

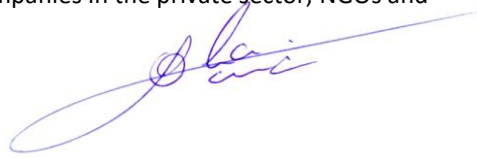


Certification Report

Control Union Certification B.V. P.O. Box 161, 8000 AD / Meeuwenlaan 4-6, 8011 BZ ZWOLLE The Netherlands	
Project Name	CO2OL Tropical Mix
Project ID Province and Country Project size	2557 Street: Jacinto Palacios Cobo, edificio 223, Piso 4, oficina 302 – Parque Ciudad del Saber, Panama City, Panama. Project location: Panama, Darien, Veraguas, Chiriqui and Bocas del Toro. Project total area: 13,385 ha Effective Planted area: 7063,8 ha
Project developer	Forest Finance S.A. CO2OL Tropical Mix Project Panama City, Panama represented by Mr Adres Cadavid Phone : +507-317-1251 andres.cadavid@forestfinance.com
Assessment Team Leader	Mr. Gerben Stegeman
Internal Report ID	CUC2016CO2OL001_V1_FG
Gold standard Version Type of Certification	0.9 Road test Performance Certification / New Area Certification
Date of issuance: Final Report Valid until	Date: 01-09-2016 Date: 31-08-2021
CO2-certificats (ex-ante) from which are ex-post	525,389 tCO2 (verified 2016) 1,330,758 tCO2 (from 1995 until 2025)
Buffer CO2-certificats (ex-post & ex-ante)	266,151 tCo2 (= 20%)

About the certification body

Assessment Team Leader	<p>Mr. Gerben Stegeman Tel: +31 (0)38 4260100 gstegeman@controlunion.com</p> <p>Short summary on the CV from Mr. Gerben Stegeman: Tropical Forestry Engineer with 28 years of worldwide forest management experience, of which 12 year experience in forest management certification as auditor, certifier and program manager.</p>  <p>Signature:</p>	In shorts GS
Assessment Team Member	<p>Mr. Flavio Guiera Tel: +55 41 92020103 f.guiera@ativaflorestal.com</p> <p>Forest Engineer, Advisor of certification for quality and socio-environmental management systems. Qualified lead auditor IRCA. Fifteen years experienced in FSC® Forest Management and Chain of Custody certification in Brazil, Latin America and Southeast Asia. CUC Lead Auditor since 2009. Specialist in risk assessments and sustainability in the forest products supply chain. Worked for forest companies in the private sector, NGOs and governmental bodies.</p>  <p>Signature:</p>	In short FG

1. INTRODUCTION

Objective

The objectives of the certification are the following:

- Assess conformance of new areas with the certification criteria as laid out in the GS;
- Assess performance of the certification criteria as per already validated project area in the GS;
- Evaluate the conformance with the certification scope, including the GHG project and baseline scenarios,
- GHG sources, sinks, and reservoirs; and the physical infrastructure, activities, technologies and processes of the GHG project to the requirements of the GS;
- Evaluate the calculation of GHG emissions, including the correctness and transparency of formula and factors used, assumptions related to estimating GHG emission reductions, and uncertainties;
- Determine whether the project could reasonably be expected to achieve the claimed GHG reduction/removals.

Scope

The project aims to include around 4930 hectares of plantations into the previous scope validated at initial certification according to the A/R Gold Standard. The total project area encompasses now 13,385 hectares of reforestation and native ecosystem conservation, whereby reforestation is the core activity and complemented with cocoa production.

Level of assurance

The verification was carried out in order to provide a reasonable level of assurance of conformance against the defined Gold Standard requirements and materiality thresholds within the audit scope. Based on the findings of this verification, a positive statement assures that the project's GHG assertion is materially correct and fairly represents the GHG data and information.

Materiality

Unless otherwise stated by the Gold Standard requirements all GHG sinks, sources and/or reservoirs (SSR's) and GHG emissions are equal to or greater than 5% of the total GHG assertion.

2. METHODOLOGY

The project approach consists of the following steps:

Performance certification based on the delivered PDD and supporting documentation

- Desk Review
- Site Visit
- Validation-Verifications assessment

Desk review

During the assessment Control Union reviewed the following elements of the project and verified against the Gold Standard A/R Requirements based on information provided by Forest Finest:

- Key project information, Project Design Document (PDD);
- Verification of the prefeasibility study;
- Shape files of the project (verification based on existing satellite images);
- Verification of the Do-No-Harm Assessment;
- Verification of the project Sustainability Requirements;
- Verification of the Additionality Requirements; and
- Verification of the Methodology requirements (including Conversion procedure and calculation of the CO₂-certificates).

Deliverables: Deliverable 1

- General overview of the project
- Verified Shape files ready to upload on the Gold Standard Registry account.
- Overview of verification points on the Sustainability requirements for the Site visit.

Site visit:

During the site visit the following elements will be verified based on a further to determine sampling:

- Field verification of the general overview of the project;
- Field verification of the Shape files;
- Field verification of the Do-No-Harm-Assessment;
- Field verification on the implementation of the Local Stakeholder Consultation, including the Sustainable Development Assessment;
- Field verification on the implementation of the Input & Grievance Mechanism;
- Field verification on the implementation of the Sustainability Monitoring Plan;
- Field verification of the legal rights;
- Field verification on the Risk Register; and
- Field verification of the inventory method and data on which the CO₂-certificates calculation is based.

Deliverables: Deliverable 2

- Audit planning
- Report, including CARs, FARs and OBSs if any.

Desk review

- Communication of project findings: CARs and NCRs
- Satisfactory response and actions regarding CARs and NCRs

Deliverables: Deliverable 3 Notification that all CARs and NCRs are closed

Validation Report – Deliverable 4

3. CONCLUSION

The forest management system, procedures, and techniques of **CO2OL Tropical Mix** project have been assessed by CUC according to the standards the Gold Standard – a/r (v0.9).

In the opinion of the lead auditor, Flavio Guiera, CO2OL Tropical Mix project is in conformity with the initial certification requirements and new areas and certificate should be issued provided that correspondent CAR's are closed.

4. SUMMARY OF ASSESSMENT

A non-conformance is defined as a deficiency, discrepancy or misrepresentation that in all probability materially affects carbon credit claims.

Corrective Action Request (CAR) language uses “shall” to suggest its necessity but is not prescriptive in terms of mechanisms to mitigate the car. Each CAR is brief and refers to a more detailed finding in the appendices. CARs identified in the draft report must be closed through submission of additional evidence by the project proponents before Control Union Certifications can submit an unqualified statement of conformance to the GHG Program.

Forward Action Request (FAR), with a FAR, the technical board or a certification body requests the project developer to take distinct action in order to avoid possible future non-compliances with a criterion. a far must be

- (a) limited in the scale of its impact
- (b) correctable within less than 5 years.

For detailed findings please refer to annex 1

Overview of OBS/FAR/CAR					
Number	Date found	Reference	Status	Remarks	Date closed
CUC-CAR-01	20/06/2016	2.1 – 1.(i)	Closed	Documentation sent 12th July.2016	13 th July. 2016
CUC-OBS-	20/06/201	3.1 – (7)			

01	6				
CUC-OBS-02	20/06/2016	3.1 – (12)			
CUC-OBS-03	20/06/2016	3.1 – (15.b & c)			
CUC-OBS-04	20/06/2016	3.1 – (15.e)			
CUC-FAR-01	20/06/2016	3.1 – (34)			

5. REVIEWED DOCUMENTS

The project provided the following documents for revision prior to the field verification.

PDD assessment
Documents of Performance and New Areas
TMIX14-SCS-GS-CertReport
TMIX15-GS-annual report 2015
TMIX14-SHP1-shapefiles
TMIX16-ADD1-Additionality analysis
TMIX16-APP1-Analisis historial uso de tierras
TMIX16-APP1.1-ST-Usos de tierras Sustainable Timbers
TMIX16-APP1.2-IC-Usos de tierras Isla Cebaco
TMIX16-DNH1-Principios OIT
TMIX16-DNH2-IC-Botiquin P auxilios
TMIX16-DNH3-IC-Primeros auxiliosdocx
TMIX16-DNH4-Reglamento campamento
TMIX16-DNH7-IC-formato de mantenimiento de equipo
TMIX16-DNH8-IC-Procedimiento para la gestión de residuos

TMIX16-DNH9-Derrame quimicos
TMIX16-DNH10-Soil monitoring
TMIX16-FIX1- Carbon Model
TMIX16-FIX3-Fertilzantes
TMIX16-FIX7-Linea base
TMIX16-LEG1-Registro Forestal
TMIX16-LEG4-TDR y Políticas
TMIX16-LSC1-IC-Encuestas
TMIX16-LSC1.1.-ST-Encuestas Santa Fe
TMIX16-MAP3-Mapa Isotermico PA
TMIX16-MON1-Guia Mirasilv monitoreo
TMIX16-MON2-Quality Control Field data
TMIX16-SFM1-Sustainable Forest Management Plan
TMIX16-SFM3-Sustainable Monitoring plan
TMIX16-SFM3.2-FSC REPORT 2015-FOFI
TMIX16-SFM3.1-FSC REPORT 2015- S Timber
TMIX16-SFM4-Plan implementación cebaco
TMIX16-SFM5-Control regeneracion teca
TMIX16-SOC13-Capacitacion bomberos BARCA
TMIX16-2.1 - Template - Key Project Information
TMIX16-3.1 - Template - Do-No-Harm Assessment
TMIX16-3.2 - Template - Local Stakeholder Consultation
TMIX16-3.3 - Template - List of Inputs and Grievances
TMIX16-3.5 - Template - Project Participants and Secured Titles
TMIX16-3.6 - Template - Risk Register
TMIX16-4.1 - Template - Additionality
TMIX16-5.1 - Template - Applicability
TMIX16-5.4 - Template - Other Emissions

TMIX16-5.5 - Template - Baseline
TMIX16-5.6 - Template - Leakage
TMIX16-5.7 - Template - CO2-Fixation

Supporting documents assessment during the field verification.			
ID	Date of publication	Title	Place, Author
TMIX14-SHP1	01/06/2016	Maps of project Eco Cebacos, Sustainable Timber, Forest Finance	Panamá (Darién, Veraguas, Chiriquí), FOFI, Ecocebacos, Sustainable Timber
TMIX16 - SFM1	01/06/2016	Sustainable Forest Management Plan	Panamá, FOFI
		Permanent Sample Plots forms	Panamá (Darién, Veraguas, Chiriquí), FOFI, Ecocebacos, Sustainable Timber
		Permanent Sample Plots Maps	Panamá (Darién, Veraguas, Chiriquí), FOFI, Ecocebacos, Sustainable Timber
TMIX14	01/12/2014	-SCS-GS-CertReport	Panama city, SCS Global
TMIX16-LSC1	01/06/2016	IC-Encuestas	Eco Cebaco
TMIX16-LSC1.1.	01/06/2016	ST-Encuestas Santa Fe	Sustainable Timber
TMIX16-SFM3	22/05/2016	Sustainable Monitoring Plan	FOFI
No 0357	12/03/2016	Reporte de incidentes, accidentes y condiciones de riesgo	Eco Cebaco S.A>

6. INTINERARY OF THE FIELD VISIT

Assessment during field-visit			
Date	Location	Time spend	Auditor
12-06-2016	Panama City (FOFI)	3:00 h	FG
Document verification; methodology understanding and check.			
13-06-2016	Darien – Santa Fe (Sust. Timber)	8:00h	FG
Field evaluation; interviews with staff.			
14-06-2016	Darien – Santa Fe (Sust. Timber)	5:00h	FG
Field evaluation; Document verification			
15-06-2016	Panamá - Mamoni (FOFI)	5:00 h	FG
Field evaluation; Document verification			
16-06-2016	Veraguas – Isla Cebaco (EcoCebaco)	8:00 h	FG
Field evaluation; interviews with staff, Document Verification.			
17-06-2016	Chiriqui – Las Lajas (FOFI)	4:00 h	FG
Field evaluation; interviews with staff			
20-06-2016	Panama City (FOFI)	2:00 h	FG
Closing meeting			

7. INTERVIEWS DURING THE FIELD VISIT

Assessment during field-visit			
Date	Person	Time spent	auditor
13-14.06.16	Sustainable Timber Office Workers	2 hours	FG
13-14.06.16	Miguel Villarino	12 hours	FG
13-14.06.16	Jorge Queiroz	12 hours	FG
15.05.16	Forest Finance Workers (Mamoni)	1 hour	FG
16.06.16	Hessel van Straten	8 hours	FG
16.06.16	Rodolfo Moreira	8 hours	FG
16.06.16	Cebaco Workers	1 hour	FG
17-18.06.16	Yaels Camacho	6 hours	FG
13-18.06.16	Marco Guerrero	40 hours	FG
13-18.06.16	Pedro Garay	40 hours	FG

ANNEX 1 FAR'S AND CAR'S OVERVIEW

No FAR / NC: CUC-CAR-01	Reference : 2.1 – 1.(i)	Category : CAR
Date found: 20/06/2016	Deadline for correction: Prior to report finalization	
<p>Description of indicator: 2.1 - Key Project Information - 1. A general description shall be provided which includes all of the following items: (i) Number of predicted CO2---certificates</p>		
<p>Description of non-conformity: Data provided from the MUs modeling (TMIX16-FIX1 – Sheet MUs Modeling) regarding total CO2 certificates showing 1,291,536 t is different from that demonstrated in TMIX2.1-Template – Key Project information, which shows 1,241,536 t.</p>		
<p>Evidence received, and analysis of corrections and corrective actions provided for NC closure:</p> <p>The project developer updated the documents with the correct calculation of eligible CO2 certificates. It now matches with the Key Project Information showed at TMIX2.1- Template – Key Project information.</p> <p>Documents Reviewed: TMIX2.1 - Template – Key Project information. Vs “Saved on July 12, 2016” TMIX16 – FIX1 – Carbon Model. Vs “Saved on July 12, 2016”</p>		
Status: CLOSED		

No FAR / NC: CUC-OBS-01	Reference : 3.1 – (7)	Category : OBSERVATION
Date found: 20/06/2016	Deadline for correction: N/A	
<p>Description of indicator: 3.1 Do-No-Harm-Assessment – Working Conditions (7). Workers and labour organizations shall be generally satisfied with their working agreements.</p>		
<p>Description of non-conformity: It was detected that some commitments and agreements established by Sustainable Timber were not fully implemented for its workers which are in a longer term engaged with the company. Once the workers are not organized and are not represented by a labour organization, despite</p>		

there are no barriers for that, the Company should maintain a closer communication with its employees to detect aspects that could be nursing an eventual grievance.

Evidence received, and analysis of corrections and corrective actions provided for NC closure:

Status: OPEN

No FAR / NC: CUC-OBS-02	Reference : 3.1 – (12)	Category : OBSERVATION
Date found: 20/06/2016	Deadline for correction: N/A	
Description of indicator: 3.1 Do-No-Harm-Assessment – Working Conditions (12) Copies of the 8 ILO Fundamental Conventions shall be available for workers.		
Description of non-conformity: All project members keep copies of ILO Fundamental Conventions clearly visible in their camps and offices. It was detected that many of the employees are not literate and no further lecture or training session took over the theme. Even those literate did not show any knowledge surrounding ILO Fundamental Conventions. Project members could spend more efforts to promote ILO Fundamental Conventions awareness between labours and be effectively understood by their workers.		
Evidence received, and analysis of corrections and corrective actions provided for NC closure:		
Status: OPEN		

No FAR / NC: CUC-OBS-03	Reference : 3.1 – (15.b & c)	Category : OBSERVATION
Date found: 20/06/2016	Deadline for correction: N/A	
Description of indicator: 3.1 Do-No-Harm-Assessment – SOCIAL - Occupational Health and Safety (15). There shall be a ‘Health&SafetyPolicy’ that is documented, implemented and regularly updated. This policy shall include at a minimum: (b) provisions for the safe transport of workers, AND; (c) provisions for timely evacuation of workers to an adequately equipped medical facility in case of serious accident.		
Description of non-conformity: It was observed some difficult slopes in the main road of the project in Isla Cebacos. It was		

stated that those points close when is wet. Although there is no records of accidents which deserved evacuation and that the Company keeps the road maintained, should be healthy and more safe to evaluate alternative routes for a case of emergency and also to avoid accidents when transporting people into the projects.

Evidence received, and analysis of corrections and corrective actions provided for NC closure:

Status: OPEN

No FAR / NC: CUC-OBS-04	Reference : 3.1 – (15.e)	Category : OBSERVATION
Date found: 20/06/2016	Deadline for correction: N/A	
<p>Description of indicator: 3.1 Do-No-Harm-Assessment – SOCIAL - Occupational Health and Safety</p> <p>(15). There shall be a ‘Health&SafetyPolicy’ that is documented, implemented and regularly updated. This policy shall include at a minimum:</p> <p>(e) if workers stay in camps for a longer period of time, measures shall to provided to ensure that conditions for accommodation and nutrition comply at least with those specified in the ILO Code of Practice on Safety & Health in Forestry.;</p>		
<p>Description of non-conformity:</p> <p>Although there is no complaint about food and water from the workers, Project members should ensure that food nutrition and water consumption is adequate for the daily labours’ necessities. It was observed workers with a single PET bottle of water (around 2 liters, at 32°C) for a whole working day. It was also detected that some workers comply with 6-7 hours in a shift without any meal in between. Though workers declared that it is their own option, Companies could be implement measures for good feeding and hydration habits between the workers.</p>		
<p>Evidence received, and analysis of corrections and corrective actions provided for NC closure:</p>		
<p>Status: OPEN</p>		

No FAR / NC: CUC-FAR-01	Reference : 3.1 – (34)	Category : FAR
Date found: 20/06/2016	Deadline for correction: within 5 years from closing meeting	
<p>Description of indicator: 3.1 Do-No-Harm-Assessment – ENVIRONMENTAL - Water Resources</p>		

(34). On both sides of permanent or temporary *water bodies* (lakes, streams, rivers, wetlands, etc.) riparian buffer zones of 15 meters shall be implemented on each site. In these riparian buffer zones:

- (a) only *native tree species*¹ may be planted, AND
- (b) *invasive species*² shall be removed, AND
- (c) all existing vegetation shall be kept, AND
- (d) no timber harvesting activities shall take place, AND
- (e) no use of fertilizer or chemical pesticides.

Description of non-conformity:

The project maps presented for all project members do not show temporary water bodies, which shall be considered for the purpose of compliance with the 15m buffer zone and enforcement of (a) to (e).

In general, permanent and relevant temporary water courses are well buffered and no disturbance are detected in these areas.

Project members shall demonstrate in maps all riparian and hydrographic elements herein mentioned as “water bodies” and their buffer zones established or planned to be reformed in it.

Evidence received, and analysis of corrections and corrective actions provided for NC closure:

Status: OPEN

¹ Native tree species (Source: FSC®) Species, subspecies, or lower taxon, occurring within its natural range (past or present) and dispersal potential (that is, within the range it occupies naturally or could occupy without direct or indirect introduction or care by humans).

² Invasive species (Source: FSC®) Species that are rapidly expanding outside of their native range. Invasive species can alter ecological relationships among native species and can affect ecosystem function and human health.