

THE KATINGAN PEATLAND RESTORATION AND CONSERVATION PROJECT

VCS+CCB VERIFICATION REPORT



Document Prepared By: Environmental Services, Inc.

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Summary

Environmental Services, Inc., (ESI) was contracted by PT. Rimba Makmur Utama, on 03 March 2018 to conduct the third monitoring period verification (VCS: 01 January 2017 – 31 December 2017 - 1 year and CCB: 01 November 2015 – 31 December 2017 - 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 third 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 3, 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. ESI (herein referred to as the Validation/Verification Body – VVB/Verification Team) assessed the Greenhouse Gas (GHG) emission removals for the third monitoring period/verification period verification (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. The project activities are categorized as; Reduced Emissions from Deforestation and Degradation (REDD), a combination of REDD+WRC¹ and ARR²+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 VCS located at <http://v-c-s.org/program-documents>. Unless otherwise indicated, the assessment was performed against the most recent version of the relevant VCS guidance document as of August 2018.

A summary of all VCS findings (13 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, ESI confirms that the monitoring conducted by the project proponent, along with the supporting Monitoring Report, are accurate and consistent with all aforementioned VCS Version 3 and CCB Third Edition criteria, the validated PD, and the selected methodology (VM0007). ESI confirms that *The Katingan*

¹ Wetlands Restoration and Conservation

² Afforestation, Restoration and Revegetation

Peatland Restoration and Conservation Project Monitoring Report (v2.0 dated 27 June 2018) has been implemented in accordance with the validated PD.

ESI confirms all verification activities, including objectives, scope and criteria, level of assurance, validated Project Description implementation, and project monitoring report adherence to VCS Version 3 (and all associated updates), and CCB Project Design Standards (Third Edition), as documented in this report are complete. ESI concludes without any qualifications or limiting conditions that *The Katingan Peatland Restoration and Conservation Project Monitoring Report (v2.0 dated 27 June 2017)* meets the requirements of VCS Version 3 (and all associated updates) and CCB Project Design Standards (Third Edition) for the verification period/reporting period (VCS: 01 January 2017 – 31 December 2017 - 1 year and CCB: 01 November 2015 – 31 December 2017 - 2 years). In addition, ESI 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 ESI has resulted in the GHG emissions reduction or removal of 5,367,013 tCO₂ equivalents by the project during the verification period/reporting period (VCS: 01 January 2017 – 31 December 2017 - 1 year and CCB: 01 November 2015 – 31 December 2017 - 2 years). This value is gross of the 10% (536,701 tCO₂ equivalents) buffer withholding based on the non-permanence risk assessment tool. This results in 4,830,311 tCO₂ equivalents of credits eligible for issuance as VCUs.

Table of Contents

1	Introduction	6
1.1	Objective	6
1.2	Scope and Criteria	6
1.3	Level of Assurance.....	7
1.4	Summary Description of the Project.....	7
2	Verification Process.....	7
2.1	Audit Team Composition (<i>Rules 4.3.1</i>).....	7
2.2	Method and Criteria.....	8
2.3	Document Review	10
2.4	Interviews	10
2.5	Site Inspections	12
2.6	Resolution of Findings.....	15
2.7	Eligibility for Validation Activities	15
3	Validation Findings	16
3.1	Participation under Other GHG Programs	16
3.2	Methodology Deviations.....	16
3.3	Project Description Deviations (<i>Rules 3.5.7 – 3.5.10</i>)	16
3.4	Minor Changes to Project Description (<i>Rules 3.5.6</i>).....	16
3.5	Grouped Project (G1.13 – G1.15, G4.1).....	16
4	Verification Findings.....	17
4.1	Public Comments (<i>Rules 4.6</i>)	17
4.2	Summary of Project Benefits.....	17
4.3	General.....	18
4.4	Climate	25
4.5	Community	32
4.6	Biodiversity.....	38
4.7	Additional Project Implementation Information	41
4.8	Additional Project Impact Information	41
5	Verification Conclusion	42
	Appendix A: Documents received/reviewed	44
	Appendix B: VCS NCRs/CLs/OFI Summary	46
	Appendix C: CCB NCRs/CLs/OFI Summary	60
	General Section.....	60
G1	Project Goals, Design and Long-term Viability	60
G2	Without-project Land Use Scenario and Additionality.....	65
G3	Stakeholder Engagement.....	65
G4	Management Capacity	77

G5	Legal Status and Property Rights	78
Climate Section		83
CL1	Without-Project Climate Scenario	83
CL2	Net Positive Climate Impacts	83
CL3	Offsite Climate Impacts (“Leakage”)	84
CL4	Climate Impact Monitoring	85
GL1	Climate Change Adaptation Benefits	85
Community Section		86
CM1	Without-Project Community Scenario	86
CM2	Net Positive Community Impacts	88
CM3	Other Stakeholder Impacts	90
CM4	Community Impact Monitoring	91
GL2	Exceptional Community Benefits	93
Biodiversity Section.....		96
B1	Biodiversity Without-Project Scenario	96
B2	Net Positive Biodiversity Impacts	98
B3	Offsite Biodiversity Impacts	100
B4	Biodiversity Impact Monitoring	101
GL3	Exceptional Biodiversity Benefits	103

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*, *CCBA Standards*, *selected methodologies*, and the validated VCS Project Description (PD). ESI assessed the GHG emission removals for the AFOLU project, specifically REDD, WRC and ARR.

1.2 Scope and Criteria

The scope of the verification³ 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	CO ₂ , CH ₄ , and N ₂ O
Time Period (monitoring/verification period)	Third Reporting Period VCS: 01 January 2017 – 31 December 2017; 1 year CCB: 01 November 2015 – 31 December 2017; 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	5,367,013 tCO ₂ e This value is gross of the 10% (536,701 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 VCS located at <http://v-c-s.org/program-documents> and CCBA located at www.climate-standards.org. Unless otherwise indicated, the assessment was performed against the most recent version of the relevant VCS guidance document. These documents include the following:

- *VCS Program Guide (v3.7, 21 June 2017)*
- *VCS Standard (v3.7, 21 June 2017)*
- *Agriculture, Forestry and Other Land Use (AFOLU) Requirements (v3.6, 21 June 2017)*
- *Program Definitions (v3.7, 21 June 2017)*
- *AFOLU Non-Permanence Risk Tool (v3.3, 19 October 2016)*
- *VM0007 (v1.5, 09 March 2015)*
- *Climate, Community & Biodiversity Standards, v3.1 (21 June 2017; Third Edition updates)*
- *CCB Program Rules; Version 3.1 (21 June 2017)*
- *CCB Program Definitions; Version 3.0 (21 June 2017)*
- *Validated Project Description (11 May 2016)*

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). ESI 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, ESI 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. ESI's own Lead Verifiers and Project Specialists (e.g. Trained Soil Scientists) were onsite conducting the field verification activities, and

subcontractors included on the audit team were employed for translation services (as applicable). ESI completes all calculation/modeling review in-house with our team of forest biometricians. ESI has been involved in 34 VCS verifications and 31 CCB verification, including a large number of methodology assessments. ESI has a specialist on staff with 8 years of CCB experience who handles all CCB components for project review. All ESI 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 3, 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. ESI assessed the Greenhouse Gas (GHG) emission removals for the third 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+WRC4 and ARR5+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. ESI 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.

⁴ Wetlands Restoration and Conservation

⁵ Afforestation, Restoration and Revegetation

The criteria followed the verification guidance documents provided by VCS and CCBA. Unless otherwise indicated, the assessment was performed against the most recent version of the relevant VCS or CCBA 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 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 VCS and CCBA 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 and canal extent were assessed. Fires did not occur during the third reporting period (see Section 2.4 of this report). 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.

In addition, a risk-based approach was used for the on-the-ground field sampling effort to select key areas for direct observation of peatland hydrologic monitoring, stratification and post-fire conditions, and stated project activities. The most likely access points for anthropogenic degradation (along watercourse access points) within the Project Area and adjacent lands were toured 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. Please see Section 2.4 of this report for more details.

The desktop verification component included a full review of all project documentation and calculations received from the Project Proponent as described throughout this report.

2.3 Document Review

A detailed review of all project documentation was conducted 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, property boundaries, maps and aerial images, fire-specific monitoring data, biomass and carbon calculation spreadsheets, CCB interview/survey results, and responses to Non-conformance Requests (NCRs) and 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 client 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. 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. The following is a list of the main interviewees:

Individual	Affiliation	Role
Dharsano Hartano	PT Rimba Makmur Utama (RMU)	CEO
Rezal Ashari Kusumaatmadja	RMU	Chief Operating Director
Rudi Mulyadi	RMU	Division Head
Taryono Darusman	RMU	Field Manager
Hardian Mulyana	RMU	Deputy Director of Planning/GIS Specialist

Big Antono	RMU	Database and IT Manager
Syamsul Budiman	RMU	Forestry Liaison Director
Iis Leswarawati	RMU	Director of Administration and Finance
Mr. Franciscus	RMU	Head of Forest Management
Mr. Irmanto	RMU	Head of Nursery
Mr. Arwin	RMU	Firefighter
Mr. Basran	RMU	Firefighter
Mr. Hadri	RMU	Firefighter
Mr. Eka	RMU	Firefighter
Mr. Hanki	RMU	Field Personnel
Mr. Aryo	RMU	Hydrologist
Mr. Hendri	RMU	Hydrologic Technician
Mr. Radius	RMU	Hydrologic Assistant
Adaman Muthadir	Yayasan Puter Indonesia	Planning
Irwansyah Reza Lubis	Wetlands International	Technical Consultant
Dipa Satriadi Rais	Wetlands International	Technical Consultant
Iwan Tricahyo Wibisono (Yoyok)	Wetlands International	Technical Consultant
Nathan Renneboog	Permian Global	Technical Consultant
Nick Brickle	Permian Global	Technical Consultant
Christy Magerkurth	Permian Global	Technical Consultant
Gallinggang Village	Leaders and Community Members	Leaders and Community Members
Parupuk Village	Leaders and Community Members	Leaders and Community Members

Seragam Jaya Village	Leaders and Community Members	Leaders and Community Members
Bemadu Village	Leaders and Community Members	Leaders and Community Members
Hantipan Village	Leaders and Community Members	Leaders and Community Members
Tumbang Bulan Village	Leaders and Community Members	Leaders and Community Members
Mendawai Village	Leaders and Community Members	Leaders and Community Members
Jahanjang Village	Leaders and Community Members	Leaders and Community Members
Telaga Village	Leaders and Community Members	Leaders and Community Members

2.5 Site Inspections

The verification site inspection followed the VVB’s prepared Verification and Sampling Plan process and was conducted on 06-12 May 2018 by the Verification 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 5.1.3 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

A ground inspection was made of the project area and surrounding areas along the Mentaya River, Katingan River, Babirah River and southern canal area including several drone flyovers to visually review inaccessible areas. The following villages were visited and interviews conducted for VCS and CCB elements: Seragam Jaya, Samuda, Bemadu, Hantipan, Tumbang Bulan, Mendawai, Galinggang, Jahanjang, Perupuk, and Telaga. 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.

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; training, employment, livelihoods, health, education, water, well-being and related. The following additional activities are also observed on-site:

- Non-timber forest product development- coconut oil
- Employment and livelihood Opportunities- e.g. Agroforestry farming (Kelola) and project support, forest restoration, aquaculture, rice field support (KSM), cow breeding, napier grass
- Social forestry program, village forest facilitation
- Stakeholders and the grievance process
- Biodiversity benefits discussions, biodiversity surveys
- Memorandum of Understanding (MOU) signing process- this was observed in several villages directly after project proponents visited and the process was confirmed

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

WRC (GHGWPS-WRC)

- Visitation of the southern canal area to observe status
- Discussion of canal blocking progress and plans

- Checked drainage ditch extensions and deforestation from illegal logging, drone flight performed to confirm small area of deforestation (clearing which exceeded mapping unit size for classification)
- Checked appropriateness/correctness of ditch delineation/stratification, reviewed and discussed canal surveys performed by community members
- Discussion and visitation of peat and water level surveys and monitoring

REDD (ΔCWPS-REDD)

- Evaluation of Participatory Rural Appraisal (performed this monitoring period) results through questions to community members
- Observed instances of monitoring period degradation/illegal logging through travel up the Babirah river
- Partial plot re-measurement and duplication of stump survey plot, interviewed sampling crew to confirm Standard Operating Procedures (SOPs) followed
- Opportunistically spot-checked deforestation areas and confirmed land cover classification
- Community member interviews on land usage, ownership, and conflicts

Burnt Areas

- Discussed monitoring period fire incidences
- Reviewed and discussed fire protection campaign, training and associated monitoring efforts

General

- Discussion of accounting adjustments as a result of monitoring (degradation, deforestation)
- ARR (reforestation)- discussion of status of fire break plantation and nursery production
- Agroforestry- discussion of areas delineated
- Boundary - Discussed boundary demarcation progress
- Forest Protection – Discussed status of incursions and mitigations by patrols for illegal logging and related

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, thirteen (13) 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

For future verification events, verifiers are recommended to re-examine the misunderstandings/grievances with Galingsgang Village and see if progress has been made to clear up the misunderstandings/grievances. Please see Appendix C, Indicator G3.8.

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 applied two (2) PD deviations that are in common with the previous monitoring period (please see previous VCS Verification Report, Section 3.3); 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 2015 Global Watch data for leakage assessment as no newer, reliable data was available. Please see the second VCS Verification Report where the appropriateness of these deviations was evaluated.

A third PD deviation was applied at the second monitoring period where 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 details⁶. 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.

⁶ http://www.vcsprojectdatabase.org/#/project_details/1477

4 VERIFICATION FINDINGS

4.1 Public Comments (*Rules 4.6*)

The public comment period was held from 16 April 2018 to 16 May 2018. No public comments were received for this project as confirmed by an email from VCS on 17 May 2018, the date after the VCS and CCB public comment period for draft project documents 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 second (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. Although room for improvement in some areas was noted (please see Appendix C), 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 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 third verification, activities have been implemented, and verifiers observed progress during the verification site visit compared to the second verification.

This monitoring report covers the period from November 1st, 2015 through December 31st, 2017 for CCB, and January 1st, 2017 through December 31st, 2017 for VCS. 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 4,830,311 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 ESI 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 verification team visited the facility where equipment for forest fires and specialized equipment for peat 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 above, but village leaders did not disseminate the information further, in a timely manner for the comment period. However, community members were informed of the verification site visit.

In response to this problem, 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.

One updated SOP guide, in particular, details procedures for working with communities, regarding information dissemination and consultation procedures.

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 in order to renew MOUs in the future.

During the site visit, verifiers 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. New and revised SOPs that are in place should remedy the communications problem regarding the dissemination of the verification report beyond community leadership.

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 verification 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. However, the verification 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. While there was some resentment about the fact that project participants were sometimes limited by the availability of funds, such limitations are unavoidable. The verification team can conclude that the project has actively enable community participation in project implementation.

4.3.7 Anti-discrimination (G3.7)

The verification 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.

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. Twenty-three grievances were received. One is listed as unresolved, due to a misunderstanding. Another is unresolved because the grievance was anonymous. The rest were resolved through formal or informal meetings.

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. Some grievances were expressed to the verifiers by community members in Galinggang, and a forward action item was created to ensure the grievance is satisfactorily answered.

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 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 was shown the concession licenses. It was discussed that one of the 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 14 villages in the project zone, a number of them 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 verification 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. One claim remains unresolved, "due to a misunderstanding of ecosystem restoration concept." 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 verification team understands that compliance under VCS Jurisdictional and Nested REDD+ Requirements (JNR) will occur at a future verification event.

4.4 Climate

4.4.1 Accuracy of GHG Emission Reduction and Removal Calculations

ESI 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 Section 5.1.3 of 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
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$\Delta C_{WPS-REDD}$	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. The estimated project emissions or removals were confirmed to be 117,783 tCO ₂ e.	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 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.	This parameter was reviewed and re-calculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.
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 to be 160,092 tCO ₂ e.	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	Not applicable.	Not applicable.

	<p>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.</p>		
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For this monitoring period the project acquired Landsat 8, Advanced Land Observing Satellite Phased Array L-band Synthetic Aperture Radar 2 sensor (ALOS PALSAR 2), Sentinel2 and PlantLabs remote sensing data to monitor and quantify forest disturbances. The final selection of data sources applied to the LU/LC change analysis for this period used PlanetLabs multispectral imagery and synthetic aperture radar data from the ALOS PALSAR 2. PlanetLabs was confirmed to be a suitable data source to meet M-MON requirements. As satellite-based sensors often have a limited design lifespan the verification team also confirms this addition of another multi-spectral sensor for disturbance monitoring data acquisition is appropriate for future verification periods.

The verification team observed a tutorial of methods during the site visit for generation of the 2017 disturbance detection analysis results and confirmed methods are in line with best practice for remote sensing. All data was confirmed to employ a maximum 30m 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 and from a confusion matrix.

No biomass burning occurred this monitoring period as confirmed from an independent check on NASA MODIS hotspot data and opportunistic sampling during the site visit. However, 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 2017. The results of the survey indicated potential for illegal tree extraction which was subsequently confirmed to occur during the site visit and resulting in a formal degradation survey using methods from the previous degradation survey (Please see Items 4 – 6). For this monitoring period the project elected to conservatively include degradation and forego a T-SIG significance test. To confirm the appropriateness of the field surveys for degradation the VVB visited a degradation stump survey plot and examined steps followed.

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 verification 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 2017 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 3, 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 verification 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 verification 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 2.3 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	A risk rating of 0 is appropriate given the rationale

	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.	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 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.	A risk rating of 0 is appropriate given the rationale provided.
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.	A risk rating of 2 is appropriate given the rationale

	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.	provided.
Total External Risks		0
Natural Risks		
Natural Risk	<p>The risk rating given for fire⁷ was justified by scientific research which supports the notion that fires in the project region are primarily anthropogenic and primarily affect drained 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.</p> <p>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 forest diseases.</p> <p>Project proponents appropriately base risk of extreme weather risk rating from the likelihood of wind disturbance which could influence carbon stocks.</p> <p>Local geology (i.e. volcanos, fault lines) are not active in the project area and the risk rating was appropriately given as zero.</p>	<p>A combined natural risk rating of 2.0 is appropriate given the rationale provided and all statements made are substantiated.</p>
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

⁷ At the first monitoring period anthropogenic fire risk was not included in the natural fire risk category following VCS guidance at the time. However, at the second monitoring period it was clarified from VCS on 29 June 2017 that all fire risk should be accounted for in the Natural Risk section.

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 verification team interviewed community members, including village leadership during the verification 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 but inconsistent further dissemination to community members and disadvantaged individuals. Please see Appendix C – Indicators G3.5 and CM4.3 findings. Following verification team observations on-site and findings issued for this verification the project proponents revised SOP manuals to further describe detailed procedures for dissemination of materials.

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 verification 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 verification 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, several women from the communities were interviewed, including those involved in income generating activities, like coconut oil production and forage experiments.

Two young women who are part of the PT-RMU field staff were hired from their local communities after they completed their formal educations.

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 will 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.

There was one negative impact identified during the site visit. It was not directly related to the activities themselves, but to the manner by which they are enacted. Some intra- and inter-community jealousy was described by both people involved in project activities and people who would like to be involved in project 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.

To mitigate the problem of perceived unfairness in the distribution of project benefits, the project plans to increase communications with the communities regarding the way activities and their participants are chosen and explain that lack of funding is the reason activities cannot be more widespread.

In addition, the project will facilitate inter-village exchange visits, so participants can see the activities being conducted in other villages, first hand.

Mitigation plans for the negative impacts of jealousy between community members are reasonable and a forward action item is in place so that future verifiers will investigate whether perceived bias still exists in the communities.

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.

Income generating activities and experimental activities were observed by the verifiers and community participants were interviewed. Some positive impacts and no negative impacts were evident (except for the potential jealousy problem, described above).

The project produces some positive impacts and there are almost no negative impacts, and the only one identified can be remedied through greater communications efforts. It is clear to the verifiers that the project's impacts are positive in comparison to the draining and conversion of the peat forest to acacia plantation. The 'without project' scenario would essentially eliminate HCVs from the project area.

4.5.4 Protection of High Conservation Values (CM2.4)

The high conservation values provided by the project area depend on the intact peat swamp forest. The main project goal is the preservation of the peat swamp forest and therefore the maintenance of HCVs.

It is highly unlikely that the community-related HCVs could be negatively impacted by a project of this nature.

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.

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.

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. Unfortunately, verifiers found that most community leaders did not disseminate the monitoring reports or the information contained within them to the community members. Community leaders' receipt of the documents and that the leaders did not then inform community members of their existence was confirmed through multiple interviews with community members and community leadership.

The project attempted to disseminate the monitoring report and monitoring report summaries through community leaders, in accordance with the PDD. This failed, because community leaders apparently did not recognize the importance of distributing the information in a timely manner.

In response, project management revised SOPs for disseminating information to community members. The dissemination of project documentation will now include community meetings, including 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. A forward action item is in place so the next verifiers will be alerted to this situation.

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.

Interviews with community members confirm the activities have taken place and some are already generating income for the participants, which confirms some short-term positive well-being benefits are being generated by the project.

Net positive long-term well-being benefits are more difficult to prove, because the project was only commenced less than eight years ago. However, participants in some of the income-generating activities have indicated that they need no more instruction for the activities themselves but would welcome assistance in marketing products. This shows that training for these livelihoods was effective and the activities themselves are progressing in a positive direction. There is also eagerness on the part of community members who are non-participants in some activities, to join those activities. This indicates community members recognize the value of the training and activities and see a future them.

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

Project activities were selected/designed to be low-risk to community members, and it is difficult to identify a risk to participants in them, aside from some undefined opportunity being lost because a community member spent his/her time on a project activity and was therefore unable to spend time doing something else.

The greatest risk to project activity participants, identified by the verifiers, may be changing from conventional agriculture to organic agriculture, and potential yield losses from that change. The growers who adopted organic agriculture recognize a trade-off in yield for a reduction in the cost of fertilizer inputs and the relative longevity of the effectiveness of organic fertilizers, compared to chemical fertilizers. Expert help may have mitigated this risk effectively. Organic farms visited by the verifiers were lush and appeared successful.

Other project activities are much lower risk, economically.

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)

Net positive impacts on women were verified through interviews with women in the communities, female project staff and policies, like women-only meetings and alternating comments between men and women. In interviews, community members mentioned specifically that certain activities were for women (e.g., coconut oil).

All community activity participants were asked who made the decisions regarding the types of activities the project offers. All responses were that the decisions were made by community members, including responses from the women.

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

Benefits are distributed according to project design, first targeting marginalized populations and then the rest of the community populations, as project funding becomes available. The site visit observations and interviews confirmed this.

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

Full and effective community member participation was verified through interviews with project activity participants and general observations regarding the community members involved.

Documentation includes the monitoring report and validated PDD. Interviews with project participants and observations regarding who was participating confirm the statements in the monitoring report and PDD.

If anything prevents full participation in the project, it is the level of funding so far provided by selling carbon offset credits. With limited funds available, the project prioritizes the community

members they hope to reach and help, most, which are the marginalized groups. This was confirmed through interviews with community members, observations of the people involved in the activities and interviews with project management.

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

Project management seeks to develop the capacity of community members through trainings, workshops and other working meetings. A list of 30 trainings or other meetings that occurred during the monitoring period is provided in Appendix 2 of the monitoring report.

Verification of human capacity development relied on interviews with community members and general observations of whether trainees were adopting the new materials and ideas. During the site visit, verifiers interviewed community members who were involved in the trainings and other meetings, asking the interviewees about what was learned and whether they consider the information valuable, and whether they can take training and then apply it in their work or daily lives.

In the cases of coconut sugar production and coconut oil, trainees are fully confident in their abilities to carry on these income-producing tasks. In the cases of agroecology and agroforestry, trainees are confident in what they have learned, and are evaluating the pros and cons of these recently learned methods of production.

In the village where forage growing experiments are being conducted, the participants are aware they are developing new information regarding which of several forage varieties are most productive in their area, in different soils. It is clear they are developing their understanding of the scientific method.

While some forms of capacity building are not easy to verify, community meetings discussing the MOUs with the project, community land mapping and inter-village visits is very likely building social capacity of isolated villages in their dealings with other villages, governmental units, NGOs and other organizations, just by virtue of the experience.

The verifiers found that training done by the project was competent and the community members are receptive to it. Community members are also confident in their newly acquired skills. It is very likely that the new skills will be spread further in the communities, now that the information and practical demonstrations are available.

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 about 1% of the project area (1,510 ha) 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. Verifiers sighted 8 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.

In addition, these organic inputs will only be used on about 6 ha of the project zone, on land already used for agriculture.

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 verification 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, ESI confirms that the monitoring conducted by the project proponent, along with the supporting Monitoring Report, are accurate and consistent with all aforementioned VCS Version 3 and CCB Third Edition criteria, the validated PD, and the selected methodology (VM0007). ESI confirms that *The Katingan Peatland Restoration and Conservation Project Monitoring Report* (v2.0 dated 27 June 2018) has been implemented in accordance with the validated PD.

ESI confirms all verification activities, including objectives, scope and criteria, level of assurance, validated Project Description implementation, and project monitoring report adherence to VCS Version 3 (and all associated updates), and CCB Project Design Standards (Third Edition), as documented in this report are complete. ESI concludes without any qualifications or limiting conditions that *The Katingan Peatland Restoration and Conservation Project Monitoring Report* (v2.0 dated 27 June 2017) meets the requirements of VCS Version 3 (and all associated updates) and CCB Project Design Standards (Third Edition) for the verification period/reporting period (VCS: 01 January 2017 – 31 December 2017 - 1 year and CCB: 01 November 2015 – 31 December 2017 - 2 years). In addition, ESI 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 ESI has resulted in the GHG emissions reduction or removal of 5,367,013 tCO₂ equivalents by the project during the verification period/reporting period (VCS: 01 January 2017 – 31 December 2017 - 1 year and CCB: 01 November 2015 – 31 December 2017 - 2 years). This value is gross of the 10% (536,701 tCO₂ equivalents) buffer withholding based on the non-permanence risk assessment tool. This results in 4,830,311 tCO₂ equivalents of credits eligible for issuance as VCU.

Monitoring period:

VCS: 01 January 2017 to 31 December 2017;

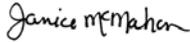
CCB: 01 November 2015 to 31 December 2017;

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

Year	Baseline emissions or removals (tCO ₂ e)	Project emissions or removals (tCO ₂ e)	Leakage emissions (tCO ₂ e)	Deductions for AFOLU pooled buffer account (tCO ₂ e)	Net GHG emission reductions or removals (tCO ₂ e)
2017	5,848,704	481,691	0	536,701	4,830,311
Total	5,848,704	481,691	0	536,701	4,830,311

Submittal Information

Report Submitted to:	Verified Carbon Standard Association 1730 Rhode Island Ave. NW, Suite 803, Washington, D.C. 20036
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ESI Division Regional Technical Manager Name and Signature	 Janice McMahon Vice President and Forestry, Carbon and GHG Division Regional Technical Manager
Date:	10 June 2018

EJ/010-VCS+CCB Katingan_VerReport_final-10Aug2018.doc
K pf 08/10/18f

APPENDIX A: DOCUMENTS RECEIVED/REVIEWED

Documents received 30 March 2018

- CCB_VCS_MonitoringReport_Final_30_March_2018.pdf
- Appendices
 - MR-2017-17_Appendix_1_NPRA_2017_FINAL_28-Mar-18.docx
 - MR-2016-17_Appendix_2_and_3_Events & Grievances_FINAL_28-Mar-2018.docx
 - MR-2016-17_Appendix_5_Community MRV_FINAL_28-Mar-2018.docx
 - MR-2016-17_Appendix_6_Biodiversity species lists_FINAL_28-Mar-2018.docx
 - MR2017 Appendix 4_Climate MRV Tracker.xlsx
- Emissions Calculations
 - Uncertainty_calculation_MR2017.xlsx
 - master_spreadsheet_2017.xlsx
- NPRA Support Documents
 - Political Risk_World Bank Indicators_VCS_NPRA_28-Mar-2018.xlsx
 - CONFIDENTIAL DOCUMENTS
 - Katingan NPV Analysis_60-Year Projection_Updated to end-2017_CONFIDENTIAL_28-Mar-18.xlsx
 - Katingan Financial Model_60-Year Projection_Updated to end-2017_CONFIDENTIAL_28-Mar-18.pdf
 - Katingan Loan Amendment Agreement_CONFIDENTIAL_28-Mar-18.pdf
- CCB_VCS_MonitoringReport_Final_30_March_2018.docx
- Summary
 - Monitoring Report_Summary_English_2018_FINAL_31-Mar-18.docx
 - Monitoring Report_Summary_English_2018_FINAL_31-Mar-18.pdf
 - Monitoring Report_Summary_Indonesian_2018_FINAL_31-Mar-18.docx
 - Monitoring Report_Summary_Indonesian_2018_FINAL_31-Mar-18.pdf

Documents received 20 April 2018

- Monitoring Report_Summary_English_2018_REVISIED FINAL_18-Apr-18.pdf
- Monitoring Report_Summary_Indonesian_2018_REVISIED FINAL_18-Apr-18.pdf

Documents received 23 April 2018

- Katingan_MR_2017_Geospatial
 - Accuracy_assessment_vs_planetmosaic
 - accuracy_assessment.xlsx
 - points_forest.shp
 - points_nonforest.shp
- Katingan_Stratification_2017
 - Katingan_stratification_2017.shp
- planetlabs_deforestation
 - classification_forest.tif
 - deforestation_areas.tif
 - Raw_planetlabs_data
 - planetlabs_raw_projected.tif

- Area_susceptible_to_degradation
 - Area_susceptible_to_degradation.shp
- Palsar
 - hh_pro_mosaic.img
 - hv_pro_mosaic.img
 - Palsar_classification.img
 - Palsar_layerstack_HH_HV_ratio.img

Documents received 26 April 2018

- Stump_Survey_MR2016_9F.pdf
- Stump_Survey_MR2016_9G.pdf
- Stump_Survey_MR2016_21I.pdf
- Stump_Survey_MR2016_22I_1.pdf
- Stump_Survey_MR2016_24D.pdf

Documents received 06 May 2018

- List of Attendees Meeting RMU-ESI 6 May 2018.pdf

Documents received 07 May 2018

- Monitoring_result_MR2017.xlsx

Documents received 11 May 2018

- Manuri_et_al_Biomass Allometric Equation.pdf

Documents received 27 June 2018

- Supporting files for ESI
 - Panduan Fasilitasi Pertemuan Bidang Teknis_PT RMU_version 2018.pdf
 - Panduan Teknis Pelaksanaan Pemberdayaan Masyarakat PT RMU_Version 2018.pdf
 - Panduan Teknis Pelaksanaan Pertemuan Tingkat Desa_version 2018.pdf
 - Panduan Umum Pelaksanaan Program Pemberdayaan Masyarakat PT RMU_Version 2018.pdf
 - Political Risk_ World Bank Indicators_VCS_NPRA_28-Mar-2018_revised.xlsx
 - REKAP_PRA_Degradation.xlsx
 - RMU Company Regulation_Dec-2017.pdf
 - Scanned PRA.rar
 - Table explaining updated SoPs.docx
 - Waste Management Policy_PT RMU_Version 2018.pdf
- CCB_VCS_MonitoringReport_Revision1_June262018.docx
- CCB_VCS_MonitoringReport_Revision1_June262018CLEAN.docx
- master_spreadsheet_2017_21062018_revisedJune262018.xlsx
- Monitoring_result_MR2017_21062018revisedJune262018.xlsx
- MR-2017-17_Appendix_1_NPRA_2017_FINAL_26June2018.docx
- MR-2017-17_Appendix_1_NPRA_2017_FINAL_26June2018CLEAN.docx
- VCS_Findings_Rd1_20180610_ResponseJune272018.xlsx
- VO17010_01_Katingan_verif_CCB_Findings_Rd1_20180605PTRMUresponse.docx

APPENDIX B: VCS NCRS/CLS/OFI SUMMARY

Item Number	1
VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Section)	3.6 PROJECT DESCRIPTION DEVIATIONS
VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Description)	3.6.2 The deviation shall be assessed by a validation/verification body and the process, findings and conclusions shall be reported in the verification report. The assessment shall determine whether the deviation is appropriately described and justified, and whether the project remains in compliance with the VCS rules. The deviation shall also be reported on in all subsequent verification reports. Project description deviations are not considered to be precedent setting.
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 2.2.4
ESI Findings - Round 1 (05 June 2018)	<p>At this verification the project has elected to apply one (1) PD deviation; Conservatively apply 2015 Global Watch data for leakage assessment as no newer, reliable data was available. However, the previous monitoring period PD deviation (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) was not reported following this requirement. Verifiers note that PALSAR data was used in conjunction with other remote sensing data to monitor forest/non-forest changes and this is permissible and appropriate. Verifiers understand that PlanetLabs data was used to define the disturbances for this period which may represent a PD Deviation as this data source differs from the validated PD monitoring plan descriptions of the use of multispectral Landsat imagery.</p> <p>Further, the project has omitted mention of the PRA assumptions for illegal logging PD deviation applied at the first monitoring period. The previous PD deviations were confirmed to "not impact the applicability of the methodology, additionality or the appropriateness of the baseline scenario, and the project remains in compliance with the applied methodology." The VCS MR template states in guidance language "Describe and report on any project description deviations applied in previous monitoring reports."</p>

Round NCR/CL/OFI	1	CL: Please report previous Project Description deviations in the Monitoring Report as noted in the finding. Please also clarify whether use of PlanetLabs data for this period represents a PD Deviation and update reporting if warranted.
Round 1 Response from Project Proponent (27 June 2018)		We have included the use of PALSAR data in our PD deviations. In regard to the Planetlabs data, we don't believe this constitutes a PD deviation as it is also a form of multispectral imagery and suited to forest monitoring similarly to Landsat data.
ESI Findings - Round 2 (13 July 2018)		The previous PD deviation relating to approved use of ALOS PALSAR was confirmed to have been appropriately added to Section 2.2.4 of the MR. Verifiers agree that the PRA PD deviation from the first verification is no longer relevant for reporting and allowable to omit. The item is addressed.

Item Number	2	
VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Section)	3.16 MONITORING	
VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Description)	3.16.6 The monitoring report describes all the data and information related to the monitoring of GHG emission reductions or removals. The project proponent shall use the VCS Monitoring Report Template 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 Section 3.2.1.3, 3.2.1.5, 3.2.1.2.5, Table 50	
ESI Findings - Round 1 (05 June 2018)	The correct combined VCS+CCB Monitoring Report template was confirmed used. However, Sections 3.2.1.3, 3.2.1.5, 3.2.1.2.5, Table 50, of the .pdf was found to have a reference link error "Error! Reference source not found."	
Round NCR/CL/OFI	1	CL: Please correct the reference error.
Round 1 Response from Project Proponent (27 June 2018)		The reference error has been corrected.
ESI Findings - Round 2 (13 July 2018)		Verifiers confirmed that the broken reference links were removed. The item is addressed.

Item Number	3
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VCS Methodology VM0007 Version 1.5, 9 March 2015 REDD+ Methodology Framework (REDD-MF) Sectoral Scope 14 (Section)	9.3.1 Development of Monitoring Plan
VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Description)	For each of these tasks, the monitoring plan must include the following information: a. Technical description of the monitoring task. b. Data to be collected. The list of data and parameters to be collected must be given in PD. c. Overview of data collection procedures. d. Quality control and quality assurance procedure. e. Data archiving. f. Organisation and responsibilities of the parties involved in all the above.
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 3.1.3, 3.1.3.3.4; PD Section 8.1.3.1, 8.1.3.2 €
ESI Findings - Round 1 (05 June 2018)	A monitoring plan was established and assessed at validation, and is defined in the PD Section 8.1.3. Verifiers noted that a few components of the monitoring plan were not included in the current MIR Section 3.1.3 related to degradation and Section 3.1.3.3.4 related to peat and biomass burning. Other monitoring plan components were found to be appropriately included in the MIR.
Round 1 NCR/CL/OFI	CL: Please include additional detail and monitoring components in Section 3.1.3 of the MIR related to degradation and peat/biomass burning parameters and steps implemented.
Round 1 Response from Project Proponent (27 June 2018)	These monitoring components were added to Section 3.1.3
ESI Findings - Round 2 (13 July 2018)	The monitoring components were confirmed added to Section 3.1.3, Monitoring Plan, of the MR. The item is addressed.

Item Number	4
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<p>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)</p>	<p>5.2.2.1 Degradation through extraction of trees for illegal timber or fuelwood and charcoal</p>
<p>VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Description)</p>	<p>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.</p>
<p>Applicability to Project (Y or N/A)</p>	<p>Y</p>
<p>Requirement Met (Y, N or Pending)</p>	<p>Y</p>
<p>Evidence Used to Assess (Location in PD/MR or Supporting Documents)</p>	<p>MR Section 3.2.2.2.2, site visit observations</p>
<p>ESI Findings - Round 1 (05 June 2018)</p>	<p>A degradation survey was performed in late 2017, consisting of 96 individuals as described in the MR Section 3.2.2.2.2. The results of the survey indicated potential for illegal tree extraction which itself was subsequently confirmed during the site visit. Verifiers witnessed active illegal tree removal from the project area on boats, floating down the river and logs/boards stacked along the Babirah river in addition to activity overheard in the distance. As illegal logging was observed on multiple occasions, has the potential to convert degraded lands to deforestation class, and was included in accounting, verifiers request clarification on steps the project is taking to curb illegal logging in the project area.</p> <p>In section 3.2.2.2.2 "Emissions from forest degradation" verifiers noted that the PRA is named incorrectly.</p>
<p>Round NCR/CL/OFI 1</p>	<p>CL: Please clarify the steps the project is taking (or plans to take) to curb the illegal logging presence in the project area. Please also correct reference to the participatory rural appraisal in Section 3.2.2.2.2 of the MR.</p>

<p>Round 1 Response from Project Proponent (27 June 2018)</p>	<p>The project takes the issue of illegal logging very seriously, however the nature and complexity of the problem should not be underestimated. It touches on issues of land tenure, governance, institutional corruption, and community livelihoods. The project is seeking to address the threat in a number of ways: 1. Accurate detection and monitoring, particularly through the use of high-resolution imagery, 2. Alternative livelihoods and community support. The long terms solution to the threat of illegal logging is through community development and the creation of alternative livelihoods. This is a 'long game' but results already show that in those areas of the project where community development activities have been most intense, illegal logging is typically at the lowest level. This can be seen both between 'east' and 'west' sides of the project area, and also between villages on the western side (where logging is more prevalent). 3. Enforcement and improved governance. The project is seeking to be more visible in its maintenance of guard posts and patrolling, while in parallel we are seeking to improve the enforcement of the law through the legally mandated authorities (police and forestry department). The objective here is to seek to put pressure on those working within the higher supply chain above the level of the local villages, in order to curb the demand for illegal timber. We are confident these measures will start to yield results in the coming 2-3 years and during that time we will see a steady decline in the negative impact of illegal logging. We have also fixed the reference in 3.2.2.2.2.</p>
<p>ESI Findings - Round 2 (13 July 2018)</p>	<p>Verifiers understand the deep complexity and the required long-term solution to address illegal logging in and around the project area. The steps presented are thorough and reasonable, adapted to address the wide-ranging nature of the issue. However assessment of the implementation of these steps will occur at later verification periods.</p> <p>In order to be sure future audits consider the illegal logging presence in the project area a forward action request was added to the verification report. The item is addressed.</p>

<p>Item Number</p>	<p>5</p>
<p>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)</p>	<p>5.2.2.1 Degradation through extraction of trees for illegal timber or fuelwood and charcoal</p>
<p>VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Description)</p>	<p>An output of the PRA shall be a distance of degradation penetration from all access points (access buffer), such as roads and rivers or previously cleared areas, to the project area.</p>

Applicability to Project (Y or N/A)	Y
Requirement Met (Y, N or Pending)	N
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MIR Section 3.2.2.2.2; master_spreadsheet_2017.xlsx
ESI Findings - Round 1 (05 June 2018)	Adeg was re-computed this period to be larger than the previous 2 years based on the updated PRA. It is now 350m and AdegW, i computed 9,384ha. Verifiers collected limited anecdotal data on penetration distance and found a higher average penetration distance than the value applied by proponents. Evidence is requested of the PRA penetration distance results to demonstrate its appropriateness.
Round NCR/CL/OFI	1 CL: Please provide the results of the PRA, specifically illegal logging penetration distance responses.
Round 1 Response from Project Proponent (27 June 2018)	Provided along with the responses to round 1 findings.
ESI Findings - Round 2 (13 July 2018)	Results of the illegal logging survey, specifically penetration distance, were provided in response to this finding. The median value of 350m is appropriate instead of the mean due to instances of extreme outliers. The item is addressed.

Item Number	6
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
VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (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

<p>Evidence Used to Assess (Location in PD/MR or Supporting Documents)</p>	<p>MIR Section 3.2.2.2.2; master_spreadsheet_2017.xlsx</p>
<p>ESI Findings - Round 1 (05 June 2018)</p>	<p>a) More systematic sampling was performed as part of a continuous stump inventory with established sampling locations. Stump survey plot 19B was visited during the site visit. Stump surveys were performed in 2016, 2017, and 2018 where 2016 survey data was used to adjust for lack of data applied at the previous period for Nov/Dec 2015. In addition, plots were re-visited in 2018 and are allocated to different years for what appears to be accumulated stumps resulting from the re-visit. Multiple plots appear to have an incorrect year or no year assigned to it and is therefore not included in calculations.</p> <p>b) Some plots were noted to have variable stump stocking as a result of the re-visiting of stump plots, verifiers note this appears to be mostly accumulated stumps from repeat visits by illegal loggers. However, clarification is requested on the specific methods the project is taking to avoid double counting, removal of tallied stumps (decayed), and related tracking methods for the continuous stump inventory.</p> <p>c) The verifier requested a random sample of 5 data sheets for the stump surveys performed in 2017 which were provided, additional plot data sheets are requested for 5 plots conducted in 2018; 14-a, 14-j, 18-e, 19-g, 21-g.</p> <p>d) Verifiers also request the 2016 stump survey data (hardcoded in master worksheet)</p>
<p>Round NCR/CL/OFI</p>	<p>1</p> <p>CL: a) Please confirm the reason for assigning years to plots re-visited in 2018 and please ensure all plot data is included in calculations as noted in the finding.</p> <p>b) As noted in the finding please clarify the specific methods the project is taking to avoid double counting, removal of tallied stumps (decayed), and related tracking methods for the continuous stump inventory.</p> <p>c) Please also provide scanned plot data sheets for 2018 visited plots 14-a, 14-j, 18-e, 19-g, 21-g.</p> <p>d) Please provide the 2016 stump survey data as noted in the finding.</p>

<p>Round 1 Response from Project Proponent (27 June 2018)</p>	<p>a) The reason of assigning years to plot revisit in 2018 are as follow:</p> <ul style="list-style-type: none"> • All plot surveyed in 2017 were not yet reported in the second monitoring report • There are two months of 2015 data sheet that were also not reported in the first monitoring report. <p>b) To address to avoid double counting, removal of tallied stumps (decayed), and related tracking methods for the continuous stump inventory, project took following actions:</p> <ul style="list-style-type: none"> • Project tagged and labelled stumps found in plots based on logging year. Stumps only one time tagged /labelled, based on monitoring period covered by MR. The next survey in the plots will only record the new stumps. • During stump survey, field staffs also assigned to observe any case of label removal due to decay. If this happen, field staff will fix this. As part of improvement in the next MR, project will use longer nail for deeper penetration of label into the stump. • During QC process, random checking was done to compare and check data inputted in excel spreadsheet with the value written on the datasheet/tallysheet. Automatic “Min and Max” analysis was also applied to find abnormal data (i.e. too big, too small, zero). If this happen, forester will contact surveyor for clarification and correction. <p>c) Scanned plot data sheets for plots 14-a, 14-j, 18-e, 19-g, 21-g have been provided along with the responses to round1 findings.</p> <p>d) The 2016 plot data have been provided along with the responses to round1 findings.</p>
<p>ESI Findings - Round 2 (13 July 2018)</p>	<p>The responses to the findings address the concerns of verifiers sufficiently. Additional materials and revised computations were reviewed and confirmed to be correct and appropriate. The item is addressed.</p>

<p>Item Number</p>	<p>7</p>
<p>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)</p>	<p>5.2.2.1 Degradation through extraction of trees for illegal timber or fuelwood and charcoal</p>
<p>VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Description)</p>	<p>The diameter of all tree stumps will be measured and conservatively assumed to be the same as the DBH.</p>

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_2017.xlsx; Stump_Survey_MR2016.pdf
ESI Findings - Round 1 (05 June 2018)	Field methods and SOPs were confirmed for stump survey plots during the site visit. Data collected was reviewed for a limited number of stump surveys as noted above. However, in review of plot data sheets verifiers noted several instances where stump diameter data was missing and it was unclear how this was reconciled for calculations. Stump 33 for plot 22-i was noted to have a data entry error.
Round 1 NCR/CL/OFI	CL: Please clarify assumptions (if any) for instances of missing data found on stump survey plot data sheets. Please correct the data entry error.
Round 1 Response from Project Proponent (27 June 2018)	Yes, data error in plot 22-I is found. The correct data of D2 of stump 33 is 30,7 cm (written in the datasheet 20,7 cm). With this change, the C_deg value will be revised to 110,367.73 tCO2
ESI Findings - Round 2 (13 July 2018)	The revision to plot 22-I was confirmed corrected. No further action is needed. The item is addressed.

Item Number	8
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
VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Description)	Where the PRA and the limited sampling indicate degradation is occurring: Net carbon stock changes as a result of degradation is calculated using <u>Equation 8 on Page 12</u>
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_2017.xlsx
ESI Findings - Round 1 (05 June 2018)	Computation confirmed correct, however parameter A_degW,susc,t is reported slightly incorrectly in the MR Section 3.2.2.2.2.
Round NCR/CL/OFI	1 CL: Please ensure parameter A_degW is reported correctly to all decimal places in the MR.
Round 1 Response from Project Proponent (27 June 2018)	A-degW has been updated in the report.
ESI Findings - Round 2 (13 July 2018)	The parameter Adeg,W was found to be correctly reported in Section 3.2.2 of the revised MR. The item is addressed.

Item Number	9
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)	5.3 STEP 3: Documentation
VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Description)	The methodological procedures used in steps 1-2 above must be documented.
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 3.1.3.3.1
ESI Findings - Round 1 (05 June 2018)	Steps 1 and 2 were appropriately followed as confirmed through an in-person demonstration and desktop review of remote sensing methods. However, complete processing steps could not be found documented following this requirement in the MR (for instance Section 3.1.3.3.1). The current MR references Section 3.3.3.1 of the previous period which utilizes the same acceptable methods.
Round NCR/CL/OFI	1 CL: Please address the findings and document all relevant methodology steps for the land-use change analysis in the current MR.

Round 1 Response from Project Proponent (27 June 2018)	MR section has been updated with full monitoring methodology steps.
ESI Findings - Round 2 (13 July 2018)	Verifiers confirmed that the full monitoring steps from the validated PD have been added to the MR Section 3.1.3. The item is addressed.

Item Number	10
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)	6.2 Data and Parameters Monitored for Verification: Project Forest Cover Monitoring Map
VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Description)	If within the Project Area some forest land is cleared, the benchmark map must show the deforested areas at each monitoring event
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 3.2.2.1
ESI Findings - Round 1 (05 June 2018)	<p>A map was appropriately illustrated in the MR to meet this requirement, Map 17.</p> <p>An accuracy assessment dataset and confusion matrix was provided and confirmed correct for the PlanetLabs data, at 97.93% for forest/nonforest classification. However Section 3.2.2.1 states; "The PALSAR results showed no additional deforestation occurred and its classification accuracy was determined to be 97.93% and 98.30%," It is not completely clear whether the proponent is referring to both PlanetLabs and PALSAR accuracy in this statement.</p>
Round 1 NCR/CL/OFI	CL: Please clarify the intent of the statement highlighted in the finding and revise reporting as needed for clarity.
Round 1 Response from Project Proponent (27 June 2018)	The accuracy assessments were conducted on the final PALSAR classification using the high resolution planetlabs data for reference. We have revised the report to clarify this point.

ESI Findings - Round 2 (13 July 2018)	The revised MR Section 3.2.2.2.1 was confirmed to have been updated to be more clear regarding data sources and the accuracy assessment results. The item is addressed.
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Item Number	11
VCS Methodology VMD0017 Version 2.1 9 March 2015 Sectoral Scope 14 Estimation of uncertainty for REDD+ project activities (X-UNC) (Section)	5.3 Part 3: Uncertainty Ex Post in the REDD Project Scenario
VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Description)	Uncertainty is first propagated across pools within strata. Note that where the REDD activity is conducted in combination with WRC, the belowground biomass and soil organic carbon pools are omitted here (treated as an emission source from peat in Part 4 below). <u>See Equations 10 - 11 on pages 12-13.</u>
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)	Uncertainty_calculation_MR2017.xlsx; MR Section 3.2.4.1
ESI Findings - Round 1 (05 June 2018)	The VVB reviewed the uncertainty calculation worksheet provided. It was noted that for determination of UREDD_WPS,SS,I Equation 10 that emissions from deforestation appear to have been excluded.
Round 1 NCR/CL/OFI	CL: Please address the findings and include emissions from deforestation in determination of project case REDD uncertainty. Otherwise please justify it's exclusion.
Round 1 Response from Project Proponent (27 June 2018)	The uncertainty of the aboveground biomass in the forest and non-forest stratas are accounted for in the REDD BSL calculations. When new strata arose during the past monitoring periods those new strata's uncertainty were accounted for in the REDD WPS calculations (including the area susceptible to degradation, intensive degradation and burnt forest strata). We did not include the changes in forest cover as the uncertainty in the carbon stocks of these strata would thereby be double counted. Similarly we didn't include the changes in the non-forest and forest strata when the aforementioned 3 strata were created.
ESI Findings - Round 2 (13 July 2018)	The proponent is correct in stating that deforestation uncertainty is captured in REDD,WPS uncertainty as well as the initial REDD BSL uncertainty calculations. Verifiers note that the effect of double counting changes in forest cover (deforestation) for uncertainty are very small as the baseline change in emissions is so large. The item is addressed.

Item Number	12
VCS AFOLU Non-Permanence Risk Tool, Version 3.3 19 October 2016 (Section)	Table 6: Land Tenure
VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Description)	In more than 5% of the project area, there exist disputes over land tenure or ownership
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)	Monitoring report, Appendix 1; Appendix 3; site visit interviews
ESI Findings - Round 1 (05 June 2018)	<p>Risk report states "No disputes exist over the project area. The process of ERC issuance takes into account possible disputes before approving the final boundary. In addition, a Memorandum of Understanding has been signed with communities around the project area." On-site interviews in several villages yielded a small amount of minor evidence of conflict as related to land tenure or ownership, primarily it seemed to be a lack of understanding of the project's intent and capabilities. Appendix 3 indicates most issues were resolved through the grievance process, but one remains unresolved "Unresolved due to misunderstanding of ecosystem restoration concept." Verifiers also understand that MOUs have been adopted in a limited capacity and witnessed recent signing, consultation appointments and on-going MOU facilitation.</p> <p>While these disputes do not trigger this risk score (<5% of project area has a dispute or resembles a dispute), verifiers believe it is appropriate to mention the minor disputes and misunderstandings within the Risk Report as indicated by Appendix 3 reported grievances, on-site interview statements, and descriptions in the MIR Section 2.3.12 during the monitoring period. Further, it would be helpful to review records of any on-going issues (pertaining to "land" category) to confirm resolutions are being sought as recorded in Appendix 3.</p>
Round NCR/CL/OFI	1 CL: Please provide recorded evidence of on-going land specific disputes that are currently being resolved through the grievance process. Please also provide additional detail in the Risk Report related to the findings, including for instance the existence of disputes or misunderstandings over land, referencing Appendix 3 for recordation process or the appropriate procedure as described in the MIR. Please ensure part d of the Risk Report more closely reflects conditions.

Round 1 Response from Project Proponent (27 June 2018)	The grievance data presented contains four grievances that could be said to relate to land disputes (in the widest sense). These have all either been resolved (Grievance Table Ref# 7, 20) or are in the process (# 5, 19). The NPRA table has been amended to more accurately reflect the existence of these grievances.
ESI Findings - Round 2 (13 July 2018)	Verifiers accept this response related to disputes over land tenure as represented in the grievance data. The NPRA has been revised to reflect the fact that some small grievances remain unresolved although the land tenure disputes are now significant following this requirement. The item is addressed.

Item Number	13
VCS AFOLU Non-Permanence Risk Tool, Version 3.3 19 October 2016 (Section)	Table 8: Political Risk
VCS Standard VCS Version 3 Requirements Document 19 October 2016, v3.6 (Description)	Governance score of -0.32 to less than 0.19
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)	Monitoring report, Appendix 1
ESI Findings - Round 1 (05 June 2018)	The World Bank Institute's Worldwide Governance Indicators (WGI) score could not be confirmed to support the risk score as the average of the most recent five years of available data was not performed following Section 2.3.3 of the Risk Tool v3.3.
Round NCR/CL/OFI 1	CL: Please correct the computation of governance score
Round 1 Response from Project Proponent (27 June 2018)	Computation has been updated.
ESI Findings - Round 2 (13 July 2018)	The governance score was correctly updated and now correctly reported in the NPRA. The updated governance score does not affect the risk score taken by the project for this criteria. 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

GENERAL SECTION

G1 Project Goals, Design and Long-term Viability

Indicator G1.1 – Identify the primary Project Proponent which is responsible for the project's design and implementation and provide contact details.	<p>The project proponent is PT. Rimba Makmur Utama (PT. RMU). The contact person is Dharsono Hartono, the director.</p> <p>Address: Menara BCA, Fl. 45, Jl. MH Thamrin No. 1, Jakarta, Indonesia</p> <p>Phone: +62 (0)21 2358 4777; Fax +62 (0)21 2358 4778 Mobile: +62 (0)816-976-294 Email: dharonso@ptrmu.com</p>
Evidence Used to Assess Conformance:	Section 2.1.3 of the MR, site visit.
Findings:	The project proponent and contact person is as stated, above.

Indicator G1.2 – Define the project's	The project's climate benefit is based on the avoided
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climate, community and biodiversity objectives.	<p>logging and conversion of 149,800 acres of peatlands</p> <p>The community objectives are to assist in developing alternative income opportunities, training, financial support, raising awareness and participatory management of community lands.</p> <p>Biodiversity objectives revolve around protecting and enhancing the already rich biodiversity of the project lands, which, among other vulnerable species, includes approximately 5% of the world's population of orangutans.</p>
Evidence Used to Assess Conformance:	Sections 1.1, 1.2, 2.1, 4.1.1, 5.1 and the site visit.
Findings:	The projects objectives are as very briefly summarized above. Item closed.
Indicator G1.3 – Provide the location (country, sub-national jurisdictions(s)) and a brief overview of the basic physical and social parameters of the project.	As depicted on Map 1 (p. 15 of the MR, dated 30 March 2018), the project is located in the Mendawai, Kamipang, Seranau and Pulau Hanaut sub-districts of Katingan and Kotawaringin Timur districts, Central Kalimantan Province, Republic of Indonesia. The project area is a tropical peat dome. People in the area are involved in various agricultural activities, logging and fishing.
Evidence Used to Assess Conformance:	Sections 2.1.1, 2.1.7 of the MR, site visit.
Findings:	The MR provides location information, but other information on the project area is not described in much detail. However, this information was provided in the validated project description and does not need to be re-evaluated during this verification process. Item closed.
Indicator G1.4 - Define the boundaries of the Project Area where project activities aim to generate net climate benefits and the Project Zone where project activities are implemented.	The project area is depicted on maps 1 and 2 of the MR. The project zone is depicted on map 2, largely stretching from the Katingan River on the east and the Mentaya River on the west side of the project zone. The project area is currently being demarcated on site with posts, except in areas where the Katingan River is the boundary.
Evidence Used to Assess Conformance:	Sections 2.1.7.1 and 2.1.7.2 of the MR, site visit, GIS files provided to the auditors.
Findings:	The project area and zone are adequately depicted in the MR, on the ground and via provided GIS files. Item closed.
Indicator G1.5 - Explain the process of stakeholder identification and analysis used to identify Communities, Community Groups and Other Stakeholders.	The process of stakeholder identification and analysis is not discussed in this monitoring report.
Evidence Used to Assess Conformance:	Monitoring report, validated PD.
Findings:	The process of stakeholder identification was discussed in the validated PD and does not need to be described again here. Item closed.
Indicator G1.6 -List all Communities, Community Groups and Other Stakeholders identified using the process explained in G 1.5.	See indicator G1.5, above. This is an important indicator that was answered in the initial project documentation, previously validated.

Evidence Used to Assess Conformance:	Monitoring report, validated PD.
Findings:	This indicator was addressed in the previously validated PD and does not need to be described again the monitoring report. Indicator closed.
Indicator G1.7 - Provide a map identifying the location of Communities and the boundaries of the Project Area(s), of the Project Zone, including any High Conservation Value areas (identified in CM1 and B1), and of additional areas that are predicted to be impacted by project activities identified in CL3, CM3 and B3.	Map 2 of the MR identifies the locations of the communities, the project area and project zone. A map of HCV areas found within the project area and zone can be found in section 1.3.8 of the validated PDD
Evidence Used to Assess Conformance:	Section 2.1.7 of the MR, section 1.3.8 of the validated PDD
Findings:	A map of the project area, zone and the communities associated with the project is included. A map of HCV areas was included in the validated PDD. Item closed.
Non-conformance Request (NCR):	
Date Issued:	
Project Proponent Response/Actions and Date:	
Evidence Used to Close NCR:	
Date Closed:	
Indicator G1.8 - Briefly describe each project activity and the expected outputs, outcomes and impacts of the activities identifying the causal relationships that explain how the activities will achieve the project's predicted climate, community and biodiversity benefits.	This indicator was addressed at length during validation and can be found in Section 2.2.1 of the validated PD.
Evidence Used to Assess Conformance:	PD Section 2.2.1
Findings:	N/A
Non-conformance Request (NCR):	N/A
Indicator G1.9 - Define the project start date and lifetime, and GHG accounting period and biodiversity and community benefits assessment period if relevant, and explain and justify any differences between them. Define an implementation schedule, indicating key dates and milestones in the project's development.	The project start date is 1 November 2010. The project crediting period is 60 years, from 1 November 2010 – 31 October 2070. An implementation schedule for early project years and a schedule for major project milestones was also provided.
Evidence Used to Assess Conformance:	Sections 2.1.5, 2.1.6 and 2.2.1 of the MR.
Findings:	Project lifetime and accounting period agree with each other. An implementation schedule was provided. Item closed.
Indicator G1.10 - Identify likely natural and human-induced risks to the expected climate, community and	The monitoring report states that risks are being managed as planned in the PD and summarized in Appendix 1.

<p>biodiversity benefits during the project lifetime and outline measures needed and <i>taken</i> to mitigate these risks.</p>	<p>The risk assessment summary in Appendix 1 includes the risks from management and financial viability as extremely low. Land tenure risks are also low, since the land belongs to the government.</p> <p>Risk to community engagement are extremely low and a net positive community impact is expected.</p> <p>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.</p> <p>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.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 2.2.6, Appendix 1 of the MR, site visit observations and interviews.</p>
<p>Findings:</p>	<p>Risks to project benefits appear to be low, and mitigation for fires is in place in the form of firefighting and detection patrols. Item closed.</p>

<p>Indicator G1.11 - Describe the measures needed and <i>taken</i> to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.</p>	<p>The monitoring report states, “The effective protection status of the forest and peatlands is anticipated to be maintained and extended, either through a further concession license or directly under state ownership as the global importance of the stored carbon stocks and biodiversity are fully recognized as a result of the project.”</p> <p>In regard to communities, it states, “...activities targeting community benefits have been and will continue to be designed to be managed in the future by the local communities themselves, without the need for further external interventions. The community work completed during this monitoring period and outlined in other portions of this report demonstrates this commitment. Ensuring the communities are able to undertake and manage the activities themselves is the most secure means of ensuring the activities will continue even after project’s lifetime.”</p> <p>The project developers also view the project as a potential showcase. “the project itself is anticipated to set an example of sustainable land use management in the region, leading to wider adoption of the practices it is pioneering. The project has and will continue to offer tours to government agencies, other non-profits and any other groups interested in learning about its activities in order to spread best practices and lessons learned throughout the region.”</p> <p>In short, through legal and educational channels, project benefits are designed to continue beyond the project lifetime, as are sustainable business activities that are being introduced to the communities.</p>
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Evidence Used to Assess Conformance:	Section 2.2.7 of the MR, site visit observations of community activities.
Findings:	The formal and informal educational experiences, development of sustainable livelihoods and efforts to maintain the legally protected status of the land are reasonable efforts that will likely maintain at least some of the project benefits beyond the project lifetime. Item closed.

Indicator G1.12 - Demonstrate that financial mechanisms adopted, including actual and projected revenues from GHG emissions reductions or removals and other sources, provide an adequate actual and projected flow of funds for project implementation and to achieve the project's climate, community and biodiversity benefits.	Please see VCS review where this Indicator is inherently captured.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

Indicator G1.13 - Specify the Project Area(s) and Communities that may be included under the programmatic approach, <i>and identify any new Project Area(s) and Communities that have been included in the project since the last validation or verification against the CCB Standards.</i>	Please see VCS review where this Indicator is inherently captured.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

Indicator G1.14 - Specify the eligibility criteria and process for project expansion under the programmatic approach <i>and demonstrate that these have been met for any new Project Areas and Communities that have been included in the project since the last validation or verification against the CCB Standards.</i>	Please see VCS review where this Indicator is inherently captured.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

Indicator G1.15 - Establish scalability limits, if applicable, and describe measures needed and <i>taken</i> to address any risks to climate, community and biodiversity benefits if the project expands beyond those limits.	Please see VCS review where this Indicator is inherently captured.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

G2 Without-project Land Use Scenario and Additionality

<p>Indicator G2.1 - Describe the most likely land-use scenario within the Project Zone in the absence of the project, describing the range of potential land-use scenarios and the associated drivers of land use changes and justifying why the land-use scenario selected is most likely. It is allowable for different locations within the Project Zone to have different without-project land use scenarios.</p>	<p>This indicator is not covered in the monitoring report. The analysis of potential without-project land use scenarios is described in the PDD. The final conclusion was that the most likely land use, in absence of the project, would be industrial acacia plantations.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 4.5.1 of the validated PDD.</p>
<p>Findings:</p>	<p>This indicator was fully addressed during project validation and does not require re-examination here. Item closed.</p>

<p>Indicator G2.2 - Document that project benefits including climate, community and biodiversity benefits would not have occurred in the absence of the project, explaining how existing laws, regulations and governance arrangements, or lack of laws and regulations and their enforcement, would likely affect land use and justifying that the benefits being claimed by the project are truly 'additional' and would not have occurred without the project. Identify any distinct climate, community and biodiversity benefits intended for use as offsets and specify how additionality is established for each of these benefits.</p>	<p>The benefits of the project can be summarized as:</p> <ul style="list-style-type: none"> • The climate benefits from avoiding deforestation, degradation and peat drainage and fires. • Creation of sustainable livelihoods, enhanced community resilience with greater capacity to deal with ecological risks and enhanced ecosystem services. • Preservation and enhancement of natural habitats for local flora and fauna. <p>The PDD extensively examines how laws, regulations, customs and finances would result in the baseline scenario. It then examines the benefits of the project with the potential for those benefits under the baseline scenario, for both communities and biodiversity.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Sections 4.5.1, 6.1.1 and 7.1.1 of the validated PD.</p>
<p>Findings:</p>	<p>This indicator was thoroughly addressed during project validation and does not require re-examination during verification. Item closed.</p>

G3 Stakeholder Engagement

<p>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.</p>	<p>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's website.</p> <p>Section 2.3.2 of the Monitoring Report states that the monitoring report was prepared and "will be disseminated to the local stakeholders for their comments."</p> <p>Appendix 2 includes a table listing meetings with community stakeholders, with topics/themes ranging from the development of MOUs and baseline social surveys to the various alternative livelihood activities, like</p>
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	agroforestry, chickens, coconut products, agroecology, etc.
Evidence Used to Assess Conformance:	Sections 2.3.1 – 2.3.3 of the monitoring report, Appendix 2 of the monitoring report, Indonesian and English language summaries of the monitoring report, site visit interviews and observations
Findings:	<p>The project staff disseminated monitoring report summaries to community leaders and project field offices.</p> <p>The auditors did not see any posters or other advertisements for the project monitoring report and comments period during the site visit, which was during the comment period.</p> <p>Many of the community members stated that the monitoring report summary was given to community leaders, but information regarding it never went beyond the village leader. Information that the comment period was active was not passed beyond the village leadership.</p>
Clarification Request (CL):	<p>While the monitoring report summaries were distributed to community leaders throughout the project area, it seems that most of these leaders did not disseminate the information to the communities that the comment period was open for the project, and their comments were welcome.</p> <p>Please provide a plan of action for advertising monitoring reports, comment periods and project audits in the future, so all community members will either be aware or have had the opportunity to be made aware of these project milestones.</p>
Date Issued:	05 June 2018
Project Proponent Response/Actions and Date:	<p>26 June 2018</p> <p>Our plan moving forward is to increase the number of opportunities that community members have to receive project information and ask questions and provide comments. We have revised the SoPs regarding the dissemination of information to communities to include additional required community meetings at the RT level and with minority groups, such as women, youth and the elderly. In addition, language has been added regarding how the meetings are advertised and run. We have also revised the SoP relating to the grievance process to improve awareness of the procedure and facilitate use. Copies of the four relevant revised SoPs have been provided.</p>
Evidence Used to Close CL:	<p>The project proponents provided four recently revised SOP manuals and a table explaining contents of the SOPs:</p> <ol style="list-style-type: none"> 1. Provisions to increase representation of women in community empowerment programs. 2. Detailed procedures for working with communities, regarding information dissemination, consultation and procedures to increase the

	<p>representation of women.</p> <ol style="list-style-type: none"> 3. An update of guidelines for conducting village meetings, to ensure representation of women and reporting of meeting feedback to communities. 4. Guidelines for the conduct of field meetings, including provisions to ensure the representation of women. <p>For this particular indicator, the second SOP guide included detailed information about how to make people aware of meetings and include all people of the communities, including women and representatives of other demographic groups. If followed, it is likely that the revised SOPs will lead to increased awareness of the project and available project documentation among community groups, beyond leadership. Indicator closed.</p> <p>It is clear project management is actively working to improve communications, participation and awareness of the project, especially regarding the involvement of women.</p>
Date Closed:	13 July 2018
<p>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.</p>	<p>The monitoring report states that great efforts had been made to give communities adequate, honest accurate and understandable information before making any decisions regarding project costs, risks and benefits.</p> <p>This process is ensured through:</p> <ol style="list-style-type: none"> 1. A written SOP all staff must follow when working with local communities, including presenting information in an understandable and timely manner. 2. 1 – 2 months allocated to give villages time to discuss draft agreements. 3. Project arranges inter-village visits to allow community members to evaluate activities that were enacted elsewhere, before consenting to bring them to their own villages. <p>Not mentioned in the pertinent section of the monitoring report is that the community MOUs only have a term of 3 years. Many of the communities are in the process of negotiating the second MOU or have recently approved it.</p>
Evidence Used to Assess Conformance:	Section 2.3.4 of the MR, site visit interviews.
Findings:	Community leaders and members interviewed during the site visit appeared to be informed as to the demands asked of them by the project in return for following the terms of the MOUs. The short-term nature of the MOUs themselves ensure project management and staff strive to maintain open and honest communications, or the project would be likely to suffer with little cooperation.

	The means used to ensure FPIC on the part of communities are reasonable.
Clarification Request (CL):	Please provide the written SOP (item #1 referenced above) that is followed by project staff when working with local communities.
Date Issued:	05 June 2018
Project Proponent Response/Actions and Date:	26 June 2018 A copy of the SoP has been provided.
Evidence Used to Close CL:	The project proponents have provided four SOP manuals that guide project personnel in working and communicating with communities. Item closed.
Date Closed:	12 July 2018

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 communication between them or their representatives and the Auditor.	<p>The monitoring report states that information regarding the verification process was disseminated through newsletters, workshops, notice boards and other meetings, as well as directly through project representatives in the villages.</p> <p>It further states that site visits by the auditors will be advertised in a similar fashion.</p>
Evidence Used to Assess Conformance:	Sections 2.3.5 and 2.3.6 of the monitoring report, site visit observations and interviews.
Findings:	<p>Some community members were aware of the monitoring report, site visit by the auditors and the comment period, but most the auditors spoke with were not aware. It appears that information regarding the site visit, the monitoring report and comment period was disseminated to village leaders, but was only irregularly disseminated below the village leadership level.</p> <p>No information regarding the site visit was seen on notice boards by the auditors.</p> <p>Community members interviewed during the site visit were generally not intimidated by the presence of project staff and spoke their minds. Auditors offered to take any comments community members had to project management.</p>
Clarification Request (CL):	<p>Please see the CL for indicator G3.1 and combine the response to G3.1 with the response for this indicator.</p> <p>It appears that village leaders do not always recognize that it is important to the project that the monitoring report summary and information regarding the verification event and the comment period should be disseminated throughout the community to those interested.</p> <p>Please provide a plan of action for advertising monitoring reports, comment periods and project audits in the future, so all community members will either be aware or have</p>

	had the opportunity to be made aware of these project milestones.
Date Issued:	05 June 2018
Project Proponent Response/Actions and Date:	26 June 2018 Our plan moving forward is to increase the number of opportunities that community members have to receive project information and ask questions and provide comments. We have revised the SoPs regarding the dissemination of information to communities to include additional required community meetings at the RT level and with minority groups, such as women, youth and the elderly. In addition, language has been added regarding how the meetings are advertised and run. We have also revised the SoP relating to the grievance process to improve awareness of the procedure and facilitate use. Copies of the four relevant revised SoPs have been provided.
Evidence Used to Close NCR:	The project proponents provided four recently revised SOP manuals and a table explaining contents of the SOPs: <ul style="list-style-type: none"> 1. Provisions to increase representation of women in community empowerment programs. 2. Detailed procedures for working with communities, regarding information dissemination, consultation and procedures to increase the representation of women. 3. An update of guidelines for conducting village meetings, to ensure representation of women and reporting of meeting feedback to communities. 4. Guidelines for the conduct of field meetings, including provisions to ensure the representation of women. <p>For this particular indicator, the second SOP guide included detailed information about how to make people aware of meetings, which would include auditor visits, and include all people of the communities, including women and representatives of other demographic groups. If followed, it is likely that the revised SOPs will lead to increased awareness of project comment periods and auditor site visits, beyond leadership. Indicator closed.</p>
Date Closed:	13 July 2018
Indicator G3.4 - Describe how Communities including all the Community Groups and Other Stakeholders have influenced project design and <i>implementation</i> through Effective Consultation, particularly with a view to optimizing Community and Other Stakeholder benefits, respecting local customs, values and institutions and maintaining high conservation values.	The monitoring report states that extensive meetings with village stakeholders were held on a variety of subjects. An extensive list of these meetings is found in Appendix 2 of the report. Open, ongoing consultation and adaptive management is said to be the project's central philosophy. Several instances of activities started by request of communities are cited. Some activities were reduced/discontinued for the same reason.

Project proponents must document consultations and indicate if and how the project design and implementation has been revised based on such input. A plan must be developed and <i>implemented</i> to continue communication and consultation between the project proponents and Communities, including all the Community Groups, and Other Stakeholders about the project and its impacts to facilitate adaptive management throughout the life of the project.	
Evidence Used to Assess Conformance:	Sections 2.3.7 and 2.3.8 of the monitoring report, site visit interviews and observations.
Findings:	<p>Extensive meetings were held over the two years of this verification period. In no case seen during the site visit were villagers saddled with project activities for which they had no interest.</p> <p>Activities and interests of the communities differed by community and geography.</p> <p>The short terms of MOUs between the villages and the project require project management and staff to be responsive to community member opinions, or local support for the project would be lost.</p> <p>Given the level of continued communications and the need to keep communities satisfied, project activities are essentially determined by community stakeholders. Item closed.</p>
Non-conformance Request (NCR):	
Date Issued:	
Project Proponent Response/Actions and Date:	
Evidence Used to Close NCR:	
Date Closed:	

Indicator G3.5 - Demonstrate that all consultations and participatory processes have been undertaken directly with Communities and Other Stakeholders or through their legitimate representatives, ensuring adequate levels of information sharing with the members of the groups.	<p>The monitoring report states that consultations and participatory processes are targeted toward the people affected by a particular activity or issue.</p> <p>Information may be discussed with village leadership before dissemination. Sometimes more specific information first goes to the leader of a specific group.</p> <p>Appendix 2 includes an extensive list of meetings/consultations with local communities and community groups.</p>
Evidence Used to Assess Conformance:	Section 2.3.9 of the MR, Appendix 2 of the MR, site visit interviews and observations.
Findings:	Extensive meetings were held and people involved in particular project activities were well informed about their project activities. Village leaders received project related

	information in a timely manner, but did not always disseminate the information in a timely manner, in the case of the release of the monitoring report and the announcement of the comment period.
Clarification Request (CL):	<p>Please see the CL for indicator G3.1 and G3.3, as it is likely one response can close each of these related indicators.</p> <p>Given that the dissemination of verification/comment period information appeared to be disseminated inconsistently to individual community members, please provide a plan of action for ensuring pertinent information is disseminated from village leaders to community members in a timely manner.</p>
Date Issued:	05 June 2018
Project Proponent Response/Actions and Date:	<p>26 June 2018</p> <p>Our plan moving forward is to increase the number of opportunities that community members have to receive project information and ask questions and provide comments. We have revised the SoPs regarding the dissemination of information to communities to include additional required community meetings at the RT level and with minority groups, such as women, youth and the elderly. In addition, language has been added regarding how the meetings are advertised and run. We have also revised the SoP relating to the grievance process to improve awareness of the procedure and facilitate use. Copies of the four relevant revised SoPs have been provided.</p>
Evidence Used to Close NCR:	<p>The project proponents provided four recently revised SOP manuals and a table explaining contents of the SOPs:</p> <ol style="list-style-type: none"> 1. Provisions to increase representation of women in community empowerment programs. 2. Detailed procedures for working with communities, regarding information dissemination, consultation and procedures to increase the representation of women. 3. An update of guidelines for conducting village meetings, to ensure representation of women and reporting of meeting feedback to communities. 4. Guidelines for the conduct of field meetings, including provisions to ensure the representation of women. <p>For this particular indicator, all the SOP manuals come into play. Technical guidelines for conducting meetings include ensuring all community members have an opportunity to participate. If followed, it is likely that the revised SOPs will lead to increased awareness of project to all interested community members, beyond leadership. Indicator closed.</p>
Date Closed:	13 July 2018

<p>Indicator G3.6 - Describe the measures needed and <i>taken</i> to enable effective participation, as appropriate, of all Communities, including all the Community Groups, that want and need to be involved in project design, implementation, monitoring and evaluation throughout the project lifetime, and describe how they have been implemented in a culturally appropriate and gender sensitive manner.</p>	<p>The monitoring report states that meeting types, structures and locations are always designed so that the target audience is able to attend and participate.</p> <p>Some meetings have a very informal structure to ensure attendees are at ease. Women-only meetings are also held.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 2.3.10 of the monitoring report and site visit interviews and impressions.</p>
<p>Findings:</p>	<p>The project staff do hold meetings in a variety of locations. Particular groups are targeted for inclusion in some activities.</p> <p>Limited funding often limits the number of people able to take part in some project activities.</p> <p>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. While there was some resentment about the fact that project participants were sometimes limited by the availability of funds, such limitations are unavoidable. Item closed.</p>
<p>Indicator G3.7 - Describe the measures needed and <i>taken</i> to ensure that the project proponent and all other entities involved in project design and implementation are not involved in or complicit in any form of discrimination or sexual harassment with respect to the project.</p>	<p>The monitoring report states 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.</p> <p>Staff members are required to sign a document, indicating they received it and understand its contents.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 2.3.11 of the monitoring report. Site visit interviews</p>
<p>Findings:</p>	<p>After checking the company's anti-harassment regulation, this indicator will be closed. Site visit interviews with female staff members did not reveal any sort of abuse or harassment.</p>
<p>Clarification Request (CL):</p>	<p>Please provide a copy of the company regulation involving harassment.</p>
<p>Date Issued:</p>	<p>05 June 2018</p>
<p>Project Proponent Response/Actions and Date:</p>	<p>26 June 2018 We have provided a full bilingual copy of the Company Regulations. The relevant sections on harassment can be found Chapter XII.</p>
<p>Evidence Used to Close NCR:</p>	<p>Chapter XII of a publication called Company Regulation (Peraturan Perusahaan) describes PT RMU's policy on</p>

	harassment and definitions of various kinds of harassment. These are in line with the concept of harassment in the US. Indicator closed.
Date Closed:	12 July 2018

<p>Indicator G3.8 - Demonstrate that a clear grievance redress procedure has been formalized to address disputes with Communities and Other Stakeholders that may arise during project planning, implementation and evaluation with respect but not limited to, Free, Prior and Informed Consent, rights to lands, territories and resources, benefit sharing, and participation. The project shall include a process for receiving, hearing, responding to and attempting to resolve Grievances within a reasonable time period. The Feedback and Grievance Redress Procedure shall take into account traditional methods that Communities and Other Stakeholders use to resolve conflicts. The Feedback and Grievance Redress Procedure shall have three stages with reasonable time limits for each of the following stages.</p> <p>First, the Project Proponent shall attempt to amicably resolve all Grievances, and provide a written response to the Grievances in a manner that is culturally appropriate.</p> <p>Second, any Grievances that are not resolved by amicable negotiations shall be referred to mediation by a neutral third party.</p> <p>Third, any Grievances that are not resolved through mediation shall be referred either to a) arbitration, to the extent allowed by the laws of the relevant jurisdiction or b) competent courts in the relevant jurisdiction, without prejudice to a party's ability to submit the Grievance to a competent supranational adjudicatory body, if any.</p> <p>The Feedback and Grievance Redress Procedure must be publicized and accessible to Communities and Other Stakeholders. Grievances and project responses, including any redress,</p>	<p>The monitoring report includes a grievance procedure which originally appeared in the PDD. It includes all steps recommended by CCB Standards, including first trying to amicably resolve the grievance, then going to third party mediation before finally resorting to the legal system.</p> <p>Appendix 3 includes a table listing all grievances, the nature of the grievance and how the grievance was resolved. 23 grievances were received. One is listed as unresolved due to a misunderstanding. Another is unresolved because the grievance was anonymous. The rest were resolved through formal or informal meetings.</p>
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must be documented and made publicly available.	
Evidence Used to Assess Conformance:	Section 2.3.12 of the monitoring report, section 2.7.5 of the PDD, site visit interviews.
Findings:	<p>A grievance procedure is in place and it conforms to the CCB Standard. Site visit interviews reveal people are aware of the formal grievance process, but they also reveal that everyone knows to whom they would bring their grievance, if they had one.</p> <p>Grievances made and recorded by project staff show that regardless of whether people are specifically aware of a formal grievance procedure, most people know who to approach when they have a grievance and use the opportunity when they need it. However, individuals on the Mentaya side of the project area appeared to be less aware of the grievance procedure including individuals interviewed by the verification team in the village of Galinggang.</p> <p>The villagers of Galinggang expressed multiple concerns about the project which appear to meet the threshold for submittal to the formal grievance process. The MR and PD contain a robust grievance handling process but it may not be consistently applied to all project -zone communities. In the case of Galinggang, the verification team requests a description of the steps that would be taken as part of the formal grievance process to address their concerns.</p>
Clarification Request (CL):	Please describe the steps the project will take (or has taken) to address the multiple concerns about the project expressed by the individuals in the village of Galinggang.
Opportunity for Improvement (OFI):	The verification team suggests re-iterating the grievance procedure in monitoring report summaries distributed to communities in order to increase awareness of the formal procedure.
Date Issued:	
Project Proponent Response/Actions and Date:	<p>26 June 2018</p> <p>Over the next weeks and months, we plan to:</p> <ol style="list-style-type: none"> 1) Hold discussions with the individuals and whole community regarding the purpose of the project to ensure a thorough understanding of its scope, the types of community activities supported, and the project's process for prioritizing community projects 2) Ensure that the grievance process is reinforced and communicated so that any concerns can be appropriately logged and the project can respond
Evidence Used to Close NCR:	The project proponents' plans to increase understanding of the project, its activities and priorities are reasonable. The process of the formal grievance procedure is being reiterated to the community. Indicator closed.
Forward Action Item	At future verification events, the verification team recommends re-examining misunderstanding or grievance procedures and their implementation. The verification

	team also recommends re-assessing community sentiments at Galinggang Village to see if progress has been made to clear up misunderstandings/grievances.
Date Closed:	13 July 2018
Indicator G3.9 - Describe measures needed and <i>taken</i> to provide orientation and training for the project's workers and relevant people from the Communities with an objective of building locally useful skills and knowledge to increase local participation in project implementation. These capacity building efforts should target a wide range of people in the Communities, with special attention to women and vulnerable and/or marginalized people. Identify how training is passed on to new workers when there is staff turnover, so that local capacity will not be lost.	<p>The monitoring report includes a list of trainings for both the staff and the communities that took place during this verification period.</p> <p>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.</p> <p>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.</p> <p>To ensure capacity is not lost, internships, apprenticeships and work shadowing are used to train new individuals.</p>
Evidence Used to Assess Conformance:	Section 2.3.13 of the monitoring report, site visit interviews with employees and HR.
Findings:	The project provides orientation training to new employees and more specific trainings for particular tasks and for capacity building in the communities. Item closed.
Indicator G3.10 - <i>Demonstrate</i> that people from the Communities are given an equal opportunity to fill all work positions (including management) if the job requirements are met. Explain how workers are selected for positions and where relevant, describe the measures needed and <i>taken</i> to ensure Community members, including women and vulnerable and/or marginalized people, are given a fair chance to fill positions for which they can be trained.	<p>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.</p> <p>Jobs are posted on job boards, announcements and bulletin boards in villages, as well as on the internet.</p> <p>Local facilitators and field staff visit all villages to announce vacancies. The village government has an opportunity to discuss a position's requirements. Villagers who meet requirements are recommended to the project team.</p> <p>88% of project field staff are from the local communities, representing 76% of the total staff. 9% are women.</p>
Evidence Used to Assess Conformance:	Section 2.3.14 and site visit interviews.
Findings:	<p>Staff members interviewed described a hiring process very similar to the description in in the MR. Most staff are from local communities.</p> <p>Staff are hired locally or from nearby Sampit. Vacancy announcements for jobs requiring more skill may be advertised more widely.</p> <p>It appears project management preferentially hires from</p>

	local communities and offers women the chance to fill vacancies. Item closed.
<p>Indicator G3.11 - Submit a list of all relevant laws and regulations covering worker's rights in the host country. Describe measures needed and <i>taken</i> 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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>The manual includes the grievance process that employees can use if unhappy with terms of employment. (No staff have used the procedure, to date.)</p> <p>In addition, the project is compliant with the social security law, and makes payments on behalf of all employees.</p>
Evidence Used to Assess Conformance:	Section 2.3.15, site visit interviews.
Findings:	Employees reported receiving the employee manual and signing a document indicating they understood it.
Clarification Request (CL):	Please provide an English language translation of the current employee manual as a demonstration of how compliance is achieved.
Date Issued:	05 June 2018
Project Proponent Response/Actions and Date:	26 June 2018 We will provide a full bilingual copy of the Company Regulations demonstrating compliance.
Evidence Used to Close CL:	The project proponents provided the auditors with a copy of the employee manual, dated 2017 December. It includes the terms of employment, the way certain issues are dealt with, benefits, overtime, etc. When appropriate, the manual ties the company policy back to Indonesian law (e.g., salaries during special conditions, overtime, taxes, family assistance, etc.) This indicator is closed.
Date Closed:	12 June 2018
<p>Indicator G3.12 - Comprehensively assess situations and occupations that might arise through the implementation of the project and pose a substantial risk to worker safety. Describe measures needed and <i>taken</i> to inform workers of risks and to explain how to minimize such risks. Where worker safety cannot be guaranteed, project proponents must show how the risks are minimized using best work practices in line with the culture and customary practices of the</p>	<p>The monitoring report includes a list of the measures taken to address risks to worker safety, including:</p> <ul style="list-style-type: none"> • 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,

communities.	communication, evacuation, shelter and on risks inherent to field activities, like fire suppression. The MR goes on to promise the project will continue to provide training and safety equipment.
Evidence Used to Assess Conformance:	Section 2.3.16 of the monitoring report, site visit interviews with staff and fire patrols.
Findings:	Both the monitoring report and site visit interviews indicate the project provides sufficient safety training and equipment to staff and community fire patrols/brigades. Item closed.

G4 Management Capacity

Indicator G4.1 - Describe the project's governance structures, and roles and responsibilities of all the entities involved in project design and implementation. For projects using a programmatic approach, identify any new entities included in the project since the last validation or verification against the CCB Standards.	The project proponent is PT Rimba Makmur Utama (PT. RMU). Other entities involved in the project include <ul style="list-style-type: none"> • 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.
Evidence Used to Assess Conformance:	Section 2.1.4 of the monitoring report, site visit interviews with management.
Findings:	The basic management structure and the entities responsible for various aspects of the project were described. Item closed.

Indicator G4.2 - Document key technical skills required to implement the project successfully, including community engagement, biodiversity assessment and carbon measurement and monitoring skills. Document the management team's expertise and prior experience implementing land management and carbon projects at the scale of this project. If relevant experience is lacking, the proponents must either demonstrate how other organizations are partnered with to support the project or have a recruitment strategy to fill the gaps.	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. Other partners were mentioned in G4.1
Evidence Used to Assess Conformance:	Sections 2.4.1, 2.4.2 and 2.4.3 of the monitoring report, site visit interviews, observations and impressions.
Findings:	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. Item closed.

<p>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 <i>and taken</i> to be able to provide this assurance.</p>	<p>The monitoring report states that project financing remains in place and secure, as demonstrated during validation and previous verifications.</p> <p>Project expenses and financing during this period have remained as predicted and future projections remain unchanged.</p> <p>A confidential financial model was provided to the auditors, indicating the project breaks even in 2017 and is able to fully comply with loan obligations from starting the project.</p> <p>The monitoring report further states that PT-RMU conducts routine internal audits and an annual independent external audit.</p> <p>PT-RMU has a strict non-corruption policy, and uses strict contractual arrangements with partners, routine field inspections, centralized procurement procedures and segregation of financial management practices.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Sections 2.4.4 and 2.4.5 of the monitoring report, site visit interviews with project management.</p>
<p>Findings:</p>	<p>It appears the project proponent has sufficient funds to implement the project, well into the future. Policies and procedures are in place to prevent or detect corrupt practices. Item closed.</p>
<p>Non-conformance Request (NCR):</p>	

G5 Legal Status and Property Rights

<p>Indicator G5.1 - Describe and map statutory and customary tenure/use/access/management rights to lands, territories and resources in the Project Zone including individual and collective rights and including overlapping or conflicting rights. If applicable, describe measures needed <i>and taken</i> by the project to help to secure statutory rights. <i>Demonstrate</i> that all Property Rights are recognized, respected, and supported.</p>	<p>The monitoring report states that PT-RMU is the sole concession holder for the project area under two ecosystem restoration licenses. Table 6 lists the decrees and legal approvals leading to the concession licenses.</p> <p>One of the 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.</p> <p>The project entered into MOUs with 14 villages in the project zone, a number of them for the second time. (MOUs have 3-year terms.) These MOUs include recognition of land rights on the part of the project and the villages.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 2.5.1 of the monitoring report, site visit interviews and observations</p>
<p>Findings:</p>	<p>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. These MOUs can be changed, as needed, since they only have three-year terms. Community members did not express any problems with the project's land claims during the site visit. Item closed.</p>

<p>Indicator G5.2 - Demonstrate with documented consultations and agreements that</p> <p>a. the project will not encroach uninvited on private property, community property, or government property,</p> <p>b. the Free, Prior, and Informed Consent <i>has been obtained</i> of those whose property rights are affected by the project through a transparent, agreed process.</p> <p>Free, Prior and Informed Consent is defined as:</p> <ul style="list-style-type: none"> - 'Free' means no coercion, intimidation, manipulation, threat and bribery; - 'Prior' means sufficiently in advance of any authorization or commencement of activities and respecting the time requirements of their decision-making processes; - 'Informed' means that information is provided that covers (at least) the following aspects <ul style="list-style-type: none"> a. the nature, size, pace, reversibility and scope of any proposed project or activity; b. the reason/s or purpose of the project and/or activity; c. the duration of the above; d. the locality of areas that will be affected; e. a preliminary assessment of the likely economic, social, cultural and environmental impact, including potential risks and fair and equitable benefit sharing in a context that respects the precautionary principle; f. personnel likely to be involved in the execution of the proposed project (including Indigenous Peoples, private sector staff, research institutions, government employees, and others); and g. procedures that the project may entail; and - 'Consent' means that there is the option of withholding consent and that the parties have reasonably 	<p>The monitoring report states the project has adopted FPIC principles in all community consultation processes, and will continue this approach through the project lifetime.</p> <p>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.</p>
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<p>understood it. - Collective rights holders must be able to participate through their own freely chosen representatives and customary or other institutions following a transparent process for obtaining their Free, Prior and Informed Consent that they have defined.</p> <p>c. appropriate restitution or compensation has been allocated to any parties whose lands have been or will be affected by the project.</p>	
<p>Evidence Used to Assess Conformance:</p>	<p>Sections 2.5.1 and 2.5.2 of the monitoring report, interviews and observations during the site visit.</p>
<p>Findings:</p>	<p>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. Item closed.</p>
<p>Indicator G5.3 - <i>Demonstrate</i> that project activities do not lead to involuntary removal or relocation of Property Rights Holders from their lands or territories, and does not force them to relocate activities important to their culture or livelihood. If any relocation of habitation or activities is undertaken within the terms of an agreement, the project proponents must <i>demonstrate</i> that the agreement was made with the Free, Prior, and Informed Consent of those concerned and includes provisions for just and fair compensation.</p>	<p>The monitoring report states that the project has not and will not undertake any involuntary relocations. The project area never contained any permanent human settlements.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 2.5.3 of the monitoring report, site visit observations, remote sensing evidence.</p>
<p>Findings:</p>	<p>It is highly unlikely there were any settlements in the project area, as peat domes are not ideal human habitat. Remote sensing does not indicate any signs of settlements, aside from those identified.</p> <p>The project developer has been willing to sign agreements with villages regarding the traditional lands they control and there is no reason to believe they would change that policy, and they state they will not cause any involuntary relocations. Item closed.</p>

<p>Indicator G5.4 - Identify any illegal activities that could affect the project's climate, community or biodiversity impacts (e.g. illegal logging) taking place in the Project Zone and describe measures needed and <i>taken</i> to reduce these activities so that project benefits are not derived from illegal activities.</p>	<p>The illegal activities that could affect the projects impacts include logging and mining, hunting of protected species or using fire for clearing. The goal of the project is to end these activities in the project area through protection, education, incentives and alternative livelihood opportunities.</p> <p>The monitoring report further states the project will not and has not derived benefits from illegal activities.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 2.5.4 of the monitoring report, project activities and goals, interviews and observations during the site visit.</p>
<p>Findings:</p>	<p>The illegal activities described are the very activities that threaten the project area today, and are the activities the project activities seek to reduce.</p> <p>The project management and staff appear to be serious and dedicated to the conservation of project lands. Item closed.</p>
<p>Indicator G5.5 -Identify any ongoing or unresolved conflicts or disputes over rights to lands, territories and resources and also any disputes that were resolved during the last twenty years where such records exist, or at least during the last ten years. If applicable, describe measures needed and <i>taken</i> to resolve conflicts or disputes. <i>Demonstrate</i> that no activity is undertaken by the project that could prejudice the outcome of an unresolved dispute relevant to the project over lands, territories and resources in the Project Zone.</p>	<p>The monitoring report includes a list of grievances from local communities and community members. Some of those grievances are in regard to land.</p> <p>Most have been resolved or the aggrieved party had not provided any evidence for the claim. One claim remains unresolved, "due to a misunderstanding of ecosystem restoration concept."</p> <p>There appear to be no long-standing unresolved disputes or resource conflicts that could be exacerbated by the project.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 2.5.5 and Appendix 3 of the monitoring report.</p>
<p>Findings:</p>	<p>No long-term land/resource disputes seem to exist. Grievances regarding land were dealt with through the grievance process. One outstanding grievance has yet to be resolved, due to a misunderstanding. Item closed.</p>
<p>Indicator G5.6 - Submit a list of all national and local laws and regulations in the host country that are relevant to the project activities. Provide assurance that the project is complying with these and, where relevant, demonstrate how compliance is achieved.</p>	<p>The monitoring report 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.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 2.5.6.1 of the monitoring report</p>
<p>Findings:</p>	<p>A list of the laws affecting the project and its activities was provided and assurance was made that the project is acting within these laws. Item closed.</p>
<p>Indicator G5.7 - Document that the project has approval from the appropriate authorities, including the</p>	<p>See indicator G5.1. The monitoring report states that PT-RMU is the sole concession holder for the project area under two ecosystem restoration licenses. Table 6 lists the</p>

established formal and/or traditional authorities customarily required by the Communities.	decrees and legal approvals leading to the concession licenses. One of the 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. The project entered into MOUs with 14 villages in the project zone, a number of them for the second time. (MOUs have 3-year terms.) These MOUs include recognition of land rights on the part of the project and the villages.
Evidence Used to Assess Conformance:	Section 2.5.1 of the monitoring report, site visit interviews and observations
Findings:	The project has approval from appropriate authorities, except for a few villages who have yet to complete MOU negotiations. Item closed.

Indicator G5.8 - Demonstrate that the Project Proponent(s) has the unconditional, undisputed and unencumbered ability to claim that the project will or did generate or cause the project's climate, community and biodiversity benefits.	This indicator is not addressed in the monitoring report. It is addressed in the validated Project Description Document. As mentioned above, PT-RMU controls the project area as the sole concession holder under a Ministry of Forestry decree, which grants, among other things, the right to generate and sell carbon offset credits.
Evidence Used to Assess Conformance:	Section 3.2 and Appendix 3 of the validated PDD.
Findings:	The project demonstrated PT-RMU has the ability to claim the project caused any of the climate/community/biodiversity benefits generated. This does not require re-examination during this verification event. Item closed.

Indicator G5.9 - Identify the tradable climate, community and biodiversity benefits of the project and specify how double counting is avoided, particularly for offsets sold on the voluntary market and generated in a country participating in a compliance mechanism.	The monitoring report states the project only seeks carbon credits under VCS, and no other forms of environmental credits. The project has not been registered under any other emissions trading program. It further states that it will not claim credit for the same GHG emissions reductions or removals under the VCS or any other GHG program. The National Plan for Reducing GHG Emissions requires reduction targets for specific sectors and identification of plans to achieve those goals. The project is not currently subject to these targets, nor will it's reductions be used to demonstrate achievement of agency goals.
Evidence Used to Assess Conformance:	Section 2.1.9 of the monitoring report. Discussions with project management.
Findings:	Carbon offset credits are the only tradable benefits of the project, at this time. The project is registered with VCS to avoid double counting. Credits will not be used to achieve agency GHG reduction goals. Item closed.

CLIMATE SECTION

Per the *Rules for the Use of the CCB Standards* (December 2013), a Climate Section Waiver is applicable for projects using the *Third Edition*.

“The Climate section of the CCB Standards Third Edition is used to demonstrate a project’s net positive climate benefits and not for claiming greenhouse gas (GHG) emissions reductions and removals units for use as offsets. CL1-4 is not required for projects that have met the requirements of a Recognized GHG Program.

“The Validation or Verification Report shall include evidence in the form of a positive validation or verification statement following the procedure of the Recognized GHG Program that the project meets the requirements of the Recognized GHG Program (for the appropriate time period, in the case of verification).

“If a project is not successfully validated or verified to the standards of a recognized GHG program at the time of its validation or verification to the CCB Standards, it shall demonstrate conformance with the CCB Standards Climate Section CL1-4.

“If a Project meets the requirements of a Recognized GHG Program resulting in a waiver of the Climate section of the CCB Standards, the project must be verified to the CCB Standards at the same time and every time that it is verified to the Recognized GHG Program.”

CL1 Without-Project Climate Scenario

<p>Indicator CL1.1 - Estimate the total GHG emissions inside the Project Area under the without-project land use scenario (described in G2) using an Approved or Defensible methodological approach. The timeframe for this analysis is the project GHG accounting period or the project lifetime. In the without-project scenario, it is allowable for the analysis to exclude GHG emissions from sources such as biomass burning, fossil fuel combustion, synthetic fertilizers, and to exclude non-CO2 GHG emissions such as CH4 and N2O gases, in cases where this can be justified as conservative. The analysis of GHG emissions or removals must include carbon pools expected to increase significantly under the without-project scenario.</p>	<p>A Climate Section Waiver is applicable as these elements are addressed via the VCS portion of the verification.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>N/A</p>
<p>Findings:</p>	<p>N/A</p>

CL2 Net Positive Climate Impacts

<p>Indicator CL2.1 - Estimate the total GHG emissions expected from land use activities inside the project area under</p>	<p>A Climate Section Waiver is applicable as these elements are addressed via the VCS portion of the verification.</p>
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the with-project land use scenario using an Approved or Defensible methodological approach. This estimate must be based on clearly defined and defensible assumptions about changes in GHG emissions under the with-project scenario over the project lifetime or the project GHG accounting period. The GHG emissions estimate must include non CO2 emissions such as CH4 and N2O (in terms of CO2-equivalent), and GHG emissions from sources such as biomass burning, fossil fuel combustion, use of synthetic fertilizers and the decomposition of Nfixing species, etc., if those GHG emissions sources are cumulatively likely to account for more than 20% of the project's expected total GHG emissions in the with-project scenario.	
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

Indicator CL2.2 - Demonstrate that the net climate impact of the project is positive. The net climate impact of the project is the difference between the total GHG emissions or removals in the without-project scenario (including CO2 and non-CO2 GHG emissions) and total GHG emissions or removals resulting from project activities, minus any project-related negative offsite climate impacts ('Leakage' see CL3).	A Climate Section Waiver is applicable as these elements are addressed via the VCS portion of the verification.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

CL3 Offsite Climate Impacts ("Leakage")

Indicator CL3.1 - Determine the types of Leakage that are expected and estimate offsite increases in GHG emissions due to project activities using an Approved or Defensible methodological approach. Where relevant, define and justify where Leakage is most likely to take place.	A Climate Section Waiver is applicable as these elements are addressed via the VCS portion of the verification.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

Indicator CL3.2 - Describe the measures taken to mitigate Leakage.	A Climate Section Waiver is applicable as these elements are addressed via the VCS portion of the verification.
Evidence Used to Assess Conformance:	
Findings:	
Non-conformance Request (NCR):	
Date Issued:	

Project Proponent Response/Actions and Date:	
Evidence Used to Close NCR:	
Date Closed:	

Indicator CL3.3 - Non-CO2 emissions must be included if they are likely to account for more than 20% of the total Leakage emissions (in terms of CO2-equivalent) following the procedures for including or excluding non-CO2 emissions described in CL 2.1.	A Climate Section Waiver is applicable as these elements are addressed via the VCS portion of the verification.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

CL4 Climate Impact Monitoring

Indicator CL4.1 - Develop and implement a plan for monitoring changes in relevant carbon pools, non-CO2 GHGs and emissions sources and leakage (as identified in CL1, CL2 and CL3) using an Approved or Defensible methodological approach and following the defined frequency of monitoring of defined parameters. Emissions sources to monitor must include any sources expected to cumulatively contribute more than 20% of total GHG emissions in the with-project scenario (See footnote to CL2.1). Where the methodological approach used to estimate leakage under CL3 requires monitoring, this leakage must be monitored.	A Climate Section Waiver is applicable as these elements are addressed via the VCS portion of the verification.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

Indicator CL4.2 - Disseminate the monitoring plan and any results of monitoring undertaken in accordance with the monitoring plan, ensuring that they are made publicly available on the internet and summaries are communicated to the Communities and Other Stakeholders through appropriate means.	A Climate Section Waiver is applicable as these elements are addressed via the VCS portion of the verification.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

GL1 Climate Change Adaptation Benefits

Indicator GL1.1 - Identify likely regional or sub-national climate change and	This is not addressed in the monitoring report, because it is covered during project validation.
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climate variability scenarios and impacts, using available studies, and identify potential changes in the local land use scenario due to these climate change scenarios in the absence of the project.	
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

Indicator GL1.2 - Demonstrate that current or anticipated climate changes are having or are likely to have an impact on the well-being of Communities and/or the conservation status of biodiversity in the Project Zone and surrounding regions.	This is not addressed in the monitoring report, because it is covered during project validation.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A

Indicator GL1.3 - Describe measures needed and <i>taken</i> to assist Communities and/or biodiversity to adapt to the probable impacts of climate change based on the causal model that explains how the project activities will achieve the project's predicted adaptation benefits.	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.
Evidence Used to Assess Conformance:	MR Section 3.3.1, 3.3.2
Findings:	See above for summary of measures defined by proponents in the monitoring report. Item closed.

Indicator GL1.4 - Include indicators for adaptation benefits for Communities and/or biodiversity in the monitoring plan. <i>Demonstrate</i> that the project activities assist Communities and/or biodiversity to adapt to the probable impacts of climate change. Assessment of impacts of project activities on Communities must include an evaluation of the impacts by the affected Communities.	<p>The monitoring report states the project had a net positive impact on all groups in the communities and no HCVs were negatively affected.</p> <p>Community and biodiversity resilience to climate change has been strengthened. Diversity in income opportunities has been increases, as has knowledge of agricultural and forestry practices.</p> <p>These well-being impacts would not have occurred in the 'without-project' scenario.</p>
Evidence Used to Assess Conformance:	Section 4.1.3 of the monitoring report
Findings:	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. Item closed.

COMMUNITY SECTION

CM1 Without-Project Community Scenario

Indicator CM1.1 - Describe the Communities at the start of the project and significant community changes in the past, including well-being	This indicator is not addressed in the monitoring report, because it seeks a description of the communities at the start of the project.
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information, and any community characteristics. Describe the social, economic and cultural diversity within the Communities and the differences and interactions between the Community Groups.	The PDD states that project area communities are typically small, isolated and lack access to basic social services, like health and education. There is a lack of knowledge regarding how to use traditional knowledge within modern society. Communities are described as cohesive units. Average income is below the national poverty line.
Evidence Used to Assess Conformance:	Section 6.1.1 of the PDD.
Findings:	At the start of the project, communities were small, cohesive units, largely isolated and relatively poor. This information was provided and validated in the PDD. Since it is not subject to change, this indicator does not need to be re-examined during this verification event. Item closed.

<p>Indicator CM1.2 - Evaluate whether the Project Zone includes any of the following High Conservation Values (HCVs) related to community well-being and describe the qualifying attributes for any identified HCVs:</p> <p>a. Areas that provide critical ecosystem services;</p> <p>b. Areas that are fundamental for the livelihoods of Communities; and</p> <p>c. Areas that are critical for the traditional cultural identity of Communities.</p> <p>Identify the areas that need to be managed to maintain or enhance the identified HCVs.</p>	<p>This is not addressed in the monitoring report, because it is asking whether community-related HCVs existed in the project zone at the start of the project.</p> <p>The validated PDD indicates that the project zone includes all three types of community-related HCVs.</p> <p>The areas that include these HCVs, as well as the biodiversity-related HCVs, can be found on Map 4 of the PDD.</p>
Evidence Used to Assess Conformance:	Section 1.3.8 of the PDD.
Findings:	The project zone includes all three community-related HCVs. Item closed.

<p>Indicator CM1.3 - Describe the expected changes in the well-being conditions and other characteristics of Communities under the without-project land use scenario, including the impact of likely changes on all ecosystem services in the Project Zone identified as important to Communities.</p>	<p>This is not addressed in the monitoring report, because it asks for a description of changes in community well-being in the 'without project' scenario, which is covered during project validation.</p> <p>Hydrological function of the project area/zone would be lost, causing oxidation of peat, loss of clean water supply, risk of salt water intrusion, increased fire risk and loss of forest cover.</p> <p>The forest would be replaced with monoculture acacia plantation, leading to the loss of access to all non-timber forest products.</p> <p>Culturally important areas would be at risk of loss.</p>
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Evidence Used to Assess Conformance:	Section 6.1.1 of the PDD.
Findings:	The losses of resources the communities currently depend on, in the case of the 'without project' scenario, was established during project validation and does not need to be re-examined during this verification event. Item closed.

CM2 Net Positive Community Impacts

<p>Indicator CM2.1 - Use appropriate methodologies to assess the impacts, including predicted and actual, direct and indirect benefits, costs and risks, on each of the identified Community Groups (identified in G1.5) resulting from project activities under the with-project scenario. The assessment of impacts must include changes in well-being due to project activities and an evaluation of the impacts by the affected Community Groups. This assessment must be based on clearly defined and defensible assumptions about changes in well-being of the Community Groups under the with-project scenario, including potential impacts of changes in all ecosystem services identified as important for the Communities (including water and soil resources), over the project lifetime.</p>	<p>The monitoring report states that many project activities were conducted which had a net positive impact on all community groups.</p> <p>The report discusses four community groups and the impacts the project has had on them, including:</p> <ul style="list-style-type: none"> • Women: increased participation in project consultations due to practices to encourage the participation of women, including women-only meetings and meetings where comments are taken from participants, alternating between genders. This led to increased economic opportunities, with women participating in training sessions, microfinance and leadership positions. • Youth: project seeks to identify job opportunities for youth who return to the communities after completing their education. The project also sponsors internship opportunities. • People with at-risk occupations: community members who made their money from illegal logging and gold mining have been invited to participate in the initial new economic activities identified by communities for development. • Elderly healthcare programs targeting the elderly were implemented.
Evidence Used to Assess Conformance:	Section 4.1.1 of the monitoring report, site visit observations and interviews.
Findings:	<p>While not as active as men, women are involved in income producing activities and are being hired as staff at both the office in Bogor and in Borneo.</p> <p>Some training, like coconut sugar production, is targeted toward youth of families that make their money through illegal logging.</p> <p>Activities are beneficially impacting these groups. Item closed.</p>
<p>Indicator CM2.2 - Describe measures needed and <i>taken</i> to mitigate any negative well-being impacts on Community Groups and for maintenance or enhancement of the high conservation value attributes (identified in CM1.2) consistent with the precautionary principle.</p>	<p>The monitoring report states, "Neither the monitoring data nor information obtained by the project team while working with the communities has indicated that any sub-group or HCV attribute has been negatively impacted by the project."</p> <p>The project actively involves communities in the planning process, and they discuss any possible negative impacts</p>

	and how to avoid them.
Evidence Used to Assess Conformance:	Section 4.1.2 of the monitoring report, site visit observations and interviews.
Findings:	<p>It is unlikely that negative well-being impacts from project activities would occur, and none were detected.</p> <p>One potential negative impact that is not related to the activities themselves, but the manner in which they are enacted by the project, including intra- and inter-community jealousy. Due to limited funds available, the project is not able to provide some benefits to all who desire them. Benefits are currently targeted toward at-risk groups and pilot projects. Others, not involved in these activities are becoming jealous, according to interviewees.</p>
Clarification Request (CL):	Please describe a plan of action for addressing the potentially budding problem of jealousies within the communities, stemming from the perception of an unfair distribution of project benefits.
Date Issued:	05 June 2018
Project Proponent Response/Actions and Date:	<p>26 June 2018</p> <p>Our plan of action is to:</p> <ol style="list-style-type: none"> 1. Provide additional and ongoing information to communities regarding the process the project uses to prioritize and approve community improvement projects (project benefits). Current funding unfortunately does not allow for all projects simultaneously. 2. Begin, as far as possible, to facilitate inter-village exchange visits, so that participants can see more clearly (first hand) the activities being conducted by the project in each location.
Evidence Used to Close CL:	The plan of action described above, including informing the community members on the way the project prioritizes activities/benefits and the recipients of those activities/benefits and how activities are being conducted in other communities, directly addresses concerns about inter- and intra-community jealousies. Indicator closed.
FORWARD ACTION ITEM:	During future verification events, auditors should include questions to community leaders and members regarding whether the community perceives bias in the distribution of project benefits or whether they understand the way the project distributes benefits, based on priorities.
Date Closed:	12 July 2018
Indicator CM2.3 - Demonstrate that the net well-being impacts of the project are positive for all identified Community Groups compared with their anticipated well-being conditions under the without-project land use scenario (described in CM1).	<p>The monitoring report states the project had a net positive impact on all groups in the communities and no HCVs were negatively affected.</p> <p>Community and biodiversity resilience to climate change has been strengthened. Diversity in income opportunities has been increases, as has knowledge of agricultural and forestry practices.</p> <p>These well-being impacts would not have occurred in the 'without-project' scenario.</p>
Evidence Used to Assess Conformance:	Section 4.1.3 of the monitoring report

Findings:	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. Item closed.
Indicator CM2.4 - Demonstrate that no High Conservation Values (identified in CM1.4) are negatively affected by the project.	The monitoring report states that the project focuses on conserving the intact peat swamp forest and improving the management of agricultural areas to lessen the threat of fire. HCV areas important to the communities depend on the peat swamp forest remaining largely intact.
Evidence Used to Assess Conformance:	Section 4.1.4 of the monitoring report, the nature of the HCVs and the nature of the project.
Findings:	It is unlikely that the community related HCVs could be negatively impacted by a project of this nature. Item closed.

CM3 Other Stakeholder Impacts

Indicator CM3.1 - Identify any potential positive and negative impacts that the project activities are likely to cause on the well-being of Other Stakeholders.	The monitoring report states that no negative stakeholder impacts are anticipated. Offsite groups were identified during the project design, but none were considered likely to be impacted by the project. The project zone was designed to incorporate all groups likely to be affected.
Evidence Used to Assess Conformance:	Section 4.2.1 of the monitoring report, the nature of the project.
Findings:	It is difficult to imagine negative impacts to other stakeholders as a result of this project. Item closed.

Indicator CM3.2 - Describe the measures needed <i>and taken</i> to mitigate the negative well-being impacts on Other Stakeholders.	The monitoring report states that no negative stakeholder impacts are anticipated. Offsite groups were identified during the project design, but none were considered likely to be impacted by the project. The project zone was designed to incorporate all groups likely to be affected.
Evidence Used to Assess Conformance:	Section 4.2.1 of the monitoring report, the nature of the project.
Findings:	Without negative impacts on other stakeholders, no mitigation for negative impacts is required. Item closed.

Indicator CM3.3 - Demonstrate that the project activities do not result in net negative impacts on the well-being of Other Stakeholders.	No positive or negative impacts could be identified for other stakeholders as a result of the project. The project may serve as a source of knowledge that will benefit similar projects and communities in other parts of Indonesia.
Evidence Used to Assess Conformance:	Section 4.2.2 of the monitoring report.
Findings:	The project is likely to be neutral or beneficial for other stakeholders, as there are no identifiable negative impacts, and there are potential positive impacts. Item closed.

CM4 Community Impact Monitoring

<p>Indicator CM4.1 - Develop and implement a monitoring plan that identifies community variables to be monitored, Communities, Community Groups and Other Stakeholders to be monitored, the types of measurements, the sampling methods, and the frequency of monitoring and reporting. Monitoring variables must be directly linked to the project’s objectives for Communities and Community Groups and to predicted outputs, outcomes and impacts identified in the project’s causal model related to the well-being of Communities (described in G1.8). Monitoring must assess differentiated impacts, including and benefits, costs and risks, for each of the Community Groups and must include an evaluation by the affected Community Groups.</p>	<p>The monitoring plan was developed as part of project validation. According to the validated PDD, it uses an “MRV tracker,” that lists all parameters to be monitored, and frequency.</p> <p>The monitoring report describes a community monitoring plan based on the measure of 5 livelihood assets: human, social, financial, physical and natural capitals. It also says that the MRV community tracker was updated, and is included in appendix 5, showing differences between the original tracker and the new one.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 4.3.1 of the monitoring report, section 8.1.4 and Appendix 10 of the PDD.</p>
<p>Findings:</p>	<p>A community monitoring plan was developed and validated. Item closed.</p>

<p>Indicator CM4.2 - Develop and implement a monitoring plan to assess the effectiveness of measures taken to maintain or enhance all identified High Conservation Values related to community well-being.</p>	<p>The monitoring report states, “Monitoring results as they relate to HCV areas and the five livelihood assets are presented below in Table 42.” The table 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.</p> <p>Not included in this section are any reports that remote sensing monitoring efforts implemented elsewhere as part of the project has picked up any threats to project zone HCVs.</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 4.3.1 of the monitoring report.</p>
<p>Findings:</p>	<p>The metrics of the number of people participating in training, consultations, work, etc. are important in monitoring project zone HCVs. However, they are indirect measures, at best.</p>
<p>Clarification Request (CL):</p>	<p>Please include any comments that can be made on the direct monitoring of degradation or enhancement of HCVs, based on remote sensing or other direct observation or measurement.</p>
<p>Date Issued:</p>	<p>05 June 2018</p>
<p>Project Proponent Response/Actions and Date:</p>	<p>26 June 2018 Further detail has been added to MR Sections 4.1.4 and 4.3.1 to include reference to the use of remote sensing data in the assessment of impact on community HCV areas.</p>
<p>Evidence Used to Close NCR:</p>	<p>Additions to section 4.1.4 and 4.3.1, in the version of the</p>

	monitoring report dated 26 June 2018 include 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. Indicator closed.
Date Closed:	12 July 2018
Indicator CM4.3 - Disseminate the monitoring plan, and any results of monitoring undertaken in accordance with the monitoring plan, ensuring that they are made publicly available on the internet and summaries are communicated to the Communities and Other Stakeholders through appropriate means.	The monitoring report states that the report is posted on the CCB website during the comment period. Summaries of the report in the local language are provided to communities when a report is generated. Project team members present the report at local meetings and answer questions that arise. Full copies in English are also available electronically, by request.
Evidence Used to Assess Conformance:	Section 4.3.2 of the monitoring report, site visit observations and interviews.
Findings:	The monitoring report summaries were delivered to the leaders of the communities, however the information and the fact that the comment period was open was generally not known to the majority of community members who spoke with the auditors
Clarification Request (CL):	This CL is closely related to the CLs listed for G3.1, G3.3 and G3.5. There is apparently a problem in disseminated information beyond community leadership, in a timely manner. Please provide a plan of action for disseminating monitoring reports and information about comment periods and project audits in the future, so all community members will either be aware or have had the opportunity to be made aware of these project milestones.
Date Issued:	05 June 2018
Project Proponent Response/Actions and Date:	26 June 2018 Our plan moving forward is to increase the number of opportunities that community members have to receive project information and ask questions and provide comments. We have revised the SoPs regarding the dissemination of information to communities to include additional required community meetings at the RT level and with minority groups, such as women, youth and the elderly. In addition, language has been added regarding how the meetings are advertised and run. We have also revised the SoP relating to the grievance process to improve awareness of the procedure and facilitate use. Copies of the four relevant revised SoPs have been provided.
Evidence Used to Close CL:	The project proponents provided four recently revised SOP manuals and a table explaining contents of the SOPs: 5. Provisions to increase representation of women in community empowerment programs.

	<p>6. Detailed procedures for working with communities, regarding information dissemination, consultation and procedures to increase the representation of women.</p> <p>7. An update of guidelines for conducting village meetings, to ensure representation of women and reporting of meeting feedback to communities.</p> <p>8. Guidelines for the conduct of field meetings, including provisions to ensure the representation of women.</p> <p>For this particular indicator, all the SOP manuals come into play. Technical guidelines for conducting meetings include ensuring all community members have an opportunity to participate. If followed, it is likely that the revised SOPs will lead to increased awareness of project to all interested community members, beyond leadership. Indicator closed.</p>
Date Closed:	13 July 2018

GL2 Exceptional Community Benefits

<p>Indicator GL2.1 - a. Demonstrate that Smallholders/Community Members or Communities either own or have management rights, statutory or customary, individually or collectively, to land in the Project Area. The Smallholders/Community Members or Communities have rights to claim that their activities will or did generate or cause the project's climate, community and biodiversity benefits. OR b. Demonstrate that the Project Zone is in a low human development country OR in an administrative area of a medium or high human development country in which at least 50% of the households within the Communities are below the national poverty line.</p>	<p>This indicator is not addressed in the monitoring report.</p> <p>The validated PDD states that social baseline surveys show that the average income in the project zone falls below the poverty line.</p>
Evidence Used to Assess Conformance:	Section 6.1.1 of the validated PDD.
Findings:	This indicator is met by virtue of the fact that 50% of households within the communities are below the national poverty line. Item closed.

<p>Indicator GL2.2 - Demonstrate that the project generates short-term and long-term net positive well-being benefits for Smallholders/ Community Members. Include indicators of well-being impacts on Smallholder/Community Members in the monitoring plan. The assessment of</p>	<p>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.</p> <p>The monitoring report provided measures of these five assets, based on numbers of people involved in various activities over the last two years.</p>
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impacts must include changes in well-being due to project activities and an evaluation of the impacts by the affected smallholders/Community Members.	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.
Evidence Used to Assess Conformance:	Section 4.3.1 and 4.4.1 of the monitoring report.
Findings:	The monitoring report is showing small increases in short term livelihood assets over this verification period. Item closed.

Indicator GL2.3 - Identify, through a participatory process, risks for the Smallholders/Community Members to participate in the project, including those related to tradeoffs with food security, land loss, loss of yields and short-term and long-term climate change adaptation. Explain how the project is designed to avoid such tradeoffs and the measures taken to manage the identified risks. Include indicators of risks for Smallholders/Community Members in the monitoring plan.	This was not addressed in the monitoring report.
Evidence Used to Assess Conformance:	
Findings:	This validation indicator does not need to be re-examined during the verification process. Item closed.

Indicator GL2.4 - Identify Community Groups that are marginalized and/or vulnerable. <i>Demonstrate</i> that the project generates net positive impacts on the well-being of all identified marginalized and/or vulnerable Community Groups. <i>Demonstrate</i> that any barriers or risks that might prevent benefits going to marginalized and/or vulnerable Smallholder/Community Members have been identified and addressed. <i>Demonstrate</i> that measures are taken to identify any marginalized and/or vulnerable Smallholders/Community Members, whose well-being may be negatively affected by the project, and that measures are taken to avoid, or when unavoidable to mitigate, any such impacts.	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. Youth are targeted for job and income opportunities at the conclusion of formal education. Women are targeted for increased participation through women-only meetings and meetings where comments alternate between men and women. The main negative impacts to any of these groups is the potential loss of income derived from illegal logging or mining.
Evidence Used to Assess Conformance:	Section 4.4.2 of the monitoring report, site visit interviews and observations.
Findings:	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. Item closed.

<p>Indicator GL2.5 - Demonstrate that the project generates net positive impacts on the well-being of women and that women participate in or influence decision-making and include indicators of impacts on women in the monitoring plan.</p>	<p>The monitoring report indicates that the marginalized groups identified were women, youth, the elderly and community members with at-risk occupations.</p> <p>Some project activities are targeted toward these at-risk groups, including coconut sugar and oil production.</p> <p>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.</p> <p>The main negative impacts to any of these groups is the potential loss of income derived from illegal logging or mining. As stated in the monitoring report, “This has been addressed by including them in the training and formation of community-identified new economic opportunities.”</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 4.4.2 of the monitoring report, site visit interviews and observations.</p>
<p>Findings:</p>	<p>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. Item closed.</p>

<p>Indicator GL2.6 - Describe the design and implementation of a benefit sharing mechanism, demonstrating that Smallholders/Community Members have fully and effectively participated in defining the decision-making process and the distribution mechanism for benefit sharing; and demonstrating transparency, including on project funding and costs as well as on benefit distribution.</p>	<p>The monitoring report indicates that the marginalized groups identified were women, youth, the elderly and community members with at-risk occupations.</p> <p>Some project activities are targeted toward these at-risk groups, including coconut sugar and oil production.</p> <p>Youth are targeted for job and income opportunities at the conclusion of formal education.</p> <p>Women are targeted for increased participation through women-only meetings and meetings where comments alternate between men and women.</p> <p>The main negative impacts to any of these groups is the potential loss of income derived from illegal logging or mining. As stated in the monitoring report, “This has been addressed by including them in the training and formation of community-identified new economic opportunities.”</p>
<p>Evidence Used to Assess Conformance:</p>	<p>Section 4.4.2 of the monitoring report, site visit interviews and observations.</p>
<p>Findings:</p>	<p>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. Item closed.</p>

<p>Indicator GL2.7 - Explain how relevant and adequate information about predicted and actual benefits, costs and</p>	<p>This indicator was addressed in detail at validation however it is met through project support of or implementation of community identified programs.</p>
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risks has been communicated to Smallholders/Community Members and provide evidence that the information is understood.	The monitoring report describes a community monitoring program using a MRV community tracker which was updated for the period, and is included in appendix 5, showing differences between the original tracker and the new one.
Evidence Used to Assess Conformance:	Section 4.4 of the monitoring report, and Appendix 10 of the PDD.
Findings:	A community monitoring plan was developed and validated. Item closed.

Indicator GL2.8 - Describe the project's governance and implementation structures, and any relevant self-governance or other structures used for aggregation of Smallholders/Community members, and demonstrate that they enable full and effective participation of Smallholders/Community Members in project decision-making and implementation.	Section 4.4.5 of the monitoring report states, "The project's governance and implementation structures enable full and effective participation of community members through strategic planning of the meeting structure, participants, location and language."
Evidence Used to Assess Conformance:	Sections 4.5.1, 6.1.1 and 7.1.1 of the validated PD.
Findings:	This indicator was thoroughly addressed during project validation and does not require re-examination during verification. Item closed.

Indicator GL2.9 - Demonstrate how the project is developing the capacity of Smallholders/Community Members, and relevant local organizations or institutions, to participate effectively and actively in project design, implementation and management.	Section 4.4.5 of the monitoring report states, "The project develops the capacity of community members through a variety of trainings, workshops, and other interactions as described in Section 2, and documented in the monitoring results, and presented in full in both the Community MRV at Appendix 5 and the list of community events at Appendix 2."
Evidence Used to Assess Conformance:	Sections 4.5.1, 6.1.1 and 7.1.1 of the validated PD.
Findings:	This indicator was thoroughly addressed during project validation and does not require re-examination during verification. Item closed.

BIODIVERSITY SECTION

B1 Biodiversity Without-Project Scenario

Indicator B1.1 - Describe biodiversity within the Project Zone at the start of the project and threats to that biodiversity, using appropriate methodologies.	<p>This indicator is not covered in the monitoring report, likely because once it is discussed at validation, it will not change.</p> <p>The validated PDD states that field surveys identified 67 mammal, 157 bird, 8 amphibian, 111 fish and 314 floral species in the project zone. Two are considered critically endangered, 11 are endangered, 31 are vulnerable and 14 are endemic to Borneo. 63 species are protected by Indonesian law.</p> <p>Populations of 4,000 orangutans, 10,000 Bornean Gibbons and more than 500 proboscis monkeys are</p>
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	estimated in the project zone. It is considered a key biodiversity area.
Evidence Used to Assess Conformance:	Section 1.3.7 of the PDD.
Findings:	This indicator was closed when the project was validated and does not need to be re-examined during verification events
<p>Indicator B1.2 - Evaluate whether the Project Zone includes any of the following High Conservation Values (HCVs) related to biodiversity and describe the qualifying attributes for any identified HCVs:</p> <p>a. Globally, regionally or nationally significant concentrations of biodiversity values;</p> <ul style="list-style-type: none"> i. protected areas¹⁰⁸ ii. threatened species¹⁰⁹ iii. endemic species¹¹⁰ iv. areas that support significant concentrations of a species during any time in their lifecycle. <p>b. Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance;</p> <p>c. Threatened or rare ecosystems.</p> <p>Identify the areas that need to be managed to maintain or enhance the identified HCVs.</p>	<p>This indicator is not fully addressed in the monitoring report as it is in the PDD, because it is in regard to conditions in the project area at the start of the project.</p> <p>The project zone includes all three biodiversity-related HCVs: vulnerable species, supported in significant concentrations; natural landscapes and dynamics and threatened or rare ecosystems.</p>
Evidence Used to Assess Conformance:	Section 1.3.8 of the PDD, section 5.3.1 of the monitoring plan, seeing orangutan nesting sites in the project area, hearing calls from gibbons from the central camp.
Findings:	As determined at project validation, some of which was confirmed again during the site visit, the project area/zone includes all three biodiversity-related HCVs.
<p>Indicator B1.3 - Describe how the without-project land use scenario would affect biodiversity conditions in the Project Zone.</p>	<p>The monitoring report includes a table listing biodiversity criteria, and how each would do under the baseline scenario.</p> <p>The baseline scenario calls for the complete conversion and draining of the landscape to be planted to acacia. Almost the entire area would be cleared of the habitat required for the species that exist there. The effect on biodiversity would be catastrophic. Almost all key species on site depend on large blocks of undisturbed, intact forest.</p>
Evidence Used to Assess Conformance:	Section 5.3.1 of the monitoring report, a basic

	understanding of wildlife habitat and landscapes.
Findings:	There is no doubt that biodiversity conditions would be almost completely lost under the 'without-project' scenario. Item closed.

B2 Net Positive Biodiversity Impacts

Indicator B2.1 - Use appropriate methodologies to estimate changes in biodiversity, including assessment of predicted and actual, positive and negative, direct and indirect impacts, resulting from project activities under the with-project scenario in the Project Zone and over the project lifetime. This estimate must be based on clearly defined and defensible assumptions.	<p>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.</p> <p>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. Neither are expected to have any material effect on populations depending on a wider area.</p> <p>There appears to be a drop in the number of people hunting.</p>
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Evidence Used to Assess Conformance:	Section 5.1.1 of the monitoring report.
Findings:	<p>It is reasonable to expect that if there is a change in biodiversity in an intact ecosystem, it is likely to be for the worse.</p> <p>The small amount of clearing and degradation that occurred during this verification period is unlikely to have significant effects on populations of most wildlife species. Item closed.</p>

Indicator B2.2 - Demonstrate that the project's net impacts on biodiversity in the Project Zone are positive, compared with the biodiversity conditions under the without-project land use scenario (described in B1).	As explained in the write-up for indicator B2.1, 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.
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Evidence Used to Assess Conformance:	Section 5.1.1 of the monitoring report, common sense.
Findings:	There is no doubt that the project's net impacts on biodiversity are positive compared to the biodiversity conditions under the 'without project' scenario. Item closed.

Indicator B2.3 - Describe measures needed and taken to mitigate negative impacts on biodiversity and any measures needed and taken for maintenance or enhancement of the High Conservation Value attributes (identified in B1.2) consistent with the precautionary principle.	The monitoring report states 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.
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Evidence Used to Assess Conformance:	Section 5.1.2 of the monitoring report
Findings:	No negative impacts occurred or were likely, so no

	mitigation was needed. Item closed.
Indicator B2.4 - Demonstrate that no High Conservation Values (identified in B1.2) are negatively affected by the project.	No negative impacts on biodiversity-related HCVs were encountered during this monitoring period. Small amounts of clearing and habitat degradation, in the form of selective logging, occurred.
Evidence Used to Assess Conformance:	Section 5.1.4 of the monitoring report.
Findings:	Impacts to the forest were too slight to have a significant impact on the biodiversity of the project area. Item closed.
Indicator B2.5 - Identify all species used by the project and show that no known invasive species are introduced into any area affected by the project and that the population of any invasive species does not increase as a result of the project.	The monitoring report states that the species used in rehabilitation of degraded areas are all non-invasive and native to Central Kalimantan.
Evidence Used to Assess Conformance:	Section 5.1.5 of the monitoring report
Findings:	The auditors do not doubt that the project is using native species in project activities. However, this indicator requires that all species used be identified.
Non-conformance Request (NCR):	Please identify all species used in project activities in the monitoring report.
Date Issued:	05 June 2018
Project Proponent Response/Actions and Date:	26 June 2018 A table of all species used was added to MR Section 5.1.5.
Evidence Used to Close NCR:	A list of 14 species was confirmed added to Section 5.1.5 of the MR. Several of these species were witnessed on-site as part of the planting effort at the southern canal. Indicator closed.
Date Closed:	13 July 2018
Indicator B2.6 - Describe possible adverse effects of non-native species used by the project on the region's environment, including impacts on native species and disease introduction or facilitation. Justify any use of non-native species over native species.	The monitoring report states that species used in project activities are native.
Evidence Used to Assess Conformance:	Section 5.1.5 and 5.1.6 of the monitoring report.
Findings:	The auditors assume only native species are being used, however this indicator must remain open until indicator B2.5 is fully addressed.
Non-conformance Request (NCR):	Pending B2.5.
Date Issued:	05 June 2018
Project Proponent Response/Actions and Date:	26 June 2018 No non-native species were used so no adverse effects are possible. Language has been added to MR Section 5.1.5 indicating this.
Evidence Used to Close NCR:	A list of 14 species was confirmed added to Section 5.1.5 of the MR. Several of these species were witnessed on-site as part of the planting effort at the southern canal. Indicator closed.
Date Closed:	13 July 2018

Indicator B2.7- Guarantee that no GMOs are used to generate GHG emissions reductions or removals.	The monitoring report states that no GMOs were used by the project.
Evidence Used to Assess Conformance:	Section 5.1.7 of the monitoring report.
Findings:	The no-GMO guarantee has been reiterated. Item closed.
Indicator B2.8 - Describe the possible adverse effects of, and justify the use of, fertilizers, chemical pesticides, biological control agents and other inputs used for the project.	The only fertilizers used are organic fertilizers from mulch, compost and concentrates. They will be used in about a total area of 6 ha in the project zone, on land already used for agriculture. No adverse effects are expected, because these organic fertilizers are being used to replace chemical fertilizers and burning of stubble.
Evidence Used to Assess Conformance:	Section 5.1.8 of the monitoring report.
Findings:	The only fertilizers to be used will be organic, and they will be replacing chemical fertilizers. There should be less impact than in the BAU approach of the communities. Item closed.
Indicator B2.9 - Describe the process for identifying, classifying and managing all waste products resulting from project activities.	The monitoring report does not address this indicator. The PDD states that the project adopts the principles of Reduce, reuse and recycle. Organics will be composted through village composting initiatives or disposed of through burial. Inorganic waste will be separated into recyclable components and entered into recycling initiatives. Residual inorganics will be disposed of in facilities in Sampit.
Evidence Used to Assess Conformance:	Section 7.1.5 of the PDD.
Findings:	The monitoring report does describe a process for classifying and managing waste from project activities. However, this indicator also includes analyzing potential activities, like new income generating activities, for the potential waste streams they may produce.
Clarification request (CL):	Please incorporate a process that can be applied to identify and deal with waste streams from all potential future project activities.
Date Issued:	05 June 2018
Project Proponent Response/Actions and Date:	26 June 2018 A new SoP has been developed to formalize the field practices used. A copy has been provided.
Evidence Used to Close NCR:	The project proponents provided a set of SOPs to assess potential waste streams that could be caused by project activities, and how to classify and deal with them, in a document titled PT RMU Standard Operating Procedure Waste Management Policy. Indicator closed.
Date Closed:	13 July 2018

B3 Offsite Biodiversity Impacts

Indicator B3.1 - Identify potential negative impacts on biodiversity that the	No offsite biodiversity impacts were expected or detected during this monitoring period.
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project activities are likely to cause outside the Project Zone.	
Evidence Used to Assess Conformance:	Section 5.2.1 of the monitoring report
Findings:	It is unlikely a project of this nature would produce negative offsite impacts, other than those caused by leakage. This item is closed.

Indicator B3.2 - Describe the measures needed and <i>taken</i> to mitigate these negative impacts on biodiversity outside the Project Zone.	No negative offsite biodiversity impacts were detected, so no mitigation was needed.
Evidence Used to Assess Conformance:	Section 5.2.1 of the monitoring report
Findings:	No mitigation required for no negative impact. Item closed.
Date Closed:	

Indicator B3.3 - Evaluate unmitigated negative impacts on biodiversity outside the Project Zone and compare them with the project's biodiversity benefits within the Project Zone. Justify and demonstrate that the net effect of the project on biodiversity is positive.	No significant offsite negative biodiversity impacts were detected. Biodiversity benefits inside the project zone were considerably positive, in comparison with the 'without project' scenario.
Evidence Used to Assess Conformance:	Section 5.2.2 of the monitoring report.
Findings:	The net effect of the project on biodiversity was positive. Item closed.

B4 Biodiversity Impact Monitoring

Indicator B4.1 - Develop and implement a monitoring plan that identifies biodiversity variables to be monitored, the areas to be monitored, the sampling methods, and the frequency of monitoring and reporting. Monitoring variables must be directly linked to the project's biodiversity objectives and to predicted activities, outcomes and impacts identified in the project's causal model related to biodiversity (described in G1.8).	A monitoring plan was developed and approved during project validation. The monitoring report includes a table describing the results of biodiversity monitoring on the parameters identified in the monitoring plan.
Evidence Used to Assess Conformance:	Section 5.3.1 of the monitoring report.
Findings:	A monitoring plan was developed and implemented. Some results of the reporting was included in the monitoring report. Item closed.

Indicator B4.2 - Develop and implement a monitoring plan to assess the effectiveness of measures taken to maintain or enhance all identified High Conservation Values related to globally, regionally or nationally significant Biodiversity (identified in B1.2) present in the Project Zone.	The monitoring plan has the ability to assess the relative health of the biodiversity-related of HCVs. The HCVs depend on the intact ecosystem itself. The plan tracks habitat via remote sensing, uses species surveys, reforestation data and patrol data for illegal activities.
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Evidence Used to Assess Conformance:	Section 5.3.1 of the monitoring report.
Findings:	The monitoring plan can track the general health of the project zone HCVs, and therefore can be used to assess the effectiveness of project activities designed to protect and enhance them. Item closed.
Indicator B4.3 - Disseminate the monitoring plan and the results of monitoring, ensuring that they are made publicly available on the internet and summaries are communicated to the Communities and Other Stakeholders through appropriate means.	The monitoring report states that the results of biodiversity monitoring have been made publicly available on websites like CCBA, VCS and the Katingan project's website. All reports have been made publicly available in the project zone.
Evidence Used to Assess Conformance:	Section 5.3.2 of the monitoring report, site visit interviews.
Findings:	The monitoring report summaries were delivered to the leaders of the communities, however the information was generally not known to the majority of community members who spoke with the auditors
Non-conformance Request (NCR):	<p>This CL is closely related to the CLs listed for G3.1, G3.3, G3.5 and CM4.3.</p> <p>There is apparently a problem in disseminated information beyond community leadership, in a timely manner.</p> <p>Please provide a plan of action for disseminating monitoring reports and information about comment periods and project audits in the future, so all community members will either be aware or have had the opportunity to be made aware of these project milestones.</p>
Date Issued:	05 June 2018
Project Proponent Response/Actions and Date:	<p>26 June 2018</p> <p>Our plan moving forward is to increase the number of opportunities that community members have to receive project information and ask questions and provide comments. We have revised the SoPs regarding the dissemination of information to communities to include additional required community meetings at the RT level and with minority groups, such as women, youth and the elderly. In addition, language has been added regarding how the meetings are advertised and run. We have also revised the SoP relating to the grievance process to improve awareness of the procedure and facilitate use. Copies of the four relevant revised SoPs have been provided.</p>
Evidence Used to Close NCR:	<p>The project proponents provided four recently revised SOP manuals and a table explaining contents of the SOPs:</p> <ol style="list-style-type: none"> 9. Provisions to increase representation of women in community empowerment programs. 10. Detailed procedures for working with communities, regarding information dissemination, consultation and procedures to increase the representation of women. 11. An update of guidelines for conducting village

	<p>meetings, to ensure representation of women and reporting of meeting feedback to communities.</p> <p>12. Guidelines for the conduct of field meetings, including provisions to ensure the representation of women.</p> <p>For this particular indicator, all the SOP manuals come into play. Technical guidelines for conducting meetings include ensuring all community members have an opportunity to participate. If followed, it is likely that the revised SOPs will lead to increased awareness of project to all interested community members, beyond leadership. Indicator closed.</p>
Date Closed:	13 July 2018

GL3 Exceptional Biodiversity Benefits

<p>Indicator GL3.1 - Demonstrate that the Project Zone includes a site of high biodiversity conservation priority by meeting either the vulnerability or irreplaceability criteria defined below, identifying the 'Trigger' species that cause(s) the site to meet any of the following qualifying conditions and providing evidence that the qualifying conditions are met:</p> <p>1.1 Vulnerability Regular occurrence of a globally threatened species (according to the IUCN Red List) at the site:</p> <ul style="list-style-type: none"> a. Critically Endangered (CR) and Endangered (EN) species - presence of at least a single individual; or b. Vulnerable species (VU) - presence of at least 30 individuals or 10 pairs. <p>OR</p> <p>1.2 Irreplaceability A minimum proportion of a species' global population present at the site at any stage of the species' lifecycle according to the following thresholds:</p> <ul style="list-style-type: none"> a. Restricted-range species - species with a global range less than 50,000 km² and 5% of global population at the site; or b. Species with large but clumped distributions - 5% of the global population at the site; or c. Globally significant congregations 	<p>The project zone includes a site of high biodiversity conservation priority, because of the occurrence of several endangered and critically endangers species, including:</p> <ul style="list-style-type: none"> • Bornean orangutan • Sunda Pangolin • White shouldered ibis • Red Balau • Helmeted hornbill • Proboscis monkey • Bornean gibbon • Hairy nosed otter • Bornean clouded leopard • Flat-headed cat • Storms Stork • Bornean river turtle • Spiny hill turtle • White-rimmed stingray • Asian arowana • Meranti semut <p>The monitoring report also shows that the project zone qualifies as a high biodiversity conservation priority area by virtue of irreplaceability.</p>
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- 1% of the global population seasonally at the site; or d. Globally significant source populations - 1% of the global population at the site.	
Evidence Used to Assess Conformance:	Section 5.4.1 of the monitoring report.
Findings:	The project area and zone are areas of high biodiversity conservation priority. Item closed.

Indicator GL3.2 - Describe recent population trends of each of the Trigger species in the Project Zone at the start of the project and describe the most likely changes under the without-project land use scenario.	<p>The population trends in the 'without project' land use scenario would be sharply downward. This was covered in the validated PDD.</p> <p>The monitoring report includes an update on population trends for each of the 16 species mentioned in GL3.1. For most species, the trend is essentially flat, with slight decreases in population for animals with a small range. No hunting pressure on any species was recorded, except for the pangolin.</p>
Evidence Used to Assess Conformance:	Section 5.4.1 of the monitoring report.
Findings:	Trends would have unquestionably been unfavorable in the 'without project' scenario in comparison to the project scenario. Item closed.

Indicator GL3.3 - Describe measures needed and <i>taken</i> to maintain or enhance the population status of each Trigger species in the Project Zone, and to reduce the threats to them based on the causal model that identifies threats to Trigger species and activities to address them.	<p>The main measure taken to maintain the population status of each trigger species was to avoid the conversion of their habitats and to continue to protect and patrol it for fires.</p> <p>The project is also monitoring for hunting pressure, which so far has generally been light, at worst.</p>
Evidence Used to Assess Conformance:	Section 5.4.1 of the monitoring report
Findings:	The main threat to the vulnerable species of the project area/zone is habitat loss. Effective measures are being taken to address the threat. Item closed.

Indicator GL3.4 - Include indicators of the population trend of each Trigger species and/or the threats to them in the monitoring plan and demonstrate the effectiveness of measures needed and taken to maintain or enhance the population status of Trigger species.	<p>The main indicators of population trends of trigger species are the indicators that threats to habitat are being addressed.</p> <p>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.</p> <p>Fire data and species surveys are also used.</p>
Evidence Used to Assess Conformance:	Section 5.3.1 of the monitoring report.
Findings:	The most important indicator of population trends is monitoring whether habitat is shrinking or not. This is covered by remote sensing. Reports on hunters and illegal logging, as well as direct surveys. These indicators are part of the monitoring plan. Item closed.

Verification Report Requirements For Public Comment Period

CCBA 30 Day Public Comment Period Dates:	16 April – 16 May 2018
Please describe all ways in which the 30-day comment period was publicized, especially in regard to local stakeholders. Supply copies (newspaper ads, emails, etc.) when possible.	<p>The project staff disseminated monitoring report summaries to community leaders and project field offices.</p> <p>The auditors did not see posters or other visual advertisements for the project monitoring report and comments period during the site visit, which was during the comment period.</p> <p>Please see findings under Indicators G3.1 - G3.3</p>
How many comments were received?	<p>Via CCBA Website: 0</p> <p>Via local stakeholder meetings/direct contacts: 0</p>
Supply copies of all comments submitted to the auditors, if any were received during the comment period.	Not Applicable
Respond to all comments appropriately and show whether these comments caused modifications in some aspect of the project or PDD.	Not Applicable