third Reporting Period VCS: 01 Jan 2019 – 31 Dec 2019; 1 year CCB: 01 Jan 2018 – 31 Dec 2019; 2 years
Project Boundary	Project area consists of largely intact, un-drained peat swamp forest; 149,800 hectares in Central Kalimantan Province, Indonesia
GHG reduction and/or removal	5,710,352 tCO_2e This value is gross of the 10% (570,368 tCO_2 equivalents) buffer withholding based on the non-permanence risk assessment tool

[3] Section 4.3.4 of ISO 14064-3:2006

The criteria followed the verification guidance documents provided by Verra located at www.verra.org. Unless otherwise indicated, the assessment was performed against the most recent version of the relevant Verra guidance document. These documents include the following:

- *VCS Program Guide (v4. 19 September 2019)*
- *VCS Standard (v4, 19 September 2019)*
- *VCS Program Definitions (v4, 19 September 2019)*
- *AFOLU Non-Permanence Risk Tool (v4, 19 September 2019)*
- *Program Validation and Verification Manual (v3.2, 19 October 2016)*
- *VM0007 (version 1.5)*
- *Validated PD and previous monitoring reports*
- *CCB Program Definitions (v3.0, June 2017)*
- *CCB Standards (Third Edition, v3.1, June 2017)*
- *CCB Program Rules (v 3.1 June 2017)*
- *Guidance for the Use of the CCB Standards, May 2014*

1.3 Level of Assurance

The level of assurance was used to determine the depth of detail that the Verifier placed in the Verification and Sampling Plan to determine if there are any errors, omissions, or misrepresentations (ISO 14064-3:2006). Aster Global assessed the project's implementation of general principles, data collection and processing, sampling descriptions, documentation, ex post calculations, etc., to provide reasonable assurance to meet the Project Level requirements of the VCS Program. Based on the verification findings, a final evaluation statement reasonably assures that the project GHG representations are materially accurate. The evidence used to achieve a reasonable level of assurance is specified in subsequent sections of this report.

1.4 Summary Description of the Project

The project is located in the Katingan and Kotawaringin Timur districts, Central Kalimantan, Republic of Indonesia, and is aimed at reducing and avoiding emissions related to Planned Deforestation and Reforestation in combination with Conservation of Undrained and Partially Drained Peatland and Rewetting of Drained Peatland activities. The project is developed and managed by the ecosystem restoration concession holder P.T. Rimba Makmur Utama (P.T. RMU). The goal of the project as described in the third Monitoring Report (Section 1.1) include, "protect and restore 149,800 hectares of peatland ecosystems, to offer local people sustainable sources of income, and to tackle global climate change – all based on a solid business model."

2 VERIFICATION PROCESS

2.1 Audit Team Composition (*Rules* 4.3.1)

For VCS/CCB verifications, Aster Global maintains an experienced internal staff of Lead Verifiers, in addition to Certified Foresters, Registered Professional Foresters. TWS Wildlife Biologists, M.S. and PhD Forest Biometricians, Remote Sensing/GIS Specialists, and VCS approved AFOU Experts in IFM, REDD, and WRC categories. Aster Global's own Lead Verifiers and Project Specialists (e.g. Trained Soil Scientists) conducted the verification activities, and a subcontractor was included on the audit team for translation services (as applicable). Aster Global completes all calculation/modeling review in-house with our team of forest biometricians. Aster Global has been involved in 68 VCS verifications and 36 CCB verification, including a large number of methodology

assessments. Aster Global has a specialist on staff with 9 years of CCB experience who handles all CCB components for project review. All Aster Global staff involved in the audit have ecological, biodiversity, natural resources and forestry background to fulfill these requirements.

2.2 Method and Criteria

The verification assessed the Project's compliance with VCS Version 4, CCB Third Edition, and all associated updates, the selected methodology (VM0007, v1.5), and the validated Project Description (PD) *The Katingan Peatland Restoration and Conservation Project* dated 11 May 2016. Aster Global assessed the Greenhouse Gas (GHG) emission removals for the monitoring period/verification period (VCS: 01 January 2017 – 31 December 2017 - 1 year and CCB: 01 November 2015 – 31 December 2017 - 2 years) through Agriculture, Forestry and Other Land Use (AFOLU) criteria, specifically; Reduced Emissions from Deforestation and Degradation (REDD), a combination of REDD+WRC[4] and ARR[5]+WRC; as Avoiding Planned Deforestation (APD) and Reforestation (ARR), in combination with Conservation of Undrained and Partially Drained Peatland (CUPP) and Rewetting of Drained Peatland (RDP) activities. Aster Global assessed whether the Project Proponent adequately addressed project emissions, unplanned reductions in carbon stocks, and any possible leakage outside of the project boundary.

The non-permanence risk analysis was assessed for this verification. Further, following Section 2.1.2 of the VCS Validation & Verification Manual, V3.2, the objectives of the verification exercise were to evaluate the monitoring report and assess:

- The extent to which methods and procedures, including monitoring procedures, have been implemented in accordance with the validated project description. This includes ensuring conformance with the monitoring plan.

- The extent to which GHG Emission Reductions or Removals reported in the monitoring report are materially accurate.

The criteria followed the verification guidance documents provided by Verra. Unless otherwise indicated, the assessment was performed against the most recent version of the relevant Verra guidance document. Please also see Section 1.2 of this report.

In the verification process, there is a risk that potential errors, omissions, and misrepresentations will be found; therefore, a risk-based approach was used to guide the collection of appropriate and sufficient evidence to support a reasonable level of assurance. A risk-based approach means that the verification team focused on items that might result in a material misstatement of the reported GHG assertion.

A project specific Verification and Sampling Plan was developed to guide the verification auditing process to ensure efficiency and effectiveness. The purpose of the Verification and Sampling Plan

[4] Wetlands Restoration and Conservation

[5] Afforestation, Restoration and Revegetation

was to present a risk assessment for determining the nature and extent of verification procedures necessary to ensure the risk of auditing error was reduced to a reasonable level. The Verification & Sampling Plan methodology was derived from all items in our verification process stated above. Specifically, the sampling plan utilized the Verra guidance documents and ISO 14064-3. Any modifications applied to the Verification and Sampling plan were made based upon the conditions observed for monitoring to detect the processes with highest risk of material discrepancy.

A detailed field plan was developed to guide the verification site visit and is embedded within the Verification & Sampling Plan. For the field sampling effort, direct measurement, observation, interviews, and review of the monitoring period emission reductions in the key areas were determined to be the greatest risk, followed by ground-truthing and review of project activities. Field sampling and techniques were based on the project parameters/scope and best professional judgment of the VVB to meet a reasonable level of assurance as directed by the professional judgment of the Lead Verifier.

Because the biomass inventory (REDD) was validated and has not changed, inventory plots were not selected for detailed review/re-measurement. For the peat component (WRC), monitoring period stratification were assessed via GIS (Geographic Information System).

Fires did occur during this reporting period. Extensive review of all remote sensing data was undertaken of the project area to aid the VVB in establishing a reasonable level of assurance regarding confirming the reported areas of *ex post* disturbance (from the remote sensing-based analysis) for the quantification of project emissions.

Please see Section 2.4 and 2.5 of this report for more details regarding the site visit as it was held despite the COVID-19 global pandemic.

2.3 Document Review

A detailed review of all project documentation was conducted as part of the desktop verification component to ensure consistency with, and identify any deviation from, VCS Program requirements, CCB program requirements, the methodology (VM0007), and the validated PD. Initial review focused on the validated PD and Monitoring Report (MR) relative to the field conditions observed and interviews with project management staff. Project details, implementation status, data and parameters, and quantification of GHG emission reductions and removals were thoroughly examined. Key supporting documents were also reviewed. These included monitoring data (i.e., remote sensing/Geographic Information System (GIS) data), Standard Operating Procedures (SOPs), financial analyses, boundaries, maps and aerial images, fire-specific monitoring data, biomass and carbon calculation spreadsheets, CCB interview/survey results, and responses to Clarification Requests (CLs).

The VCS AFOLU Non-Permanence Risk Tool was used by the Project Proponent to assess overall project risk. The VVB reviewed the Non-Permanence Risk Report provided with the verification supporting documentation and confirmed that the Project adheres to the requirements set out in the VCS AFOLU Non-Permanence Risk Tool. Each risk factor was thoroughly assessed for conformance. Any identified NCR and/or CL findings related to the AFOLU Non-Permanence Risk Tool/Report are presented in Appendix B. The final score was calculated to be 10%.

For a listing of all documents received from the project proponents for this verification, please see Appendix A.

2.4 Interviews

Interviews were performed during the verification site inspection and as part of the overall verification process which was additional to that provided in the project description, monitoring report and any supporting documents. The verification team met with individuals with various roles in the project. This included a series of interviews with on-site and in-country staff that support the mission of the project and other conservation objectives.

Due to the COVID-19 global pandemic, the core Aster Global audit team was unable to travel to Indonesia as was conducted in years 2017 (VCS), 2018 (VCS+CCB) and 2019 (VCS). However, the site visit was performed in the conventional manner with interviews and observations performed by Aster Global's Indonesian subcontractor Ms. Rosa, of the project's monitoring period activities and features for both VCS and CCB.

The COVID-19 global pandemic caused careful consideration of safety protocols, communication, and widespread awareness. The project proponents, technical consultants, and Ms. Rosa were aware of safety risk and took key steps to mitigate risks including implementation of the PT. RMU company-wide health and safety protocol. This included, for instance, COVID-19 testing for all personnel traveling to project site, required social distancing, mask usage, and cleanliness protocols.

Onsite interviews and informal discussions were conducted with PT RMU project staff, members of Wetlands International, technical consultant Permian Global, members and leaders of the local communities.

A video conference call via WhatsApp was performed on July 23/24 (2100-2230 EDT/ 800-930 Indonesia Jakarta time) to discuss a variety of topics. The participants included Eric Jaeschke from Aster Global, Ms. Rosa (independent site visit contractor), Taryono Darusman (PT. RMU), Meyner Nusawalo (Opo) (PT. RMU) and Herwin Herkuni (PT. RMU). Topics discussed included overall forest protection and the fire brigade activities from the monitoring period, illegal logging protection activities, biodiversity observations, fire brigade infrastructure and dynamics, and overall impressions from the site visit.

Video conferencing from the top of a newly constructed 15-meter-high fire observation tower at the East Post afforded views for the auditor of fire impacts totally approximately 300 hectares in the project area. It was discussed that 5 new fire observation towers were constructed during the 2019 monitoring period.

Individual	Affiliation	Role
Taryono Darusman	RMU	General Field Manager
Meyner Nusalawo (Opo)	RMU	Biodiversity Manager

Herwin Herkuni	RMU	Zone coordinator for Mendawai Sub-district under the Forest Protection Department
Dwi Rosaria Widiyarini	Self	Aster Global Subcontractor

A GoTo meeting call was held with the PT. RMU senior management team on 29 July 2020 (900-1000 EDT/ 2200-2300 Indonesia Jakarta time) and the Aster Global lead verifier. This was a higher-level discussion of the project status from the monitoring period and a series of interviews where project financials, mission, major initiatives, and related were discussed with the lead verifier.

Individual	Affiliation	Role
Dharsano Hartono	PT Rimba Makmur Utama (RMU)	Chief Executive Officer
Rezal Ashari Kusumaatmadja	RMU	Chief Operating Director
Taryono Darusman	RMU	General Field Manager
Juan Chang	Permian Global	Head of Technical Operations
Eva Pintado	Permian Global	GIS and Remote Sensing Analyst

A GoTo meeting call was held with the PT. RMU staff 30 July 2020 (800-900 EDT/ 2200-2300 Indonesia Jakarta time), the Aster Global lead verifier and CCB specialist Richard Scharf. This was a discussion pertaining primarily to the CCB review. A variety of questions were asked of project staff where it was clarified that the public comment components, grievances, land disputes and related were discussed with the audit team.

Individual	Affiliation	Role
Rezal Ashari Kusumaatmadja	RMU	Chief Operating Director
Big Antono	RMU	Database and IT Manager
Taryono Darusman	RMU	General Field Manager
Hirason Horuodono,	RMU	Business Development Manager
Yusef F Hadiwinata	RMU	Community Development Manager
Dwi Puji Lestari	RMU	Research and Development Manager

Iis Leswarawati	RMU	Director of Administration and Finance
Meyner Nusalawo (Opo)	RMU	Biodiversity Manager
Syane Luntungan	RMU	Communications Manager
Bellini Simangunsong	RMU	Public Health Specialist
Desra Arriyadi	RMU	R&D Team
Ibnu Fikri	RMU	Biodiversity Team
Ahmad Kasyful	RMU	Biodiversity Team
Mutia Rahwamati	RMU	Biodiversity Team
Juan Chang	Permian Global	Head of Technical Operations

A GoTo meeting call was held with technical consultant Permian Global and the Aster Global lead verifier on 06 August 2020. This was a discussion pertaining primarily to the GIS and remote sensing review. A variety of questions were asked of project staff where it was clarified that the GIS analysis workflow and methods remained the same from the previous year.

Individual	Affiliation	Role
Rezal Ashari Kusumaatmadja	RMU	Chief Operating Director
Eva Pintado	Permian Global	GIS and Remote Sensing Analyst
Juan Chang	Permian Global	Head of Technical Operations

2.5 Site Inspections

The verification site inspection followed the VVB's prepared Verification and Sampling Plan process and was conducted on 20-26 July 2020 by Ms. Rosa of the audit team. The verification site visit was a required tool to help the VVB reach reasonable assurance for verification of monitoring period reported elements. It also allowed the VVB to; understand application of the methodology on-site, confirm the implementation of project activities, and to identify possible sources of error to focus desktop verification efforts.

The objectives of the on-site inspections performed were to:

- Conduct a risk-based review of the project area and project activities to check that the project adhered to the requirements of the VCS rules and the methodology during the monitoring period

- Select data samples from ground measurements for verification purposes in order to achieve a reasonable level of assurance and meet the materiality requirements of the project following Section 4.1.2 of the VCS Standard

- Check that monitoring was conducted in accordance with the requirements of the validated monitoring plan, the VM0007 methodology and VCS rules

An assessment of risk was considered for the site visit conducted by Ms. Rosa as follows:

Item	Results	Can the Site Visit Achieve Reasonable Assurance?
Identify Risk/Opportunity that may affect effectiveness	Due to the fact that the Aster Global verification team has visited the site for the last 3 years and there are no significant changes for the reporting period, the risks are minimal. Ms. Rosa is experienced in VCS projects under the methodology and with the project activities. Visitation of all major project activities is expected. Aster Global staff was available and present for video conference calls and to facilitate communication. We believe the site visit was very effective.	Yes
Does Aster Global and Ms. Rosa have proper tools for the site visit?	After discussions with the Ms. Rosa, the client and the audit team, all have the proper tools to carry out the site visit. Notes, photos and other evidence were collected by Ms. Rosa in the field for the core Aster Global audit team.	Yes
Does Aster Global and Ms. Rosa have proper competencies for the site visit?	After discussions with the Ms. Rosa, the client and the audit team, all had the proper competencies for the site visit.	Yes

A ground inspection was made by Ms. Rosa of the project area using accessible watercourses of entry along the Mentaya River, Katingan River, and southern canal. The following villages were visited, and interviews conducted for VCS and CCB elements: Seragam Jaya, Mentaya Seberang, Basawang, Rawasari, Makarti Jaya, Babirah, Hantipan, Mandawai, Kampung Melayu, Tampelas, Telaga, Perupuk, Jahanjang. The site visit ground inspection was performed to assess monitoring efforts, including but not limited to, unplanned deforestation activities, unplanned degradation, and community member feedback.

The most likely access points for anthropogenic degradation (along watercourse access points) within the Project Area and adjacent lands were discussed and toured as able to allow the VVB to establish a reasonable level of assurance regarding the implementation of project activities, and to further confirm the reported areas of *ex post* disturbance.

During the project site visit, a strong sample of CCB components of the project were assessed including the full range of Community Based Development Activities which were active and achieved during the monitoring period including but not limited to:

- Microfinance programs
- Business Units- "Badan Usaha Milik Desa" or BUMDesa
- Non-timber forest product development- for example rattan.
- Tree nurseries- Women-run nursery in Kampung Melayu village about the kelola sosial and purchasing the tree seedling (Desa Parupuk)
- Coconuts- Interview a farmer who has benefited from project training. Interview women who process coconut oil, etc. Visit the sugar training facility, interview students and former students who are now producing sugar
- Agroforestry farming (Kelola)- new village forest initiative on the east side of the project area.
- Biogas/Cattle- visit and interview those involved,
- Health Services- communities received some assistance in purchasing basic equipment for healthcare centers
- Education Support
- Social forestry program, village forest facilitation
- Stakeholders and the grievance process
- Biodiversity benefits discussions, biodiversity surveys
- Memorandum of Understanding (MOU) signing process- observations and discussions in several villages where the process was both confirmed and progress is being made towards signing

The following programs were observed on-site, audit team impressions are included:

Village	Programs	Audit Impressions
Mentaya Seberang	MOU Consultation and Agreement (consultation phase), Health and sanitation, Agroecology, Fire prevention	There is no MoU signed yet between the village and PT RMU. However, agreements are signed between PT RMU and each project activities. PT RMU facilitate knowledge sharing for fire fighting activities. The farmers in Mentaya Seberang are doing the TBTK method (Tanpa Bakar Tanpa Kimia/No Burn No Chemical method), which is environmentally friendly. PT RMU help assist the farmers by conducting training annually, send farmers to do comparative study, giving counselling/suggestion and provide a mentor during the project implementation. PT RMU is also providing capital for agricultural saving and loan program, which hopefully will turn into a union/cooperatives someday. The loan

		have a low loan interest. The loan money will support the farmers who incorporated with TBTK group so they will be able to fund their TBTK farm expenses, for example to buy the seeds, to buy agricultural tools, etc. Health and Sanitation Program is run mostly by women in Mentaya Seberang Village and receive fund from PT RMU with two main activities: -POSYANDU (Pos Pelayanan Terpadu/Integrated Service Posts (for health)). There are 3 category of POSYANDU in Mentaya Seberang Village: 1. For Pregnant women and Babies to toddler 2. For elderly people 3. For Children and productive age. The support given is in the form of financial funds per POSYANDU; health equipment (tools to measure blood pressure, cholesterol, body temperature, blood sugar, etc.); additional food to prevent stunting in toddlers & children; trainings and comparative study to other city in Indonesia (last time the POSYANDU management went to Depok city for comparative study) and uniform. During the comparative study, they learned how to manage & improve POSYANDU administration and it motivated them to apply it at the Mentaya Seberang village's POSYANDU to improve its performance.
Seragam Jaya	MOU Consultation and Agreement (consultation phase), Health and sanitation, Agroecology, Fire prevention, Environmental Education, Bamboo Cultivation	There is no MoU signed yet between the village and PT RMU because there is still resistance from other groups. However, agreements are signed between PT RMU and each project activities. The firefighter group was established around 2016 based on the advice from PT RMU and currently has approximately 46 members who is doing the patrol in shift. For farmers receiving sustainable agriculture training, the farmers in Seragam Jaya are doing the TBTK method (Tanpa Bakar Tanpa Kimia/No Burn No Chemical method), which is environmentally friendly. PT RMU help assist the farmers by conducting training, send farmers to do comparative study, giving counselling/suggestion and provide a mentor during the project implementation. PT RMU is also providing capital for agricultural saving and loan program, which hopefully will turn into a union/cooperatives someday. Health and Sanitation Program is run mostly by women in the Seragam Jaya Village and receive fund from PT RMU with one main activity-POSYANDU (please see Mentaya Seberang details above). At the moment there is no agreement between PT RMU and the Bamboo Cultivation Program, as the program is actually fostered by a local NGO (Yayasan Bambu Lestari). The local NGO is the one who actually has a cooperative relationship with PT RMU. The agreement

		between bamboo program and the local NGO is only for a year. The program activity is bamboo nursery cultivation where later on the bamboo will be planted on conservation land. Currently the program has planted 30,000 bamboo seedlings. Training also been given on how to choose a good quality seedling, how to grow and maintain the plant. This program hopes that in the future will sign an agreement or MoU directly with PT RMU.
Basawang	Coconut sugar producer, Alternative crops (vanilla and pepper)	Expectation of Basawang Village PT RMU keep assisting the village in doing the program activities and assist the community in advancing their fields and business. Palm sugar, vanilla, and cashew nut production was observed where direct support from RMU has improved livelihoods.
Rawasari	Microfinance, Fire fighter group, Infrastructure	The village have signed MoU with PT RMU and the village is willing to renew an MoU when the existing is expires. There are 22 people involved/become the member of firefighter program. No agricultural program is running at the village yet, but the topic already been discussed between PT RMU and the local government about agricultural program. Microfinance (Saving and Loans) Program: Benefits are gained by the village through this program, the main goals of this program is to help small business in the village who lack in startup capital and for farmers who want to develop their crop. But the loan is not only for small business, but mostly people also get the loan for private matters (like tuition fee for school, for daily expenses, etc.). However, there is no trouble on loan repayment up until today. The maturity date of the loan is 10 months, there will be fine if the loan payment is past the due date with interest. No training has been given for this program, bookkeeping and management training is urgently needed because the current management does not have the knowledge, at the moment they are learning by doing and guided by their mentor from PT RMU. The infrastructure program is in the form of funding, PT RMU assisting the village in building the house of worship (mosque and church). The house of worship in Rawasari village are still under construction which began in 2020 (outside of the current monitoring period verification). Expressed an interest to the audit team if PT RMU could assist and suggest the people of what plants/crops that ca be planted and what equipment that can be used to clear the land without having to burn the land.

Makarti Jaya	Microfinance, Village-own business property, Fire fighter group, Infrastructure, Environmental education	The village have signed MoU with PT RMU and the village is willing to renew an MoU when the existing is expires. There are 70 people involved/become the member of firefighter program. No agricultural program is running at the village yet, but the topic already been discussed between PT RMU and the local government about agricultural program. Microfinance (Saving and Loans) Program: benefits gained by the village through this program, the main goals of this program is to help small business in the village who lack in startup capital and for farmers who want to develop their crop. But the loan is not only for small business, but mostly people also get the loan for private matters (like tuition fee for school, for daily expenses, etc.). However, there is no trouble on loan repayment up until today. Up until 27 June 2020 there are around 170 people applied for the loan with the maturity date of 10 months, there will be fine if the loan payment is past the due date. No training has been given for this program, bookkeeping and management training is urgently needed because the current management does not have the knowledge, at the moment they are learning by doing and guided by their mentor from PT RMU. Expressed an interest to the audit team if PT RMU could assist and suggest the people of what plants/crops that ca be planted and what equipment that can be used to clear the land without having to burn the land.
Babirah	MOUs, Bumdes (crossing boat), fire fighter group, Infrastructure	The village have signed MoU with PT RMU and the village is willing to renew an MoU when the existing expires. Sustainable agriculture training: is not an ongoing program in Babirah Village. BUMDES stands for Badan Usaha Milik Desa (Village-owned Business Entity): PT RMU financially support Babirah village BUMDES, the fund is used to buy boat used as crossing boat between the village to the city (Sampit) and the cost is cheaper compared to public boat. The transport system is managed by BUMDES and the profits go into BUMDES treasury as the village's income. The expectation of the people of Babirah is that PT RMU will hire more local people from Babirah Village to improve the village's economy.
Hantipan	VCO and coconut oil	The VCO program at Hantipan village begun in August 2019. Before that, a socialization about PT RMU/Katingan Project was carried out by Yayasan

		Puter in 2015 so the village is already familiar with PT RMU/Katingan Project. There is no MoU signed yet between the village and PT RMU. However, agreements are signed between PT RMU and each project activities. Home industry (VCO and Coconut Oil): This program activity run mostly by the women in Hantipan Village. The activities receive support from PT RMU in the form of fund (startup capital), trainings, workshop, and mentoring. The women in Hantipan village are participate in the making of virgin coconut oil and coconut cooking oil at the home industry scale. The products are then purchased by PT RMU to be marketed to reach a wider market. This program activity got a full support from PT RMU business development division, started from the training on how to make a high-quality product and how to package the products according to sales standard. The product can also be sold independently to interested buyers should they have a better offer than PT RMU, the products are not exclusively made for PT RMU. The expectation of the Hantipan village is that PT RMU can introduce the women to new product for their home industry and give them training and assistance s what PT RMU did with the VCO program.
Mendawai	Fire prevention program, Village forest initiative, Microfinance, Sanitation program	MoU has been signed between the village and PT RMU, the village will be renew (extend) the MoU when the current one is expires. The firefighter program is divided into 2: Firefighter for the village and firefighter for the village forest initiative. Fire fighters confirmed that training has been received. Village Forest Initiative program in Mendawai Village has done reforestation (±10 hectares) and a number of comparative study (one of them to Sebangau Mulia village) with financial support from PT RMU. The plant seed for reforestation is given by PT RMU. Potential survey of the VFI has been carried out involving the people from Mendawai Village at VFI area. The fire prevention program is also funded by PT RMU. Training on bookkeeping and management is needed to improve and support the operational of this program. Sharing knowledge has been done a couple of times. The government permit for the forest is still in process. Microfinance (Saving and Loans) Program manage by BUMDES (Badan Usaha Milik Desa/Village-owned Business Entity): The savings and loan is held to help the small business of the women in Mendawai village. The requirements are a permission letter from the husband, a proof that they are residents of the village by

		providing a copy of identity card. So far, the program is running very well, no bad credit. PT RMU give financial support for education in the form of incentive for teacher and uniform for the pre-school at Mendawai Village. The infrastructure program is in the form of financial funding from PT RMU assisting the village in building land toilet as replacement for the "above the river" toilet. So far 15 land toilet has been built and the program will continue until all household in the village has it. Waste management has become s problem at the village, the villagers indicated PT RMU can support and help the village on how to deal with the waste management problems.
Kampung Melayu	Fire prevention program, Communities' nursery, Transport, Sanitation	MoU has been signed between the village and PT RMU, the village will renew (extend) the MoU when the current one is expires. The fire prevention program received training from the government and PT RMU on how to use the equipment. More training is still needed for updates and the new member because it is very important, especially practical training where the training can be more adapted to the situation at the (fire) location at Kampung Melayu Village. Communities' nursery Program: For this program, PT RMU provide the seedlings and the village is the one who manage and care for it, when the seedlings are ready the village can sell it to PT RMU for reforestation process within PT RMU's area, therefore the village has sustainable income. A partnership permit is still on process so that the partnership has a legal strength. Transportation (School Boat): PT RMU provide a school boat for the children in the village. The only school in Kampung Melayu primary school, in order to get higher education the students have to go to another village, therefore PT RMU provide the school boat so it is easier and cheaper for the children to go to school. The school boat is managed by the village. The infrastructure program is in the form of financial funding from PT RMU assisting the village in building land toilet as replacement for the "above the river" toilet. An expectation of the village is that if PT RMU can give suggestion on what fruit/vegetables plant that is suitable for their land that they can quickly harvest and sell or to processed as a home industry material to improve their income. PT RMU is expected to assist the village in marketing of the product as well.

Tampelas	Village government, Village forest initiative, fire prevention program, supporting household electricity, cattle project	MoU has been signed between the village and PT RMU, the village will renew (extend) the MoU when the current one is expiring. Village Government Program: For this program, PT RMU provides financial funding to the village but give the freedom to the village to manage the fund. Starting from this year, some of the funding will be used to start a cattle project, started with buying the land for the cowshed then gradually it will be developed into cattle farm so the village can have a sustainable income in the future. PT RMU also assisting the planning for the cattle project. Beside cattle project the fund is also use in supporting household electricity. The village has no electricity before, PT RMU assist them in electricity supply. Village Forest Initiative: A Ministrial decree letter has been issued for the village forest with an area of 6,300 Hectares at Tampelas Village. Inspired by PT RMU, Tampelas Village wants to be able to do carbon trade business because the village can get financial benefits while still preserving the environment and the forest. The village also request PT RMU to assist them in the process of carbon trading and has received assistance from PT RMU in the fire prevention program.
Telaga	Village government, Village forest initiative, education program, MOUs	MoU has been signed between the village and PT RMU, the village will renew (extend) the MoU when the current one is expires. Regarding firefighting, the village has received trainings on how to use the equipment and how to deal with fire. Forest Initiative: There are 2 type of forest initiative in this village: 1. Village forest (close to the village) 2. Partnership Forest (side by side with PT RMU concession area). Both forests are located far from each other. A Ministrial decree letter has been issued for the village forest while the partnership forest is still on process with PT RMU, just need to sign an agreement with PT RMU (delayed because of Covid -19 issue, difficult to travel). The long-term plan for the forest initiative is to be able to preserve the nature and environment and to be able to operate like PT RMU (carbon trading). The village want to protect the forest and its surrounding environment. Education: PT RMU help to facilitate the village school with laptops including the electricity, desk & chair, and the network. Because the students need to go online to do the school test while it is not common to have laptop/computer at home. PT RMU also organized environmental education as extracurricular lessons, taught by PT RMU staffs and sometimes guest teacher also teach this subject.

		Health and Sanitation Program: POSYANDU stand for Pos Pelayanan Terpadu/Integrated Service Posts (for health). There are 3 categories of POSYANDU in Telaga Village: 1. For Pregnant women and Babies to toddler 2. For elderly people 3. For Children and productive age. The support given is in the form of financial funds, health equipment (tools to measure blood pressure, cholesterol, body temperature, blood sugar, etc.); additional food to prevent stunting in toddlers & children; trainings and comparative study to other city in Indonesia and uniform. During the comparative study, they learned how to manage & improve POSYANDU administration and it motivated them to apply it at the Telaga village's POSYANDU to improve its performance. The expectation for Telaga village is that the partnership forest agreement can be finalized soon.
Perupuk	Community nursey	MoU has been signed between the village and PT RMU, the village will renew (extend) the MoU when the current one is expires. Communities' nursery Program: For this program, PT RMU provide the seedlings and the village is the one who manage and care for it, when the seedlings are ready the village can sell it to PT RMU for reforestation process within PT RMU's area, therefore the village has sustainable income. The training is given for this program on how to plant the seedlings, how to care and manage it and it is very useful for them. The women think they need more trainings to add more knowledge. The infrastructure program is in the form of financial funding from PT RMU assisting the village in building land toilet as replacement for the "above the river" toilet. All the household at the village has the "land toilet" built already (25 houses).
Jahanjang	Village government, Community radio, cattle project	MoU has been signed between the village and PT RMU, the village will renew (extend) the MoU when the current one expires. Village Government Program: For this program, PT RMU provides financial funding to the village but give the freedom to the village to manage the fund. The funding is currently used for cattle project, started with buying the land for the cowshed then gradually it will be developed into cattle farm so the village can have a sustainable income in the future. PT RMU also assisting the planning for the cattle project. The cows are not from PT RMU but owned by the villagers. There are 43 cows now at the cowshed, 10 cows have been so far. The price is varied from IDR 10 to more than 15 million per cow depend on the size. A grass chopper machine is also provided by PT RMU to feed the cow. Proper

		trainings on how to raise and care the cattle also training on how to manage cattle farm is needed, because so far it is only from knowledge sharing with PT RMU. Elephant grass seed is also provided, so the farmer can grow it as the cattle's feed. PT RMU has done the training on how to grow and care the elephant grass. The community radio is managed by PT RMU. This radio is a means of communication and as information sharing tool for Jahanjang village and the village around regarding latest news updates (such as Covid-19), information on social impacts, forest fires, health and other general information that might be useful for the village. Village administration: PT RMU assists and teaches the village government in management, how to make a proper proposal, how to make a proper budgeting and budget planning for the village's fund, how to manage a good office administration. PT RMU can assist the village in farming and processing the local fish, because they cannot rely only on the fish in the river. The population is getting higher, means there is more people, while fish in the river is not growing so much or that might be overfishing so the fish will not be enough for the villagers in the future.

During the project site visit sampling was also undertaken for VCS elements to help the VVB reach reasonable assurance for verification of monitoring period reported elements.

VCS activities observed on-site:

- Visitation of the central camp and southern canal area to observe general status: discussions of fire staff, expansions, infrastructure
- "Drive-by" of deforestation and burnt areas, as logistically feasible (primarily confirmed via remote sensing desktop-based review)
- Forest Protection – Discussed status of incursions and mitigations by patrols for illegal logging and related
- Community member interviews on land usage, ownership, and conflicts

Desktop-based and GoTo Meeting topics for interviews with project staff[6]:

- Interview project staff to gather information regarding monitoring of the project, evidence of conformance with specific requirements of the methodology
- Discussion of concession held by the project and continued compliance
- Discussion of boundary demarcation
- Review and discuss possibility of illegal expansion of other concessions
- Confirmed organizational structure and operation

[6] These meetings were held between the Aster Global audit team and project staff to capture review elements not covered during the site visit

- Confirmed data management, compilation and storage

WRC (GHGWPS-WRC)

- Discussion of canal blocking/planned peatland re-wetting locations and plans
- Discussion of ditch expansion and/or new discoveries
- Discussion of peat and water level surveys and monitoring

REDD (ΔCWPS-REDD)

- Aboveground stock changes due to deforestation
- Discuss instances of period degradation/illegal logging, discussion of stump surveys, transition/threshold from degradation to deforestation status

Burnt Areas

- Aboveground stock changes and peat oxidation due to uncontrolled burning
- General discussion of monitoring period fire incidences
- Discuss fire protection campaign, training, and associated monitoring efforts

General

- Discussion of accounting adjustments because of monitoring (degradation, deforestation)
- Leakage- discussion of concession allotments
- ARR (reforestation)- discussion of status of fire break plantations and nursery production
- Agroforestry- discussion of areas delineated
- Boundary - Discuss boundary demarcation progress

2.6 Resolution of Findings

During the verification process, there was a risk that potential errors, omissions, and misrepresentations would be found. The actions taken when errors, omissions, and misrepresentations were found included: notifying the client of the issue(s) identified and expanding our review to the extent that satisfied the Lead Verifier's professional judgment.

The process of resolution of findings involved one formal round of assessment by the VVB. Findings were resolved during the verification by the Project Proponent implementing corrective actions such as amending the Monitoring Report and calculations, as well as providing written responses. This resulted in project documentation that was in conformance with the requirements of the VCS Standard and CCB Third Edition for GHG projects.

Findings were characterized in the following manner:

Non-Conformity Reports (NCRs) were issued as a response to material discrepancies in a part of the project and generally fell into one category:

- Non-conformity to a VCS or CCB guiding document listed in Sections 1.2 and 2.2 above
- Consistency among project documentation or calculations was lacking

- Mathematical formulae were incorrect
- Additional information was required by the VVB to confirm reasonable assurance for compliance

Clarifications (CL) were issued when language within a project document needed extra clarification to avoid ambiguity.

Opportunities for Improvement (OFI) were issued to the Project Proponents when an opportunity for improvement was identified.

During the verification, seven (7) essential VCS findings were identified. Detailed summaries of each VCS finding, including the issue raised, responses, and final conclusions, are provided in Appendix B VCS NCRS/CLS/OFI SUMMARY. Please also see APPENDIX C: CCB NCRS/CLS/OFI SUMMARY for all findings raised during the CCB review. All NCRs/CLs were satisfactorily addressed.

2.6.1 Forward Action Requests

One Forward Action Request was raised at the previous monitoring period verification pertaining to mechanisms in place to take due account of on-going stakeholder input. The progress of the project was found to be strong in terms of taking due account of input received during stakeholder consultation for appropriate adjustments of project implementation. The project continues outreach activities to all stakeholders, regardless of land tenure and representation.

The audit team concludes that the previous Forward Action Request is satisfied. Further, no new Forward Action Requests for future verifiers to consider were raised at this monitoring period verification.

2.7 Eligibility for Validation Activities

Validation activities were not undertaken as part of the second monitoring period verification.

3 VALIDATION FINDINGS

3.1 Participation under Other GHG Programs

The verification team is not aware of project involvement in other forms of environmental credits from its activities. The project has not been registered, and is not seeking registration, under any other GHG programs. *The Katingan Peatland Restoration and Conservation Project* currently only seeks carbon credits with the CCB label under the VCS program. This was confirmed through a risk-based internet review and interview with project proponents. Therefore, the verification team deems the project eligible to participate under the VCS Program.

3.2 Methodology Deviations

No methodology deviations were applied to the project during this monitoring period.

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

At this verification, the project has not applied any new PD deviations, but three PD deviations remain from previous monitoring periods. a) for use of the Advanced Land Observing Satellite Phased Array L-band Synthetic Aperture Radar 2 sensor (ALOS PALSAR 2) to monitor forest disturbances instead of multispectral Landsat imagery as described in the PD. b) Conservatively apply most aggressive annual clearance values from Global Watch data for leakage assessment when most recent data isn't published yet. c) PRA assumptions for illegal logging PD deviation applied at the first monitoring period (please see first Monitoring Report for details). Please see points below where the appropriateness of these deviations was evaluated:

a) PALSAR 2 – forest disturbance detection

-The deviation does not impact the applicability of the methodology as the intent is to monitor forest deforestation or disturbance which the new sensor provides
-Project additionality is not impacted
-The baseline scenario of acacia plantation conversion remains unaffected as the deviation affects monitoring efforts
-Project remains in compliance with the methodology as PALSAR data is an improvement in monitoring data for the period
-As satellite-based sensors often have a limited design lifespan the verification team also confirms this change in disturbance monitoring data is appropriate for future verification periods where L band radar satellite data are employed

b) Global Forest Watch data

-The deviation does not impact the applicability of the methodology as the intent is to monitor concession clearing activities
-Project additionality is not impacted
-The baseline scenario of acacia plantation conversion remains unaffected as the deviation affects leakage monitoring efforts
-Project remains in compliance with the methodology as applying the most aggressive annual concession clearing value is the most conservative application of leakage monitoring data for the period
-The VVB notes that following VM0007 accounting methods, monitored leakage must exceed baseline leakage for inclusion in final emission reduction estimates

c) Degradation PRA

The project did not complete a Participatory Rural Appraisal (PRA) to evaluate degradation during emission years 2012 and 2014 because the project assumed degradation took place. Please see first Verification Report and first Monitoring Report for additional details. The emissions resulting from the limited field survey following M-MON was included in the accounting for first monitoring period, year 2015.

The VVB confirmed that an adequate description and justification has been included in the MR for these PD deviations and they are appropriate.

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

The project for this monitoring period did not experience any changes (minor or significant) to the project's validated design and remains in compliance.

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

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

4 VERIFICATION FINDINGS

4.1 Public Comments (*Rules* 4.6)

The public comment period was held from 27 July 2020 – 26 August 2020. No public comments were received for this project as confirmed by viewing the project summary page on the Verra website[7] "CCB Other Documents" Section as publicly posted. The period for VCS and CCB public comment period on draft project documents has expired.

4.2 Summary of Project Benefits

Please see Section 1.4 of this report for a summary description of *The Katingan Peatland Restoration and Conservation Project*.

The project seeks to reduce emissions in Indonesia by protecting and restoring 149,800 hectares of peatland ecosystems. As stated in Section 2.1.1 of the Monitoring Report, "The Katingan Project's goal is to protect and restore 149,800 hectares of peatland ecosystems; to offer local people sustainable sources of income; and to tackle global climate change – all based on a solid business model." Section 1 of the Monitoring Report describes unique project benefits including climate, community and biodiversity, and standardized benefit metrics, including achievements specific to metrics.

The climate impacts are described in the Monitoring Report as protection and restoration of a unique peat swamp forest habitat. The avoided emissions claimed for climate impacts are evaluated elsewhere in this review and allow the verification team to corroborate the claims.

Prior to the (CCB) verification site visit the verification team assessed the monitoring plan and the reported community benefits reported by project proponents. A list of questions to guide interviews on site were developed to confirm reported community benefits. The verification team confirmed that reported community benefits are correct. Community members throughout the project zone were confirmed to take part in various activities including participatory planning, coconut products, fisheries and firefighting. It is clear to the verification team that these benefits are having a positive impact.

The verification team was able to confirm that the successes of the project in restoration and protection of the project area are inextricably linked to benefits in biodiversity. Net positive

[7] https://registry.verra.org/app/projectDetail/VCS/1477. Accessed 28 September 2020.

biodiversity benefits can be expected from reducing deforestation and degradation impacts through maintaining intact forest cover including native plant species and associated habitats.

The verification team concludes that through site visit observations, interviews and document review that during this monitoring period, *The Katingan Peatland Restoration and Conservation Project* has shown substantial climate, community and biodiversity benefits from avoided emissions. The verification team was also able to confirm that the project has demonstrated that the rights and needs of local communities have been appropriately addressed as well as important biodiversity conservation issues.

4.3 General

4.3.1 Implementation Status (G1.9)

The project activities and Monitoring Plan, as described in the validated PD, have been fully initiated. There are no remaining issues from the validation. As this is the fifth verification, activities have been implemented, and the audit team observed progress during the verification site visit compared to the previous verifications.

The verification team requested to visit examples of all activities during the various site inspections and subsequently confirmed the implementation of items related to climate, community, and biodiversity. Climate objectives achieved included avoiding the emission of 5,110,030 tCO2e.

For this period, the verification team confirmed the project has continued to build upon activities conducted during the last monitoring period and introduce new activities as required. The verification team witnessed on site on-going conservation and reforestation efforts focused on fire prevention and awareness training and seedling nursery development. Community activities were directly observed including ongoing support of community-based businesses, introduction of coconut sugar operations, advancing the community participatory planning efforts, and funding public health clinics. It was clear to the verification team that community objectives are to engage with the communities in the project zone to improve access to healthcare and access to employment and capacity building opportunities.

The existence of any material discrepancies between project implementation and the project description was confirmed through the overall audit process including interviews and documentary review. The implementation status of the monitoring plan and the completeness of monitoring, including the suitability of the implemented monitoring system was confirmed through review of VM0007 adopted procedures and comparison of monitoring results against the validated project design.

No new methodology deviations relating to monitoring and/or measurement of GHG emission reductions or removals were applied by the project developer/identified by the audit team during this monitoring period verification (please see Section 3.2). No new PD deviations were applied during this period, but they are listed in Section 3.3.

The GHG emission reductions generated by the project have not become included in an emissions trading program other than the VCS program and it has not received or sought any other form of

environmental credit as confirmed through a risk-based review by the verification team (see Section 3.1).

Sustainable development contributions are applicable to this project although Indonesia has achieved many Sustainable Development Goals. The project was confirmed to be actively supporting many UN SDGs as reported in Table 1 of the monitoring report, through the site visit interviews, and document review as part of the verification. The goals of the project activities, protect and restore 149,800 hectares of peatland ecosystems; to offer local people sustainable sources of income; and to tackle global climate change, are clearly and directly related to increasing the well-being of the local communities. Verifiers can conclude that the project has been implemented as described in the validated project description.

Please see Section 3.2 and 3.3 for descriptions of the Methodology Deviations and PD Deviations, respectively.

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

The monitoring report states that risks are being managed as planned in the PD and summarized in Appendix 1. The risk assessment summary in Appendix 1 of the validated PD includes the risks from management and financial viability as extremely low. Land tenure risks are also low since the land belongs to the Indonesian government.

Risk to community engagement are extremely low and a net positive community impact is expected. Natural risks include fire, but those risks are low. Most fires in peatlands are human-caused and no natural fires in tropical peatlands are documented.

There is risk from anthropogenic fires. Fire patrols and firefighting measures are in place and equipment for fighting peat fires is stored in the project zone. All communities visited had fire patrolling/fire fighting teams who stated they were trained for the work. The audit team visited the facility where equipment for forest fires and specialized equipment for forest fires was stored, repaired and maintained. This is a prudent and reasonable step in the mitigation of the dominant risk to the project.

4.3.3 Community and Biodiversity Benefit Permanence (G1.11)

The protected status of the forest and peatlands are expected to be maintained and extended through either further concession licenses or under national ownership once it is recognized for its biodiversity and carbon stocks.

Community benefits are designed to eventually be managed by the communities themselves, without outside inputs, particularly training in alternative livelihoods and agricultural extension training. Project proponents view the project as a potential showcase, setting an example for sustainable land use management. Tours are offered to government agencies and other NGOs interested in learning about project activities, so BMPs and lessons learned on the project can be spread throughout the region.

Auditors visited with community members and observed alternative livelihood programs and found people were receptive to these activities, some of which are already successful. There is no reason the communities wouldn't continue them. Educational efforts and efforts to maintain the legally protected status of the land will likely maintain at least some of the project's benefits beyond the project lifetime.

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

The monitoring report and monitoring report summaries were made available at project field offices and were also delivered to community leaders, with the expectation that community leaders would disseminate the information further among the community.

Auditors found that in the case of the monitoring report for this monitoring period, the report and summaries were distributed as described, and this was an improvement over the previous monitoring period. Project management developed and/or revised a set of SOPs for dealing with community members, including how to make people aware of meetings and important events, like the verification comment period. The SOPs make specific provisions to ensure women and underrepresented groups have an opportunity to participate in project activities and decisions, including women-only meetings.

The project staff provides communities with relative and adequate information before making decisions through their SOPs, which include a 1 – 2 month period to discuss agreements, and they arrange inter-village visits to allow community members to evaluate activities that were enacted elsewhere, before bringing them to their own villages.

In addition, the MOUs between the project and the communities are only for 3-year durations, requiring the project to maintain good communications and good relations to renew MOUs in the future. During the site visit, the audit team found that most people were informed as to the demands asked of them by the project in return for following the terms of the MOUs.

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

The monitoring report states that open, ongoing consultation and adaptive management is the project's central philosophy. Several instances of activities started by request of communities are cited. Some activities were reduced or discontinued for the same reason.

Extensive meetings were held and documented over the two years of this verification period (list provided in appendix 2 of the monitoring report). In no case during the site visit were villagers saddled with project activities for which they had no interest. In all villages, either the community members themselves or legitimate leaders were regularly consulted and kept informed of project activities and events, according to interviews.

The site visit revealed that activities and interests of the communities differed by community and geography.

Due to the short duration of the project/community MOUs, the project essentially requires itself to maintain continued communications, acceptable to the communities, or important support will be lost.

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

As part of the site visit the audit team confirmed that the project staff hold meetings in a variety of locations. In addition, it was made clear that particular groups are targeted for inclusion in some activities, however it was also observed that limited funding can limit the number of people able to take part in some project activities. The audit team observed that project staff seem to regularly visit all communities and those community members interviewed by the auditors seemed appropriately informed and satisfied with activities with which they participated. The verification team can conclude that the project has actively enable community participation in project implementation.

4.3.7 Anti-discrimination (G3.7)

The audit team confirmed that the project has a staff handbook that includes, among other things prohibition on harassment and discrimination based on race, color, religion, sex, age, sexual orientation, national origin, ancestry, disability, medical condition, marital status, veteran status or any other protected status defined by law based on a review of documentation provided in a clarification request. The staff handbook clearly defines and identifies harassment in line with international norms. Staff members interviewed during the site visit confirmed that are required to sign a document, indicating they received the staff handbook contained anti-harassment information and understand its contents. The site visit and site visit interviews were conducted by a woman and women interviewed by her during the site visit said they did not face any harassment from the project or project's representatives.

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

Both the monitoring report and the original PDD includes a grievance procedure with all the steps recommended by the CCB Standards, including first trying to amicably resolve the grievance, then going to third party mediation before finally resorting to the legal system.

A record of all grievances appears in a table in Appendix 3 of the monitoring report. It describes the nature of the grievance and how the grievance was resolved. Community members interviewed during the site visit were generally satisfied with the project and the way it was being managed. All knew who they need to speak with in order to file a grievance.

4.3.9 Worker Relations (G3.9 – G3.12)

The monitoring report was confirmed to include a list of trainings for both the staff and the communities that took place during this verification period. In interviews, it was revealed that orientation training is provided for new employees. While the majority of employees are men, a number of women are also employed by the project. Women are represented in all employment types, except for firefighting.

A goal of the project is for communities to be self-sufficient, and training includes project management, legal and administrative topics and financial planning and management. To ensure capacity is not lost, internships, apprenticeships and work shadowing were indicated during site interviews to train new individuals.

During the site visit it was confirmed that a staff manual is supplied to all staff and they have the opportunity to raise questions or concerns. Staff members sign a statement that they have received and understand the manual. The manual was confirmed to include the grievance process that employees can use if unhappy with terms of employment. The verification team understands that no staff have used the procedure, to date. In addition, the project is compliant with the social security law, and makes payments on behalf of all employees.

The monitoring report states that the project provides employment opportunities to people in the project zone, the wider region and Indonesia as a whole, without regard to gender, age, social class or ethnicity, but priority goes to people living in the project zone. Staff members interviewed described a hiring process very similar to the description in in the MR. Most staff are from local communities. Staff are hired locally or from nearby Sampit. Vacancy announcements for jobs requiring more skill may be advertised more widely. Site visit interview suggested that project management preferentially hires from local communities and offers women the chance to fill vacancies.

The monitoring report includes a list of the measures taken to address risks to worker safety, including:

- Providing first aid kits, including anti-venom cream and insect repellent
- Providing navigation equipment, like GPS, compass and handheld transceivers.
- Enforcing the buddy system.
- Providing safety equipment
- Providing additional logistics (fuel, water/meals for 3 days, etc.)
- Providing training on safety procedures, communication, evacuation, shelter and on risks inherent to field activities, like fire suppression.

The monitoring report goes on to promise the project will continue to provide training and safety equipment. Both the monitoring report and site visit interviews indicate the project provides sufficient safety training and equipment to staff and community fire patrols/brigades.

The verification team found that regular, nearly constant communications exist between the project and community members, traditional and official leaders, and other stakeholders. Managers are stationed in villages in the project zone, with locally hired staff. Regional government officials are in regular contact with management. The Bogor staff is in daily contact with relevant national government officials, as their offices are within driving distance of the Ministry of Forestry offices in

Jakarta. Communications between the project and stakeholders is effective and nearly constant in many ways.

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

The project proponent is PT Rimba Makmur Utama (PT. RMU). Other entities involved in the project include:

- Yayasan Puter Indonesia (Puter), who is involved in community development activities.
- Wetlands International, who leads technical aspects of MRV related activities and the provision of technical expertise in biodiversity, fire and land use management.
- Permian Global, who provides technical support on remote sensing, MRV methodology, carbon marketing and management advice.

The management team was confirmed to include individuals with skills necessary to undertake all project activities through interviews and the site visit. Project proponents and technical consultants have experience in the development of carbon projects with the same project activities. Table 5 of the monitoring report includes a list of project activities and the key skills required to implement them. Activity categories range from ecosystem restoration and forest conservation to livelihood development and community resilience.

The project employs staff with several decades in combined experience in implementing/managing carbon projects. The project management and staff displayed competence, professionalism and expertise in both technical and social aspects of project activities and overall project implementation. Some project partners are well known in the field of carbon offset crediting. Management capacity to satisfy Indicators G4.2 – G4.2 was confirmed through interviews and the is most exhibited in the quality of the development of the project.

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

Commercially sensitive information is listed in Section 2.4.6 of the monitoring report. The verification team concludes that the listed information is appropriately categorized and was respected in such manner during the audit process.

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

Indicator G5.1: At validation, the project proponent (PT RMU) was confirmed to be the sole concession holder for the project area under two ecosystem restoration licenses. Table 6 of the monitoring report lists the decrees and legal approvals leading to the concession licenses. At the second VCS verification ESI[8] was shown the concession licenses. It was discussed that one of the

[8] During the course of the fourth monitoring period VCS verification (01 January 2018 to 31 December 2018), the audit team and ANSI Accreditation transferred from Environmental Services Inc. to Aster Global Environmental Solutions, Inc. All staff remained the same in their capacity and the verification was completed under Aster Global in accordance with VCS and ANSI rules.

project activities is the creation of agreed upon, spatially accurate maps depicting the project area and village lands. (Part of the participatory planning process.) An example of community mapping is provided in Map 3 of the monitoring report. The project has entered into Memorandum of Understandings (MOUs) with 22 villages in the project zone, a number of them (13) for the second time as MOUs have 3-year terms. These MOUs include recognition of land rights on the part of the project and the villages and were observed during this verification site visit. The verification team confirmed that the project is actively mapping traditional village lands and has entered MOUs, which include recognition of both signatory's land claims, with the majority of villages. Community members did not express any problems with the project's land claims during the site visit.

Indicator G5.2: The monitoring report states the project has adopted FPIC principles in all community consultation processes and will continue this approach through the project lifetime. The majority of villages in the project zone have signed MOUs with the project developer that, among other things, defines the project area and recognizes the lands traditionally claimed by the villages. These are short-term agreements, and the villages visited during the site visit either signed their second MOUs with the project or were about to complete negotiations and will be signing a second one, indicating satisfaction with the MOU and the way the village had been treated by the project and project staff.

Further, the project developers state they use FPIC principles in dealing with the project zone villages, and observations and conversations with community members backs that claim up. In addition, the fact that the villages are willing to enter into second MOUs with the project indicates the community members believe they are being treated fairly by the project.

Indicator G5.3: Since the project area is owned by the Indonesian government no communities are present in the project area. During the site visit, the audit team interviewed local communities and traveled the project area and was unable to find evidence that any relocation took place as the project area never contained any permanent human settlements. Further, it is highly unlikely there were any settlements in the project area, as peat domes are not ideal human habitat. Remote sensing review did not indicate any signs of settlements, aside from those identified.

Indicator G5.4: The monitoring report includes a list of grievances from local communities and community members. Some of those grievances are regarding land. Most have been resolved or the aggrieved party had not provided any evidence for the claim. There appear to be no long-standing unresolved disputes or resource conflicts that could be exacerbated by the project. The verification team was able to confirm that grievances regarding land were dealt with through the grievance process.

Based on the above satisfaction of Indicators G5.1 – G5.5, the project has clearly protected the rights of Indigenous Peoples, communities and other stakeholders in accordance to the third edition of the Climate, Community & Biodiversity Standards and the validated project description.

4.3.13 Legal Status (G5.6)

The Monitoring Report Section 2.5.6.1 lists 50 different laws and regulations that are relevant to project activities, as of the end of 2017, and states the project has been implemented in full compliance with them. The list of the laws affecting the project and its activities was provided to the

verification team and assurances were made that the project is acting within these laws. Compliance was confirmed to be achieved through targeted interviews during the site visit, including with the project's government liaison.

Indonesia has the beginnings of jurisdictional REDD registration requirements. As stated in Section 2.5.6.1 of the MR, "With the issuance of Ministry of Environment and Forestry no P70, P71, P72 and P73 in late December 2017, REDD projects within the jurisdiction of Indonesia should now be registered with the newly created National Registry System." This system has not yet been formally adopted as confirmed by discussions with the project's government liaison. The audit team understands that compliance under VCS Jurisdictional and Nested REDD+ Requirements (JNR) may occur at a future verification event.

4.4 Climate

4.4.1 Accuracy of GHG Emission Reduction and Removal Calculations

Aster Global conducted an intensive review of all input data, parameters, formulae, calculations, conversions, statistics and resulting uncertainties and output data to ensure consistency with the VCS Standard, the validated PD, and VM0007. Data with associated conversion factors, formulas, and calculations were provided by the project proponent in spreadsheet format to ensure all formulae were accessible for review. The verification team recalculated subsets of the analyses to confirm correctness and assess if data transposition errors occurred to achieve a reasonable level of assurance and to meet the materiality requirements of the project, as required by the VCS Standard. The project proponent also provided answers to questions on calculations to ensure the verification team understood the approach and could confirm its consistency with VM0007 and the PD.

An overview of the data and parameters monitored, along with verification team findings, are included in the table below. This is not an exhaustive list of all MRV parameters that are available for verification, but all were data checked as part of the comprehensive desktop review:

Data Unit / Parameter	Accuracy of GHG emission reductions and removals	Whether methods and formulae set out in the PD have been followed	Appropriateness of default values
$\Delta C_{WPS-REDD}$	Verification team confirmed the net GHG emissions in the REDD project scenario up to year t* were correct by recalculating and checking input values. The value was traced to the quantification of carbon stock changes for the baseline, project emission/removals and, ultimately net GHG emission reductions during the monitoring period.	This parameter was reviewed and re-calculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.
$\Delta C_{LK-AS,planned}$	The net greenhouse gas emissions due to activity shifting	This parameter was reviewed and	Not applicable.

	leakage for projects preventing planned deforestation was confirmed by the verification team through an independent check on source data from Global Forest Watch. As NewR exceeds AdefLK, leakage is negative and therefore excluded from accounting and therefore 0.	re-calculated using methods set forth in the methodology and the PD and confirmed followed.	
ΔC_{LK-ME}	Net greenhouse gas emissions due to market-effects leakage is not applicable as project activities do not include timber production and therefore 0.	Not applicable.	Not applicable.
$\Delta C_{WPS-ARR}$	Net GHG emissions in the ARR project scenario up to year t* was found to be not applicable this period as no ARR activities have begun and therefore 0.	Not applicable.	Not applicable.
ΔC_{LK-ARR}	Net GHG emissions due to leakage from the ARR project activity up to year t* is not applicable as no displacement of pre-project agricultural activities (LK-ARR) is expected. The project will be planting a relatively small area in comparison to adjacent communities' agroforestry activities. Further, the project is actively facilitating community forestry activities which are by definition not leakage, therefore set to 0.	Not applicable.	Not applicable.
$GHG_{WPS-WRC}$	Net GHG emissions in the WRC project scenario up to year t* was confirmed through sourcing of values from the validated PD. Independent re-calculation was performed to confirm correctness of values applied and confirmed.	This parameter was reviewed and re-calculated using methods set forth in the methodology and the PD and confirmed followed.	Default factors were confirmed correctly obtained from the IPCC for Dissolved Organic Carbon (DOC).
GHG_{LK-ECO}	Net GHG emissions due to ecological leakage from the WRC project activity up to year t are not applicable this period. Ecological leakage was not applicable as no peat re-wetting activities occurred during the monitoring period and confirmed during the site visit and therefore set to 0.	Not applicable.	Not applicable.

For this monitoring period the project acquired multispectral satellite imagery which was used to monitor the project area and detect any land cover changes. The final selection of data sources applied to the LU/LC change analysis for this period used PlanetLabs multispectral imagery. PlanetLabs was confirmed to be a suitable data source to meet M-MON requirements.

An accuracy assessment was not performed in a traditional sense for this monitoring period because forest/nonforest was delineated manually as a component of the workflow. The accuracy assessment requirements per M-MON are satisfied. The audit team found this approach to be reasonable and independently confirmed accuracy assessment control points for correctness.

The audit team observed analysis methods during a remote sensing meeting with project proponents for generation of the 2019 disturbance detection analysis results. It was confirmed that analysis methods are in line with best practice for remote sensing. All data was confirmed to employ the appropriate resolution following M-MON requirements. The verification team reviewed the stratification analysis results independently and confirmed that data sources were found to be in good agreement, evidenced visually.

Biomass burning occurred this monitoring period as three distinct, detected fires from the NASA MODIS FIRMS data. The presence of these fires, and no others, was confirmed through an independent ocular evaluation of the PlanetLabs high-resolution imagery and NASA MODIS hotspot data. Aboveground biomass was appropriately accounted for from fires during 2019.

The project has continued to assume conservative decomposition of killed but un-combusted trees from year 2015. Post-2015 fire detailed, high-resolution drone imagery was collected to confirm field staff observations that aboveground trees were killed but did not combust. The VVB confirmed this assessment from a series of drone flights conducted during the 2017 site visit. The methods to determine proportion of biomass burnt and the associated accuracy assessment were reviewed during the initial monitoring period. The VVB agrees with the initial verifier that a decay function, adjusted by proportion of live trees detected in burnt areas, is an appropriate method for emissions estimates of deadwood decomposition for burned areas where trees did not combust.

The project has monitored degradation through implementation of Participatory Rural Appraisal in 2019. The results of the survey indicated potential for illegal tree extraction which was subsequently confirmed to occur and resulting in a formal degradation survey using methods from the previous degradation survey. As of March 2020, the project was noted to have completed 120 plots. The remaining 70 plots couldn't be completed due to access restriction imposed by village officials following the COVID 19 pandemic.

For this monitoring period the project elected to conservatively include degradation and forego a T-SIG significance test. For all monitored project emissions included in accounting for this monitoring period the project elected to forego a T-SIG significance test. It was conservatively assumed that all emissions sources be included in carbon accounting.

Activity shifting leakage was confirmed correct through sourcing of the data from Global Forest Watch. As noted in Section 3.2.3 of the Monitoring Report, tree cover loss was assumed a surrogate for deforestation. As NewR exceeds AdefLK, leakage is negative and therefore excluded from accounting. The audit team confirmed that this is reasonable. Project case leakage must exceed baseline leakage to be included in carbon accounting for activity shifting leakage.

Ecological leakage was not applicable as no peat re-wetting activities occurred during the monitoring period and confirmed during the site visit. No leakage following the displacement of pre-project agricultural activities (LK-ARR) is expected as the project will be planting a relatively small

area in comparison to adjacent communities' agroforestry activities. Further, the project is actively facilitating community forestry activities which are by definition not leakage. ARR crediting is not claimed this period, the project reports that ARR crediting is planned to start in 2020.

Uncertainty calculations for all project activities were reviewed at length as prescribed by the methodology and confirmed to result in a correct estimate of uncertainty. No uncertainty deduction was required for this monitoring period.

The methods and formulae set out in the PD for calculating baseline emissions, project emissions, and leakage were confirmed to have been followed. The total end of the 2019 monitoring period carbon stocks in all project activities for all relevant pools resulting from carbon stock changes were correctly quantified. Analysis of project inventory data used appropriate formulas, conversions, and parameters, supported by scientific literature. Where ranges of parameters exist, or other types of formulaic uncertainty, appropriately conservative values were used in data analysis.

In conclusion, the quantification methods for GHG emission reductions and removals have been performed correctly and in accordance with the validated PD and VM0007 v1.5.

4.4.2 Quality of Evidence to Determine GHG Emission Reductions and Removals

During this verification assessment, the evidence provided by the project proponent was sufficient in both quantity and quality to support the determination of GHG emission removals reported by the project. Throughout the verification, the project proponent demonstrated a commitment toward conservativeness and took all measures appropriate to ensure the reliability of evidence provided.

The threshold for materiality with respect to the aggregate of errors, omissions and misrepresentations relative to the total reported GHG emission reductions and/or removals was met for this project as defined in the Verification Sampling Plan. Materiality is a concept that errors, omissions and misrepresentations could affect the GHG reduction assertion and influence the intended users (ISO 14064-3:2006). As defined by VCS Version 4, the materiality will be 1% for this large project.

The evidence provided to determine emission reductions reported in the Monitoring Report included values, notations, units and sources. This evidence has been cross-checked with supplied emission reduction calculation spreadsheets. The procedure for data recording, transfer and final transposition was also verified and found to be in compliance with the monitoring plan outlined in the PD. The verification team confirmed through cross checks that adequate monitoring mechanisms are in place where the required parameters need to be monitored.

The audit team was provided access to the project's central database where monitoring data is compiled for quantification steps and reporting. The database clearly organizes project methods and data for efficiency. In addition, the audit team was provided access to the project's cloud-based file storage facility. These tools ensure accurate information flow for monitoring efforts. Section 3.1.3.1 of the Monitoring Report provides additional detail on project data management methods and structure.

Interviews conducted (oral evidence) are outlined in Section 2.4 above, and the final documents received from the Project Proponent supporting the determination of GHG removals can be viewed in Appendix A.

4.4.3 Non-Permanence Risk Analysis

The Katingan Peatland Restoration and Conservation Project Monitoring Report utilized the non-permanence risk analysis tool, AFOLU Non-Permanence Risk Tool, to assess risk according to internal risk, external risk, natural risk, and mitigation measures for minimizing risk. The verification team reviewed the Non-Permanence Risk Report following VCS AFOLU Requirements Section 3.7.3 and confirmed that the project adheres to the requirements set out in the VCS AFOLU Non-Permanence Risk Tool. At all levels, the verification team evaluated the rationale, appropriateness, and justifications of risk ratings chosen by the project proponent Each risk factor was thoroughly assessed for conformance. Any identified NCR and/or CL findings related to the AFOLU Non-Permanence Risk Tool/Report are presented in Appendix B.

The final score was calculated to be 10%. A brief review of each factor is found in the table below:

Risk Factor	Rationale & Quality	Conclusion
Internal Risks		
Project Management	The management team includes individuals with skills necessary to undertake all project activities. Project proponents have experience in the development of carbon projects with the same project activities thus also lowering overall internal risk. Other project management components were confirmed to have been applied during the site visit.	A risk rating of **-4** is appropriate given the rationale provided and all statements made are substantiated.
Financial viability	Project proponents provided the verification team appropriate and verifiable documentation to prove project financial breakeven is less than 4 years from this risk assessment. Items presented to the verification team by project proponents give reasonable assurance that the risk rating for financial viability is appropriately set. Values were sourced from reputable sources and calculations were confirmed correct through data checks.	A risk rating of **0** is appropriate given the rationale provided and all statements made are substantiated.
Opportunity Cost	A comprehensive NPV analysis was provided to substantiate the most profitable alternative (acacia plantation) is like the project scenario. The financial model was confirmed through materials that substantiate NPV assumptions including but not limited to; capex, opex, and	A risk rating of **0** is appropriate given the rationale provided.

	commodity price changes. Literature sources were found to be reputable (The World Bank, The Bank of Indonesia). The verification team traced key values in the NPV calculations worksheet to confirm their source and correctness.	
Project Longevity	Legal contractual agreements to address enforceability of carbon stock protection for the project exist as the project holds licenses that cover the entire project lifetime. As such, the value applied was appropriate.	A risk rating of **0** is appropriate given the rationale provided.
	Total Internal Risks	**0**
External Risks		
Land Tenure	For this Indonesian project, the ownership and resource access/use are held by different entities. The government owns the land, and the project retains ownership rights.	A risk rating of **2** is appropriate given the rationale provided.
Community Engagement	Extensive stakeholder consultation and community institution building was confirmed during the site visit. Consultation on community needs was confirmed for those communities visited that are close to the project area. The project, through partnerships has strong intentions to improve the social and economic well-being of local communities. This requirement is further met through Gold Level distinction for Community under the CCB Standards Third Edition.	A risk rating of **-5** is appropriate given the rationale provided.
Political Risk	Verification Team confirmed the political risk to be rated correctly for the average governance score from the World Bank. Central Kalimantan, Indonesia participates in the Governors' Climate and Forest Taskforce and Indonesia is working on REDD+ Readiness activities as confirmed through an internet search.	A risk rating of **0** is appropriate given the rationale provided.
	Total External Risks	**0**
Natural Risks		
Natural Risk	The risk rating given for fire was justified by scientific research which supports the notion that fires in the project region are primarily anthropogenic and primarily affect drained	A combined natural risk rating of **2.0** is appropriate given

	peatlands. Natural fire incidence is low as the elevated water table in undrained peatlands prevents spreading. Previous fires in drained areas visited during the site visit were confirmed to be anthropogenic. The verification team agrees with this assessment as being appropriate. Verification Team agrees that the forests of the project area have a high species diversity and therefore resistant to catastrophic disturbance caused by insect pests or forests diseases. Project proponents appropriately base risk of extreme weather risk rating from the likelihood of wind disturbance which could influence carbon stocks. Local geology (i.e. volcanos, fault lines) are not active in the project area and the risk rating was appropriately given as zero.	the rationale provided and all statements made are substantiated.
	Total Natural Risks	**2.0**
Overall Risk Rating = 2% Non-Permanence Risk Rating = 10%		

In summary, project proponents have accounted for risk factors in a reasonable manner and have reached an overall risk rating that encompasses all risks of non-permanence. The project has applied the minimum Non-Permanence Risk Rating of 10%. As required, risk will be reassessed and given risk scores at each verification period.

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

The monitoring report describes dissemination of project monitoring plan and results in Section 3.1.4. An identical process is to be applied as for dissemination of other stakeholder materials. The audit team interviewed community members, including village leadership during the site visit to determine the extent of distribution of project materials to all stakeholders. Site visit interviews suggested that project materials are being disseminated to village leadership and further dissemination to community members and disadvantaged individuals.

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

The monitoring report adequately describes the likely regional climate change and associated impacts to environmental, economic, and social components. Adaptation measures are sufficiently described including for instance, Integrated fishery management, Restoration of peat swamp ecosystems and reforestation, and Planning and designing of climate resilient infrastructural

development. The audit team confirmed that the most likely regional climate change for the project zone has been correctly obtained from the SERVIR-based One-Stop portal (SERVIR). The verification team confirmed SERVIR data to be correctly reported in the monitoring report following the CCB Standards GL1.3.

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

The monitoring report states the project had a net positive impact on all groups in the communities and no HCVs were negatively affected. Community and biodiversity resilience to climate change has been strengthened with the implementation of the project. Diversity in income opportunities has been increasing, as has knowledge of agricultural and forestry practices. The audit team concludes that most, if not all project activities would not be occurring under the 'without project' scenario. Access to resources would be lost, as would the ecosystem services provided by the intact forest ecosystem. These well-being impacts would not have occurred in the 'without-project' scenario.

4.5 Community

4.5.1 Community Impacts (CM2.1)

The project seeks to involve women, and does so with several techniques, including women-only meetings and alternating comments between male and female meeting participants and mixed meetings. Women have participated in training sessions and microfinance.

As evidence, many women from the communities were interviewed, including those involved in income generating activities, like coconut oil production. Some activities, like coconut sugar production training, are taught to young people who are relatively poor, and their families derive their incomes through illegal logging.

There is little doubt that some of the project activities have direct, positive impacts on all community members, including women and poorer members of the communities. Other activities are being tested and will be more widely spread if they are effective and the communities show a desire to be involved in them.

4.5.2 Negative Community Impact Mitigation (CM2.2)

No negative community impacts were expected by the project from project activities and none were detected. This is a reasonable expectation, given the nature of the activities.

Some activities are targeted toward high risk groups, like the young adults whose families are involved in illegal logging. Other activities are small scale pilot projects that are intended to be spread further in the communities when project funding allows.

The only possible negative impacts of the project would be on people whose livelihoods depended on degrading the forest. Mitigation includes developing alternative livelihoods for those people. The coconut sugar training efforts are specifically targeted toward those with illegal livelihoods.

A project such as this one is literally designed around the protection of the community and biodiversity HCVs provided by the project area.

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

The positive community impacts include the conservation of the community-related HCVs, which would have been eliminated under the 'without project' scenario, and the income generating activities that are being tried in different parts of the project zone. The project has demonstrated their efforts at including women and at-risk community members in their income generating project activities.

A number of new income opportunities are being developed, and training for sustainable agricultural practices are being taught and employed by community farmers.

Site visit interviews indicated that community members believed life has improved since the project began, though to varying degrees, depending on the community. The feelings toward the project are very positive.

All have benefited from increased fire protection and many have benefited from education assistance and increased measures of social capital. Some have benefited from new income opportunities.

4.5.4 Protection of High Conservation Values (CM2.4)

The community-related HCVs all depend on the maintenance of the intact peat swamp forest ecosystem. The conservation and restoration of this forest is the purpose of the project, for both community and biodiversity sustainability. It is essentially impossible for the project to negatively effect community HCVs.

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

A project of this nature has few negative impacts on anyone. Offsite groups were identified during the project design, but none were considered likely to be impacted by the project. The project zone was drawn to include all stakeholders likely to be affected by the project.

It is difficult to imagine negative impacts to other stakeholders, outside the project zone, as a result of conserving a remote forest ecosystem.

No negative impacts on offsite stakeholders are known.

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

The project uses an "MRV tracker," that lists all parameters to be monitored, and frequency. The monitoring report describes a community monitoring plan based on the measure of 5 livelihood assets: human, social, financial, physical and natural capitals. The MRV community tracker was updated, and is included in appendix 5, showing differences between the original tracker and the new one. The new tracker is more specific, incorporating the known project activities that were not known when the original tracker was developed.

The monitoring report includes some quantification of community metrics, aimed at increasing potential for income, increased food production and management of community lands, protection of HCVs from fire, rewetting, etc. It includes mention of a small area of deforestation and another area with increased risk of degradation, but they are not considered to have a significant impact on community-related HCVs. The project area includes all three community-related HCVs, which are dependent on an intact forest ecosystem with undrained peat. Measures taken to protect the forest, and thereby the HCVs, have been mostly effective, though a small amount of degradation is still occurring.

Community monitoring shows there has been a positive trend in these measures of livelihood assets. More and more people are being trained in the sustainable livelihood activities initiated in the project. Interviews with community members involved, during the site visit, confirm that more people are being trained and that some of the alternative livelihoods have been adopted or are under consideration of adoption by participants.

The monitoring report indicates that the marginalized groups identified were women, youth, the elderly and community members with at-risk occupations. Some project activities are targeted toward these at-risk groups, including coconut sugar and oil production.

Women are targeted for increased participation through women-only meetings and meetings where comments alternate between men and women. Gender equality through women empowerment is described as a key outcome from the provision of micro-finance.

The project is putting forth an effort to include at-risk groups in project activities, and the overall effect is that at-risk groups are deriving a net positive impact from the project.

The monitoring plan is being followed with the same criteria for evaluation, plus new criteria that is tailored to address the specifics of some of the alternative livelihood training that has been implemented.

It is difficult to imagine negative impacts to other stakeholders, outside the project zone, as a result of conserving a remote forest ecosystem.

4.5.7 Community Monitoring Plan Dissemination (CM4.3)

The community monitoring plan and monitoring plan summaries were distributed to community leaders and local project offices, posted on the CCB website. Full copies were also available electronically, by request.

The assumption was that community leaders would disseminate the information in the report to the community population in a timely manner. Community leaders' receipt of the documents and the leaders that informed community members of their existence was confirmed through multiple interviews with community members and community leadership.

The dissemination of project documentation includes community meetings, meetings with minority groups, women, youth and the elderly.

SOPs include instruction on the way the meetings are to be run, in order to encourage feedback from all, including people who may not be socially inclined to make a public statement.

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

The project uses five key livelihood assets to measure community well-being: Human, social, financial, physical and natural capitals as defined by the UK Dept. for International Development.

The monitoring report provided measures of these five assets, based on numbers of people involved in various activities over the last two years.

For most criteria, there has been a positive trend in these measures of livelihood assets.

The monitoring report further states that monitoring results are evaluated by the community members and project staff at meetings where they are discussed.

During the site visit, interviewees in the communities were eager to discuss their involvement with project activities and were frank about whether they were interested in them and whether they would continue with them.

The activities and numbers of beneficiaries listed do not appear to be overstated. Some communities have high praise for the project and feel they have benefited significantly. Others like the project and feel they have benefited, but the benefit only slightly improved lives in the community. Auditors found these community interviews confirmed project claims.

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

There are essentially no risks the auditors can identify for community members to participate in the project's activities.

No one is forced to participate. The only activities prohibited are illegal logging, hunting and collecting. Project activities, like sustainable agricultural training, do not require the trainee to adopt the practices.

A physical risk exists for coconut sugar tappers, in that they must climb coconut trees, with the risk of falling. The project provides training on climbing the trees and discourages tapping tall specimens or other trees that are deemed difficult to climb.

In summary, project activities are low-risk for community participants, with the possible exception of falling from heights when tapping coconut trees. That risk is both clear to participants and effectively managed.

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

Identified marginalized community groups include women, youth, the elderly and community members with at-risk occupations (mostly illegal loggers).

Coconut sugar production training targets youth from families who make their livings on illegal logging. Coconut oil production training targets women. Young people are targeted for jobs and other income producing opportunities when they conclude formal education.

Interviews and observations during the site visit confirm that these at-risk populations are targeted for these activities. In addition, several local young people have received field staff jobs, including two women.

Barriers are addressed by directly approaching the targeted groups. In addition, there are women-only meetings and meetings where comments are taken alternatively between men and women.

At this time, no negative impacts to any marginalized group is expected, except for families who derive their income through illegal logging. This negative impact is mitigated through targeting the young people who would go into illegal logging as a trade, for income-producing activity training.

Marginalized groups were identified and targeted for inclusion in project activities. Evidence can be seen at the training sessions, by the people hired as field staff and through interviews with participating community members.

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

The results of monitoring show that women received net positive benefits from the project and that they were involved in decision-making, as described in several places in the report.

The site visit confirmed that women were involved in project activities and some activities were specifically geared toward and run by women (coconut milk/oil production and sales, chickens). There was no indication that women believed they lacked input.

The general feeling among all community members is that the project is a net benefit for their well-being, ranging from a slight benefit to a more significant one.

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

Site visit interviews and observations confirm that the project benefits are distributed based on community-based decisions.

There is general satisfaction with the project in the local communities.

Benefit distribution is carried out, as described in the validated PDD.

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

The project's governance and implementation structures enable full participation of community members through strategic planning meetings and meeting structure and meeting location.

All implementation structures regarding community-related project activities involve discussions with the community members involved.

During interviews, community members said all decisions were made mutually between the community and the project. There was general satisfaction with the project and people believe they are being treated fairly.

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

During the site visit, community members were able to show the auditor the demonstrable activities they were involved in or for which they had received training.

In addition, some communities have visited other communities that have implemented project activities they are considering, increasing social ties between communities.

It is clear that community members are increasing their knowledge of new potential income sources and new techniques for agricultural activities.

4.6 Biodiversity

4.6.1 Biodiversity Changes (B2.1)

The monitoring report states that since the project seeks to protect an intact swamp forest from conversion and drainage, maintaining the current high level of biodiversity is the best that can be expected. There is little scope for increase due to natural limiting factors. Changes in biodiversity are therefore limited to loss.

No significant change in biodiversity was detected during this verification period. Minimal deforestation was detected, amounting to less than 0.01% of the project area, and some illegal logging detected, as well. A total of approximately 1% of the project area has been affected by illegal logging. Neither are expected to have any material effect on populations depending on a wider area.

Camera trap surveys, hunter surveys and orangutan nest surveys are also used. Camera traps indicate the continued presence of a wide range of species, the number of hunters is apparently down and orangutan density remains high.

Monitoring habitat degradation and loss via remote sensing, coupled with on-ground surveys and sampling techniques makes sense in this project. A member of the audit team sighted orangutan nests and heard calls of gibbons during excursions into the forest and during the stay at Central Camp. It is reasonable to assume wildlife populations and diversity have not changed significantly.

4.6.2 Mitigation Actions (B2.3)

There were no negative impacts on biodiversity or HCV attributes recorded, so no measures were necessary to mitigate impacts, beyond the routine operation of the project.

4.6.3 Net Positive Biodiversity Impacts (B2.2)

The project seeks to preserve an intact ecosystem, rich in biodiversity. The ‘without project’ scenario results in the nearly complete elimination of that ecosystem, and the wildlife it includes.

Verifiers reviewed remote sensing imagery and visited areas determined to be degraded. Several orangutan nests were spotted, and the calls of gibbons were heard during the site visit.

4.6.4 High Conservation Values Protected (B2.4)

The project zone includes all three biodiversity-related HCVs: vulnerable species in significant concentrations, significant large landscapes with viable populations of most naturally occurring species and threatened or rare ecosystems. The project's goal is to protect and preserve these HCVs.

Some degradation was reported and confirmed by verifiers, amounting to about 1% of the project area. The degradation was caused by illegal acts and not by the project. Project activities are designed to avoid HCV degradation and also replace the illegal livelihoods that cause degradation.

4.6.5 Invasive Species (B2.5)

Species used in planting efforts are native to the area. Several of these species were seen during the site visit as part of the planting effort near the southern canal.

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

The project proponents state that no non-native species are used in the project, and the list provide was confirmed. Species seen used in replanting efforts near the southern canal were all on the list.

4.6.7 GMO Exclusion (B2.7)

The project management's word that no GMOs were used to generate GHG emissions reductions or removals was accepted. This was confirmed through site visit observations on planting efforts and discussions with project management.

4.6.8 Inputs Justification (B2.8)

The only fertilizers to be used will be organic, and they will be replacing chemical fertilizers and burning stubble. There should be less impact than in the BAU approach of the communities. No chemical pesticides or biological control agents are used in the project.

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

It is not possible for a project of this nature to produce negative offsite impacts, other than those cause by leakage.

4.6.10 Net Offsite Biodiversity Benefits (B3.3)

Net biodiversity impacts from a project that protects habitat within a project area is unlikely to be anything but positive or neutral.

Biodiversity within the project zone is unquestionably impacted positively, especially over the 'without project' scenario. Activity shifting leakage is unlikely to affect an area greater than the area under protection. With no detected negative offsite biodiversity impacts, net biodiversity impacts are positive.

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

Results of monitoring were reported, alongside monitoring results from previous monitoring periods, according to the parameters described in the validated project description.

Habitat health is tracked through remote sensing, species surveys, hunter surveys and patrol data. Verifiers visited degraded habitat identified by remote sensing. Species surveys could not be repeated during the site visit, but excursions through the forest provided visual evidence of a significant orangutan population (nests) and gibbon calls were heard at the central camp, near the southern canal, confirming the presence of these endangered species.

The monitoring plan tracks the general health of the habitat on which the biodiversity-related HCVs are dependent. Monitoring results are roughly similar through the years, though there has been an increase in degradation due to illegal logging detected. It appears maintenance of the existing habitat has been mostly effective.

The population trends of the endangered and critically endangered species found in the project zone were reported, along with the key threats to those species. Population trends appear to be stable, with some small losses due to logging, hunting and, in previous verification periods, fire. The main threat to all the species is habitat loss, though some also face hunting pressure.

According to interviews with project staff and observations during the site visit, biodiversity monitoring is being conducted as described in the validated project description.

4.6.12 Biodiversity Monitoring Plan Dissemination (B4.3)

As described elsewhere in this review, the verification team observed that dissemination of project materials occurred consistently to leaders of the communities. In some cases, community leadership did not further disseminate to others in the community. The action plan for monitoring plan dissemination is also described under Indicators G3.1, G3.3, G3.5 and CM4.3. The verification team believes that biodiversity monitoring results dissemination, in addition to other project components, has a high potential to be improved upon by the next verification as evidenced by the revised SOPs. If followed, the verification team believes it is likely that the revised SOPs will lead to increased awareness of project to all interested community members, beyond leadership.

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

This Gold Level Indicator is applicable for the project. The main measure was confirmed during the site visit which was to maintain the population status of each trigger species thereby avoiding the conversion of their habitats and to continue to protect and patrol it for fires as a component in project activities. The project was also confirmed to be monitoring for hunting pressure, which so far has generally been light or nonexistent.

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

This Gold Level Indicator is applicable for the project. The effectiveness of threat reduction actions was inherently confirmed through verification of the monitoring results for whether habitat is shrinking or not. The main indicators of population trends of trigger species are the indicators that

threats to habitat are being addressed. The audit team confirmed that the monitoring plan includes monitoring habitat through remote sensing, and collecting data on the number of hunters reported, the number of species hunted and the number of individuals taken and fire data and species surveys were also confirmed to be used.

4.7 Additional Project Implementation Information

No additional project implementation is relevant for reporting here as details on project implementation are included in preceding sections

4.8 Additional Project Impact Information

The project has been able to demonstrate impacts to all CCB indicators as mentioned throughout this report in addition to achieving CCB Gold Level. No further steps to verify additional monitoring were warranted. The reported project impact information was sufficient and suitable for the verification of the project's CCB impacts.

5 VERIFICATION CONCLUSION

After review of all project information, procedures, calculations, and supporting documentation, Aster Global confirms that the monitoring conducted by the project proponent, along with the supporting Monitoring Report, are accurate and consistent with all aforementioned VCS Version 4 and CCB Third Edition criteria, the validated PD, and the selected methodology (VM0007). Aster Global confirms that *The Katingan Peatland Restoration and Conservation Project* Monitoring *Report* (v1.0 dated 29 September 2020) has been implemented in accordance with the validated PD.

Aster Global confirms all verification activities, including objectives, scope and criteria, level of assurance, validated Project Description implementation, and project monitoring report adherence to VCS Version 4 (and all associated updates), and CCB Project Design Standards (Third Edition), as documented in this report are complete. Aster Global concludes without any qualifications or limiting conditions that *The Katingan Peatland Restoration and Conservation Project Monitoring Report* (v1.0 dated 29 September 2020) meets the requirements of VCS Version 4 (and all associated updates) and CCB Project Design Standards (Third Edition) for the verification period/reporting period (VCS: 01 January 2019 – 31 December 2019 - 1 year and CCB: 01 Jan 2018 – 31 Dec 2019 - 2 years). In addition, Aster Global asserts that the project complies with the verification criteria for projects set out in the Third Edition of the CCB Standards to achieve Gold Level Distinction for Climate, Community, and Biodiversity.

The GHG assertion provided by PT. Rimba Makmur Utama and verified by Aster Global has resulted in the GHG emissions reduction or removal of 5,677,812 tCO_2 equivalents by the project during the verification period/reporting period (VCS: 01 January 2019 – 31 December 2019 - 1 year and CCB: 01 Jan 2018 – 31 Dec 2019 - 2 years). This value is gross of the 10% (567,781 tCO_2 equivalents) buffer withholding based on the non-permanence risk assessment tool. This results in 5,110,030 tCO_2 equivalents of credits eligible for issuance as VCUs.

Monitoring period:

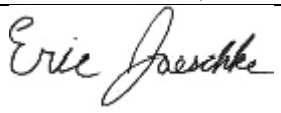
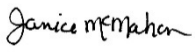
VCS: 01 January 2019 to 31 December 2019;

CCB: 01 January 2018 to 31 December 2019;

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

Year	Baseline emissions or removals (tCO_2e)	Project emissions or removals (tCO_2e)	Leakage emissions (tCO_2e)	Deductions for AFOLU pooled buffer account (tCO_2e)	Net GHG emission reductions or removals (tCO_2e)
2019	6,479,584	801,772	0	567,781	5,110,030
Total	6,479,584	801,772	0	567,781	5,110,030

Submittal Information

Report Submitted to:	Verified Carbon Standard Association One Thomas Circle NW Suite 1050 Washington, DC 20005 PT. Rimba Makmur Utama Menara BCA, Fl. 45, Jl. MH Thamrin No. 1, Jakarta, Indonesia Contact- Dharsono Hartono, dharsono@ptrmu.com, +62 (0)21 2358 4777
Report Submitted by:	Aster Global Environmental Solutions, Inc. 3800 Clermont St. NW North Lawrence, OH 44666
Aster Global Lead Verifier Name and Signature	 Eric Jaeschke Lead Verifier
Aster Global President Name and Signature	 Janice McMahon President
Date:	15 November 2020

EJ/010_03-VCS+CCB Katingan_VerReport_Final_20201115.doc
K pf 11/15/20f

APPENDIX A: DOCUMENTS RECEIVED/REVIEWED

15 June 2020

- VCS_CCB_Katingan_Project_Monitoring_Report_2019.docx
- VCS_CCB_Katingan_Project_Monitoring_Report_2019.pdf
  - Appendices
    - MR_2018-2019_Appendix_2_and_3_Events & Grievances.docx
    - MR_2018-2019_Appendix_5_Community_MRV_Tracker.docx
    - MR_2018-2019_Appendix_6_Biodiversity_Species_List.docx
    - MR_2019_Appendix_1_NPRA.docx
    - MR_2019_Appendix_4_Climate_MRV_Tracker.xlsx
  - Emission_Calculations
    - Master_Spreadsheet_2019.xlsx
    - Monitoring_Result_MR2019.xlsx
    - Uncertainty_Calculation_MR2019.xlsx
  - NPRA_Supporting_Documents
    - MR_2019_NPRA_Political Risk_ World Bank Indicators.xlsx
    - CONFIDENTIAL_DOCUMENTS
      - Katingan Financial Model_60-Year Projection_Updated to end-2019.pdf
      - Katingan NPV Analysis_60-Year Projection_Updated to end-2019.xlsx
      - PGR_PGH_PGFI - 6th Amended and Restated Agreement_Executed.pdf

30 June 2020

- 010_03_CCB-VCS_Katingan Field Plan Draft_RMU comment.docx
- 945_Surat Keterangan Perjalanan Ms. Rosa.pdf
- Project activity by village.xlsx
- Proposed VCS-CCB audit itinerary_20 - 26 July 2020.xlsx

20 July 2020

- Revised VCS-CCB audit itinerary_20 - 27 July 2020.xlsx

30 July 2020

- Planet mosaic q1 2020
  - planet_2020_q1_projectedUTM49S.img
  - Proyect_area.shp

05 August 2020

- AGB Stratification 2019
  - 2019_AGB_stratification.shp
- SHP Intensive Reforestation 2019
  - Area Intensive Reforestation 2019.shp
- Emission from deforestation MR 2019.xlsx
- Katingan_burntarea_2019_withsegiri_clipwithstrata_NRT_edit_110620_clip.shp
- PeatEmissions WPS RMU DSR 20200511.xlsx
- PLD_Strata.shp
- Uncertainty_Calculation_MR2019 (1).xlsx

06 August 2020

- 2020 Forest cover map Katingan area SV20200421_final.pdf
- 20102019_mosaic.tif
- PRA_Result_MR2019.xlsx

- SHP KMP Burn Area 2019(1)(1).zip

14 September 2020

- 1. General Guidelines Program Implementation.docx
- 2. Technical Guidelines Program Implementation.docx
- 3. Technical Guideline for Holding a Village-level Meeting.docx
- 4. Facilitation Guidelines for Technical Department Activities Meeting.docx
- Katingan Financial Model_60-Year Projection_Updated to end-2019.pdf
- Katingan Financial Model_60-Year Projection_Updated to end-2019.xlsx
- Katingan Project 1477 MR_Summary_English_2019.pdf
- Katingan Project 1477 MR_Summary_Indonesian_2019.pdf
- List of Recipients of MR Summaries and Flyers.xlsx
- Master_Spreadsheet_2019_rev_Rd 1 response.xlsx
- Response Katingan_CCB_Ver_Rd1.docx
- RMU Financial Audit 2018.pdf
- Scanned 2018 MoEF RMU Unit I Assessment Detailed Scoring.pdf
- Scanned 2018 MoEF RMU Unit I Assessment Summary.pdf
- Scanned 2019 MoEF RMU Unit II Assessment Detailed Scoring.pdf
- Scanned 2019 MoEF RMU Unit II Assessment Summary.pdf
- Scanned Stump Survey Plots 14i 22f 22i.pdf
- Statement of Auditor RMU Financial Audit 2019.pdf
- Synopsis of MoEF Assessment of RMU ERCs 2018-2019.docx
- VO17010_03_Katingan_verif_VCS_Findings_Rd1.xlsx
- VCS CCB Katingan_Project Monitoring Report_2019 Round1 Revision.docx

25 September 2020

- Company Regulation RMU_highres.pdf

28 September 2020

- VCS CCB Katingan Project Monitoring Report 2019 Final.pdf
- VCS CCB Katingan Project Monitoring Report 2019 Final.docx

APPENDIX B: VCS NCRS/CLS/OFI SUMMARY

Item Number	1
VCS Standard VCS Version 4 Requirements Document 19 September 2019, (Section)	3.1 General Requirements
VCS Standard VCS Version 4 Requirements Document 19 September 2019, (Description)	3.1.3 Projects and the implementation of project activities shall not lead to the violation of any applicable law, regardless of whether or not the law is enforced.
Applicability to Project (Y or N/A)	Y
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR
Aster Global Findings	The Monitoring Report Section 2.5.6.1 lists 50 different laws and regulations that are relevant to project activities, as of the end of 2019, and states the project has been implemented in full compliance with them. The list of the laws affecting the project and its activities was provided to the verification team and assurances were made that the project is acting within these laws. Compliance was confirmed to be achieved through targeted interviews by the audit team with project staff. The project follows an annual monitoring framework to maintain the two concession licenses with reporting requirements to the government. It is not believed that the project is doing anything illegal at this point. No evidence of any illegal activities were observed by the auditors through a risk-based review.
Round 1 NCR/CL/OFI	CL: Please provide evidence of the project's ongoing compliance with the annual government mandated concession-holding requirements. An original scanned summary document and a short synopsis translated into English is sufficient.
Round 1 Response from Project Proponent	We are attaching scanned copies of MOEF assessment reports of RMU performance and criteria againts the government mandated requirements for the year 2018 and 2019. For each year there are two documents: 1. Summary of the assessment along with final score, and 2. Complete scoring sheet. RMU's ecosytem restoration concession unit 1 (the district of Katingan side) was evaluated in 2018 while unit 2 (The District of Kotawaringin Timur side) in 2019. We are attaching a short synopsis of these documents in English.

Aster Global Final Findings	The MOEF assessment reports were reviewed in response to the finding. The summaries and synopsis indicated that scoring under the Ministry of Environment and Forestry was adequate for years 2018 and 2019 for Katingan district and Kotawaringin Timur district respectively. In addition it is clear to the audit team that the institutional knowledge of the RMU team and regular reporting of the applicable laws for implemented project activities demonstrates that project activities do not lead to the violation of any laws. The item is addressed.

Item Number	2
VCS Standard VCS Version 4 Requirements Document 19 September 2019, (Section)	3.4 Project Documentation
VCS Standard VCS Version 4 Requirements Document 19 September 2019, (Description)	3.4.3 The project proponent shall use the VCS Monitoring Report Template or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template.
Applicability to Project (Y or N/A)	Y
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR
Aster Global Findings	The project is using the most current version of VCS Monitoring Report Template properly. However, some of the information contained in Section 2.1.4 appears to be out of date.
Round 1 NCR/CL/OFI	CL: Please ensure the names of individuals involved in the project as reported in Section 2.1.4 are up to date.
Round 1 Response from Project Proponent	We have change the contact person of Permian Global from Nathan Reneboog to Juan Chang in the revised Monitoring Report
Aster Global Final Findings	The contact person was confirmed changed in the updated Monitoring Report. The item is addressed.

Item Number	3
Approved VCS Module VMD0015, Version 2.1 (20 November 2012), REDD Methodological Module: Methods for monitoring of greenhouse gas emissions and removals (M-MON), Sectoral Scope 14 (Section)	c) Estimating land-use and land-cover (LU/LC) change data in cloud-obscured areas:
(Description)	As described in module BL-UP (Part 2, section 2.2.3) multi-date images must be used to reduce cloud cover to no more than 10% of any image.
Applicability to Project (Y or N/A)	Y
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR Section 3.3.3
Aster Global Findings	Planetlabs imagery was used this period for the LU/LC change maps and cloud cover was an issue for certain dates after the end of the monitoring period. PALSAR 2 data is not susceptible to cloud cover issues but PlanetLabs data is. It is not clear to the audit team how the M-MON requirements regarding cloud obstructions were satisfied as cloud percentages by image were not found to be reported.
Round 1 NCR/CL/OFI	CL: Please clarify whether the multi-spectral imagery used for the monitoring period change detection satisfied the cloud obstruction requirements per M-MON. If warranted, please include reporting in the monitoring report to support assertions.
Round 1 Response from Project Proponent	3 different PlanetLabs images were initially used to detect and quantify changes in this monitoring period; a mosaic for the first quarter of 2020, an image from 21st April 2020 and one from 12th May 2020. The main area covered by cloud is not accessible, being in the north central part of the project area, and therefore the possibility of any changes occurring there are non-existent. Nonetheless, 2 other PlanetLabs images (12th June 2020 and 5th July 2020) that became available after the submission of the Monitoring Report were processed in the same manner as the original ones. This analysis confirmed that no disturbances happened during 2019 in that area. Including the new images, the total cloud free coverage of the PA is 98.78% and therefore satisfies the requirements per M-MON. The Monitoring Report narative on section 3.1.3.3.1 Remote Sensing has been updated to include the list of new images used.

Aster Global Final Findings	The audit team accepts this explanation for procurement of sufficient cloud free imagery as prescribed by M-MON. The MR Section 3.1.3.3.1 was confirmed to include the extra detail to describe all imagery dates of PlanetLabs obtained. The item is addressed.

Item Number	4
Approved VCS Module VMD0015,Version 2.1 (20 November 2012), REDD Methodological Module: Methods for monitoring of greenhouse gas emissions and removals (M-MON), Sectoral Scope 14 (Section)	5.2.2.1 Degradation through extraction of trees for illegal timber or fuelwood and charcoal
(Description)	The first step in addressing forest degradation is to complete a participatory rural appraisal (PRA) of the communities inside and surrounding the project area to determine if there is the potential for illegal extraction of trees to occur.
Applicability to Project (Y or N/A)	Y
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR Section 5.3.1
Aster Global Findings	A degradation survey was performed in late 2019, consisting of 222 individuals as described in the MR Section 3.2.2.2. The results of the survey indicated potential for illegal tree extraction which itself was confirmed during the site visit (as was the case for prior years). The project has previously taken important long-term steps to try to curb illegal logging in the project area. Table 53 in the MR reports "Number of incidence of illegal logging" and it was noted that 2019 was left blank.
Round 1 NCR/CL/OFI	CL: Please ensure Table 53 of the MR reports the monitoring period logging incidences appropriately.
Round 1 Response from Project Proponent	Illegal logging found in measured MR2019 stump plot is respecively 31 incidents in 2018 and 50 incidents in 2019 (8 out of the 50 was repeated incident in the same area) brings the total of 73 incidents The Monitoring Report has been updated to include the missing values in Table 53
Aster Global Final Findings	Table 53 was found to be appropriately updated in the newly revised Monitoring Report. The item is addressed.

Item Number	5
Approved VCS Module VMD0015,Version 2.1 (20 November 2012), REDD Methodological Module: Methods for monitoring of greenhouse gas emissions and removals (M-MON), Sectoral Scope 14 (Section)	5.2.2.1 Degradation through extraction of trees for illegal timber or fuelwood and charcoal
(Description)	If the limited sampling does provide evidence that trees are being removed in the buffer area, then a more systematic sampling must be implemented.
Applicability to Project (Y or N/A)	Y
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MIR Section 3.2.2.2.2; master_spreadsheet_2019.xlsx
Aster Global Findings	a) More systematic sampling was performed as part of a continuous stump inventory with established sampling locations. Stump survey plots could not be visited due to the pandemic and therefore clarification is requested on whether inventory SOPs underwent any significant changes for this period. b) Some plots were noted to have variable stump stocking as a result of the re-visiting of stump plots, verifiers note there are procedures in place to prevent double counting. c) The verifier is requesting a random sample of 5 data sheets for the stump surveys performed this monitoring period' 14-i, 22-f, 22-i, 11-j, and 10-i.
Round 1 NCR/CL/OFI	CL: Please clarify if any significant changes occurred with respect to Standard Operating Procedures (SOPs) for stump surveys. Please also provide scanned plot data sheets as noted in the finding.

Round 1 Response from Project Proponent	a) No significant changes was made in the stump survey inventory SOP used for MR 2019. Minor improvement was made in order to track the stumps found within the plots. b) The SOP already apply the double counting mitigaton in the re-visited plots. As directed by the SOP, surveyors will only count and measure the new stumps (with no plastic label on it). By this, double counting can be avoided c) We will share data sheets for plot 14-i, 22-f, 22-i along with this respond. The datasheet for the plot 11-j, and 10-i are not available to share as these plots were not surveyed (due to pandemic reason).
Aster Global Final Findings	The audit team reviewed the supplied plot data sheets for plots 14-i, 22-f, 22-i. The data sheets were found to be in good agreement with the entered stump survey data used in quantification. No action is required by the project proponents. The item is addressed.

Item Number	6
VCS Methodology VMD0013 Version 1.1 9 March 2015 Estimation of greenhouse gas emissions from biomass and peat burning (E–BPB) Sectoral Scope 14 (Section)	Parameter
(Description)	Ebiomassburn,i,t Greenhouse gas emissions due to biomass burning as part of deforestation activities in stratum i in year t of each GHG (CO2, CH4, N2O) (t CO2e)
Applicability to Project (Y or N/A)	Y
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	Master_Spreadsheet_2019.xlsx

Aster Global Findings	Fire was reported this period as confirmed by imagery review, remote sensing demonstration, and site visit pursuits. However it appears as though parameter Aburn,i,t is slightly discrepant for stratum "Burnt Forest" and "Forest" as related to the shapefile results of fire monitoring. Further, the audit team was unable to locate the source of the repeat burn hectares "Subsidence from uncontrolled burning of peat (Fire) (cm) 2019" (1st, 2nd, 3rd). Clarification is requested on where this calcuation takes.
Round 1 NCR/CL/OFI	CL: Please clarify the correctness of values for parameter Aburn,i,t as noted in the finding, providing updated calculations and reporting as needed. Please also explain the process and clarify the location for "Subsidence from uncontrolled burning of peat (Fire) (cm) 2019" (1st, 2nd, 3rd) within the "Fire_WRC_2019" tab of the master monitoring worksheet.
Round 1 Response from Project Proponent	There was a last minute revision made on the area burnt in the project area. Unfortunately, somehow, the revised version was not included in the final GHG calculation. The revision was only focused on the specific area of 7.72 Ha, previously classified as “forest” and then revised as “burnt forest”. Therefore the “burnt forest” increased from 789.54 Ha to 797.26 Ha (+7.72 Ha), and the “forest” decreased from 83.96 Ha to 76.24 Ha (-7.72 Ha). No revision was made for other classes. We have updated the master spreadsheet and the Monitoring Report based on the revision explained above. Subsidence of uncontrolled burning is available file PeatEmissions_WPS_RMU_DSR_20200830.xlsx already provided to Auditor and available in the database.
Aster Global Final Findings	The audit team confirmed that calculations and their derivative components are correct. Hectares burnt in 2019 are appropriately included for computations. The item is addressed.

Item Number	7
General	General
(Description)	General
Applicability to Project (Y or N/A)	Y
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	Katingan Emission Calculations 2019 Master worksheet; MR Section 3.2.2.2.4

Aster Global Findings	The VVB noted in review of the final estimated VCU calculations and reporting that the VCS decimal guidance for reporting values was followed appropriately. However, the audit team noted that a consistent decimal convention did not appear to have been followed in calculation worksheets where data is transcribed from different sources. An Opportunity for Improvement (OFI) is issued but no action is required of the project proponent. The end of monitoring report section 3.2.2.2.4 requires a few grammatical corrections.
Round 1 NCR/CL/OFI	OFI: The proponent is suggested to maintain a consistent decimal convention for project calculations. Please ensure grammatical discrepancies are fixed throughout monitoring report.
Round 1 Response from Project Proponent	We have corrected the decimals in the update Monitoring Report Document We have corrected the grammatical errors in 3.2.2.2.4
Aster Global Final Findings	The action required for this element has been taken. The item is addressed.

APPENDIX C: CCB NCRS/CLS/OFI SUMMARY

Summary of Verification Findings to Date

	Criterion	Required/ Optional	Conformance Y/N N/A
	General Section		
G1	Project Goals, Design & Long-Term Viability	Required	Y
G2	-Without-Project Land Use Scenario & Additionality	Required	Y
G3	Stakeholder Engagement	Required	Y
G4	Management Capacity	Required	Y
G5	Legal Status and Property Rights	Required	Y
	Climate Section		
CL1	Without-Project Climate Scenario	Required	Y
CL2	Net Positive Climate Impacts	Required	Y
CL3	Offsite Climate Impacts	Required	Y
CL4	Climate Impact Monitoring	Required	Y
GL1	Climate Change Adaptation Benefits	Optional	Y
	Community Section		
CM1	Without-Project Scenario for Communities	Required	Y
CM2	Net Positive Community Impacts	Required	Y
CM3	Offsite Stakeholder Impacts	Required	Y
CM4	Community Impact Monitoring	Required	Y
GL2	Exceptional Community Benefits	Optional	Y
	Biodiversity Section		
B1	Without-Project Biodiversity Scenario	Required	Y
B2	Net Positive Biodiversity Impacts	Required	Y
B3	Offsite Biodiversity Impacts	Required	Y
B4	Biodiversity Impacts Monitoring	Required	Y
GL3	Exceptional Community Benefits	Optional	Y

Verification Non-conformance/Clarification Request

G3 Stakeholder Engagement

Indicator G3.1 - Describe how full project documentation has been made accessible to Communities and Other Stakeholders, how summary project documentation (including how to access full documentation) has been actively disseminated to Communities in relevant local or regional languages, and how widely publicized information meetings have been held with Communities and Other Stakeholders.	The monitoring report states that the project publicizes documentation in Indonesian and English, through appropriate means, including newsletters, workshops, meetings, notice boards and the project website. A summary monitoring report was prepared. The project holds regular stakeholder meetings, amounting to 375 during the monitoring period, attended by thousands of people. A table summary of meetings was provided in Appendix 2, showing many meetings took place on a variety of subjects.

REPORT Guidance Language ***4.3.3 Stakeholder Access to Information (G3.1- G3.3)*** Describe the steps taken to verify the project proponent provided stakeholders with access to project information in accordance with G3.1 – G3.3, specifically: • Full project documentation has been made accessible to communities and other stakeholders. • Relevant and adequate information about potential costs, risks and benefits to communities has been provided prior to any decisions. • Appropriate actions were taken to explain the verification process to communities and other stakeholders. *Include details of documentation assessed and observations made during the site visit. Provide and justify an overall conclusion as to whether the project provided appropriate access to information to communities and other stakeholders.*	
Evidence Used to Assess Conformance:	Section 2.3.1 – 2.3.3 of the MR, cover page of MR, Appendix 2 of the MR, site visit interviews with community members.
Findings:	The project website, found at https://katinganproject.com/ (URL in cover page did not work on 17 July 2020) did not include current project documentation, but did include documentation from the previous verification and validation. No notification that the project is under verification was found on the website. The Verra website, itself, has not been updated with current documentation. During the site visit, most community members stated they were aware of the new monitoring report, and knew where they could find a copy if they wanted to read it. Summary reports, in Indonesian and English, were not provided to the auditors.
Non-conformance Request (NCR):	The project documentation does not seem to be available on the internet. Please provide a link to the documentation, if it was updated for this monitoring period. Please provide copies of the Indonesian and English language summary documents.
Date Issued:	25 August 2020
Project Proponent Response/Actions and Date:	On 15 July there was a change in Katingan Project personnel responsible for the MR preparation and during the transition period we overlooked the fact that the documents had not been uploaded to Verra website to initiate a public review process. On 22 July Aster Global informed us that the MR documents were not found on Verra website and we immediately contacted Verra to remedy the situation. We submitted the documents on 22 July and they were posted on Verra website on 26 July. The same documents can be found on our website http://www.katinganmentaya.com/resources/ under

	Reports/Recent Reports. The website also provides link to the Verra website. We are attaching the copies of the Indonesian and English language summary documents to this document.
Evidence Used to Close NCR:	The Indonesian and English versions of the MR summaries were provided. As described by the project proponents, the project documentation was posted to the Verra website on the 25 July 2020 (which was 26 July 2020 in Indonesia). This oversight did not affect the distribution of the monitoring report summary to local stakeholders, who were aware of the report and site visit. Item closed.
Date Closed:	25 September 2020

Indicator G3.2 - Explain how relevant and adequate information about potential costs, risks and benefits to Communities has been provided to them in a form they understand and in a timely manner prior to any decision they may be asked to make with respect to participation in the project.	The MR lists efforts to keep community members apprised of costs, risks and benefits. An SOP for project employees spells out the way employees are to work with communities. MOU agreements are worked out over 1-2 months. They are limited in duration, so communities can decide to opt out at the end of the term. Village members visit other villages where an activity is already underway, so they can understand the full scope of an activity before agreeing to it.
REPORT Guidance Language ***4.3.3 Stakeholder Access to Information (G3.1- G3.3)*** Describe the steps taken to verify the project proponent provided stakeholders with access to project information in accordance with G3.1 – G3.3, specifically: • Full project documentation has been made accessible to communities and other stakeholders. • Relevant and adequate information about potential costs, risks and benefits to communities has been provided prior to any decisions. • Appropriate actions were taken to explain the verification process to communities and other stakeholders. *Include details of documentation assessed and observations made during the site visit. Provide and justify an overall conclusion as to whether the project provided appropriate access to information to communities and other stakeholders.*	
Evidence Used to Assess Conformance:	Section 2.3.4 of the MR, nature of the MOU agreements, discussions with community members during site visit.
Findings:	The short terms of the MOUs ensure that the project must abide by concepts of FPIC, or lose the support of the community that has agreed to it. Some communities visited were reviewing and revising MOUs. Even when MOUs ran out many community members continued project activities in the absence of the formal agreements. The general attitude toward the project was favorable in most communities.

	Community members mentioned visiting project activities they visited in other communities in the project zone. The SOP was not supplied.
Clarification Request (CL):	Please provide an English language version of the SOP.
Date Issued:	25 August 2020
Project Proponent Response/Actions and Date:	There are four SOPs available used for project staff's guidance when working with local communities (e.g., general SOP for community development program implementation, technical SOP the community development program implementation, technical SOP for organizing meetings at village level, and technical SOP for facilitating other department's activity at village level). The Indonesian version are available at the database. We have translated the four SOPs to English and attaching them to this report. The titles of these documents are as follows: 1. General Guidelines Program Implementation 2. Technical Guidelines Program Implementation 3. Technical Guideline for Holding a Village-level Meeting 4. Facilitation Guidelines for Technical Department Activities Meeting
Evidence Used to Close CL:	English translations of the SOPs were supplied to the auditors. The Technical Guidelines for Holding a Village-level Meetings document describes its topic in great detail, requiring that meeting participants know, in advance, the topic and reasons for the meeting. This must be explained in clear, easily understandable language. The Technical Guidelines for Program Implementation includes the specifics of spreading/disseminating information to the community stakeholders, ensuring that the information is received by all, but observing traditions by informing leadership first. The evidence shows the project is effectively communicating the publication of project documentation and project audits. Item closed.
Date Closed:	25 September 2020

Indicator G3.3 - Describe the measures taken, and communications methods used, to explain to Communities and Other Stakeholders the process for validation and/or verification against the CCB Standards by an independent Auditor, providing them with timely information about the Auditor's site visit before the site visit occurs and facilitating direct and independent	The MR states that communities have been informed of the current verification through newsletters, workshops and notice boards. Regular planning meetings, village project representatives were all used to inform people of the auditor's visit.

communication between them or their representatives and the Auditor.	
REPORT Guidance Language **4.3.3 Stakeholder Access to Information (G3.1- G3.3)** Describe the steps taken to verify the project proponent provided stakeholders with access to project information in accordance with G3.1 – G3.3, specifically: • Full project documentation has been made accessible to communities and other stakeholders. • Relevant and adequate information about potential costs, risks and benefits to communities has been provided prior to any decisions. • Appropriate actions were taken to explain the verification process to communities and other stakeholders. *Include details of documentation assessed and observations made during the site visit. Provide and justify an overall conclusion as to whether the project provided appropriate access to information to communities and other stakeholders.*	
Evidence Used to Assess Conformance:	Section 2.3.5 and 2.3.6 of the MR, discussions with project management and staff, site visit interviews with community members.
Findings:	Community members who attended meetings said they were informed of the site visit, verification and comment period the day before the auditor's arrival. They were all aware of the monitoring report. Community members were generally not clear about the comment period and the purpose of the audit. For example, most assumed the auditor worked for the project and that the audit was internal, until told differently by the auditor.
Clarification Request (CL):	While they are very aware of project activities in which they are directly involved, the community members seem to be unclear on the purpose of the verification and associated site visit. Is there a procedure that could be devised and followed before each CCB verification and comment period to inform stakeholders of the purpose of verification and the periodic monitoring reports?
Date Issued:	25 August 2020
Project Proponent Response/Actions and Date:	The socialization and distribution of MR summary and flyers itself has been undertaken since July 1, 2020, few weeks before the audit taken place. The meetings were not only passing the document, but also informing the community members about the audit process, the purpose, as well as wrap up of the project activities during monitoring period. In total 3,333 community members have been visited and received the reports/flyers. In the case where few people were not well informed about this periodic monitoring activity, this was still possible because we did not visit all the community members as there were over 36,000 of people living in the project zone. However, the project endeavors to design the socialization and distribution of the report to reach as many community groups as possible, started from village officials to marginal groups (such as farmers, illegal loggers, and women, see chapter 4.4.2). A list of

	community members who received the MR summary and flyer is attached in a spreadsheet titled "List of Recipients of MR Summaries and Flyers"
Evidence Used to Close CL:	It appears the project made efforts to explain all aspects of the external verification. The explanation provided is reasonable and it is very conceivable community members were not clear on all points of recent communications. Item closed.
Date Closed:	25 September 2020

Indicator G3.11 - Submit a list of all relevant laws and regulations covering worker's rights in the host country. Describe measures needed and *taken* to 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.	The monitoring report states that Indonesian labor law is governed by Labor Law 13 of 2003. It covers employment agreements, working hours, wages, leave, termination, discrimination and grievance procedures. There are also implementing regulations and decrees that flesh it out. The project has collated and defined employment terms into a staff handbook, which was approved by the Ministry of Manpower for its compliance with the law. The staff manual is supplied to all staff and they have the opportunity to raise questions or concerns. Staff members sign a statement that they have received and understand the manual. The manual includes the grievance process that employees can use if unhappy with terms of employment. (No staff have used the procedure, to date.) In addition, the project is compliant with the social security law, and makes payments on behalf of all employees.
5.1.1 REPORT Guidance Language ***4.3.9 Worker Relations (G3.9 – G3.12)*** Describe the steps taken to verify the project proponent has taken actions and implemented measures to ensure that the relationship between the project and workers meet the requirements of G3.9 – G3.12. Include details of actions taken or measures implemented that: • Build the capacity of the communities though job training and employment. • Ensure people from the communities are given an equal opportunity to fill work positions. • Ensure the project is in compliance with all relevant laws and regulations regarding worker's rights and workers are informed of their rights. • Inform workers of risks and how to minimize risk. • Minimize workplace risk using best work practices. *Include details of documentation assessed and observations made on the site visit. Provide and justify an overall conclusion as to whether the relationship between workers and the project upholds the intent and design presented in the validated project description*	
Evidence Used to Assess Conformance:	Section 2.3.15 of the MR, site visit interviews with project employees.
Findings:	Site visit interviews confirm that employees received the staff manual and vouched for the fact that it included information about their rights as employees. The manual was provided to the auditors during the last verification event.

Clarification Request (CL):	Please provide a copy of an English language version of the current employee manual, for verification records.
Date Issued:	25 August 2020
Project Proponent Response/Actions and Date:	The employee manual is available in Indonesia and English version on the database. It was first uploaded on 30/06/2014. We have uploaded it on the database for the auditor (http://database.ptrmu.com/validation2020/) in section 2.3. The document is titled "Company Regulation RMU_highres.pdf"
Evidence Used to Close CL:	The employee manual was supplied, as requested, and it included information regarding employees' rights. Item closed
Date Closed:	25 September 2020

G4 Management Capacity

Indicator G4.3 - Document the financial health of the implementing organization(s). Provide assurance that the Project Proponent and any of the other entities involved in project design and implementation are not involved in or are not complicit in any form of corruption such as bribery, embezzlement, fraud, favoritism, cronyism, nepotism, extortion, and collusion, and describe any measures needed *and taken* to be able to provide this assurance.	The monitoring report states that project financing remains in place and secure, as demonstrated during validation and previous verifications. Project expenses and financing during this period have remained as predicted and there has been an increase in revenue. The MR refers to appendix 1 for additional financial details. Appendix 1 is the risk report. No financial information is included, other than the self-graded risk report. The MR further states there is a strict non-corruption policy. Strict contractual arrangements, routine field inspections, documentation of expenses, procurement procedures, etc., are subject to internal and external audits. Audit reports are said to be available on request.
5.1.2 REPORT Guidance Language **4*.3.10 Management Capacity (G4.2 – G4.3)*** Describe the steps taken to verify the project proponent has taken actions and implemented measures to ensure the capacity exists to implement the project over the project lifetime. Include details of information provided or measures implemented that: • Demonstrate the project possesses or is acquiring the key technical and management skills required to implement the project successfully. • Demonstrate the financial health of the implementing organization is adequate to support project implementation, and in the case of grouped projects, the ability of the implementing organization(s) to provide adequate financial support to new project areas included in the project at this verification event. • Provide assurance that the project is not complicit in any form of corruption. Include details of documentation assessed and observations made on the site visit. Provide and justify an overall conclusion as to whether the project has the capacity to implement the project in accordance with the validated project description.	
Evidence Used to Assess Conformance:	Sections 2.4.4 and 2.4.5 of the MR, Appendix 1 of the MR.

Findings:	Impressions during the site visit, interviews with project management, employees and community members indicate the project is run in a professional, non-corrupt manner. No budget or budget projections were provided. Internal audits will need to be reviewed.
Non-conformance Request (NCR):	Please provide an English language version of the audits that cover the monitoring period. Please provide current income and budget as well as projections into the future, for the project.
Date Issued:	25 August 2020
Project Proponent Response/Actions and Date:	We are attaching the audit report for 2018. We are attaching the letter from the auditor stating that the audit for 2019 has not been finalized. We are also attaching a spreadsheet titled “Katingan Financial Model_60-Year Projection_Updated to end-2019” with information projections that we used for our NPRA analysis.
Evidence Used to Close NCR:	The 2018 audit and financial model projection shows the project was profitable in 2019, had sufficient cash flow to run the project and is on track to meet financial obligations. Item closed.
Date Closed:	25 September 2020