

# VALIDATION AND VERIFICATION REPORT

*American Carbon Registry*

*ACR 785: Finite Carbon – Bessey Development Company IFM*

**Reporting Period:**

**18 April 2022 to 31 December 2022**

**Prepared for:**

**Finite Carbon**

**29 March 2024**



AMERICAN CARBON REGISTRY

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## Executive Summary

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This report describes the validation and initial verification services provided for the Finite Carbon – Bessey Development Company IFM project (“the project”), an improved forest management project located in south-central Maine, USA, that was conducted by SCS Global Services. 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 18 April 2022 to 31 December 2022 against relevant ACR standards and the approved methodology. Verification services began on 18 May 2023 with a kickoff call. 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 13 findings were raised: 1 Non-Conformity Reports, 11 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. Verification services ended on 18 January 2024 with the closing meeting.

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# 1 Introduction

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## 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 over 300 million tonnes of CO<sub>2</sub>e, 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 7.0
- 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 ("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 Validation and Verification Standard, Version 1.1
- ACR Tool for Risk Analysis and Buffer Determination, Version 1.0

## 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 Maine, USA and is aimed at protecting roughly 20,000 acres of native Maine forests at risk of conversion, while maintaining and accruing additional sequestered carbon. The project area is managed by a multi-generational family ownership practicing sustainable forest management, carbon sequestration, and land conservation to benefit rural community economic development, wildlife populations, recreation, air quality, and water quality.

## 2 Assessment Process

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### 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 a sampling plan following a proprietary sampling plan template developed by SCS. The audit team identified areas of "residual risk"—those areas where there existed risk of a material misstatement (see Section 1.6 above) that was not prevented or detected by the controls of the project. Sampling and data testing activities were planned to address areas of residual risk. The audit team then created a validation and verification plan that took the sampling plan into account.

### 2.2 Document Review

The GHG project plan (dated 26 March 2024; "PP") and monitoring report (dated and signed 26 March 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	ACR785 GHG Project Plan_1.6_20240326.pdf	1
Monitoring Report	ACR785 RP1 Monitoring Report_1.6_20240326_signed.pdf	2
ERT Calculation Workbook	ACR785 GHGPP Calculations v1.5_20240314.xlsx	3
Baseline Workbook	ACR785 Bessey Lumber Baseline Harvest Schedule Calculation_20231207.xlsx	4
Spatial Data	ACR785_RP1_20231207.gdb	5
Inventory Data	ACR785_InventoryData_20231207.xlsx	6
Ownership Docs	Contents of folder [Appendix_A_OwnershipDocumentation]	7
Inventory Specifications	Contents of folder [Appendix_B_InventorySpecifications]	8
Forest Management Plan	Contents of folder [Appendix_D_ManagementPlan]	9
ATFS Certification	Contents of folder [Appendix_E_ForestCertification] and files ACR785_ATFS_LotList.xlsx and ACR785_CertificationDetail.pdf in folder [Supplementary Files]	10
Mill Capacity Analysis	Contents of folder [Appendix_F_MillCapacityAnalysis]	11
Common Practice Test	Bessey_SuperSection_CPtest_20231207.xlsx	12
Start Date Proof	Bessey_CDSA_Redacted.pdf	13
FVS Keyword Files	ACR785 Bessey Lumber FVS Keyword v 2.0_20231220.xlsx	14
FVS Outfiles	\ClientSubmissions\Baseline Modeling Package\FVS Outs	15
FVS Output database	ACR785 Bessey Lumber Output DB v1.0 05312023.accdb	16
Mill Receipts	Contents of folder [ACR785_RP1_MillReceiptSample]	17
Timber Pricing	ACR785_TimberPricing_20231220.xlsx	18
SDG Contributions	ACR785_SDG_ContributionsReport_20240313.pdf	19
Map	Figure A-6. Ownership Map.pdf	20
Map	Wildfire Hazard Potential Map.pdf	21
Map	USDA Plant Hardiness Zone Map.pdf	22
Map	Figure A-5. Roads Map.pdf	23
Map	Figure A-4. Topography Map.pdf	24

Map	Figure A-3. Canopy Cover Map.pdf	25
Map	Figure A-2. Regional Hydrology Map.pdf	26
Map	Figure A-1. Vicinity Map with Latitude and Longitude.pdf	27
Project Map	Appendix_C_ProjectMap.pdf	28
Legal	Appendix_H_Legal.pdf	29
Common Practice Test	Appendix_G_CommonPracticeTest.zip	30
Spatial Hydrology Data	Maine.nhd.zip	31

## 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 PP 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
Ethan Bessey	Bessey Lumber, LLC	Project Proponent	Throughout site visit and audit
Nate Hanzelka	Finite Carbon	Project Development Team	Throughout audit
Brian Sharer	Finite Carbon	Project Development Team	Throughout audit
Paul Noah	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
Adam Cates	Maine Forest Service	Field Team Leader	14 November 2023

## 2.4 Site Inspections

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

- Ensure that data collection for sampling purposes was carried out to the highest possible quality standards and that our client was comfortable with the work being performed
- Perform field reconnaissance to independently confirm
  - That the project area has more than 10% canopy cover
  - Absence of any unreported disturbance or timber harvest
- 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

In support of the above objectives, the audit team performed an on-site inspection of the project area on the dates 21 June 2023 through 22 June 2023. The site visit took place in the project area in Maine, USA. 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:
  - Toured the project areas, visually observing and taking coordinates at posted boundary signs, old fence lines, and other boundary references.
  - Selected samples of inventory data using simple random selection methods.
  - At each selected sample location, took on the ground measurements
  - Verified the sample by running a paired sample t-test on the independently calculated Mt CO<sub>2</sub>e/acre on each plot
- Review of management's commitment to the carbon project.
- Assessment of project during the reporting period to confirm that the project scenario consists of maintaining above baseline carbon stock through carbon sequestration.

The personnel involved in the site visit are as follows:

- SCS
  - Alexander Pancoast
- Finite Carbon
  - Nate Hanzelka

- Landowner – Bessey Development Company
  - Ethan Bessey

## 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, 11 NIRs and 3 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 sections 4.1 and 4.2
- 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

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### 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 22,065 acres of mixed northern hardwood and softwood forests throughout south central and western Maine. The project land is owned and managed by the project proponent, Bessey Development Company. 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, available satellite imagery, as well as publicly available parcel database information.

#### 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

deferred harvesting, lengthened rotations, timber stand improvement, retention of standing dead wood during harvests, and protection of riparian areas, wetlands, and significant natural communities. 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 <sub>2</sub>	Major carbon pool subjected to the project activity.
Below-ground biomass carbon	Included	CO <sub>2</sub>	Major carbon pool subjected to the project activity.
Standing dead wood	Included	CO <sub>2</sub>	Major carbon pool in unmanaged stands subjected to the project activity.
Harvested wood product	Included	CO <sub>2</sub>	Major carbon pool subjected to the project activity.
Burning of biomass	Included	CH <sub>4</sub>	Non-CO <sub>2</sub> gas emitted from biomass burning.
Market Leakage - Timber	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.

### 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.

Crediting period: 18 April 2022 – 17 April 2042

## 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 2 years after 18 April 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: 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. 2. The date that the Project Proponent initiated a forest carbon inventory. 3. The date that the Project Proponent entered into a contractual relationship to implement a carbon project. 4. The date the project was submitted to ACR for listing review.	The start date is 18 April 2022, as denoted in the “Carbon Marketing and Development Services Agreement.” (Ref. 13)



	Other dates may be approved by ACR on a case by case basis.	
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> <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>	Review of the PP to confirm that the crediting period is 20 years, as required given the project type.
Real	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.	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.

	ACR will not credit a projected stream of offsets on an ex-ante basis.	
Emission or Removal Origin (Direct Emissions)	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.	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.
Emission or Removal Origin (Indirect Emissions)	For projects reducing or removing non-energy indirect emissions, the following requirement applies:  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).	Not applicable; the project is not reducing or removing non-energy indirect emissions.
Offset Title (All Projects)	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.	Confirmed by reviewing that no offsets exist or were sold prior to registration of the project (Ref. 2).  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.
Land Title (AFOLU Projects Only)	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.  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.  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:  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 Maine Forest Service 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 18% 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 18% using the ACR Tool for Risk Analysis and Buffer Determination as required by the ACR methodology.
Permanence (Geologic Sequestration Projects)	Proponents of geologic sequestration projects shall mitigate reversal risk during the project term by contributing ERTs to the ACR Reserve 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.	Not applicable; the project is not a geologic sequestration project.
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 most project proponent owned lands have a valid entity wide management certification that requires sustainable practices. The client sought out a deviation request for lands outside of the certification boundary. This deviation was approved by ACR.
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 community impacts or claims thereof and the appropriate mitigation measure.</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.

### 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. 8) 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, 8), 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/QC procedures are described in the inventory methodology (Ref. 8). 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. 8).

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<sub>t</sub>) value of 5.96% 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 <sub>t</sub>	UNC <sub>t</sub>	
RP1	5.96	5.97	.01

#### Materiality

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

$$\% \text{ Error} = \frac{(115,742 - 116,132)}{116,132} * 100 = \frac{-390}{116,132} * 100 = -0.3362\%$$

## 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 CO<sub>2</sub>e) 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.

SCS confirmed that the applicable market leakage factor of 0.4 was applied. The leakage deduction was calculated as follows:

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

$$\text{Leakage Deduction} = (67,465 - (-)167,785) * 0.4 = 94,100$$

*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 18%. 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	0%	Confirmation, through independent review of documentation, that the full project area is not covered under a conservation easement
E	2%	Confirmation, through independent review of documentation, that project is located in low fire risk region
F	4%	Confirmation, through independent review of documentation, that epidemic disease or infestation is not present within the project areas, or within a 30 mile radius of the project area
G	0%	Confirmation, through site inspections, 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 quantification of GHG emission reductions and/or removal enhancements, as reported in the MR, conforms to the verification criteria and is without material discrepancy.

On the basis of 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 18 April 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:

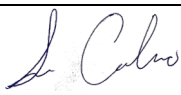
Annual Emission Reductions and Removals in Metric Tons (tCO <sub>2</sub> e) during Reporting Period 1				
Vintage	Start Date	End Date	Total Emission Removals (tCO <sub>2</sub> e)	Total Emission Reductions (tCO <sub>2</sub> e)
2022	18 April 2022	31 December 2022	40,478	100,671
Total for Reporting Period			40,478	100,671


*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):

Annual Emission Reduction in Metric Tons (tCO <sub>2</sub> e)						
Reporting Period	Vintage	Start Date	End Date	Total Emission Removals and Reductions (tCO <sub>2</sub> e)	Buffer Credits (tCO <sub>2</sub> e)	Net Emission Removals and Reductions (tCO <sub>2</sub> e)
1	2022	18 April 2022	31 December 2022	141,149	25,407	115,742
Total for Reporting Period				141,149	25,407	115,742

*Note: final numbers are rounded for simplicity.*

Lead Auditor Approval	 Sam Calarco, 29 March 2024
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<p>Internal Reviewer Approval</p>	 <p>Erynn Maynard-Bean, 29 March 2024</p>
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## 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 8 Sep 2023**

**Standard Reference:** ACR IFM Methodology v1.3

**Document Reference:** PDFs in Appendix\_E\_ForestCertification

**Finding:** The IFM requires that there "be no leakage beyond de minimis levels through activity shifting to other lands owned, or under management control, by the timber rights owner". It appears the client is demonstrating this by providing proof of certification through the American Tree Farm System (ATFS), however the provided documentation does not currently meet the requirements of the methodology, which states:

"Entity-wide management certification that requires sustainable practices (programs can include FSC, SFI, or ATFS). Management certification must cover all entity owned lands with active timber management programs."

Currently the provided documentation includes 3 documents that cover 1,980 acres under the ATFS. This leaves approximately 20,267 acres outside of ATFS certification, which is out of compliance with the methodology. Please provided additional documentation that shows entity wide certification.

**Project Personnel Response:** Guidance from ACR pending.

**Auditor Response:** Awaiting documentation from the client and clarification from ACR.

**Project Personnel Response 2:** Developer has provided VVB with guidance from ACR dated 10/26/23 demonstrating project's fulfilment of sections A.2 Applicability Conditions and D.6 Activity-shifting Leakage of the V1.3 IFM Methodology.

**Auditor Response 2:** Thank you for providing the deviation request document from ACR. Given the information provided by the client and the registry, the audit team can close this finding. The deviation request document provides the necessary information to satisfy sections A.2 and D.6 of the V1.3 IFM Methodology.

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

**NIR 2 Dated 8 Sep 2023****Standard Reference:** ACR Validation and Verification Standard v1.1**Document Reference:** ScaleSlip\_Combined.xlsx**Finding:** Section 9.A of the ACR Validation and Verification Standard v1.1 states:

"Verification of source-level data and records shall include the following activities:...

- Confirm that there are no missing data unaccounted for and that all data have been entered properly."

While harvest data was provided in the file ScaleSlip\_Combined.xlsx, the audit team requests the raw mill slips in order to confirm data was entered into the above workbook accurately and completely.

**Project Personnel Response:** See provided file "ScaleSlipRequest.zip" for original harvest mill receipts provided by landowner.

**Auditor Response:** The requested information has been provided. This finding is now closed.

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

**NIR 3 Dated 8 Sep 2023****Standard Reference:** ACR Validation and Verification Standard v1.1**Document Reference:** ACR785\_RP1.gdb**Finding:** Section 8.C of the ACR Validation and Verification Standard v1.1 states:

"The VVB shall examine 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."

The geodatabase ACR785\_RP1.gdb only contains spatial data for the inventory plots and the project boundary. The audit team requests the following additional items from the client:

- RP1 harvest boundaries
- Boundary of ATFS certification, or other relevant certification spatial data

**Project Personnel Response:** See provided geodatabase "Bessey\_RP1Verification\_20230914.gdb." This includes harvest GIS from RP1, as well as project area, plots, and Lot names, which will be useful for matching certification documentation with project area.

**Auditor Response:** The requested spatial data has been provided. This finding is now closed.

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

**NIR 4 Dated 8 Sep 2023****Standard Reference:** ACR Validation and Verification Standard v1.1**Document Reference:** cdda0748-ca14-465b-ba2e-5f7c16ca9b08.out**Finding:** Section 9.B of the ACR Validation and Verification Standard v1.1 states:

"The VVB shall assess the project GHG data management system and its controls for sources of potential errors and omissions, including the following:

- Processes for collecting, processing, aggregating, and reporting;"

Looking at the summary statistics In the FVS out file located in FVSOuts/Baseline the audit team noted a number of strata/rx combinations where the age resets without a harvest occurring. An example of this can be seen in the Baseline FVS outfile, STAND\_ID = NH049. Can you speak to the reason why the age is resetting in the absence a harvest?

**Project Personnel Response:** In these rare cases, an unintended age reset occurs cases due to the logic of the THINDBH keyword (included below). Specifically in the case of prescription NH049, the timing option and condition of the prescription/stand is such that the criteria for a harvest is technically achieved, allowing for an age reset; however, in effect, there is no recorded volume removed from the stand. This results in a stand condition not unlike a just-grown condition, however it is more conservative given that the stand is consequently made unavailable for harvest for another 40 years per the minimum harvest age keyword logic. This further reduces the impact of the prescription on project crediting in consideration of the 20-year Crediting Period length and the 40-year Project length. The Developer acknowledges the imperfect logic of the age reset function, however, the Developer believes this error has very minimal impact on the resulting prescription options (Developer has only observed this instance with prescription NH049).

IF 0

YEAR GT 2022 AND AGE GE 40

THEN

THINDBH 0. (PARMS(4.5,999.0,1.0,ALL,0,60) <---"Light Thin" Regime

**Auditor Response:** Thank you for this explanation. The instances where this occurs does lend the model to be more conservative. This finding is closed.

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

**NIR 5 Dated 8 Sep 2023****Standard Reference:** ACR Validation and Verification Standard v1.1**Document Reference:** ACR785 GHG Project Plan\_20230502.pdf,  
ACR785 Bessey Lumber FVS Keyword v1.0.xlsx**Finding:** Section 8.B of the ACR Validation and Verification Standard v1.1 states:

"The VVB shall review the GHG Project Plan, GHG assertion, and any additional relevant documentation provided by the Project Proponent to determine:

- That project implementation is consistent with the GHG Project Plan;"

While reviewing table E1.3.2 in the clients project plan, regarding site index, the site species indicated for the AB strata is RM. In the Keyword workbook, the site species indicated is RO. Please update either the project plan or Keyword workbook to reflect the intended site species for this strata.

**Project Personnel Response:** See email correspondence with Nate Hanzelka and Brian Sharer from 9/6-9/8/23 in which the issue was clarified and resolved.

**Auditor Response:** The email correspondence clarified and resolved this issue. This finding will be closed upon updating the GHG plan to reflect the FVS keyword file.

**Project Personnel Response 2:** Developer has updated GHG plan to reflect the correction.

**Auditor Response 2:** The audit team has verified that the GHG plan has been updated to reflect the correction. This finding is closed.

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

**NIR 6 Dated 25 Oct 2023****Standard Reference:** ACR Validation and Verification Standard v1.1

ACR Standard v7.0

**Document Reference:** ACR785 GHG Project Plan\_20230502.pdf

**Finding:** Section 1.C of the ACR Validation and Verification Standard v1.1 states, "Validation shall include examination of all of the following elements of a GHG Project Plan:[...]process information, source identification/counts, and operational details." Chapter 3 Table 2 of the ACR Standard states, "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 re-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 dead-lines) 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."

The audit team requests additional information as to the entity that performed harvest operations during the Reporting Period, such that it may be involved in the regulatory compliance check. The audit team has had email correspondence with the client pertaining to this NIR found in the email threads titled "Bessey RP1 information request" and "Follow up on the Bessey Regulatory Compliance request".

**Project Personnel Response:** Developer has provided VVB with contractor information from the landowner (via email dated 10/26/23), obtainable through the publicly-available Maine Forest Service FOResT web application.

**Auditor Response:** Thank you for providing this information. This finding is closed.

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

**NIR 7 Dated 25 Oct 2023****Standard Reference:** ACR Validation and Verification Standard v1.1**Document Reference:** Contents of folder "Baseline Modeling Package"**Finding:** Section 8.C of the ACR Validation and Verification Standard v1.1 states:

"The VVB shall examine 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."

The contents of the "Baseline Modeling Package" provided by the client is missing key information regarding the harvest schedule and yield curves. Furthermore, there is no mention of how many acres fall within stream management zones and how those are accounted for in the baseline modeling. Please provide a workbook or synopsis that covers the above information and any other relevant baseline information.

**Project Personnel Response:** Developer provided additional detail on baseline modeling materials during call conducted on 10/31/23.

**Auditor Response:** Confirmed these items were covered in a baseline modeling call conducted on 10/31/2023. This finding is closed.

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



**NIR 8 Dated 25 Oct 2023****Standard Reference:** ACR Validation and Verification Standard v1.1**Document Reference:** ACR785\_RP1.gdb

Bessey\_RP1Verification\_20230914.gdb

**Finding:** Section 8.C of the ACR Validation and Verification Standard v1.1 states:

"The VVB shall examine 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."

The audit team requests spatial data that shows the entirety of the ownership of the Bessey Development Company, Bessey Lumber, and any other forested acres under Bessey's control. This will help the audit team in their ownership and leakage checks.

**Project Personnel Response:** Developer has provided VVB with property deeds and forest management plan (with approval from ACR as referenced in Finding #1) in fulfilment of the methodology requirements pertaining to proof of ownership and demonstration of no activity-shifting leakage.

**Auditor Response:** This finding was originally written when the GHG plan stated that "all forested acres owned or under management control by the Project Proponent (Bessey Lumber) are enrolled in the project, satisfying the requirement to demonstrate no leakage within their operations per ACR IFM v1.3 Errata and Clarification." This demonstration has since changed, so this spatial data is no longer needed. The client has provided necessary ownership documentation as requested. This finding is closed.

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

**NIR 9 Dated 25 Oct 2023****Standard Reference:** ACR IFM Methodology v1.3**Document Reference:** ACR785 GHG Project Plan \_20230502.pdf

**Finding:** The methodology states "The IFM baseline is the legally permissible harvest scenario that would maximize NPV of perpetual wood products harvests. The baseline management scenario shall be based on silvicultural prescriptions recommended by published state or federal agencies to perpetuate existing onsite timber producing species while fully utilizing available growing space. Where the baseline management scenario involves replacement of existing onsite timber producing species (e.g. where forest is converted to plantations, replacing existing onsite timber-producing species), the management regime should similarly be based on silvicultural prescriptions recommended by published state or federal agencies, and must adhere to all applicable laws and regulations."

The GHG plan details 2 silvicultural prescriptions used in the baseline scenario in section E.1.3.7.1 as "Heavy Thin" and "Light Thin". Please provide evidence from published state or federal agencies with which these prescriptions were based on. This includes specific references to which sections of the publications are being referenced for the baseline silvicultural prescriptions.

**Project Personnel Response:** The use of a Heavy Thin management regime, which can also be considered an Overstory Removal, is a commonly utilized silvicultural practice in Maine with reliable propagation of timber producing species, as referenced in The Forestry Rules of Maine ([https://digitalmaine.com/cgi/viewcontent.cgi?article=1051&context=for\\_docs](https://digitalmaine.com/cgi/viewcontent.cgi?article=1051&context=for_docs)). It should be noted that clearcutting is also an acceptable management regime per Maine Forestry Rules. Chapter 20 of the Maine Forest Service Forest Regeneration and Clearcutting Standards states "This rule establishes the standards for clearcutting and for forest regeneration following timber harvesting" ([https://www.maine.gov/dacf/mfs/publications/rules\\_and\\_regs/chap\\_20\\_rules\\_05012014.pdf](https://www.maine.gov/dacf/mfs/publications/rules_and_regs/chap_20_rules_05012014.pdf)). There is no specific mention of "recommended" silvicultural prescriptions within the Standards given that an applicable prescription may depend on a variety of factors including stand age, species composition, density, etc. We believe it is reasonable to assume that the Overstory Removal prescription should be considered a "recommended" prescription given that it is explicitly defined in the Forest Practices Act with specific requirements and metrics for facilitating advanced regeneration.

The use of a Light Thinning regime is consistent with The Forestry Rules of Maine guidance for harvesting in "shoreland" areas (see "C. Restrictions on timber harvesting and related activities in the shoreland zone")

**Auditor Response:** Thank you for providing this information. This finding is now closed.

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

**NIR 10 Dated 25 Oct 2023****Standard Reference:** ACR IFM Methodology v1.3**Document Reference:** Bessey\_RP1Verification\_20230914.gdb

ACR785\_RP1.gdb

ACR785\_MgmtPlan.pdf

**Finding:** Section B1. of the ACR IFM Methodology states:

"The methodology applies to non-federal U.S. forestlands that are able to document 1) clear land title or timber rights and 2) offsets title."

It goes on to say "This methodology applies to lands that could be legally harvested by entities owning or controlling timber rights."

During the ownership check, the audit team noted several instances where the project area included acres that do not appear to be owned by the project proponent. To accompany this finding, the audit team has put together and provided to the client a document called Bessey\_RP1\_Ownership\_Discrepancies.pdf, that details 4 of these instances. The audit team requests additional information on these ownership discrepancies and a demonstration of land title or timber rights as required by the methodology.

**Project Personnel Response:** Developer has shared and reviewed the provided ownership checks with the Project Proponent. All project documentation and the relevant quantifications have been corrected to rectify the identified discrepancies (detail provided in email sent 10/31/23).

**Auditor Response:** 10/31/2023: [Thank you for this information. Audit team has confirmed that the appropriate corrections were made. This finding will remain open until the ownership check passes with a reasonable level of assurance.]

11/01/2023: [The audit team has found further discrepancies while continuing the ownership check. An email has been sent to the client with the attached pdf "Bessey\_RP1\_Ownership\_Discrepancies\_V2". This being the second round of ownership discrepancies relayed to the client, the audit team views this as a high risk category.]

12/15/2023: [This finding has been closed outside of this workbook. Please see ACR\_FC\_Bessey\_NIR\_10\_Resolutions\_V1-0\_121823.docx]

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

**NIR 11 Dated 20 Dec 2023****Standard Reference:** ACR Validation and Verification Standard v1.1**Document Reference:** ACR785 Bessey Lumber FVS Keyword v1.0.xlsx

ACR785 Bessey Lumber Baseline Harvest Schedule Calculations\_20231207.xlsx

**Finding:** Section 9.F of the ACR Validation and Verification Standard V1.1 states:

"TRANSFORMATION CONTROLS. Checking for errors during the process of collating, transferring, processing, calculating, estimating, aggregating, disaggregating, or adjusting input data. Tests for accuracy include:

- Consistency tests: ensuring the methodologies and data handling process are consistent throughout project reporting;"

The clients keyword file (ACR785 Bessey Lumber FVS Keyword v1.0.xlsx) contains 30 records numbered with the yield curve in the column with header "Stand\_CN". The sheet "YieldCurvesUsed" in the workbook "ACR785 Bessey Lumber Baseline Harvest Schedule Calculation\_20231207.xlsx" contains 31 records numbered with the yield curve in the column "Yield Curve". It appears that yield curve 3 is missing from the keyword file, which is a grow only scenario for the SF strata, but that scenario was carried through the modeling process. The audit team requests an explanation as to why this yield curve was omitted from the keyword file despite being carried through the modeling process.

**Project Personnel Response:** Client was informed of this finding via a video call between an auditor and the client. Client responded via email the same day:

"Hey Sam,

As discussed, please find attached the workbook with our timber pricing assumptions, and the keyword file corrected to include RX #3. Apologies for not providing the timber pricing workbook earlier, we normally include this as part of our Appendices.

Let me know if you need anything else here or have any other Qs.

Thanks!

Nate"

**Auditor Response:** Thank you for providing an updated keyword file. This finding is closed.

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

**NIR 12 Dated 20 Dec 2023****Standard Reference:** ACR IFM Methodology v1.3

ACR Validation and Verification Standard v1.1

**Document Reference:** ACR785 GHG Project Plan\_1.4\_20231207.pdf

ACR785 GHGPP Calculations v1.4\_20231207.xlsx

**Finding:** Section C1. of the IFM Methodology V1.3 states:

"Required inputs for the project NPV valuation include the results of a recent timber inventory of the project lands, prices for wood products of grades that the project would produce, costs of logging, reforestation and related costs, silvicultural treatment costs, and carrying costs."

Section 9.A of the ACR Validation and Verification Standard V1.1 states:

"Verification of source-level data and records shall include the following activities:

- Determine whether the data used are appropriate and sufficient to allow for the accurate calculation or estimation of GHG emission reductions and/or removals;
- Confirm that appropriate calculation methodology was used for data that were estimated as indicated in the GHG Project Plan;
- Confirm that the units of measure used are correct, appropriate, internally consistent, and consistent with the ACR Standard, including raw data recorded in the data collection process and data stored in the project spreadsheet or database/management system and used in calculations;
- Confirm that any unit conversions have been made correctly; and
- Confirm that there are no missing data unaccounted for and that all data have been entered properly."

Section E1.3.8 of the clients GHG plan (ACR785 GHG Project Plan\_1.4\_20231207.pdf) states:

"To formulate estimates of timber revenues associated with each merchandized product, we obtained recent timber price data from relevant state and county stumpage rate reports. Price data was then formatted to approximate representative stumpage values for reach timber product."

Section E1.3.9 of the clients GHG plan states:

"As part of the NPV optimization, relevant management and administrative costs were also included in the cash flow formulation. Variable and fixed costs associated with timber harvesting and property ownership, such as road maintenance and property taxes, were based on averages from Finite Carbon's experience in the region."

The audit team requests the "recent timber price data from relevant state and country stumpage rate reports", and an explanation on how the price data was "formatted to approximate representative stumpage values for each timber product." Additionally, the audit team requests the average cost assumptions utilized in the NPV optimization.

**Project Personnel Response:** Client was informed of this finding via email. Client responded via email the same day:

"Hey Sam,

We obtain our pricing data via the State of Maine Stumpage Price Report (website below). Given that the Bessey project covers a few counties, we did have to do some weighting to get to the representative prices for the project (since pricing is reported at the county-level). Happy to provide some more detail on this if you'd like – just let us know.

Annual Reports: Publications: Maine Forest Service: Maine ACF

On the costs, since we incorporate a stumpage-based price model, we include a generalized \$7/managed acre "Roading/Admin" cost. This reflects feedback we've received from local consulting foresters about management expenses in this area of the Northeast.

Let me know if you need anything else here.

Thanks!

Nate"

**Auditor Response:** Auditor responded via email:

"Thanks for the quick response, Nate. I just want to confirm that you used the most recent "2021 Stumpage Price Report"? Could you provide me with some more insight as to how the stumpage values were weighted?

Thanks,

Sam"

**Project Personnel Response 2:** The client responded via email the same day:

"Hey Sam,

After digging back into this, it looks like we actually just used the statewide averages ("All Maine Counties") rather than a County-weighted approach. I think overall we believed it was more reliable to use the statewide values given the larger number of reports (i.e. larger sample size/representation) by product volume at the state-level. Below is a table that shows these values as they were used in the financial modeling for the project.

As for the vintage of the price reports, we observed a significant time lag with the availability of recent pricing data from the state of Maine, so we had used an average of the 2019-2020 price values. The 2021 report was not available at the time we were gathering our model assumptions and conducting the modeling for the project.

Hope this helps, let me know if you have any other Qs.

Thanks,  
Nate"

The client then followed up via email the same day:

"Hey Sam,

As discussed, please find attached the workbook with our timber pricing assumptions, and the keyword file corrected to include RX #3. Apologies for not providing the timber pricing workbook earlier, we normally include this as part of our Appendices.

Let me know if you need anything else here or have any other Qs.

Thanks!  
Nate"

**Auditor Response 2:** Thank you for providing this information, and the additional excel workbook. This finding is now closed.

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

**OBS 13 Dated 22 Dec 2023****Standard Reference:** ACR Standard v7.0**Document Reference:** ACR785\_TimberPricing\_20231220.xlsx

**Finding:** Section 2.A of the Standard includes guiding principles for GHG accounting including conservativeness - "Use conservative assumptions, values, and procedures to ensure that GHG emission reductions or removal enhancements are not overestimated." - and accuracy - "Reduce bias and uncertainties as far as is practical."

One species was included in the calculation of average hardwood sawlog stumpage that is not present in the inventory (white oak). In this case, it did not affect the stumpage value used for hardwood sawlogs, thus an observation was issued.

**Project Personnel Response:****Auditor Response:****Bearing on Material Misstatement or Conformance (M/C/NA):** M