

# VALIDATION AND VERIFICATION REPORT

*American Carbon Registry*

*ACR840 Finite Carbon – Manulife Blueback IFM*

**Reporting Period:**

**29 June 2021 to 31 December 2022**

**Prepared for:**

**Finite Carbon**

**12 June 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 – Manulife Blueback IFM project (“the project”), an improved forest management project located in Maine, USA, that was conducted by SCS Global Services. Validation and verification services began on 15 September 2023 with a kickoff call. 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 29 June 2021 to 31 December 2022 against relevant ACR standards and the approved methodology. 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 25 findings were raised: 8 Non-Conformity Reports, 16 New Information Requests, and 1 Observation. 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

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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 nearly 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
- Methodology for the Quantification, Monitoring, Reporting, and Verification of Greenhouse Gas Emissions Reductions and Removals from Improved Forest Management in Non-Federal U.S. Forestlands, Version 2.0 ("the methodology")
- v2.0 IFM Errata and Clarifications | 2024-05-09
- ACR Validation and Verification Standard, Version 1.1

- ACR Tool for Risk Analysis and Buffer Determination, Version 1.0
- 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 Somerset County in north central Maine and is aimed at the integration of natural climate solutions into the Project Proponent’s (PP) investment decisions with the core of the investment thesis centered on the timberlands being used primarily to store carbon.

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 1.4 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 (dated 03 June 2024; “PP”) and monitoring report (dated 06 June 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	ACR840 GHG Project Plan_1.9 20240603_Signed.pdf	1
Monitoring Report	ACR840 RP1 Monitoring Report_1.9 20240606_Signed.pdf	2

ERT Calculation Workbook	ACR840 GHGPP Calculations v1.4_20240531_RemovalsUpdate.xlsx	3
Baseline Workbook	ACR840 Manulife Blueback Baseline Harvest Schedule Calculation 10052023.xlsx	4
Spatial Data	Blueback_GIS_20230816.gdb	5
Inventory Data	ACR840_InventoryData_10162023.xlsx	6
Ownership Docs	Appendix_A_OwnershipDocumentation	7
Inventory Specifications	Appendix_B_InventorySpecifications	8
SFI Certification	Appendix_E_ForestCertification	9
Modeling Assumptions	Appendix_F_MillCapacityAnalysis_&_ModelAssumptions	10
ARB Common Practice Stats	Appendix_G_CommonPracticeTest	11
Start Date Proof	Quitclaim Deed recorded Somerset County-Maine (Project Border - Blueback Property) c07-01-21.pdf	12
Site Index Workbook	ACR840 Manulife Blueback SiteIndex Workup v1.0.xlsx	13
NPV Modeling Assumptions	ACR840 Manulife Blueback Econ Assumptions	14
FVS Outfiles	\ClientSubmissions\Baseline Modeling Package\FVS Outs\	15
FVS Input Database	ACR840 Manulife Blueback FVS Input DB v1.1 10052023.accdb	16
FVS Output Database	ACR840 Manulife Blueback FVS Output DB v1.1 10052023.accdb	17
FVS Keywords	ACR840 Manulife Blueback FVS Keyword v 1.1	18
FVS Regeneration Workbook	ACR840 Manulife Blueback Baseline Regeneration Workup v1.0	19
Reporting Period Harvest Volumes	ACR840_RP1_HarvestVolumes.xlsx	20
Clearcut Harvest Reporting to State	2021_Landowner_Report_FON_2100468.pdf	21
Harvest Delivery Report	BLBK Delivery Report 7-21 to 12-22.pdf	22
Demonstration of harvested wood product splits	Original Contractor Pay Tkt 4462688.pdf Sawlog Contractor Pay Tkt 4462688.pdf	23
Woodstock Stumpage Outputs	AllProject_Report.xlsx AllProject_Report_02202024.xlsx	24
Verified Harvest Slip Selection	ACR840_ManulifeBlueback_HarvestSlips_Selected	25
Project Area Maps	Appendix_C_ProjectMaps	26

Stratification SOP	Appendix_H_Stratification_SOP	27
Sustainable Development Goals Report	Appendix_I_SDG Contributions_Report	28

## 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
Jeff Barrett	John Hancock Life Insurance Company (U.S.A.)	Regional Forest Manager	25 October 2023 Throughout site visit
Lucas Hiltz	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
Jim Ferrante	Maine Forest Service	Regional Forester	16 November 2023

## 2.4 Site Inspections

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

- Confirm the validity of the statements made in the PP and associated project documentation;
- Confirm the baseline conditions and project conditions;
- Interview project personnel to determine if the PP correctly identifies project activity and assess project personnel competencies;
- Select samples of data from on-the-ground measurements for verification in order to meet a reasonable level of assurance and to meet the materiality requirements of the Project; and
- Perform a risk-based review of the project area to ensure that the Project is in conformance with the eligibility requirements of the validation/verification criteria.

In support of the above objectives, the audit team performed an on-site inspection of the project area on the dates 30 October 2023 through 02 November 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:
  - 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.

## 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, 7 NCRs, 14 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 GHGP (Ref. 1), MR (Ref. 2), spatial information (Ref. 5), and calculation workbooks (Refs. 3, 4, 13, 19 ) 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

The GHGP contains a description of the physical boundary of the project, which is located on 83,924 acres of forested land comprised of softwood, hardwood, and mixed softwood/hardwood stands. The project area is a contiguous area of land in north central Maine, USA. The property is owned and managed by the project proponent, John Hancock Life Insurance Company (U.S.A.). 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 GHGP, 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 a core focus on the timberlands being used primarily to store carbon, with a portion of the lands used as a working forest under sustainable stewardship practices. 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 products	Included	CO <sub>2</sub>	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.

### 3.1.4 Temporal Boundary

The ACR Standard in Chapter 3 states that "ACR defines the eligible Start Date(s) for AFOLU project types in Appendix A, 'ACR Requirements for AFOLU Projects.'" SCS reviewed the GHGP, MR, and relevant contractual documents (Ref. 1, 2, 12) for authenticity and concluded that the documents provided indicate the project start date is eligible, as it is the date that the project proponent acquired the property.

For ACR the minimum project term is 40 years and the eligible crediting period for this type of project is 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.

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 GHGP 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 an IFM baseline scenario as "the legally permissible harvest scenario that would maximize NPV of perpetual wood products harvests." The PP indicates that the baseline scenario represents an aggressive industrial harvest regime, targeted to maximize net present value at a 6% discount rate, typical of practices in the region on private industrial timberlands.

During the site visit and through interviews with the project team and a third-party contact with intimate knowledge of forestry in Maine, the audit team verified that aggressive timber harvesting is common practice by private industrial timberland owners. The audit team confirmed that the PP is an industrial timberland owner and thus the 6% discount rate is applicable. The audit team also conducted a financial feasibility assessment of the baseline scenario using regional stumpage rates to independently verify NPV. SCS determined that the harvesting rate indicated in the baseline scenario would be feasible.

### 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 29 June 2021, 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: <ol style="list-style-type: none"> <li>1. Land acquisition or easement enrollment date</li> <li>2. The date the Project Proponent or associated landowner(s) began to apply the land management regime to increase carbon stocks and/or reduce emissions relative to the baseline.</li> <li>3. The date that the Project Proponent first demonstrated good faith effort to implement a carbon project.</li> </ol> Other dates may be approved by ACR on a case by case basis.	SCS reviewed the project's PP (Ref. 1) to find the following statement: "The project 'Finite Carbon – Manulife Blueback IFM' has a project start date of June 29 <sup>th</sup> , 2021, the date on which the property was acquired. This was confirmed through review of the provided quitclaim deed (Ref. 12) and satisfies Option 1 for project start date determination.
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 (Ref. 1) 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 (Ref. 1) and MR (Ref. 2) to confirm that the crediting period is 20 years, as required given the project type.
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>	Review of the emission mitigation activity, as described in the PP (Ref. 1), to confirm that it conforms to the requirements of the methodology and will be verifiable if implemented as described.
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.	Review of the PP (Ref 1.) and the ownership documentation provided (Ref. 7) to confirm that Project Proponent has control over the GHG sources/sinks from which the emissions reductions or removals originate on the properties.

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>	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.	Review of the PP (Ref. 1), and the ownership documentation provided (Ref. 7) to confirm no offsets prior to registration of the Project and that the Project Proponent has ownership of the properties included in the Project.
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>AFOLU projects that result only in the crediting of avoided emissions with no risk of reversal may not require demonstration of land title.</p>	
Additional	<p>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:</p> <ol style="list-style-type: none"> <li>1. Exceed regulatory/legal requirements;</li> <li>2. Go beyond common practice; and</li> <li>3. Overcome at least one of three implementation barriers: institutional, financial, or technical.</li> </ol>	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	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

	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.	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 16% 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 16% 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 30% 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 community impacts or claims thereof and the appropriate mitigation measure.</p>	Confirmed by reviewing the PP and MR (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, observations on site, 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 prescriptions in the baseline scenario are 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 (Ref. 1) 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 12 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 20 of the methodology (Refs. 1, 3). The total project uncertainty (percentage) during the reporting period is quantified using equation 22 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 Section 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 11.20% was independently re-quantified by SCS using equation 22 in the methodology. The audit team found the difference reasonable and immaterial.

	SCS Values	Client Values	Difference
Reporting Period	UNC <sub>t</sub>	UNC <sub>t</sub>	
RP1	11.01%	11.20%	0.19%

#### Materiality

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

$$\% \text{ Error} = \frac{(331,994 - 332,986)}{332,986} * 100 = \frac{-992}{332,986} * 100 = -0.2980\%$$

### 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:

- Recalculate the live aboveground, live belowground, and standing dead carbon pools using Woodall et al. (2011) equations and decay class information using the inventory data provided by the client (Ref. 6)
- Recalculate tree and plot-level live aboveground and standing dead tree defect (Ref. 3)
- Recalculate site index for a random selection of plots using available soil survey data (Ref. 13)

- Use the Forest Vegetation Simulator (FVS) to degrow the raw inventory to the project start date (Refs. 6, 15-19)
- Randomly select a sample of yield curves used in both the project and baseline scenarios. Run the selected samples in FVS and follow methodologies specified in the PP to calculate carbon stocks. Compare to the client's calculations for the selected yield curves to derive a correction factor to apply to the project and baseline population for the reporting period and ex-ante (Refs. 6, 15-19). Because prescriptions in the project and baseline scenarios are the same, the correction factor was calculated on the difference in total modeled carbon and applied to the recalculation of baseline and project stocks.
- Calculate the change in the baseline carbon stock stored in live trees and standing dead trees using equations 1 and 2 of the methodology. Calculate the 20-year average value of carbon remaining stored in wood products 100 years after harvest using equation 3 (Refs. 3, 4)
- With the outputs from equations 1, 2 and 3, calculate the long-term average baseline stocking level for the crediting period using equation 5 of the methodology. Use equation 7 to calculate the annual change in the baseline carbon stock (Refs. 3, 4)
- Calculate the baseline uncertainty in the combined carbon stocks in the baseline using equation 12 (Refs. 3, 4)
- Calculate the change in project carbon stock stored in live and dead trees using equations 13 and 14 (Ref. 3)
- Calculate the change in the project carbon stock and GHG emissions during the reporting period using equation 15 (Ref. 3)
- Calculate the percentage uncertainty in the combined carbon stocks in the project during the reporting period using equation 20 (Ref. 3)
- Calculate the total project uncertainty (percentage) during the reporting period using equation 22 (Ref. 3)
- 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 24 in the methodology (Ref. 3)

### 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, and so the applicable market leakage



deduction is 30%. The audit team also reviewed the provided entity-wide management certification that requires sustainable practices.

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

$$\text{Leakage Deduction} = (240,515 - (-)341,275) * 0.3 = 174,537$$

*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 16%. 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	-2%	The entire property is under a conservation easement (Ref. 7)
E	2%	Confirmation, through review of state and federal wildfire risk potential maps, that the project is located in an area of low fire risk
F	2%	Confirmation, through research, interviews, and site inspection that the risk of pest and disease is low
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 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 29 June 2021 to 31 December 2022 are free from material misstatement and in conformance with the assessment criteria.

The following provides a summary of the total emission reductions/removals for this Reporting Period including the buffer pool/reserve account contributions, and net emission reductions/removals:

Annual Emission Reductions and Removals in Metric Tons (tCO <sub>2</sub> e) during Reporting Period 1							
Vintage	Start Date	End Date	Total Emission Reductions/Removals (tCO <sub>2</sub> e)	Buffer Pool/Reserve Account Contribution (tCO <sub>2</sub> e)	Net Emissions Reductions/Removals (tCO <sub>2</sub> e)	Removals Subset (If Applicable) (tCO <sub>2</sub> e)	Emission Reductions Subset (If Applicable) (tCO <sub>2</sub> e)
2021	29 June 2021	31 December 2021	133,418	21,347	112,071	61,264	72,154
2022	1 January 2022	31 December 2022	261,814	41,891	219,923	120,223	141,591
Total for Reporting Period*			395,232	63,238	331,994	181,487	213,745

*\*Note: Final numbers are rounded for simplicity and totals may not sum due to rounding.*

Lead Auditor Approval	 Bryan Cummings, 12 June 2024
Internal Reviewer Approval	 Dr. Erynn Maynard-Bean, 12 June 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.

### *List of Findings*

#### ***Project: Manulife Blueback***

#### ***Reporting Period: RP1***

##### **NIR 1 Dated 12 Jan 2024**

**Standard Reference:** ACR IFM V2.0

**Document Reference:** ACR840\_RP1\_Monitoring Report\_1.0\_20230915.pdf  
ACR840 GHG Project Plan\_1.0\_20230915.pdf

**Finding:** Section 2.3 of the Methodology states, "In accordance with the ACR Standard, all projects will have a crediting period of twenty (20) years."

While the GHG Plan Section H2. Project Timeline lists the appropriate crediting period end date as well as the ERTs\_UNC tab of the GHGPP Calculations workbook, GHG Plan Section E5. lists the first crediting period as 2021-2040, and the MR Section II.7 lists the current crediting period as 06/29/2021 to 06/28/2040, which is 19 years minus 1 day. The audit team requests more information on this discrepancy.

**Project Personnel Response:** Typos corrected. See 'ACR840 GHG Project Plan\_1.1\_20240131.pdf' and 'ACR 840 RP1 Monitoring Report\_1.1\_20240131.pdf'.

**Auditor Response:** Confirmed update to crediting periods. Finding closed.

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

**OBS 2 Dated 12 Jan 2024****Standard Reference:** ACR Validation & Verification Standard V1.1**Document Reference:** ACR840 GHG Project Plan\_1.0\_20230915.pdf

ACR840 GHG Project Plan\_1.1\_20240131.pdf

**Finding:** Section 9.B of the Validation and Verification Standard states, "The VVB shall assess the project GHG data management system and its controls for sources of potential errors and omissions."

The auditors found the following errors that pertain to the conclusiveness of the project's GHG data management systems and controls:

Table A3.1: Repetitive text in the Reference column of "Real" Eligibility Criterion.

Section B2. Incorrect appendix reference for "Sustainable harvest requirements"

Sections B6., B7., E2., Appear to contain misplaced/erroneous text.

Section C2.: Repetitive text

Section E1.1.: Radius of the 1/200th acre plot is listed as the same as the 1/20th acre plot

Section E.5: Reference to Table "E1.n"

**Project Personnel Response:** All issues corrected and language clarified. Note that section references in Finding may now have different numbers due to template update. See 'ACR840 GHG Project Plan\_1.1\_20240131.pdf'.

**Auditor Response:** ~Noted that Table A5.1, column 'Reference' contains several error messages when referencing the eligibility criterion, which carries through to subsequent Appendix reference errors in the GHGP.

~Title page date does not reflect file name date

~Reference to ACR Standard 8.0 in section D2

**Project Personnel Response 2:** Apologies for the reference errors, these have been corrected along with the document date + Standard reference ('ACR840 GHG Project Plan\_1.2\_20240220').

**Auditor Response 2:** Finding closed.

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

**NIR 3 Dated 12 Jan 2024****Standard Reference:** ACR Standard V7.0**Document Reference:** Blueback\_GIS\_20230816.gdb

**Finding:** The ACR Standard requires that, "Projects must maintain material regulatory compliance" and defines regulatory compliance as, "Adherence to all national and local laws, regulations, rules, procedures, other legally binding mandates and, where relevant, international conventions and agreements directly related to project activities."

The Maine Forest Practices Act (FPA) is a state law for which the project is required to maintain regulatory compliance.

The Maine FPA (12 §8885. REPORTS BY FOREST LANDOWNERS) states, "1. Harvest report. Except as provided in subsection 1-A, an owner of forest land who sells forest products or harvests forest products for that owner's commercial use shall submit a report to the director stating the species, volume, and stumpage price per unit of measure for each transaction, the municipality or township where the stumpage was located, the estimated acreage of the harvest, the harvest method employed and the extent of whole-tree harvesting of both solid and chipped wood. For lump-sum sales, the purchaser shall be responsible for submitting the report [ 1997, c. 720, §14 (AMD) .] Additionally, the FPA states, "2-A. Report on clear-cuts. When timber harvesting produces a clear-cut as defined in section 8868, the landowner shall report to the director the acreage of the clear-cut and the purpose of the clear-cut. [ 1997, c. 720, §16 (NEW) .]" 12 §8868. DEFINITIONS of the FPA defines a clear-cut meaning "any timber harvesting on a forested site greater than 5 acres that results in a residual basal area of trees over 4 1/2 inches in diameter measured at 4 1/2 feet above the ground of less than 30 square feet per acre, unless, after harvesting, the site has a well-distributed stand of acceptable growing stock, as defined by rule, of at least 3 feet in height for softwood trees and 5 feet in height for hardwood trees that meets the regeneration standards defined under section 8869, subsection 1.

To ensure regulatory compliance, the audit team requests the required harvest reports for the applicable clearcut harvests from Blueback\_Harvest\_RP1 feature class in Blueback\_GIS\_20230816.gdb as UnitName/CommonName BLBK-HU-00144/4025-MSJ1-2021 and BLBK-HU-00065/4025-MSJ1-2021, with demonstration that it has been submitted to the state.

**Project Personnel Response:** Please see harvest report '2021\_Landowner\_Report\_FON\_2100468.pdf' provided by client.

**Auditor Response:** Confirmed submission to state is in accordance with MFPA laws and regulations. Submitted report is reflective of spatial harvest data. Finding closed.

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

**NIR 4 Dated 12 Jan 2024****Standard Reference:** ACR-GHG-Project-Plan-Template-v3.0.docx**Document Reference:** ACR840 GHG Project Plan\_1.0\_20230915.pdf

Manulife Blueback IFM Inventory Specifications v1.0\_051222.pdf

**Finding:** Section 9.F of the ValVer Standard defines consistency tests with regards to error checking as, "ensuring the methodologies and data handling process are consistent throughout project reporting".

ACR840 GHG Project Plan\_1.0\_20230915.pdf Section D1. lists monitored data and parameters. For Sample Plot Area, the description of the smaller fixed radius plot does not match what is listed in the inventory methodology. The audit team requests more information regarding this discrepancy.

**Project Personnel Response:** Typo corrected. See 'ACR840 GHG Project Plan\_1.1\_20240131.pdf'.**Auditor Response:** Confirmed update. Finding closed.**Bearing on Material Misstatement or Conformance (M/C/NA):** C**NCR 5 Dated 12 Jan 2024****Standard Reference:** ACR Standard V7.0

ACR-GHG-Project-Plan-Template-v3.0.docx

**Document Reference:** ACR840 GHG Project Plan\_1.0\_20230915.pdf**Finding:** Section 6.B of the Standard states, "Project Proponents shall use the GHG Project Plan template available at <https://americancarbonregistry.org/carbon-accounting/guidance-tools-templates>." This shows that the most recent available GHG Project Plan template is version 3.0.

ACR840 GHG Project Plan\_1.0\_20230816.pdf utilizes an outdated version of the GHG Project Plan and thus does not conform to the ACR requirements.

**Project Personnel Response:** GHG Project Plan has been updated to conform with new template. See document 'ACR840 GHG Project Plan\_1.1\_20240131.pdf'.**Auditor Response:** Confirmed GHG Plan template update. Finding closed.**Bearing on Material Misstatement or Conformance (M/C/NA):** C**NCR 6 Dated 12 Jan 2024****Standard Reference:** ACR Standard V7.0

ACR-Monitoring-Report-v5.0

**Document Reference:** ACR840\_RP1\_Monitoring Report\_1.0\_20230915.pdf**Finding:** Section 6.E of the ACR Standard states, "Project monitoring reports shall be completed for each verified reporting period using the template for Project Monitoring Report...Available at <https://americancarbonregistry.org/carbon-accounting/guidance-tools-templates>". This shows that the most recent available template version is ACR template ACR-Monitoring-Report-v5.0

ACR840\_RP1\_Monitoring Report\_1.0\_20230915.pdf uses an outdated version of the Monitoring Report Template and thus does not conform to the ACR requirements.

**Project Personnel Response:** Monitoring Report has been updated to conform with new template. See document 'ACR840 RP1 Monitoring Report\_1.1\_20240131.pdf'.**Auditor Response:** Confirmed Monitoring Report template update. Finding closed.**Bearing on Material Misstatement or Conformance (M/C/NA):** C

**NCR 7 Dated 12 Jan 2024****Standard Reference:** ACR IFM V2.0**Document Reference:** ACR840 GHG Project Plan\_1.0\_20230915.pdf

Manulife Blueback IFM Inventory Specifications v1.0\_051222.pdf

Blueback\_GIS\_20230816.gdb

**Finding:** Section 4.2.2 of the Methodology states, "An inventory SOP document must be developed and attached to the GHG Project Plan for validation that describes the inventory process, including the following...Procedures for updating the forest inventory, including following harvests or disturbances." Additionally, Section 5.2 of the Methodology requires, "the inventory SOP document must describe how the project will update the forest inventory data following harvests or disturbances."

The audit team noted that the inventory SOP document provided (Manulife Blueback IFM Inventory Specifications v1.0\_051222.pdf) does not include a procedure for updates to the forest inventory following harvests or disturbances, as required by the updated Methodology. Section D1. of the GHG Plan states "additional information on updating and archiving of these parameters for annual updates to forest carbon stocks in section D.2.", however, no such section exists in the GHG Plan ACR840 GHG Project Plan\_1.0\_20230915.pdf. This represents a nonconformity to the methodology requirements.

**Project Personnel Response:** Harvest depletion description added to GHG Project Plan. See Section D2. Harvest Depletion Methodology in 'ACR840 GHG Project Plan\_1.1\_20240131.pdf'.

**Auditor Response:** Thank you for the addition of Section D2. into the GHGPP. It provides valuable context about inventory depletion following harvest. As previously stated, Section 5.2 of the Methodology requires, "the inventory SOP document must describe how the project will update the forest inventory data following harvests or disturbances", and has yet to be updated. Finding remains open.

**Project Personnel Response 2:** Detail added as 'Appendix 2: Collection of Forest Inventory Data following Harvests or Disturbance' within revised Inventory Specification document ('Manulife Blueback IFM Inventory Specifications v1.1\_20240220').

**Auditor Response 2:** Confirmed this update to the inventory SOP document. Finding closed.

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

**NCR 8 Dated 12 Jan 2024****Standard Reference:** ACR IFM V2.0**Document Reference:** ACR840\_RP1\_Monitoring Report\_1.0\_20230915.pdf

**Finding:** The Methodology requires in Section 5.2 that, "At a minimum, the following data parameters must be monitored: Project area; Sample plot area; Tree species; Tree biomass; Wood products volume; and Dead wood pool, if selected."

While listed in the D1. of the GHG Plan, Section V of the MR does not include all of the required data parameters as the parameter 'Sample plot area' is not included.

**Project Personnel Response:** Sample Plot Area data parameter added to 'ACR840 RP1 Monitoring Report\_1.1\_20240131.pdf'.

**Auditor Response:** Confirmed update. Finding closed.

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



**NIR 9 Dated 12 Jan 2024****Standard Reference:** ACR IFM V2.0**Document Reference:** Blueback\_GIS\_20230816.gdb

**Finding:** Section 5.2 of the Methodology states with regard to the monitoring of carbon stocks, "At a minimum, the following data parameters must be monitored: project area, sample plot area, tree species, tree biomass, wood products volume, and dead wood pool, if selected."

The spatial files provided indicate that carbon stocks on Plot 280 may have been affected by harvest during the RP, as Plot 280 falls within the boundary of the harvest. The audit team requests more information regarding the timing of harvest relative to the establishment of Plot 280, and a description of how any plot level carbon changes due to this harvest are accounted for in the project scenario, which may be covered by addressing Finding #7.

**Project Personnel Response:** Harvest volume is depleted at end of reporting period based on volume. See depletion methodology described in Finding #7 above. Client also relayed that the area surrounding Plot 280 completed it's harvest following the completion of RP1 (March 2023).

**Auditor Response:** Thank you for this explanation. Finding closed.

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

**NIR 10 Dated 12 Jan 2024****Standard Reference:** ACR IFM V2.0**Document Reference:** ACR840 GHG Project Plan\_1.0\_20230915.pdf

**Finding:** Section 5.4 of the Methodology states, "If the project decreases wood product production by greater than 5% relative to the baseline then the Project Proponent and all associated landowners must demonstrate that there is no activity shifting leakage beyond de minimis within their operations – i.e., on other lands they manage/operate outside the boundaries of the carbon project. This demonstration is not required if the Project Proponent and associated landowner(s) enroll all their forested landholdings, owned and under management control, within the carbon project.

Such a demonstration must include one or more of the following:

- Entity-wide adherence to the sustainable management requirements specified in section 1.3, covering all entity-owned lands subject to commercial harvesting, including one or more of the following:
  - Management certification that requires sustainable practices (FSC, SFI, or ATFS);
  - Enrollment in a state-sanctioned forestry program with monitoring and enforcement mechanisms in place;
  - For private landowners owning less than 2,500 forested acres, provision of a documented long-term forest management plan, demonstrating sustainable forest management (per section 1.3.1), prepared and signed by a professional forester; or
  - For federally recognized tribal lands, demonstration of a current BIA-approved forest management plan. For non-federally recognized tribal lands, adherence to one or more of the sustainable management demonstrations above or adherence to sustainable forest management practices informed by traditional knowledge (as specified in section 1.3).
- Forest management plans prepared ≥24 months prior to the start of the project showing harvest plans on all owned/managed lands compared with records from the with-project time period showing no unanticipated increase in harvests outside the project area;
- Historical records covering all ownership trends in harvest volumes compared with records from the with-project time period showing no deviation from historical trends over most recent 10-year average; or
- Verifiable evidence of no harvesting in a given reporting period for all lands owned or managed by participating entities (e.g., Project Proponent, landowner) and not enrolled in the carbon project."

The language in Section E3. of the GHG Plan regarding entity-wide certification by SFI was found by the audit team to be inaccurate. The audit team acknowledges the project's submission of evidence to support that the project owner's properties are enrolled in the Sustainable Forest Initiative (SFI) (Southern Division SFI Certificate Expires 10-18-26.pdf), which indicates that 2,122,936 acres are enrolled. However, we request further evidence to demonstrate that ALL land is enrolled in SFI. While the project is ~84,000 acres in size, the audit team is aware that the Project Proponent (Manulife) owns over 2,000,000 acres in the Eastern US. This was verified during the certification check on the client-provided SFI certificate BV0SFIS\_US009410.pdf. To clarify, we request evidence of the total acreage of forest enrolled in the program and evidence that this aligns with all forested acres owned or under management control by the property owner.

**Project Personnel Response:** Please see file 'ManulifeBlueback\_SFI\_PublicRecord\_20240122.pdf' which shows entirety of property acreage as being enrolled in SFI program per publically-available records.

**Auditor Response:** Finding closed.

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

**NIR 11 Dated 12 Jan 2024**

**Standard Reference:** ACR IFM V2.0

**Document Reference:** Blueback\_SuperSection\_CPtest.xlsx

**Finding:** The Methodology states, "The common practice test requires an evaluation of the predominant forest management practices of the region and a demonstration that the management activities of the with-project scenario will increase carbon sequestration compared to common practice. This includes: 1) describing the predominant forest management practices occurring on comparable sites of the region that have not been enrolled in a carbon offset project (e.g., similar forest type, ecological condition, species/product mixture), 2) providing a descriptive comparison of the expected carbon sequestration impacts of predominant forest management practices identified in step 1 in relation to with-project scenario management, and 3) demonstrating that carbon stocks under with-project scenario management will exceed those of the baseline scenario by the end of the crediting period. Projects initially deemed to go beyond common practice are considered to meet the requirement for the duration of their crediting period. If common practice adoption rates of a particular practice change during the crediting period, this may make the project ineligible for renewal but does not affect its additionality during the current crediting period."

The auditors found via a comparison of the "Common Practice - Above Ground Carbon Mean" (CP) values in sheets 'Project' and 'Manulife\_AppendixF' of Blueback\_SuperSection\_CPtest.xlsx. do not align with those obtained independently from ARB (<https://ww2.arb.ca.gov/our-work/programs/compliance-offset-program/compliance-offset-protocols/us-forest-projects/2015>) and CAR (<https://www.climateactionreserve.org/how/protocols/ncs/forest/assessment-area-data/>). The audit team requests more information as to the source or demonstration of the development of the CP values applied in the common practice test.

**Project Personnel Response:** Common Practice test has been re-run with correct ARB Supersection/AA values. 20-year average baseline project stocks are still above Common Practice. See 'ACR840\_Blueback\_SuperSection\_CPtest\_v2.1' within the Appendix\_G\_CommonPractiveTest folder on SharePoint.

**Auditor Response:** Confirmed update and application of appropriate CP values. Finding closed.

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

**NIR 12 Dated 12 Jan 2024****Standard Reference:** ACR IFM V2.0**Document Reference:** ACR840 GHPP Calculations v1.0\_0915203.xlsx

**Finding:** Section 4.1 of the Methodology states, " Required inputs for the project NPV calculation include the results of a recent forest inventory of the project lands, prices for wood products of grades that the project would produce, costs of logging, re- forestation, and related costs, silvicultural treatment costs, and relevant carrying costs. Project Proponents shall include roading and harvesting costs as appropriate to the terrain and unit size, and timber included in baseline harvest must be demonstrably accessible and operable. "

Tab 'NPV\_Model' of calculation workbook ACR840 GHPP Calculations v1.0\_0915203.xlsx includes inputs of Sawlog/Pulplog harvest volume, Sawlog/Pulplog stumpage revenue, roading costs, net revenue, and NPV. However, the inputs of of logging, reforestation, and silvicultural treatment costs are not included. The audit team seeks additional information regarding the absent inputs required by the methodology.

**Project Personnel Response:** The project incorporates a stumpage-based timber pricing schedule (provided as part of Appendix F) which includes variable costs associated with timber harvest activities. Fixed costs, such as property taxes, are assumed to be constant between the baseline and with-project scenarios, and are therefore not included in the NPV assessment. Roading costs associated with harvest activities are included within the NPV assessment. Reforestation and other silvicultural treatments are not common in the region - thinning and/or clearcut-type prescriptions typically rely upon natural regeneration and do not require consideration of site prep, herbaceous weed control, or other intermediate stand treatments. Therefore, these management expenses were not deemed to be relevant to the project.

**Auditor Response:** Thank you for this explanation. Finding closed.

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

**NIR 13 Dated 12 Jan 2024**

**Standard Reference:** ACR Risk Tool v1.0

**Document Reference:** ACR840 GHG Project Plan\_1.0\_20230915.pdf;

Quitclaim Deed recorded Somerset County-Maine (Project Border - Blueback Property) c07-01-21.pdf

**Finding:** In the ACR Risk tool, it states, “Conservation Easement Deduction: A risk rating can be reduced by 2% if a project can provide verifiable evidence of a legally binding and enforceable conservation easement that requires the protection of carbon stocks for the life of the project.”

Section B8 of the GHG Plan states, “The Minimum Buffer Percentage for the project is 16%, which includes a 2% deduction for the conservation easement on the property, and the projected Buffer Contribution amount for the initial 20- year crediting period is 340,323 mt CO<sub>2</sub>e.”

In the Quitclaim provided by the client, it states, “Conservation Easement from Merriweather, LLC to the Forest Society of Maine, dated December 19, 2003, and recorded in Book 3247, Page 28, as amended by Amendment and Acknowledgment by and between Merriweather, LLC and Forest Society of Maine, dated December 8, 2015, and recorded in Book 4984, Page 315.”

The audit team requests evidence that demonstrates that the conservation easement covers the entire project area.

**Project Personnel Response:** See Merriweather CE December 2003 document provided with Appendix A (Ownership Documentation), Exhibits A-F for legal descriptions and maps of parcels included in conservation easement, executed by the grantor/grantee. The areas covered include the entirety of the project area. Supplementary information pertaining to the spatial delineation of the easement has been provided by the client, via the Forest Society of Maine, within the files 'WestBranch\_Blueback shapefile data.zip' and 'FW\_ Blueback Tract Easement Boundary\_email Forest Society of Maine.pdf'

**Auditor Response:** Thank you for this clarification and clear demonstration of complete coverage of the project area by a conservation easement. Finding closed

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

**NIR 14 Dated 12 Jan 2024****Standard Reference:** ACR Validation & Verification Standard V1.1**Document Reference:** ACR840 GHPP Calculations v1.0\_0915203.xlsx

ACR840 GHG Project Plan\_1.3\_20240222

**Finding:** Finding: Section 2.3 of the Methodology states “The project start date may be denoted by one of the following:

- Land acquisition or easement enrollment date;
- The date the Project Proponent or associated landowner(s) began to apply the land management regime to increase carbon stocks and/or reduce emissions relative to the baseline; or
- The date that the Project Proponent first demonstrated good faith effort to implement a carbon project. Such demonstrations must include documented evidence of:
  - The date the Project Proponent initiated a forest inventory for a carbon project;
  - The date that the Project Proponent entered into a contractual relationship or signed a corporate or board resolution to implement a carbon project; or
  - The date the project was submitted to ACR for listing review.

Other dates may be approved as the start date on a case-by-case basis.”

Section H.1 of the GHG Plan indicates that the start date is June 29, 2021. However, the Start Date treelist (ACR840 GHPP Calculations v1.0\_0915203.xlsx ) was degrown to June 21, 2021, rather than the project listed start date of June 29, 2021. Please provide justification for the degrowth to a date prior to the start date and/or confirm which is the accurate start date.

**Project Personnel Response:** Start date treelist has been updated to June 29, 2021 and associated documentation has been updated to reflect the changes.**Auditor Response:** Confirmed update to start date tree list, however Section E1.3.5. of ACR840 GHG Project Plan\_1.3\_20240222 still references the incorrect start date.**Project Personnel Response 2:** Section E1.3.5 of GHG Project Plan updated.**Auditor Response 2:** Confirmed update to start date in GHGP. Finding closed.**Bearing on Material Misstatement or Conformance (M/C/NA):** NA

**NIR 15 Dated 12 Jan 2024****Standard Reference:** ACR IFM V2.0**Document Reference:** Merriweather CE December 2003 doc.pdf

**Finding:** Section 4.1 of the Methodology states, “All legally binding constraints to forest management (with the exception of easements enacted less than 1 year before or less than 3 years after the project start date) must be considered in baseline modelling. These include all existing laws, regulations, legal rulings, deed restrictions, and other relevant regulatory frameworks (such as legally binding terms and conditions associated with the land acquisition, or donor funding restrictions regulating the amount or type(s) of timber harvest that can occur on the property).”

Exhibit D of the conservation easement includes lots within the project area that have been leased for the production of maple syrup. These facilities, and the acres of sugar maple supplying them, were noted by the audit team during the site visit. The audit team requests more information as to the lease structure of these sugar berth leased lots as well as any legal or operational constraints applicable to these lots that were considered in the development of the baseline scenario.

**Project Personnel Response:** Supplementary lease information has been provided to verifiers (see file 'Carrier\_Sugarbush License Agreement\_ Redacted.pdf'). According to Section 3.5 in the Sugarbush Management Notebook published by Cornell in association with the USDA (also provided), mitigating damage to residual trees is the primary limitation in logging within sugaring lots. The Sugarbush Management guidance recommends silviculture that is in-line with the project's baseline scenario.

**Auditor Response:** Confirmed management guidance for sugarbush acres recommends thinning in line with baseline silvicultural prescriptions. Also confirmed sugarbush lease agreement does not preclude timber harvest or management operations. Finding closed.

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

**NIR 16 Dated 12 Jan 2024****Standard Reference:** ACR IFM V2.0**Document Reference:** ACR840\_RP1\_Harvest Volumes.xlsx

**Finding:** Section 5.2 of the IFM states “Mill receipts or other harvest records for with-project harvests occurring within the reporting period must be provided for verification purposes.” The project has indicated that harvesting has occurred during this first reporting period. This is documented in the workbook ACR840\_RP1\_Harvest Volumes.xlsx. However, no mill receipts or official evidence corresponding to these harvests have been provided. To verify a sample, the auditors request mill receipts, timber sale records, or other verifiable evidence sufficient to recalculate the component 'HW Saw' in cell C13, Sheet2, ACR840\_RP1\_HarvestVolumes.xlsx.

The auditors requested a list of all mill tickets from the RP1 harvests. On 1/8/24, the project team provided a summary document of the mill tickets. The auditor replied on 1/10/24 with a randomized selection of requested harvest slips to verify.

**Project Personnel Response:** Mill receipts were provided to Audit Team on 1/25. Upon further inspection, discrepancies were observed within some of the stated values, and further clarification has been requested by the Developer from the client as of 1/29.

**Auditor Response:** Audit team was provided a response on 2/16/24 in email thread 'Blueback NPV Model Question to the issues raised in email thread 'Blueback Harvest Slips''. The project proponent's response adequately accounts for noted discrepancies. Finding closed.

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

**NCR 17 Dated 12 Jan 2024****Standard Reference:** ACR Standard V7.0**Document Reference:** ACR840 GHG Project Plan\_1.0\_20230915.pdf

**Finding:** Section 6.B of the Standard states, "The GHG Project Plan shall use the ACR template and include the following information...Roles and responsibilities, including contact information of the Project Proponent, other project participants, relevant regulator(s) and/or administrators of any GHG program(s) in which the GHG project is already enrolled, and the entities holding offset title and land title".

Section A8 of the GHG Plan lacks full contact information for the project proponent, including point of contact, and contact information which results in a nonconformity to the reporting requirements.

**Project Personnel Response:** GHG Project Plan has been updated to include appropriate contact info.

**Auditor Response:** Confirmed update to parties. Finding closed.

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



**NIR 18 Dated 12 Jan 2024****Standard Reference:** ACR Tool for Risk Analysis and Buffer Determination V1.0**Document Reference:** ACR840 GHPP Calculations v1.0\_0915203.xlsx**Finding:** The risk tool states the following:

“2. Natural Disaster Risks: Select one value from each risk category that applies:

E. Fire

8% if project is located in an area where fire greater than 1000 acres has occurred within 30 mile radius of project area in prior 12 months

4% if project is located in high fire risk region

2% if project is located in low fire risk region (verifiable evidence must be provided)

1% for agriculture and grassland projects only”

The client’s GHG Plan calculates risk as the following,

“Calculated Risk Score:

1. Section 1 (A + B + C + D) + Section 2 (E + F + G + H) = Total Risk score %

2. Section 1 (4 + 4 + 2 + -2) + Section 2 (2 + 4 + 0 + 2) = 16%”

In the client’s calculation workbook, cell E7 lists the “Buffer deduction rate” as 16%, which implies a 2% value for fire risk. However, in cell O122 of that same sheet, the “Calculated Risk Score” is listed as 15.98%. Furthermore, in tab ‘Risk’ of the workbook, cell E11 lists the fire risk score as 1.98%.

The audit team recognizes that the client performed a spatial analysis of the USDA Wildfire Hazard Potential to identify areas that are forestland versus 'water' or 'non-burnable'. This resulted in a modified fire risk score of 1.98%.

The audit team requests an explanation for why the fire risk score is listed as both 2% and 1.98% in the project’s documents.

**Project Personnel Response:** Buffer deduction rate is kept at 16% for ERT calculations, and Fire deduction is corrected to 2% in Risk calculation tab of 'ACR840 GHGPP Calculations v1.1\_20240131.xlsx'. Fire risk calculation = 1.98% is included for demonstration purposes only.

**Auditor Response:** Thank you for this explanation. Finding closed.

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

**NIR 19 Dated 12 Jan 2024****Standard Reference:** ACR-Monitoring-Report-v5.0**Document Reference:** ACR840\_RP1\_Monitoring Report\_1.0\_20230915.pdf

**Finding:** The MR template instructs, "State the Net GHG Emission Reductions and Removals for the Reporting Period (Total GHG Emission Reductions and Removals per section VI.4 minus the Buffer Pool Contribution/additional Reserve Account Contribution for the Reporting Period per section VI.5)."

The All Vintages sum reported in this section does not equal the total of Vintage A and Vintage B Net GHG Emission Reductions/Removals. The audit team requests more information regarding this discrepancy.

**Project Personnel Response:** Total Net GHG Emission Reductions/Removals for All Vintages corrected in Monitoring Report, section VI.5.

**Auditor Response:** Confirmed MR update. Finding closed

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

**NIR 20 Dated 16 Feb 2024****Standard Reference:** ACR IFM V2.0**Document Reference:** ACR840 GHG Project Plan\_1.1\_20240131.pdf

**Finding:** The IFM states, "Verification shall assess: continued regulatory surplus and conformance with eligibility, applicability, and sustainable forest management requirements."

GHGP Table A5.1 references 'ACR840 Regulatory Compliance Attestation' as the reference for the Regulatory Compliance aspect of Project Eligibility Requirements.

GHGP Section E4. states, "Forest management plans and historical records provided for verification demonstrate no deviation from management plans or from historical trends."

The audit team requests these documents be made available for review via the file share system.

**Project Personnel Response:** The Regulatory Compliance Attestation is embedded within the Monitoring Report (see 'Section IX: Required Attestations').

The language previously included in Section E4 was incorrect (this was reflective of earlier ACR IFM v1.3 criteria). The language has been updated to reflect the project's fulfillment of the ACR IFM v2.0 Section 5.4 requirements.

**Auditor Response:** Thank you for this clarification. Also noted revision to the language in GHGP Section E4, whereby the audit team no longer requires the forest management plans for review, as the methodology requirements for leakage demonstration are satisfied by enrollment in the SFI program. Finding closed.

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

**NCR 21 Dated 16 Feb 2024****Standard Reference:** ACR IFM V2.0**Document Reference:** ACR840 GHGPP Calculations v1.1\_20240131.xlsx

**Finding:** The IFM defines Equation 12 parameters eBSL,TREE,0 and eBSL,DEAD,0 as the percentage uncertainty expressed as 90% confidence interval percentage of the mean carbon stock in live and dead wood for the initial inventory in year zero, whereas the IFM defines Equation 20 parameters eP,TREE,t and eP,DEAD,t as the percentage uncertainty expressed as 90% confidence interval percentage of the mean carbon stock in live and dead wood for the most recent inventory used to estimate stocking at the end of year t.

The audit team noted the updated uncertainty values in sheets 'UNC' and 'ERTs UNC\_2.0' utilize uncertainty values derived from Start RP (year 0) values, whereas the methodology requires the as-measured, ungrown inventory confidence intervals to be used in the calculation of baseline and with-project uncertainty.

**Project Personnel Response:** Workbook has been updated/reverted to reflect the measured inventory quantities as the basis for the UNC calculation ('ACR840 GHGPP Calculations v1.2\_20240220'). The GHG Plan and Monitoring Report ('ACR840 RP1 Monitoring Report\_1.2\_20240220') have been updated to reflect the corrected quantities, as well.

**Auditor Response:** Confirmed update to uncertainty values in calculations workbook, and update is also carried through to the MR and GHGP. Finding closed.

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

**NCR 22 Dated 22 Feb 2024****Standard Reference:** ACR IFM V2.0**Document Reference:** ACR840 GHG Project Plan\_1.2\_20240220.pdf

**Finding:** The IFM V2.0 requires the exclusion of all emissions sources from the burning of biomass, as CO<sub>2</sub> stock decrease due to burning is accounted as a carbon stock change, and potential emissions from CH<sub>4</sub> and N<sub>2</sub>O are negligible. GHGP Section B4. includes CH<sub>4</sub> as an emission source and is not in conformance with the methodology.

**Project Personnel Response:** Corrected to exclude CH<sub>4</sub> as emission source.

**Auditor Response:** Confirmed update to GHGP. Finding closed.

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

**NIR 23 Dated 11 Mar 2024****Standard Reference:** ACR-GHG-Project-Plan-Template-v3.0**Document Reference:** ACR840 GHG Project Plan\_1.3\_20240222

**Finding:** The instructions in the GHG PP template section B1 state, "Reference the ACR-approved methodology title and version being applied to the project." However, section B1 of the GHGP does not contain the version of the IFM used and section B2 appears to reference the Errata and Clarifications of a previous methodology. The audit team requests clarification on these GHGP sections.

**Project Personnel Response:** Section B1 and Section B2 have been updated.

**Auditor Response:** Confirmed update to GHGP. Finding closed.

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

**NCR 24 Dated 11 Mar 2024****Standard Reference:** ACR-Monitoring-Report-v5.0**Document Reference:** ACR840 RP1 Monitoring Report\_1.2\_20240220**Finding:** Section II:9 of the MR states "ACR-approved Methodology title and version currently applied" but the adjacent entry is "ACR Standard Version 7.0" and represents a non-conformity to the monitoring report template.**Project Personnel Response:** Section II:9 updated.**Auditor Response:** Confirmed update to MR. Finding closed.**Bearing on Material Misstatement or Conformance (M/C/NA):** C**NIR 25 Dated 11 Mar 2024****Standard Reference:** ACR IFM V2.0**Document Reference:** ACR840 Manulife Blueback FVS Input DB v1.1 10052023.accdb**Finding:** Section 4.2.1 of the methodology states, "Modelling must be completed with a peer-reviewed forestry model that has been calibrated for use in the project region and approved by ACR. The GHG Project Plan must detail what model is being used and what variants and calibration processes have been selected. All model inputs and outputs (e.g., plot data, model selection, geographic variant, calibration for site-specific conditions, tree list outputs) must be available for inspection by the verifier, and the verifier shall document the methods used in validating the growth and yield model in the validation report."

The audit team requests justification for the adjustment of the merchantability specs from default FVS values. Merchandising specification values have been redacted to ensure confidentiality.

**Project Personnel Response:** Finite works closely with our clients to develop realistic baseline models that match real operational results on the ground. When knowledgeable clients who are active timber managers have unique merchandising specs which differ from regional averages (i.e. specifications more precisely reflective of local mills), we consult with them to arrive at the most realistic depiction of what their financially optimal (i.e. Max NPV) product wood flows would look like in the alternative scenario to a carbon project with respect to their normal inventory, harvesting, and mill delivery operations, in accordance with Section 1.1 of the methodology "Baseline determination is project-specific and must describe the harvesting scenario that would maximize net present value (NPV) of wood products harvests..."

**Auditor Response:** Thank you for providing this justification. Finding closed.**Bearing on Material Misstatement or Conformance (M/C/NA):** M/C