

VALIDATION AND VERIFICATION REPORT

American Carbon Registry

ACR677: Anew – Superior Watershed Forestry Project

Reporting Period:

27 August 2021 to 26 August 2022

Prepared for:

Anew Climate, LLC.

23 June 2023



AMERICAN CARBON REGISTRY

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| | |
|----------------------|--|
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Executive Summary

This report describes the validation and initial verification services provided for ACR677: Anew – Superior Watershed Forestry Project (“the project”), an improved forest management project located in Wisconsin and Michigan, USA. Greenleaf Timber Holding, Inc., the Project Proponent, is the owner of the project and SCS Global Services (SCS) provided the validation and verification services. The overall goal of the validation and verification engagement was to review, impartially and objectively, the project’s proposed plan, including claimed GHG emission reductions and removal enhancements for the reporting period from 27 August 2021 to 26 August 2022, against the requirements of the American Carbon Registry (ACR) Standard and relevant methodology. SCS conducted its audit through a combination of document review, interviews with relevant personnel, and on-site inspections. As a result of these efforts, 17 findings were raised: 2 Non-Conformity Reports (NCR), 14 New Information Requests (NIR) and 1 Observation (OBS). These findings are described in Appendix A of this report. In summary, SCS holds no restrictions or uncertainties with respect to the project’s compliance with the ACR standard and relevant methodology.

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1 Introduction

1.1 About SCS Global Services

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

SCS' Greenhouse Gas (GHG) Verification Program has been verifying carbon offsets since 2008 and to date has verified over 296 million tons of CO₂e, providing GHG verification services to a wide array of industries including manufacturing, transportation, municipalities, and non-profit organizations. The GHG Verification Program draws upon SCS's established expertise to serve the global carbon market.

1.2 Objectives

1.2.1 Validation Objectives

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

The objectives of validation were to evaluate:

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

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

1.2.2 Verification Objectives

The goal of this verification is to review, impartially and objectively, the claimed GHG emission reductions and removal enhancements against the relevant ACR Standard and methodology. SCS

independently evaluated the project's assertions based on supporting evidence and SCS's expert knowledge of industry best practices. 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).
- Significant changes to the project procedures or criteria since the last verification.
- Significant changes in the GHG project's baseline emissions and emission reductions/removal enhancements since the last verification.

SCS reviewed the project's GHG plan, assertions, and relevant documentation to determine:

- That the reported emissions reductions and/or removal enhancements are accurate.
- 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 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 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 spreadsheets 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, our review included a visit to the project site where:

- Carbon stock measurements were collected to provide a reasonable level of assurance that the GHG assertion is without material discrepancy (per ACR's materiality threshold of $\pm 5\%$) and,
- the risk of reversal and buffer contributions were deemed reasonable based on interviews and observations on site.

1.4 Validation and Verification Criteria

The validation and verification criteria were comprised of the following:

- ACR Standard, Version 7.0
- Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, Version 1.3 ("the methodology")
- Errata & Clarifications for ACR IFM Version 1.3

- ACR Tool for Risk Analysis and Buffer Determination, Version 1.0
- ACR Validation and Verification Standard v1.1
- Principles of ISO 14064-3:2006: 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, located in Wisconsin and Michigan, USA, is aimed at improved forest management. The owner and project proponent, Greenleaf Timber Holding, Inc.'s forest management practices represent a significant improvement in the carbon storage and conservation value compared to higher return, more aggressive management regimes of industrial private lands in the region. Harvest operations did not occur in the first reporting period. Going forward, management decisions of the forest will focus on sustainable forest growth and regular, primarily uneven-aged harvests as well as promotion of recreation, wildlife habitat and forest health. The project ensures long-term sustainable management of the forests, which could otherwise undergo significant commercial timber harvesting.

2 Assessment Process

2.1 Method and Criteria

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

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

2.2 Document Review

The GHG project plan (version "SuperiorWatershed_ACR_GHGPlan_06_12_23.pdf" dated 12 June 2023; "PP") and monitoring report (version "SuperiorWatershed_MonitoringReport_061523_Signed.pdf" dated 15 June 2023; "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. |
| Greenhouse Gas Plan (PP) | SuperiorWatershed_ACR_GHGPlan_06_12_23.pdf | 1 |
| Monitoring Report (MR) | SuperiorWatershed_MonitoringReport_061523_Signed.pdf | 2 |
| 100Yr Calculation workbook | SuperiorWatershed_100Yr_calcs_03_10_2023.xlsx | 3 |
| Regeneration workbook | SuperiorWatershed_Regeneration_Calcs.xlsx | 4 |
| ERT workbook | SuperiorWatershed_RP_ERT_HWP_03_10_2023.xlsx | 5 |
| Site Index workbook | SuperiorWatershed_SiteIndex_Calcs_10_05_2022.xlsx | 6 |
| Site Visit workbook | SuperiorWatershed_SiteVisit_CO2_12_01_2022.xlsx | 7 |
| Carbon workbook | SuperiorWatershed_Start_RP_CO2_02_01_2023.xlsx | 8 |
| Model inputs | SuperiorWatershed_Parameters_Inputs.xlsx | 9 |
| FVS workbook | SuperiorWatershed_FVS_Plots_03_08_2023.xlsx | 10 |
| FVS output database | SuperiorWatershed_IndTreeGrowls.db | 11 |
| FVS keyword file | SuperiorWatershed_IndTreeGrowls.key | 12 |
| FVS output file | SuperiorWatershed_IndTreeGrowls.out | 13 |
| FVS Snag File | SuperiorWatershed_IndTreeGrowls.sng | 14 |
| FVS input database | SuperiorWatershed_INVENTORYIs.db | 15 |
| FVS individual treatment output | [All items in folder 'FVS Output'] | 16 |
| Inventory methodology | TwinLakes_CarbonPlot_Methodology_10_04_21.pdf | 17 |
| Certification | Green Timber Tree Farm Group - 10681647 - ATFS - Final Certificate May 29th – 2026.pdf | 18 |
| Certification | TreeFarm_Certificate.pdf | 19 |
| Conservation easement 1 | Twin Lakes - Conservation Easement Amendment - Addition of BCPL lands.pdf | 20 |
| Conservation easement 2 | Twin Lakes - Conservation Easement-TCF to WIDNR.pdf | 21 |
| Spatial boundary layer | SuperiorWatershed_Boundary_03_18_22.shp | 22 |
| Spatial plot layer | SuperiorWatershed_Plots_3_18_22.shp | 23 |
| Spatial RMZ layer | SuperiorWatershed_RMZ_9_19_22.shp | 24 |
| Spatial strata layer | SuperiorWatershed_Strata_3_18_21.shp | 25 |
| Spatial deed parcels | SuperiorWatershed_ParcelsbyDeed_031822.shp | 26 |
| Property deeds | [25 items in folder 'Deeds'] | 27 |
| Uncertainty email | ClarificationonUncertainty.pdf | 28 |
| Risk score email | RE_IFM Conservation Easement Deduction for Risk Tool 1.0.pdf | 29 |
| Stumpage price workbook | SuperiorWatershed_TimberPricesCalcs_03_13_23.xlsx | 30 |

| | | |
|-----------------------|--|----|
| Stumpage price source | TimberMartNorth_Vol 28 No 1.pdf | 31 |
| PDA | SuperiorWatershed_PDA_PDD_4_17_23.pdf | 32 |
| Uncertainty | ClarificationUncertainty.pdf | 33 |
| Optimization Methods | LinearOptimization_Summary_Voluntary.pdf | 34 |
| Baseline Example | SuperiorWatershed_baseRev_CC65_2021.xlsx | 35 |

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 GHG Plan 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 |
| Tim Hipp | Anew | Director of Natural Climate Solutions – Forest Carbon | Throughout audit |
| Megan McKinley | Anew | Manager – Forest Carbon Projects | Throughout site visit |
| Justin Miller | Green Timber Consulting Foresters | President | Throughout site visit |
| Matt Beaupied | Greenleaf Timber Holding, Inc. (the project proponent) | Director of Land Resource | 23 January 2023 |

2.3.2 Interviews of Other Individuals

In addition to personnel associated with the project proponent, the audit team elected to interview individuals who were knowledgeable about the project, project proponent, carbon offsets, and/or the industry of forestry in the project's area. These interviews were intended to confirm the validity of the information provided to the audit team by 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 |
| Gary Willis | Michigan Department of Natural Resources | State Forester | 19 January 2023 |

| | | | |
|--------------|---|-----------------------------|-----------------|
| Ryan Peaslee | Wisconsin Department of Natural Resources | Mercer Forestry Team Leader | 25 January 2023 |
| Tyler Wood | Wisconsin Department of Natural Resources | Forester | 27 January 2023 |

2.4 Site Inspections

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

- Confirm the validity of the statements made in the GHG Plan and associated project documentation;
- Confirm the baseline conditions and project conditions.
- Interview project personnel to determine if the GHG Plan 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 24 October 2022 through 27 October 2022. The main activities undertaken by the audit team were as follows:

- Performed an in-depth assessment of the conformance of the Project to the assessment criteria
- Interviewed project personnel (see Section 2.3.1 of this report) to gather information regarding the inventory and 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 CO₂e/acre on each plot
- Review of management's commitment to the carbon project.
- Assessment of project during the reporting period to confirm that the project scenario consists of maintaining above baseline carbon stocks through carbon sequestration.

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, 2 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

- Review of project documentation including the GHG Plan (Ref. 1), MR (Ref. 2), calculation workbooks (Refs. 3-8), modeling files (Refs. 9-16), inventory methodology (Ref. 17), certifications (Refs. 18-19), easement documentation (Refs. 20-21), spatial information (Refs. 22-26), ownership documents (Ref. 27), supporting reports (Refs. 28-35), and to check for project-specific conformance to ACR standard and methodology, appropriateness of methodologies and tools applied, and accuracy of GHG information and assertion.
- Assessment of any disturbances or forest management activities that took place in the project area during the reporting period.
- Review of project scenario.
- Review of the sources, sinks, and reservoirs of GHG emissions within the project boundary (Refs. 3; 22).
- 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 Anew to convert the raw inventory data into emission reduction estimates during the reporting period. This included a re-calculation of project emissions, ERTs, and uncertainty using inventory data as described below in section 3.1 and 3.2 (Refs. 5; 8; 28).
- 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.

3 Validation Findings

3.1 Project Boundary and Activities

3.1.1 Project Boundary and Procedures for Establishment

The GHG Plan contains a description of the physical boundary of the project, which is located on approximately 19535.19 acres of forested land comprised of aspen, lowland conifer, lowland hardwood, northern hardwood, and pine stands. The project area comprises >20 forested parcels spread across two states (WI, MI) all owned and managed by Greenleaf Timber Holding, Inc. This is the physical and geographic site where project activities occur. 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 visiting a sample of corners or other ownership monuments and comparing actual locations to mapped locations. Likewise, during document review the audit team inspected project shapefiles (Refs. 22-25) to confirm project boundaries and project strata are accurately represented as compared to areas mapped during the site visit, maps provided in the GHG Plan, and available satellite imagery.

3.1.2 Physical Infrastructure, Activities, Technologies and Processes

The audit team reviewed the GHG Plan (Ref. 1) and project documentation (Refs. 3, 9-16) which indicate potential infrastructure, activities, and technologies used within the project area. The project activity consists of allowing the forest to progress naturally with less intensive commercial harvesting than would otherwise be expected on similar properties in the region. The audit team concluded that project activities, infrastructure and technologies will be minimal within the project area due to limited harvesting activity.

| Description | Included / Excluded | Gas | Justification |
|-----------------------------|---------------------|-----------------|--|
| Above-ground biomass carbon | Included | CO ₂ | Major carbon pool subjected to the project activity. |
| Below-ground biomass carbon | Included | CO ₂ | Major carbon pool subjected to the project activity. |
| Standing dead wood | Included | CO ₂ | Major carbon pool in unmanaged stands subjected to the project activity. |
| Harvested wood product | Included | CO ₂ | Major carbon pool subjected to the project activity. |
| Burning of biomass | Included | CH ₄ | Non-CO ₂ gas emitted from biomass burning. |

3.1.3 GHGs, Sources, and Sinks within the Project Boundary

The GHG sources, sinks and/or reservoirs that are applicable to the Project were confirmed. The sources, sinks, and reservoirs of GHG emissions within the project boundary are listed in the table below. This applies to both the baseline and project scenarios.

3.1.4 Temporal Boundary

The ACR Standard in Chapter 3 states that “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.” SCS reviewed the GHG Plan, MR, and relevant contractual documents (Ref. 1, 2, 20-21) for authenticity and concluded that the documents provided indicate the project start date is eligible, as it is the date that the project proponent entered into a contractual relationship to implement the carbon project.

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 GHG Plan 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 GHG Plan indicates that the baseline scenario, “represents an industrial harvest regime designed to maximize the annual cashflows from a

100-year Net Present Value (NPV) at a 6% discount rate, subject to operational considerations in the region.” (Ref. 1)

During the site visit and through interviews with the landowner and local foresters the audit team verified that aggressive industrial timber harvesting is common practice in the region. The audit team confirmed that the project proponent is a private industrial timber 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 Greenhouse Gas Project Plan (“PP”), to each of the relevant eligibility criteria listed in the ACR Standard. The audit team confirmed the full conformance of the project with the relevant eligibility criteria. A more detailed assessment of the audit team’s findings is provided below.

| Actions Undertaken to Confirm Conformance to Eligibility Criteria | | |
|---|---|--|
| Criterion | ACR Requirement | Validation Activities |
| Start Date, All Projects | Non-AFOLU Projects must be validated within 2 years of the project Start Date. AFOLU Projects must be validated within 3 years of the project Start Date. | Confirmation that this report was issued less than 2 years after 27 August 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: 1. The date that the Project Proponent began to apply the land management regime to increase carbon stocks and/or reduce emissions relative to the baseline. 2. The date that the Project Proponent initiated a forest carbon inventory. 3. The date that the Project Proponent entered into a contractual relationship to implement a carbon project. 4. The date the project was submitted to ACR for listing review. Other dates may be approved by ACR on a case | SCS reviewed the project’s GHG Plan to find the following statement, “The project ‘Anew – Superior Watershed Forestry Project’ has a project start date of August 27, 2021, the date by which of the contractual signing agreement between the Project Proponent (Greenleaf Timber Holding, Inc.) and the Offset Developer (Anew Carbon Development LLC) was completed.” This confirms adherence to option 3, on the left. |

| | | |
|---|---|--|
| | by case basis. | |
| Start Date Definition, Avoided Conversion Projects | For Avoided Conversion of non-forest, the Start Date is when the Project Proponent implemented the project action physically and/or legally, such as securing a concession or placing a land conservation agreement on the project land. | Not applicable; the project is not an avoided conversion project. |
| Start Date Definition, Other Agricultural Land-based Projects | For other Agricultural Land-based projects, the Start Date is the date by which the Project Proponent began the Project Activity on project lands, or the start of the cultivation year during which the Project Activity began. | Not applicable; the project is not an 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 GHG Plan 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 GHG Plan 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, 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 (Refs. 20-21; 27) 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) | For projects reducing or removing non-energy indirect emissions, the following requirement applies: The Project Proponent shall document that no other entity may claim GHG emission reductions or removals from the Project Activity (i.e., that no other entity may make an ownership claim to the emission reductions or removals for which credits are sought). | Not applicable; the project is not reducing or removing non-energy indirect emissions. |
| Offset Title (All Projects) | The Project Proponent shall provide documentation and attestation of undisputed title to all offsets prior to registration. Title to offsets shall be clear, unique, and uncontested. | Review of the PP, and the ownership documentation provided (Refs. 1; 20-21; 27) 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) | For U.S. projects with GHG emissions reductions resulting from terrestrial sequestration, Project Proponents shall provide documentation of clear, unique, and uncontested land title. For international projects, Project Proponents shall provide documentation and/or attestation of land title; ACR may require a legal review by an expert in local law. Land title may be held by a person or entity other than the Project Proponent, provided the Project Proponent can show clear, unique, and uncontested offsets title. AFOLU projects that result only in the crediting of avoided emissions with no risk of reversal may not require demonstration of land title. | |
| Additional | Every project shall use either an ACR-approved performance standard and pass a regulatory surplus test, or pass a three-pronged test of additionality in which the project must: 1. Exceed regulatory/legal requirements; 2. Go beyond common practice; and 3. Overcome at least one of three implementation barriers: institutional, financial, or technical. | Confirmation that the project meets all relevant additionality requirements (see Section 3.4 below for more details). |
| Regulatory Compliance | Projects must maintain material regulatory compliance. To do this, a regulatory body/bodies | After performing extensive regulatory compliance checks for the Anew - |

| | | |
|---|--|--|
| | <p>must deem that a project is not out of compliance at any point during a reporting period. Projects deemed to be out of compliance with regulatory requirements are not eligible to earn ERTs during the period of non-compliance. Regulatory compliance violations related to administrative processes (e.g., missed application or reporting deadlines) or for issues unrelated to integrity of the GHG emissions reductions shall be treated on a case-by-case basis and may not disqualify a project from ERT issuance. Project Proponents are required to provide a regulatory compliance attestation to a verification body at each verification. This attestation must disclose all violations or other instances of non-compliance with laws, regulations, or other legally binding mandates directly related to Project Activities.</p> | <p>Superior Watershed Forestry Project during the reporting period (RP1), the audit team found no indication of any violations regarding regulatory compliance. EPA, ECHO and OSHA were checked, and no violations were observed. There are many regulations that govern forest management in these states (WI and MI). We confirmed with local foresters from WI and MI that there have been no violations pertaining to timber harvesting or other environmental policies on the properties over the last year. We also checked the MI and WI state databases for regulatory and compliance issues on the parcel. Given these lands have had very few management activities, the audit team does not consider this a high area of risk. We have achieved a reasonable level of assurance on this regulatory check.</p> |
| Permanence (All AFOLU Projects) | <p>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.</p> | <p>Confirmed a total risk percentage of 16.74% using the ACR Tool for Risk Analysis and Buffer Determination as required by the ACR methodology.</p> |
| Permanence (Terrestrial Sequestration, Avoided Conversion Projects) | <p>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.</p> | <p>Confirmed a total risk percentage of 16.74% using the ACR Tool for Risk Analysis and Buffer Determination as required by the ACR methodology.</p> |
| Permanence (Geologic Sequestration Projects) | <p>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.</p> | <p>Not applicable; the project is not a geologic sequestration project.</p> |
| Permanence (All Projects) | <p>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).</p> | <p>Confirmed that section D of the PP includes a detailed Monitoring Plan relevant to the methodology.</p> |

| | | |
|---|---|--|
| Net of Leakage | ACR requires Project Proponents to address, account for, and mitigate certain types of leakage, according to the relevant sector requirements and methodology conditions. Project Proponents must deduct leakage that reduces the GHG emissions reduction and/or removal benefit of a project in excess of any applicable threshold specified in the methodology. | Confirmed that a 40% leakage deduction was applied which is consistent with market-leakage per the methodology. No activity shifting leakage was also confirmed through the review of the proponent's participation in the American Tree Farm System (Refs. 18-19) which demonstrate that all the project proponent's lands are enrolled in this certification program and therefore must meet the sustainability requirements of that certification body. This certification gives reasonable assurance that no market-shifting leakage is occurring due to the project activity. |
| 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 foresters 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 and found them to be feasible.

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.

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 GHG Plan and inventory methodology describe the process including sample size, determination of plot numbers, plot layout, data collected, and measurement techniques. Through site visit, data, and document review, the audit team verified the forest inventory methodologies and application.

The inventory data was then run within the Forest Vegetation Simulator with baseline prescriptions to project the baseline condition and a grow-only scenario to estimate the project scenario. The audit team confirmed that the baseline prescriptions were feasible and representative of common practice conditions in the region (see section 3.4.2).

3.5.3 Data Management Systems

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

3.5.4 QA/QC Procedures

Section D of the GHG Plan identifies field and desk QA/QC procedures. The field QA/QC procedures include senior forester review of field collected data and remeasurement of any plots that cannot be reconciled. Further the GHG Plan states that “At least 10% of the plots are checked by a different forester than cruised the plot, specifically by someone senior to the field crew. This involves full plot measurement to identify any problems with determining in/out trees, species calls, defect measurements, DBH measurements, and height measurements... The purpose of the check cruise is to identify any consistent errors by either a specific cruiser, or the whole crew, and to verify that all plots are being measured with a high level of diligence.” These field QA/QC procedures were confirmed on-site and during interviews.

The GHG Plan identifies four stages of desk QA/QC procedures including an implementation forester review, a technical forester review, a technical review, and a senior management review. These include independent checks on the inventory data, model runs, carbon calculations, and document text and formatting.

The QA/QC procedures and the quantification approach employed by the project team conform to the parameters and quantification methods required by the Methodology. SCS determined that the Project Proponent sufficiently documented and quantified each parameter. Section D of the GHG Plan also provides in detail a monitoring and data management plan for each parameter throughout the reporting period.

3.5.5 Processes for Uncertainty Assessments

The GHG Plan describes how baseline and project uncertainty were calculated. The GHG Plan states that uncertainty in the combined carbon stocks in the baseline is quantified using equation 10 of the methodology. The percentage uncertainty in the combined carbon stocks in the project during the reporting period is calculated using equation 18 of the methodology. The total project uncertainty (percentage) during the reporting period is quantified using equation 19 of the methodology. SCS confirmed that the approaches for assessing uncertainty that are identified in the GHG Plan are in conformance with the quantification methods required by the Methodology. Further detail on uncertainty quantification is in sections 4.1.

4 Verification Findings

4.1 Results of Quantitative Uncertainty Assessment

SCS devoted a portion of the verification assessment to the review of the manner and propriety by which the project proponent quantified uncertainty associated with the individual GHGs in the project, in addition to the uncertainty of the calculation of GHG emission reductions and removals. The audit team also calculated the total materiality of the GHG reduction and removal assertion.

4.1.1 Project Uncertainty

The reported total Project Uncertainty (UNC_t) value of 4.08% value reported by the client for 2022 was independently re-quantified by SCS using equation 19 in the methodology. The audit team found no difference.

| Year | UNC _t Client Values | UNC _t SCS Values | Difference |
|------|-----------------------------------|--------------------------------|------------|
| 2022 | 4.08% | 4.08% | 0.00% |

4.1.2 Materiality

The total materiality of the GHG reduction and removal assertion was also calculated for the reporting period.

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

$$\% \text{ Error} = \frac{(77,403 - 77,992)}{77,992} * 100 = \frac{-589}{77,992} * 100 = -0.7549\%$$

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

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

- Recalculate the live aboveground, live belowground, and standing dead carbon pools using Jenkins et al. (2003) equations and decay class information using the inventory data provided by the client (Ref. 8)
- Recalculate tree and plot-level live aboveground and standing dead tree defect (Ref. 8)
- Recalculate site index for a random selection of plots using available soil survey data (Refs. 6)
- Use the Forest Vegetation Simulator (FVS) to degrow the raw inventory to the project start date (Ref. 8)
- Randomly select a sample of plot(s) and prescription(s) from the baseline scenario. Run the selected sample in FVS and follow methodologies specified in the GHG Plan to calculate carbon stocks. Compare to the client's calculations for the selected plot to derive a correction factor to apply the population baseline for the reporting period and ex-ante (Refs. 5, 10-16)
- Randomly select a sample of plot(s) and the grow prescription from the project scenario. Run the selected sample in FVS and follow methodologies specified in the GHG Plan to calculate carbon stocks. Compare to the client's calculations for the selected plot to derive a correction factor to apply the population project for the reporting period and ex-ante (Refs. 3; 5)
- 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; 5)

- 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 6 to calculate the annual change in the baseline carbon stock (Refs. 3; 5)
- Calculate the baseline uncertainty in the combined carbon stocks in the baseline using equation 10 (Refs. 3; 5)
- Calculate the change in project carbon stock stored in live trees using equations 11 and 12 (Refs. 3; 5)
- Calculate the change in the project carbon stock and GHG emissions during the reporting period using equation 14 (Refs. 3; 5)
- Calculate the percentage uncertainty in the combined carbon stocks in the project during the reporting period using equation 18 (Refs. 3; 5)
- Calculate the total project uncertainty (percentage) during the reporting period using equation 19 (Refs. 3; 5)
- Calculate the net greenhouse gas emission reductions (in metric tons CO₂e) during the reporting period and during each annual vintage using equation 20 in the methodology (Refs. 3; 5)

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 all the project proponent's land is certified under the American Tree Farm System (ATFS) (Refs. 18-19). In addition to the certifications provided by the project proponent, the audit team corresponded with ATFS directly for confirmation. These documents and correspondence resulted in a reasonable level of assurance that the IFM requirements for the demonstration of no activity shifting leakage from project activity are met.

The audit team confirmed that the market leakage value of 0.4 is appropriate when considering the decrease in wood production relative to the baseline.

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 16.744%. 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 * 0.628% ¹ | Confirmation, through spatial analysis and documentation, that a portion of the project area is designated a conservation easement |
| E | 2% | Confirmation, through satellite imagery and documentation, that the project area is in a low fire risk zone |
| F | 4% | Confirmation, through literature review and expert interviews, that the project area is not experiencing epidemic levels of pest and disease |
| G | 0% | Confirmation, through site inspections and spatial data, 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 |
| 16.744% | | TOTAL |

5 Conclusion

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

- The Project Proponent 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



The following provides a summary of the annual emission reductions and removals issuance for the current Reporting Period with the Leakage deduction included and the Buffer deductions excluded (Gross ERTs):

¹ The project acres in Wisconsin (12,270.92 acres, or 62.8% of the project area) are under a conservation easement held by the State of Wisconsin. The Easement requires that the land remain in forest use, and particularly encourages commercial forest operations. The only restrictions to timber harvest and forest management are those outlined in the forest practice rules for any other unencumbered private landowner in the state of Wisconsin. The area of the conservation easement was independently confirmed by the SCS team.

| Annual Emission Reductions and Removals in Metric Tons (tCO ₂ e) during Reporting Period 1 | | | | |
|---|----------------|------------------|--|--|
| Vintage | Start Date | End Date | Gross GHG Emission Removals (tCO ₂ e) | Gross GHG Emission Reductions (tCO ₂ e) |
| 2021 | 27 August 2021 | 31 December 2021 | 16,781 | 15,567 |
| 2022 | 1 January 2022 | 26 August 2022 | 31,448 | 29,174 |
| Total | | | 48,229 | 44,741 |

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

| Annual Emission Reduction in Metric Tons (tCO ₂ e) during Report Period 1 | | | | |
|--|----------------|------------------|---|---|
| Vintage | Start Date | End Date | Net GHG Emission Reductions/Removals (tCO ₂ e) | Quantity of Buffer Credits (tCO ₂ e) |
| 2021 | 27 August 2021 | 31 December 2021 | 26,932 | 5,416 |
| 2022 | 1 January 2022 | 26 August 2022 | 50,471 | 10,151 |
| Total | | | 77,403 | 15,567 |

| | |
|----------------------------|---|
| Lead Auditor Approval |  Alexa Dugan, 23 June 2023 |
| Internal Reviewer Approval |  Alexander Pancoast, 23 June 2023 |

Appendix A: List of Findings

Please see Section 2.5 above for a description of the issuance process for findings 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.

NIR 1 Dated 20 Jan 2023

Standard Reference: ACR Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S.

Forestlands v.1.3 (ACR IFM Methodology v1.3)

Document Reference: SuperiorWatershed_ACR_GHGPlan_12_01_22.pdf; Green Timber Tree Farm Group Certificate.pdf

Finding: Section A2. Applicability Conditions in the IFM methodology states, "Public non-federal ownerships currently subject to commercial timber harvesting in the with-project scenario must: - be certified by FSC, SFI, or ATFS or become certified within one year of the project Start Date;"

The client provided a copy of the American Tree Farm Certificate (Green Timber Tree Farm Group Certificate.pdf), however this certificate expired on May 29, 2021, before the start date of the project.

The audit team requests proof that the owner meets the requirements of section A2.

Project Personnel Response: An updated certificate has been shared with the verifier.

Auditor Response: Perfect. This finding is closed.

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

NCR 2 Dated 20 Jan 2023

Standard Reference: ACR IFM Methodology Version 1.3 Errata & Clarifications

Document Reference: SuperiorWatershed_ACR_GHGPlan_12_01_22.pdf

Finding: Pertaining to monitoring activity-shifting leakage, the IFM Errata & Clarifications states "If the project decreases wood product production by >5% relative to the baseline then the Project Proponent and all associated landowners must demonstrate that there is no leakage within their operations – i.e., on other lands they manage/operate outside the bounds of the ACR carbon project. This demonstration is not applicable if Project Proponent and associated landowners enroll all of their forested landholdings, owned and under management control, within the ACR carbon project." The GHG Plan states, "Quantification of leakage is limited to market leakage, as no activity-shifting leakage is allowed by the methodology beyond de minimis levels." Please demonstrate compliance with monitoring activity-shifting leaking as per the methodology.

Project Personnel Response: Demonstration of compliance with activity-shifting leakage is met via entity-wide certification. All of Greenleaf Timber Holding, Inc forestlands are enrolled in ATFS via the Green Timber Tree Farm Group (noted above).

Auditor Response: Please provide the forestland acres owned by Greenleaf Timber Holding.

Project Personnel Response 2: Total forestland acres owned by Greenleaf Timber Holding Inc. is approximately 52,000 acres.

Auditor Response 2: Thank you for this additional information. This finding is now closed.

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

NIR 3 Dated 20 Jan 2023

Standard Reference: ACR Validation and Verification Standard, Section 9.B

Document Reference: SuperiorWatershed_Start_RP_CO2_12_01_2022, TwinLakes_CarbonPlot_Methodology_10_04_21.pdf, SuperiorWatershed_INVENTORYIs.db

Finding: The inventory methodology states that “No height measurement is needed” for tree saplings 1” to 4.9” DBH. In the calculation workbook ‘SuperiorWatershed_Start_RP_CO2_12_01_2022.xlsx’ according to the ‘ReadMe’ tab, the sheet, ‘TreeData’ contains “...the original (cleaned and checked) tree-level inventory collected on the inventory date.” However, there are 266 saplings with height measurements - all of which have trailing decimals that would seem to indicate that these are not original measurements from the field inventory. Additionally, the 'TreeData' height measurements do not match the input data for the initial FVS run used to degrow trees to the start date (SuperiorWatershed_INVENTORYIs.db). Please provide information pertaining to the source of the sapling measurements with trailing decimals.

Project Personnel Response: The heights in the tree data tab are sourced from the SuperiorWatershed_IndTreeGrowls.db in the FVS_TreeList_East table and are estimated in FVS. These heights are provided for all saplings greater than 3.5" DBH in case they are grown above 5" DBH at the end of the RP. They are then used in the Total Height Grown column on the Start_TreeList and RP_TreeList tabs. While these heights are provided for reference, they are not used in the CO2 calcs.

Auditor Response: This clear explanation is much appreciated. The finding is closed. Please note that the information provided here remains in contrast to the 'ReadMe' tab of the SuperiorWatershed_Start_RP_CO2_12_01_2022.xlsx (and to the updated, SuperiorWatershed_Start_RP_CO2_01_25_2023.xlsx).

Project Personnel Response 2: ReadMe tab has been updated for clarification.

Auditor Response 2: The audit team confirms the updated language in the workbooks. This finding is closed.

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

NIR 4 Dated 20 Jan 2023

Standard Reference: ACR Validation and Verification Standard, Section 9.B

Document Reference: SuperiorWatershed_CCP_2071.out, SuperiorWatershed_ACR_GHGPlan_12_01_22.pdf

Finding: Section 9.B of the ACR Validation and Verification Standard states "The VVB should assess the effectiveness of methods for data collection and processing, identify likely areas for data corruption or potential errors, and characterize GHG data collection and management system integration weaknesses." In reference to the baseline scenario, the GHG Plan states: "Volume yields were output for 100-year projection from FVS-LS, with annual yields interpolated between 10-year cycle outputs." However, according to the content of the project proponent's 'FVS_Output' folder, FVS was run with 5-year cycles. As one example, in lines 2572 to 2593 of SuperiorWatershed_CCP_2071.out the output is for years 2021, 2026, 2031, 2036 and every 5 years until 2126. Please explain the discrepancy.

Project Personnel Response: Thank you the referenced description has been updated in the GHG plan to reflect that FVS outputs are interpolated between 5-year cycle outputs. And that these 5-year cycles are outputted from FVS using the TIMEINT keyword to change from the default 10-year cycle outputs.

Auditor Response: The GHG plan has been updated. This finding is closed.

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

NIR 5 Dated 20 Jan 2023

Standard Reference: ACR Validation and Verification Standard, Section 9.B

Document Reference: SuperiorWatershed_CCP_2026.out,
SuperiorWatershed_ACR_GHGPlan_12_01_22.pdf

Finding: Section 9.B of the ACR Validation and Verification Standard states "The VVB should assess the effectiveness of methods for data collection and processing, identify likely areas for data corruption or potential errors, and characterize GHG data collection and management system integration weaknesses." In Table E1-7 of the GHG Plan, the baseline scenario's CCP prescription states: "Clear cut with 4 entries and a minimum rotation of 70 years." However, there appear to be instances where this prescription is applied without 4 entries in a rotation, even when the rotation starts with a 'first entry' and a residual BA of 80. For example, a summary statistics table starts on line 2587 of 'SuperiorWatershed_CCP_2026.out'. Three entries occur for the first rotation, which is interpreted as ending when the final BA is zero, and the stand age resets to zero. Please explain the discrepancies between the GHG plan and the scenario as modeled in FVS.

Project Personnel Response: This is accounted for in the CCP prescription description in the GHG plan where it states: "Prescription can begin with any entry meeting stand requirements." Which should be interpreted as the prescription will start with the entry whose initiation triggers are in alignment with the stand conditions and will proceed with the subsequent entries as the stand meets those requirements.

Auditor Response: Thank you. Indeed, the language in the GHG plan does allow for the initial entry to be any entry that meets stand requirements. However, in the example scenario in this finding (and this still applies in the new files provided), the initial entry begins with the first entry prescription. Then this example does not 'proceed with the subsequent entries' and instead a subsequent entry is skipped. As modeled, the prescription still appears to be in contrast with the GHG description (underlined added for emphasis), specifically "Clear cut with 4 entries and a minimum rotation of 30 years. Prescription can begin with any entry meeting stand requirements." Please clarify the discrepancies between the GHG Plan and the prescriptions as modeled.

Project Personnel Response 2: Updated language to clarify that the prescription may contain "up to 4 entries" and changed "may occur when" to "occurs if" since some entries may be skipped if age/basal area requirements are not met. Also, added clarifying language that the prescription "will begin with the entry that first meets stand requirement triggers."

Auditor Response 2: The audit team confirms the updated language in the GHG plan. This finding is closed.

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

NIR 6 Dated 20 Jan 2023

Standard Reference: ACR Validation and Verification Standard, Section 9.B

Document Reference: SuperiorWatershed_CCP_2026.out,
SuperiorWatershed_ACR_GHGPlan_12_01_22.pdf

Finding: Section 9.B of the ACR Validation and Verification Standard states "The VVB should assess the effectiveness of methods for data collection and processing, identify likely areas for data corruption or potential errors, and characterize GHG data collection and management system integration weaknesses." In Table E1-7 of the GHG Plan, the baseline scenario's CCP prescription states: "Clear cut with 4 entries and a minimum rotation of 70 years." However, there appear to be instances where the first entry of the second rotation initiates a reset of the stand age. For example, a summary statistics table starts on line 2587 of 'SuperiorWatershed_CCP_2026.out'. The second rotation begins with a first entry cut (residual BA = 80), but the stand age resets with this cut, so subsequent cuts are not implemented. Please explain the discrepancies between the GHG plan and the scenario as modeled in FVS.

Project Personnel Response: Thank you, we were using the incorrect variable (AMCUFT) in the key file to trigger the age reset. This has been updated and is now using ATCUFT.

Auditor Response: This issue has been resolved and the finding is closed.

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

NIR 7 Dated 20 Jan 2023

Standard Reference: ACR Validation and Verification Standard, Section 9.B

Document Reference: SuperiorWatershed_ACR_GHGPlan_12_01_22.pdf

Finding: Section 9.B of the ACR Validation and Verification Standard states "The VVB should assess the effectiveness of methods for data collection and processing, identify likely areas for data corruption or potential errors, and characterize GHG data collection and management system integration weaknesses." In Table E1-7 of the GHG Plan, the baseline scenario's CCP prescription states: "Clear cut with 4 entries and a minimum rotation of 70 years... Plant 800 trees per acre of red pine in the P strata." Please clarify which entry and/or rotation the plantings are to occur.

Project Personnel Response: Thank you for catching this. It appears the plant regen was not being added to the key file as expected. This was due to a typo in an if statement within our code. I have now fixed this so that regen plantings occur as described.

Auditor Response: Great! The issue has been resolved and the finding is closed.

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

NIR 8 Dated 20 Jan 2023**Standard Reference:** ACR IFM Methodology v1.3**Document Reference:** SuperiorWatershed_CC65_2041.out,
SuperiorWatershed_ACR_GHGPlan_12_01_22.pdf

Finding: Section C1 of the Methodology states "The baseline management scenario shall be based on silvicultural prescriptions recommended by published state or federal agencies to perpetuate existing onsite timber producing species while fully utilizing available growing space." In Table E1-7 of the GHG Plan, the baseline scenario CC65 prescription states "Subsequent Rotations: Minimum age trigger = 65 years." There are similar 'Minimum age triggers' without other specifications for the prescriptions CCA (35 years) and CCP (multiple). Specifying an age trigger without a basal area (BA) or harvest volume trigger does not always result in realistic harvest scenarios as tree growth is also dependent upon environmental conditions that vary across sites. For one example, the project proponent's 'FVS_Output' folder contains 'SuperiorWatershed_CC65_2041.out'. Line 2443 shows the 'subsequent rotation' occurring at the age trigger of 65 years and resulting in stand with a BA of 18 being harvested. Please provide evidence that relying solely on age for scheduling harvests results in prescriptions that are common practice.

Project Personnel Response: Thank you, to ensure that stands are not harvested unrealistically with low basal areas, basal area triggers have been added to all prescriptions.

Auditor Response: This issue has been resolved and the finding is closed.

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

NIR 9 Dated 20 Jan 2023

Standard Reference: ACR Validation and Verification Standard, Section 9.B

Document Reference: SuperiorWatershed_SHW90_2031.out,
SuperiorWatershed_ACR_GHGPlan_12_01_22.pdf

Finding: Section 9.B of the ACR Validation and Verification Standard states "The VVB should assess the effectiveness of methods for data collection and processing, identify likely areas for data corruption or potential errors, and characterize GHG data collection and management system integration weaknesses." In Table E1-7 of the GHG Plan, the baseline scenario SHW90 prescription states "First Entry: May occur when stand age is between 50 and 999 years, and stand basal area is greater than or equal to 120 square feet/acre." However, the harvests are not being triggered in all cases by the named criteria. For an example, the project proponent's 'FVS_Output' folder contains 'SuperiorWatershed_SHW90_2031.out'. Line 36375 shows the first entry occurring in 2011, well past the triggers listed in the GHG Plan (BA = 305). Please explain the discrepancy.

Project Personnel Response: This is due to BA in the .out files being shown as total BA, when triggers are based on BA of trees \geq the minimum harvest tree diameter, which is 5" here. This value for the stand can be found in the compute table of the .db output in the column BA5DBH.

Auditor Response: Thank you for clarifying your computations in the compute file, and a clear explanation here! 'Stand basal area' is used as a criterion in other prescriptions where it includes all DBH (that FVS utilizes for this variant), as would be reasonably assumed by a reader with some background in forestry. With this precedent and understanding, there remains discrepancies - or at least a lack of clarity/repeatability - between the GHG Plan language and the prescriptions as implemented with BA triggers or residuals that are a subset of the stand DBH (SHW90, SHW50, STS50BA10).

Project Personnel Response 2: A foot note has been added to the table E1-7 clarifying that "Harvest residuals are calculated only for trees that are within the minimum/maximum DBH/Height restrictions set in the harvesting parameters."

Auditor Response 2: The audit team confirms the updated language in the GHG plan. This finding is closed.

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

NIR 10 Dated 20 Jan 2023

Standard Reference: ACR Validation and Verification Standard, Section 9.B

Document Reference: SuperiorWatershed_SHW50_2031.out,
SuperiorWatershed_ACR_GHGPlan_12_01_22.pdf

Finding: SHW50 prescription states "First Entry: ... Cut to a residual basal area of 50 square feet/acre... Second Entry: ... Cut to a residual basal area of 0 square feet/acre." However, the modeled residual basal area does not always correspond to these numbers. For an example, the project proponent's 'FVS_Output' folder contains 'SuperiorWatershed_SHW50_2031.out'. Line 2494 shows the first entry with a residual BA of 132, and line 2496 shows the second entry with a residual BA of 54. The discrepancy between modeled residuals and the residuals as outlined in the GHG plan also applies to the STS50BA10 prescription, but not to the SHW90 prescription. Please explain the discrepancy between modeled residuals and the GHG plan prescriptions.

Project Personnel Response: Again this is due to the .out files showing total BA instead of BA5DBH. Additionally the actual residual of the harvest is not shown in either the .out file or the compute table of the .db file. Instead the BA is shown in the year of the harvest as what it is before harvest, and in the next year it is the residual + new growth. To confirm the BA residual after the harvest, in the cutlist determine the total BA of cut trees for that plot in that year and subtract from the total BA5DBH (assuming 5" min. DBH in the harvest) for that plot in that year found in the compute table.

Auditor Response: Thank you for clarifying your computations! I believe this finding to be the result of the same issues as in finding 9. Please see that response, directly above this cell.

Project Personnel Response 2:

Auditor Response 2: This finding is closed

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

NIR 11 Dated 27 Jan 2023

Standard Reference: ACR Validation and Verification Standard, Section 9.B

Document Reference: SuperiorWatershed_ACR_GHGPlan_12_01_22.pdf

Finding: Section 9.B of the ACR Validation and Verification Standard states "The VVB should assess the effectiveness of methods for data collection and processing, identify likely areas for data corruption or potential errors, and characterize GHG data collection and management system integration weaknesses." In Table E1-7 of the GHG Plan, the CCP prescription contains these conflicting statements: "Clear cut with 4 entries and a minimum rotation of 30 years." and "Subsequent Rotations: Minimum age trigger = 25 years." Please clarify the discrepancy.

Project Personnel Response: This was an oversight the rotation has been updated to now match the minimum age trigger of 25 years, also made adjustments to the triggers/residuals as they were starting to deviate from the regional silvicultural recommendations. Due to this change FVS was rerun with the updated prescription.

Auditor Response: The audit team confirms that these changes have been made to the GHG Plan and FVS runs. This finding is now closed.

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

NIR 12 Dated 27 Jan 2023**Standard Reference:** ACR Standard v7.0**Document Reference:** SuperiorWatershed_Start_RP_CO2_01_25_2023.xlsx;

SuperiorWatershed_ACR_GHGPlan_1_26_23.pdf

Finding: As per ACR Standard, “Consistency – enable meaningful comparisons of GHG-related information. Use consistent methodologies for meaningful comparisons of emissions over time. Transparently document any changes to the data, boundary, methods, or any other relevant factors.” In GHG Report, Section D2, subsection “General Monitoring Method” states, “In the year prior to validation/initial verification, a representative sample of 201 fixed radius permanent inventory plots were established across the project area.”

Several calculation workbooks have the plot sample size at 199, yet the numbering goes to 201.

Numbers 145 and 161 are omitted from the list.

The audit team requests more information about this discrepancy in plot sample size.

Project Personnel Response: The correct number of plots is 199. The property boundary was determined in the field to not match the shapefile in one area. After adjusting the shapefile plots 145 and 161 were found to be outside the project area and were dropped. The GHG plan has been updated with the correct number of plots.

Auditor Response: The audit team confirms that the plot sample size has been changed in the GHG Plan. This finding is now closed.

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

NCR 13 Dated 6 Mar 2023**Standard Reference:** ACR Risk Tool v1.0**Document Reference:** SuperiorWatershed_RP_ERT_HWP_02_01_2023.xlsx;
SuperiorWatershed_ACR_GHGPlan_1_30_23.xlsx**Finding:** The ACR Risk Tool V1.0 states that “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.” Followed by these instructions, “Management and Governance Risks: All project types must select one value from each risk category that applies:

D Conservation Easement Deduction

- -2% Default value
- -3% if there is regular onsite monitoring of activities related to carbon-specific conservation activities”

In section B8: Permanence of the client’s GHG plan, the risk score for conservation easement deduction was calculated with the subsequent explanation of, “The project acres in Wisconsin (12,270.92 acres, or 62.8% of the project area) are under a conservation easement held by the State of Wisconsin. The Easement requires that the land remain in forest use, and particularly encourages commercial forest operations. The only restrictions to timber harvest and forest management are those outlined in the forest practice rules for any other unencumbered private landowner in the state of Wisconsin. See more details in Section C2.” And therefore calculated the following overall risk score, with the conservation easement in bold, “ $(4 + 4 + 2 + (-2 \times 0.6283)) + \text{Section 2 } (2 \times 4 + 4 + 0 + 2) = 18 - 1.256 = 16.744\%$ ”

In the client’s ERT calculation workbook, tab “ARC_IFM_ERT_calcs”, cell D5 lists a risk score of 16.74% and is used to calculation the overall ERTs per reporting period.

The audit team concluded that the risk score for conservation easement deduction should be selected from the options provided by the risk tool. Since a modified value was applied by the client, this is not in conformance with the risk tool nor the methodology and should be adjusted accordingly.

Project Personnel Response: ACR has confirmed using a pro-rated value for the Conservation Easement Deduction based on the acres covered by the easement is acceptable. This guidance has been added to the verification folder under 'SupportingDocs.'

Auditor Response: The audit team has confirmed that the conservation easement deduction was accurately corrected and was approved by ACR. This finding is closed.

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

NIR 14 Dated 6 Mar 2023**Standard Reference:** ACR IFM Methodology v1.3**Document Reference:** SuperiorWatershed_100Yr_calcs_02_01_2023.xlsx; TimberMartNorth_Vol 28 No 1.pdf**Finding:** Section C. Baseline C1. Identification of Baseline, in the IFM methodology states, “Required inputs for the project NPV calculation include the results of a recent timber inventory of the project lands, prices for wood products of grades that the project would produce, costs of logging, reforestation and related costs, silvicultural treatment costs, and carrying costs.”

The client provided the Timber Mart North Price Report, which lists the stumpage prices for wood products of grades that the project would produce. These values are seen in tab “Stumpage Prices” of the client’s 100Yr calcs workbook and used in the NPV analysis.

After reviewing the Timber Mart North Price Report, the audit team noticed that the prices that appear in the client’s 100Yr calcs workbook are taken from table “Lake States Stumpage Prices” and are specifically for the region MI-3. As is evidenced by the map on the previous page of the report, this project has land located in MI-3, as well as WI-3 and MI-2.

Therefore, the audit team requests more information and a justification for how the stumpage prices were selected for this project.

Project Personnel Response: Stumpage Prices have been updated using a weighted average based on the proportion of acres that fall within each Timber Mart North region. Breakdown of acres and prices by region can be found in SupportingDocs/SuperiorWatershed_TimberPricesCalcs_03_13_23.xlsx file**Auditor Response:** The audit team has recalculated and confirmed that the stumpage prices are now a weighted average of the three regions outlined in the Timber Mart North report. This finding is now closed.**Bearing on Material Misstatement or Conformance (M/C/NA):** M/C**OBS 15 Dated 6 Mar 2023****Standard Reference:** N/A**Document Reference:** SuperiorWatershed_CC65_2021 et al.**Finding:** For the analysis of this project, the client used version 3915 of the Forest Vegetation Simulator (FVS). This not the most current version. This resulted in discrepancies between the client’s calculated values and those calculated by the audit team, who used the most current version of FVS.

While these differences were not material, the audit team suggests that the best practice would be to use the most current version of FVS for all future projects. This will limit discrepancies between recalculated values and ultimately expedite the audit process.

Project Personnel Response: Thank you for this feedback.**Auditor Response:** We appreciate your consideration of our request. This finding is now closed.**Bearing on Material Misstatement or Conformance (M/C/NA):** NA

NIR 16 Dated 26 Apr 2023**Standard Reference:** ACR IFM methodology v1.3**Document Reference:** SuperiorWatershed_MonitoringReport_031523.docx**Finding:** Section 3.1 of the IFM methodology indicates that live tree and dead tree carbon “must be estimated using models of forest management across the baseline period. Modeling must be completed with a peer reviewed forestry model that has been calibrated for use in the project region.”

Section VI(2) of the Monitoring Report states “Carbon stock estimates for the August 27, 2021 – August 26, 2022 monitoring period were modelled via FVS-LS from the inventory data via the approach outlined below.

1. Inventory data were entered into FVS-NE and grown for 10 years with no management (with “NoTriple” keyworded to track individual trees and permit cross-referencing to raw inventory dataset).”

Given that the project is located in Michigan, it is unclear why the FVS-NE (Northeast) variant is appropriate for growth modelling in the project area. Please provide additional information.

Project Personnel Response: Thank you, this was a typo and has been corrected to reflect that FVS-LS was used.

Auditor Response: The audit team has confirmed these changes to the MR. This finding is now closed.

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

NIR 17 Dated 26 Apr 2023**Standard Reference:** ACR IFM methodology v1.3**Document Reference:** SuperiorWatershed_ACR_GHGPlan_03_16_23.pdf;

SuperiorWatershed_100Yr_calcs_03_10_2023.xlsx; SuperiorWatershed_Parameters_Inputs.xlsx

Finding: In the IFM methodology, section C1 states, “Consideration shall be given to a reasonable range of feasible baseline assumptions and the selected assumptions should be plausible for the duration of the baseline application.

The ISO 14064-2 principle of conservativeness must be applied for the determination of the baseline scenario. In particular, the conservativeness of the baseline is established with reference to the choice of assumptions, parameters, data sources and key factors so that project emission reductions and removals are more likely to be under-estimated rather than over-estimated, and that reliable results are maintained over a range of probable assumptions. However, using the conservativeness principle does not always imply the use of the “most” conservative choice of assumptions or methodologies.”

In the client’s GHG Plan, it is stated that, “The Baseline Scenario represents an industrial harvest regime designed to maximize the annual cashflows from a 100-year Net Present Value (NPV) at a 6% discount rate, subject to operational considerations in the region. Only volume from merchantable species count toward costs and revenue for regeneration harvest (i.e., hardwood species are not included). The area selection for each prescription by plot was determined using a linear programming model (lpSolve package), which found the combination of prescriptions that maximizes the NPV over 100 years. There are 6 silvicultural prescriptions in the linear programming model, shown in Table E1-7.”

The audit team requests more information on how the client determined the combination of prescriptions that maximizes the NPV over 100 years, including assumptions and input parameters (specifically the objective function and any constraints applied to the model) that informed the output of the linear programming model (lpSolve package). The “projectAllocation” tab in the “SuperiorWatershed_Parameters_Inputs.xlsx” workbook appears to describe some of these inputs for the project scenario, however the audit team is unable to locate the analogous “baselineAllocation” information.

Project Personnel Response: The linear programming model is set to maximize NPV revenue based on revenue found in the 100 year calcs workbook, summarized on the 'FVSpivot_baserev' tab. The constraints used come from the parameter's input workbook on the 'optimParameters' tab and can include acreage harvest limits, volume harvest limits, and minimum stocking limits (this tab is the "baselineAllocation", analogous to the 'projectAllocation' tab). Additionally, right-hand side constraints of the linear model include total area permitted for a given prescription and total area in SMZ. Further details regarding the linear programming optimization model can now be found in the SupportingDocs folder in the LinearOptimization_Summary_Voluntary.pdf file.

Auditor Response: Thank you for providing this information. The audit team has reviewed the documents provided by the client as well as engaged the client through email to confirm that these are reasonable assumptions made during the baseline prescription selection process. This finding is now closed.

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