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# Validation Report

VALIDATION OF THE CCBA-PROJECT:  
AFFORESTATION/REFORESTATION ON DEGRADED  
LANDS IN SOUTHWEST SICHUAN, CHINA

REPORT No. 600500896-20

20 March 2013

TÜV SÜD Industrie Service GmbH  
Carbon Management Service  
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| Report No.   | Date of first issue | Revision No. | Revision Date | Certificate No. |
|--------------|---------------------|--------------|---------------|-----------------|
| 600500896-20 | 08 Feb 2013         | 05           | 20 Mar 2013   | -               |

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|---|--|
| <b>Subject:</b> Validation of the CCBA Project Afforestation/Reforestation on Degraded Lands in Southwest Sichuan, China  |  |
| <b>Accredited TÜV SÜD Unit:</b><br>TÜV SÜD Industrie Service GmbH<br>Certification Body "climate and energy"<br>Westendstr. 199<br>80686 Munich, Germany  | <b>TÜV SÜD Contract Partner:</b><br>TÜV SÜD Industrie Service GmbH<br>Carbon Management Service<br>Westendstr. 199<br>80686 Munich, Germany  |
| <b>Project Participant:</b><br>Daduhe Forestation Bureau<br>Mid Baiyang Road, Building No. 353, Leshan City<br>Sichuan Province 614000, China<br><br>Novartis Pharma AG<br>Fabrikstrasse 1, 4002 Basel, Switzerland (client)  | <b>Project Site(s):</b><br>The project sites are located in five counties of the Sichuan provinces: Gaolui, Yuexi, Zhaojue, Meigu and Leibo.<br>The PDD includes information on geographic boundary. Digital boundary files are provided jointly with this report. |
| <b>Applied Methodology / Version:</b> CCBS / Version No. 2  |  |
| <b>First PDD Version:</b><br>Date of issuance: 30 December 2011<br>Version No.: 01  | <b>Final PDD version:</b><br>Date of issuance: 20 March 2013<br>Version No.: 04  |
| <b>Assessment Team Leader:</b><br>Sebastian Hetsch  | <b>Technical Reviewer</b><br>Karin Wagner, Martin Opitz  |
| <b>Assessment Team Members:</b><br>Szu-Yin Lin<br>Astrid Schnell  | <b>Certification Body responsible:</b><br>Thomas Kleiser   |
| <b>Summary of the Validation Opinion:</b><br><input checked="" type="checkbox"/> The review of the project design documentation and the subsequent follow-up interviews have provided TÜV SÜD with sufficient evidence to determine the fulfilment of all stated criteria. In our opinion, the project meets all relevant requirements for the CCB Standards. Hence, TÜV SÜD is recommending the project for registration by CCBA.<br><input type="checkbox"/> The review of the project design documentation and the subsequent follow-up interviews did not provide TÜV SÜD with sufficient evidence to determine the fulfilment of all stated criteria. Hence, TÜV SÜD will not recommend the project for registration by CCBA and will inform the project participants and CCBA on this decision. |  |

## Abbreviations

|               |  |
|---------------|--|
| <b>AR-AM</b>  | Approved Methodology for Afforestation and Reforestation |
| <b>CAR</b>    | Corrective Action Request                                |
| <b>CCBA</b>   | Climate Community and Biodiversity Alliance              |
| <b>CCBS</b>   | Climate Community and Biodiversity Standards             |
| <b>CR</b>     | Clarification Request                                    |
| <b>DOE</b>    | Designated Operational Entity                            |
| <b>FAR</b>    | Forward Action Request                                   |
| <b>GHG</b>    | Greenhouse Gas(es)                                       |
| <b>GSP</b>    | Global Stakeholder Process                               |
| <b>IRL</b>    | Information Reference List                               |
| <b>NGO</b>    | Non Governmental Organisation                            |
| <b>PDD</b>    | Project Design Document                                  |
| <b>PP</b>     | Project Participant                                      |
| <b>SOP</b>    | Standard Operational Procedure                           |
| <b>UNFCCC</b> | United Nations Framework Convention on Climate Change    |
| <b>VVM</b>    | Validation and Verification Manual                       |

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## INTRODUCTION

### 1.1 Objective

The validation objective is an independent assessment by a Third Party of the proposed project activity against all defined criteria as defined by the Climate Biodiversity and Community Alliance (CCBA). In line with the framework for the validation of a CDM project, corresponding tasks are carried by an independent Designated Operational Entity (DOE). TÜV SÜD is a DOE that is accredited by UNFCCC to validate CDM projects. CCBA recognizes this accreditation.

Validation will finally result in a conclusion by the executing DOE whether a project activity is complying with the CCB Standards and whether this project should be submitted for registration with CCBA. The ultimate decision on the registration of a proposed project activity rests with CCBA.

The project activity covered by this validation report was submitted under the project title “Afforestation/Reforestation on Degraded Lands in Southwest Sichuan, China”.

A combined validation between CCBS and the Clean Development Mechanism (CDM) was conducted. The CDM methodology AR-ACM0003 Version 01 was applied. The CDM Validation Report (No. 600500896) describes the findings of the CDM validation process and demonstrates the compliance of the same project with the CDM Methodology. The CDM Validation Report is considered an integral part of the present CCBA audit. The present report is intended to cover only those criteria, in which the CCBA differ and exceed the requirements of CDM.

### 1.2 Scope

For any CCBS project activity the scope is set by:

- CCB standards second edition, as published at [www.climate-standards.org](http://www.climate-standards.org)
- CCBS Rules for the use of the CCBS (Version June 21, 2010)
- Technical and methodological guidelines and information for best practice in land use based mitigation projects

In case of a CCB project that is also designed to comply with the requirements of a CDM project or methodology the scope includes furthermore the following:

- The Kyoto Protocol, in particular § 12 and modalities and procedures for the CDM
- Decision 2/CMP1 and Decision 3/CMP.1 (Marrakech Accords)
- Further COP/MOP decisions with reference to the CDM (e.g. decisions 4 – 8/CMP.1)
- Decisions and specific guidance by the EB published under <http://cdm.unfccc.int>
- Guidelines for Completing the Project Design Document (CDM-AR-PDD), and the Proposed New Baseline and Monitoring Methodology (CDM-AR-NM)
- Baselines and monitoring methodologies (including GHG inventories)
- Management systems and auditing methods
- Environmental issues relevant to the applicable sectoral scope
- Applicable environmental, social impacts, and aspects of CDM project activity
- Sector specific technologies and their applications
- Current technical and operational knowledge of the specific sectoral scope and information on best practice

The validation is not meant to provide any consulting towards the client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.



Once TÜV SÜD receives a first PDD version, it is made publicly available on the internet at CCBA's webpage for a global stakeholder consultation process (GSP). In case of a request the PDD is revised (under certain conditions the GSP will be repeated) and the final PDD will form the basis for the final evaluation as presented by this report. Information on the first and on the final PDD version is presented on page 2.

The purpose of a validation is to demonstrate compliance or non-compliance of the project with all stated and valid CCBA requirements. Additionally, the purpose of validation is to enable the registration of CCBS projects, which is only a part of the total CCBS project cycle.

## 2 METHODOLOGY

The project assessment applies standard auditing techniques to assess the correctness of the information provided by the project participants. The assessment is based on the "Clean Development Mechanism Validation and Verification Manual" version 1.02. The work starts with the appointment of the team covering the technical scope(s), technical area(s) and relevant host country experience for evaluating the CDM project activity. Once the project is made available for the stakeholder consultation process, members of the team carry out the desk review, follow-up actions, resolution of issues identified, and finally preparation of the validation report. The prepared validation report and other supporting documents then undergo an internal quality control by the CB "climate and energy" before submission to the CDM-EB.

In order to ensure transparency, assumptions are clear and explicitly stated; the background material is clearly referenced. TÜV SÜD developed methodology-specific checklists and protocol customised for the project. The protocol shows, in a transparent manner, criteria (requirements), the discussion of each criterion by the assessment team, and the results from validating the identified criteria.

The validation protocol serves the following purposes:

- To organize the details and provision of clarifications on the requirements of which a CCBS project is expected to meet
- To elucidate how a particular requirement has been validated as well as to document the results of the validation and any adjustments made to the project design document.

The validation protocol consists of three tables. The different columns in these tables are described in the figure below.

**Validation Protocol Table 1: Conformity of Project activity and PDD**

| Checklist Question   | Reference   | Comments  | Draft Conclusion  | Final Conclusion  |
|--|---|---|---|---|
| <p><i>The checklist is organised in sections following the arrangement of the applied PDD version. Each section is then subdivided. The lowest level constitutes a checklist question / cri-</i></p> | <p><i>Gives reference to documents where the answer to the checklist question or item is found in case the comment refers to documents other than</i></p> | <p><i>The section is used to elaborate and discuss the checklist question and/or the conformance to the question. It is used to explain the conclusions reached. In some cases sub-checklist are applied indicating yes/no decisions on the compliance with the stated criterion. Any</i></p> | <p><i>Conclusions are presented based on the assessment of the first PDD version. This is either acceptable based on evidence provided (✓), or a <b>Corrective Action Request (CAR)</b> due to non-compliance with the checklist question (See below). <b>Clarification Request (CR)</b> is used when the validation team identified a need for further clarification. <b>Forward Action Request (FAR)</b> to highlight issues related to project</i></p> | <p><i>Conclusions are presented in the same manner based on the assessment of the final PDD version and further documents including assumptions presented in the documenta-</i></p> |

|         |          |   |  |       |
|---------|----------|---|--|-------|
| terion. | the PDD. | <b>Request</b> has to be substantiated within this column | implementation that requires review during the first verification. | tion. |
|---------|----------|---|--|-------|

**Validation Protocol Table 2: Compilation and Resolutions of CARs, CRs and FARs**

| <b>Validation Protocol Table 2: Resolution of Corrective Action and Clarification Requests</b>   |  |   |  |
|--|--|---|--|
| <b>Clarifications and corrective action requests</b>   | <b>Ref. to PDD</b>   | <b>Summary of Response</b>  | <b>Validation team conclusion</b>  |
| <i>If the conclusions from table 1 are a Corrective Action, a Clarification or a Forward action Request, these should be listed in this section.</i> | <i>Reference to the checklist question number in Table 1 where the issue is explained.</i> | <i>The responses given by the client or other project participants during the communications with the validation team should be summarised in this section.</i> | <i>This section should summarise the discussion on and revision to project documentation together with the validation team's responses and final conclusions. The conclusions should be reflected in Table 1, under "Final PDD".</i> |

In case of a denial of the project activity more detailed information on this decision will be presented in Table 3. Table 3 is also used for listing of any Forward Action Request.

**Validation Protocol Table 3: Unresolved Corrective Action, Clarification Requests, Forward Action Requests**

| <b>CCBS Requirements</b>                          | <b>Unresolved Corrective Action Request</b>                                 | <b>Forward Action Request</b>  |
|---|---|--|
| <i>Detailed CCBS requirement as per Standard.</i> | <i>Referenced request if conclusions from table 2 resulted in a denial.</i> | <i>Detailed explanation of why the project is considered non-compliant with a criterion and a clear reference to the criterion</i> |

The completed validation protocol is enclosed in Annex 1 to this report.

## 2.1 Appointment of the Assessment Team

According to the technical scopes and experiences in the sectoral or national business environment, TÜV SÜD has composed a project team in accordance with the appointment rules of the TÜV SÜD certification body “climate and energy”.

The composition of an assessment team has to be approved by the Certification Body (CB) to assure that the required skills are covered by the team. The CB TÜV SÜD operates the following qualification levels for team members that are assigned by formal appointment rules:

- Assessment Team Leader (ATL);
- Validator (V);
- Validator Trainee (T);
- Technical Experts (TE).

It is required that the sectoral scope(s) and the technical area(s) linked to the methodology and project have to be covered by the assessment team. For this particular project the assessment team members are presented in the table below.

### Assessment Team:

| Name                      | Qualification | Coverage of scope                   | Coverage of technical area                 | Coverage of financial aspect        | Host country experience             |
|---------------------------|---------------|-------------------------------------|--|-------------------------------------|-------------------------------------|
| Sebastian Hetsch (onsite) | ATL, V        | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> (14.1) | <input checked="" type="checkbox"/> |                                     |
| Szu-Yi Lin (onsite)       | TE            |                                     |  |                                     | <input checked="" type="checkbox"/> |
| Astrid Schnell (onsite)   | T             | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/>        |                                     |                                     |

#### Technical Reviewer:

- Karin Wagner (Technical Reviewer)
- Martin Opitz (support for coverage of respective Technical Area)

## 2.2 Review of Documents

The PDD for the GSP was submitted by the PP to the DOE in December 2011. This PDD version and additional background documents related to the project design and baseline were reviewed to verify the correctness, credibility, and interpretation of the presented information. As a further step of the validation process, information provided by the PP was cross-checked with information from other sources (if available). A complete list of all documents and proofs reviewed is attached as Annex 2 to this report.

The public commenting period for this project activity had to be repeated, as the validation was not finalized within a year of first publication of the documents. In January 2013 the PDD was newly published and CCBA invited for comments.

## 2.3 Follow-up Interviews

From 07-13 February 2012, TÜV SÜD performed interviews onsite with project stakeholders and physical site inspection to confirm relevant information, and to resolve issues identified in the first document review. The table below provides a list of all persons interviewed in this context.

#### Persons Interviewed:

| Name          | Organisation                            |
|---------------|---|
| Jianhua Bao   | Forestry Department of Sichuan Province |
| Xiaoquan Zhan | The Nature Conservancy                  |
| Yuanqing Hou  | The Nature Conservancy                  |
| Fangui Yang   | Shanshui Conservation Center            |
| Jian Ma       | The Nature Conservancy                  |
| Caifu Tang    | Shanshui Conservation Center            |
| Chen Xiao     | Shanshui Conservation Center            |
| Yi Mei        | Novartis Pharma AG                      |
| MaFanTie      | Villager from Zuhlumen                  |
| Goji Muhe     | Villager from Jimi                      |
| Xie Abizi     | Villager from Pinba                     |

## 2.4 Further cross-check

During the validation process the team made reference to available information related to similar projects or technologies as the proposed CCBS project activity. The documentation was also reviewed against the approved methodology applied to confirm the appropriateness of formulae and correctness of calculations.

## 2.5 Resolution of Clarification and Corrective Action Requests

The objective of this phase of the validation is to resolve the requests for corrective actions, clarifications, and any other outstanding issues which needed to be clarified for TÜV SÜD's conclusion on the project design. The CARs and CRs raised by TÜV SÜD were resolved during communication between the client and TÜV SÜD. To guarantee the transparency of the validation process the concerns raised and responses that were given are documented in more detail in the validation protocol in Annex 1.

The final PDD version submitted in March 2013 served as the basis for the final assessment presented. Changes are not considered to be significant with respect to the qualification of the project as a CCBS project.

## 2.6 Internal Quality Control

Internal quality control is the final step of the validation process and is conducted by the CB "climate and energy" who checks the final documentation, which includes the validation report and annexes. The completion of the quality control indicates that each report submitted has been approved either by the head of the CB or the deputy. In projects where either the Head of the CB or his/her deputy is part of the assessment team, the approval is given by the one not serving on the project team.

After confirmation of the PP, the validation opinion and relevant documents are submitted to CCBA.

### 3 SUMMARY OF FINDINGS

Each of the CCBS and CDM criteria was assessed based on the project design documentation review, follow-up interviews with relevant stakeholders and the review of the background information.

The main findings of the project audit in regards to the project design and CCB Standards compliance are summarized in the following sections:

#### 3.1 General Section

##### G.1. Original Condition in the Project Area

The project area is located in five counties (Zhaojue, Ganluo, Meigu, Yuexi and Lebo) in the southwest of the Sichuan province. Basic physical parameters are described in the PDD and confirmed through document review (IRL 121, 2, 3, 23) and an onsite visit by the audit team.

The project area is characterised of mountains and deep valleys with various climates and ecological environments. The area is currently mostly covered with grass, herbaceous plants and shrubs. Due to the deforestation, the remaining ecosystems are severely degraded showing strong soil erosion, frequent localized droughts and poor soil with low water retention. A description of the vegetation that characterizes the project site, the current land cover and land use and information and the site's physical features are included in the PDD and sustained with credible evidence as assessed by the audit team (IRL 121, 7, 19, 88).

TÜV SÜD assessed the boundary of the project area in the context of the CDM audit. The PP submitted digital boundary files (IRL 3), which were cross checked with remote sensing data and GPS measurements by the audit team during the onsite visit (IRL 46). The project area covers in total 4,196.8 ha.

The baseline vegetation and its carbon stocks were described in the PDD using the A/R methodological tool “combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM projects activities” (Version 01) as required by the applied methodology AR-ACM 0003 Version 01. It is confirmed through document review and onsite visit by the audit team (IRL 121, 2, 46, 88).

A description of communities located in the project zone is provided in the PDD, including basic socio-economic and cultural information. Respective information was crosschecked through document review and confirmed during the audit through interviews with local stakeholder, including representative of the indigenous community and representatives of the local villages (IRL 121, 2, 46, 64, 87).

Current land use and property rights are presented in the PDD. The project area is partly state owned and partly collectively owned. Among the collectively owned lands land use right of 2571 ha is contracted to private people for a period of 70 years. Contracts between Daduhe Forestation Bureau and respective land owners were signed. All documents regarding the land ownerships and contracts regarding the carbon rights were provided to the audit team and reviewed (IRL 38, 63, 109, 110, 111). The information in the contracts was further confirmed through interviews with local communities and government officials during onsite visit (IRL 46).

A description of the current biodiversity inside the project zone and area is provided based on available literature for the project area and zone (IRL 121, 2, 6, 36, 37, 48, 49, 551, 52, 61). Furthermore a baseline study was carried out (IRL 66, 69, 88). The information in the PDD meet the respective requirement of CCBS.



The project zone includes High Conservation Value (HCV) areas, containing areas with threatened and endemic species, significant large landscape-level areas providing critical ecosystem services and threatened ecosystems (IRL 2, 5, 6, 121, 36, 37). An evaluation is included regarding areas that are fundamental for meeting the basic needs of local communities and areas that are critical for the traditional cultural identity of communities (IRL 2, 121). The audit team reviewed the PDD, supportive documents and confirmed the information provided also through the onsite visit.

## G.2. Baseline Projections

The PP applied the approved CDM methodology AR-ACM0003 version 01 to describe and quantify the baseline projection. The detailed requirements and applicability conditions are outlined in the CDM PDD and the assessment by the audit team presented in the CDM Validation report. The first version of the PDD applied methodology AR-ACM0001 version 5.1. In the course of the validation, the PDD was updated to AR-ACM0001 version 5.2 of the methodology and then to methodology AR-ACM0003, due to the expiration of the former versions.

The assessment was carried out for each applicability criterion and included, among others, the compliance check of the local project setting with the applicability conditions in regards to baseline setting and eligible project measures.

The additionality of the project was presented in the PDD using the tool “Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities” (version 03). The most likely land use scenario for the baseline scenario is identified as the “continuation of current barren lands with limited illegal grazing and agricultural cultivation on some lands”. Relevant documents were reviewed (IRL 4, 64, 87, 91, 83, 84, 85) and the additionality analyses was furthermore discussed onsite and during stakeholder interviews (IRL 1, 46). TÜV SÜD confirms that the project benefits would not have occurred in the absence of the project; actions implemented by the project are not required by law.

TÜV SÜD confirms that the chosen baseline and monitoring methodology is applicable to the project activity. No emission sources were identified, which are not addressed by the applied methodology, and are expected to contribute more than 1% of the overall expected average annual emission reductions. The carbon stock change of the “without project” scenario are described in the CDM PDD and assessed by the audit team as outlined in the CDM validation report (IRL 2, 121).

The “without project” scenario consists is the current situation and the degradation is expected to continue. Thus, the “without project” scenario would increase the pressure on nature conservation areas which is expected to lead to a negative impact to biodiversity (IRL 121).

The audit team reviewed the PDD, additional documents and confirmed the information provided also through the onsite visit. It is concluded the project design complies CCBS with the requirements G.2.

## G.3. Project Design and Goals

A summary of the projects major climate, community and biodiversity objectives is included in the PDD (121). Each project activity is described with the expected impacts and relevance in achieving the project's objectives. The project activity consists of reforestation of 4,196.8 ha of degraded lands with multiple-use forest by direct planting of the native species *Picea asperata*, *Abies fabri*, *Pinus armandi*, *Populus szechuanica*, *Alnus cremastogyne* and *Cryptomeria fortunei*.

The project area is located in five counties (Zhaojue, Ganluo, Meigu, Yuexi and Lebo) in the southwest of the Sichuan province. An overview map as well as shape files of the project area and its parcels is provided (IRL 2, 3). The audit team checked the boundary during the onsite visit.



The project lifetime and GHG accounting period is determined to 30 years, an according implementation schedule is described in the PDD (IRL 2, 121, 114, 115). The information presented in the PDD on the technical design is consistent with the actual planning and implementation of the project activity. The audit team reviewed the PDD, supportive documents and confirmed the information provided also through the onsite visit.

Natural risks (mainly fire and pest) and human-induced risks (site preparation, fertilization and pesticide application) are described in the PDD. Appropriate mitigation measures are presented in the PDD (IRL 121). Measure to ensure the maintenance of HCV attributes such as biodiversity and soil and water conservation as well as regarding the ethnic minority are described. The PDD also includes information on measures to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime (IRL 121).

The project is carried out in cooperation between the operating entity Daduhe Forest Administration and local farmers/communities, who contribute lands and a part of labour input. In regards to the PPs, the Daduhe Forest Administration will invest in forest establishment, provide technical inputs, project preparation and manage the plantations during the crediting period. Farmers/communities and land users will own timbers and non-wood forest products and contribute with lands and a part of labour input (IRL 63, 114, 115). The local population potentially affected by the project activities have been involved through meetings in the community and stakeholder comments have been received through the PRA (IRL 2, 121, 79, 80, 87). A plan for communication and consultation is described on a daily work basis as well as regular stakeholder meetings (IRL 121).

A process for handling conflicts and grievances is elaborated in the PDD in line with the CCBS requirements. The process is publicized to communities and other stakeholders, according to the requirements of the standard.

The PDD describes financial mechanisms that are adopted to provide adequate flow of funds for project implementation and achieving the climate, community and biodiversity benefits. Initial funding for the project development was provided through Novartis Pharma AG (IRL 121, 117).

In conclusion, TÜV SÜD confirms that the project description, as included to the PDD, is sufficiently accurate and complete in order to comply with the requirements of the CCBS.

#### **G.4. Management Capacity and Best Practices**

The roles of the different organizations, such as the Nature Conservancy as main responsible organization and the Daduhe Forestation Bureau responsible for the project implementation, a project steering committee, a project expert committee and a project coordination office involved in the project are described in the PDD (IRL 121, 101).

Key technical skills required for successful project implementation are described and met by project team (IRL 42, 101). It is shown that the project partners are likely to have sufficient expertise and experience in community engagement, biodiversity assessment, carbon measurement and monitoring skills for the putting into action the envisioned CCBA project. TÜV SÜD reviewed respective documents and interviewed employees during the onsite visit and concludes compliance with CCBS requirements.

Capacity building is foreseen in the project activity, including training for the community members working in the project. Community members mainly consist of the ethnic minority Yi (IRL 42, 94, 95). The procedure how employees will be selected from the communities is included in the PDD (IRL 121).

A sound description of the applicable laws and/or regulations covering worker rights and how and by which means the project is fulfilling those has been included to the PDD (IRL 42, 44, 96, 97).

Several safety measures are listed in the PDD, which can be considered to minimize potential risk. Employees are trained and informed by safety manual and safety operation regulations and safety assurance staff participate in field work (IRL 42, 45, 94, 95).

The project's funding was assessed by the audit team and it was demonstrated that sufficient funding was available for the implementation (IRL 42, 98, 100, 116, 117).

Based on the PDD, further documents delivered by the PP and the observations made during the onsite visit, TÜV SÜD concludes that the requirements of CCBS G4. are met.

## **G.5. Legal Status and Property Rights**

A description on relevant national and local laws has been included in the PDD (IRL 42) as well as how compliance with those is achieved through the project. Respective information was reviewed by the audit team.

The project has approval from relevant authorities of the forestry bureaus of the five counties where it is implemented. Respective interviews with the forest administration and the communities were conducted by TÜV SÜD during the onsite visit to confirm the project's approval. Further, the project has received a "Letter of Approval" under the CDM from the Chinese Designated National Authority (DNA), the "National Development and Reform Commission".

It is also documented that the project does not uninvited on private, community or governmental property by contractual agreements (IRL 2, 42, 63, 107, 108). The project does not require involuntary relocation of people, as no households are located inside the project area.

Illegal activities taking place in the project zone are identified and described in the PDD, such as illegal grazing and agricultural activities. A description is included in the PDD how the project is expected to help to reduce the illegal activities so that project benefits are not derived from illegal activities (IRL 121).

It is demonstrated in the PDD and CDM PDD, that the project has clear, uncontested title to the carbon rights (IRL 2, 42, 63, 107, 108). Respective information and contracts was reviewed by TÜV SÜD and found in compliance with CCBS requirements.

## **3.2 Climate Section**

### **CL.1. Net Positive Climate Impacts**

The approved CDM methodology AR-ACM0003 version 01 was applied in order to calculate the net change in carbon stocks as a result of project implementation. As indicated in the CDM Validation Report, a total net of 1,206,435 tCO<sub>2</sub>-e are expected to be sequestered over a 30 year crediting period. Hence, the overall net climate impact is expected to be positive. Non-CO<sub>2</sub> emissions in the with and without project scenarios are likely to account less than 5% (IRL 42, 2, 26, 27, 28, 29, 30, 31, 23, 33, 34).

Requests of the climate section are mainly covered in the CDM report no. 600500896.

The audit team reviewed respective calculation and input data and considers the calculation complete and correct.

No double counting of carbon credits is expected, as the credits will be issued under a CDM respective registry.

### **CL.2. Offsite Climate Impacts ("Leakage")**

Potential types of leakage as a result of the project activity are listed in the CDM-PDD. Two types of leakage were identified by the PP:



1. Displacement of pre-project agriculture: 71.1 ha within the project area are fallow lands. The displacement of agriculture activities of this 71.1 ha outside the project area is considered.

2. Displacement of pre-project grazing activities: 1,792.4 ha within the project area have sporadic grazing. These grazing activities are considered to be displaced after the project implementation.

Information regarding the size of the area affected by these activities was gathered during the PRA process (IRL 64, 69, 88). The documentation was revised by the audit team and found to be in compliance with good practice.

To estimate the ex ante leakage of the two agricultural activities mentioned above the PP applied the tools "Guidelines on conditions under which increase in GHG emissions attributable to displacement of pre-project crop cultivation activities in A/R CDM project activity is insignificant" and "Guideline on condition under which increase in GHG emission related to displacement of pre-project crazing activities in A/R CDM project activity is insignificant" (EB 51, annex 13).

Ex ante leakage emissions are considered to be insignificant according to the results of the applied guidelines mentioned above. The grazing activities are expected to be displaced to lands, which can be classified as degraded, and sufficient space is available outside the project area. The increase of GHG emissions due to the displacement of crop cultivation is insignificant because the total area subjected to pre-project crop cultivation activities which may be displaced is 1.6% and therefore less than 5% of the total project area (IRL 66, 77). Due to the insignificance, no mitigation activities are foreseen.

No non-CO<sub>2</sub> GHG emissions occurs which are likely to account for more than 5% of the projects overall off-site GHG emissions reductions and thus have been neglected (IRL 42, 2, 88, 77). TÜV SÜD reviewed respective calculation regarding leakage and found them correctly applied and in compliance with CCBS requirements.

TÜV SÜD concludes that leakage is accounted in this project activity in line with CCBS requirements CL2.

### **CL.3. Climate Impact Monitoring**

The monitoring plan provided is in compliance with CCBS requirements and also in line with to the requirements of the applied methodology A/R ACM001. A monitoring plan was elaborated in the course of the CDM project (IRL 2). The frequency is once every five years after the initial monitoring in 2020. In line with CCBS requirement CL3.2 the audit team concludes that all respective requirements of this section are met.

## **3.3 Community Section**

### **CM1. Net Positive Community Impacts**

Impacts on communities resulting from the project activity are addressed by conducting a PRA (IRL 2, 64, 65, 87). Differences between "with" and "without" project scenario are discussed in the PDD and supported with respective information and documentation (IRL 42, 2). One negative impact is identified, which is that no more illegal agricultural activities will be possible after the implementation of the project. As described in detail in the CDM Validation Report this aspect can be neglected. Enough alternative areas are available to displace these activities (IRL 2, 42, 44).

HCVs are not expected to be negatively impacted by the project, as the project is designed to protect these areas (IRL 42).

The audit team reviewed the PDD and respective background information. Based on documents and information and collected during the onsite visit, the audit team concludes that respective CCBS requirements are met.

### **CM.2. Offsite Community Impacts**

No negative effects are expected due to the project activity as described in the PDD (IRL 42). However a monitoring plan including the mitigation measures to address any potential risks will be implemented. (IRL 42). In total the project is expected to more likely provide positive impacts such as labor and environmental benefits, rather than negative (IRL 42). TÜV SÜD reviewed respective documentation and assessed the statements in the PDD during the onsite visit. The audit team concludes that respective CCBS requirements are met.

### **CM.3. Community Impact Monitoring**

A draft monitoring plan is provided for community variables, such as number of households, population data, land use and participation on project activities, as required by the CCB Standards in the PDD and respective SOPs were provided to the audit team (IRL 42, 64, 65). Information are gathered during PRA. The monitoring plan will also assess the effectiveness of measures for HCV related to community well-being in the project zone.

The project developer commits in the PDD to develop a full monitoring plan within six month of validation against the CCBS and to disseminate this plan and the results of monitoring, ensuring that they are made publically available on the internet and are communicated to the communities (IRL 42). TÜV SÜD confirms that the requirements of CCBS section CM3 are met.

## **3.4 Biodiversity Section**

### **B.1. Net Positive Biodiversity Impacts**

Impacts on biodiversity resulting from the project activity are addressed by applying appropriated methodologies such as biodiversity surveys and rail snares based on random sampling. Differences between “with” and “without” project scenario are discussed in the PDD and supported with respective information and documentation (IRL 42, 2).

The PPs expect a net positive impact on biodiversity in the project area through:

- Increasing or improving habitats of protected plants and wildlife by restoring original forest vegetation using native species.
- Restoring forest vegetation on degraded lands surrounding or between nature reserves will create additional buffer zones and corridors. It is expected that this will facilitate gene flow through allowing once-isolated wildlife groups to interact and enhance the viability of their populations.
- Generating increased income to local communities from the proposed A/R CDM project activity. It is considered that this will reduce the tendency of local communities to degrade biodiversity by practices such as illegal grazing, illegal poaching and NTFP collection (such as Chinese medicine collection) in the nature reserves, and hence alleviate conflicts between conservation and economic activities of local communities.

HCV are not expected to be negatively affected by the project activity, as the project activity foresees to protect these areas. No known invasive species will be used in the project activity as per project design (IRL 2, 42). No GMOs are foreseen to be used in the proposed project (IRL 42, 2).

The audit team reviewed respective documents and information and confirmed the statements during the onsite visit through interviews with stakeholders and observations in the project areas.

### **B.2. Offsite Biodiversity Impacts**

No offsite biodiversity negative impacts are expected for which reason no respective mitigation measures are implemented as described in the PDD. Hence, the net effect of the project is expected to be positive (IRL 121).

The information presented was assessed by TÜV SÜD and found to be in compliance with CCBS.

### **B.3. Biodiversity Impact Monitoring**

An initial biodiversity monitoring plan was included to the CCBA PDD. It is planned to monitor plants, amphibians, small and large mammals, birds and insects on a five- year cycle. Measures to monitor HCVs according to the CCBA are described in the monitoring plan included in the PDD (IRL 121). The plan was reviewed by TÜV SÜD and found in compliance with the CCBS.

A statement of commitment to developing a full monitoring plan within twelve months of validation against the CCB Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publically available on the internet and are communicated to the communities and other stakeholders is included to the CCBA PDD (IRL 121).

## **3.5 Gold Level Section**

### **GL.1. Climate Change Adaptation Benefits**

Likely regional climate change and climate variability scenarios and impacts are presented in the PDD and sustained with scientific literature (IRL 42, 53, 54, 55, 56, 57, 58). The audit team reviewed respective documentation and found them in line with CCBS requirements.

Risks to the project's climate, community and biodiversity benefits resulting from climate change and climate variability impacts are described in the PDD based on respective study (IRL 121). Mitigation strategies against these risks are discussed in the project documentation. It was demonstrated that anticipated climate changes are likely to have an impact on the well-being of communities and biodiversity in the project zone.

TÜV SÜD reviewed the description in the PDD and further studies and documents provided by the project participants. The audit team concludes that the project complies with the Gold Level "Climate Change Adaptation Benefits".

### **GL.2. Exceptional Community Benefits**

The section "exceptional community benefits" is not applied.

### **GL.3. Exceptional Biodiversity Benefits**

The section "exceptional biodiversity benefits" is not applied.

**Summary of CCBA requirements:**

The following table resumes the compliance of the different sections of the CCBA standards:

| Section                                     | required                            |
|---|-------------------------------------|
| <b>General Section</b>                      |                                     |
| G1. Original Conditions in the Project Area | <input checked="" type="checkbox"/> |
| G2. Baseline Projections                    | <input checked="" type="checkbox"/> |
| G3. Project Design and Goals                | <input checked="" type="checkbox"/> |
| G4. Management Capacity and Best Practices  | <input checked="" type="checkbox"/> |
| G5. Legal Status and Property Rights        | <input checked="" type="checkbox"/> |
| <b>Climate Section</b>                      |                                     |
| CL1. Net Positive Climate Impacts           | <input checked="" type="checkbox"/> |
| CL2. Offsite Climate Impacts ("Leakage")    | <input checked="" type="checkbox"/> |
| CL3. Climate Impact Monitoring              | <input checked="" type="checkbox"/> |
| <b>Community Section</b>                    |                                     |
| CM1. Net Positive Community Impacts         | <input checked="" type="checkbox"/> |
| CM2. Offsite Community Impacts              | <input checked="" type="checkbox"/> |
| CM3. Community Impact Monitoring            | <input checked="" type="checkbox"/> |
| <b>Biodiversity Section</b>                 |                                     |
| B1. Net Positive Biodiversity Impacts       | <input checked="" type="checkbox"/> |
| B2. Offsite Biodiversity Impacts            | <input checked="" type="checkbox"/> |
| B3. Biodiversity Impact Monitoring          | <input checked="" type="checkbox"/> |
| <b>Gold Level Section</b>                   |                                     |
| GL1. Climate Change Adaptation Benefits     | <input checked="" type="checkbox"/> |
| GL2. Exceptional Community Benefits         | n/a                                 |
| GL3. Exceptional Biodiversity Benefits      | n/a                                 |
| <b>Approved Status</b>                      |                                     |
| <b>Gold Status</b>                          |                                     |



## 4 COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS

The project documents have been published on the CCBA websites. Comments by stakeholders were invited (09 January - 08 February 2012 and from 08 January – 07 February 2013). No comments were received for this project during the public comment period.

The following table presents all key information on this process:

|  |                               |
|--|-------------------------------|
| <b>webpage:</b><br><a href="http://www.climate-standards.org/projects/index.html">http://www.climate-standards.org/projects/index.html</a> |                               |
| <b>Comment submitted by:</b><br>No comments received.  | <b>Issues raised:</b><br>None |
| <b>Response by TÜV SÜD:</b><br>-   |                               |

## 5 VALIDATION OPINION

TÜV SÜD performed a validation of the proposed CCBA project activity “Afforestation/Reforestation on Degraded Lands in Southwest Sichuan, China”.

Standard auditing techniques have been used for the validation of the project. A methodology-specific protocol for the project has been prepared to conduct the audit in a transparent and comprehensive manner.

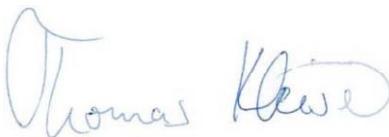
The review of the project design documentation, subsequent follow-up interviews and further verification of references provided TÜV SÜD with sufficient evidence to determine the fulfilment of stated criteria in the protocol. In our opinion, the project meets all relevant requirements of the CCBS second edition. Therefore, TÜV SÜD recommends the project for registration by CCBA. According to the scorecard approach introduced by CCBA (second edition), TÜV SÜD considers the project to comply with Gold Level requirements of CCBS.

An analysis as provided by the applied methodology demonstrates that the proposed project activity is not a likely baseline scenario. GHG removals attributable to the project are additional to any that would occur in the absence of the project activity. Given that the project is implemented as designed, the project is likely to achieve the estimated amount of GHG removals as specified within the final PDD version.

In this context it is underlined that from the auditor's perspective a combined audit of CCB Standards and VCS is feasible as CCBA does not foresee the actual issuance of carbon credits. Thus, no immediate risk of double counting is considered to exist. However, TÜV SÜD refrains from liabilities related to ownership of carbon rights and credit issuance.

The validation is based on the information made available to us, as well as the engagement conditions detailed in this report. The validation was performed following the VVM requirements. The single purpose of this report is its use during the registration process as part of the CCBA project cycle.

Munich, 20 March 2013



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Thomas Kleiser  
Certification Body “climate and energy”  
TÜV SÜD Industrie Service GmbH

Munich, 20 March 2013



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Sebastian Hetsch  
Assessment Team Leader  
TÜV SÜD Industrie Service GmbH

## Annex 1: Validation Protocol

**Table 1: Conformity of project activity and PDD**

| CCBA Requirements   | Ref.         | COMMENTS  | Draft Concl                                      | Final Concl                         |
|---|--------------|---|--|-------------------------------------|
| <b>G. General Section</b>   |              |   |  |                                     |
| <b>G.1. Original Conditions in the Project Area</b>   |              |   |  |                                     |
| <b>General Information</b><br>G.1.1. Are the location of the project and the basic physical parameters (e.g. soil, geology, climate) clearly described?   | 2, 121       | Information are given in AR-CDM PDD section A.4.1 and A.5.1.1 to A.5.1.3  | <input checked="" type="checkbox"/>              | <input checked="" type="checkbox"/> |
| G.1.2. Is sufficient information provided concerning types and condition of the vegetation?   | 2, 121       | Information is provided, also in AR-CDM PDD. However, evidences need to be provided (see comments in CDM Validation Protocol).  | Re-<br>ques<br>ts<br>in<br>CDM<br>check-<br>list | <input checked="" type="checkbox"/> |
| G.1.3. Are boundary of the project and the project zone described in the PDD  | 2, 3,<br>121 | The boundaries and the geographical positions of the project sides are described in AR-CDM PDD A.4.1., A.4.2 and Annex 5, Annex 6. In addition, GIS data (shape file) is provided to the DOE, containing detailed boundary information. The overall area of 4,196.8 ha is consistent between PDD and the shape file.<br><br>63 discrete parcels are included in the project area.<br><br>See requests in CDM Validation Protocol. | Re-<br>ques<br>ts<br>in<br>CDM<br>check-<br>list | <input checked="" type="checkbox"/> |
| <b>Climate Information</b><br>G.1.4. Are the current carbon stocks properly explained, e. g. by using stratification by land-use or vegetation type and methods of carbon calculation (such as biomass plots, formulae, default values) from IPCC 2006 or a more robust and detailed methodology? | 121          | The current carbon stocks are explained applying the CDM methodology AR-ACM0003 and the tool "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities". Stratification of land is done by density of shrub cover. See requests in CDM Validation Protocol.  | Re-<br>ques<br>ts<br>in<br>CDM<br>check-<br>list | <input checked="" type="checkbox"/> |

| CCBA Requirements   | Ref.                              | COMMENTS  | Draft Concl                         | Final Concl                         |
|---|-----------------------------------|---|-------------------------------------|-------------------------------------|
| <b>Community Information</b><br><br>G.1.5. Is a description included of communities located in the project zone, including basic socio-economic and cultural information that describes the social, economic and cultural diversity within communities (wealth, gender, age, ethnicity etc.), identifying also specific groups such as Indigenous Peoples and describing any community characteristics. | 2, 121                            | Information is given (also in AR-CDM PDD) regarding existing villages in the project area, main source of income, wealth, infrastructure and the ethnic minority Yi. No information is provided concerning gender and age of the communities.<br><br>Information is based on the checklist from PRA.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| G.1.6. Description of current land use and customary and legal property rights including community property in the project zone, identifying any ongoing or unresolved conflicts or disputes and identifying and describing any disputes over land tenure that were resolved during the last ten years (see also G5).   | 2, 121                            | Most of the area is barren land with sporadic grazing. A part of the area is illegally cultivated crop land. The land is partly state owned and partly collectively owned by villages. Among the collectively owned lands land use right of 2571 ha is contracted to private people for a period of 70 years with starting date from 1990 to 2010. No ongoing conflict were observed by the audit team.<br><br>Also see comments in CDM Validation Protocol A.6. for onsite discussion.   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>Biodiversity Information</b><br><br>G.1.7. Description of current biodiversity within the project zone (diversity of species and ecosystems) and threats to that biodiversity, using appropriate methodologies, substantiated where possible with appropriate reference material.  | 2, 121,<br>48,49,<br>50,51,<br>52 | Rare and endangered species are listed for national protected plants and national protected animals in the project regions, where some are listed also in the IUCN Red Book and the China endangered species Red Book. However, no protected or endangered species have been found on the project side.<br><br>Gathered information are documented in the ground survey biodiversity report (signs of species and plants found in the area, disturbances)<br><br><b>Clarification Request 1.</b><br>Provide evidences listed in IRL No. 48 - 52 | CR                                  | <input checked="" type="checkbox"/> |
| Is substantial and appropriate reference material provided?   | 2, 121                            | See comments above  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

| CCBA Requirements   | Ref.          | COMMENTS  | Draft Concl                         | Final Concl                         |
|---|---------------|---|-------------------------------------|-------------------------------------|
| G.1.8. An evaluation of whether the project zone includes any of the following High Conservation Values (HCVs) and a description of the qualifying attributes:  | 2, 121        | Information about HCVs included in the project zone is mainly given in AR-CDM PDD A.5.2 (see also comment above).   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 8.1. Globally, regionally or nationally significant concentrations of biodiversity values:<br>a. protected areas<br>b. threatened species<br>c. endemic species<br>d. areas that support significant concentrations of a species during any time in their lifecycle (e.g. migrations, feeding grounds, breeding areas). | 2, 121        | Information is given in AR-CDM PDD A.5.2. The project area includes several protected plants and animals (see also comment above). 19 parcels of the project side are located within three nature reserves.<br>As mentioned in the PDD there are no areas that support significant concentrations of a species during any time in their lifecycle.<br><b><u>Clarification Request 2.</u></b><br>Provide information about endemic and threatened plant species according to IUCN RED List | CR                                  | <input checked="" type="checkbox"/> |
| 8.2. 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;  | 2,121         | Information is provided in the PDD. The project zone is situated in the Southern Hengduan mountains priority conservation areas.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 8.3. Threatened or rare ecosystems;   | 2,121         | Information are given in A/R CDM PDD A.5.1.4 18 key ecosystem are located in the region, 12 are protected. Information is also provided in the CDM PDD.<br><b><u>Clarification Request 3.</u></b><br>Provide information on threatened and rare ecosystems.   | CR                                  | <input checked="" type="checkbox"/> |
| 8.4. Areas that provide critical ecosystem services (e.g., hydrological services, erosion control, fire control);   | 2, 121,<br>37 | The project zone is important for regulating hydrological flows of the Yangtze River and alleviates drought risk and reduces flooding risks.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 8.5. Areas that are fundamental for meeting the basic needs of local communities (e.g., for essential food, fuel, fodder, medicines or building materials without readily available alternatives); and  | 121           | Information is gathered during ground survey and PRA.   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

| CCBA Requirements   | Ref.   | COMMENTS   | Draft Concl                                  | Final Concl                         |
|---|--------|--|--|-------------------------------------|
| 8.6. Areas that are critical for the traditional cultural identity of communities (e.g., areas of cultural, ecological, economic or religious significance identified in collaboration with the communities).   | 2, 121 | In the project zone are located no cultural relics and / or cultural sides.  | <input checked="" type="checkbox"/>          | <input checked="" type="checkbox"/> |
| <b>G.2. Baseline Projections</b>  |        |  |  |                                     |
| G.2.1. Describe the most likely land-use scenario in the absence of the project following IPCC 2006 GL for AFOLU or a more robust and detailed methodology, describing the range of potential landuse scenarios and the associated drivers of GHG emissions and justifying why the land-use scenario selected is most likely. | 2, 121 | <p>See <i>baseline section in AR-CDM PDD and Validation Protocol</i>.</p> <p>Applying and following the tool “Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities” two alternative land-use scenarios are defined:</p> <ul style="list-style-type: none"> <li>- The proposed project not undertaken as an A/R CDM project;</li> <li>- Continuation of current barren lands with limited illegal grazing and agricultural cultivation on some lands.</li> </ul> <p>Also see requests in CDM Validation Protocol C.6</p> | Re-<br>quests<br>in<br>CDM<br>check-<br>list | <input checked="" type="checkbox"/> |
| G.2.2. Document that project benefits would not have occurred in the absence of the project, explaining how existing laws or regulations would likely affect land use and justifying that the benefits being claimed by the project are truly ‘additional’ and would be unlikely to occur without the project.                | 2, 121 | <p>See <i>baseline section in AR-CDM PDD and Validation Protocol</i>.</p> <p>The project is additional, which is shown by applying and following the tool “Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities”. There is only one remaining alternative land use: baseline scenario.</p> <p>See comments in Validation Protocol C.6. for onsite discussion.</p>   | Re-<br>quests<br>in<br>CDM<br>check-<br>list | <input checked="" type="checkbox"/> |
| G.2.3. Calculate the estimated carbon stock changes associated with the ‘without project’ reference scenario described above. This requires estimation of carbon stocks for each of the land-use classes of concern and a definition of the car-  | 2, 121 | See <i>baseline section in AR-CDM PDD and Validation Protocol</i> .  | Re-<br>quests<br>in<br>CDM                   | <input checked="" type="checkbox"/> |

| CCBA Requirements   | Ref.   | COMMENTS   | Draft Concl                         | Final Concl                         |
|---|--------|--|-------------------------------------|-------------------------------------|
| <p>bon pools included, among the classes defined in the IPCC 2006 GL for AFOLU.</p> <p>The timeframe for this analysis can be either the project lifetime (see G3) or the project GHG accounting period, whichever is more appropriate.</p> <p>Estimate the net change in the emissions of non-CO<sub>2</sub> GHG emissions such as CH<sub>4</sub> and N<sub>2</sub>O in the ‘without project’ scenario. Non-CO<sub>2</sub> gases must be included if they are likely to account for more than 5% (in terms of CO<sub>2</sub>-equivalent) of the project’s overall GHG impact over each monitoring period</p>   |        |  | check-list                          |                                     |
| <p>Projects whose activities are designed to avoid GHG emissions (such as those reducing emissions from deforestation and forest degradation (REDD), avoiding conversion of non-forest land, or certain improved forest management projects) must include an analysis of the relevant drivers and rates of deforestation and/or degradation and a description and justification of the approaches, assumptions and data used to perform this analysis.</p> <p>Regional-level estimates can be used at the project’s planning stage as long as there is a commitment to evaluate locally-specific carbon stocks and to develop a project-specific spatial analysis of deforestation and/or degradation using an appropriately robust and detailed carbon accounting methodology before the start of the project.</p> | 2, 121 | <i>See baseline section in AR-CDM PDD and Validation Protocol.</i>   | Re-quests in CDM check-list         | <input checked="" type="checkbox"/> |
| G.2.4. Describe how the ‘without project’ reference scenario would affect communities in the project zone, including the impact of likely changes in water, soil and other locally important ecosystem services.  | 121    | The “without project” reference scenario is the current situation. As stated in the CCBA PDD the area will degrade further, soil erosion, drought and flooding will increase and affect communities. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| G.2.5. Describe how the ‘without project’ reference scenario would affect biodiversity in the project zone (e.g., habitat availability, landscape connectivity and threatened species).   | 121    | It is expected that the area will degrade further and therefore the pressure on nature conservation areas will increase which leads to a negative impact to biodiversity.                            | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

| CCBA Requirements   | Ref.   | COMMENTS  | Draft Concl                         | Final Concl                         |
|---|--------|---|-------------------------------------|-------------------------------------|
| <b>G.3. Project Design &amp; Goals</b>  |        |   |                                     |                                     |
| G.3.1. Provide a summary of the project's major climate, community and biodiversity objectives.   | 121    | <p>The project's major objectives are:</p> <ul style="list-style-type: none"> <li>• Sequester carbon dioxide and mitigating climate change;</li> <li>• Enhance biodiversity conservation and climate change adaptation by increasing the connectivity of forests adjacent to nature reserves;</li> <li>• Improve soil and water conservation in the upper reaches of the Yangtze River;</li> <li>• Generate income for local communities.</li> </ul>                              | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| G.3.2. Describe each project activity with expected climate, community and biodiversity impacts and its relevance to achieving the project's objectives.  | 121    | <p>The project activity aims at reforesting 4,196.8 ha with native tree species. The climate impact is the removals of 1,206,435 million tCO<sub>2</sub>e.</p>  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| G.3.3. Provide a map identifying the project location and boundaries of the project area(s), where the project activities will occur, of the project zone and of additional surrounding locations that are predicted to be impacted by project activities (e.g. through leakage). | 2, 121 | <p>Maps are provided and also included in the AR-CDM PDD and shape files are provided.</p>  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| G.3.4. Define the project lifetime and GHG accounting period and explain and justify any differences between them. Define an implementation schedule, indicating key dates and milestones in the project's development.   | 121    | <p>Starting date is 01 August 2011. However the starting date of the planting activity is September 2011.</p> <p>Project lifetime as well as crediting period is 30 years and 0 month as long as the project lifetime of the CDM project. A planting schedule and forest management plan is included in the CCBA PDD. Land title is mostly not yet distributed, so 30 years is the conservative approach.</p> <p>See request in CDM checklist and update CCBA PDD accordingly</p> | Requests in CDM checklist           | <input checked="" type="checkbox"/> |
| G.3.5. Identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures adopted to mitigate  | 121    | <p>Risks and measures regarding fire and pest, site preparation, fertilization and pesticide application are described. The project area belongs to the third classifi</p>  | CR                                  | <input checked="" type="checkbox"/> |

| CCBA Requirements  | Ref.   | COMMENTS  | Draft Concl                         | Final Concl                         |
|--|--------|---|-------------------------------------|-------------------------------------|
| these risks.   |        | cation of fire risk, which is classified by the governmental forest fire office.<br><br><b>Clarification Request 4.</b><br>Clarify potential risk of droughts (as outlined in GL 1.2) to the plantations and clarify which measures are adopted to mitigate these risks   |                                     |                                     |
| G.3.6. Demonstrate that the project design includes specific measures to ensure the maintenance or enhancement of the high conservation value attributes identified in G1 consistent with the precautionary principle.   | 121    | Several measurements are listed in the CCBA PDD to ensure the maintenance or enhancement of the biodiversity and soil and water conservation as well as respecting the ethnic minority.   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| G.3.7. Describe the measures that will be taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.  | 121,39 | As outlined in CCBA PDD the rotation time of most of the planted species is more than 30 years. So forests will remain after the project timeline and community benefits from harvesting will come within and beyond project lifetime. Local forestry bureaus survey harvesting / logging activities even in private owned land.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| G.3.8. Document and defend how communities and other stakeholders potentially affected by the project activities have been identified and have been involved in project design through effective consultation, particularly with a view to optimizing community and stakeholder benefits, respecting local customs and values and maintaining high conservation values. Project developers must document stakeholder dialogues and indicate if and how the project proposal was revised based on such input. A plan must be developed to continue communication and consultation between project managers and all community groups about the project and its impacts to facilitate adaptive management throughout the life of the project. | 121    | See section H.1 in AR-CDM PDD and Validation Protocol.<br><br>After the establishments of the plantations people will be hired who are responsible for surveillance of plantations and communicate with local people. They will report to the local forestry bureaus.<br><br>Representatives are appointed from the households (farmer representatives).<br><br><b>Clarification Request 5.</b><br>Provide plans demonstrating the continuance of the communication and consultation process throughout the project lifetime. | CR                                  | <input checked="" type="checkbox"/> |

| CCBA Requirements   | Ref.       | COMMENTS  | Draft Concl | Final Concl                         |
|---|------------|---|-------------|-------------------------------------|
| G.3.9. Describe what specific steps have been taken, and communications methods used, to publicize the CCBA public comment period to communities and other stakeholders and to facilitate their submission of comments to CCBA. Project proponents must play an active role in distributing key project documents to affected communities and stakeholders and hold widely publicized information meetings in relevant local or regional languages.   | 121,<br>43 | <p>See section H.1 in AR-CDM PDD and Validation Protocol.</p> <p>The PDD was published on the CCBA webpage. A notification (in Chinese) has been distributed with relevant information in all local forestry bureaus, public notice boards and community broadcasts. In some communities the information will be delivered by forestry staff.</p> <p>Local people are mainly informed by notice boards. Local people mainly have no access to internet so they have to ask the local forestry bureau for submitting comments.</p> <p><b>Clarification Request 6.</b></p> <ul style="list-style-type: none"> <li>Clarify how local people can submit comments to CCBA resp. how people are informed that they can comment on the PDD</li> <li>Provide evidences for the distribution of information documents to stakeholders</li> </ul> | CR          | <input checked="" type="checkbox"/> |
| G.3.10. Formalize a clear process for handling unresolved conflicts and grievances that arise during project planning and implementation. The project design must include a process for hearing, responding to and resolving community and other stakeholder grievances within a reasonable time period. This grievance process must be publicized to communities and other stakeholders and must be managed by a third party or mediator to prevent any conflict of interest. Project management must attempt to resolve all reasonable grievances raised, and provide a written response to grievances within 30 days. Grievances and project responses must be documented. | 121        | <p>Before project implementation experts conducted an in-depth survey to avoid conflicts. This survey was part of the PAR and results are documented in the interview checklists.</p> <p>During the project implementation communities may express their grievances directly to the forest ranger or to local forest stations.</p> <p>Any conflicts and grievances from farmers can be reported to the patrollers of the local forestry bureau. Each villages has a committee managing conflicts (governmental organized) who will be the third party for resolving unresolved conflicts and grievances.</p> <p><b>Clarification Request 7.</b></p> <p>Clarify how a formalized process for hearing, responding to and resolving community and other stakeholder</p>  | CR          | <input checked="" type="checkbox"/> |

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|  |                            | grievances is assured in line with CCBA requirements.   |             |                                     |
| G.3.11. Demonstrate that financial mechanisms adopted, including projected revenues from emissions reductions and other sources, are likely to provide an adequate flow of funds for project implementation and to achieve the anticipated climate, community and biodiversity benefits.   | 121,<br>81,<br>116,<br>117 | <p>The PDD provides brief information regarding the financing of the project.</p> <p>During the onsite visit the topic was discussed in further depth.</p> <p>NOVARTIS is foreseen as main contributor to the project implementation. The communities are expected to contribute partly in kind through work and the Forest Department is expected to contribute financially to the project as well. However no respective written agreements were available at the time of the onsite visit.</p> <p><b>Clarification Request 8.</b></p> <p>Provide information in the PDD on financial mechanisms providing adequate funding for the project implementation and provide respective evidence to the audit team (including commitments by Novartis and potential commitment by other agencies)</p> | CR          | <input checked="" type="checkbox"/> |
| <b>G.4. Management Capacity</b>  |                            |   |             |                                     |
| G.4.1. Identify a single project proponent which is responsible for the project's design and implementation. If multiple organizations or individuals are involved in the project's development and implementation the governance structure, roles and responsibilities of each of the organizations or individuals involved must also be described. | 121,10<br>1                | <p>The Nature Conservancy (TNC) china is responsible for the project design. The Daduhe Forestation Bureau will be the project implementation entity.</p> <p>Further roles and responsibilities are described for BSNCC, SFIP, SSSI and the forestry bureau. Contracts are arranged for the project design: TNC has an agreement with Novartis for the PD development; TNC has a contract with Shan Shui and there is a contract of Shan Shui with the forest inventory and planting institute.</p> <p>At the time of the onsite visits there were no written agreements available to the audit team regarding the</p>  | CR          | <input checked="" type="checkbox"/> |

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|  |               | <p>project implementation.</p> <p>A project steering committee (PSC), a project expert committee (PEC) and a project coordination office (PCO) have been established. The roles and responsibilities of those are described in the PDD.</p> <p><b><u>Clarification Request 9.</u></b></p> <p>Provide references regarding the commitment of the different organizations and entities foreseen in the project implementation.</p>  |             |                                     |
| G.4.2. Document key technical skills that will be required to implement the project successfully, including community engagement, biodiversity assessment and carbon measurement and monitoring skills. Document the management team's expertise and prior experience implementing land management projects at the scale of this project. If relevant experience is lacking, the proponents must either demonstrate how other organizations will be partnered with to support the project or have a recruitment strategy to fill the gaps. | 121           | <p>Key technical skills for forest management are documented. The project participant DFB already implemented the project "Afforestation and Reforestation on Degraded Lands in Northwest Sichuan, China" registered at CDM and CCBA.</p> <p>Technical skills of TNC, SNCC and Sichuan Forestry Inventory Institute are described. However, these are only part of the project implementation based on an oral agreement (contracts only exist for project design).</p> <p>See CR 9 above</p> | CR          | <input checked="" type="checkbox"/> |
| G.4.3. Include a plan to provide orientation and training for the project's employees and relevant people from the communities with an objective of building locally useful skills and knowledge to increase local participation in project implementation. These capacity building efforts should target a wide range of people in the communities, including minority and underrepresented groups. Identify how training will be passed on to new workers when there is staff turnover, so that local capacity will not be lost.         | 121,94<br>,95 | <p>The project county forestry bureau will organize training sessions for local communities concerning plantation activities, nursery etc. Trainings will be conducted directly before the planting activities.</p> <p><b><u>Clarification Request 10.</u></b></p> <p>Provide information regarding a plan for training sessions regarding timeline and villages, including training on safety regulations and workers right.</p>   | CR          | <input checked="" type="checkbox"/> |
| G.4.4. Show that people from the communities will be given an equal opportunity to fill all employment positions (including management) if the job requirements are met. Project proponents must explain how employees will be selected for  | 121           | <p>Most employment opportunities will be given to local farmers and priority will be given to members from poor households, ethnic minority and women.</p>  | CR          | <input checked="" type="checkbox"/> |

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| positions and where relevant, must indicate how local community members, including women and other potentially underrepresented groups, will be given a fair chance to fill positions for which they can be trained.  |                     | <b>Clarification Request 11.</b><br>Clarify how employees will be selected.  |                                     |                                     |
| G.4.5. Submit a list of all relevant laws and regulations covering worker's rights in the host country. Describe how the project will inform workers about their rights. Provide assurance that the project meets or exceeds all applicable laws and/or regulations covering worker rights and, where relevant, demonstrate how compliance is achieved. | 121,<br>44          | Relevant laws and regulation are mentioned in the employment contract ("Labor Law of the People's Republic of China" and "China Company Law") between Daduhe and the worker representative. The Labor Law accepts collective contracts for all workers.<br><br><b>Clarification Request 12.</b> <ul style="list-style-type: none"><li>• Provide an employment contract to the audit team</li><li>• Clarify how workers are informed about relevant laws and regulation</li></ul> | CR                                  | <input checked="" type="checkbox"/> |
| G.4.6. Comprehensively assess situations and occupations that pose a substantial risk to worker safety. A plan must be in place to inform workers of risks and to explain how to minimize such risks. Where worker safety cannot be guaranteed, project proponents must show how the risks will be minimized using best work practices.                 | 121,<br>45          | Potential risks are described coming from application of chemicals, inappropriate operation, falling rocks and fires. Employees are trained and informed by safety manual and safety operation regulations and safety assurance staff participate in field work.<br><br>Safety operation regulations and technical guidelines including safety manual were presented during on-site audit. The first training was conducted in September 2011 before planting.                   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| G.4.7. Document the financial health of the implementing organization(s) to demonstrate that financial resources budgeted will be adequate to implement the project.  | 121,<br>116,<br>117 | The following documents are listed: Management letter, Recent financial reports, latest audit report, balance sheet and revenue and expense statement. Also see comments in G.3.11.<br><br><b>Clarification Request 13.</b><br>Provide information and evidences regarding the financial health of the implementing organization and financial resources for the project implementation  | CR                                  | <input checked="" type="checkbox"/> |

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| <b>G.5. Legal Status and Property Rights</b>   |      |   |                                     |                                     |
| G.5.1. Submit a list of all relevant national and local laws and regulations in the host country and all applicable international treaties and agreements. Provide assurance that the project will comply with these and, where relevant, demonstrate how compliance is achieved.  | 121  | A list of all relevant laws is included in the CCBA PDD. The PP states that no relevant laws and regulations are broken. The PP confirmed during on-site audit that no relevant laws and regulations are broken.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| G.5.2. Document that the project has approval from the appropriate authorities, including the established formal and/or traditional authorities customarily required by the communities.   | 121  | PP is applying for the Letter of Approval from the National Development and Reform Commission in line with the CDM process approval   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| G.5.3. Demonstrate with documented consultations and agreements that the project will not encroach uninvited on private property, community property, or government property and has obtained the free, prior, and informed consent of those whose rights will be affected by the project.   | 121  | Contractual agreements between local communities, individuals and other relevant entities regulate land use.<br><i>See requests in section A.6 of the CDM PDD</i>   | Requests in CDM checklist           | <input checked="" type="checkbox"/> |
| G.5.4. Demonstrate that the project does not require the involuntary relocation of people or of the activities important for the livelihoods and culture of the communities. If any relocation of habitation or activities is undertaken within the terms of an agreement, the project proponents must demonstrate that the agreement was made with the free, prior, and informed consent of those concerned and includes provisions for just and fair compensation. | 121  | There will be no relocation of people because the project sides are uninhabited. This was verified during on site audit.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| G.5.5. Identify any illegal activities that could affect the project's climate, community or biodiversity impacts (e.g., logging) taking place in the project zone and describe how the project will help to reduce these activities so that project benefits are not derived from illegal activities.   | 121  | On the project area are partly illegal grazing and agricultural activities. The project sides will be enclosed after the implementation of the project. Furthermore patrollers will daily survey the parcels if any illegal activities exist. Entries to the parcels will be blocked. This will start after the first three years of the planting. The first three ("establishment period") years it is the re- | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

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|   |       | sponsibility of the workers that there are no illegal activities.   |                             |                                     |
| G.5.6. Demonstrate that the project proponents have clear, uncontested title to the carbon rights, or provide legal documentation demonstrating that the project is undertaken on behalf of the carbon owners with their full consent. Where local or national conditions preclude clear title to the carbon rights at the time of validation against the Standards, the project proponents must provide evidence that their ownership of carbon rights is likely to be established before they enter into any transactions concerning the project's carbon assets.   | 121,2 | See AR-CDM PDD and comments in Validation Protocol A.6.   | Re-quests in CDM check-list | <input checked="" type="checkbox"/> |
| <b>CL. Climate Section</b>  |       |   |                             |                                     |
| <b>CL.1. Net Positive Climate Impacts</b>   |       |   |                             |                                     |
| CL.1.1. Estimate the net change in carbon stocks due to the project activities using the methods of calculation, formulae and default values of the IPCC 2006 GL for AFOLU or using a more robust and detailed methodology. The net change is equal to carbon stock changes with the project minus carbon stock changes without the project (the latter having been estimated in G2). This estimate must be based on clearly defined and defendable assumptions about how project activities will alter GHG emissions or carbon stocks over the duration of the project or the project GHG accounting period. | 121,2 | The tool "Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities" according to the applied methodology AR-ACM0003 is applied.<br><br>See AR-CDM PDD and comments in Validation Protocol G.2.3 and D.1. | Re-quests in CDM check-list | <input checked="" type="checkbox"/> |
| CL.1.2. Estimate the net change in the emissions of non-CO <sub>2</sub> GHG emissions such as CH <sub>4</sub> and N <sub>2</sub> O in the with and without project scenarios if those gases are likely to account for more than a 5% increase or decrease (in terms of CO <sub>2</sub> -equivalent) of the project's overall GHG emissions reductions or removals over each monitoring period.  | 121,2 | See AR-CDM PDD and comments in Validation Protocol G.2.3 and D.1.   | Re-quests in CDM check-list | <input checked="" type="checkbox"/> |
| CL.1.3. Estimate any other GHG emissions resulting from project activities. Emissions sources include, but are not limited to,  | 121,2 | See AR-CDM PDD and comments in Validation Protocol G.2.3 and D.1.   | Re-quests                   | <input checked="" type="checkbox"/> |

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| emissions from biomass burning during site preparation, emissions from fossil fuel combustion, <sup>36</sup> direct emissions from the use of synthetic fertilizers, <sup>37</sup> and emissions from the decomposition of N-fixing species.  |       |   | in CDM checklist                    |                                     |
| CL.1.4. Demonstrate that the net climate impact of the project is positive. The net climate impact of the project is the net change in carbon stocks plus net change in non-CO <sub>2</sub> GHGs where appropriate minus any other GHG emissions resulting from project activities minus any likely project-related unmitigated negative offsite climate impacts (see CL2.3). | 121,2 | See AR-CDM PDD and comments in Validation Protocol G.2.3 and D.1.                             | Requests in CDM checklist           | <input checked="" type="checkbox"/> |
| CL.1.5. Specify how double counting of GHG emissions reductions or removals will be avoided, particularly for offsets sold on the voluntary market and generated in a country with an emissions cap.  | 121,2 | Removals will be sold on the voluntary market. There is no emission cap for the host country. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>CL.2. Offsite Climate Impacts (“Leakage”)</b>  |       |   |                                     |                                     |
| CL.2.1. Determine the types of leakages that are expected and estimate potential offsite increases in GHGs (increases in emissions or decreases in sequestration) due to project activities. Where relevant, define and justify where leakage is most likely to take place.   | 121,2 | See AR-CDM PDD and comments in Validation Protocol D.2.                                       | Requests in CDM checklist           | <input checked="" type="checkbox"/> |
| CL.2.2. Document how any leakage will be mitigated and estimate the extent to which such impacts will be reduced by these mitigation activities.  | 121,2 | See AR-CDM PDD and comments in Validation Protocol D.2.                                       | Requests in CDM checklist           | <input checked="" type="checkbox"/> |
| CL.2.3. Subtract any likely project-related unmitigated negative offsite climate impacts from the climate benefits being claimed by the project and demonstrate that this has been included in the evaluation of net climate impact of the project (as calcu-   | 121,2 | See AR-CDM PDD and comments in Validation Protocol D.2.                                       | Requests in CDM                     | <input checked="" type="checkbox"/> |

| CCBA Requirements   | Ref.  | COMMENTS   | Draft Concl                 | Final Concl                         |
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| lated in CL1.4).  |       |  | check-list                  |                                     |
| CL.2.4. Non-CO <sub>2</sub> gases must be included if they are likely to account for more than a 5% increase or decrease (in terms of CO <sub>2</sub> -equivalent) of the net change calculations (above) of the project's overall off-site GHG emissions reductions or removals over each monitoring period.                                 | 121,2 | See AR-CDM PDD and comments in Validation Protocol D.2.  | Re-quests in CDM check-list | <input checked="" type="checkbox"/> |
| <b>CL.3. Climate Impact Monitoring</b>  |       |  |                             |                                     |
| CL.3.1. Develop an initial plan for selecting carbon pools and non-CO <sub>2</sub> GHGs to be monitored, and determine the frequency of monitoring.   | 121,2 | The monitoring will be conducted in line to the requirements of the applied methodology AR-ACM0003. The frequency is once every five years after the initial monitoring which will start in 2020.<br><br>See AR-CDM PDD and comments in Validation Protocol Section E. | Re-quests in CDM check-list | <input checked="" type="checkbox"/> |
| Potential pools include aboveground biomass, litter, dead wood, belowground biomass, wood products, soil carbon and peat. Pools to monitor must include any pools expected to decrease as a result of project activities, including those in the region outside the project boundaries resulting from all types of leakage identified in CL2. | 121,2 | See AR-CDM PDD and comments in Validation Protocol Section E.  | Re-quests in CDM check-list | <input checked="" type="checkbox"/> |
| A plan must be in place to continue leakage monitoring for at least five years after all activity displacement or other leakage causing activity has taken place.   | 121,2 | There is no plan to monitor leakage. However, leakage is accounted to be zero (see section CL.2).<br><br>See AR-CDM PDD and comments in Validation Protocol Section E.   | Re-quests in CDM check-list | <input checked="" type="checkbox"/> |
| Individual GHG sources may be considered 'insignificant' and do not have to be accounted for if together such omitted   | 121,2 | See AR-CDM PDD and comments in Validation Protocol Section E.  | Re-quests                   | <input checked="" type="checkbox"/> |

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| decreases in carbon pools and increases in GHG emissions amount to less than 5% of the total CO2-equivalent benefits generated by the project.   |       |  | in CDM check-list                   |                                     |
| Non-CO2 gases must be included if they are likely to account for more than 5% (in terms of CO2-equivalent) of the project's overall GHG impact over each monitoring period.  | 121,2 | See AR-CDM PDD and comments in Validation Protocol Section E.  | Requests in CDM check-list          | <input checked="" type="checkbox"/> |
| Direct field measurements using scientifically robust sampling must be used to measure more significant elements of the project's carbon stocks. Other data must be suitable to the project site and specific forest type.   | 121,2 | See AR-CDM PDD and comments in Validation Protocol Section E.  | Requests in CDM check-list          | <input checked="" type="checkbox"/> |
| CL.3.2. Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders. | 121,2 | <p>See AR-CDM PDD and comments in Validation Protocol Section E.</p> <p>A summary of the monitoring plan will be distributed in the communities.</p> <p><b>Clarification Request 14.</b></p> <p>Clarify how the monitoring plan is disseminate and made publicly available and communicated as required by the standard.</p> | CR                                  | <input checked="" type="checkbox"/> |
| <b>CM. Community Section</b>   |       |  |                                     |                                     |
| <b>CM.1. Net Positive Community Impacts</b>  |       |  |                                     |                                     |
| CM.1.1. Use appropriate methodologies to estimate the impacts on communities, including all constituent socio-economic or cultural groups such as indigenous peoples (defined in G1), resulting from planned project activities. A credible estimate of  | 121,2 | Information is given in AR-CDM PPD Section G. A Participatory Rural Assessment has been conducted to gather and evaluate information.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

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| <p>impacts must include changes in community well-being due to project activities and an evaluation of the impacts by the affected groups. This estimate must be based on clearly defined and defendable assumptions about how project activities will alter social and economic well-being, including potential impacts of changes in natural resources and ecosystem services identified as important by the communities (including water and soil resources), over the duration of the project. The 'with project' scenario must then be compared with the 'without project' scenario of social and economic well-being in the absence of the project (completed in G2). The difference (i.e., the community benefit) must be positive for all community groups.</p> |      | <p>After implementation of the project no more illegal grazing activities will be possible. This is the only negative impact considered. However there are enough alternative areas to displace the grazing animals.</p> <p>See AR-CDM PDD and comments in Validation Protocol Section G.</p>   |                |                                     |
| <p>CM.1.2. Demonstrate that no High Conservation Values identified in G1.8.4-6 will be negatively affected by the project.</p>  | 121  | <p>HCV will not be negatively affected. The project will enhance hydrological service and soil erosion control. No cultural / religious sides will be affected.</p> <p><b><u>Clarification Request 15.</u></b></p> <p>Clarify what are potential effects of the project activity on:</p> <ul style="list-style-type: none"> <li>• threatened and protected species in the project area,</li> <li>• large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance,</li> <li>• threatened or rare ecosystems and</li> <li>• areas that are fundamental for meeting the basic needs of local communities (see comments in G.1.8</li> </ul> | CR             | <input checked="" type="checkbox"/> |

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| <b>CM.2. Offsite Community Impacts</b>   |      |  |                                     |                                     |
| CM.2.1. Identify any potential negative offsite stakeholder impacts that the project activities are likely to cause.   | 121  | No negative offsite stakeholder impacts are identified.<br><b>Clarification Request 16.</b><br>Clarify if there are any negative impacts on farmers who have to shift grazing or agricultural activities   | CR                                  | <input checked="" type="checkbox"/> |
| CM.2.2. Describe how the project plans to mitigate these negative offsite social and economic impacts.   | 121  | A monitoring plan including the mitigation measures to address any potential risks will be implemented.<br><i>Also see comment above.</i>  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| CM.2.3. Demonstrate that the project is not likely to result in net negative impacts on the well-being of other stakeholder groups.  | 121  | The projects results in no negative impacts to other stakeholder groups but in positive impacts such as labor and environmental benefits ( <i>also see comments above</i> ).   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>CM.3. Community Impact Monitoring</b>   |      |  |                                     |                                     |
| CM.3.1. Develop an initial plan for selecting community variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project's community development objectives and to anticipated impacts (positive and negative).  | 121  | A monitoring plan is developed with indicators for villages and households. Information / Parameter of monitoring plan (table CM.1) are gathered during PRA  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| CM.3.2. Develop an initial plan for how they will assess the effectiveness of measures used to maintain or enhance High Conservation Values related to community well-being (G1.8.4-6) present in the project zone.  | 121  | Indicators relevant to community- related HCV are included in the monitoring plan.   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| CM.3.3. Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders. | 121  | Annual statistical surveys are conducted by the Chinese government with household interviews in each village covering relevant indicators. These data will be used by the PP. However, during on-site audit it was clarified that data are gathered through PRA and not from governmental statistics.<br>PRA process will be conducted every five years to | CR                                  | <input checked="" type="checkbox"/> |

| CCBA Requirements  | Ref.   | COMMENTS   | Draft Concl                         | Final Concl                         |
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|  |        | <p>gather stakeholder comments.</p> <p><b><u>Clarification Request 17.</u></b></p> <p>Clarify which are the source of data used in the section</p>   |                                     |                                     |
| <b>B. Biodiversity Section</b>   |        |  |                                     |                                     |
| <b>B.1. Net Positive Biodiversity Impacts</b>  |        |  |                                     |                                     |
| B.1.1. Use appropriate methodologies to estimate changes in biodiversity as a result of the project in the project zone and in the project lifetime. This estimate must be based on clearly defined and defendable assumptions. The 'with project' scenario should then be compared with the baseline 'without project' biodiversity scenario completed in G2. The difference (i.e., the net biodiversity benefit) must be positive. | 121, 2 | <p>A biodiversity survey has been conducted based on same random sampling as for carbon survey and rail-snare. No negative changes in biodiversity are expected. To estimate changes in biodiversity the same methods are used as for baseline survey.</p> <p>Sampling points won't be fixed and will be chosen on a random basis.</p> <p><i>Also see AR-CDM PDD and comments in Validation Protocol Section A.5.2. and F.1.</i></p> <p><b><u>Clarification Request 18.</u></b></p> <p>Clarify what are the differences between the project scenario and the scenario "without project" regarding changes in biodiversity and document the difference as required by the standard.</p> | CAR                                 | <input checked="" type="checkbox"/> |
| B.1.2. Demonstrate that no High Conservation Values identified in G1.8.1-3 will be negatively affected by the project.   | 121, 2 | Based on baseline survey no protected or endangered species have been found on the project side. The report of baseline survey was provided during on-site audit.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| B.1.3. Identify all species to be used by the project and show that no known invasive species will be introduced into any area affected by the project and that the population of any invasive species will not increase as a result of the project.   | 121, 2 | The PP states that only native species are used for planting. <i>Also see CR in CDM PDD.</i>   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| B.1.4. 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 facili-  | 121, 2 | N/A  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

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| tation. Project proponents must justify any use of non-native species over native species.   |      |  |                                     |                                     |
| B.1.5. Guarantee that no GMOs will be used to generate GHG emissions reductions or removals.   | 121  | The PP states that no GMOs will be used in the project and only seeds collected from local seedling orchards or trees will be used.<br><br>A local nursery has been visited during on-site audit. The local forestry bureau organizes time and farmers to collect seedlings. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>B.2. Offsite Biodiversity Impacts</b>   |      |  |                                     |                                     |
| B.2.1. Identify potential negative offsite biodiversity impacts that the project is likely to cause.   | 121  | No negative offsite biodiversity impacts are expected, as the project is implemented on degraded grasslands with little vegetation   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| B.2.2. Document how the project plans to mitigate these negative offsite biodiversity impacts.   | 121  | Not applicable   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| B.2.3. Evaluate likely unmitigated negative offsite biodiversity impacts against the biodiversity benefits of the project within the project boundaries. Justify and demonstrate that the net effect of the project on biodiversity is positive.                                       | 121  | Not applicable   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>B.3. Biodiversity Impact Monitoring</b>   |      |  |                                     |                                     |
| B.3.1. Develop an initial plan for selecting biodiversity variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project's biodiversity objectives and to anticipated impacts (positive and negative). | 121  | Biodiversity monitoring will be carried out every five years for flora and fauna. Random sampling is described in the CCBA-PDD. The Simpson's diversity index and Shannon-Weiner index are used as evaluation index.   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| B.3.2. Develop an initial plan for assessing the effectiveness of measures used to maintain or enhance High Conservation Values related to globally, regionally or nationally significant biodiversity (G1.8.1-3) present in the project zone.   | 121  | An initial plan was provided based at a five year interval and assessment of range, habitat area and landscape connectivity.   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

| CCBA Requirements   | Ref.                                 | COMMENTS  | Draft Concl                         | Final Concl                         |
|---|--------------------------------------|---|-------------------------------------|-------------------------------------|
| B.3.3. Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders. | 121                                  | <p>Information is provided in section B.3.1.</p> <p><b><u>Clarification Request 19.</u></b></p> <p>Clarify how the report will be made publicly available and communicated to local people and other stakeholders.</p>  | CAR                                 | <input checked="" type="checkbox"/> |
| <b>Gold Level Section</b>   |                                      |   |                                     |                                     |
| <b>GL1. Climate Change Adaptation Benefits</b>  |                                      |   |                                     |                                     |
| 1. Identify likely regional climate change and 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.   | 121,<br>53, 54,<br>55, 56,<br>57, 58 | <p>Climate change and climate variability scenarios and impacts are described, such as change in temperature, extreme weather situations etc.</p> <p><b><u>Corrective Action Request No 1.</u></b></p> <ul style="list-style-type: none"> <li>Identify potential changes in the local land-use scenario due to climate change scenarios in the absence of the project</li> <li>Provide evidences of the references no. 53 – 58 to the audit team</li> </ul> | CAR                                 | <input checked="" type="checkbox"/> |
| 2. Identify any risks to the project's climate, community and biodiversity benefits resulting from likely climate change and climate variability impacts and explain how these risks will be mitigated.   | 121                                  | The identified risks are about extreme drought and increasing temperature which may increase forest fire and pest risks and extreme snow / ice storms. Various countermeasures are listed in the CCBA PDD.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3. 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.  | 121, 2                               | <p>Extreme weather situations may have negative impact to agricultural activities.</p> <p>Furthermore, brief information is provided in the AR-CDM PDD Section A.5.2. and F.1. However no information regarding climate changes which are having or are likely to have an impact on the well-being of communities and/or the conservation status of biodiversity are provided in these sections.</p>  | CAR                                 | <input checked="" type="checkbox"/> |

| CCBA Requirements   | Ref.   | COMMENTS   | Draft Concl                         | Final Concl                         |
|---|--------|--|-------------------------------------|-------------------------------------|
|   |        | <p><b><u>Corrective Action Request No 2.</u></b><br/> Provide information as required in GL1.3.</p>  |                                     |                                     |
| 4. Demonstrate that the project activities will assist communities and/or biodiversity to adapt to the probable impacts of climate change.  | 121    | Project activities will enhance the connectivity of forest ecosystems and habitats of wildlife.  | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>GL2. Exceptional Community Benefits</b>  |        |  |                                     |                                     |
| 1. 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 population of that area is below the national poverty line.  | 121, 2 | <p>PP refers to AR-CDM PDD Section A.5.2. and F.1.. However, there is no information provided in those sections to the criteria GL2.</p> <p><b><u>Clarification Request 20.</u></b><br/> Provide information regarding all requirements of the CCBA in this section, if the projects aims to demonstrate exceptional community benefits.</p> <p><b>PP decided not to claim for exceptional community benefits. See summary of PP responses in table 2.</b></p> | CR                                  | Not applicable                      |
| 2. Demonstrate that at least 50% of households within the lowest category of well-being (e.g., poorest quartile) of the community are likely to benefit substantially from the project.   | 121, 2 | <p>Brief information is provided in the AR-CDM PDD Section A.5.2. and F.1. However, there is no information provided in those sections to the criteria GL2.</p> <p><b>See CR above</b></p>   | Not applicable                      | Not applicable                      |
| 3. Demonstrate that any barriers or risks that might prevent benefits going to poorer households have been identified and addressed in order to increase the probable flow of benefits to poorer households.  | 121, 2 | <p>Brief information is provided in the AR-CDM PDD Section A.5.2. and F.1. However, there is no information provided in those sections to the criteria GL2.</p> <p><b>See CR above</b></p>   | Not applicable                      | Not applicable                      |
| 4. Demonstrate that measures have been taken to identify any poorer and more vulnerable households and individuals whose well-being or poverty may be negatively affected by the project, and that the project design includes measures to avoid any such impacts.<br>Where negative impacts are unavoidable, demonstrate that they | 121, 2 | <p>Brief information is provided in the AR-CDM PDD Section A.5.2. and F.1. However, there is no information provided in those sections to the criteria GL2.</p> <p><b>See CR above</b></p>   | Not applicable                      | Not applicable                      |

| CCBA Requirements   | Ref.   | COMMENTS  | Draft Concl    | Final Concl    |
|---|--------|---|----------------|----------------|
| will be effectively mitigated.  |        |   |                |                |
| 5. Demonstrate that community impact monitoring will be able to identify positive and negative impacts on poorer and more vulnerable groups. The social impact monitoring must take a differentiated approach that can identify positive and negative impacts on poorer households and individuals and other disadvantaged groups, including women. | 121, 2 | Brief information is provided in the AR-CDM PDD Section A.5.2. and F.1. However, there is no information provided in those sections to the criteria GL2.<br><br><b>See CR above</b> | Not applicable | Not applicable |
| <b>GL3. Exceptional Biodiversity Benefits</b>   |        |   |                |                |
| <b>1. Vulnerability</b><br>Regular occurrence of a globally threatened species (according to the IUCN Red List) at the site:  | 121    | No information is provided in this PDD section.<br>Description of species present in the project area are however included in CDM PDD A.5.2   | Not applicable | Not applicable |
| <b>2. Irreplaceability</b><br>A minimum proportion of a species' global population present at the site at any stage of the species' lifecycle according to the following thresholds: <sup>57</sup>  | 121    | Not applied   | Not applicable | Not applicable |

**Table 2: Response to Corrective Action Requests (CAR) and Clarification Requests (CR)**

| Clarifications and Corrective Action Requests  | PDD Sect. | Summary of PP Response  | Audit Team Conclusion  |
|--|-----------|---|--|
| <p><b><u>Clarification Request 1.</u></b><br/>Provide evidences listed in IRL No. 48 – 52</p>  | G.1.7     | <ul style="list-style-type: none"> <li>• CR 1.1_Scientific survey on Maanshan Nature Reserve in Sichuan Province</li> <li>• CR1.2_Scientific survey on Shengguozhuang Nature Reserve in Sichuan Province</li> <li>• CR 1.3_Overall plan on Mamize Nature Reserve in Sichuan Province</li> <li>• CR 1.4_Overall plan on Dafengding Nature Reserve in Sichuan Province</li> </ul> | <p>The references with relevant information are provided and checked by the audit team.</p> <input checked="" type="checkbox"/>  |
| <p><b><u>Clarification Request 2.</u></b><br/>Provide information about endemic and threatened plant species according to IUCN RED List</p>  | G.1.8     | <p>Please see CDM AR PDD Section A.5.2 Table A-0-4 for details</p>  | <p>The CDM PDD has been updated regarding endemic and threatened plant species. CCBA PDD provides information regarding the assessment of species in the project area.</p> <input checked="" type="checkbox"/>                                 |
| <p><b><u>Clarification Request 3.</u></b><br/>Provide information on threatened and rare ecosystems.</p>   | G.1.8     | <p>Relevant information was added in CCBA PDD Section G.1.8.3</p>   | <p>CCBA PDD was updated with relevant information about twelve protected ecosystems in the project regions.</p> <input checked="" type="checkbox"/>  |
| <p><b><u>Clarification Request 4.</u></b><br/>Clarify potential risk of droughts (as outlined in GL 1.2) to the plantations and clarify which measures are adopted to mitigate these risks</p> | G.3.5     | <p>Text added in CCBA PDD Section G.3.5</p>   | <p>The impact of droughts is included and mitigation measures are listed as required by the applied standard.</p> <input checked="" type="checkbox"/>  |
| <p><b><u>Clarification Request 5.</u></b><br/>Provide plans demonstrating the continuance of the communication and consultation process throughout the project lifetime.</p>                   | G.3.8     | <p>Procedures added in CCBA PDD Section G.3.8</p>   | <p>Information regarding the communication and consultation process is added in the CCBA PDD. Communication and consultation is planned on a daily work basis as well as regular stakeholder meetings.</p> <input checked="" type="checkbox"/> |



| Clarifications and Corrective Action Requests  | PDD Sect. | Summary of PP Response  | Audit Team Conclusion   |
|--|-----------|---|---|
| <b><u>Clarification Request 6.</u></b><br><ul style="list-style-type: none"> <li>Clarify how local people can submit comments to CCBA resp. how people are informed that they can comment on the PDD</li> <li>Provide evidences for the distribution of information documents to stakeholders</li> </ul> | G.3.9     | <p>Procedures were provided in CCBA PDD Section G.3.9. Please also see CR 6_ Notice to stakeholders for comments as an evidence</p>   | <ul style="list-style-type: none"> <li>Information were added in the CCBA PDD and</li> <li>The reference "Notice for stakeholder for comments" was checked, providing the required information.</li> </ul> <p>The PDD is now in compliance with CCBS requirements G.3.9</p> <input checked="" type="checkbox"/>   |
| <b><u>Clarification Request 7.</u></b><br><p>Clarify how a formalized process for hearing, responding to and resolving community and other stakeholder grievances is assured in line with CCBA requirements.</p>   | G.3.10    | <p>Relevant procedures have been added in Section G.3.10</p> <p><b>Response:</b> relevant information and clarification have been added in Section G.3.10.</p>                    | <p>CCBA PDD was updated with process steps and responsibilities for handling grievances. However it is not clarified how this process is publicized.</p> <p><b>Open:</b><br/>           Clarify how the process for hearing responding and resolving community and other stakeholder grievances is publicized to communities and other stakeholders, according to the requirements of the standard.<br/>           Further, clarify if a third party or mediator is managing the process.</p> <hr/> <p>PDD CCBA is updated accordingly and required information is included in accordance with CCBS requirements.</p> <input checked="" type="checkbox"/> |
| <b><u>Clarification Request 8.</u></b><br><p>Provide information in the PDD on financial mechanisms providing adequate funding for the project implementation and provide respective evidence to the audit</p>   | G.3.11    | <p>The equity funding from project county governments (see CR 8 for the commitment from government) and the pre-payment of carbon credit (the contract between Daduhe and No-</p> | <p>Commitments from the five counties are provided and checked by the audit team. However the funding for project implementation from Novartis needs to be clarified as discussed</p>   |

| Clarifications and Corrective Action Requests | PDD Sect. | Summary of PP Response  | Audit Team Conclusion  |
|---|-----------|---|--|
| team  |           | <p>vartis is under negotiation) at early stage of the project lifetime will provide an adequate flow of funds for the project implementation.</p> <p><b>Response:</b><br/>The Novartis and Daduhe are negotiating and contract will be signed soon.<br/>Section G.3.11 is updated to cover the clarification request.<br/>See CR 8.1 for the confirmation from Novartis</p> <hr/> <p><b>Response:</b><br/>Required documents are delivered.</p> | <p>onsite.</p> <p><b>Open:</b><br/>Considering that no agreement between Novartis and Daduhe / the Forest Administration was provided to the audit team:<br/>Clarify if financial mechanisms are adopted, are likely to provide an adequate flow of funds for project implementation and to achieve the anticipated climate, community and biodiversity benefits. (CCB Requirement G.3. 11)</p> <hr/> <p>Information is added in PDD CCBA about financial mechanisms which will be adopted. However contract between Novartis and Daduhe regarding funding of project implementation is still not signed.</p> <p><b>Open:</b><br/>Provide contract between Novartis and Daduhe regulating an adequate flow of funds for project implementation and to achieve the anticipated climate, community and biodiversity benefits.</p> <hr/> <p>Signed contracts (reference no. 116 and 117) are delivered, regulating adequate flow of funds. The audit team confirms compliance with CCBS requirement G3.11, considering the funding commitment from Novartis</p> <p style="text-align: right;"><input checked="" type="checkbox"/></p> |

| Clarifications and Corrective Action Requests  | PDD Sect. | Summary of PP Response  | Audit Team Conclusion   |
|--|-----------|---|---|
| <p><b><u>Clarification Request 9.</u></b><br/>Provide references regarding the commitment of the different organizations and entities foreseen in the project implementation.</p>  | G.4.1     | <ul style="list-style-type: none"> <li>See CR 9 for a list of the project steering committee and project expert committee</li> <li>See response to comments on AR CDM PDD (CR 4)</li> </ul>   | <p>The list of the project steering committee and expert committee is provided.<br/>As per CCB requirement G.4.1 the roles and responsibilities are described. However no written commitment was provided by the organizations to the audit team. Since the core CCB requirement G.4.1 is met, the request is closed.</p> <input checked="" type="checkbox"/> |
| <p><b><u>Clarification Request 10.</u></b><br/>Provide information regarding a plan for training sessions regarding timeline and villages, including training on safety regulations and workers right.</p>                     | G.4.3     | <ul style="list-style-type: none"> <li>Texts have been added in CCBA PDD section 4.3.</li> <li>See CR 10.1 for the instruction for labor's safety and security in forestry activities</li> <li>See CR 10.2 Safety code of practice for logging operation (GB 14192-2005)</li> </ul> | <p>Safety instructions are delivered and checked by the audit team. General information about planned trainings is added. The audit team concludes that the CCB requirement G.4.3 is met. Request closed.</p> <input checked="" type="checkbox"/>   |
| <p><b><u>Clarification Request 11.</u></b><br/>Clarify how employees will be selected</p>  | G.4.4     | <ul style="list-style-type: none"> <li>Texts have been added in CCBA PDD section 4.4.</li> </ul>  | <p>Additional information is given in the PDD how employees are foreseen to be selected. The audit team concludes that the CCB requirement G.4.4 is met. Request closed.</p> <input checked="" type="checkbox"/>  |
| <p><b><u>Clarification Request 12.</u></b></p> <ul style="list-style-type: none"> <li>Provide an employment contract to the audit team</li> <li>Clarify how workers are informed about relevant laws and regulation</li> </ul> | G.4.5     | <ul style="list-style-type: none"> <li>See CR 12.1 for the employment contract</li> <li>See CR 12.2 for the Chinese Law for Employment Contract</li> <li>Texts have been added for the clarification</li> </ul>   | <ul style="list-style-type: none"> <li>Relevant references are provided and checked by the audit team</li> <li>CCBA PDD is updated describing the way workers will be informed.</li> </ul> <input checked="" type="checkbox"/>  |
| <p><b><u>Clarification Request 13.</u></b><br/>Provide information and evidences regarding the financial health of the implementing organization and financial resources for the project implementation</p>                    | G.4.7     | <p>For implementation entity (Daduhe Forestation Bureau)</p> <ul style="list-style-type: none"> <li>CR 13 statement of the financial health of Daduhe</li> </ul>  | <p>The statement of financial health of Daduhe was provided. However, no further information is given in the CCBA PDD regarding the financial health of the implementing organizations that demonstrate that the budget is adequate</p>   |

| Clarifications and Corrective Action Requests   | PDD Sect. | Summary of PP Response  | Audit Team Conclusion  |
|---|-----------|---|--|
|   |           | <p>For financial sources, see:</p> <ul style="list-style-type: none"> <li>• CR 8 for the statement from government</li> </ul> | <p>to implement the project. (see also CR 8)</p> <p><b>Open:</b><br/>Provide information in CCBA PDD regarding the financial health of the implementing organization and financial resources for the project implementation. (see also CR 8: contract between Daduhe and Novartis for financing of project implementation still missing)</p> |
| <p><b>Clarification Request 14.</b><br/>Clarify how the monitoring plan is disseminate and made publicly available and communicated as required by the standard.</p>  | CL.3.2    | <p>Texts have been added in CCBA PDD Section CL 3.2</p>   | <p>Information has been added in the CCBA PDD according to the requirements.</p> <input checked="" type="checkbox"/>   |
| <p><b>Clarification Request 15.</b><br/>Clarify what are potential effects of the project activity on;</p> <ul style="list-style-type: none"> <li>• threatened and protected species in the project area,</li> <li>• large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance,</li> <li>• threatened or rare ecosystems and</li> <li>• areas that are fundamental for meeting the basic needs of local communities (see comments in G.1.8</li> </ul> | CM 1.2    | <p>Texts relevant to G.1.8.4-6 have been added in CCBA PDD Section CM 1.2</p>   | <p>Required information is added in CCBA PDD (also see section A.5.2 CDM PDD). No negative effects are expected due to the project activity.</p> <input checked="" type="checkbox"/>   |

| Clarifications and Corrective Action Requests  | PDD Sect. | Summary of PP Response  | Audit Team Conclusion   |
|--|-----------|---|---|
| <b><u>Clarification Request 16.</u></b><br>Clarify if there are any negative impacts on farmers who have to shift grazing or agricultural activities   | CM 2.1    | This has been described in section CCBA PDD CM 1.2  | Information regarding impacts on farmers on project side are added in chapter CM 1.2.<br><input checked="" type="checkbox"/>  |
| <b><u>Clarification Request 17.</u></b><br>Clarify which are the source of data used in the section  | CM 3.3    | We are not clear which data, but updates are provided in the section of the PDD   | As clarified during on-site audit data for chapter CM 3.3 are gathered during PRA and not from governmental statistics. The CCBA PDD was updated accordingly.<br><input checked="" type="checkbox"/>  |
| <b><u>Clarification Request 18.</u></b><br>Clarify what are the differences between the project scenario and the scenario "without project" regarding changes in biodiversity and document the difference as required by the standard.   | B.1.1     | CCBA PDD B.1.1 has been revised to address the clarification request  | Changes in Biodiversity of the project scenario and the baseline scenario are described and documented according to the requirements.<br><input checked="" type="checkbox"/>  |
| <b><u>Clarification Request 19.</u></b><br>Clarify how the report will be made publicly available and communicated to local people and other stakeholders.   | B.3.3     | Relevant text has been added in CCBA Section B.3.3  | Information has been added in the CCBA PDD according to the requirements.<br><input checked="" type="checkbox"/>  |
| <b><u>Corrective Action Request No 3.</u></b> <ul style="list-style-type: none"> <li>• Identify potential changes in the local land-use scenario due to climate change scenarios in the absence of the project</li> <li>• Provide evidences of the references no. 53 – 58 to the audit team</li> </ul> | GL 1      | <ul style="list-style-type: none"> <li>• Text has been added</li> <li>• CAR 1.1 The Second National Assessment Report of Climate Change in China</li> <li>• CAR 1.2 A Daily Temperature Dataset over China and Its Application in Validating a RCM Simulation</li> <li>• CAR 1.3 A Gauge-Based Analysis of Daily Precipitation over East Asia</li> <li>• CAR 1.4 Uncertainties of monsoon precipitation projections over China Results</li> </ul> | <ul style="list-style-type: none"> <li>• Potential changes in the local land-use scenario are described in CCBA PDD.</li> <li>• References are provided and checked by the audit team.</li> </ul> <p>The audit team reviewed the information and respective evidences and confirms that the description in accordance with CCBS requirements. The Gold Level Status for Climate Change Adaptation Benefits is granted<br/><input checked="" type="checkbox"/></p> |

| Clarifications and Corrective Action Requests  | PDD Sect. | Summary of PP Response  | Audit Team Conclusion   |
|--|-----------|---|---|
|  |           | from two high<br><ul style="list-style-type: none"> <li>CAR 1.5_A high resolution climate change simulation of the 21st century over China by RegCM3</li> </ul> |   |
| <b>Corrective Action Request No 4.</b><br>Provide information as required in GL1.3.  | GL 1      | GL 1.3 has been revised based on corrective action request  | Information regarding climate changes which are having or are likely to have an impact to on the well-being of communities and/or the conservation status of biodiversity have been provided. The audit team reviewed the information and respective evidences and confirms that the description in accordance with CCBS requirements. The Gold Level Status for Climate Change Adaptation Benefits is granted<br><input checked="" type="checkbox"/> |
| <b>Clarification Request 20.</b><br>Provide information regarding all requirements of the CCBA in this section, if the projects aim to demonstrate exceptional community benefits. | GL 2      | As one point of exceptional benefit is enough, we decide not to claim this point  | The PP decided not to claim for exceptional community benefits. Hence, the clarification request is closed. No Gold Level Status for exceptional community benefits is granted.<br><input checked="" type="checkbox"/>  |

**Table 3: Unresolved Corrective Action Requests, Clarification Requests, Forward Action Requests (FAR)**

Not applicable.

## Annex 2: Information Reference List

### Interviewed Persons during onsite assessment:

| Name           | Company                                 |
|----------------|---|
| Jianhua Bao    | Forestry Department of Sichuan Province |
| Xiaoquan Zhang | The Nature Conservancy                  |
| Yuanqing Hou   | The Nature Conservancy                  |
| Fangui Yang    | Shanshui Conservation Center            |
| Jian Ma        | The Nature Conservancy                  |
| Caifu Tang     | Shanshui Conservation Center            |
| Chen Xiao      | Shanshui Conservation Center            |
| Yi Mei         | Novartis Pharma AG                      |
| MaFanTie       | Villager from Zuhlumen                  |
| Goji Muhe      | Villager from Jimi                      |
| Xie Abizi      | Villager from Pinba                     |

In addition to the stakeholder listed above, several people from the villages in the vicinity of the project area were interviewed

| Ref. No. | Author/Editor/ Issuer     | Title/Type of Document. Publication place  | Issuance and/or submission date           |
|----------|---------------------------|--|---|
| 1        | Project Participants      | Persons interviewed during on-site (details see list above)                        | 07 – 13. Feb 2012                         |
| 2        | Daduhe Forestation Bureau | CDM PDD: Afforestation/Reforestation on Degraded Lands in Southwest Sichuan, China | 08. Oct 2011 (GSP version)<br>30.Jan 2013 |
| 3        | Daduhe Forestation Bureau | GIS files with digital boundaries  | 08. Nov 2011 / updates from 27. Aug 2012  |



| <b>Ref. No.</b> | <b>Author/Editor/ Issuer</b>  | <b>Title/Type of Document. Publication place</b>   | <b>Issuance and/or submission date</b> |
|-----------------|---|--|--|
| 4               | Sichuan Province  | Sichuan Forestry Planning Report 2008  | 2008                                   |
| 5               | IUCN  | IUCN Red Book  |  |
| 6               | China Council for International Co-operation on Environment and Development     | China endangered species Red Book (Red List)   |  |
| 7               | The Ministry of Environmental Protection  | China Biodiversity Conservation Strategy and Action Plan (2011 – 2030)                   | 2011                                   |
| 8               | Sichuan Forest Service  | State Technical Regulations for Afforestation/Reforestation: GB/T 15776-2006             | 2006                                   |
| 9               | Sichuan Forest Service  | State Non-commercial Forest Construction-Technical regulation: GB/T 18337.3-2001         | 2001                                   |
| 10              | Sichuan Forest Service  | Non-commercial forest construction-verification regulation (GB/T 18337.4-2008)           | 2008                                   |
| 11              | Sichuan Forest Service  | State Technical Regulations for Designing of Afforestation/Reforestation: LY/T 1607-2003 | 2003                                   |
| 12              | Sichuan Forest Service  | State Technical Regulations for Forest Management: GB/T 15781-1995                       | 1995                                   |
| 13              | Sichuan Forest Service  | Standards for Seedling Qualification: GB 6000-1999                                       | 1999                                   |
| 14              | Sichuan Forest Service  | Sichuan Standards for Seedling Qualification: DB51T 705—2007                             | 2007                                   |
| 15              | Sichuan Forest Service  | Technical Standard for Seedling Breading: GB/T 6001-1985                                 | 1958                                   |
| 16              | Sichuan Forest Service  | Seed Certification Regulations (GB2772-1999)   | 1999                                   |
| 17              | Sichuan Forest Service  | Technical Standard for Container Seedling Breeding: LY1000-1991                          | 1991                                   |
| 18              | Department of climate change, National Development and Reform Commission, China | Classification of county regarding poverty   |  |
| 19              | Sichuan Province  | Land use cover map, Sichuan Forestry Planning 2008                                       | 06 Feb 2012                            |
| 20              | Daduhe Forestation Bureau   | Information letter to Chinese DNA about project activity 31.03.2011                      | 06 Feb 2012                            |
| 21              | Chinese DNA   | Project confirmation of Chinese DNA from 25.04.2011                                      | 2011                                   |



| Ref. No. | Author/Editor/ Issuer                                      | Title/Type of Document. Publication place  | Issuance and/or submission date |
|----------|--|--|---------------------------------|
| 22       | FAO  | FAO (2008) National Soil Degradation Map<br><a href="http://www.fao.org/landandwater/agll/glasod/glasodmaps.jsp">http://www.fao.org/landandwater/agll/glasod/glasodmaps.jsp</a>                                    | Accessed on 08 Oct 2011         |
| 23       | Yangtze River Committee of the Ministry of Water Resources | Soil erosion intensity map of the Yangtze River watershed<br><a href="http://node.cjw.com.cn/index/information/maps/basin-soilcorrode.jpg">http://node.cjw.com.cn/index/information/maps/basin-soilcorrode.jpg</a> | Accessed on 08. Oct 2011        |
| 24       | TNC / Shanshui Conservation Center                         | Contract between The Nature Conservancy (TNC) China Program and The Shanshui Conservation Center on project baseline survey (01/15/2011-12/31/2011)  | 13 Feb 2012                     |
| 25       | TNC / Daduhe Forestation Bureau                            | Annual report of forest resources in Sichuan Province in 2009  | 13 Feb 2012                     |
| 26       | TNC / Daduhe Forestation Bureau                            | Excel based calculation file: ARWG30_SOC_Tool_Multizones.xls   |                                 |
| 27       | TNC / Daduhe Forestation Bureau                            | Excel based calculation file: DW_LI_SOC.xlsx   |                                 |
| 28       | TNC / Daduhe Forestation Bureau                            | Excel based calculation file: Ex-ante estimation_summary.xlsx  |                                 |
| 29       | TNC / Daduhe Forestation Bureau                            | Excel based calculation file: LULUCFSequestrationInput_Alder.xls   |                                 |
| 30       | TNC / Daduhe Forestation Bureau                            | Excel based calculation file: LULUCFSequestrationInput_Cryptomeria.xls   |                                 |
| 31       | TNC / Daduhe Forestation Bureau                            | Excel based calculation file: LULUCFSequestrationInput_Fir.xls   |                                 |
| 32       | TNC / Daduhe Forestation Bureau                            | Excel based calculation file: LULUCFSequestrationInput_Pine.xls  |                                 |
| 33       | TNC / Daduhe Forestation Bureau                            | Excel based calculation file: LULUCFSequestrationInput_Poplar.xls  |                                 |
| 34       | TNC / Daduhe Forestation Bureau                            | Excel based calculation file: LULUCFSequestrationInput_Spruce.xls  |                                 |
| 35       | Sichuan Forest Service                                     | Local Forestry Inventory data  |                                 |
| 36       | The Ministry of Environmental Protection                   | The Ministry of Environmental Protection. 2010. China Biodiversity Conservation Strategy and Action Plan (2011-2030)   | 2011                            |
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