

Dear Vitória and Miguel

We are referring to your communications dated from June 2023 and would like to thank you for the opportunity to respond to the concerns raised by the Kichwa Federations with regards to the REDD+ Project of the Cordillera Azul National Park (CANP) in Peru (the Project).

Context

The Project is operated by CIMA, a Peruvian conservation NGO who signed a 20-year administration contract (2008-2028) for the CANP with SERNANP, the Peruvian State regulator for Natural Protected Areas.

In March 2021, TotalEnergies Nature Based Solutions (TENBS) entered into an Emission Reduction Purchase Agreement (ERPA) with CIMA whereby TENBS purchases Verified Carbon Units (VCUs) from CIMA.

As project operator, CIMA's role includes engaging with local communities living in the buffer zone of the National Park, including native Kichwa communities, in line with CIMA's Human Rights Policy appended in the ERPA. As investor in the Project, TENBS is particularly mindful of all stakeholders' human rights and promotes the respect of high standards in their NBS activities.

TENBS is using its influence vis à vis CIMA to continuously improve the transparency of the Project, the level of stakeholders' engagement and the fair value sharing to reach a positive outcome for indigenous people and local communities involved in the Project, in alignment with the UN Guiding Principles on Business and Human Rights and the ERPA contract.

Sharing the value

TENBS' ambition, with respect to sharing the value from nature-based climate action projects, is to invest in projects where carbon proceeds can directly and/or indirectly finance improvements of local communities' livelihood. Such investments fight against the very roots of deforestation and degradation. TENBS also uses its influence within NBS projects to promote fair redistribution mechanisms.

The breakdown of carbon proceeds among stakeholders is project-specific and can be direct and/or indirect and is sometimes determined by the regulatory environment in the country where the project is located.

In the specific case of the Cordillera Azul REDD+ project, TENBS decided to invest in a sustainable financial mechanism created and overseen by Peruvian authorities. This mechanism will fund the operational budget of the CANP and other National Protected Areas over the long term: it will secure the financing of the conservation operations for future decades and will have a positive impact on the local communities beyond the generation of carbon credits.

On community benefits, in their latest communication to credit buyers (including TENBS) dated 2022, CIMA informed TENBS that:

“So far, the Cordillera Azul REDD+ project has (...) helped to finance the protection of 1.3 million hectares of threatened forest, supporting 28 sustainable enterprises and the construction of a cocoa post-harvesting facility, creating 688 jobs - of which 39% are held by women - and supporting the development of 35 “Quality of Life Plans” with communities, improving access to fresh water, sanitation and better schools for 5,000 people.”

Land

The CANP was established in 2001 and is regulated by the competent national authorities (SERNANP as regulatory body of the Natural Protected Areas, attached to the Ministry of the Environment). As mentioned in the Kichwa Federations' letter dated June 14th, 2023, allegations related to potential violations of the Kichwas' land rights have been submitted to the United Nations Committee on the Elimination of Racial Discrimination (CERD) which has the mandate to request information and make recommendations to State members.

TENBS acknowledges the important role that indigenous people's knowledge plays in the preservation of natural resources/biodiversity globally, and particularly in NBS projects, and how important it is to respect their rights. Likewise, we recognize that CIMA has contributed significantly to the biodiversity conservation in the CANP in Peru.

Project assessment

In addition to TENBS initial and ongoing project monitoring, a dedicated Environment, Social and Governance assessment has been conducted in 2023, to evaluate the implementation of human rights in the daily operations of the Project and identify measures to further strengthen project transparency and governance, stakeholder engagement and value-sharing.

Whilst doing this exercise, due to the legal actions initiated by the Kichwas in Peru against the national authorities, the engagement with potentially affected stakeholders has been limited to date.

Monitoring and certification

Recently, as part of the VERRA Verified Carbon Standard (VCS) and Climate, Community and Biodiversity (CCB) standard verification process regarding the VCU's under the ERPA, the validation and verification body has confirmed that *"Community stakeholders from identified community groups supported the assertions of positive impacts from the project on the key focal issues. Community members interviewed during the site visit agreed the project strongly supported the communities, and interviewees endorsed the continuation of the project. The verification team concluded that based on review of the documentation provided and results of on-site visits and interviews, the net impact of project activities on all community groups is positive."* ([VCS-CCB Verification Report, dated November 1, 2022](#)). About 70 interviews were carried out during that verification process, including CIMA's management, field technicians, community members, municipal agents, president of women' group and various community associations (craftmen, tourist and cacao association).

Conclusion

TENBS would also like to remind that the Project was one of the early REDD+ initiatives deployed in the Peruvian Amazon since 2008. As such, it pioneered the sector and paved the way for other project developers fighting against deforestation in the area and for community livelihood improvements. As for development projects in general, it requires regular reviews and continuous improvement efforts in a fast-changing world where investors and civil society's standards and expectations are more and more stringent.

TENBS remains open and attached to multilateral dialogue with CIMA, the SERNANP and external stakeholders to present the sustainable financial mechanism in place and discuss further the co-benefits to impacted local communities, including indigenous people.

TotalEnergies Sustainability&Climate team