



ALI Carbon Forest Removals Verification Process

Background

In 2017, Ayala Land, Inc. (ALI) committed to neutralizing scope 1 and 2 carbon emissions from its malls, offices, hotels, and resorts by 2022 to align itself with the Paris Agreement's target of combating climate change and limiting global warming to 1.5 degrees Celsius by 2050. In 2021, the company announced its climate ambition of establishing a path towards net zero for scope 1, 2, and 3 emissions of the entire company by 2050.

To achieve the net zero target, ALI aligned with the principle for net zero programs following the mitigation hierarchy which prioritizes strategies that reduce emissions within the value before residual emissions are addressed through internal or external offsets. As such, ALI employs the following:

- Avoiding emissions by using natural light and ventilation in common spaces
- Reducing emissions by undertaking energy efficiency initiatives in their properties
- Shifting to renewable energy sources for electricity consumption
- Offsetting residual emissions through protecting and enhancing carbon forests (or carbon sinks) within their land bank that generate emissions reduction and removals.

To implement the last mitigation strategy, ALI dedicated 586 hectares of land (as of 2023) across the country as carbon sink projects, also called carbon forests. These carbon forests are protected to sequester carbon and remove ALI's residual emissions.

ALI Carbon Stock Measured

Carbon stock of four out of the 6 carbon forest sites were assessed and measured in 2017. These include the carbon forests in 1) Alaminos, Laguna, 2) Kan-irag, Cebu City, 3) Bago Gallera, Davao City and Lio, El Nido, Palawan. The carbon baseline assessment was conducted by Center for Conservation Innovations Ph, Inc. (CCIPH). To maximize the site's carbon potential the best protection and enhancement strategies were implemented. These include forest protection, Assisted Natural Regeneration (ANR) and other forest regeneration methods.

To ensure integrity in its carbon neutrality calculations which covers emissions from commercial properties, reductions from efficiency and renewable energy sourcing activities, and offsets from carbon forests, ALI aims to undergo third-party verification following the ISO 14064 standard for organizational and project accounting.

Carbon Emission and Removals Verified

Following the carbon stock re-measurement in 2022, ALI has undergone a third-party verification for its calculated and reported carbon emission and removals from the ongoing projects of its commercial properties in 2022. The verification was done by Carbon Check India Pvt Ltd.

(CC IPL), an ISO 14064-1, ISO 14064-2 and ISO 14065 certified validation and verification body (VVB).

CC IPL verified and certified GHG removals reported for the offset “ALI Carbon Forests” in “Philippines” on the basis of Section 6 “Requirements for GHG projects” of the ISO 14064-2:2019 for the period 01/01/2017 to 31/12/2022.

The verification process includes the following steps:

- ✓ Conflict of interest review;
- ✓ Selection of verification team;
- ✓ Initial interaction with Project Proponent;
- ✓ Development of the verification plan;
- ✓ Desktop review of the GHG report and the baseline and monitoring methodology and other relevant project documentation;
- ✓ On-site inspection;
- ✓ Follow-up interaction with Project Proponent and other project personnel for supplemental information and corrective action as necessary; and
- ✓ Report development and issuance of final verification statement.

The Verification Summary is stated as follows:

Carbon Check (India) Private Ltd has performed first verification of the GHG project “ALI Carbon Forests” under ISO 14064-2:2019 with CC IPL reference number, CC IPL 1146. The verification team concludes that the GHG project as described in the project design/A-01/ meets all relevant requirements of the ISO standard 4064-2:2019.

Verification methodology and process

The Verification team confirms the contractual relationship signed on the 11/05/2022 between the VVB, Carbon Check (India) Private Ltd. and the GHG Project Proponent, Ayala Land Inc. The team assigned to the verification meets the Carbon Check (India) Private Ltd internal procedures, including the applicable GHG scheme ISO 14064-3:2019 requirements for the team composition and competence. The verification team has conducted a thorough contract review as per ISO 14065 and Carbon Check procedures and requirements. The contract with client and further contract reviewing process also confirms the level of assurance of the verification and objectives, scope and criteria of the verification. The level of assurance for this verification is reasonable, as per section 5.1.3 of the ISO 14064-3 requirements. The objective, scope and criteria are detailed below.

The verification has been performed as per the requirements described in the applicable GHG scheme requirements and constitutes the review and completion of the following steps:

- *Conflict of interest review;*
- *Selection of verification team;*

- *Initial interaction with the Client;*
- *Development of the verification plan;*
- *Reviewing the project design (1.0 and date), including the monitoring plan;*
- *Desk review of the GHG report and other relevant documents including documents related to the projects activities in GHG removals*
- *On-site assessment (15/02/2023 – 17/02/2023)*
- *Resolution of CARs and CLs raised during verification*
- *Follow-up interaction with the client and other project personnel for supplemental information and corrective action as necessary; and*
- *Issuance of Verification Report after internal technical review.*

*The project activity has been correctly implemented, according to the selected monitoring plan and the project design. The monitoring equipment was calibrated and maintained, while collected monitoring data allowed for the verification of the amount of achieved GHG GHG removals. Through the review and on-site inspection, the verification team confirms that the project has resulted in the **8,732 tCO₂e** carbon removals, during this monitoring period. CCIPL, as a VVB, is therefore pleased to issue a positive verification opinion expressed in the attached certification statement.*

The verification ensured that the reported GHG removals are complete and accurate to be certified. A verification checklist developed for the Project summarized the criteria used to evaluate the Project's compliance with applicable GHG scheme ISO 14064-2, the project's conformance with each criterion, and the verification team's findings, all of which are included in the CCIPL Report entitled ISO 14064-2 Verification report Offset Project "ALI Carbon Forests" in the Philippines (Report NO. CCIPL1146/ VER/ALCFP/04022022) dated July 23, 2023 (Annex 1).

Annex 1. Verification Report of ALI Carbon Forest Program by Carbon Check India Pvt. Ltd Report



ISO 14064-2 Verification Report for
Offset Project

"ALI Carbon Forests"

In
Philippines

Report No: CCIPL1146/VER/ALCFP/04022022

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