

VALIDATION AND VERIFICATION REPORT

American Carbon Registry

Finite Carbon – Scott Woodlands IFM

Reporting Period:

10 May 2022 to 31 December 2022

Prepared for:

Finite Carbon

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AMERICAN CARBON REGISTRY

Prepared by:

Alexander Pancoast | Lead Auditor
Greenhouse Gas Verification Program
+1.510.452.8000
APancoast@scsglobalservices.com

SCSglobal
SERVICES
Setting the standard for sustainability™

2000 Powell Street, Ste. 600, Emeryville, CA 94608 USA
+1.510.452.8000 main | +1.510.452.8001 fax
www.SCSglobalServices.com

Project Title	Finite Carbon – Scott Woodlands IFM
Client	Finite Carbon
Prepared By	SCS Global Services
Date of Issue	26 April 2024
Contact	2000 Powell Street, Suite 600, Emeryville, CA 94608, USA http://www.scsglobalservices.com Email: CPollet-Young@scsglobalservices.com Telephone: +1 (510) 452-8000
Audit Team	Lead Auditor: Alexander Pancoast Auditor: Raleigh Ricart Internal Reviewer: Bryan Cummings

Executive Summary

This report describes the validation and initial verification services provided for the Finite Carbon – Scott Woodlands IFM project (“the project”), an Improved Forest Management project located in South Carolina and Georgia, that was conducted by SCS Global Services. The Project Proponent is Scott Woodlands, LLC. The overall goal of the validation engagement was to review impartially and objectively the GHG project plan against the requirements laid out in the ACR Standard and relevant methodology. The overall goal of the verification engagement was to review impartially objectively the claimed GHG emission reductions/removal enhancements for the reporting period from 10 May 2022 to 31 December 2022 against relevant ACR standards and the approved methodology. Verification services commenced on via kickoff call on February 2, 2023. The validation and verification engagements were carried out through a combination of document review, interviews with relevant personnel and on-site inspections. As part of the validation and verification engagements 5 findings were raised: 1 Non-Conformity Reports, 3 New Information Requests and 1 Observations. These findings are described in Appendix A of this report. The project complies with the validation and verification criteria, and SCS holds no restrictions or uncertainties with respect to the compliance of the project with the validation and verification criteria.

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1 Introduction

1.1 About SCS Global Services

SCS Global Services (SCS) is a global leader in third-party certification, auditing, testing services, and standards. Established as an independent third-party certification firm in 1984, our goal is to recognize the highest levels of performance in environmental protection and social responsibility in the private and public sectors, and to stimulate continuous improvement in sustainable development. In 2012, Scientific Certification Systems, Inc. began doing business as SCS Global Services, communicating its global position with offices and representatives in over 20 countries.

SCS' Greenhouse Gas (GHG) Verification Program has been verifying carbon offsets since 2008 and to date has verified nearly 300 million tonnes of CO₂e, providing GHG verification services to a wide array of industries including manufacturing, transportation, municipalities, and non-profit organizations. The GHG Verification Program draws upon SCS's established expertise to serve the global carbon market.

1.2 Objectives

1.2.1 Validation Objectives

The overall goal of third-party validation was to review impartially and objectively the GHG project plan against the requirements laid out in the ACR Standard and relevant methodology. SCS independently evaluated the project design and planning information, based on supporting documentation and GHG validation best practices.

The objectives of validation were to evaluate

- Conformance to the ACR Standard.
- GHG emissions reduction project planning information and documentation in accordance with the applicable ACR-approved methodology, including the project description, baseline, eligibility criteria, monitoring and reporting procedures, and quality assurance/quality control (QA/QC) procedures.
- Reported GHG baseline, ex ante estimated project emissions and emission reductions/removal enhancements, leakage assessment, and impermanence risk assessment and mitigation (if applicable).

SCS reviewed any relevant additional documentation provided by the project proponent to confirm the project's eligibility for registration on ACR.

1.2.2 Verification Objectives

The overall goal of third-party verification was to review impartially and objectively the claimed GHG emission reductions/removal enhancements against relevant ACR standards and the approved

methodology. SCS independently evaluated the GHG assertion, based on supporting evidence and GHG verification best practice. The objectives of verification were to evaluate

- Reported GHG baseline, project emissions and emission reductions/removal enhancements, leakage assessment, and impermanence risk assessment and mitigation (if applicable).
- Any significant changes to the project procedures or criteria since the last verification.
- Any significant changes in the GHG project's baseline emissions and emission reductions/removal enhancements since the last verification.

SCS reviewed the GHG project plan, GHG assertion, and any additional relevant documentation provided by the client to determine

- That the reported emissions reductions and/or removal enhancements are real.
- Degree of confidence in and completeness of the GHG assertion.
- That project implementation was consistent with the GHG project plan.
- Eligibility for registration on ACR.
- Sources and magnitude of potential errors, omissions, and misrepresentations, including the
 - Inherent risk of material misstatement.
 - Risk that the existing controls of the GHG project would not have prevented or detected a material misstatement.

1.3 Scope

1.3.1 Scope of Validation

The validation included examination of all of the following elements of the GHG project plan:

- Project boundary and procedures for establishing the project boundary
- Physical infrastructure, activities, technologies, and processes of the project
- GHGs, sources, and sinks within the project boundary
- Temporal boundary
- Description of and justification for the baseline scenario
- Methodologies, algorithms, and calculations that will be used to generate estimates of emissions and emission reductions/removal enhancements
- Process information, source identification/counts, and operational details
- Data management systems
- QA/QC procedures
- Processes for uncertainty assessments
- Project-specific conformance to ACR eligibility criteria

1.3.2 Scope of Verification

Verification included examination of some or all of the following elements of the GHG project plan:

- Physical infrastructure, activities, technologies, and processes of the GHG project
- GHG SSRs within the project boundary
- Temporal boundary
- Baseline scenarios
- Methods and calculations used to generate estimates of emissions and emission reductions/removal enhancements
- Original underlying data and documentation as relevant and required to evaluate the GHG assertion
- Process information, source identification/counts, and operational details
- Data management systems
- Roles and responsibilities of project participants or client staff
- QA/QC procedures and results
- Processes for and results from uncertainty assessments
- Project-specific conformance to ACR eligibility criteria

SCS examined the reported data, quantification methodologies, calculation spread-sheets or databases, source data, project data management systems, data quality controls in place, measurement and monitoring systems, and records pertaining to emissions quantification. Calculation and error checks, site inspections, interviews with project participants, an iterative risk assessment, sampling plan, and audit checklist were performed to the extent necessary for SCS to develop an understanding of how data are collected, handled, and stored for a specific project.

Finally, as a full verification, the verification services included a field visit to the project site and

- Such carbon stock measurements as SCS required to provide a reasonable level of assurance that the GHG assertion is without material discrepancy (per ACR's materiality threshold of $\pm 5\%$).
- Updated assessment of the risk of reversal and an updated buffer contribution.

1.4 Validation and Verification Criteria

The validation and verification criteria were comprised of the following:

- ACR Standard, Version 8.0 (Verification)
- ACR Standard, Version 7.0 (Validation)
- Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forest Lands, Version 1.3 ("the methodology")

- Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, version 1.3 Errata and Clarifications
- ACR Tool for Risk Analysis and Buffer Determination, Version 1.0
- ACR Validation and Verification Standard, Version 1.1
- Principles of ISO 14064-3:2019 Greenhouse Gas – Specification with guidance for the validation and verification of greenhouse gas assertions

1.5 Level of Assurance

The level of assurance was reasonable.

1.6 Treatment of Materiality

For validation purposes, a material misstatement was declared if any of the following circumstances were detected:

- The physical or geographic boundary of the GHG project plan was not reasonably accurate.
- In respect of the project baseline,
 - The procedures for determining baseline emissions were not technically sound.
 - Data representative of the operations and activities had not been used, either from a single year or a multi-year average.
 - The baseline scenario chosen was not one for which verifiable data are available.
- In respect of the quantification methodology,
 - The quantification method for each data type was not clearly defined, and/or the degree of supporting documentation provided was inadequate to support a reasonable level of assurance.
 - Methods were not appropriate for accurately quantifying each data type:
 - Activity data had not been correctly applied from the original documentation.
 - The most accurate activity data readily available had not been used.
 - The quantification methodology did not account for all variations in activity data over the relevant crediting period.
 - Any emission factors used did not meet the requirements of the approved methodology and/or are not appropriate to the activity.
 - Any emission factors used had not been correctly applied from the original documentation to the relevant activity data.
 - The most appropriate factors readily available had not been selected.
 - Where there was a choice among equally defensible emission factors, the principle of conservativeness had not informed the choice of emission factors.

- Methods were not applied consistently to develop estimates of emission reductions and removal enhancements.
- The ISO principle of conservativeness was not applied; i.e., the choice of assumptions, calculation methods, parameters, data sources, and emission factors was not more likely to lead to an underestimation than overestimation of net GHG emission reductions and removal enhancements.

For verification purposes, it was required that discrepancies between the emission reductions/removal enhancements claimed by the project proponent and estimated by SCS be immaterial, i.e. be less than ACR's materiality threshold of $\pm 5\%$, as calculated according to the equation in the ACR Standard.

1.7 Summary Description of the Project

The project is located in Hampton and Jasper Counties in the state of South Carolina and Screven County in the state of Georgia and is aimed at conserving carbon-rich forests at potential risk of conversion, while maintaining and accruing additional sequestered carbon in biodiverse hardwood forests adjacent to the Savannah River (which forms the border between South Carolina and Georgia).

2 Assessment Process

2.1 Method and Criteria

The validation and verification services were provided through a combination of document review, interviews with relevant personnel and on-site inspections, as discussed in Sections 2.2 through 2.4 of this report. At all times, an assessment was made for conformance to the criteria described in Section 1.2 of this report. As discussed in Section 2.5 of this report, findings were issued to ensure conformance to all requirements.

The audit team created an evidence gathering plan following a proprietary evidence gathering plan template developed by SCS which includes a strategic analysis and risk assessment. In accordance with the evidence gathering plan, the audit team identified the risk of a material misstatement or nonconformity with the criteria and considered the results of the materiality assessment (see Section 1.6 above). Sampling and data testing activities were planned to address areas of inherent, control, and detection risk. The audit team then created a verification plan that took the evidence gathering plan into account.

2.2 Document Review

The GHG project plan (version 1.4 dated 06 February 2024; "PP") and monitoring report (version 1.5 dated 22 February 2024; "MR") were carefully reviewed for conformance to the validation and verification criteria. The following provides a list of additional documentation, provided by project personnel in support of the aforementioned documents, that was reviewed by the audit team.

Documentation Reviewed During the Course of Validation and Verification Activities		
Document	File Name	Ref.
GHG Project Plan	ACR786 GHG Project Plan_Ver 1.5_20240220.pdf	1
Monitoring Report	ACR786 Monitoring Report_Ver 1.5_20240223_signed.pdf	2
ERT Calculation Workbook	ACR786 ERT Workbook ACR Ver 1.xlsx	3
Baseline Workbook	ACR786 Scott Woodlands Baseline Harvest Schedule Calculation.xlsx	4
Spatial Data	ACR786_RP1.gdb	5
Inventory Data	InventoryData.xlsx	6
Depleted Inventory Data	InventoryData_PostHarvest.xlsx	7
Ownership Docs	Appendix A. Ownership Documentation	8
Inventory Specifications	Appendix B. Inventory Specifications.pdf	9
Forest Management Plans	Appendix D. Forest Management	10
ATFS Certification	Appendix E. American Tree Farm Certification.pdf	11
Modeling Assumptions	Appendix F. Modeling Assumptions for Scott Woodlands IFM.pdf	12
ARB Common Practice Stats	Appendix G. CP Analysis via ARB SS.xlsx	13
Start Date Proof	Appendix H. Proof of Start Date - CMDSA.pdf	14
Site Index Workbook	Appendix I. Scott Woodlands Site Index Workup.xlsx	15
NPV Modeling Assumptions	Appendix J. Economic Inputs for Modeling Assumptions.xlsx	16
FVS Outfiles	\ClientSubmissions\Baseline Modeling Package\ACR786 Scott Woodlands Baseline Modeling Package v 1\FVS Outs	17
FVS Output database	ACR786 Scott Woodlands FVS Output DB v1.0 02222023.accdb	18

2.3 Interviews

2.3.1 Interviews of Project Personnel

The process used in interviewing project personnel was a process wherein the audit team elicited information from project personnel regarding (1) the work products provided to the audit team in support of the PD and MR; (2) actions undertaken to ensure conformance with various requirements and (3) implementation status of the project activities. The following provides a list of personnel associated with the project proponent who were interviewed.

Interview Log: Individuals Associated with Project Proponent			
Individual	Affiliation	Role	Date(s) Interviewed
Jake Scott	Scott Woodlands, LLC	Project Proponent	March 28 th 2023
Katie Cook	Finite Carbon	Project Development Team	Throughout Audit
Nate Hanzelka	Finite Carbon	Project Development Team	Throughout Audit
Brian Sharer	Finite Carbon	Project Development Team	Throughout Audit

2.3.2 Interviews of Other Individuals

The process used in interviewing individuals other than project personnel was a process wherein the audit team made inquiries to confirm the validity of the information provided to the audit team. The following personnel not associated with the project proponent. The following provides a list of individuals not associated with the project proponent who were interviewed.

Interview Log: Individuals Not Associated with Project Proponent			
Individual	Affiliation	Role	Date(s) Interviewed
Drew Pressley	South Carolina Forestry Commission	Forester	11/6/23

2.4 Site Inspections

The objectives of the on-site inspections were as follows:

- Ensure that data collection for t-test was carried out to the highest possible quality standards and that our client was comfortable with the work being performed
- Perform field general reconnaissance
- Ground-truth stratification of project area
- Independently check the accuracy of spatial information on ownership, as used in delineation of the project area, by visiting a sample of corners or other ownership monuments and comparing actual locations to mapped locations
- Ground-truth the following additional spatial work products used as an input to GHG emission reductions/removals quantification:

In support of the above objectives, the audit team performed an on-site inspection of the project area on the dates 27 March 2023 through 29 March 2023. The main activities undertaken by the audit team were as follows:

- Interviewed project personnel (see Section 2.3.1 of this report) to gather information regarding the monitoring procedures and project implementation

- Carried out on-site inspections of the project's measurement and/or monitoring methodologies through the following activities:
 - Collecting tree measurements on a selection of plots
 - Capturing GPS coordinates at locations including strata boundaries, road intersections, and property lines
 - Viewing stands which have underwent various forest management activities and silvicultural treatments.

2.5 Resolution of Findings

Any potential or actual discrepancies identified during the audit process were resolved through the issuance of findings. The types of findings typically issued by SCS during this type of validation and verification engagement are characterized as follows:

- Non-Conformity Report (NCR): An NCR signified a discrepancy with respect to a specific requirement. This type of finding could only be closed upon receipt by SCS of evidence indicating that the identified discrepancy had been corrected. Resolution of all open NCRs was a prerequisite for issuance of a validation and/or verification statement.
- New Information Request (NIR): An NIR signified a need for supplementary information in order to determine whether a material discrepancy existed with respect to a specific requirement. Receipt of an NIR did not necessarily indicate that the project was not in compliance with a specific requirement. However, resolution of all open NIRs was a prerequisite for issuance of a validation and/or verification statement.
- Observation (OBS): An OBS indicates an area where immaterial discrepancies exist between the observations, data testing results or professional judgment of the audit team and the information reported or utilized (or the methods used to acquire such information) within the GHG assertion. A root cause analysis and corrective action plan are not required, but highly recommended. Observations are considered by the audit team to be closed upon issuance, and a response to this type of finding is not necessary.

As part of the audit process, 1 NCRs, 3 NIRs and 1 OBS were issued. All findings issued by the audit team during the audit process have been closed. All findings issued during the audit process, and the impetus for the closure of each such finding, are described in Appendix A of this report.

2.6 Techniques and Processes Used to Test the GHG Information and GHG Assertion

The audit team applied various techniques and processes to test the GHG information and the GHG assertion over the course of the audit, listed below:

- Review of project documentation including the GHG Plan (Ref. 1), MR (Ref. 2), spatial information (Ref. 5), and calculation workbooks (Ref. 3) to check for project-specific

conformance to ACR standard and methodology, appropriateness of methodologies and tools applied, accuracy of GHG information and assertion

- Assessment of any disturbances or forest management activities, including a discussion with project personnel on any harvest activities.
- Review of sources, sinks and reservoirs of GHG emissions within the project boundary.
- Assessment of eligibility, additionality, GHG emission reduction assertion and underlying monitoring data to determine if either contained material or immaterial misstatements.
- Assessment of the emission reduction calculation inputs and procedures was performed to review the quantitative analyses undertaken by the project proponent to convert the raw inventory data into emission reduction estimates during the reporting period (Refs. 3,4,6). This included a re-calculation of project emissions, ERTs, and uncertainty using inventory data as described below in section 4.1
- Baseline scenario modeling and ex ante estimates were also reviewed, recalculated, and remodeled. This included a look at the feasibility financially and physically to accomplish the claims made in the baseline scenario.
- Communicate with project personnel and project proponent via interviews, emails, and meetings to gain a better understanding of the project team's methodologies.
- Examine the data management and quality control processes and its controls for sources of potential errors and omissions.
- Review of project documentation including risk assessment and regulatory compliance.
- Attention was paid to the common practice assessment including local silvicultural trends, market wood demands, and regional mill capacities.

3 Validation Findings

3.1 Project Boundary and Activities

3.1.1 Project Boundary and Procedures for Establishment

A description of the physical boundary of the project was provided, which is located on 5,316 acres of mixed hardwood and pine forests near the lower Savannah River in coastal South Carolina (and very small portions of Georgia). The project land is owned and managed by the project proponent, The Scott Woodlands, LLC. The audit team confirmed that the boundaries were well documented throughout both the document review and site visit activities. During the site visit the audit team independently checked the accuracy of spatial information on ownership, as used in delineation of the project area, by reviewing ownership deeds, shapefiles, and ground truthing project boundaries when possible. Likewise, during document review the audit team inspected project shapefiles (Ref. 5) to confirm project boundaries are accurately represented as compared to boundaries mapped during the site visit, maps provided in the PP, and available satellite imagery.

3.1.2 Physical Infrastructure, Activities, Technologies and Processes

The audit team reviewed the PP and project documentation (Refs. 1-2) which indicate potential infrastructure, activities, and technologies used within the project area. The project activity consists of natural forest management focusing on sustainable forest growth and maintenance harvest for essential activities and forest health. The audit team concluded that project activities, infrastructure and technologies will be an improvement in the carbon storage and sustainable forest practices of the area.

3.1.3 GHGs, Sources, and Sinks within the Project Boundary

Description	Included/Excluded	Gas	Justification
Above-ground biomass carbon	Included	CO ₂	Major carbon pool subjected to the project activity.
Below-ground biomass carbon	Included	CO ₂	Major carbon pool subjected to the project activity.
Standing dead wood	Included	CO ₂	Major carbon pool in unmanaged stands subjected to the project activity.
Harvested wood product	Included	CO ₂	Major carbon pool subjected to the project activity.
Market Leakage	Included		As more wood is harvested in the baseline than in the project scenario, market leakage is accounted for to reflect that wood supply elsewhere increases in response to project activity-attributable reductions, assuming demand is constant.
Burning of Biomass	Included	CH ₄	Non-CO ₂ gas emitted from biomass burning.

3.1.4 Temporal Boundary

The ACR Standard indicates that the project must have a validated/verified Start Date of 01 January 2000 or after. Also, in accordance with Chapter 3 of the ACR Standard, the start date is defined as the date that the Project Proponent began to apply the land management regime to increase carbon stocks and/or reduce emissions relative to the baseline. SCS was able to review the PP, and MR for authenticity and to

confirm that the management regime has been put in place since the start of the project. SCS concluded that the project start date is eligible.

In ACR the minimum project term is 40 years and the eligible crediting period for this type of project is listed as 20 years. SCS confirmed that the PP included a timeline with a first crediting period of 20 years and a minimum project term of 40 years.

3.2 Description of and Justification for the Baseline Scenario

The methodology defines the baseline scenario as an estimation of the GHG emissions or removals that would have occurred if the Project Proponent did not implement the project. The PP indicates that:

“The baseline scenario represents an aggressive industrial harvest regime, targeted to maximize net present value at a discount rate of 6%, typical of practices in the project region on industrial private lands.”

3.3 Project-Specific Conformance to ACR Eligibility Criteria

The audit team reviewed the demonstration of conformance, as set out in the PP, to each of the relevant eligibility criteria listed in the ACR Standard. The audit team confirmed the full conformance of the project with the relevant eligibility criteria. A more detailed assessment of the audit team’s findings is provided below.

Actions Undertaken to Confirm Conformance to Eligibility Criteria		
Criterion	ACR Requirement	Validation Activities
Start Date, All Projects	Non-AFOLU Projects must be validated within 2 years of the project Start Date. AFOLU Projects must be validated within 3 years of the project Start Date.	Confirmation that this report was issued less than 3 years after 10 May 2022, the start date of the project according to the PP.
Start Date Definition, Non-AFOLU Projects	ACR defines the Start Date for all projects other than AFOLU as the date on which the project began to reduce GHG emissions against its baseline.	Not applicable; this project is an AFOLU project.
Start Date Definition, AR or Wetland Projects	For AR or Wetland restoration/revegetation projects, the Start Date is when the Project Proponent began planting or site preparation.	Not applicable; the project is not an AR or wetland project.
Start Date Definition, IFM Projects	For IFM, the Start Date may be denoted by one of the following:	The start date is 10 May 2022, as denoted in the “Carbon Marketing and

	<p>1. The date that the Project Proponent began to apply the land management regime to increase carbon stocks and/or reduce emissions relative to the baseline.</p> <p>2. The date that the Project Proponent initiated a forest carbon inventory.</p> <p>3. The date that the Project Proponent entered into a contractual relationship to implement a carbon project.</p> <p>4. The date the project was submitted to ACR for listing review.</p> <p>Other dates may be approved by ACR on a case by case basis.</p>	Development Services Agreement” (CMADSA) (Ref. 14)
Start Date Definition, Avoided Conversion Projects	For Avoided Conversion of non-forest, the Start Date is when the Project Proponent implemented the project action physically and/or legally, such as securing a concession or placing a land conservation agreement on the project land.	Not applicable; the project is not an avoided conversion project.
Start Date Definition, Other Agricultural Land-based Projects	For other Agricultural Land-based projects, the Start Date is the date by which the Project Proponent began the Project Activity on project lands, or the start of the cultivation year during which the Project Activity began.	Not applicable; the project is not an other agriculture land-based project.
Minimum Project Term (AFOLU Projects Only)	Project Proponents of AFOLU projects with a risk of reversal shall commit to a Minimum Project Term of 40 years. The minimum term begins on the Start Date, not the first or last year of crediting. This requirement applies only to AFOLU projects that have had ERTs issued that are associated with GHG removals (sequestration). AFOLU projects that have claimed only avoided emissions are not subject to this requirement.	Review of the PP to confirm that the minimum term is 40 years, as required.
Crediting Period	<p>The Crediting Period for non-AFOLU projects shall be 10 years.</p> <p>All AR projects shall have a Crediting Period of 40 years.</p> <p>All IFM projects shall have a Crediting Period of 20 years.</p> <p>Avoided Conversion projects on both forest and non-forest land with land conservation agreements in place shall have a Crediting Period of 40 years, unless otherwise specified in chosen methodologies.</p>	Review of the PP to confirm that the crediting period is 20 years, as required given the project type.

	<p>Wetland Restoration/Revegetation projects shall have a Crediting Period of 40 years.</p> <p>The Crediting Periods for agriculture projects that avoid emissions by changing to lower GHG practices and those that include a soil sequestration component will be specified in the applicable methodology.</p>	
Real	<p>GHG reductions and/or removals shall result from an emission mitigation activity that has been conducted in accordance with an approved ACR Methodology and is verifiable.</p> <p>ACR will not credit a projected stream of offsets on an ex-ante basis.</p>	<p>Review of the emission mitigation activity, as described in the PP, to confirm that it conforms to the requirements of the methodology and will be verifiable if implemented as described.</p>
Emission or Removal Origin (Direct Emissions)	<p>The Project Proponent shall own, have control over, or document effective control over the GHG sources/sinks from which the emissions reductions or removals originate. If the Project Proponent does not own or control the GHG sources or sinks, it shall document that effective control exists over the GHG sources and/or sinks from which the reductions/ removals originate.</p>	<p>Reviewed the supporting documentation, as described in the PP, and a large sample of the project area was confirmed to be owned by the Project Proponent, which indicated they have control over the GHG sources/sinks from which the emissions reductions or removals originate on their respective properties.</p>
Emission or Removal Origin (Indirect Emissions)	<p>For projects reducing or removing non-energy indirect emissions, the following requirement applies:</p> <p>The Project Proponent shall document that no other entity may claim GHG emission reductions or removals from the Project Activity (i.e., that no other entity may make an ownership claim to the emission reductions or removals for which credits are sought).</p>	<p>Not applicable; the project is not reducing or removing non-energy indirect emissions.</p>
Offset Title (All Projects)	<p>The Project Proponent shall provide documentation and attestation of undisputed title to all offsets prior to registration. Title to offsets shall be clear, unique, and uncontested.</p>	<p>Confirmed by reviewing that no offsets exist or were sold prior to registration of the project (Ref. 2).</p>
Land Title (AFOLU Projects Only)	<p>For U.S. projects with GHG emissions reductions resulting from terrestrial sequestration, Project Proponents shall provide documentation of clear, unique, and uncontested land title. For international projects, Project Proponents shall provide documentation and/or attestation of land title; ACR may require a legal review by an expert in local law.</p> <p>Land title may be held by a person or entity other than the Project Proponent, provided the Project Proponent can show clear, unique, and uncontested offsets title.</p>	<p>Performed an independent review of ownership using the ArcGIS web developer database and onX Hunt which included property data, county assessor data, and up to date maps.</p>

	AFOLU projects that result only in the crediting of avoided emissions with no risk of reversal may not require demonstration of land title.	
Additional	Every project shall use either an ACR-approved performance standard and pass a regulatory surplus test, or pass a three-pronged test of additionality in which the project must: <ol style="list-style-type: none"> 1. Exceed regulatory/legal requirements; 2. Go beyond common practice; and 3. Overcome at least one of three implementation barriers: institutional, financial, or technical. 	Confirmation that the project meets all relevant additionality requirements (see Section 3.4 below for more details).
Regulatory Compliance	Projects must maintain material regulatory compliance. To do this, a regulatory body/bodies must deem that a project is not out of compliance at any point during a reporting period. Projects deemed to be out of compliance with regulatory requirements are not eligible to earn ERTs during the period of non-compliance. Regulatory compliance violations related to administrative processes (e.g., missed application or reporting deadlines) or for issues unrelated to integrity of the GHG emissions reductions shall be treated on a case-by-case basis and may not disqualify a project from ERT issuance. Project Proponents are required to provide a regulatory compliance attestation to a verification body at each verification. This attestation must disclose all violations or other instances of non-compliance with laws, regulations, or other legally binding mandates directly related to Project Activities.	After performing extensive regulatory compliance checks during this reporting period, the audit team found no violations on file with EPA, ECHO, OSHA or with the South Carolina Forestry Commission in addition, a local forester was interviewed about any regulatory compliance issues on the project area, forestry practices, and a discussion of the regional forestry trends and activity. The audit team also reviewed the regulatory compliance section of the MR submitted (Ref. 2).
Permanence (All AFOLU Projects)	AFOLU Project Proponents shall assess reversal risk using ACR's Tool for Risk Analysis and Buffer Determination, and shall enter into a legally binding Reversal Risk Mitigation Agreement with ACR/Winrock that details the risk mitigation option selected and the requirements for reporting and compensating reversals.	Confirmed a total risk percentage of 17.58% using the ACR Tool for Risk Analysis and Buffer Determination as required by the ACR methodology.
Permanence (Terrestrial Sequestration, Avoided Conversion Projects)	Proponents of terrestrial sequestration or avoided conversion projects shall mitigate reversal risk by contributing ERTs to the ACR Buffer Pool or using another ACR-approved insurance or risk mitigation mechanism.	Confirmed a total risk percentage of 17.58% using the ACR Tool for Risk Analysis and Buffer Determination as required by the ACR methodology.
Permanence (Geologic)	Proponents of geologic sequestration projects shall mitigate reversal risk during the project term by contributing ERTs to the ACR Reserve	Not applicable; the project is not a geologic sequestration project.

Sequestration Projects)	Account and post-project term by filing a Risk Mitigation Covenant, which prohibits any intentional reversal unless there is advance compensation to ACR, or by using another ACR-approved insurance or risk mitigation mechanism.	
Permanence (All Projects)	All projects must adhere to ongoing monitoring, reversal reporting, and compensation requirements as detailed in relevant methodologies and legally binding agreements (e.g., the ACR Reversal Risk Mitigation Agreement).	Confirmed that section D of the PP includes a detailed Monitoring Plan relevant to the methodology.
Net of Leakage	ACR requires Project Proponents to address, account for, and mitigate certain types of leakage, according to the relevant sector requirements and methodology conditions. Project Proponents must deduct leakage that reduces the GHG emissions reduction and/or removal benefit of a project in excess of any applicable threshold specified in the methodology.	Confirmed that a 40% leakage deduction was applied which is consistent with market-leakage per the methodology. Confirmed that all project proponent owned lands have a valid entity wide management certification that requires sustainable practices.
Independently Validated	ACR requires third-party validation of the GHG Project Plan by an accredited, ACR-approved VVB once during each Crediting Period and prior to issuance of ERTs.	The PP has been independently validated by SCS, an accredited, ACR-approved validation/verification body.
Independently Verified	Verification must be conducted by an accredited, ACR-approved VVB prior to any issuance of ERTs and at minimum specified intervals.	The PP has been independently verified by SCS, an accredited, ACR-approved validation/verification body.
Environmental And Community Assessments	<p>ACR requires that all projects develop and disclose an impact assessment to ensure compliance with environmental and community safeguards best practices. Environmental and community impacts should be net positive, and projects must “do no harm” in terms of violating local, national, or international laws or regulations.</p> <p>Project Proponents must identify in the GHG Project Plan community and environmental impacts of their project(s). Projects shall also disclose and describe positive contributions as aligned with applicable sustainable development goals. Projects must describe the safeguard measures in place to avoid, mitigate, or compensate for potential negative impacts, and how such measures will be monitored, managed, and enforced.</p> <p>Project Proponents shall disclose in their Annual Attestations any negative environmental or</p>	Confirmed by reviewing the GHG plan and monitoring report (Refs. 1-2) which indicate that the project has no anticipated negative community or environmental impacts.

	community impacts or claims thereof and the appropriate mitigation measure.	
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3.4 Demonstration of Additionality

The audit team reviewed the demonstration of additionality, as set out in the PP, and confirmed that the additionality requirements set out in the ACR Standard have been met. A more detailed assessment of the audit team's findings is provided below.

3.4.1 Regulatory Surplus Test

A regulatory review of the Project was conducted by the audit team. There are no laws, statutes, regulations, court orders, environmental mitigation agreements, permitting conditions, or other legally binding mandates requiring the project activities.

3.4.2 Performance Standard Test

Not applicable.

3.4.3 Common Practice Test

The Project demonstrated that the predominant forest industry technologies and practices that exist within the project's geographic region are similar in comparison to forest type, ecological condition, and species or forest product type.

Through interviews with local managers and a detailed review of published data for the region, the audit team verified the timber harvesting practices involving the silvicultural prescriptions claimed in the baseline scenario are common practice in the region. Additionally, the audit team verified the feasibility of the local mill capacity to accept the different wood products created in the baseline scenario.

3.4.4 Implementation Barriers Test

The "financial barrier" option was chosen by the project proponent as an implementation barrier. SCS Global Services received guidance from ACR personnel, in an email dated 6 June 2019, stating the following:

The intent of the financial implementation barrier test encompasses the interpretation and wording in Table 2, in which "carbon funding is reasonably expected to incentivize the implementation of the project scenario", yielding increased carbon stocks compared to the baseline. A quantitative assessment demonstrating forgone profit as a result of employing the project scenario suffices for passing this test.

Given this guidance, a financial barrier was demonstrated through a quantitative assessment demonstrating foregone profit as a result of employing the project scenario (i.e., demonstrating that the

net present value of the baseline scenario was higher than the project net present value of the project scenario). The audit team's findings regarding this assessment are provided below.

The audit team independently conducted a financial feasibility assessment by using local stumpage prices to verify that the baseline scenario could feasibly occur in the project area in the lifetime of the carbon project if the project was not implemented. The audit team also verified the physical feasibility of the harvests proposed as well as verified that the silvicultural in the baseline scenario is from published state and federal sources.

3.5 Processes for Emission Reductions/Removal Enhancements Quantification

3.5.1 Methods, Algorithms, and Calculations To Be Used to Generate Estimates of Emissions and Emission Reductions/Removal Enhancements

The audit team validated the methodologies applied to quantify GHG emissions and emission reductions in the baseline and project scenarios. The objective was to determine whether the methods are clearly defined with supporting documentation, appropriate for accurately quantifying each data parameter, applied consistently, and result in a conservative estimate of GHG emissions reductions and removal enhancements.

Section 4.2 provides further detail on the methods, algorithms, and calculations used to generate and validate emissions reductions estimates.

3.5.2 Process Information, Source Identification/Counts, and Operational Details

The forest inventory serves as the primary source of data and information used to quantify emissions reductions. The PP and inventory methodology (Ref. 9) describe the process including sample size, determination of plot numbers, plot layout, data collected, and measurement techniques. Through site visit and document review (Refs. 1, 9), the audit team verified the forest inventory methodologies and application.

The inventory data was then run within the Forest Vegetation Simulator with various prescriptions to simulate the baseline and project scenarios. The audit team confirmed that the baseline prescriptions were feasible and representative of common practice conditions in the region (see section 3.4.3).

3.5.3 Data Management Systems

SCS verified through review of the PP and the datasets submitted that the data management systems are in place as described.

3.5.4 QA/QC Procedures

Field data collection QA/CA procedures are described in the inventory methodology (Ref. 9). The field QA/QC procedures include an internal audit of the field data by a contractor. The audit consists of a

minimum of 7% of the samples collected with a focus on individual cruisers who are found to be consistently out of compliance. Additional audits may be conducted if warranted. Finite Carbon may, at their discretion, join the contractors during the audit. Then an audit report is composed consisting of a tabular report and a narrative report that highlight errors in data and corrective actions taken (Ref. 9).

Additional QA/QC procedures within the quantification process are described in section E.1.3 in the PP (Ref. 1).

3.5.5 Processes for Uncertainty Assessments

The PP describes how baseline and project uncertainty were calculated. The PP states that uncertainty in the combined carbon stocks in the baseline is quantified using equation 10 of the methodology (Refs. 1, 3). The percentage uncertainty in the combined carbon stocks in the project during the reporting period is calculated using equation 18 of the methodology (Refs. 1, 3). The total project uncertainty (percentage) during the reporting period is quantified using equation 19 of the methodology (Ref. 1, 3). SCS confirmed that the approaches for assessing uncertainty that are identified in the PP are in conformance with the quantification methods required by the Methodology.

Further detail on uncertainty quantification is in sections 4.1.

4 Verification Findings

4.1 Results of Quantitative Uncertainty Assessment

SCS devoted a portion of the verification assessment to the review of the manner and propriety by which the project proponent quantified uncertainty associated with the individual GHGs in the project, in addition to the uncertainty of the calculation of GHG emission reductions and removals.

The audit team also calculated the total materiality of the GHG reduction and removal assertion.

4.1.1 Project Uncertainty

The reported total Project Uncertainty (UNC_t) value of 8.68% was independently re-quantified by SCS using equation 19 in the methodology. The audit team found this difference reasonable and immaterial.

	SCS Values	Client Values	Difference
Reporting Period	UNC _t	UNC _t	
RP1	8.68%	8.67%	0.01%

Materiality

$$\% \text{ Error} = \frac{(\text{Project Emission Reduction Assertion} - \text{Verifier Emission Reduction Recalculation})}{\text{Verifier Emission Reduction Recalculation}} * 100$$

$$\% \text{ Error} = \frac{(106,246 - 105,588)}{105,588} * 100 = \frac{658}{105,588} * 100 = -0.9\%$$

4.2 Analysis of the Quantification Methodologies and Applicable Data Sets and Sources

The audit team re-quantified project emissions, emissions reductions, and project uncertainty from the raw inventory data provided by the client. This process entailed verifying that the methods detailed in the MR were applied as indicated. The team confirmed that the emissions reduction by conducting the following analysis:

- Calculate the end of reporting period diameter and heights of individual trees.
- Recalculate the live aboveground, live belowground, and standing dead carbon pools using Woodall equations and decay class information.
- Calculate the change in project carbon stock stored in above and below ground live trees using equation 11 in the methodology
- Calculate the change in project carbon stock stored in above ground dead trees using equation 12 in the methodology
- Calculate any greenhouse gas emission resulting from the implementation of the project in the reporting period using equation 13 in the methodology
- Calculate the change in the project carbon stock and GHG emissions during the reporting period using equation 14 in the methodology.
- Calculate the percentage uncertainty in the combined carbon stocks in the project during the reporting period using equation 18 in the methodology
- Calculate the total project uncertainty (percentage) during the reporting period using equation 19 in the methodology.
- Calculate the net greenhouse gas emission reductions (in metric tons CO₂e) during the reporting period and during each annual vintage using equation 20 in the methodology.
- FVS model results were verified by independently generating the FVS input tables from the raw inventory and production results based on the silvicultural descriptions provided in the PP.
- Additional checks included, among other things, a review of site index calculations, harvest parameters, NPV values, interpolation methods, defect calculations, and any assumptions used.

4.3 Basis of Data and Information Supporting the GHG Assertion

The data and information supporting the GHG assertion were based on industry defaults, future projections, and actual historical records. The future projections are a result of a combination of tree inventory data, site index data, and other data modelled over time. Industry defaults are used in the

harvested wood products as well as growth rates for the region. Actual historical records are used to assess stumpage prices, common practice, and boundary assessment.

4.4 Leakage Assessment

The audit team confirmed that project activities decrease total wood products produced by the project relative to the baseline by 25% or more over the Crediting Period. The audit team also reviewed the provided entity-wide management certification that requires sustainable practices.

$$\text{Leakage Deduction} = (\Delta C_{P,t} - \Delta C_{BSL,t}) * LK$$

$$\text{Leakage Deduction} = (12,636 - (-)202,214) * 0.4 = 85,940$$

Note: final numbers are rounded for simplicity.

4.5 Risk Assessment

The reported value of the total risk score, as determined based on the risk analysis documented in the PP and MR, was 17.58%. The audit team performed a complete review of the risk assessment against the requirements of the ACR Tool for Risk Analysis and Buffer Determination. The audit team concludes that the assignment of risk scores is appropriate and in conformance to the ACR Tool for Risk Analysis and Buffer Determination. A more detailed review of the audit team's conclusions may be found below.

Actions Undertaken to Evaluate Whether the Risk Assessment Has Been Conducted Correctly		
Risk Category	Value Selected	Verification Activities
A	4%	Confirmation, through site inspections, that project is not located on public or tribal lands
B	4%	Confirmation, through site inspections, that project is not located on public or tribal lands
C	2%	Confirmation, through site inspections, that the project is not located outside the United States
D	-1.06%	This conservation easement discount is calculated using a acre-weighted approach, as approximately half of the project is under a qualifying easement.
E	2.64%	Quantified using the USDA Wildfire Hazard Potential Raster layer
F	4%	Confirmation through local research including relevant publications, the USFS National Insect and Disease Map, and consultation with local foresters.
G	0%	Confirmation, through site inspections and GIS analysis, that project is not a wetland project or a forest project where more than 60% of the project area is not a forested wetland
H	2%	Confirmation that default value has been applied in the risk assessment calculation

5 Conclusion

The audit team asserts, with no qualifications or limitations, that

- The PP conforms, in full, to the validation criteria.
- The quantification of GHG emission reductions and/or removal enhancements, as reported in the MR, conforms to the verification criteria and is without material discrepancy.

Based upon the information made available to SCS and the analyses completed during the verification, SCS was able to reach a positive opinion, with a reasonable level of assurance, that the emission reductions represented by the Project Proponent during the monitoring period of 10 May 2022 to 31 December 2022 are free from material misstatement and in conformance with the assessment criteria.

The following provides a summary of the Net Removals and Reductions separately for the current Reporting Period:

Annual Emission Reductions and Removals in Metric Tons (tCO ₂ e) during Reporting Period 1				
Vintage	Start Date	End Date	Total Emission Removals (tCO ₂ e)	Total Emission Reductions (tCO ₂ e)
2022	10 May 2022	31 December 2022	7,581	121,328
Total for Reporting Period			7,581	121,328

Note: final numbers are rounded for simplicity.

The following provides a summary of the ERT issuance for the current Reporting Period with the Leakage and the Buffer deduction included (Buffer credits shown separately):

Note: final numbers are rounded for simplicity.

Annual Emission Reduction in Metric Tons (tCO ₂ e)						
Reporting Period	Vintage	Start Date	End Date	Total Emission Removals and Reductions (tCO ₂ e)	Buffer Credits (tCO ₂ e)	Net Emission Removals and Reductions (tCO ₂ e)
RP1	2022	10 May 2022	31 December 2022	128,909	22,663	106,246
Total for Reporting Period				128,909	22,663	106,246

Lead Auditor Approval	<i>Alexander Pancoast</i> Alexander Pancoast, 26 April 2024
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Internal Reviewer
Approval



Bryan Cummings, 26 April 2024

Appendix A: List of Findings

Please see Section 2.5 above for a description of the findings issuance process and the categories of findings issued. It should be noted that all language under “Project Personnel Response” is a verbatim transcription of responses provided to the findings by project personnel.

NCR 1 Dated 17 Aug 2023

Standard Reference: ACR Standard 8.0 Section 6.E

Document Reference: ACR786 Monitoring Report_Ver 1.pdf

Finding: ACR Standard 8.0 Section 6.E states "The monitoring report shall be submitted to the approved

VVB during verification and submitted to ACR upon completion of the verification, including any corrections/revisions identified by the VVB".

The MR, Section VIII (1): Verification - State that S&A Carbon is the VVB. Please correct.

Project Personnel Response: Corrected.

Auditor Response: Thank you, finding closed.

Bearing on Material Misstatement or Conformance (M/C/NA): C

NIR 2 Dated 17 Aug 2023

Standard Reference: ACR Standard 8.0 Section 2.A

Document Reference: ACR786 GHG Project Plan_Ver 1.pdf

Finding: Section 2.A of the Standard states "Include all relevant information to support criteria and procedures."

Language in Section A5 includes "high risk of conversion", however conversion is not mentioned in the baseline scenario. Please elaborate on the how the risk of conversion factors into this IFM project.

Project Personnel Response: The reference to conversion found within the GHG Plan relates to land-use conversion versus conversion such as stands from natural to plantation stands. FC has updated the risk level in the GHG Plan from 'high risk' to 'potential risk'. Although the baseline scenario may not include conversion-type activities, the overall 40-year commitment of the project is reasonably assumed to help ensure a perpetual forested land-use condition thereby minimizing the risk of conversion.

Auditor Response: Thank you, finding closed.

Bearing on Material Misstatement or Conformance (M/C/NA):

NIR 3 Dated 17 Aug 2023**Standard Reference:** ACR Standard 8.0 Section 2.A**Document Reference:** ACR786 GHG Project Plan_Ver 1.pdf**Finding:** Section 2.A of the Standard states " Use consistent methodologies for meaningful comparisons of emissions over time."

The GHG Plan states "The initial project inventory was conducted in the field August 2022, assumed to effectively represent growth through the end of growing season 2022", and states that the Farmers Almanac describes the growing season from March 10th to November 18th. The reporting period starts on May 10, 2022 which represents 77% of the growing season as described by the Farmers Almanac. The inventory is de-grown by 38% to account for growth from May to August 2022 to obtain state date stocking. The inventory then appears to have been grown forward by 39% to account from growth from August 2022 to November 2022. Please describe why August 2022 is considered the effective end of the growing season in the GHG Plan while the EORP values then appears to have accounted for growth between August and November 2022.

Project Personnel Response: This is an error within the GHG Plan. The inventory tree list found within the ACR786 ERT Workbook ACR Ver 1.3.xlsx workbook was depleted using a client provided harvested tree list and was then grown forward to the end of the RP. Language will be corrected within the GHG Plan.

Auditor Response: Thank you, finding closed.**Bearing on Material Misstatement or Conformance (M/C/NA):****NIR 4 Dated 17 Aug 2023****Standard Reference:** ACR Standard 8.0 Section 2.A**Document Reference:** ACR786 GHG Project Plan_Ver 1.pdf,

ACR786 Scott Woodlands FVS Keyword v 1.0.xlsx

Finding: Section 2.A of the Standard states "Include all relevant information to support criteria and procedures."

Willow oak appears in "Table E1.3.2 Site Index by Strata" in the GHG Plan but not in the FVS Keywords describing site index. Please describe why willow oak is listed in the GHG Plan and not in the FVS Keywords.

Project Personnel Response: The Southern Variant does not contain a species code for Willow Oak. Adding a species code for a species not used in the variant results in errors when using FVS. Therefore, Willow Oak did not get listed as a species with a site index value within the FVS Keywords used in the baseline modelling. Willow Oak will be removed from the GHG Plan.

Auditor Response: Thank you, finding closed.**Bearing on Material Misstatement or Conformance (M/C/NA):**

OBS 5 Dated 17 Aug 2023**Standard Reference:** ACR Standard 8.0 Section 2.A**Document Reference:** ACR786 ERT Workbook ACR Ver 1.xlsx**Finding:** Section 2.A of the Standard states "Enable meaningful comparisons in GHG-related information"

ACR786 ERT Workbook ACR Ver 1.xlsx, sheet = TLC_Inv2022 reports the tree level inventory values, and sheet =TLC_RP1End(d) reports the tree level values grown forward to the end of reporting period 1. In all cases, trees less than 5.0" DBH are given estimated heights in TLC_Inv2022, as they are not measured in the field. In all cases, the heights reported grown to the end of RP1 (TLC_RP1End(d)) are smaller than those reported in the inventory. While this seems to indicate an error in the fractional growth allocation from the inventory date to the end of reporting period, it does not affect carbon estimates as DBH is the only input used for trees <5" DBH. Thus, this is issued as an observational finding.

Project Personnel Response: FC acknowledges the Observation. Per the inventory specifications, sapling heights are not a required measurement, so when these records are degrown a height of 5' is assigned as the height does not affect calculations. If a tree slightly greater than 5 is collected in the inventory, it will have a measured height. If these tree records get degrown, it will operate like any other larger tree, e.g. the degrown height will be calculated based on the height increment from the inventory grown forward. If it gets degrown below 5.0" dbh in the data, it will have a height in the degrown data that will not affect the carbon calculations because the Jenkins sapling equation will be used.

Auditor Response: Thank you, finding closed.**Bearing on Material Misstatement or Conformance (M/C/NA):**