

# MAX Burgers AB

**Investigation into alleged deficiencies within  
carbon offsetting project in Uganda**

**10 June 2025**



## Table of relevant terms used

Term	Definition
Aftonbladet	Swedish newspaper that, in the spring of 2024, covered reports of alleged misconduct associated with the Trees for Global Benefits program.
Aster Global	Plan Vivo foundation has an independent auditor that audits the Trees for Global Benefits Program every 5 years.
Beyonic	Mobile payment application used by Ecotrust for payments to participants (have recently changed name to Onafriq).
Ecotrust	A local non-profit environmental organization with foothold in Uganda who runs the project "Trees for Global Benefits". This organization actualizes the carbon offsetting initiatives financed by MAX, facilitated through ZeroMission.
Max Burgers AB	Buyer of carbon credits.
Participant	Participants in the Trees for Global Benefits project in Uganda, which are typically smallholder farmers /landowners. A smallholder is defined as a land holder that is not structurally dependent on permanent hired labour and manages their land mainly with their own and their family's labour force, and whose primary income comes from their land management activities.
Plan Vivo Foundation	An Edinburgh-based, non-profit foundation that evaluates, endorses, and oversees carbon credit projects. They specialize in projects that collaborate with small-scale farmers and communities focused on sustainable forestry and tree planting.
Plan Vivo standard	A carbon credit standard centered on poverty alleviation and payment for ecosystem services, certifying projects that conserve or plant trees in collaboration with local communities.
Plan Vivo ID	Unique identification number assigned to each participant of TGB.
S&P Global	An international registry where all sold certificates from Plan Vivo are registered, retired and traceable.
TGB initiative	An initiative for carbon offsetting. It engages communities in activities that enhance carbon capture, promotes sustainable land management, and rewards participants with payments based on their performance.
Trees for Global Benefits (TGB)	The name of the Plan Vivo project in Uganda where Max Burgers allocated 100% of its purchase of carbon credits in 2017 and continues to invest the majority of its carbon funds.
ZeroMission AB	Swedish seller of carbon credits. This organization serves as an intermediary, connecting buyers of carbon offsets with the entities that carry out the offsetting activities.

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# 1. Executive Summary

With reference to the engagement letter signed on 8 May 2024 (“Engagement Letter”), between Max Burgers AB (“MAX” or “the Company”) and Ernst & Young AB (“EY” or “we”), P.O. Box 7850, 103 99 Stockholm, Sweden, EY issues this report. This report summarizes our findings and observations based on work performed during 08 May 2024 through 04 October 2024.

The investigation has been conducted with the purpose of either confirming or dismissing the allegations in the Aftonbladet articles, and based on our observations, to provide MAX with relevant recommendations. EY has taken all necessary actions to maintain independence towards all parties involved in the investigation.

This executive summary should be read in conjunction with the other sections, which describe our observations in detail.

## 1.1 Introduction

MAX offsets its carbon emissions by financing a carbon offsetting initiative in Uganda called Trees for Global Benefits (“TGB”). The purpose of the initiative is to compensate for MAX’s, and other buyers’, carbon emissions by planting new trees and benefit the local community through engaging local landowners to plant the trees and receive payments for participating in the program. The initiative is managed by the Environmental Conservation Trust of Uganda (“Ecotrust”) and the sale of carbon credits are sold to MAX via the Swedish intermediary, ZeroMission AB (“ZeroMission”).

### 1.1.1 Background

Beginning in May 2024, the Swedish newspaper Aftonbladet published a series of articles suggesting that the initiative funded by MAX resulted in poverty, hunger and that the project participants were exploited by not receiving payments as promised. Following the allegations, MAX has asked EY to investigate whether there is substance to the above claims. Specifically, MAX and EY agreed that the investigation would focus on five key risks, described further in section 1.2.

### 1.1.2 Conducted investigation

To perform the investigation, we have conducted interviews with the parties involved in the carbon offsetting process. We have performed a site visit at the Ecotrust office in Kampala, Uganda to understand the project setup and we analyzed financial information relating to the TGB initiative.

Furthermore, we visited and interviewed 10 project participants located in Hoima and Kikuube in Uganda to gain an understanding of their experience with the project and whether there is any substance to the claims reported by Aftonbladet. The 10 participants were selected based on a diverse range of attributes, such as length of time in the program, size of land and location, in order to be representative of the project as a whole. We tested transactions with those 10 participants plus 20 others (30 total) to confirm whether they have received payments according to their TGB contracts<sup>1</sup>. We also performed an analysis of project attrition data to understand if there is a risk of carbon not being captured due to cut-down trees.

We confirmed that seven of the 10 individuals mentioned in the Aftonbladet articles are members of

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<sup>1</sup> Please note that for the purpose of testing transactions, the foreign exchange rate applied was 0.000269 UGX/USD, as sourced from Bloomberg. Additionally, when performing an analysis of margins earned by ZeroMission, the foreign exchange rate applied was 10,267 SEK/USD, as sourced from Sveriges Riksbank.

the TGB project. We tested payments to these seven participants, but we intentionally did not interview them since they had already been interviewed by multiple parties and we wanted to obtain unbiased and fresh perspectives of the program, which is essential to maintain an impartial investigation. Aftonbladet's reporting indicated that some of their sources were feeling intimidated after being contacted by multiple parties, which also contributed to the decision to exclude them.

## 1.2 Results and Recommendations

Based on procedures performed, we have not identified observations that suggest that the major claims in the Aftonbladet articles (e.g., starvation, increased poverty, etc.) are occurring as a result of the project.

Participants were asked a series of questions in which they could rate various aspects of the project on a scale of 1 to 10. Based on responses from the representative sample of participants that we interviewed, food security and financial security increased due to the project. Additionally, the question that received the highest rating from participants was "How strongly do you recommend MAX to keep investing in the Ecotrust project?", which received a rating of 8.8, indicating a very strong desire from participants that MAX continue investing in TGB.

However, based on our investigation, we have identified some control opportunities for ZeroMission and Ecotrust to improve on in the future, such as enhancing certain documentation/processes and timeliness of farmer payments. Based on discussions with MAX and its partners, we understand that they plan to take action based on the results of this investigation in order to fulfill their ethical and social responsibilities moving forward.

The below table contains a summary of the key risks and whether these risks have been *substantiated*, *partially substantiated* or *unsubstantiated* following our investigation of each area:

**Table 1: Key risks formulated by MAX, and results from our investigation related to the respective risks.**

No.	Risk	Substantiated	Partially substantiated	Unsubstantiated	Reference
1	Systematic crime, corruption, misconduct or other violation (e.g., double selling of carbon) has been the result of MAX financing TGB			X	Section 3.2.1
2	Carbon credit standards established by Plan Vivo have not been followed		X		Section 3.2.2
3	Carbon has not been captured, i.e., trees are no longer present			X	Section 3.2.3
4	Participants have not been paid as they are entitled to, per the contract		X		Section 3.2.4
5	The project threatens food security for the participants			X	Section 3.2.5
<b>Result</b>		0	2	3	

The two risks categorized as *partially substantiated* are primarily due to lack of documentation and control or process weaknesses. We have summarized below our observations and recommendations relating to these.

### 1.2.1 Risk #2 Carbon credit standards established by Plan Vivo have not been followed

Although the Plan Vivo standard does not have a minimum land size requirement for entering the program, there was inconsistent understanding surrounding this among participants and other parties involved in the TGB project. Additionally, according to the standard, 60% of the income from the sale of Plan Vivo certificates must be distributed to the project participants, while we identified an average of 56% being paid on to participants - a difference which could be attributable to

fluctuations in exchange rates and other unit conversions. According to Plan Vivo, a lower percentage could be acceptable if it is communicated and agreed with the participants.

There were also factors limiting our analysis of this risk. For example, there is not a process in place for documenting tree identification and planting methods which makes it difficult to understand which trees are part of the TGB project. Additionally, this year the TGB project is undergoing a Plan Vivo certification audit, which happens every five years, but the report had not been published by the time of our investigation, which limits the current assessment of compliance with the standards.

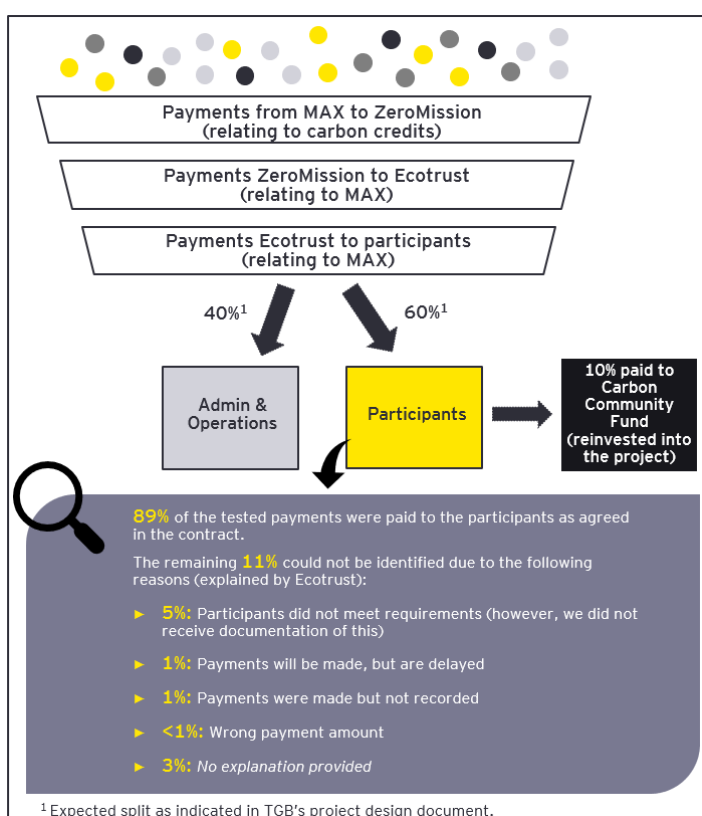
**Key recommendations:**

- ▶ We recommend MAX to support ZeroMission and TGB in creating easy-to-follow instructions for participants to mark land boundaries of TGB trees to make monitoring more efficient and reduce risk of crowding. These should be simple enough for all TGB participants to use and understand.
- ▶ MAX could consider exploring the option of funding specific land areas to better track tree credits associated with their carbon credit purchases, and batching these credits specifically associated with MAX as the exclusive buyer.
- ▶ We suggest that TGB improve training for participants, local community leaders and Ecotrust personnel to ensure that everyone understands the project's objectives and procedures, leading to consistent practices and accurate reporting, as well as better communication.

**1.2.2 Risk #4 Participants have not been paid as they are entitled to, per the contract**

While most participants have received payments as entitled in their contracts, discrepancies in payment amounts, timing, and record-keeping have been identified. For the transactions that we tested, there is a variance between actual payments and the amounts stated in the contracts. Of the tested transactions, 11% was not paid in line with the contracts, explained further below.

Figure 1: Flow of payments from MAX to TGB participants



**Key recommendations:**

- ▶ We recommend MAX to work with ZeroMission to support TGB with their plan for managing the increasing number of TGB participants, to ensure timely payments and adequate support, including ways to monitor trees more efficiently and timely.
- ▶ We suggest MAX to urge Ecotrust to identify and rectify reasons for payment differences, keep participants updated on payment status, and document any delays.
- ▶ We recommend MAX to advise ZeroMission to provide guidance to Ecotrust regarding maintaining consolidated participant payment data to understand how the funds are allocated and divided to the participants.

<sup>1</sup> Expected split as indicated in TGB's project design document.

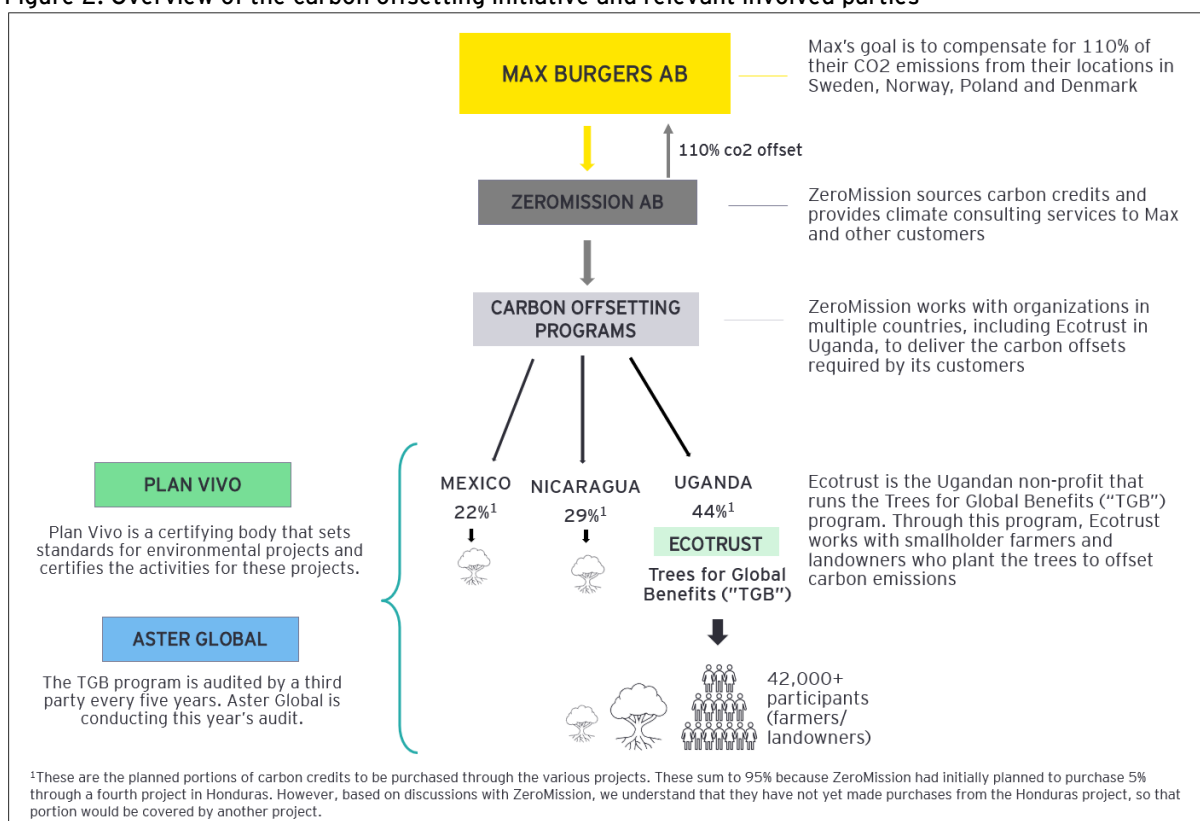
## 2. Background and investigation methodology

### 2.1 Background

Since 2008, MAX has financed the removal of over one million tons of CO<sub>2</sub>e through its carbon offsetting initiatives, including the planting of over four million trees across an area equivalent to 11,300 football pitches.<sup>2</sup>

This is done through partnership with Ecotrust, with carbon credits sold to MAX by ZeroMission. The objective of the project is to benefit the climate, but also to fight poverty by providing project participants (e.g., smallholder farmers and landowners) with extra income and making their land more resilient. Below is an overview of the initiative and relevant parties:

Figure 2: Overview of the carbon offsetting initiative and relevant involved parties



<sup>2</sup> Source: MAX 2023 Sustainability Report

## 2.2 How the investigation was initiated

Multiple articles written by the Swedish newspaper Aftonbladet in May and June 2024 claimed that there have been negative impacts on the local community as a result of the TGB project.<sup>3</sup> The claims were, for example, that participants in the TGB project experienced decreased food security because the trees planted provide shade which makes it impossible to grow crops beneath.

Another claim was that the project participants have not been paid according to their agreements with Ecotrust. According to the article, without the ability to grow crops for food or the promised payments, the participants in the project are required to cut down the trees planted within the project. Trees cut down earlier than planned would negatively impact the climate reduction that the project aims to address. It was also claimed in the article that the lack of promised payments has led to participants being forced to take their children out of school and marry off their daughters.

In response to the claims, MAX engaged EY in May 2024 to conduct an independent investigation with the aim of addressing the allegations in the news articles and to trace that the payments from MAX are benefitting the project participants according to the contracts between Ecotrust and the participants, and the carbon credit standards set by the Plan Vivo foundation. The investigation included data collection from contracts and project documents, data analysis of financial transactions, on-site inspections in Uganda, and interviews with key stakeholders and project participants to understand the efficiency and environmental impact of the carbon credit projects.

Based on the aim of the investigation, MAX and EY aggregated the claims in the Aftonbladet articles into five broad risk areas which are described in the section below.

## 2.3 Investigation objective

MAX has requested EY to perform an assessment of the prevalence of the following five risk areas:

- ▶ Systematic crime, corruption, misconduct or other violation (e.g., double selling of carbon) has been the result of MAX financing of TGB
- ▶ Carbon credit standards established by Plan Vivo have not been followed
- ▶ Carbon has not been captured, i.e., trees are no longer present
- ▶ Participants have not been paid as they are entitled to, per the contract
- ▶ The project threatens food security for the participants

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<sup>3</sup> Refer to items in the attached folder: Appendix EY07 - News articles

## 2.4 Scope, method, and work conducted

In alignment with the objectives, we performed the procedures described below. The period in scope for our analysis was 2017 through 2023 (“Scope Period”). EY has taken all necessary actions to maintain independence towards all parties involved in the investigation.

### 2.4.1 Data collection and analysis

We obtained contracts between MAX, ZeroMission and Ecotrust along with background documents such as annual reports, project design descriptions, verification reports and technical specifications. Additionally, we collected records of carbon credit sales and regulatory compliance documents. Refer to section 2.4.3 for details regarding transaction data and supporting documentation analyzed.

### 2.4.2 Site visits and inspections

An EY team made up of individuals from Sweden, Kenya, South Africa and Uganda performed site visits in Uganda in Hoima, Kikuube and Kampala. The districts of Hoima and Kikuube were selected because these were referenced in the Aftonbladet articles, and we also visited Kampala as the head office for Ecotrust is located there.

The purpose of the site visits in Hoima and Kikuube was to meet with the project participants to receive a firsthand view of their experience with the project and to see the land with trees that were planted as part of the TGB project. We also conducted interviews with staff at Ecotrust and performed transaction testing. Refer to sections 2.4.3 and 2.4.4 for additional details regarding the interviews and transaction testing, including the rationale for our selections.

### 2.4.3 Transaction testing and sampling

EY conducted an analysis of financial transactions to address allegations that participants were not receiving payments from Ecotrust. EY analyzed the payment records for participants in the Hoima and Kikuube districts that were active between 2017 and 2023.

EY began by obtaining a listing of all active TGB participants in the Hoima and Kikuube districts from Ecotrust. From that listing of over 2,000 participants, EY judgmentally selected 30 participants intended to be representative of the project as a whole. This selection was intentionally diverse, aiming to mirror the wider demographic of the program's participants. The criteria for selection encompassed a variety of attributes to capture a cross-section of the community, including:

- ▶ Land size (both small and large plots)
- ▶ Number of trees planted
- ▶ Geographic location within the districts
- ▶ Year that they joined the project
- ▶ Tree planting methods employed

As part of the 30 participants selected, EY included the seven participants who were specifically mentioned in the Aftonbladet articles and were confirmed to be part of the project (i.e., they had a signed contract and Plan Vivo ID number). This diverse selection was intended to provide a comprehensive view of the situation and to identify potential trends, such as differences based on location or year that the participant joined the project. Ten of the 30 participants were also visited by EY. We intentionally did not visit the seven that were interviewed by Aftonbladet since they had

already been interviewed by multiple parties, and we wanted to obtain unbiased and fresh perspectives of the program.

For these 30 participants, EY judgmentally selected transaction samples using the following criteria:

- ▶ At least one transaction per participant
- ▶ Majority of payments made monetarily, and a minority through seedlings given to the participants
- ▶ Diversity in transaction years
- ▶ Diversity in transaction amounts

The purpose of the above criteria was to select a sample of transactions that was reflective of the entire population.

Ecotrust typically disburses payments at intervals of 0, 1, 3, 5, 7 and 10 years, as stipulated in the contracts with the participants. Each payment interval is associated with specific participant requirements and predetermined payment amounts. EY's analysis began by verifying that the payments recorded in Ecotrust's payment records matched the amounts specified in the contracts.

The transactions in the payment records were verified by cross referencing them with payment vouchers. The payment vouchers included screenshots from the mobile payment application Beyonic, which was used for all monetary transactions with participants. Through Beyonic, we could identify the recipients by confirming their names and telephone numbers, which are linked to individuals' ID numbers in accordance with Ugandan law.

This process also involved verifying the dates of the payments. To confirm that participants had met the required conditions to earn payment, we reviewed monitoring forms prepared by Ecotrust. These monitoring forms are completed by local Ecotrust employees in Hoima that assess the farms, and the current state of the trees involved in the program and document the results in the forms.

This monitoring happens in connection with the payment period. The data in the monitoring forms was cross-referenced with the contract details to ensure consistency. We also reviewed a sample of land plans that were prepared by Ecotrust to help participants map out their land space and most effectively plant their crops. Additionally, we analyzed application forms for the program. In the instances where participants possessed relevant documentation, we cross-checked it against the records maintained by Ecotrust.

## **2.4.4 Interviews**

EY conducted interviews and walkthroughs with various stakeholders in the TGB project, including participants, Ecotrust employees, ZeroMission employees and Plan Vivo employees. Refer to Appendix EY01 for a listing of interviews conducted.

### **2.4.4.1 Participant interviews**

For the interviews with the project participants, EY selected 10 participants from the group of 30 for on-site visits in Hoima and Kikuube. This selection mirrored the criteria used for transaction testing, aiming to represent a cross-section of the project's participants and to identify any variances among them. The site visits allowed EY to gain a firsthand perspective of the project's implementation and the living conditions of the participants and compare this to the claims made by Aftonbladet. During these visits, EY was also able to confirm the identities of the participants and

review their project-related documents, such as contracts.

Prior to the trip, EY developed a questionnaire consisting of 22 questions to address the allegations reported in the Aftonbladet articles. The goal was to maintain focus during the interviews while allowing participants to share their experiences in a structured yet open-ended manner. The interviews were semi-structured, with additional questions asked based on the participants' responses.

Upon arrival in Hoima, the EY team coordinated with Ecotrust representatives to organize logistics. EY conducted the 10 interviews over a four-day period. Each day began with meeting the Ecotrust representative, followed by visits to the villages of the selected participants. EY cross-referenced participant GPS coordinates recorded in the TGB data with GPS coordinates that we were taken to on-site to ensure that the visited farms belonged to the participants listed in our sample selection.

In each village, EY met with the community coordinator – a local landowner chosen by their peers to represent the project within the village and assist others with planting, applications, and organizing community meetings. After introductions by the Ecotrust representative, who then left the site, EY proceeded with the interviews in the presence of the community coordinator.

Following the interviews, EY the landowner gave EY a tour of the landowner's property. This tour was important in providing a visual context of the project's impact and the participants' living conditions.

All interviews, except for one, were conducted in the local language and translated by a member of the EY team from the Uganda office. The exception was an interview conducted in English directly with the landowner upon the landowner's request.

#### **2.4.4.2 Ecotrust interviews**

In addition to interviewing local stakeholders, EY performed six interviews and walkthroughs with staff at Ecotrust in Uganda. These discussions focused on the design and management of the TGB program, including compliance processes and administrative routines.

EY also conducted interviews and walkthroughs with Ecotrust personnel digitally before the site visit to gather initial background information, and after the site visit to follow-up on questions and confirm our understanding.

#### **2.4.4.3 ZeroMission interviews**

EY conducted interviews and walkthroughs with ZeroMission personnel both in-person at the ZeroMission office in Stockholm, as well as digitally. The purpose of these discussions was to gather background information, as well as to follow-up on questions and confirm our understanding. Topics included, for example, an overview of the carbon offsetting process, ZeroMission's role in the process and history of working with TGB.

#### **2.4.4.4 Plan Vivo interviews**

EY conducted interviews and walkthroughs with Plan Vivo personnel digitally. The purpose of these discussions was to gather background information, as well as to follow up on questions and confirm our understanding. Topics included, for example, benchmarking of the TGB project against other similar projects, methods used to audit the project and the registration process for carbon credits.

## 2.5 Criteria for determining substantiation of the risks

We have assessed five key risks identified by MAX and EY, which stemmed from the allegations from the articles. We will present whether we have found the respective risks substantiated, partially substantiated or unsubstantiated in this report. The classifications have been made according to the following criteria:

**Table 2: Criteria for risk substantiation**

Classification	Criteria
<b>Substantiated</b>	The risk will be considered substantiated if the investigation uncovers sufficient evidence to prove the claim. This means that it is more likely than not that the alleged incident or behavior occurred as reported.
<b>Partially substantiated</b>	The risk will be considered partially substantiated in our report if there is some evidence to support parts of the claim, yet the evidence is not strong or complete enough to establish the allegation in full. This indicates that while certain elements may be true, others remain unverified or unsupported by the evidence found in our investigation.
<b>Unsubstantiated</b>	The risk will be considered unsubstantiated if the investigation fails to find sufficient evidence to support the claim, or if the evidence available actively contradicts it. This conclusion is reached when the evidence suggests that the alleged incident or behavior did not occur as alleged, or when there is no credible evidence to substantiate the claim.

## 2.6 Limitations

The investigation conducted by EY is based on both internal and publicly available documentation for the entities involved such as MAX, ZeroMission and Ecotrust. The public documentation used for the entities are audited annual reports, climate reports, documentation on the standards and guidance used for the TGB project.

For the purpose of our analysis, we obtained the payment details for the 30 TGB participants that we selected for sampling, but we were unable to obtain the full population of payments to all TGB participants during the Scope Period. Additionally, we were able to tie the number of participants that dropped out of the program to the dropouts per the TGB annual reports for 2019 through 2022, but the number of dropouts was not included in the 2017 and 2018 annual reports, so we could not confirm the completeness of those. Based on data provided, 2% of the participants dropped out in 2017-2018.

Some of the supporting documents (e.g., contract amendments, proof of consent to pay another participant, etc.) that were provided to us as support for the sampled transactions are handwritten and Ecotrust does not maintain satisfactory documentation for payments made in seeds.

ZeroMission was able to share profit margin details for purchases by MAX from the TGB project but was unable to share detailed profit margin calculations for the full portfolio of projects from which MAX purchases carbon credits, due to confidentiality agreements that ZeroMission has with its other partners. Consequently, EY was not able to perform an independent analysis of the profit margins for individual projects aside from TGB or for the overall portfolio.

The work is not to be seen as equal to an audit in accordance with International Standards on Audit ("ISA"), nor an overall review in accordance with International Standards on Review Engagements ("ISRE"). Thus, no verification of financial information or internal routines has been performed in accordance with the standards. "Audit" by that definition would refer to an external audit involving a complete review of the annual accounts for the fiscal year. The investigation is limited to the scope described in this report.

Additionally, we did not, and are not authorized to, conduct an audit of TGB according to Plan Vivo standards.

The advisory services, including the contents in our reports, do not represent any legal advisory.

## **2.7 Confidentiality**

This report is private and confidential and is intended to be used solely internally within Client. EY takes no responsibility if this report is used by someone else or for any other purposes than the intended one.

### 3. Results

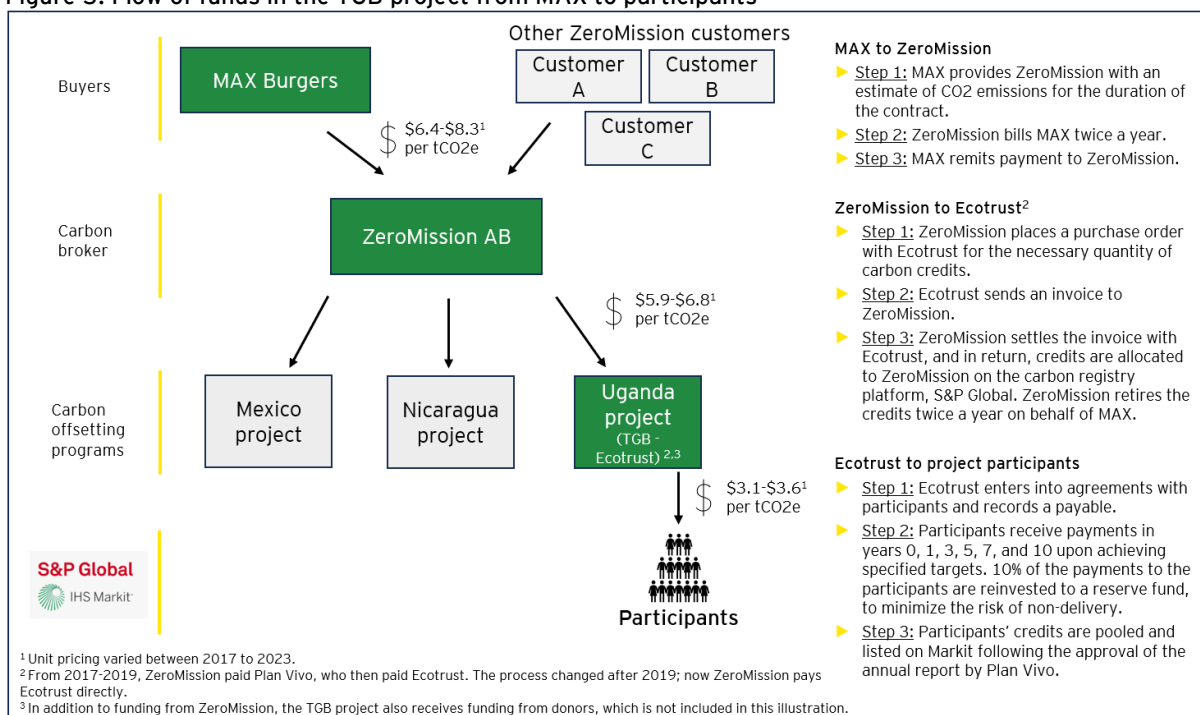
The following sections contain our observations identified through the course of the investigation, based on our procedures described in Section 2.4.

Section 3.1 below describes the payment flow from MAX through to the project participants in Uganda, including the carbon credit process, as well as the margins earned. Section 3.2 describes our observations relating to each of five key risk areas.

#### 3.1 Payment flow and carbon credit process

Below we have illustrated the flow of payments from MAX through to the project participants in Uganda, including a summary the various steps in the payment process.

Figure 3: Flow of funds in the TGB project from MAX to participants



As can be seen in the above illustration, MAX, as a buyer, compensates ZeroMission, a carbon broker, to acquire carbon credits. ZeroMission distributes MAX's payment to three carbon offsetting initiatives, including Ecotrust's TGB project. Separately, Ecotrust coordinates with participants to ensure tree planting and pays them as they reach targets specified in their contracts.

In addition to receiving funding from buyers, TGB also receives funding from donors as well as self-financing through the Carbon Community Fund, which is made up by reinvesting 10% of participants' payments into the TGB project to reduce the risk of non-delivery. Refer to Appendix EY04 for an overview of TGB's funding sources and fund structure and refer to Appendix EY05 for a summary of the various departments at Ecotrust and the roles that they play in the TGB project.

Based on the above flow of funds, we have attempted to quantify the following payment streams:

- ▶ Payments from MAX to ZeroMission
- ▶ Payments from ZeroMission to Ecotrust
- ▶ Payments from Ecotrust to participants

However, due to reasons explained further below, we do not have insight into the full chain of payments.

**Table 3: Quantification of payments in the TGB project from MAX to participants (2017-2023)<sup>4</sup>**

Payments from...	Payment Amount (USD)	Payment Amount (SEK)	% paid onward	% retained	Comments
MAX to ZeroMission	5 558 122	51 942 370	100%	0%	Payments for carbon credits only; this does not include payments for consultation services.
ZeroMission to Ecotrust <sup>5</sup>	4 456 427	42 208 342	80%	20%	<p><b><u>According to ZeroMission, they reported a profit margin of 2% on the TGB project in 2017-2018.</u></b></p> <p>Starting in 2019, the profit margin was instead calculated at a portfolio level, including two additional Plan Vivo certified projects (Mexico and Nicaragua). <b><u>According to ZeroMission, the combined profit margin for these projects was 3% from 2019 to 2021, and it dropped to 1% for the period of 2022 to 2024.</u></b></p> <p>The carbon credits from the Mexico and Nicaragua projects are priced higher than those from Uganda, <b><u>resulting in a negative margin for ZeroMission</u></b> on the Nicaragua project and thus a lower margin across the portfolio.</p> <p>It is important to highlight that the 20% retained by ZeroMission on the payments made by MAX is only for the TGB project. When factoring in the profit margins/losses associated with other projects, it appears significantly less substantial.</p> <p>Due to confidentiality agreements with other partners, ZeroMission was unable to share the profit margin details for its full portfolio so EY could not reperform the calculation.</p>
Ecotrust to participants	<i>Cannot calculate due to lack of traceability</i>				Refer to explanation below.

In summary, the calculated margin for ZeroMission is 20% for the TGB project based on invoices between MAX and ZeroMission, and ZeroMission and Ecotrust, for the period 2017-2023. Since ZeroMission bases its margin on the whole portfolio for MAX including projects in Mexico and Nicaragua, the average margin earned by ZeroMission is around 1%.

Based on discussions with Ecotrust, ZeroMission and Plan Vivo, we understand that payments to participants are not able to be traced back to specific buyers, such as MAX, as the payments to participants are not dependent on receiving payments from the purchasers. Moreover, the proportion from the sale of Plan Vivo certificates to MAX are not linked to specific participants' land.

<sup>4</sup> Based on carbon "application year" per ZeroMission's records (may differ from payment and/or invoice year). Data is from a listing of payments from MAX to ZeroMission and ZeroMission to Ecotrust, provided by ZeroMission. Amounts exclude taxes and were converted from SEK to USD based on the daily Riksbanken exchange rate, recorded by ZeroMission.

<sup>5</sup> Up until 2019, ZeroMission paid Plan Vivo who then paid Ecotrust, rather than paying Ecotrust directly. This amount only represents the portion paid by ZeroMission to Ecotrust on behalf of MAX. ZeroMission made additional payments to Ecotrust on behalf of other buyers, which are not included in this amount.

According to Plan Vivo, the credits are pooled into a vintage number and each pool corresponds to a TGB annual report.

Section 3.1.1 below further describes this process and section 3.1.2 provides additional insights into the funding for participant payments.

### **3.1.1 Registration of carbon credits**

When a new participant joins the program, they need to demonstrate land rights to make sure they are not already in another carbon project or a nationally determined contribution plan. Plan Vivo provides guidance as to how the program should require demonstration of land rights in their project development guidance manual.

When the project has been validated, the Plan Vivo secretariat will first perform a desk-based review as to whether the type of land rights they are proposing and the evidence they will be collecting is appropriate. A validator will later sample check participants at validation stage to see if the information on their land rights is present and reflective of what they have observed on the ground. The verifier will sample check any newly onboarded participants to see if this information is present. Each participant is assigned a Plan Vivo number when joining the program. The credits will later be registered to the market registry S&P Global once the credits are issued. From interviews, we understand that credits are normally not issued until the participant has reached the target for the first year.

When the credits are issued to the market registry, the credits are assigned a unique serial number. The serial number will consist of the certification body, in this case Plan Vivo, a number indicating the country, a unique Plan Vivo number, a vintage number that indicates the start and end date of monitoring and numbers indicating if they are registered but not sold (“ex ante credits”) or sold (“post-credits”). The credits are issued together in one batch, containing credits from participants recruited in the same monitoring period which is also referred to as the vintage number.

According to Plan Vivo, most projects divide the batch and sell portions of it to different buyers, which makes it difficult to trace the credits to a certain participant. If a buyer would buy one complete batch, it would be possible to trace the participants to a specific buyer, but the credits themselves do not contain information that link them to a specific participant.

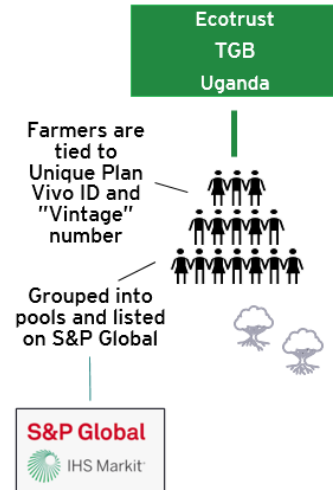
**Figure 4: TGB's carbon credit workflow**

## TGB'S CARBON CREDIT WORKFLOW

- 1. Plan Vivo ID Tracking:** Ecotrust maintains a record of Plan Vivo IDs assigned to farmers each year.
- 2. Vintage Numbering:** These IDs are grouped by the year of contract and assigned a "vintage" number correspondent to the year they were contracted.
- 3. Carbon Calculation:** For each vintage, Ecotrust calculates the total carbon offset (tCO<sub>2</sub>e) based on the allocated land use.
- 4. Sales and Transfers:** When Ecotrust sells carbon credits, they transfer the corresponding amount from the vintage pool to the buyer's S&P Global account or retire it if the buyer lacks an account.

*Illustrative example (dummy numbers):*

	<u>tCO<sub>2</sub>e</u>
Vintage pool:	1 000 000
Sales to brokers:	
ZeroMission	(225 000)
Broker X	(100 000)
Broker Y	(50 000)
Total sold:	(375 000)
Remaining pool:	625 000



*The remaining pool contains what is left for Ecotrust to sell to others. If the amount is 0, there is no remaining amount for Ecotrust to sell. The number cannot be negative, as Ecotrust cannot sell more than what is available in the pool.*

In summary, the purpose of Plan Vivo's certification standard is to avoid the possibility of double-selling of carbon credits, through the checks and process described above.

### 3.1.2 Funds and liabilities to participants

EY has conducted an analysis of Ecotrust's financial obligations and assets as of the end of 2022, focusing on both historical liabilities and liabilities associated with participants that joined the TGB project in 2022<sup>6</sup>.

The analysis indicates that Ecotrust's funds from carbon sales up to 2021 are adequate to fulfill all past and present commitments to participants by end of 2022, with an additional financial buffer of 4,2%, which is expected to grow following the sale of 2022's carbon credits.

<sup>6</sup> It should be noted that for individuals who became participants in the year 2022, their commitments have been formally recognized as financial liabilities for Ecotrust. However, as of the close of 2022, Ecotrust has not yet sold any of these specific carbon credits to customers. Our calculations also factored in assets accumulated through payments since the project's inception.

**Table 4: Calculation on Ecotrust's liabilities to participants and funds**

Calculation on Ecotrust's liabilities to participants and funds			
Description	Value	Unit	Comments
Total carbon credits issued including credits issued in 2022 (Ecotrust annual report 2022) [A]	3 890 163	tCO2e	Total carbon credits issued include carbon credits issued in 2022 that have not yet been sold by Ecotrust at end of 2022.
Total sum held in trust for future payments (Ecotrust annual report 2022) [B]	9 829 068	USD	The total sum in the trust by end of 2022 does not include future payments for the unsold stock of carbon credits issued in 2022.
Total payments to participants made (Ecotrust annual report 2022) [C]	4 761 316	USD	Total payments to participants from start of the TGB project until end of 2022.
Payment to farmer per tCO2e (contracts from participants) [D]	3,6	USD per tCO2e	The price that Ecotrust pays the participants per tCO2e. This price is the highest price paid to participants within our Scope Period. The price has changed over time.
Total sum required for payments to participants (EY calculation) [E = A x D]	14 004 587	USD	Calculation of the total assets required by Ecotrust to cover all liabilities to participants since the start of the project. This includes liabilities that have already been paid out as well as for liabilities related to carbon credits issued in 2022 that have not been sold by Ecotrust by end of 2022.
Total sum in trust and payments made (Ecotrust annual report 2022) [F = B + C]	14 590 384	USD	Ecotrust's total assets that are in the trust by the end of 2022 and payments made to participants since start. Payments made to participants represent liabilities that have been cleared.
Additional in trust (EY calculation) [G = F - E]	585 797	USD	The additional assets handled by Ecotrust after all current and historical liabilities have and would have been cleared.
Additional in trust in tCO2e (EY calculation) [H = G / E]	4,2%		The percentage of the additional assets in relation to the total required assets to cover all liabilities.

Based on the analysis above, EY concludes that Ecotrust possesses the necessary resources to meet its payment obligations to all TGB participants as per the agreements.

## 3.2 Risk substantiation

We have made several observations from the work conducted, described in section 2.4. Our observations relate to the key risks and concerns raised by MAX as a result of the allegations described in the Aftonbladet articles.

In the below table we have listed the key risks and have indicated whether these are substantiated, partially substantiated or unsubstantiated, based on our procedures performed. Refer to the sections included within the "Reference" column for additional details.

**Table 5: Key risks formulated by MAX, and results from our investigation related to the respective risks.**

No.	Risk	Substantiated	Partially substantiated	Unsubstantiated	Reference
1	Systematic crime, corruption, misconduct or other violation (e.g., double selling of carbon) has been the result of MAX financing TGB			X	Section 3.2.1
2	Carbon credit standards established by Plan Vivo have not been followed		X		Section 3.2.2
3	Carbon has not been captured, i.e., trees are no longer present			X	Section 3.2.3
4	Participants have not been paid as they are entitled to, per the contract		X		Section 3.2.4
5	The project threatens food security for the participants			X	Section 3.2.5
<b>Result</b>		0	2	3	

The sections below are divided according to the risks listed in the table above. Each section includes a description of the observations that we have made, the substantiation rating, potential impacts and our recommendations for actions to be taken.

### 3.2.1 Risk #1: Systematic crime, corruption, misconduct, or other violation (e.g., double selling of carbon) has been the result of MAX financing TGB

MAX raised concerns regarding whether there is a risk of potential systematic crime, corruption, misconduct, or other violations resulting from its financing of TGB.

To address the risk, we have conducted interviews with personnel at Ecotrust, ZeroMission and Plan Vivo, including questions regarding the funding of the project, any governmental connections and controls in place to avoid potential double-selling of carbon credits. We have interviewed project participants as well to gain insight into their experience with the program.

Additionally, we have analyzed TGB annual reports and financial transactions of TGB, as well as the funding structure and donors for TGB.

Substantiation analysis	Substantiated <input type="checkbox"/>	Partially Substantiated <input type="checkbox"/>	Unsubstantiated <input checked="" type="checkbox"/>
<b>Observation</b>			
<b>Plan Vivo certification and risk for potential double-counting</b>			
<p>EY has conducted an analysis of the mechanisms and safeguards in place for the TGB program, which is certified by Plan Vivo and verified to prevent any risk of double counting. According to Plan Vivo, the purpose of the standard is to ensure that credits are not sold twice. As described in section 3.1.1, the Plan Vivo standard includes several criteria that must be met before a credit can be registered to S&amp;P Global, which further minimizes the risk of credits being listed on S&amp;P Global without proper authorization. When a new participant joins the program, they need to demonstrate land rights, which is later validated by Plan Vivo. This process is in place to ensure that the land is not already part of another carbon credit program. Once the credits are issued, they are registered to the market registry and assigned a unique serial number. All credits that are part of a carbon credit program are issued on the market registry.</p> <p>Additionally, while some carbon offsetting programs use multiple certification standards, the TGB program exclusively uses Plan Vivo as its certification body, which further reduces the possibility for credits not already being listed in S&amp;P Global.</p>			
<b>Governance and external relations with local government bodies</b>			
<p>In terms of governance and external relations, the Head of Program at Ecotrust stated that he has only engaged in discussions with local government bodies when exchanging information and has described the relationship between Ecotrust and local government bodies as positive, with no expectation of bribery.</p>			
<b>Funding streams and financial management of the TGB project</b>			
<p>Based on the TGB annual report and discussions with Ecotrust, the main funding streams for the TGB project include the endowment fund, supported by both internal and external contributions; donor-directed funds from non-governmental organizations like the United Nations Development Program (UNDP) Africa for specific initiatives; and the community carbon fund, which reinvests a portion of revenue back into the community for various benefits.</p> <p>Ecotrust manages its funds by maintaining separate accounts for the TGB project to mitigate financial risks. A portion (40%) of each payment received is allocated for operational costs, with the remainder (60%) is recorded as a long-term liability for participant payments. This accounting practice allows Ecotrust to monitor financial transactions and plan for participant payments over time. Additionally, Ecotrust engages an external financial advisor to assist with its financial management and the use of investment instruments to maintain liquidity for participant payments. It is important to note that the funds for farmer payments are not earmarked for specific years but are managed as a pooled reserve to provide flexibility and ensure consistent compensation over time.</p>			
<b>Traceability of payments from carbon credit buyers</b>			
<p>Additionally, as described in Section 3.1, there is no traceability of payments from carbon credit buyers, such as MAX, to project participants, as payments to TGB are not earmarked for specific participants. Instead, they are managed as a large, pooled reserve to allow for flexibility and continuity in compensating participants over time. Based on discussions with Plan Vivo and ZeroMission, we understand that this is however the standard practice across other carbon programs.</p>			

Substantiation analysis	Substantiated <input type="checkbox"/>	Partially Substantiated <input type="checkbox"/>	Unsubstantiated <input checked="" type="checkbox"/>
<b>Observation</b>			
<p><b>EY's conclusion</b> Based on our procedures performed, EY has not identified indications that systematic crime, corruption, misconduct, or other violations (e.g., double selling of carbon) has been the result of MAX financing TGB and thus considers the risk to be <b>unsubstantiated</b>. However, there are opportunities for increased traceability and tracking of payments as noted above.</p>			
<b>Potential Impact</b>		<b>Recommendation</b>	
<ul style="list-style-type: none"> <li>▶ Limited traceability of payments</li> <li>▶ Risk of mismanagement of pooled funds and potential lack of liquidity</li> <li>▶ Inherent risk of bribery and corruption when interacting with government officials</li> </ul>		<p>We recommend that MAX initiates a dialogue with ZeroMission, so they start to implement the following actions towards Ecotrust:</p> <ul style="list-style-type: none"> <li>▶ <b>Liquidity Checks:</b> Maintain ongoing discussions with ZeroMission and Ecotrust to stay informed about developments in organizational procedures. Review audit reports annually to understand the project's financial situation and funding structure.</li> <li>▶ <b>Anti-Bribery and Anti-Corruption Trainings:</b> ZeroMission should recommend Ecotrust to conduct periodic ethics and anti-bribery trainings for employees that interact with governmental bodies.</li> <li>▶ <b>Explore the option to finance a specific area of land exclusively for Max to pool the credits to one batch where Max is the sole buyer.</b> This will increase the traceability to specific trees and participants.</li> </ul> <p>Additionally, for all risks, consider discussing with ZeroMission a potential monitoring and reporting structure for MAX to gain additional insight into the activities of the carbon programs.</p>	

### 3.2.2 Risk #2: Carbon credit standards established by Plan Vivo have not been followed

MAX requested EY to investigate whether the Plan Vivo standards have been followed. In order to do so, MAX and EY agreed that EY would carry out interviews with key parties involved in the project, including Plan Vivo, which sets the standards governing the TGB project.

Questions related to the adherence to the Plan Vivo standard were also included in the interview questionnaire for the project participants, enabling EY to understand how the standard is being implemented on the ground. EY also reviewed the results of the most recent Plan Vivo certification audit, which was completed in 2019. These audits are conducted every five years, so another audit will be done this year, but the results of this year's audit were not yet available as of the date of this report.

Substantiation analysis	Substantiated <input type="checkbox"/>	Partially Substantiated <input checked="" type="checkbox"/>	Unsubstantiated <input type="checkbox"/>
<b>Observation</b>			
<b>Participant engagement and assessment of land size requirements</b>			
<p>During our site visits in Uganda, we engaged directly with landowners participating in the TGB project to assess their understanding of minimum land size requirements to participate in the program, which was a central point of our investigation due to concerns that a minimum land size criterion might impact the food security of the landowners.</p>			
<b>Inconsistencies in landowner awareness of TGB land size criteria</b>			
<p>Our investigation showed inconsistencies in the participants' awareness and understanding of land size requirements for the TGB project. While some participants acknowledged being informed of specific land size criteria, the details varied, suggesting a lack of standardization in the communication of these requirements. In contrast, other participants reported no knowledge of such criteria, indicating that the project may have adapted its approach to accommodate the individual circumstances of each landowner, such as the size of their landholdings.</p>			
<b>Adaptation of land size requirements for smallholder inclusion</b>			
<p>This was confirmed through discussions with Ecotrust representatives in the Hoima office, who indicated that initial stringent land size requirements had been relaxed to include owners of smaller plots, employing methods like boundary planting to maximize land use without compromising participation. Plan Vivo representatives also confirmed that TGB does not impose land size requirements for entering the program and that this is not a requirement per the Plan Vivo standard.</p>			
<b>Challenges in tree identification and planting method verification</b>			
<p>Additionally, we encountered challenges in distinguishing between trees planted as part of the TGB project and those outside of its scope. The identification of specific planting methods also proved difficult, with documentation occasionally conflicting with participants' accounts of the techniques employed.</p>			
<b>Compliance with Plan Vivo standards in 2019 audit report</b>			
<p>Based on our review of the 2019 project verification audit report, we could confirm the TGB project's compliance with Plan Vivo standards, with no significant issues identified. The report provided reasonable assurance that the project was operating according to the standard. Our recalculations suggested a slight discrepancy in the percentage of income from the sale of carbon credits that reached project participants, with our figures indicating approximately 56% compared to the standard's requirement of 60%. However, this variance is possibly attributable to fluctuations in exchange rates and unit conversions used in our calculations.</p>			
<b>Limitations due to unavailable 2024 audit report</b>			
<p>As of the submission of this report, the 2024 audit report by Aster Global was not available for review, which limits our ability to provide the most current assessment of the project's adherence to the carbon credit standard established by Plan Vivo.</p>			

Substantiation analysis	Substantiated <input type="checkbox"/>	Partially Substantiated <input checked="" type="checkbox"/>	Unsubstantiated <input type="checkbox"/>
<b>Observation</b>			
<b>EY's conclusion</b>			
<p>According to the Plan Vivo standard, there is no land size requirement for entering the program. According to the standard, 60% of the income from the sale of Plan Vivo certificates must be distributed to the project participants. Any less amount is acceptable within the standard if it is communicated and agreed with the participants.</p> <p>In conclusion, we have noted that there is a lack of documentation for tree identification and planting methods which makes it difficult to understand which trees are part of the TGB project. The unavailability of the 2024 audit report from Aster Global also limits the current assessment of compliance with Plan Vivo standards. Hence the risk of Plan Vivo standards not being followed are considered <b>partially substantiated</b>.</p> <p>Since we have not been able to review the latest audit report by Aster Global, we are not aware if the auditors have highlighted any significant misstatements or improvement areas.</p>			
<b>Potential Impact</b>		<b>Recommendation</b>	
<ul style="list-style-type: none"> <li>▶ Inconsistencies in understanding and implementing land size requirements and planting methods could potentially impact the effectiveness and inclusivity of the TGB project</li> <li>▶ Miscommunication or lack of clear guidelines may lead to confusion among participants, which can result in non-uniform participation and potentially hinder the program objectives</li> <li>▶ Difficulties in distinguishing project-specific trees from non-project trees could complicate monitoring and evaluation efforts, affecting the overall sustainability and success of the project</li> </ul>		<p>We recommend that MAX initiate a dialogue with ZeroMission to support Ecotrust with implementing the following actions:</p> <ul style="list-style-type: none"> <li>▶ <b>Standardize Communication:</b> Continue to coach TGB to develop and clear, easy-to-follow instructions for tree identification and planting methods to all participants to reduce risk of crowding. This should be done through accessible and easily understandable trainings and material, ensuring that all participants, regardless of plot size, can participate knowledgeably in the TGB program.</li> <li>▶ <b>Explore the option to finance a specific area of land exclusively for Max to pool the credits to one batch where Max is the sole buyer.</b> This will increase the traceability to specific trees and participants.</li> </ul> <p><b>Training and Support:</b> Work with TGB to identify ways to improve training sessions for both participants and local community leaders to ensure a common understanding of the project's goals, requirements, and methods. This will help in aligning practices with the project's standards and accurately reporting land sizes and planting methods. Additionally review and take other necessary actions resulting from the 2024 certification audit, once the results are available.</p>	

### 3.2.3 Risk #3: Carbon has not been captured, i.e., trees are no longer present

MAX raised concerns about whether carbon has been captured (e.g., trees are no longer present). To determine if carbon has been captured, EY and MAX agreed that EY would conduct site walkthroughs in Uganda to look for indications of obvious tree-cutting and analyze attrition data for the project participants.

EY has obtained data from Ecotrust regarding the number of participants that drop out of the program each year between 2017-2023. Additionally, EY has collected data on the total number of active participants in the TGB program for the same timeframe. We have analyzed this data to determine the annual attrition, comparing the number of participants who have left the program each year with the total number of participants during the respective years. Further, we have analyzed the data, specifically monitoring notes and summarized the number of drop-outs that has cut down their trees<sup>7</sup>, as well as the harvest rate for the drop-outs. Below is a summary of our analysis, including a cumulative number of dropouts over time, attrition rates, a cumulative number drop-outs that harvested (i.e., cut down) trees and the harvest rate.

**Table 6: Attrition rate for the TGB programme in Uganda over the period 2017-2023**

Year	Participants (cumulative)	Drop-Outs (cumulative)	Attrition rate	Drop-outs that harvested trees (cumulative)	Harvest rate
2023	42 344	828	1,96%	Incomplete data	-
2022	26 773	820	3,06%	348	42%
2021	15 424	691	4,48%	260	38%
2020	12 103	414	3,42%	148	36%
2019	9 740	308	3,16%	65	21%
2018	7 066	178	2,52%	35	20%
2017	6 119	98	1,60%	8	8%

Our observations related to this risk are presented below, as well as our assessment of whether it has been substantiated, partially substantiated or unsubstantiated.

Substantiation analysis	Substantiated <input type="checkbox"/>	Partially Substantiated <input type="checkbox"/>	Unsubstantiated <input checked="" type="checkbox"/>
<b>Observation</b>			
<b>Analysis of attrition rates and adequacy of reserve buffer</b>			
As described above, we conducted an analysis of the attrition rates within the TGB project, finding them to range between 1.60% and 4.47% for the specified period. This was measured against Ecotrust's provision of a 10% reserve buffer, which is designed to account for program dropouts. Our findings indicate that the buffer is sufficient, as it exceeds the highest observed attrition rate, thereby ensuring a safety net for participant variability.			
<b>Review of Ecotrust attrition data and participant exit reasons</b>			
Upon reviewing the attrition data provided by Ecotrust, we identified comments within the file indicating why certain participants were replaced or had exited the program. Within these notes, we identified instances of tree removal by participants, some of which involved converting the trees to charcoal, corroborating the allegations made in the Aftonbladet articles. There were also comments indicating that Ecotrust may seek refunds from participants who leave the program.			
<b>Contextualization of participant refunds and program dropouts</b>			
It is, however, important to contextualize these findings by acknowledging that the comments regarding potential refunds pertained to fewer than 10 participants out of a total of 42 344. Further, while 42% of the drop-outs as of			

<sup>7</sup> According to Ecotrust's monitoring data

Substantiation analysis	Substantiated <input type="checkbox"/>	Partially Substantiated <input type="checkbox"/>	Unsubstantiated <input checked="" type="checkbox"/>
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### Observation

2022 cut down their trees, this only represents a very small part of the total participants in the program (less than 1%)<sup>8</sup>.

#### Ecotrust's response to allegations of required refunds

When asked about these comments, the Ecotrust Executive Director clarified that the organization does not require participants to return payments upon dropping out, and that they treat such payments as bad debt, utilizing the TGB reserve fund to compensate for the carbon loss. She highlighted that the notes in question were made by a few TGB monitors and did not reflect standard procedures.

#### Field observations support information against tree removal claims

Field observations from our site visits in Uganda presented a narrative that diverged from the claims of tree removal for charcoal production. No evidence was found to support these claims, with visual inspections and participant interviews consistently indicating that the trees remained standing. On one farm, we did identify a bag of charcoal but found it to be unrelated to the TGB project, as the landowner confirmed that the charcoal originated from eucalyptus trees on his property. The landowner's rationale for not using TGB project trees for charcoal was consistent with what we heard among other participants, who indicated that there would be greater value of the project trees as timber along with immediate benefits of firewood from pruning.

#### Landowner insights on tree harvesting practices within the TGB project

Despite these overall findings, it is worth noting that one landowner did report that some participants may harvest trees for charcoal after six years, suggesting a potential misalignment with the project's objectives. This, coupled with the fact that the project's tree requirements are designed to decrease over time to facilitate optimal growth, indicates that some level of tree harvesting is anticipated and accounted for within the project's framework.

#### EY's conclusion

In conclusion, evidence from our site visits and data analysis indicates that the trees planted as part of the TGB project are predominantly intact and actively contributing to the project's environmental and social goals. The removal of trees and burning into charcoal does not seem to be a systematic issue, but we have found certain indications of this happening on an infrequent basis. Ultimately, though, the reserve fund would more than cover lost carbon in these exceptional circumstances, so we have assessed this risk as **unsubstantiated**.

Potential Impact	Recommendation
<ul style="list-style-type: none"> <li>▶ The report of some participants harvesting trees to produce charcoal suggests a misunderstanding of the TGB project's long-term objectives. This could lead to premature tree removal, undermining the project's environmental goals and reducing the potential future greater income for example from timber.</li> <li>▶ If participants are not fully aware of the project's guidelines or the importance of maintaining trees, there may be a risk of non-compliance with the project's requirements, which could jeopardize the overall success and sustainability of</li> </ul>	<p>We recommend that MAX initiate a dialogue with ZeroMission so they start to implement the following actions towards Ecotrust:</p> <ul style="list-style-type: none"> <li>▶ <b>Training to Participants:</b> Advise TGB to improve its educational efforts to ensure that all participants understand the long-term benefits of the TGB project, including the environmental impact and the economic value of mature timber versus immediate gains from charcoal. Provide clear, accessible guidelines on the project's tree management policies, including when and how trees can be harvested, to prevent premature removal. Also explain potential other sources of income possible for participants who adhere to the project's guidelines and demonstrate a commitment to the project's long-term goals. For example, beehives and manufacturing of products from the timber.</li> <li>▶ <b>Training to TGB Monitors:</b> Advise TGB to provide additional training to its program monitors, so that they understand the protocols to follow in the events of dropouts.</li> </ul>

<sup>8</sup> 348 drop-outs that harvested trees / 42 344 total participants = 0,82%

Substantiation analysis	Substantiated <input type="checkbox"/>	Partially Substantiated <input type="checkbox"/>	Unsubstantiated <input checked="" type="checkbox"/>
<b>Observation</b>			
<p>the TGB initiative.</p> <ul style="list-style-type: none"> <li>▶ If participants perceive that TGB will claim money back from them if they drop out of the program, it may disincentivize participants from joining the program.</li> <li>▶ Premature harvesting of trees can negatively impact biodiversity and the ecological benefits provided by the project, such as carbon sequestration and habitat for wildlife.</li> </ul>			

### 3.2.4 Risk #4: Participants have not been paid as they are entitled to, per their contract

MAX raised concerns about whether participants have been paid in a correct manner. To investigate these concerns, EY interviewed participants, tested a sample of payments, and reviewed supporting documentation.

Substantiation analysis	Substantiated <input type="checkbox"/>	Partially Substantiated <input checked="" type="checkbox"/>	Unsubstantiated <input type="checkbox"/>
<b>Observation</b>			
<b>Review of participant payments and contract compliance</b>			
<p>Our review of payments resulted in several findings. We assessed payments to 30 participants and verified that all but one eligible for payments had been paid at least once. The exception was a participant for whom we lacked a consent letter authorizing payment through another individual. Our examination of Ecotrust's payment records did, however, reveal inconsistencies with the payment terms outlined in participant contracts.</p>			
<b>Discrepancies in payment amounts and schedules</b>			
<p>Each participant is entitled to a total payment amount, distributed in segments based on percentages of 10%, 20%, or 30%, in specified years. However, Ecotrust's actual payouts often differed from these scheduled amounts. Additionally, payments did not always occur in the contractually designated years, nor did the corresponding monitoring. For two participants, we could not compare the paid amounts to the contracts since we have not received a copy of these contracts, however the participants are registered with Plan Vivo IDs. One of these participants claimed he had not entered a contract with Ecotrust although he has a Plan Vivo ID and has received payments. For another participant we lack payment record, hindering our ability to confirm the total payment amount. We could, however, confirm that this individual was paid in the correct amount for one year by the payment evidence.</p>			
<b>Aggregate payment discrepancies and entitlement calculations</b>			
<p>Of the remaining 27, there was a difference, on average, of 12,6% between amounts participants were entitled to and the actual disbursements according to the provided Ecotrust's payment records.<sup>9</sup> In the aggregate, a total of 11,1% of the payment due was not accounted for. Out of 81 total payments that should have been processed to these 27 participants according to provided documentation, 12 were found to have discrepancies. The amount that participants were entitled to was calculated based on the number of years in the program and the corresponding contractually due payments. This discrepancy persisted even when accounting for participants who dropped out or did not meet requirements. The review also highlighted issues with the timing of payments not aligning with the expected schedule in the contracts. It should also be noted that some monitoring forms contained ambiguous or missing information.</p>			
<b>Table 7: Breakdown of Factors Contributing to Deviation in Payments</b>			
<b>Reasons for Payment Discrepancy</b>		<b>Contribution to total deviation</b>	<b>Number of instances</b>
Ecotrust stated that the participants did not meet the requirements, but no monitoring form was provided.		49%	3
Ecotrust stated that the payments are delayed.		9%	2
Ecotrust claimed that payment was not included in payment records.		9%	2
Ecotrust verified that the wrong amount was processed.		3%	2
No explanation provided.		30%	3
<b>TOTAL</b>		<b>100%</b>	<b>12</b>
<b>Participant confirmations and discrepancies in payment acknowledgment</b>			
<p>For the participants visited, seven out of 10 confirmed that they payments from Ecotrust. Three did not; one of which was ineligible. For the remaining two, we can see from documentation provided by Ecotrust that payments were made, but one participant's payment was made through a third party without consent documentation (same participant as mentioned above), while the other's payment could be verified with proper documentation. Both</p>			

<sup>9</sup> Refer to Appendix EY03

Substantiation analysis	Substantiated <input type="checkbox"/>	Partially Substantiated <input checked="" type="checkbox"/>	Unsubstantiated <input type="checkbox"/>
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**Observation**

payments occurred shortly before our visit, which may explain the lack of participant acknowledgment, potentially due to a processing time of the transactions.

The delay between land monitoring and payments being made was a concern, especially for newer TGB project members who experienced longer waits than those who had been in the project longer. For example, one landowner was monitored in November 2023 and received payment in late June 2024, a six-month wait. The contracts do not specify a precise payment timeline after target verification.

Although seven of the visited participants verbally confirmed payment receipt, only one provided evidence. In one confirmed case, the landowner initially denied receiving payment until further questioning revealed that his daughter had received it on his behalf.

**Contractual understanding and language barriers**

Participants did not consider seedlings from Ecotrust as payments, contrary to Ecotrust's records, which could lead to perceptions of non-payment. Additionally, contracts, often in English, were difficult for participants to understand, leading to a lack of awareness about payment details. Newer TGB project members had less understanding of contract terms than earlier joiners. The local coordinators' involvement and the landowners' organizational skills significantly influenced their contract comprehension.

**EY's conclusion**

Our review has highlighted areas of concern regarding contract compliance between Ecotrust and its participants. While most participants have received payments, discrepancies in payment amounts, schedules, and record-keeping have been identified. On average, there is a variance between the entitled and actual payment amounts, with a total of 11,1% of due payments unaccounted for. Ecotrust has provided explanations for some discrepancies, but further documentation is needed to fully substantiate these claims, hence we assess the risk as **partially substantiated**.

Potential Impact	Recommendation
<ul style="list-style-type: none"> <li>▶ Discrepancies between the owed and disbursed payments, without documentation to verify potential legitimate reasons, could lead to considerable dissatisfaction among participants and other stakeholders.</li> <li>▶ Confusion and lack of clarity surrounding the contracts and payment schedules could lead to significant dissatisfaction among the landowners participating in the TGB project.</li> <li>▶ If landowners do not fully understand the terms of their engagement or if there is a perceived delay or absence of payments, it could result in decreased trust and cooperation with Ecotrust and potentially impact the project's continuity.</li> <li>▶ Misunderstanding about what constitutes landowners.</li> </ul>	<p>We recommend that MAX initiate a dialogue with ZeroMission so they start to implement the following actions towards Ecotrust:</p> <ul style="list-style-type: none"> <li>▶ <b>Understand Ecotrust's Plan for Scalability:</b> The number of participants in the TGB project has increased significantly within the last few years, but Ecotrust's staff is not increasing at the same rate. Therefore, we suggest having a discussion with Ecotrust to understand how they plan to provide the necessary support, training and resources for the participants now that each TGB staff members will be responsible for more participants.</li> <li>▶ <b>Simplify Contract Language:</b> Discuss with Ecotrust whether they need to revise the contracts and payment schedules using simpler language and clear terms that are easily understandable by the participants. Consider offering translated version of the contract from English to their local language.</li> <li>▶ <b>Address Payment Delays:</b> Identify causes of any delays in payments and take corrective actions to streamline the process. Regularly update participants on the status of their payments and any expected timelines for receipt. Discuss measures to make monitoring of trees more efficient and timely, for example by utilizing GPS and satellite photos.</li> <li>▶ <b>Consolidate data:</b> Discuss the possibility to maintain consolidate data of all payments to the participants to understand how the funds are allocated and divided to the participants.</li> </ul>

### 3.2.5 Risk #5: The project threatens food security for the participants

MAX raised concerns about whether the project threatens food security for the participants.

To assess the potential impact on food security, EY conducted interviews with 10 participants in Uganda and asked them to answer various questions intended to gauge their food security. We included objective rating scales for participants to score their level of food security.

Substantiation analysis	Substantiated <input type="checkbox"/>	Partially Substantiated <input type="checkbox"/>	Unsubstantiated <input checked="" type="checkbox"/>
<b>Observation</b>			
<b>Participant interviews on food security and financial situation</b>			
During interviews with the participants, EY asked the following questions relating to food security and financial situation, with participants providing ratings on a scale from 0 to 10. The average scores were as follows:			
1. How have you been able to eat and feed your family in the last 12 months? Why? On a scale of 0-10, with 10 being everyone gets to eat as much as they need.			
Average score of 8.4 based on 8 answers. Ratings ranged from 6 to 10.			
2. How would you say that your participation in the program impacted your food security? Why? Are there other factors besides the program that impacted that? On a scale of 0-10, where 10 = biggest improvement and 0 = biggest decline (5 = no change)			
Average score of 7.1 based on 10 answers. Ratings ranged from 5 to 10.			
3. How would you say that your participation in the program impacted your living situation / financial security? Why? Are there other factors besides the program that impacted that? On a scale of 0-10, where 10 = biggest improvement and 0 = biggest decline (5 = no change)			
Average score of 6.8 based on 10 answers. Ratings ranged from 5 to 9.			
<b>Refer to Appendix EY02 for a full listing of interview questions and a summary of the interviewees' responses.</b>			
<b>Participant-reported benefits from the TGB project</b>			
The observations from the site visits did not support the assertion that the TGB project has reduced the food security or financial status of the participating landowners. Instead, the interviewed participants reported improvements in both areas. The interviewees highlighted the following benefits from participating in the program:			
<ul style="list-style-type: none"><li>▶ The trees provide shade, which, according to the participants, gives an advantage when growing crops like cacao and coffee.</li><li>▶ The availability of firewood from the trees, reducing the need to purchase it.</li><li>▶ The trees aid in soil retention and water conservation, particularly during periods of reduced rainfall.</li></ul>			
<b>Landowner perspectives on primary income sources and project payments</b>			
EY also noted that multiple landowners cited the project payments as a minor income source compared to their primary earnings from crops like coffee, cacao, tobacco, maize, cassava, and others. According to the landowners, coffee, and cacao, which are significant income sources, thrive when intercropped with the TGB project trees. Some landowners also mentioned that the trees help build resilience against increasing droughts and intense sunlight, which according to them are greater threats to their food security.			
<b>Landowner investments and financial resilience</b>			
Regarding financial aspects, landowners who confirmed receiving payments indicated that the funds had helped them invest in, for example, their family's education and their businesses. This investment has reportedly enabled them to maintain and potentially increase their income to buy new crops or more coffee and cocoa or livestock.			

Substantiation analysis	Substantiated <input type="checkbox"/>	Partially Substantiated <input type="checkbox"/>	Unsubstantiated <input checked="" type="checkbox"/>
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## Observation

### Addressing sensitive allegations and community economic well-being

One of the claims in the Aftonbladet article was that participants had to “marry off” their daughters due to financial and food insecurity. Due to the sensitive nature of this claim, this topic was broached in just one of our interviews. The participant expressed distress over the allegation, stating that it was inaccurate and emphasized that the community's economic well-being is sufficient to negate any need for such actions.

### Risks to food security from project tree management

During discussions with EY, participants highlighted that certain food crops, such as maize, cassava, and groundnuts, could be adversely affected if the project's trees overshadow them, leading to a lack of sufficient sunlight for growth. Consequently, participants mentioned that these crops should not be planted alongside the TGB trees.

On the other hand, it was observed that crops like coffee and cacao, which also happen to be more lucrative for the participants, benefit from the shade provided by the TGB trees. This observation was corroborated during an EY site visit, where it was noted that coffee plants cultivated together with the TGB trees were faring better than those exposed to direct sunlight just 50 meters away.

However, it is important to recognize that as the project trees mature, they may require thinning to prevent excessive shading, which could negatively affect both other TGB trees and underplanted crops like coffee and cacao. The project's design does though anticipate this by planning for a gradual reduction in the target regarding the number of trees to allow for adequate growth and carbon capture.

### EY's conclusion

In conclusion, based on the scoring provided by interviewees and alternative solutions that they described to offset loss of certain crops that could potentially arise from excessive shading, we assess this risk as **unsubstantiated**. This conclusion is drawn from overall positive participant feedback, with average scores reflecting improvements in food and financial security attributed to the TGB project. Furthermore, landowners have reported additional benefits from participating in the program.

However, please refer to the recommendations below for suggestions to further reduce the risk of food insecurity.

Potential Impact	Recommendation
<ul style="list-style-type: none"> <li>▶ If the trees are not managed properly and overshadow crops that require more sunlight, there could be a reduction in crop yield, which could possibly impact the food security and income of the landowners.</li> <li>▶ A possible overemphasis on the financial benefits from the project without understanding the full scope of the contract could lead to an overreliance on these payments, making landowners vulnerable to financial instability if expected payments are delayed or less than anticipated.</li> </ul>	<p>We recommend that MAX initiates a dialogue with ZeroMission so they start to implement the following actions towards Ecotrust:</p> <ul style="list-style-type: none"> <li>▶ <b>Financial Planning Assistance:</b> Like the land planning that TGB supports participants with, consider suggesting that TGB also offer landowners financial planning assistance to help them manage their income from various sources, including the TGB project, to ensure they are not overly dependent on project payments.</li> <li>▶ <b>Check for Excessive Shading during Monitoring Procedures:</b> As part of the periodic monitoring that Ecotrust is performing, ask them to add a monitoring check for excessive shading which could have a negative impact on crop growth, so that they can give the participants guidance while on-site.</li> </ul>

## 4. Conclusion

Based on procedures performed, we have not identified observations that suggest that the most egregious claims in the Aftonbladet articles (e.g., starvation, increased poverty, etc.) are occurring as a result of the project. Based on responses from the representative sample of participants that we interviewed, food security and financial security increased due to the project.

However, based on our investigation and our analysis we have identified some control opportunities for EcoTrust, with support from ZeroMission, to improve on in the future, such as improving certain documentation/processes and timeliness of farmer payments.

### 4.1 Risk areas

Based on our investigation, we have noted that two risk areas have been *partially substantiated* while three risks have been deemed *unsubstantiated*.

The risks that are categorized as *partially substantiated* are due to, primarily, lack of documentation and control or process weaknesses. We have summarized below the observations based on our investigation procedures.

#### 4.1.1 Systematic crime, corruption, misconduct or other violation (e.g., double selling of carbon) has been the result of MAX financing TGB

Based on our procedures performed, EY has not identified indications that systematic crime, corruption, misconduct, or other violations (e.g., double selling of carbon) has been the result of MAX financing TGB and thus considers the risk to be **unsubstantiated**.

#### 4.1.2 Carbon credit standards established by Plan Vivo have not been followed

Although the Plan Vivo standard does not have a minimum land size requirement for entering the program, there was inconsistent understanding surrounding this among participants and other parties involved in the TGB project. Additionally, according to the standard, 60% of the income from the sale of Plan Vivo certificates must be distributed to the project participants, while we identified an average of 56% being paid on to participants - a difference which could be attributable to fluctuations in exchange rates and other unit conversions. According to Plan Vivo, a lower percentage could be acceptable if it is communicated and agreed with the participants.

There were also factors limiting our analysis of this risk. For example, there is not a process in place for documenting tree identification and planting methods which makes it difficult to understand which trees are part of the TGB project.

Additionally, this year the TGB project is undergoing a Plan Vivo certification audit, which happens every five years, but the report had not been published by Aster Global, the appointed auditor, by the time of our investigation, which limits the current assessment of compliance with the Plan Vivo standards.

#### 4.1.3 Carbon has not been captured, i.e., trees are no longer present

The risk regarding carbon not being captured has been determined to be unsubstantiated. From interviews and walkthroughs with the project participants and our analysis we have observed that the TGB project does not threaten food security and that the TGB initiative has increased food security by generating extra income for the landowners and providing shade for other crops on their

land.

Evidence from our site visits and data analysis indicates that the trees on the land of the participants are predominantly intact. This indicates that the project trees are actively contributing to the project's environmental and social goals.

The removal of trees and burning into charcoal does not seem to be a systematic issue, but we have found certain indications of this happening on an infrequent basis. Ultimately, though, the reserve fund would more than cover lost carbon in these exceptional circumstances, so we have assessed this risk as **unsubstantiated**.

#### **4.1.4 Landowners have not been paid as they are entitled to, per the contract**

Our review of Ecotrust's financial transactions with 30 participants verified that all eligible participants were paid, except for one whose letter of consent for third-party payment was not provided. We could not, however, account for a missing 12,6% on average between the contracted payment schedules and the actual payments made by Ecotrust. In the aggregate, the total missing was 11,1%. Moreover, payment timing often did not match the intervals established in the contract. Ecotrust has addressed the identified discrepancy with explanations that imply legitimate causes; nevertheless, EY is still in need of the conclusive documentation to confirm these reasons as factual.

While seven out of 10 visited participants confirmed receipt of payments, only one could provide evidence. Another finding was that participants did not recognize seedlings as payments, and language barriers in English-drafted contracts contributed to confusion over payment terms. The level of understanding of contract terms varied, with newer project members generally less informed than those who joined earlier.

Based on the above observations, we assess the risk as **partially substantiated**.

#### **4.1.5 The project threatens food security for the participants**

We have not identified any observation that suggest that the TGB project leads to starvation or increased poverty.

Based on the scoring provided by interviewees and alternative solutions that they described to offset loss of certain crops that could potentially arise from excessive shading, we assess this risk as unsubstantiated. This conclusion is drawn from overall positive participant feedback, with average scores reflecting improvements in food and financial security attributed to the TGB project. Furthermore, landowners have reported additional benefits from participating in the program. Hence, hence we assess the risk as **unsubstantiated**.

## **4.2 Other key results from the investigation**

### **4.2.1 Plan Vivo's TGB project overview**

From interviews with Plan Vivo, we understand that TGB is one of the longest-running and largest carbon offsetting initiatives relative to other carbon offsetting projects. In previous audits, the project has not had any serious compliance issues raised and the issues that have been raised have been resolved to the satisfaction of the independent auditors.

#### **4.2.2 Project participant interviews and questionnaire**

We conducted interviews with 10 project participants and visited their land and houses to understand their living situation and how the TGB project had impacted their life. When conducting the interviews with the project participants, we asked each interviewee to respond to a questionnaire where the participants were asked to estimate various aspects of the project based on a scale from 0-10. Please refer to Appendix EY02 for full results of the questionnaire.

#### **4.2.3 Participants' feedback on investment in the Ecotrust project**

From the responses, we noted that the following question received the highest score with an average of 8.8 *"How strongly do you recommend MAX to keep investing in the Ecotrust project? Why?"* The high ratings were attributed to various factors. Participants acknowledged the benefits of the project and believed that increased investments by MAX could help the project expand to new regions, developing its overall effectiveness and encouraging more landowners to participate.

Two participants, who were more critical of the project in other aspects, stated that continued investment from MAX is crucial; without it, there is a risk that participants might withdraw and opt for alternative initiatives like a project to grow sugarcane.

#### **4.2.4 Participants' perspectives on others' experience with Ecotrust**

The question receiving the lowest score with an average of 6.2 was *"How would you rate others' experience with the Ecotrust tree-planting project (i.e., people that you know who are also participating in the project)? Why? What do you think would make them rate it higher?"*

One participant compared the TGB project to the alternative project involving growing sugar cane, reasoning that it provided more immediate financial benefits than the TGB project. Another participant gave a low rating due to dissatisfaction with the size and frequency of payments.

#### **4.2.5 Ecotrust's engagement and support in the TGB project**

Throughout the investigation, EY notes that Ecotrust's consistent engagement and support of the TGB project stands out positively among various non-governmental organizations and government programs in Uganda. Participants appreciated Ecotrust's long-term commitment, noting that other organizations often disengage if immediate results are not seen, particularly in reforestation efforts.

While some landowners mentioned the appeal of faster-growing crops like sugar cane for quicker financial returns, Ecotrust's regular follow-ups and monitoring were seen as crucial support, even for those not meeting payment targets.

However, EY noted challenges with the clarity of contracts and payment schedules, especially for newer participants, emphasizing the need for better communication and support from local coordinators in order to increase understanding.

#### **4.2.6 Analysis of payment data from MAX to ZeroMission and to Ecotrust**

EY analyzed payment data from ZeroMission to track the flow of funds from MAX's carbon credit purchases between 2017 and 2022, and what ZeroMission acquired from Ecotrust.

While EY could trace the transactions between MAX and ZeroMission and from ZeroMission to Ecotrust, it was not possible for EY to determine the exact portion of payments from Ecotrust to

individual project participants that related to funds originally paid by MAX.

The lack of earmarked funds for specific participants, multiple payment installments, and not specified year of issuance for the carbon credits in Ecotrust's annual reports contributed to this challenge.

## Appendix EY01 - List of Conducted Interviews/Walkthroughs

Date	Topic	Interviewee Role / Title	Location
June 3, 2024	Interview with Ecotrust	Executive Director, Ecotrust	Digital
June 5, 2024	Interview with ZeroMission	Senior Climate Strategist, CFO, Sourcing, ZeroMission	ZeroMission office, Stockholm
June 14, 2024	Interview with Plan Vivo	CEO, Blue Carbon Coordinator, Technical Coordinator	Digital
June 24, June	Interview with head of Programme at Ecotrust	Head of programme, Ecotrust	Site visit at Ecotrust office in Kampala
June 25, 2024	Interview with Ecotrust officials in Hoima	Ecotrust, Head of districts, Ecotrust in Hoima	Site visit at Hoima
June 25, 2024	Interview with Ecotrust official in Kampala	Project Accountant, Ecotrust	Site visit at Ecotrust office in Kampala
June 25, 2024	Interview with Ecotrust official in Kampala	Project Coordinator, Ecotrust	Site visit at Ecotrust office in Kampala
June 25, 2024	Interview with Ecotrust official in Kampala	Executive Director, Ecotrust	Site visit at Ecotrust office in Kampala
June 25 & June 28, 2024	Site visit the 25 <sup>th</sup> of June and interview with landowner via phone June 28 <sup>th</sup> .	TGB project participant ("Participant #1")	Site visit at Kabwoya and Digital
June 25, 2024	Interview with landowner on site	TGB project participant ("Participant #2")	Site visit at Kabwoya
June 26, 2024	Interview with Ecotrust official in Kampala	Monitor and Evaluation coordinator, Ecotrust	Site visit at Ecotrust office in Kampala
June 26, 2024	Interview with landowner on site	TGB project participant ("Participant #3")	Site visit at Kiziranfumbi
June 26, 2024	Interview with landowner on site	TGB project participant ("Participant #4")	Site visit at Kiziranfumbi
June 27, 2024	Interview with landowner on site	TGB project participant ("Participant #5")	Site visit at Kitoba
June 27, 2024	Interview with landowner on site	TGB project participant ("Participant #6")	Site visit at Kitoba
June 27, 2024	Interview with landowner on site	TGB project participant ("Participant #7")	Site visit at Kigorobya
June 28, 2024	Interview with landowner on site	TGB project participant ("Participant #8")	Site visit at Bugambe
June 28, 2024	Interview with landowner on site	TGB project participant ("Participant #9")	Site visit at Bugambe
June 28, 2024	Interview with landowner on site	TGB project participant ("Participant #10")	Site visit at Bugambe
June 28, 2024	Interview with Ecotrust official in Kampala	Compliance officer, Ecotrust	Site visit at Ecotrust office in Kampala
August 16, 2024	Walkthrough with Ecotrust	Executive Director, Ecotrust	Digital
August 19, 2024	Interview with Plan Vivo	CEO, Blue Carbon Coordinator, Technical Coordinator	Digital
August 21, 2024	Walkthrough with ZeroMission	Head of Sales, Senior Climate Strategist, CFO, CEO, ZeroMission	Digital
September 4, 2024	Walkthrough with ZeroMission	Head of Sales, CFO, CEO, ZeroMission	Digital

## Appendix EY02 – Project Ratings by Hoima Interviewees

Question	Description of rating	Average rating	No. of respondents	High-level summary of interviewee comments
How would you rate your experience with the Ecotrust tree-planting project? Why? What would make you rate it higher?	On a scale of 0-10, where 10 = best experience and 0 = worst experience	7.2	10 out of 10 responded	Participants rated their experience with the TGB project from 2 to 9, with benefits including fruit harvesting, future timber sales, and firewood from pruning. The complexity of the program and delays in receiving seedlings and payments were cited as reasons for not giving higher ratings.
How would you rate others' experience with the Ecotrust tree-planting project (i.e., people that you know who are also participating in the project)? Why? What do you think would make them rate it higher?	On a scale of 0-10, where 10 = best experience and 0 = worst experience	6.2	9 out of 10 responded  One participant did not give a rating since he thought it was difficult to know what people think.	Participants' views on how others might rate the project varied, with some believing others are content and others speculating lower satisfaction due to the appeal of alternative projects or delayed payments. The estimated ratings ranged from 2 to 8, reflecting diverse opinions and experiences.
How have you been able to eat and feed your family in the last 12 months? Why?	On a scale of 0-10, with 10 being everyone gets to eat as much as they need	8.4	8 out of 10 responded  Two participants were not asked this question by EY. However, other questions were asked regarding food security relating to the project (see below).	Most participants reported no issues with food security, with ratings from 6 to 10, attributing this to the project's benefits and their own agricultural practices. Some faced challenges due to wildlife and adverse weather but managed to sustain their families.  Two participants were not asked this question by EY. Other questions regarding food security related to the project were however asked.
How would you say that your participation in the program impacted your food security? Why? Are there other factors besides the program that impacted that?	On a scale of 0-10, where 10 = biggest improvement and 0 = biggest decline (5 = no change)	7.1	10 out of 10 responded	Participants felt the project had improved their food security by introducing new crops and planting methods, with ratings from 5 to 10. Some noted the project's role in supporting crops during adverse weather and providing additional resources like firewood.
How would you say that your participation in the program impacted your living situation / financial security? Why? Are there other factors besides the program	On a scale of 0-10, where 10 = biggest improvement and 0 = biggest decline (5 = no change)	6.8	10 out of 10 responded	The financial impact of the TGB project was generally positive, with participants reporting benefits from additional income sources and increased crop yields. Ratings ranged from 5 to 9, with some noting no significant change but acknowledging the potential for future benefits.

Question	Description of rating	Average rating	No. of respondents	High-level summary of interviewee comments
that impacted that?				
How well would you say that you understand the contract and payment schedule with Ecotrust? Why?	On a scale of 0-10, where 10 = complete understanding and 0 = no understanding	6.4	9 out of 10 responded  One participant did not give it a rating since he said he had not received a contract or payments.	Understanding of the TGB project contract varied, with ratings from 1 to 10. Some participants felt well-informed, while others expressed confusion over payment schedules and contract terms, expressing a need for clearer communication and training.
How likely are you to recommend the program to a friend or neighbor? Why?	On a scale of 0-10, where 10 = extremely likely and 0 = extremely unlikely	6.4	9 out of 10 responded  One participant did not give a rating since the scale for the rating was difficult to use.	Participants' willingness to recommend the TGB project was influenced by personal experiences and the understanding of the program, with ratings from 2 to 10. Some were eager to endorse it, while others were more hesitant due to issues like payment delays.
How likely are you to quit the program before your contract is complete? Why?	On a scale of 0-10, where 10 = extremely likely and 1 = extremely unlikely	0.8	8 out of 10 responded  Two participants did not give a rating since both had completed their contracts with Ecotrust.	Most participants expressed a commitment to continuing with the TGB project due to its long-term benefits, with ratings from 0 to 2. A few were less certain, indicating that improvements in payment and support could influence their decision to stay.
How strongly do you recommend MAX to keep investing in the Ecotrust project? Why?	On a scale of 0-10, where 10 = very strongly recommend and 0 = do not recommend	8.8	10 out of 10 responded	Participants encouraged MAX to continue and even increase investment in the TGB project, emphasizing its environmental and economic benefits. Some suggested that without further investment, participants might turn to other projects, with ratings from 7 to 10.
How would you rate how you use/allocate your land now, compared to before you joined the project? Why?	On a scale of 0-10, where 10 = biggest improvement and 0 = biggest decline (5 = no change)	7.1	10 out of 10 responded	Changes in land use due to the TGB project varied, with some participants diversifying their crops and others maintaining their original farming practices. The impact on land allocation ranged from significant to minimal, with future tree growth potentially influencing land use decisions, and ratings from 5 to 10.

## Appendix EY03 - Transaction testing

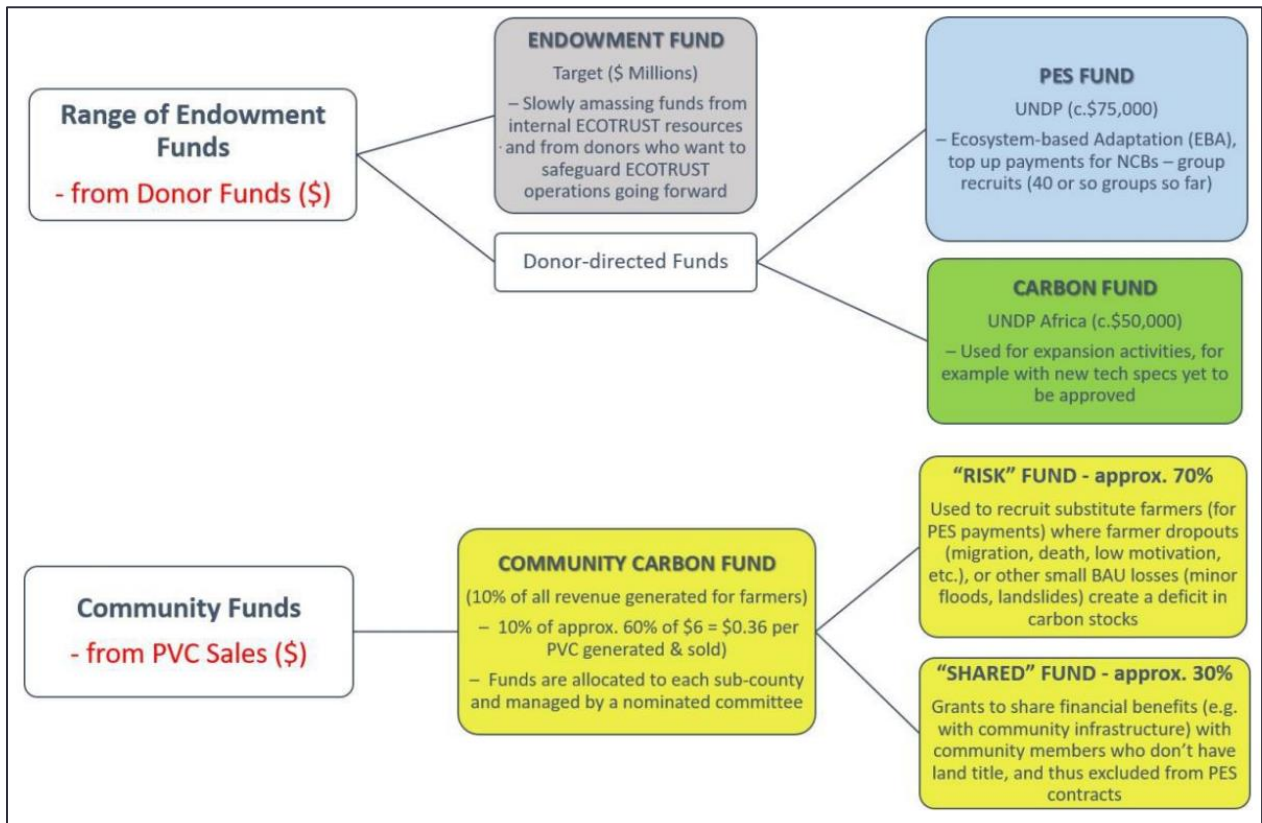
Participant	At least one payment has been made with adequate verification	Amount contractually due to be paid up to the present date (USD)	Amount paid to date according to provided documentation (USD)	Discrepancy between payments due and paid, which could not be accounted for	Comment
1	Yes	759	759	0%	
2	Yes	486	515	6%	
3	Yes	604	446	-26%	According to Ecotrust, this participant is slated for monitoring in 2024 to verify if he was reached target required to receive the final payment. This monitoring and consequent (potential) payment should have happened sooner.
4	Yes	292	322	10%	
5	Yes	365	418	15%	Received payment although provided monitoring form indicated he was not eligible.
6	Yes	547	494	-10%	
7	Yes	965	357	-63%	Ecotrust has not provided an explanation on this deviation.
8	Yes	299	87	-71%	Ecotrust claim participant did not meet requirement. This claim conflicts with provided documentation.
9	Yes	1450	449 <sup>1</sup>	0%	
10	Yes	1282	288 <sup>1</sup>	0%	
11	n/a	-	62	-	We did not receive a contract for this participant. Nonetheless, both records from Ecotrust and the individual's own admission confirm that he did not meet requirements, and therefore, was not

Participant	At least one payment has been made with adequate verification	Amount contractually due to be paid up to the present date (USD)	Amount paid to date according to provided documentation (USD)	Discrepancy between payments due and paid, which could not be accounted for	Comment
					eligible for payment.
12	Yes	747	628	-16%	Ecotrust acknowledged an incorrect payment amount.
13	Yes	745	391	-47%	Ecotrust claim participant did not meet requirement. This claim conflicts with provided documentation.
14	Yes	2485	962	-21%	Ecotrust claim participant did not meet requirement. No documentation has been provided to verify this statement.
15	Yes	15	10	-35%	Ecotrust has recognized that the payment amount processed was incorrect.
16	Yes	2645	582	-2%	
17	Yes	1822	864	2%	
18	Yes	855	934	9%	
19	Yes	146	146	0%	
20	Yes	731	-	-	Payment record not received.
21	Yes	27	27	0%	
22	yes	n/a	127		Contract not provided.
23	Yes	58	30	-48%	Ecotrust has not provided an explanation on this deviation.
24	Yes	107	82	-23%	Ecotrust has not provided an explanation on this deviation.
25	Yes	15	15	0%	
26	Yes	226	222	-2%	
27	No	187	184	-2%	Payment was made via a third-party.

Participant	At least one payment has been made with adequate verification	Amount contractually due to be paid up to the present date (USD)	Amount paid to date according to provided documentation (USD)	Discrepancy between payments due and paid, which could not be accounted for	Comment
					Missing proof of consent for this.
28	Yes	298	293	-2%	
29	Yes	113	111	-2%	
30	Yes	1068	925	-13%	

## Appendix EY04 - TGB Funding Sources

Based on Ecotrust's TGB project design document, TGB receives funding from the following sources:



## Appendix EY05 – Ecotrust Roles in TGB Project

Based on discussions with Ecotrust management, various departments are involved in the TGB project and carbon offsetting process:

### **CARBON CREDIT COORDINATION ACROSS ECOTRUST’S DEPARTMENTS:**

#### **Programme Department**

- **Engagement with Participants:** Contracts land owners and assigns unique Plan Vivo IDs for tracking.
- **Carbon Offset Estimation:** Calculates the anticipated tCO<sub>2</sub> from each farmer, adhering to technical specifications.
- **Annual Reporting:** Compiles reports that demonstrate how credits were generated according to technical standards.

#### **Finance Department**

- **Credit and Payable Management:** Recognizes stock as a debit and participants payables as a credit, dividing the total contract amount between participants (90%) and the Community Carbon Fund (CCF) (10%).
- **Revenue Recognition:** Records income when credits are sold by debiting cost of sales and crediting stock for each tCO<sub>2</sub> unit sold.
- **Payment Transactions:** Handles actual payments through bank transactions, reflecting the actual sale price as per invoices. Automates certain processes, requiring entry of the volume sold and the price.

#### **Marketing Team**

- **Issuance, Sales, and Transfers:** Manages the issuance, sale, and transfer of carbon credits to buyers.
- **Compliance and Reporting:** Submits annual reports to Plan Vivo, requests credit issuances, and coordinates with the Markit Registry to upload credits with all necessary documentation.
- **Buyer Engagement:** Conducts negotiations, finalizes contracts with buyers, and upon receipt confirmation of funds by the Finance Department, transfers credits to the buyer's accounts.

## Appendix EY06 - Photos from the Site Visits

### Participant 1



Home of participant 1



Shelter for livestock

### Participant 2



Plants of tobacco



House of participant 2

### Participant 3



House of participant 3



Space for crops

**Participant 4**



House of participant 4, as well as shelter for livestock



Crops and trees on participant

**Participant 5**



Coffee trees under shade from TGB trees



Coffee trees not under shade from TGB trees

**Participant 6**



House of participant 6



Branches from TGB trees

**Participant 7**



Shelter at participant 7's field, proper house in another location



Beehive surrounded by TGB trees

**Participant 8**



Coffee under shade from TGB trees



Charcoal from eucalyptus trees (not TGB trees)

**Participant 9**



Umbrella tree not suitable to grow crops beneath but coffee and cacao



Sugar cane on participant 9's land

**Participant 10**



House of participant 10



Forest including TGB trees, banana trees and coffee trees

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