



# Sustainable Development Verified Impact Standard

## SILVADOR CLIMATE ACTION



**GreenRaise**

Document Prepared by GreenRaise Consulting GmbH

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<b>Project Location</b>	Romania, Târgoviște
<b>Project Proponent(s)</b>	Silvador Company SRL, Forest Capital SRL, Vlad Chitulescu, <a href="mailto:v.chitulescu@silvador.ro">v.chitulescu@silvador.ro</a> , +1-407-402-08268
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<b>History of SD VSta Status</b>	No Historical Status
<b>Other Certification Programs</b>	Verified Carbon Standard (VCS) #4511
<b>Expected Future Assessment Schedule</b>	Not Currently Known

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# 1 SUMMARY OF SDG CONTRIBUTIONS

**Table 1: Summary of Project SDG Contributions**

Row number	Estimated Project Contribution by the End of Project Lifetime	SDG Target	SDG Indicator	Net Impact on SDG Indicator	Section Reference	Claim, Asset or Label
1)	100% (1,538 hectares) of Silvador private forest lands voluntarily accredited and certified to FSC Forest Management Standard.	12.2	Responsible Consumption + Production: Increase in the hectares of land certified to sustainable forest management standards.	Implemented activities to increase.	3.2, 4.2, Impacts #1, 2, 3, 4, 5	Claim
2)	Climate Action: 374,552 thousand tCO <sub>2</sub> e stored and sequestered over the project lifetime from the project area.	13.0	Tonnes of greenhouse gas emissions avoided or removed.	Increase.	VCS Validation Report 3.2, 4.2, Impacts #6, 7, 8	SD VISTA-labeled VCU
3)	Continuation of halted deforestation on 1,538 ha of forest lands spanning project lifetime 30 yrs. (~265,286 m <sup>3</sup> of avoided harvest throughout the lifetime of the project).	15.2	15.2.1 – Life on Land: Progress towards the sustainable forest management.	Implemented activities to increase.	3.2, 4.2, Impacts #2, 4, 5	Claim

## 2 PROJECT DESIGN

### 2.1 Project Objectives, Context and Long-term Viability

#### 2.1.1 Summary of Project Sustainable Development Objective(s)

Silvador Company SRL and Forest Capital SLR (here on in Silvador) own and manage all related activities on their culturally and ecologically significant forest private lands in Romania. Each property is governed by a forest management plan (FMP) which outlines management practices for sustainable harvest and growth targets, as well as social-economic and ecological objectives as per requirements of the Forestry Code (Law 26/1996)<sup>1</sup>.

The project consists of a single Project Activity Instance (PAI) totaling an area of 1,538 hectares (ha) and is composed of 11 private forest land parcels located in the counties of Buzău and Dâmbovița, with future instances to be located in Argeș, Prahova, and Teleorman. Further information on the Silvador Climate Action project (SCA) can be found within the VCS Project Description and Monitoring Report Document, located within the VERRA Registry.

Historically Silvador has managed its forest lands with a focus on timber production. The project will maintain forest management initiatives which curtail regular harvesting within the PAI of the project, in addition to implementing third-party sustainable forest certification to the entirety of all their property holdings (currently 62% project lands are certified). These certified lands require on-going monitoring, reporting, and annual external audits.

These initiatives are being undertaken with the primary objectives of actively managing and protecting the forest lands under their ownership to achieve climate benefits, biodiversity benefits, water benefits, and other ecosystem services benefits.

The SCA will achieve these sustainable development objectives through the following activities:

- Group Activity 1 – Sustainable Forest Management
- Group Activity 2 – Climate Action Initiative

It is expected that Silvador will positively contribute to sustainable development as defined by and tracked against the United Nations Sustainable Development Goals (SDGs). The applicable SDGs include:

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<sup>1</sup>For more information on Law 26/1996 see: <https://www.fao.org/faolex/results/details/en/c/LEX-FAOC176434/>.

- 12 – Responsible Consumption and Production
- 13 – Climate Action
- 15 – Life on Land

The project outlined within this document follow these steps [\*]:

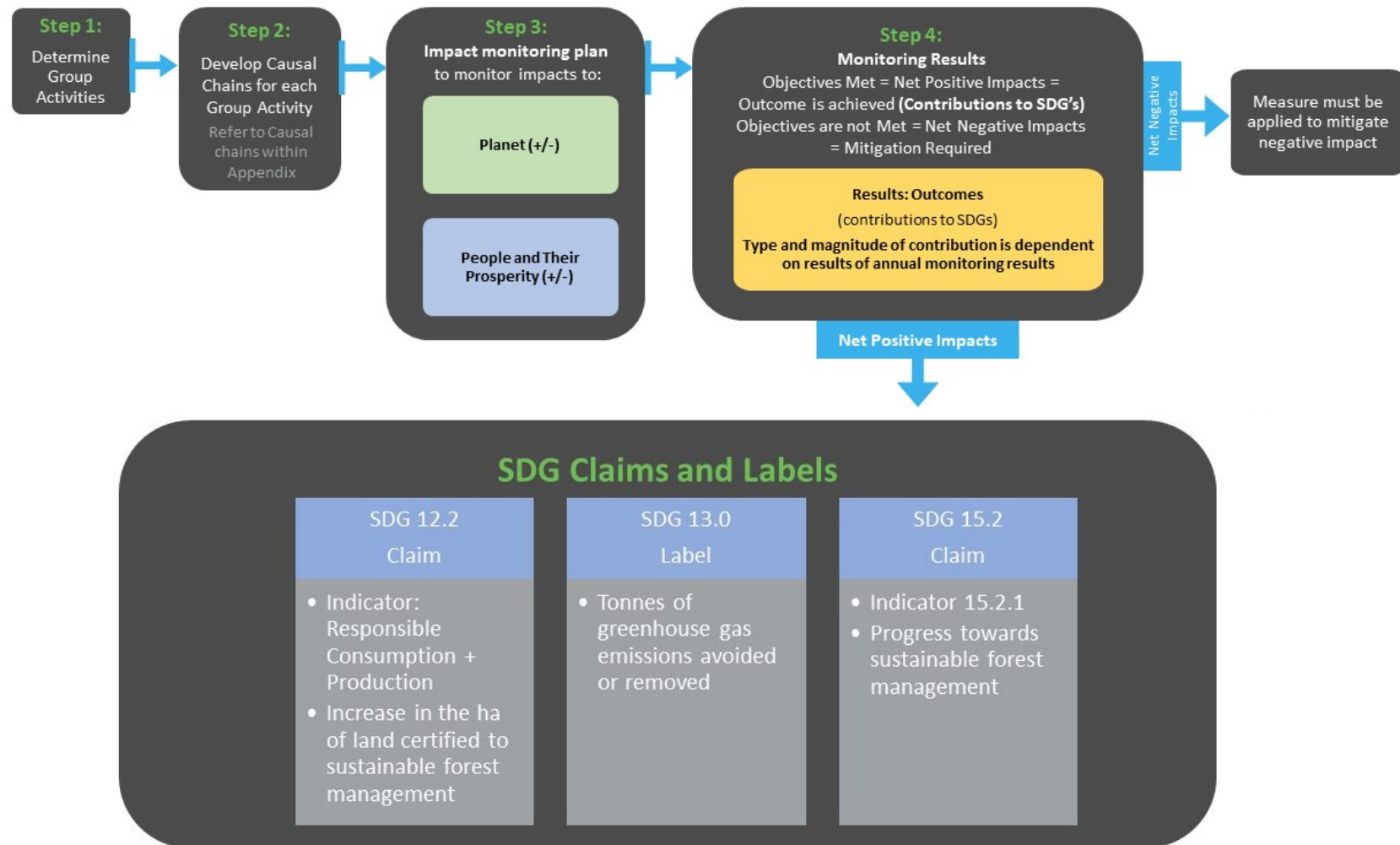






Figure 1: SD VISTa Stepwise Implementation Flow Chart [\*]

## 2.1.2 Description of the Project Activity

Initiatives will be undertaken by Silvador to achieve the noted sustainable development objectives via the following activities:

**Table 2: Project Activities**

Project Activity	Description	SDG Targets
<b>Group Activity 1 – Sustainable Forest Management</b>	This relates to on-going forest management plan implementation and maintenance, as well as certification of forest lands to a recognized third-party certification standard on lands owned and managed by Silvador. The certification requires mitigation measures to be implemented to protect water quality, biodiversity, wildlife habitat, species at risk and forests with exceptional conservation value. This sustainable forest management certification requires on-going monitoring, reporting and annual external audits (registration and surveillance) by accredited third parties.	  
<b>Group Activity 2 - Climate Action Initiative</b>	<p>As outlined in the VCS Project Description Document (#4511), Silvador intends to implement a carbon offset project to create greenhouse gas (GHG) emission reductions and removals by converting privately owned operational forest lands to protected forest lands. The project will be implemented following the Verified Carbon Standard (VCS) VM0012 – Improved Forest Management in Temperate and Boreal Forests (LtPF), v1.2 methodology.</p> <p>The current PAI Current is within 1,538 ha of private forest lands located within managed forests UP I Constantinescu, UP I Forest Capital (Hodoba, Popescu, Barbu), UP I Manesti, UP I Cornatelul, UP I Valea Tisei, and UP V Barbu as established as under the Law No.7 Of March 13, 1996 (Republished) Cadastre and Real Estate Advertising<sup>2</sup> Romania.</p>	

<sup>2</sup> Law No.7 of 13 March 1996: <https://www.global-regulation.com/translation/romania/3748442/law-no.-7-of-13-march-1996-%2528republished%2529-cadastre-and-real-estate-advertising-nr.-7-1996%2529.html>

Project Activity	Description	SDG Targets
	<p>This forest carbon project area is non-contiguous, with land parcels located throughout the counties of Buzău, and Dâmbovița</p> <p>Through the curtailment of timber harvesting within the project activity instances, an estimated 374,552 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) will be reduced from the atmosphere during the life of the project. This project requires on-going monitoring, as well as validation/verification audits by accredited third parties.</p>	

### 2.1.3 Implementation Schedule

This is the initial SD VISTA assessment for the Silvador Climate Action project (SCA). See table below for key dates and milestones in the project's development and implementation, as well as the monitoring and assessment schedules:

**Table 3: Project Key Dates and Milestones**

Date	Milestone(s) in the Project's Development and Implementation
August 1, 2020	<p>SCA project start date.</p> <p>Climate Action Initiative – Commence curtailment of harvesting activities within project instances.</p>
March 11, 2021	FSC-STD-40-004 V3-1 COC – 000992 Issued (2021-2026) Silvador Company SRL
November 24, 2021	FSC FM-COC – 028522 4th Surveillance Audit by NEPCon OU
April 28, 2022	FSC STD-40-004 Standard for COC – 000992 Certification 1st Surveillance Audit (Silvador)
November 9, 2022	FSC FM COC – 028522 1st Reassessment Audit by NEPCon OU
2023	Verified Carbon Standard (VCS) Validation/Verification for periods 2020, 2021, 2022
2023	Sustainable Development Verified Impact Standard (SD VISTA) validation/verification for periods 2020/2021/2022
2024	FSC FM COC Certification Main Assessment Audit- remainder of project properties



2025	FSC FM COC 1st Surveillance Audit- remainder of project properties
Annually/On-going	Project area monitoring and management
Annually/On-going	Project Verification Audits (VCS, SD VISTA),
Annually/On-going	FSC STD-40-004 Standard Surveillance Audits
Annually/On-going	FSC FM COC Surveillance Audits

#### 2.1.4 Project Proponent

<b>Organization Name</b>	Silvador Company SRL
<b>Role in the Project</b>	Project Proponent
<b>Contact Person</b>	Vlad Chitulescu
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<b>Organization Name</b>	Forest Capital SRL
<b>Role in the Project</b>	Project Proponent
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### 2.1.5 Other Entities Involved in the Project

<b>Organization Name</b>	GreenRaise Consulting GmbH
<b>Role in the Project</b>	Authorized Representative, Implementation Partner, Project Developer
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<b>Role in the Project</b>	Listing Representor, Authorized Representative
<b>Contact Person</b>	Jason Zimmermann, RPF
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<b>Telephone</b>	+1 604 619 1585
<b>Email</b>	jason@globalforestsupport.com
<b>Organization Name</b>	Zimmfor Management Services Ltd.
<b>Role in the Project</b>	Implementation Partner, Project Developer
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### 2.1.6 Project Type

Sectoral Scope 14

Improved Forest Management (IFM)

Logged to Protected Forest (LtPF)

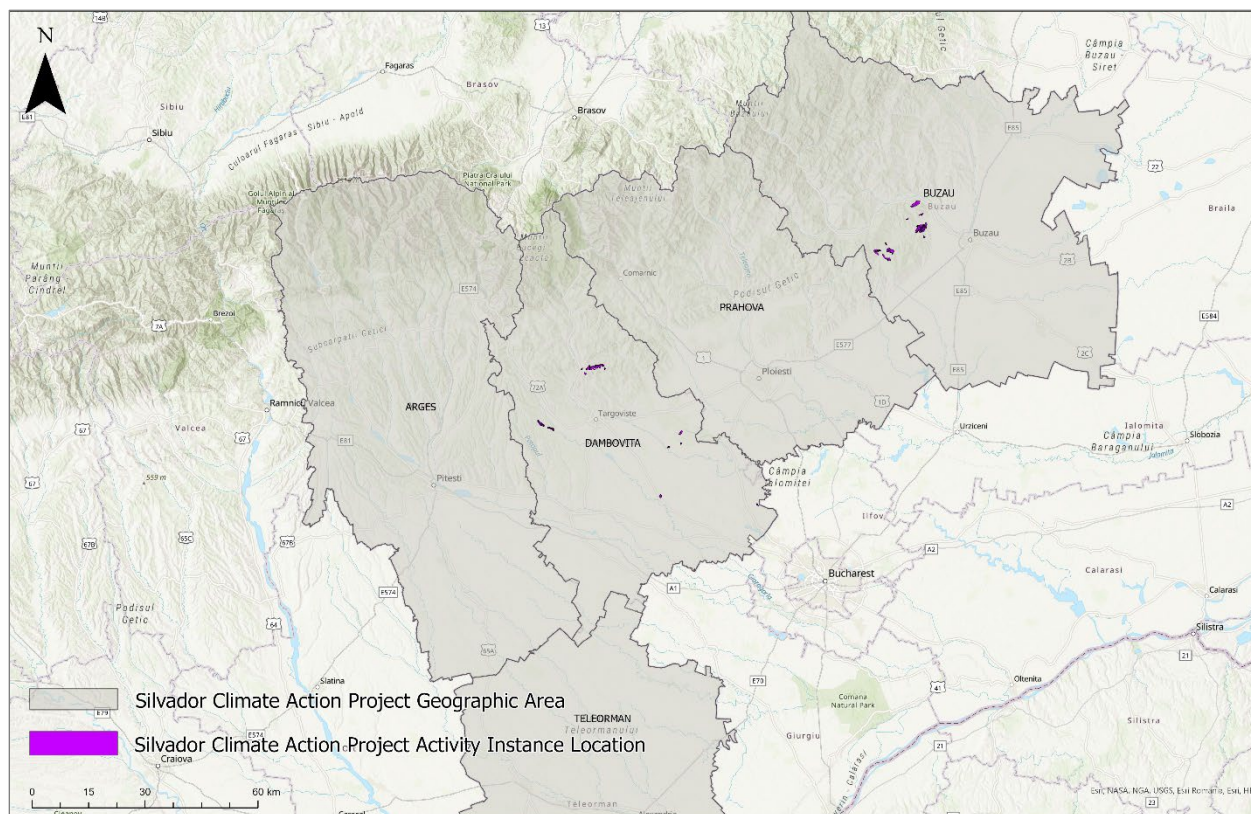
The SCA is a Grouped Project, allowing for the addition of project activity instances (PAI) following project validation.

### 2.1.7 Project Location

The PAI is located within Silvador's privately owned forest lands. The geographic area includes the counties of Argeş, Buzău, Dâmboviţa, Prahova, and Teleorman. Areas bordering the project area include a mixture of private forest and state lands. The current extent of the Project Area is described by the extent geodetic coordinates within Table 4 and map below (See Project Description and Monitoring Report document #4511, Appendix 9 for individual polygon co-ordinates).

**Table 4: Project Geographic Boundary**

Coordinate System	Extent Coordinates			
	North	South	East	West
GCS_WGS_84	45.274769	44.641421	26.700656	24.957056



**Figure 2: Salvador Climate Action Project Geographic Area**

## 2.1.8 Baseline Scenario

### Social and Economic Capital

#### Indigenous People

As defined by the United Nations, Indigenous Peoples are those that “have retained social, cultural, economic, and political characteristics that are distinct from the those of dominant societies in which they live<sup>3</sup>.” Romania is home to inhabitants that have centuries of cohabitation and settlement history which has resulted in an ethnical group majority with equal rights, therefore no such people are classified or identify as indigenous in Romania.

#### Communities

Silvador SRL and Forest Capital SRL maintain strong relationships with local communities. Public access to privately owned forest lands owned and managed by the project proponents helps to maintain relationships with community members. The project proponents allow privately managed forest lands to be used for hunting and for other recreation purposes such as hiking and plant foraging.

<sup>3</sup> <https://www.un.org/development/desa/indigenouspeoples/about-us.html>

## Natural Capital and Ecosystem Services

The project area includes mid-elevation foothills and sub-alpine forests of the southern Romanian Carpathian Mountains. The Carpathian Mountains are the second longest mountain system in Europe, spanning seven countries which include Czechia, Hungary, Poland, Serbia, Slovakia, Ukraine, and Romania. The large scale of the Carpathian Mountains makes it a significant source of biodiversity in Europe, hosting Europe's largest populations of brown bears, wolves, lynx, bison, and rare bird species (ADAPT, 2023). This area is a significant source of ecosystem goods and services, including food, fresh water sources, forest products, and also provides a variety of tourism and recreation opportunities. The Southern Carpathian Mountains are also the headwaters of the Olt River and several smaller rivers which feed into the Danube River.

The project proponent has identified key ecological objectives and developed protocols appropriate for its industrial forestlands. These objectives/protocols consider the project proponent's economic objectives, legislative requirements, interactions with adjacent land ownerships and current knowledge of the biological responses to various silviculture practices.

### 2.1.9 Causal Chain(s)

The SCA is not generating SD VISTA assets.

Refer to Appendix 1 for the group activity causal chains describing the SCA's effects, outcomes, and impacts on sustainable development activities.

### 2.1.10 Threats to the Project

Threats to the sustainable development benefits during the project lifetime are outlined within the latest verified VCS Non-Permanence Risk Assessment completed for the SCA (available via the Verra Registry). As net impacts to the planet, people and their prosperity are directly linked to the health of the ecosystem, the risks associated with the assessment conducted as part of the SCA (an AFOLU project) directly correlate to the threats to the project activities as listed previously. Additionally, the risk assessment was initially conducted specific to Activity #2 (Climate Improvement Initiative), Activity #1 is also an AFOLU project, is within the same project area, and is managed by the same project proponent, therefore the threats can be considered the same for both activities.

The risk assessment outlines all threats related to internal risk, external risk, and natural risk. Internal risks of the project are related to project management, financial viability, opportunity cost and project longevity. External risks are related to land tenure and resources access impacts, community engagement and political risk. The natural risks assessed were fire, pest and disease outbreaks, extreme weather, and geological risk. These risks were then ranked based on significance and likelihood.

Human induced threats within the project area are considered insignificant to not applicable. Illegal harvesting of wood from the project area is not an identified systemic issue in the project area. Natural risks such as fire, pest and disease outbreaks, and extreme weather were considered insignificant and

management mitigation procedures are in place that would further reduce any potential threats to the project.

The non-permanence risk assessment identified the likely threat to the SCA as being Project Longevity:

### Project Longevity

As described in the Non-Permanence Risk Assessment, the threats to project longevity are related to legally binding agreements. None of the activities listed above are under a legally binding agreement to continue management activities, however, all activities are carried out as per the Silvador Field Operating Procedures, and the Oculul Silvic Evergreen Procedures<sup>4</sup> specific to the Implementation of Certified Forest Management, which is the collective commitment to sustainable management practices. Many measures, both legal and voluntary, have been implemented to ensure continued commitments and actions to achieve sustainable forest management and project activity.

The corporate governance policy states the “commitment to support responsible forest management practices that protect biodiversity and ecosystem integrity”, which is guidance for all employees and contractors alike. Any deviation from these commitments would be considered an extreme variance of company strategies at the corporate level, which would also require full support from the executive management team. Due to the unlikely occurrence that this would occur, the threat associated with project longevity can be considered low.

#### 2.1.11 Benefit Permanence

As referenced above, project longevity is determined to be the likeliest threat to the sustainable benefits of the project activities. The proponents have measures in place to ensure the sustainable benefits are maintained and enhanced after project activities have ceased. Refer to Section 2.1.10 above.

## 2.2 Stakeholder Engagement

### 2.2.1 Stakeholder Identification

A stakeholder (excluding an interested stakeholder) as defined in the Sustainable Development Verified Impact Standard v1.0 is any person who can potentially be affected by the project.

Potential stakeholders were identified by the project proponent utilizing stakeholder lists already established as part of regular business as a forest landowner in Romania as well as utilizing the procedure outlined below. The proponent provided a categorized description of people potentially impacted by the project. Stakeholder contacts were chosen to:

- Cover national, county, and smaller scale levels,

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<sup>4</sup> Information on the specific procedures can be found in document “Procedurile Specifice Implementarii Certificarii Managementului Forestier”, Confor MCMF Vers1/10.08.2017

- Provide a range of stakeholder organization sizes, from larger institutions through to small organizations and individuals,
- Provide a range in geographic coverage, with a focus on areas where forest management is likely a priority.

Information was collected with the goal to:

- Identify digital contact information (i.e., email addresses), as the primary point of contact (to maximize the duration of consultation, to speed up the response process, and to facilitate responses and information sharing, and
- Provide a sufficient number of contacts, commensurate within available information and the size of the project area.

Once potential stakeholders were identified, they were categorized as follows to ensure adequate representation had been achieved across the following groups:

1. Economic
  - Other Forest Owners (adjacent to the project area)
  - Forest Contractors
  - Representatives of Forestry Workers/Industry
2. Social
  - Non-government organizations
  - Community Representatives (local; cultural interest)
3. Environmental
  - Non-government organizations
  - Local Communities
4. Forest Agencies
  - National/Federal
  - State/County

### 2.2.2 Stakeholder Description

Table 5 defines the stakeholder groups and their relevance to the project. There were no stakeholders that were identified as having rights to resources of the land associated with the project activities.



**Table 5: Stakeholder Groups and Relevance to the Project**

Stakeholder Group	Relevance to project
Male	Proponent does or could potentially employ male workers (directly and indirectly).
Female	Proponent does or could potentially employ female workers (directly and indirectly).
Gender (un/non-defined)	Proponent does or could potentially employ workers of un/non-defined gender (directly and indirectly).
Forestry Contractor (Direct)	Direct forestry contractors are contractors who are currently employed by the project proponent.
Forestry Contractor (Indirect)	Indirect forestry contractors are contractors who are not currently employed by the project proponent, however, could potentially be employed in the future or has been employed in the past by the proponent.

### 2.2.3 Stakeholder Consultation

Local stakeholder consultation was conducted on November 28th and 29th, 2022. Consultation was conducted both via electronic documents delivered by email, as well as in-person “Town Hall” meetings in Romania held on:

- November 28th, 2022, within county of Dambovită at Aninoasa, Vîforata, street Silozului nr.2
- November 29th, 2022, within county of Prahova at Ploiesti street Buzăului nr.1

The meeting was organized and chaired by the Project Proponent and attended by the Project Developer and Implementation Partner. Attendance was taken at local Town Hall meetings and is kept on file. Project information relating to the design and implementation, any risks, costs or benefits to local stakeholders, all relevant law and regulations covering workers’ rights in Romania was provided in person as well as via the GreenRaise website (<https://green-raise.com/projects/>). Links to the Verra Project Registry are also provided on the Greenraise website.

No marginalized and/or vulnerable groups were identified and therefore no special attention was required to be paid to optimizing benefits to these groups.

Online forms are made available on the GreenRaise website and are used to collect stakeholder comments and feedback. Comments received through other means (i.e., town halls or direct emails) will be collected and stored within the proponent’s data base systems.

All public comments received through the online comment form were recorded within the Consultation Database. Response, and any required project design updates to the project design relating to comments received from Stakeholders were also tracked within the Consultation Database. The Consultation Database will be made available to the VVB during project Validation and Verification.



Response, and any required project design updates to the project design relating to comments received from Stakeholders from Verra will also be tracked. All consultation information will be made available to the VVB during project Validation and Verification. Refer to the GreenRaise GHG –Stakeholder Consultation + Engagement SOP for additional details relating to Stakeholder consultation processes.

To date, no comments have been received through the local stakeholder consultation process. If comments are received in the future, they will be summarized, along with the Project Proponent's response and made available to the VVB during validation audits. For privacy reasons, public comment information will not be shared publicly.

#### 2.2.4 Continued Consultation and Adaptive Management

The online feedback forms will remain accessible to the public throughout the lifetime of the project, allowing for continual stakeholder engagement. If required throughout the life of the project, any additional information that is required to be communicated to stakeholders will follow the same process of electronic correspondence via email and information provided via the GreenRaise and Silvador websites as described in Section 2.2.3 above. Additionally, if it is determined that information is not effectively reaching stakeholders, the Proponent's will consider hosting periodic open houses when necessary.

#### 2.2.5 Anti-Discrimination

Measures were taken throughout the stakeholder consultation process to ensure that the project proponent and all other entities involved in project design and implementation are not involved or complicit in any form of discrimination or sexual harassment with respect to the project. Under the Romanian Government Ordinance no. 137/2000, and punishable under the penal code, all persons regardless of their status<sup>5</sup> are protected against discrimination, harassment, and victimization. Employees and contractors hired by the project proponent fall under the safeguard of regulatory frameworks of the National Labor Code, the Law on Occupational Health and Safety (framework for the OSH), and other government ordinances. These measures, as well as the project proponent's own health and safety program ensure that the proper procedures and training for health and safety and harassment reporting are in place to inform and address discriminatory issues if they arise. No cases of discrimination have been registered against the proponent<sup>6</sup>.

Additionally, correspondence was sent out electronically, presented virtually to interested stakeholders, and was made available on a public website; Town Halls were hosted in neutral locations (i.e., not owned by the project proponent) to allow for unimpeded access to project information and the opportunity to provide feedback.

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<sup>5</sup> Status as defined in GO. No 137/2000 Article 5 paragraph 2: ““(2) based on the criteria of race, nationality, ethnicity, colour, language, religion, social origin, genetic traits, gender, sexual orientation, age, disability, chronic non-contagious disease, HIV infection, political choice, family situation or responsibility, trade union membership or activity, membership of a disadvantaged category, is prohibited.

<sup>6</sup> FSC Forest Management Certification 4<sup>th</sup> Surveillance Audit Report, November 24, 2021.

### 2.2.6 Worker Training

The project proponent's Field Operating Procedures and Occupational Health and Safety (OHS) Management System is reviewed with employees prior to them conducting any work tasks. Contractors are required to comply with all laws and regulations in accordance with the occupational safety and health for forest activities provisions outlined in the Labor Code. Any stakeholders involved in carrying out project activities will be employed by the project proponent and fall under their corporate policies and procedures. As part of worker training and orientation, workers will be informed of the aforementioned project activities. Where required, training content will be tailored to marginalized and/or vulnerable people in the form of visual aids, translation services and/ or traditional translations.

### 2.2.7 Equal Work Opportunities

It is not anticipated that an abundance of work opportunities will be generated from the project activities themselves. Work opportunities provided by the project proponent are posted publicly on newspaper sites or hiring platforms, highlighting the position description as well as the job requirements. The submission of applications for postings is not restricted in any manner besides by a pre-determined time-frame. Once applications are received, and the pre-determined time frame has concluded, applicants are reviewed and assessed based on their qualifications as it relates to the corresponding job posting. From the applicant pool, applicants may then be chosen for in person interviews to further determine the applicants' qualifications for the posted position.

### 2.2.8 Workers' Rights

Silvador ensures that workers' rights meet all legal requirements including those of the Core Labor Conventions of the International Labor Organization (ILO) (refer to Section 2.3.9 below), via the ILO code on occupational health and safety for forest activities and the National Labor Code of Romania. These rights are communicated to workers through on-going safety and work training programs, the Evergreen FMC Certification Specific Forest Management Certification Procedures, and the Silvador FSC Policy. Additionally, as part of the management system for health and safety at work, there is a designated Safety System Manager (SSM) who is responsible for ensuring employees are trained in safety compliance, aware of occupational risks and hazards, and have appropriate safety equipment. Subcontractors are required to comply with the Occupational Safety Health Law no. 319/2006<sup>7</sup>, and provide documentation to project proponents that their workers have been trained, made aware of job risks, and have been provided with protective equipment.

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<sup>7</sup> Government Decision no. 1/1425 of October 11, 2006 (updated), for the approval and provisions of the Occupational Safety and Health Law no 319/2006. Official Gazette, no. 882. <https://rrc.ro/legislatie/SSM/h%201425%202006.pdf>

### 2.2.9 Occupational Safety Assessment

Implementation of the project and its associated risks are directly comparable to the risks related to work associated with forestry activities within Romania. These risks are associated with the proponent's "business as usual" and therefore project specific safety measures are not required. Risks associated with forestry work can include but are not limited to exposure to extreme weather (heat, cold, rain/snow), working in remote locations, working alone, wildlife encounters, slips trips and falls, scrapes, and bruises.

The project proponent is legally obligated to put into action work safe measures that identify, mitigate, and prevent undue risk to their employees. Many programs and activities have been established by Silvador, corresponding to workplace Standard Operating Procedures and Health and Safety Procedures. Anyone working on lands owned and managed by the project proponent is required to adhere to the OHS systems in place. As part of an established procedure, risk evaluations are required to be completed for personnel undertaking new job tasks or working in new areas.

### 2.2.10 Feedback and Grievance Redress Procedure

Please refer to the Greenraise Grievance Redress Procedure and the Stakeholder Consultation + Engagement for processes relating to the Grievance Redress Procedure. This document will be made available to the VVB during the validation and all subsequent verification audits.

### 2.2.11 Feedback and Grievance Redress Procedure Accessibility

The GreenRaise Grievance Redress Procedure is made publicly available via the GreenRaise website: [www.green-raise.com](http://www.green-raise.com).

### 2.2.12 Stakeholders Access to Project Documentation

Project documentation has been made available to stakeholders via the GreenRaise website, as well as via the Verra Project Registry. Throughout the lifetime of the project, documentation will continue to be provided to the public in this manner, unless a change in procedure is warranted.

### 2.2.13 Information to Stakeholders on Assessment Process

Information regarding the process of SD VISta project assessment has been provided to all stakeholders via the GreenRaise website. This information will remain publicly available on the GreenRaise website for the lifetime of the project.

Stakeholders will be made aware of assessor's site visits, as well as how direct and independent communication with the assessor can be achieved, prior to the occurrence via an email notification. If it is determined a stakeholder cannot be reached via electronic means, a notification will be sent out via post mail.

## 2.3 Project Management

### 2.3.1 Avoidance of Corruption

The project proponents as listed in Section 2.1.4, are legally incorporated business owners with proof of property ownership registered under the National Agency for Cadastre and Real Estate Advertising as required by Law no. 7/1996.

The project proponents operate all forest regime activities in accordance with governing legislation. All project properties have Forest Management Plans which are a legal prerequisite to timber harvesting and require the approval of an onsite forest official. Timber removed from the forests can only be done via a “document of origin”, and volumes cut are recorded in an electronic timber tracking system implemented by the Romanian government (SUMAL 2.0)<sup>8</sup>.

A publicly available anti-corruption procedure has been developed by the project proponents which describe the national implementation and laws regarding anti-corruption, preventative measures, and a company commitment to not receive or offer bribes or goods in relation to employees, clients, or members of authority.

Additionally, the proponents undergo Forest Management and Chain of Custody third party auditing through the Forest Stewardship Council.

### 2.3.2 Statutory and Customary Rights

Use of lands directly affected by project activities are formally recognized for timber management only. Informally other land uses include hunting, foraging, recreation, and other traditional/heritage practices.

Forest tenure and management in Romania is long established and based on sustainability and close to nature type regeneration practices. Forest lands ownership falls under “state” or “private” owner designation. Ownership includes individuals, municipalities, churches, and the government. The legal right to manage and harvest forest fund properties falls under Law 46/2008, (The Forestry Code), and all forest property owners must adhere to its regulations and ministerial orders.

Forest management activities are carried out according to management plans (mandatory) and administered under the National Forest Administration (Romsilva), or Private Forest District authorities. Proper forest management establishes the economic objectives of productive forest fund stands, while maintaining the biodiversity of natural ecosystems.

Access to the project lands is via forestry (gravel) road networks.

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<sup>8</sup> For a further description see: Rosewood (2021, August 12). Sumal 2.0 Digital Wood Tracking. Forestinnovationhubs. <https://www.forestinnovationhubs.rosewood-network.eu/en/content/digital-wood-tracking>

### 2.3.3 Recognition of Property Rights

Tenure use, land access, and management rights to lands and resources affected by project activities are held by the project proponents and are demonstrated through land title extracts from the Office of Cadastres and Real Estate Publications and FMP documentation in accordance with applicable legislation. These documents are recognized and enforceable by the Romanian Government under applicable laws 18/1991 (Land Resources Law), 169/1997, 1/2000, and 46/2008 (Forest Code).

### 2.3.4 Free, Prior and Informed Consent

No people live in the project area, and as such, there are no affected individuals whose property rights will be, or are, affected by the project.

### 2.3.5 Restitution and/or Compensation for Affected Resources

There are no anticipated net negative effects of the project activities, and therefore this section is not applicable.

### 2.3.6 Property Rights Removal/Relocation of Property Rights Holders

No people live on the land affected by the project activities, therefore there will be no risk of relocation of habitation or livelihood.

### 2.3.7 Identification of Illegal Activities

Illegal old growth harvesting has been a concern and controversial issue for the state of Romania in recent years, one that has led the European Union (EU) to compel Romania to take urgent action. The majority of reported illegal harvests have occurred in the Făgăraș Mountains and in some designated Natura 2000 sites. To date this issue is still a matter of concern by the EU, who are looking to the Romanian authorities for resolution. Government authorities continue to combat illegal harvesting with revised policies, procedures, and new technologies for timber tracking and monitoring, like SUMAL 2.0.

There is a very low risk of illegal activities occurring that could materially affect the project activities' impacts. The project activities include halting harvesting and project lands do not overlap with any Natura 2000 sites. No illegal harvesting activities have been reported in the PAI to date.

### 2.3.8 Ongoing Conflicts or Disputes

Romania has undergone multiple land reforms throughout its long and diverse history of ruling factions. From 1947 to 1989, Romania was under a communist regime and private lands were collectivized in order to increase agricultural production and the work force. Many lands became the property of the state or were unjustly expropriated from private landowners<sup>9</sup> and re-distributed to peasants who paid a small fee as the beneficiary.<sup>10</sup>

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<sup>9</sup> Wikipedia (2022, December 22). Land Reform in Romania. [https://en.wikipedia.org/wiki/Land\\_reform\\_in\\_Romania](https://en.wikipedia.org/wiki/Land_reform_in_Romania): [https://en.wikipedia.org/wiki/Land\\_reform\\_in\\_Romania](https://en.wikipedia.org/wiki/Land_reform_in_Romania).

<sup>10</sup>Wikipedia (2023, April 17). Socialist Republic of Romania. [https://en.wikipedia.org/wiki/Socialist\\_Republic\\_of\\_Romania](https://en.wikipedia.org/wiki/Socialist_Republic_of_Romania)

With the fall of communism in 1989, many land conflicts arose regarding original ownership and title. The Romanian government focused its attention on land restitution and compensation through new legislation and regulations in the timelines outlined below. Although not without its own creation of issues, the legislation and land restitutions represent acknowledgement and recompense for the property loss experienced by original land title-holders pre-1947.

1. (1991-1997) Law 18/1991 (Land Resources Law), citizens were able to request and receive restitution of agricultural lands up to 10 ha and forest lands up to 1 ha per family. Land restitution Law 107/1996 former owners allowed to claim forest areas up to 10 ha. (Law of Cadastre and Land Registration), created in order to more accurately document, delineate, record, and publicly share land property boundaries based on technical surveys and deed ownership documents.
2. (1997-2000) Law 169/1997, unresolved legal disputes arising between beneficiary persons and local authorities responsible for law application were transferred to the level of judicial power authority. Law 1/2000, former owners allowed to claim forested lands up to 10 ha.
3. (2000-2005) Law 1/2000, introduction of modality to compensation measures, including land value compensation if repossession of original lands were not feasible and other land disposition unavailable.
4. (2005-Present) Law 247/2005, enforcement and reforms to field ownership and justice regarding disputes.

Currently and over the last 20 years, there have been no ongoing, unresolved conflicts or disputes, or disputes that were resolved, over rights to lands or resources of lands owned by Silvador encompassing the project area <sup>11</sup>.

### 2.3.9 National and Local Laws and Regulations

There are a range of laws and regulatory requirements on forest lands in Romania. Landowners must ensure that all relevant national legislation is understood and observed. Key Acts and Regulations relevant to private land include, but are not limited to:

**Table 6: Legislation Governing Forest Lands**

Legislation	Description
Law 46/2008 (Forestry Code)	Legislation applicable to all forest fund properties in Romania, in particular the ownership rights, management processes and harvest stipulations required for sustainable forest management and environmental practices. Includes mandated Forest Management Plans on forested areas greater than 10 hectares and outlines specifications of plan developments and ownership obligations.

<sup>11</sup> Tudor, Monica & Rusu, Marioara & Florian, Violeta & Chitea, Mihai & Chitea, Lorena & Rosu, Elisabeta. (2011). Land Related Disputes and Conflicts in Romania. Agricultural Economics and Rural Development. 8. 127-145.  
[https://www.researchgate.net/publication/227360052\\_Land\\_Related\\_Disputes\\_and\\_Conflicts\\_in\\_Romania](https://www.researchgate.net/publication/227360052_Land_Related_Disputes_and_Conflicts_in_Romania)

Legislation	Description
Law No. 18 on Land Fund	This law establishes the land tenure system in Romania. Lands are classified by categories and ownership rights and must be registered in accordance with law. Provisions that are relevant include Procedural provisions IV and V; Use of land for agricultural and silvicultural production, and Land use for agricultural and forestry production.
Ministerial Order Nr. 23/2009	This regulation describes the security structures, organizations, and legal obligations of forestry personnel within the framework of forest management and service contracts for the protection of forest funds from illegal activities.
Ministerial Order Nr. 460/2010	The general provision of this order is to establish the certification methodologies for forest management plan development, and the requirements of legal persons applying for the certification of management activities
Ministerial Order Nr. 1039/2010	This order outlines approved methodologies for the technical experts approving and reviewing the quality of forest management planning activities and establishes the conditions of certification for those tasked with creating the management plans.
Ministerial Order Nr. 1540/2011	The required terms, approvals, documents, permits, and collection methods for the harvesting and transportation of timber are outlined in this particular order.
Water Law No. 107/1996	Law providing legal requirements regarding the provisions of water resource use, water management and associated activities, as well as penalties. Forestry aspects include water conservation, soil protection, pollution control, and protected zones around natural waterbodies.
Environmental Protection Law No. 137/1995	Legal framework for the protection and regulations of activities affecting natural resources (water and land environments). Under this law, enforcement is carried out under the authority of the Ministry of Waters, Forests, and Environmental Protection.
Law no. 319/2006, on Work Health and Safety	Law requiring any forest activities concerning health and safety to be monitored by a Labor Inspectorate. The legislation ensures that work environments are safe and outlines challenge procedures for violations of safety requirements.

Legislation	Description
NATURA 2000	Natura 2000 is a series of ecologically sensitive networks protected throughout the European Union (EU). Its directives recognize and develop sustainable management strategies for birds, animals, and natural habitats via the Bird and Habitat Directives. It is a main driver for biodiversity and nature policies for countries in the EU but does not replace any legally required existing laws. Natura 2000 management plans created for forest lands and wildlife fauna are considered guidelines, not legal obligations.



### 2.3.10 Project Ownership

Forest Lands within the SCA are legally owned by the Project Proponents Silvador SLR, and Forest Capital SRL. The management of forest resources and implementation of forest operations and plans fall under the directives of Silvador management representatives in accordance with the Forestry Code (Law 26/1996) and the regulations of the forestry regime and administration of the national forest fund.

Land deed documents verifying ownership of the Silvador properties included in the project area were provided through the National Agency for Cadastre and Real Estate Advertising Institution<sup>12</sup>. Ownership of each land parcel is identified by a Cadastral office and number, Land section number, and Parcel number. Samples of specific properties included in the project are provided below.

**Table 7: Supporting Ownership Information [sample]**

Cadastre Office	No.	Cadastral No.	Land Section.	Parcel No.	Ownership.
Buzau	A1	25902	35, 36	1486, 1491	Forest Capital
Buzau	A1	22473	11	346	Silvador

### 2.3.11 Grouped Projects

The SCA is a grouped project to allow multiple PAIs to be established within the established geographic area (See Section 2.1.7). Conditions within the geographic area at the time of validation have been used to create the baseline scenario and determine project additionality. The ex-ante scenario has been completed within one clearly defined geographic area for the project. The current project will include two group activities, and initially one PAI.

#### Eligibility Criteria for the Inclusion of New Project Activity Instances

Inclusion of additional PAI(s) to the SCA must adhere to the following eligibility criteria:

1. The PAI must adopt and implement the project activities in the same manner as specified in the project description.
2. The new PAI must meet the applicability conditions of the SD VISta asset methodology applied to a project.
3. New PAIs are subject of the same scenarios at project start with respect to stakeholder's well-being as determined for the initial PAI,
4. New PAIs are subject to the same scenarios at project start with respect to natural capital and ecosystem services as determined for the initial PAI.

<sup>12</sup> For Further Information, see The National Agency for Cadastre and Real Estate Advertising Institution: [epay.ancpi.ro](http://epay.ancpi.ro)

5. New PAIs are subject to the same processes for stakeholder engagement described in this Project Description.
6. New PAIs are subject to the same processes for respect for rights to lands, territories, and resources – including free, prior, and informed consent.
7. New PAIs must have similar monitoring elements to those set out in this project description.

For clarity, the current PAI meets the eligibility criteria noted above.

## 3 BENEFITS FOR PEOPLE AND PROSPERITY

### 3.1 Condition of Stakeholders at Project Start

The project area is non-contiguous, privately owned, and accessible by forestry roads. There are no communities or other ongoing public use for income or livelihood by any people living or who are independent on resources within the PAI that would be affected by the project activities.

The population in Romania as of January 1, 2021, was ~19,119,880<sup>13</sup> people, with the majority (65%) being considered “of working age” between ages of 15-64. Romanian is the official language spoken, second is English, with Hungarian being the largest minority language spoken<sup>14</sup>. The top three ethnic groups in Romania are Hungarians, Romani, and Ukrainians. There are no indigenous groups in Romania.

The project lands are located throughout the counties of Buzău and Dâmbovița, Romania. Statistics are calculated at a national level, then further refined at a regional level (delineated by geographic location, density of populations, and historical name references). The regions applicable to the project area are the South-East (Buzău) and South-Muntenia (Dâmbovița) respectively.

According to the National Institute of Statistics (January 1, 2021), the South-East region resident population was 2.35 million with the main employment sectors being services (45.4%), industry and construction (30.3%), and agriculture, forestry, and fisheries (24.3%), with the unemployment rate sitting at 3.6%. There is reportedly a high diversity of ethnic speaking and religious communities present here. Agriculture (vineyards) and fisheries (processing, trading, products) are a historic tradition in this region.

In the South-Muntenia region, the population was 2.87 million and the main employment sectors were services (40.8%), industry and construction (32.4%), and agriculture, forestry, and fisheries (26.8%), with the unemployment rate sitting at 3.3%. This region has a well-developed industrial and

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<sup>13</sup> World Bank (2023). Gender Data Portal, Population Number. GenderData. <https://genderdata.worldbank.org/indicators/sp-pop/?gender=total>

<sup>14</sup> Wikipedia (2023, March 9). Languages of Romania. [https://en.wikipedia.org/wiki/Languages\\_of\\_Romania](https://en.wikipedia.org/wiki/Languages_of_Romania)

communication infrastructure, a strong agriculture and tourism industry, and a wide range of skilled laborers. The automotive business is the largest employer (by number of employees), in this region.

Romania has a relatively robust and well-established economy. As of 2022 the national unemployment rate was 5.5%. The top three national economic sector contributors in 2021 were services (43%), industry and construction (27%), and agriculture, forestry, and fisheries (30%)<sup>15</sup>. The minimum wage as of January 1, 2023, went from 15.24 RON to 18.15 RON per hour<sup>16</sup>. Comparatively the average salary in the agriculture, forestry, and fishery sector is 4,747 RON, which is above the 3,000 RON national monthly minimum set wage.

The forestry sector in Romania provides less than 3% of the GDP total gross revenues earned for the country<sup>17</sup> and employed approximately 49,900 persons in 2021<sup>18</sup>. The direct and indirect relevant stakeholder group (Forestry Contractors) would be considered a fraction of the cohort compared to the national forestry sector as a whole. The estimated percent of employment representation of genders in the agriculture, forestry, and fisheries sector in 2019 was 21.4% for males, and 21% for females<sup>19</sup>. The forestry sector encompasses all the stakeholder groups defined in Table 8.

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<sup>15</sup> European Commission (2023, March 9). Labour market information:Romania. Living and Working.

[https://eures.ec.europa.eu/living-and-working/labour-market-information/labour-market-information-romania\\_en](https://eures.ec.europa.eu/living-and-working/labour-market-information/labour-market-information-romania_en)

<sup>16</sup> WageIndicator Foundation EU (2023). Minimum Wage - Romania. Salariulmeu.org/Romania.

<https://salariulmeu.org/romania/salariu/salariuminim>

<sup>17</sup>Trading Economics (2023). Romania Exports of wood and articles of wood, wood charcoal. Trading Economics.com.

<https://tradingeconomics.com/romania/exports/wood-articles-wood-wood-charcoal> mania Exports of wood and articles of wood, wood charcoal)

<sup>18</sup>Eurostat (2023, February 15). Employment in forestry and forestry based industry. Europa.eu.

[https://ec.europa.eu/eurostat/databrowser/view/for\\_emp\\_lfs/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/for_emp_lfs/default/table?lang=en)

<sup>19</sup>World Bank (2023). Employment by Sector %. Genderdata.Worldbank.org. <https://genderdata.worldbank.org/indicators/sl-empl-zs>

**Table 8: Stakeholder Groups**

Stakeholder Group	Description	Condition at Project Start	Relevance to project
<b>Male</b>	Individuals who identify as male.	In Romania, approximately (48%) of the population is male. The project proponent employs male individuals (97% of workforce) <sup>20</sup> .	Proponent does or could potentially employ male workers (directly and indirectly).
<b>Female</b>	Individuals who identify as female.	In Romania, approximately (52%) of the population is female.  The project proponent employs female individuals (3% of workforce).	Proponent does or could potentially employ female workers (directly and indirectly).
<b>Gender (un/non-defined)</b>	Individuals who choose not to disclose their gender identity, or who identify as a non-binary gender.	Current census data does not capture un/non-defined gender individuals.  At this time the project proponent does not employ any non-binary identified, un/non-defined gendered individuals.	Proponent could potentially employ workers of un/non-defined gender (directly and indirectly).
<b>Forestry Contractor (Direct)</b>	Individuals employed directly within the forestry sector.	The project proponent currently employs approximately 2 direct “forestry contractors”.	Direct forestry contractors are contractors who are currently employed by the project proponent.

<sup>20</sup> Information from Group OS Ever Green Group Audit (FSC), 4<sup>th</sup> Surveillance Audit 2021, Section 3.2, pp.13. Company Details

Stakeholder Group	Description	Condition at Project Start	Relevance to project
<b>Forestry Contractor (Indirect)</b>	Individuals employed indirectly within the forestry sector.	The project proponent currently employs approximately 2 indirect “forestry contractors”.	Indirect forestry contractors are contractors who are not currently employed by the project proponent, however, could potentially be employed in the future or has been employed in the past by the proponent.

## 3.2 Expected Impacts on Stakeholders

**Table 9: Expected Impacts on Stakeholders**

<b>Impact #2</b>	Public Health Resource
<b>Type of Impact</b>	Positive, actual, direct, and intended.
<b>Affected Stakeholder Group(s)</b>	All stakeholder groups (regionally)
<b>Resulting Change in Well-being</b>	<p>Significant positive health benefits for all stakeholders with access to project lands that have been identified as having high recreational, or aesthetic values. Areas are available to be enjoyed by all nature enthusiasts and recreationalists.</p> <p>Project proponent actively seeks feedback from community and group stakeholders and in participates in identifying culturally significant areas on managed forest lands.</p>
<b>Impact #4</b>	Support for Local Communities
<b>Type of Impact</b>	Positive, actual, direct, and intended.

<b>Affected Stakeholder Group(s)</b>	All stakeholder groups (regionally)
<b>Resulting Change in Well-being</b>	<p>The impacts to, and importance of, socio-economic services provided through forest management are assessed through regular annual consultation with forestry association members and local groups and communities. Any concerns raised during the consultation are addressed and mitigation measures are put in place until resolutions are reached.</p> <p>Significant positive benefits for stakeholders with access to project lands for hunting, foraging of traditional medicines and foods, non-wood permits, and local rights to firewood.</p> <p>Project proponent regularly issues public access authorizations/permits for personal use and consumptions of natural products and resources available on their private lands</p>

<b>Impact #5</b>	Economic Opportunity
<b>Type of Impact</b>	Negative, actual, direct, and unintended.
<b>Affected Stakeholder Group(s)</b>	Forestry contractors (direct/indirect)
<b>Resulting Change in Well-being</b>	Significant positive benefits for stakeholders, local clients, and owners of timber resource suppliers to communities. Not all lands are in the project and therefore employment is still offered by Silvador.

<b>Impact #8</b>	Economic Opportunity (Potential job loss)
<b>Type of Impact</b>	Negative, actual, direct, and unintended.
<b>Affected Stakeholder Group(s)</b>	Forestry contractors (direct/indirect)

### Resulting Change in Well-being

Minimal negative impact is anticipated due to the geographic distribution across the land base. Workers will still be required for harvest activities outside of the PAI. The potential job losses would most likely be related to the following activities:

- Harvesting (thinning, yarding crews)
- Log transportation (truck drivers)
- Silviculture (forestry workers)

**Mitigation Efforts:** Where practicable, forestry contractor workers displaced by harvest deferrals will be given opportunities by the project proponent to continue working in other areas that are not in the project and given preference for maintenance activities that are still required in the PAI as they arise.(windthrow, pest damage, etc.).

## 3.3 Stakeholder Monitoring Plan

The project proponent will conduct stakeholder group monitoring by monitoring the impacts to stakeholders (identified in Table 8: Stakeholder Groups), annually as previously described in Sec. 2.2.12. Monitoring will be conducted via systems already in place by the organization. The systems are well established, and roles and responsibilities already identified throughout the organization. Table 10 below outlines all identified impacts to People and their Prosperity, and how they will be monitored. Refer to tables above for the full description of impacts and the affected stakeholder group(s).

Reporting on monitoring will be completed in the following manner at the designated frequencies:

- VCS – periodically within verification reports (at least every 5 years)
- SD VISta – periodically within verification reports (concurrent with VCS verification events)
- FSC Criterion/Indicators – monitored annually within the FSC Surveillance Audit reports

**Table 10: Stakeholder Monitoring Mechanisms**

Impact #	Monitoring Mechanism(s)
2	<p><b>FSC Indicator #4.5.1 – Local Community Relations</b></p> <ul style="list-style-type: none"> <li>- Performance Measure: Regular engagement with local communities and the organization occurs in order to identify significant areas having special cultural, ecological, economic, or spiritual significance to communities.</li> <li>- Target 1: Evergreen Forestry Association Board of Directors, and public consultation meeting per year =1.</li> <li>- Target 2: Community meeting with local stakeholders per year =1.</li> </ul>
4	<p><b>FSC Objective #5.1.2 – Benefits from the Forest</b></p>

Impact #	Monitoring Mechanism(s)
	<ul style="list-style-type: none"> <li>- Performance Measure: Organization commits to continued support and diversification of local economies through identified benefits and products produced from local ecosystem services within managed forest properties.</li> <li>- Target: cubic meters of firewood to locals for house heating <math>\geq 7</math></li> </ul>
5	<p><b>FSC Objective #5.1.1 – Benefits from the Forest</b></p> <ul style="list-style-type: none"> <li>- Performance Measure: Organization commits to strengthening and diversifying the local economy through the efficient management of forest properties in order to maintain or enhance long-term economic viability and the range of social and environmental benefits</li> </ul> <p>Target: Number of employees <math>\geq 20</math></p>
8	<p><b>SD VISTA – Impact #8: Economic Impact (potential job loss)</b></p> <p>Mitigation Effort: Where possible re-allocate forestry contractor workers displaced by project harvest deferrals to other proponent lands for alternate work opportunities.</p>

### 3.4 Net Positive Stakeholder Well-being Impacts

Due to only identifying one negative impact (Impact #8 – Economic Opportunity (potential job loss)) and 3 positive impacts, it has been determined that there will be a net positive impact to stakeholders' well-being (see Appendix 2-Summary of SDG Contributions for Monitoring Period-Silvador Climate Action Monitoring Report). Additionally, although the resulting net negative impacts affect the stakeholder groups Forestry Contractors (direct/ indirect), mitigation measures (providing other employment opportunities on other portions of managed lands) are anticipated to neutralize the negative impacts.



## 4 BENEFITS FOR THE PLANET

### 4.1 Condition of Natural Capital and Ecosystem Services at Project Start

The project area is located in the counties of Buzău and Dâmbovița, Romania, and encompasses non-contiguous privately owned forest lands within the Temperate Coniferous Forest Global Ecological Zone (as defined by Food and Agriculture Organization of the United Nations (FAO) (FAO, 2001). Historically the Romania region has undergone centuries of various ethnic community settlement spanning centuries. It was first settled by Indo-Europeans as it was at the center of a migratory crossroads, and has been influenced by Greek, Roman, Slavic, Hungarian and Turkish populations.

The landscape of Romania can be described as approximately one-third mountainous (dominated by the Carpathian Mountains), a third forested, and a third composed of hills and plains. The climate is temperate continental and has four distinct seasons. The average annual low temperatures fall between 8-11 °c, with the highs ranging in the mid 20's. Rainfall averages 650mm annually and the soils are generally rich, promoting diverse forest compositions and animal populations<sup>21</sup>. Forests tend to be multi structured with the main species being beech, oak, pine, and spruce.

The project proponent operates in Romania, EU, on approximately 3,400 ha of privately managed forests. The proponent's forest management plans adhere to strict government regulations for private lands and are subject to the regulations established by Law 46/2008 (the Forestry Code). Forest managers must ensure that the lands are able to sustain periodic harvest activities over the lifetime of the forest. Privately managed forest land is also subject to the Water Law, the Environmental Protection Law, and multiple ministerial orders relating to land use and protection.

The condition of natural capital and ecosystem services specific to the project activities, prior to the project start, are described below:

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<sup>21</sup> Information sourced from: Britannica (2023). Land of Romania. [www. Britannica.com](https://www.britannica.com/place/Romania/Land).  
<https://www.britannica.com/place/Romania/Land>

**Table 11: Natural Capital and Ecosystem Services**

Natural Capital/ Ecosystem Service	Condition prior to project start <sup>22</sup>	Potential Threats
<b>Forest Ecosystems</b>	Management objectives are to preserve soil fertility and prevent soil erosion, maintain diverse forest ecosystems, ensure the protection of water and riparian areas, optimize industrial wood products in a sustainable manner, and protect and manage non-wood resources for local communities and stakeholders.	Non-adherence to management prescriptions.  Climate change related threats (industrial pollution, more frequent extreme weather events leading to habitat degradation).  Pests, disease, fire, invasive species.
<b>CO<sub>2</sub> Emissions</b>	No corporate strategies and limited national strategies in place to reduce CO <sub>2</sub> emission outputs.	n/a
<b>Critical Wildlife Habitat</b>	Protected site locations are available on both the Ministry of Environment and Water and Forests website. Managed lands are compared to identified sites, ensuring there are no overlaps with natural protected areas and field verified. Habitat areas are managed according to legal requirements. Employees undertake on-site environmental assessments before undertaking harvesting activities.	Illegal harvesting, poaching.  Non-adherence to management prescriptions.  Staff not properly trained in habitat identification leading to misidentification/no identification of critical wildlife habitat.
<b>Forests with High Conservation Values</b>	Forests with high conservation values are special sites identified at both national and regional levels. Forests are managed according to legal requirements and environmental protection laws. Employees complete field assessments before any activities commence and implement prescribed management objectives.	Non-adherence to management prescriptions.  Illegal harvesting.  Pests, disease.

<sup>22</sup> Additional descriptions of prior project conditions can be found in project lands Forest Management Plan

Natural Capital/ Ecosystem Service	Condition prior to project start <sup>23</sup>	Potential Threats
Forest Health	Management strategies and objectives are to encourage healthy forests through sanitation and thinning regimes in order to maintain a dynamic forest structure. Stands are regenerated both naturally artificially with a focus on hygiene cuts to remove damaged, and/or diseased trees, to improve phytosanitary status, and create stands resistant to wind and heavy snow loads.	<p>Pest and disease outbreaks.</p> <p>Extreme weather events (drought, wind, rain).</p> <p>Delayed action to mitigate disease and/or pest impacts.</p>

<sup>23</sup> Additional descriptions of prior project conditions can be found in project lands Forest Management Plan

## 4.2 Expected Impacts on Natural Capital and Ecosystem Services

**Table 12: Expected Impacts on Natural Capital and Ecosystem Services**

<b>Impact #1</b>	Responsible Consumption of Resources
<b>Type of Impact</b>	Positive, actual, direct, and intended.
<b>Affected Natural Capital and/or Ecosystem Service(s)</b>	Forest Ecosystems
<b>Resulting Change in Condition</b>	<p>Significant positive impacts within the project area due to sustainable management of forest resources and ecosystems. These include but are not limited to:</p> <ul style="list-style-type: none"> <li>-Protection of natural communities and ecological important sites</li> <li>-Reduction of forest conversion</li> <li>-Increased forest biomass through halted harvest operations</li> </ul>

<b>Impact #3</b>	Protection of Native Ecosystems and Critical Habitats
<b>Type of Impact</b>	Positive, actual, direct, and intended.
<b>Affected Natural Capital and/or Ecosystem Service(s)</b>	Native Ecosystems and Critical Habitats
<b>Resulting Change in Condition</b>	<p>Significant positive impacts within the project area due to:</p> <ul style="list-style-type: none"> <li>-Identification and protection of native ecosystems and critical habitats</li> <li>-Mitigation of important ecosystems losses from disease, and pest damage, through best management practices.</li> </ul>

<b>Impact #6</b>	Decreased CO2 Emissions
<b>Type of Impact</b>	Positive, actual, direct, and intended.
<b>Affected Natural Capital and/or Ecosystem Service(s)</b>	CO2 Emissions

<b>Resulting Change in Condition</b>	Significant positive benefits within the project area due to the reduction in CO2 emissions from harvested biomass
<b>Impact #7</b>	Increase in CO2 Sequestration
<b>Type of Impact</b>	Positive, actual, direct, and intended.
<b>Affected Natural Capital and/or Ecosystem Service(s)</b>	CO2 Emissions
<b>Resulting Change in Condition</b>	Significant positive impacts within the project area due to increased carbon sequestration through the deferral of timber harvesting

### 4.3 Natural Capital and Ecosystem Services Monitoring Plan

Silvador commits to maintaining their FSC certification and will continue to undergo annual FSC third party external audits where performance to all FSC indicators outlined below, will be assessed, and verified by a third party.

The social and ecological objectives of each forest fund property in the PAI is outlined in each respective forest management plan and can be found in the document under Section 5, (Establishing the Social, Economic, and Ecological Functions of the Forest). FSC performance indicators are measured annually by an external auditor.

Reporting on monitoring will be completed in the following manner at the designated frequencies:

- VCS – periodically within verification reports (at least every 5 years)
- SD VISTA – periodically within verification reports (at least every 5 years, and concurrently with VCS verification events)
- FSC Criterion/Indicator – monitored annually within the FSC Audit reports

Impact #	Monitoring Mechanism(s)
1	<b>FSC Indicator #5.2.3 - Benefits from the Forests</b> <ul style="list-style-type: none"> <li>- Performance Measure: The harvest levels in management units are at or below a level which can be permanently sustained. Actual annual harvest (AAC) levels are recorded and do not exceed the expectations of the allowable level established by the forest management plan for its validity period</li> <li>- Target 1: Project lands are certified to FSC Management Standard <math>\geq 62\%</math></li> <li>- Target 2: = 100% of project lands have not exceeded their allowable forest harvesting quotas</li> </ul>
3	<b>FSC Indicator #6.5.1 – Environmental Values and Impacts</b> <ul style="list-style-type: none"> <li>- Performance Measure: Representative native ecosystems are identified and protected, including primary forests, marginal habitats, and self-regenerating forests.</li> <li>- Target 1: More than 10% of representative natural ecosystems in project are identified, mapped, and maintained (based on procedure P651 ver. 1 2019)</li> </ul>
6	<b>VCS – Implementation of Improved Forest Management (IFM) project.</b> <ul style="list-style-type: none"> <li>- Performance Measure: Periodic generation of verified carbon units (VCUs) via verification audits.</li> </ul>

Impact #	Monitoring Mechanism(s)
7	<b>VCS</b> – Implementation of Improved Forest Management (IFM) project. <ul style="list-style-type: none"><li>- Performance Measure: Periodic generation of verified carbon units (VCUs) via verification audits.</li></ul>

#### 4.4 Net Positive Natural Capital and Ecosystem Services Impacts

There are no negative impacts to the planet as identified through the SCA causal chain analysis (See Appendix 1). It is anticipated that the net impact of the project will be positive for all-natural capital and ecosystem services.

## APPENDIX 1 – GROUP ACTIVITY CAUSAL CHAINS

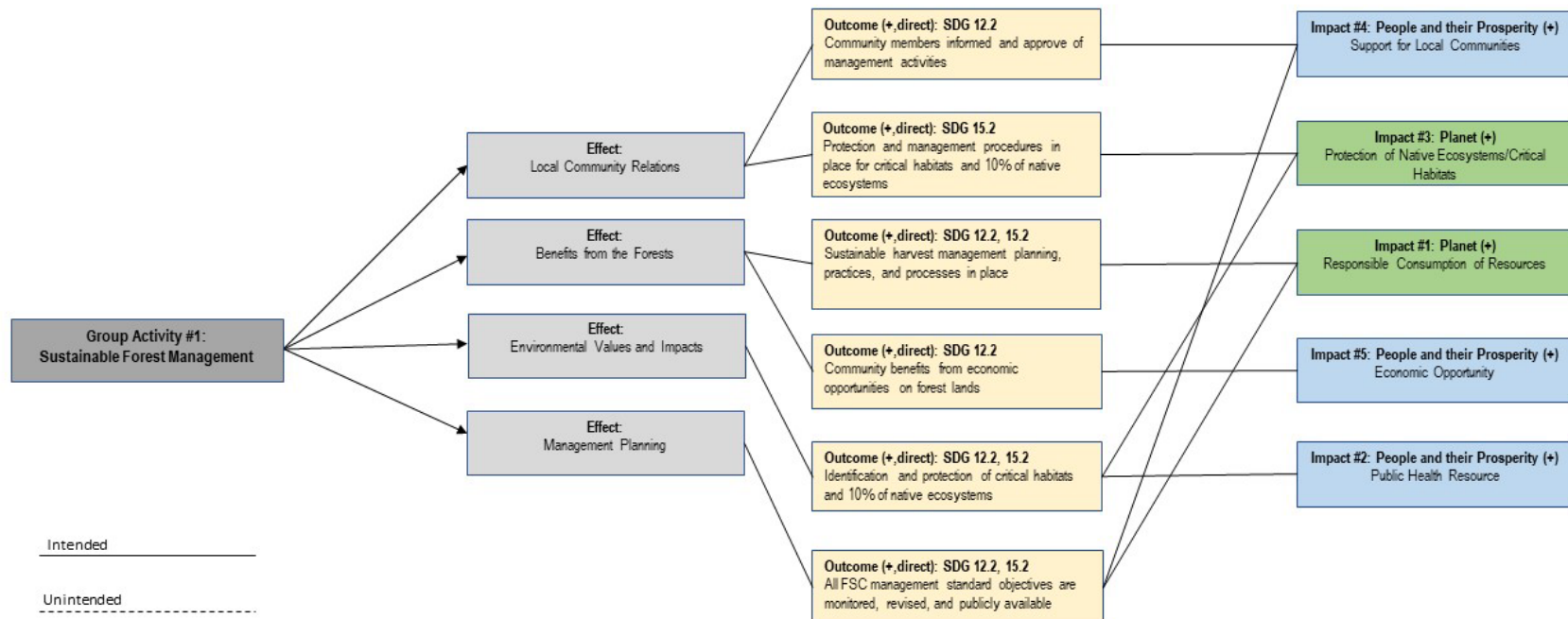
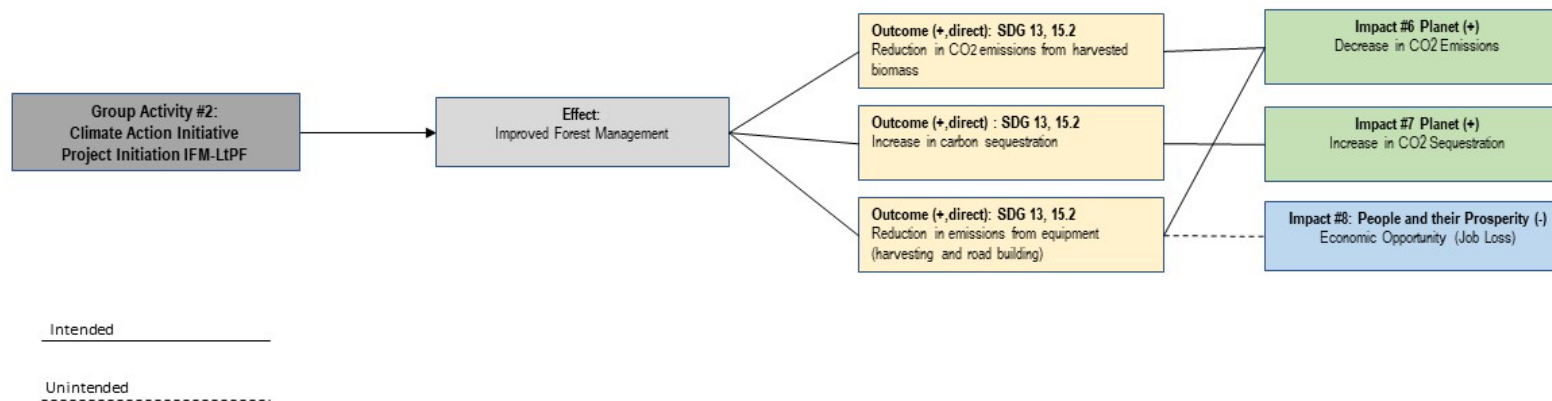


Figure 3: Group Activity #1 Causal Chain





**Figure 4: Group Activity #2 Causal Chain**

## APPENDIX 2 – COMMERCIALLY SENSITIVE INFORMATION

Commercially sensitive information has been excluded from the public version of the project description. This information pertains to the following:

- Proprietary process information removed from Figure 1