



VALIDATION/VERIFICATION REPORT
ACR VALIDATION/VERIFICATION OF THE OTTER CREEK IFM PROJECT
(ACR508)

Date: 1/5/2022

Version: 2.0

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Table of Contents

Summary.....	2
Abbreviations.....	4
1 Introduction	1
1.1 Project Participants	1
1.2 Description of Project.....	2
1.3 Validation/Verification Objectives.....	2
1.4 Validation/Verification Scope and Criteria	3
1.5 Materiality	4
1.6 Level of Assurance.....	4
1.7 Audit Team	4
2 Audit Process and Methodology	5
2.1 Desk Review.....	5
2.2 Site Visit.....	5
2.3 Quantitative Review (only required for verification)	6
2.4 Interviews	7
2.5 Findings	8
2.6 Audit Schedule	8
2.7 Validation Activities	8
2.8 Eligibility Requirements.....	9
2.9 Additionality	11
2.10 Permanence and Risk Mitigation	15
2.11 Baseline.....	16
2.12 Leakage	18
2.13 Monitoring Requirements	19
2.14 Community and Environmental Impacts.....	20
2.15 Stakeholder Comments.....	22
2.16 Validation Conclusion	22
3 Verification Activities.....	24
3.1 Project Implementation Status	24
3.2 Data-Checks & Materiality.....	24

3.3	Verification Conclusion.....	27
Appendix A:	Reference List	29
	Project Documents.....	29
	Verifier Documents	30
Appendix B:	Findings List	1
Appendix C:	Version Tracking	66

Project Name	The Otter Creek IFM Project
Project ID	508
Reporting Period	9/9/2017 – 12/31/2019
Client	HGB & Associates, LLC
Date of Issue	5 January 2022
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Summary

The Otter Creek IFM Project is a forest conservation project utilizing the Improved Forest Management methodology from the American Carbon Registry. The project is composed of 4,511 acres of mature Bottomland Hardwood Forest that has been historically part of a harvest rotation in the West Central Florida region known as the Nature Coast. The landowners purchased the land with a conservation easement limiting annual harvest rates. After careful consideration, the landowner's deemed the project lands to have exceptional environmental benefits and have agreed to forego harvest of any kind, thus preserving the integrity of the watershed that is home to a multitude of flora and fauna including river otters, black bears and a multitude of avian species.

The project area was historically logged and allowed to naturally regenerate for the better part of the previous century. Certain high value species were targeted and removed for the timber. The project land is in various stages of regeneration and the forest composition remains intact in a natural state. Compared to the project baseline which reflects the legally permissible harvest scenario that would maximize NPV of perpetual wood products harvests, the project implementation will allow the forest to grow towards a climax community allowing for a closed canopy of a mature, intact ecosystem. The project activity will provide a continuous groundwater recharge area while filtering the air and water as a bottomland hardwood forest does. The typical ecosystem services will be allowed to function unimpeded with the implementation of the project.

The purpose of the project is to enhance water quality while securing the long term viability and integrity of the hardwood structure that provides a significant groundwater recharge area. The project will also serve as a connecting corridor for black bear, white tailed deer and home for the gopher tortoise. The seasonal wetlands and proximity to the Wacassassa River provide habitat for the River Otter for which the project was named. On site Carbon stock levels will be maintained and enhanced as there will be no harvest within the project boundaries.

This report presents the results of the project's validation and initial verification to the American Carbon Registry (ACR) Standards. Its purpose is to systematically assess and report the project's conformance with the ACR standard requirements corresponding to the first reporting period from 9/9/2017 – 12/31/2019. The evaluation involved; document analysis, interviews with interested parties; relevant actors, as well as observations and measurements made directly in the field, while considering a representative sample of the project activities and sites. Validation activities included forest inventory checks, and interviews with project managers, contractors and other relevant stakeholders. The context of the surrounding landscape conditions under the baseline and project scenarios was also assessed. The scope of the verification included the ACR verification of the project's initial monitoring period to determine the project's conformance with the ACR Standard version 6.0, the applied ACR Methodology, supporting ACR Program documents, and implementation of the validated GHG Plan.

The verification was performed through a combination of document review, interviews and communications with relevant personnel, as well as on-site inspections. The site visit to the project was conducted from 8/3 to 8/6/2020, Levy County, Florida, USA. The verification process included several official and documented exchanges between the verifier team and the project proponents in order to gather additional information for review and for examination of compliance with all applicable criteria. These exchanges included 3 rounds of an Issues Log produced by S&A to which the project proponents were required to respond, and for which 20 Non-Conformances, 2 Clarification requests, 3 New

Information Requests and one Observation were identified. Verifiers confirmed in an email to the project proponents dated 9/24/2021 that all remaining issues were satisfied in the responses provided in the Issues Log.

Once all identified issues were adequately resolved, S&A Carbon drafted this final combined validation & verification report and deems, with a reasonable level of assurance, that the project is in conformance with all of the requirements in the ACR Standards version 6.0, without qualifications or limitations. The project has been implemented in accordance with the validated GHG Plan over the initial monitoring period with no deviations from the described project activities in the GHG Plan or from the applied ACR methodology.

S&A Carbon is thus able to issue a positive validation opinion of the project's design as outlined in the GHG Plan dated 27 August 2021 and the projected ex-ante GHG emission reductions of 367,371 tCO₂e over the first 20-year crediting period. S&A Carbon is also able to issue a positive verification opinion for the 99,425 tCO₂e of verified emissions reductions, as reported in the Initial Monitoring Report dated 13 September 2021. The verification assessment covered the monitoring period from 9 September 2017 to 31 December 2019 and verified that calculated emission reductions were achieved during the monitoring period with a reasonable level of assurance. The overall risk rating was 18%. Therefore, the total number of credits to be deposited in the buffer account for the initial monitoring period is 17,425 ERTs. and the total ERTs to be issued are 81,486 tCO₂e.

Abbreviations

ACR	American Carbon Registry
ANSI	American National Standards Institute
BMP	Best Management Practices
CO ₂ e	Carbon Dioxide Equivalent
CP	Common Practice
EPA	Environmental Protection Agency
ERTs	Emission Reduction Tons
GHG	Greenhouse Gas
HWP	Harvested Wood Products
ICS	Initial Carbon Stocks
IFM	Improved Forest Management
NRCS	USDA Natural Resource Conservation Service
OMM	Offset Material Misstatement
OP	Offset Provider
PD	Project Developer
PDD	Project Data Document
PP	Project Proponent
RPF	Registered Professional Forester
S&A	S&A Carbon
t	Metric Tonnes
U.S.A	United States of America
USDA	United States Department of Agriculture

1 Introduction

S&A Carbon (S&A) has been asked by HGB & Associates, LLC (HGB) to verify the emission reductions generated by the Otter Creek IFM Project (the project). The validation/verification process is required by the American Carbon Registry's Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands (ACR IFM Methodology), version 1.3. S&A validation/verification activities began on 4/10/2020. This report presents the findings from the validation/verification of the project's greenhouse gas (GHG) emission reductions/enhancements.

The Offset Project Registry (OPR) for this project is the American Carbon Registry (ACR), listed as ACR508.

1.1 Project Participants

Role	Project Participant	Contact Information
Project Proponent	Manulife Investment Management Forest Management	Matthew Bonham Hancock Forest Management 13950 Ballantyne Corporate Place, Ste 150 Charlotte, NC 28277
Land and Timber Rights Owner	Hancock Timberlands XI, Inc	Matthew Bonham Hancock Forest Management 13950 Ballantyne Corporate Place, Ste 150 Charlotte, NC 28277
Project Developer	HGB & Associates, LLC	Glenn Lowder 10349 Carrollwood Lane, Ste. 133 Tampa, FL 33618 813-299-7131 glenn@hgbsolutions.com
Technical Consultant/ Inventory Specialist	Aster Global Environmental Solutions	Eric Jaeschke 3800 Clermont Street NW North Lawrence, OH 44666 330-294-1242 ejaschke@asterglobal.com

Entities listed in the table above are collectively referred to as project participants throughout this document.

1.2 Description of Project

The Otter Creek IFM Project (ACR50808) (the Project) is an Improved Forest Management Project (IFM) project, consisting of 4,511 acres of privately owned forestland in Florida. The project is composed of mature bottomland hardwood forest that has been historically part of a harvest rotation in the West Central Florida region known as the Nature Coast. The governing jurisdiction is Levy County and the State of Florida. The hardwood forests found on the project area were historically harvested as market demands benefitted the deed holder. The landowner purchased the land from a timber company that was heavily invested in pine and pulpwood production. Extensive areas of native forest in the region have been converted to Southern Pine production and remains in cultivated rotation. The landowners purchased the land with a conservation easement limiting annual harvest rates. After careful consideration, the landowner's deemed the project lands to have exceptional environmental benefits and have agreed to forego harvest of any kind, thus preserving the integrity of the watershed that is home to a multitude of flora and fauna including the river otter (*Lontra canadensis*).

The project activity is improved forest management, and the landowner will maintain and enhance on site carbon stocking levels as there will be no harvest within the project boundaries. The project employs a conservation easement that limits harvest within the easement boundaries to 15% of the forestland annually. The project owner has voluntarily foregone harvest on that 15%. Implementing the management plan with no harvesting in the project boundaries will enhance the Carbon stock for the present and future. All restrictions from the conservation easement have been incorporated into the baseline scenario. The objectives of the project are to enhance water quality while securing the long term viability and integrity of the hardwood structure that provides a significant groundwater recharge area. The project will also serve as a connecting corridor for black bear, white tailed deer and home for the gopher tortoise. The seasonal wetlands and proximity to the Wacassassa River provide habitat for the river otter for which the project was named.

Project Commencement Date: 9/9/2017
Monitoring Period Start Date: 9/9/2017
Monitoring Period End Date: 12/31/2019
Crediting Period Start Date: 9/9/2017
Crediting Period End Date: 9/8/2037
Validation/Verification Start Date: 4/10/2020

1.3 Validation/Verification Objectives

This is the Project's ACR validation and initial verification. This will be a combined project validation and full initial verification, including a site visit to assess the Project's conformance with the ACR criteria outlined below, corresponding to the first reporting period from 9/9/2017 – 12/31/2019.

The objectives of validation are 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).

The objectives of verification are to evaluate the following:

- 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 (N/A); and
- Any significant changes in the GHG project's baseline emissions and emission reductions/removal enhancements since the last verification (N/A).

Further, S&A will review the GHG Project Plan, GHG Assertion and any additional relevant documentation 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 is consistent with the GHG Project Plan;
- Eligibility for registration on ACR; and
- Sources and magnitude of potential errors, omissions, and misrepresentations, including:
 - o Inherent risk of material misstatement; and
 - o Risk that the existing controls of the GHG project will not prevent or detect a material misstatement

1.4 Validation/Verification Scope and Criteria

Validation shall include examination of all the following elements of a 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;
- Demonstration of additionality;
- 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; and
- Project-specific conformance to ACR eligibility criteria

Verification shall include examination of some or all of the following elements of a 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 project proponent staff;
- QA/QC procedures and results;
- Processes for and results from uncertainty assessments; and
- Project-specific conformance to ACR eligibility criteria

The criteria for the offset verification services are:

- The American Carbon Registry Standard, v6.0, December 2020
- The ACR Validation and Verification Standard, v1.1, May 2018
- The Improved Forest Management (IFM) Methodology for Non-Federal U.S. Forestlands, v1.3, April 2018
- Improved Forest Management V1.3- Errata & Clarification
- ACR Tool for Risk Analysis and Buffer Determination v1.0
- ISO Standards 14064-2 and 14064-3, 2006

1.5 Materiality

The verification team must state with reasonable assurance that the total reported GHG emission reductions and removal enhancements are no more than a 5.00% overstatement of the “true” GHG emission reductions and removal enhancements, as calculated by the verifier using the equation below. The analysis must consider all errors, omissions or misstatements for the subset of data included in the data checks.

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

1.6 Level of Assurance

S&A Carbon provides reasonable assurance that the Project meets the above criteria.

1.7 Audit Team

Role	Name
Lead Validator/Verifier	Lawson Henderson
Technical Reviewer	Pablo Reed
Technical Review (under observation)	Bill Stack
Biometrician	Elizabeth McGarrigle
Site Visit Team (cruisers)	John Britt, David McMath
Project Manager/Approver	Alexa Kandarlis

2 Audit Process and Methodology

S&As audit included the following activities:

2.1 Desk Review

A document request list was sent to the PP on 3/18/2020 and a kickoff call agenda was sent to the PP on 4/9/2020. A kickoff conference call was held on 4/10/2020. The project team and verifiers discussed initial findings from a desk review of submitted documents, targeting aspects of the project and supporting information that might affect the evaluation. Meeting minutes were prepared following the kickoff meeting.

A copy of the GHG Plan was provided 4/10/2020. The verifiers reviewed this document and assessed the eligibility criteria required to design, measure, and monitor the Project to the requirements of the ACR IFM Methodology. Verifiers confirmed that the ACR eligibility requirements were met. The Verification Plan was completed and sent to the PP.

A draft Sampling Plan was prepared based on information available from the PP. The Sampling Plan evaluates the credibility and rigor of the verification methodology items. A risk evaluation was conducted assessing the Inventory Methodology Verification Items of the ACR Standard. Finally, the plan outlined a sampling scheme, based on the risk assessment and document reviews, to evaluate the projects monitoring system's compliance with the ACR Standard. The final Sampling Plan summarizes the results of the sampling and the data checks performed on the sampled data.

The Sampling Plan will be retained by S&A for a period of not less than 15 years following the submission of the Project Verification Statement. All material received, reviewed, and generated by the provision of Offset Verification Services will be retained by S&A for the same period.

2.2 Site Visit

A site visit was conducted by John Britt and David McMath from 8/3/2020 through 8/6/2020. An opening meeting was conducted on 8/3/2020. Attendees of the opening meeting are as follows:

Attendee	Company	Role	Attend Opening	Attend Field Sampling	Attend Closing Meeting
Lawson Henderson	S&A Carbon	Lead Auditor	X		X
David McMath	S&A Carbon	Verification Site Visit Team	X	X	
John Britt	S&A Carbon	Verification Site Visit Team	X	X	
Glenn Lowder	HGB & Associates, LLC	Project Developer	X	X	X

Brent Lowder	HGB & Associates, LLC	Project Developer	X	X	X
Matt Hurteau	American National Standards Institute (ANSI)	ANSI Witness Auditor	X		

During the opening meeting, the objectives of the site visit and overall validation/verification process were presented by the verification team including an overview of the statistical t-test required for verification of the forest inventory; the qualifications of the PP were confirmed; inventory procedures and QA/QC were discussed and clarified; and site visit logistics & safety, personnel and vehicles/transport, and schedules were discussed and planned.

Over the course of three days, verification team activities included the measurement of seven randomly selected forest inventory plots across the project area. Following plot data collection, the verifiers ran their verification data through the t-test. The analysis showed that the project's inventory was verifiable at a confidence interval of 90%. Further, throughout the site visit, GPS data were collected, conditions of the forested conditions (e.g. species composition, age class, canopy cover) found on the project area was observed, and baseline common practice forest management practices in the surrounding region was assessed.

A closing meeting for the site visit was held on the morning of 8/6/2020. Attendees are described in the table above. Other topics also discussed included preparation of the Issue Log, scheduling of the baseline model review call, and drafting of the validation/verification report and proposed schedule; and reflections and learnings from the site visit.

2.3 Quantitative Review (only required for verification)

S&A conducted various quantitative analyses of the project & baseline carbon stocks, covering the relevant carbon pools quantified by the PP, and the inputs used in the calculation of the projected ex-ante emission reductions over the first 20 year crediting period as well as the actual ex-post emission reductions for the initial reporting period (9/9/2017 – 12/31/2019). The audit team implemented a detailed review of all aspects of the carbon stock modeling, forest inventory design and specifications, measurement techniques used by the PP's inventory crew, review of the species in the inventory and the correct assignment of volume and biomass equations, and checks to confirm that modeled growth used to project carbon stocks forward have been calculated and applied correctly. The modeling methods were assessed to ensure an approved model was used, that it was appropriately calibrated for the region, and inventory data flow through the modeling system was reviewed.

The reported ex-post emission reductions were confirmed by tracking all components of the PP's emission reduction calculation workbooks. This included checks that the entries for initial carbon stocks, confidence deduction, baseline stocks, baseline and harvested wood products, and the reversal risk determinations, leakage and uncertainty are all entered and calculated correctly from their computed sources, as well as confirming the accuracy of their sources. The entire inventory treelist was independently recalculated by the verifiers for tCO₂e and the results were compared to the PP's reported carbon stocks. Uncertainty and associated deductions were also independently calculated by the verifier. The verifier's methods are considered a complete check of the inventory data on a

plot-by-plot level, using the PP's raw data and verification of all the PP's calculations for accuracy and completeness.

For projects where re-sampling is required during verification, guidance received from ACR indicated that VVBs shall resample a minimum of 5% of plots ensuring representation of all strata, and ensuring statistical agreement using a t-test at 90% confidence interval. This minimum sampling intensity was considered in the selection of sample plots to be measured by the verifiers along with allocation of sample plots among individual project strata based on risk. All trees on the selected sample plots were re-measured by the verifiers. In/out status and all diameters, species calls, defect calls, live/dead calls, and all heights were independently measured using tools identical or comparable to those used by the PP. Inventory re-measurement was confirmed to meet the ACR recommendations and all measurement methods were conformed to be consistent with the PP's inventory specification. Carbon per plot and across the project area was calculated from the sampled plots and compared to the PP's inventory for the same plots. The verifier calculations and the PP's calculations were entered into a t-test worksheet, using the paired plot method (Two-tailed t-test, at the 90% confidence interval), and confirmed to meet the statistical standards expected by ACR for projects that require independent re-measurement for verification.

2.4 Interviews

The following is a list of the people interviewed as part of the validation/verification. The interviewees included those people directly, and in some cases indirectly, involved and/or affected by the project activities. The training and qualifications of the Project Development team was confirmed by referencing bios for the team on the Developer and Technical Consultant's websites (<http://www.hgbsolutions.com/executives.htm> : <https://www.asterglobal.com/meet-the-team/>). The verification team also confirmed these qualifications during interviews with PP Staff throughout the validation/verification site visit.

Date	Name	Title
Throughout Verification	Gleen Lowder	Director, HGB & Associates, LLC
Throughout Verification	Brent Lowder	VP Sales & Marketing, HGB & Associates, LLC
Throughout Verification	Eric Jaeschke	Senior Forester – GIS Specialist, Aster Global Environmental Solutions
Throughout Verification	Matthew Perkowski	Senior Forester/Biometrician
8/3/2020 & 9/10/2020	Matt Hurteau	Witness Auditor, ANSI
7/9/2020	Joe Mackenzie	Levy County Forester
7/9/2020	David Carter	Levy County (West) Forest Area Supervisor
7/9/2020	Robin Holland	BMP Forester, Florida Department of Agriculture and Consumer Services
8/26/2021	Scott Sager	Assistant Director of the University of Florida, Institute of Food and Agricultural Sciences, School of Forest, Fisheries & Geomatics Sciences

2.5 Findings

Throughout the validation/verification, findings were recorded by the audit team as per guidance outlined in the ACR IFM Methodology and supporting documents cited above. Any discrepancies identified by the validation/verification team were documented in the Issues Log. The validation/verification team has also documented in the Issues Log the source of any difference identified, including whether the difference results in a correctable error. The Issues Log was submitted to the PP. Prior to completion of the validation/verification, all identified non-conformances were required to be addressed, and correctable errors were required to be fixed. The client submitted additional evidence for S&A's evaluation for conformance. The client corrected all correctable issues.

2.6 Audit Schedule

The following table summarizes the key audit milestones:

Verification Activity	Proposed Date	Actual Date
Kick-off meeting	4/10/2020	4/10/2020
Initial Document Submission	5/25/2020	6/25/2020
Site Visit *Revised several times throughout validation/verification due to COVID19-related scheduling uncertainty and travel/lodging restrictions	7/27/2020 – 7/31/2020	8/3/2020 – 8/6/2020
S&A Carbon submits Round 1 Findings	7/17/2020	7/24/2020
Proponent response to Round 1 Findings *response to Round 1.0 issues log received on 11/5/2020, but partial updated documents & additional information received between 9/11 – 11/5/2020.	+10	11/5/2020
S&A Carbon submits Round 2 Findings	+10	11/16/2020
Proponent response to Round 2 Findings	+10	3/19/2021
S&A Carbon submits Round 3 Findings	+10	4/27/2021
Proponent response to Round 3 Findings	+10	6/18/2021
S&A Carbon Closes List of Findings Document	+10	9/24/2021
S&A Carbon submits validation/verification report for Technical Review	+5	9/24/2021
S&A Carbon submits verification report for Proponent review/approval	+5	10/7/2021
S&A Carbon submits final validation/verification documents to ACR	+3	10/8/2021

2.7 Validation Activities

The validation and concurrent verification was performed through a combination of document review, interviews and communications with relevant personnel, as well as on-site inspections. The site visit to the project was conducted from 3 August 2020 to 6 August 2020, in Levy County, Florida USA. The validation/verification process included several official and documented exchanges between the verifier team and the project proponents in order to gather additional information for

review and for examination of compliance with all applicable criteria. These exchanges included 3 rounds of an Issues Log produced by S&A to which the project proponents were required to respond, and for which 20 Non-Conformances, 2 Clarification requests, 3 New Information Requests and One Observation were identified. Verifiers confirmed in an email to the project proponents dated 9/24/2021 that all remaining issues were satisfied in the responses provided in the Issues Log.

2.8 Eligibility Requirements

The verifiers assessed the project against the eligibility criteria of the ACR Standard as well as the applicability conditions applied the ACR IFM methodology by the project and determined the project to be eligible, and applicable to the ACR methodology. The project applied an ACR approved methodology, Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, v1.3. The project was found to meet the eligibility requirements of the ACR Standards in terms of its Start Date, Minimum Project Term, Crediting Period length, Land Eligibility & Title/Ownership, Adherence to Natural Forest Management Requirements and the Permanence of the generated GHG emission reductions. It was also found to meet the applicability conditions of this methodology in terms of land ownership type, legality of harvesting activities in the baseline, types of project activities and natural forest management criteria.

The project start date (9/9/2017) is after 1 November 1997, is therefore considered eligible and is within one year of the date in which the initial GHG Plan was submitted to ACR (8/14/2018). The start date is denoted by the date the PP entered into a contractual relationship to implement the carbon project, with supporting documentation provided, and is the same date as the beginning of the first crediting period. Although the project has not achieved validation against the ACR standards within 3 years of the project start date, correspondence between ACR and the PP formally granting an extension to this deadline due to covid related delays was provided. The minimum project term stated in the GHG Plan is 40 years as required by the methodology. The Crediting period is 20 years, consistent with the applied methodology.

The project is an Improved Forest Management (IFM) project type, and as demonstrated through review of historic imagery, it has consisted of forest cover through the project start date and initiation. The current project activities do not involve any commercial harvesting, and currently no such harvesting is anticipated in the future. The verifiers are reasonably assured that the project area is located on non-federally owned lands within Florida. The project area lands are privately owned by Hancock Timberland XI, Inc. and supporting deed documentation was provided. Online parcel searches for the landowner were carried out (qPublic.net), and the parcels owned by Hancock Timberland XI, Inc. were found to correspond to the lands associated with the project area. The boundary descriptions given in the supporting deed documents (e.g. township, range, sections) were found to correspond to publicly available PLSS data, and good alignment was found. The project area boundaries were also reviewed in GIS against a variety of publicly available spatial datasets including Federal, State, Tribal and Protected Areas Land Ownerships from the USDA Geospatial Data Gateway, and other public ownership spatial data obtained from the Florida Department of Environmental Protection Geospatial Open Data resource and the Official State of Florida Geographic Data Portal. Overall good alignment with the spatial datasets checked by the verifiers was found, and no overlap with adjacent lands such as the Anderson's Landing WMA (managed by Manatee Springs State Park) was observed.

The project area is covered by a perpetual conservation easement that is held by the Suwannee River Water Management District. Maps in the supporting easement documents were found to correspond to the project areas location, and were consistent with conservation easement boundaries (Suwannee Swamp conservation easement) in publicly available spatial datasets obtained by the verifiers. While the restrictions of the easement limit the extent of harvesting that is permitted on the project area, the easement does not require the adoption of the project activities, and all easement restrictions were incorporated into the modeled baseline harvest scenario.

The project area is composed of forest cover, made up of 100% native species. The project activity doesn't involve any use of non-native species. Even aged pine plantation management practices typical for the region typically involve planting, but the project area is largely composed of mature bottomland hardwood forest types, with pine plantations owned by the landowner delineated from the project area boundary. While the project area consists of extensive wetlands, the project activities do not involve any draining or flooding of wetland areas. The vast majority of the project area is made up of low laying topography at or near sea level, with the wetland baseline modeling unit covering approximately 87% of the project area.

The project's GHG Plan outlines a risk assessment conducted in accordance with the ACR Tool for Risk Analysis and Buffer Determination. Percent contributions for each risk category have been applied based on guidance in the tool. Mostly, default risk values have been applied consistent with the tool. Supporting justification that the project is in a low fire risk region was provided. The project area is considered to be of a forested wetland category, with the wetland baseline modeling unit covering approximately 87% of the project area. The project is also not located in a region with the presence of an epidemic disease or infestation. In total, 18% of the gross emission reductions will be deposited into the ACR pooled buffer account. This deduction is made to the gross ERT calculations produced by the PP's to determine the total tradeable balance of ERTs generated by the project over the initial reporting period. Carbon stocks are projected to increase compared to the baseline conditions, through maintenance of stocks, and continued forest growth over time, and the supporting quantification materials have shown an increase in on-site carbon stocks over the initial reporting period.

The table below presents the verifiers' findings pertaining to the Project's Permanence Risk Rating, following the guidance in the ACR Tool for Risk and Analysis and Buffer Determination. The verifiers concur with the assessment offered in the Initial GHG Plan and found that it conforms with ACR guidance for each risk type. The table summarizes the evidence used to support each risk level.

Risk Type	Conform	Finding	GHG Plan	Verifier Check
Financial	Y	Default	4%	5%
Project Management	Y	Default	4%	4%
Social/Policy	Y	Default	2%	2%
Conservation Easement Deduction	Y	Default	-2%	0%
Fire	Y	Low Fire Risk Region	2%	2%
Diseases and Pests	Y	Default	4%	4%

Levee Failure and Water Table Changes	Y	Default	2%	2%
Other Natural Disaster Events	Y	Default	2%	2%
Total Risk	Y		18.0%	18.0%

2.9 Additionality

In order to demonstrate the GHG emission reductions from the project are additional and considered to be above and beyond the “business as usual” scenario, it must pass the ACR three-prong additionality test to prove that it currently exceeds current effective and enforced laws and regulations; exceed common practice in the relevant industry sector and geographic region; and face at least one of the three implementation barriers (financial, technological or institutional). The project was found to be additional and the project activities are considered to be above and beyond the business as usual scenario for privately owned commercially managed forest lands in Florida.

The laws and regulations outlined in Section C1 of the GHG plan were found to identify the applicable laws that could affect the project. The verifiers assessment of these laws determined that none of them impact implementation of the project activities, or require the PP to implement the project activities, thereby demonstrating regulatory surplus. The description of applicable laws and regulations in the GHG Plan was found to consider all of applicable laws and regulations in both the project and baseline activities. Applicable legal constraints were found to be adequately incorporated into the modeled baseline harvest scenario, and the verifiers are reasonably assured all applicable laws and regulations have been considered in addressing the Regulatory Surplus Test. Applicable National, State and local laws assessed by the verifiers included the Federal Clean Water Act, the Federal Endangered Species Act, the Florida Silvicultural Best Management Practices, and the restrictions of the conservation easement applicable to the project area. The primary legal constraint applicable to the project’s baseline are the conservation easement harvest restrictions which vary for the upland and wetland areas and set limits to maximum clear cut sizes, establish harvest adjacency provisions, and annual harvest limits. While Binding International Agreements and federal laws are not described in the GHG Plan, none are considered to impact the baseline scenario or the project activities.

Section B.5 of the GHG Plan offers a basic description of the baseline harvest scenario, which the PP asserts was modeled to reflect common practice harvesting in the region and is based on the legally permissible constraints. The defined baseline scenario reflects the legally permissible harvest scenario that would maximize NPV of perpetual wood products harvests. Section C.2 of the GHG Plan describes how most forests in the region are managed as even-aged (i.e., with thinning and shelterwood, seed-tree, and clearcut harvests on some rotation schedule). The proposed project activities involve no timber harvesting and will rather focus primarily on developing wildlife habitat and improving forest health exceeding common practice. Baseline harvesting practices are based on the delineation of the project area into two modeling units including Upland and Wetland areas. The acreage associated with the Upland and Wetland modeling units were determined from the legally binding conservation easement applicable to the project area. Silvicultural prescriptions applied in the baseline model are based on these modeling units and include even-aged treatments for the Upland areas (Upland Clear Cut), uneven aged selection harvests for the Wetland areas (Wetland Selection Harvest) as well as a “let grow” scenario that may apply to either modeling unit.

In order to demonstrate that the project activities do not represent common practice forest management activities in the region, section C.2 of the GHG Plan asserts that at the start of the project in September 2017, the most common forest management practices in the region were to harvest as much timber as possible with low investment costs. Short term goals for landowners is said to have been to sell off lands with few forest owners and/or managers interested in long term forest management or conservation. Based on this description of common practice, the PP has compared the carbon stocking of the project area against the California Air Resources Board (ARB) common practice stocking data for the Super Sections (SS) & Assessment Areas (AAs) associated with the project area. The ARB common practice stocking data is based on US Forest Service Forest Inventory and Analysis (FIA) data, and the PP asserts that it can be expected that the ARB common practice stocking levels approximate the predominate management regimes in the region.

The premise of the PP's assertion is based on the assumption that the ARB common practice stocking levels approximate the predominate forest management regimes in the region. However, because the project's on-site carbon stocks are above the ARB common practice stocking levels and will be maintained above these levels due to the absence of harvesting in the project activities, the project activity therefore does not represent common practice. The verifiers consider this perspective as reasonable, and that because the project activities will maintain project stocking above regional common practice stocking levels, implementation of the project activities is not considered to represent common practice forest management in the region. It is noted that the quantification of common practice stocking levels utilizing the ARB Assessment Area data, is not used in any way for the quantification of carbon stock or ERT calculations, and is really just being used to demonstrate the project activities are additional to common practice stocking levels.

In the supporting Common Practice workbook provided, the PP has identified the acreage of the project area associated with the ARB Super Section (SS) applicable to the project's location, the Gulf Coastal Plain SS. The verifiers checked the project area acreage associated with these SS in GIS and found values consistent with that given in the PP's workbook. The AAs considered to be associated with the project area and their common practice stocking value (t CO₂e/ac) were used to determine the weighted average common practice stocking level for the project. The assigned AAs were found to be reasonable based on the forest types that make up the project area and the "Associated Species" characteristic of the identified AAs based on the ARB AA Data file.

As the PP's approach to meeting the common practice test to demonstrate the additionality of the project didn't appear to directly evaluate the predominate practices in the region/sector to determine the degree in which the practices (e.g. the project activities) have penetrated the market the verifiers made a coarse assessment on the extent to which forest carbon projects are being developed and implemented in the state of Florida, the verifiers sought clarification as to whether this argument was acceptable from the ACR.

Guidance received from ACR indicated that "ACR has interpreted the performance standard approach to be assigned at the methodology, rather than project, level. This is substantiated in Section 4.B – "...by showing that the proposed activity ... (2) exceeds a performance standard as defined in an approved methodology". Since the IFM methodology does not have a defined performance standard, we'd like the PP to keep the scope within a demonstration of exceeding common practice. While we appreciate the quantitative approach they've taken, we don't think exceeding ARB common practice

on its own suffices to demonstrate CP. This is because ARB's CP incorporates all types of landowners, while our Common Practice test is "industry sector and geographic region" specific and may not represent an accurate comparison. If the assumptions are conservative this method may suffice, but we think further justification/explanation is warranted."

The verifiers discussed this concern various times with the project developer following the 22 April 2021 findings to help give clarity and understanding on what information and supporting evidence they were looking for. In the Proponent's 26 July 2021 document submission the verifiers were provided with a supporting document with communication from Scott Sager, assistant Director of the University of Florida, Institute of Food and Agricultural Sciences, School of Forest, Fisheries & Geomatics Sciences. The verifiers spoke with Mr. Sager on 26 August 2021 to further discuss the opinions expressed in the provided communication and other relevant aspects of project conformance with the standards.

Regarding common practice in the documented communication with Mr. Sager, the opinion was expressed that economic drivers such as availability of timber markets, contractors who serve these markets, the transportation infrastructure, and the competing opportunity for alternative uses often drive land management decisions on private ownerships. A wide variety of objectives and desire for economic returns can be expected to drive most forest management decisions.

Verifier discussions with Mr. Sager confirmed the information expressed in the common practice letter provided. When specifically asked, the verifiers were told that forgoing of harvesting on privately held lands such as that of the project area would not be considered common practice. During the call, it was discussed how economic incentives often drive forest management decisions, but similar private forestlands to that of the project area would be expected to be on some harvest schedule as expressed in the letter and as described in the GHG Plan. Rotational pine plantation management is understood to be the most common forest management practice in the region but bottomland hardwood management often accompanies harvesting on adjacent pine stands. While pine is understood to be the major market, hardwood markets through smaller mills exists.

Further, the verifiers found there are few forest carbon offset projects located in the region and within the state of Florida. Searches for forest carbon projects in Florida on the major GHG Registries (e.g. ACR, CAR & VCS), found that there are a total of 9 such projects. From this total, 3 are of the Avoided Conversion type, and 6 are Improved Forest Management. 4 out of the 10 forest carbon projects found in Florida are still identified as in the proposed project or listed stage. It also appears there is only one other IFM project registered under the ACR program, with the others being registered or seeking registration under the ARB compliance program of CAR standards.

In addition to assessing the number of forest carbon projects in Florida, the verifiers attempted to estimate the percentage of privately owned commercial forestland that is under a forest carbon project. The verifiers found that there is approximately 16.2 million acres of forestland in Florida, with forest industry (the category the PP would fall into) owning about 27% of Florida's forestland, or approximately 4.4 million acres. Based on the verifier's assessment there appears to be total of ~119,082 acres enrolled in a registered or planned forest carbon project within the state of Florida. This would only represent approximately 2.7% of the total industrial forest ownership in Florida. Considering only the 2 registered forest carbon projects found in Florida, totaling approximately

61,449 acres, only 1.4% of the total industrial forest ownership in Florida is under a registered forest carbon project.

Considering the extent to which forest carbon projects have either been proposed, developed and registered, it leaves the verifiers to believe that implementation of the project activities, involving no timber harvesting and pursuing status as a forest carbon offset project does not represent common practice in the region and state of Florida. This, along with the PP's asserted assumptions that the ARB common practice stocking levels approximate the predominate forest management regimes in the region, and the fact that project's carbon stocking levels are above and will be maintained above these levels due to the absence of harvesting in the project activities gives the verifiers reasonable assurance the project has met the common practice test to demonstrate the additionality of the project.

The PP has elected to demonstrate there are financial barriers to implementation of the project activities and adherence to the ACR Implementation Barrier Test for additionality. Specifically, the PP asserts that the landowner, by developing a forest carbon offset project, will be in a much better financial position to implement this project to protect water quality for the citizens of Florida, to enhance forest habitat integrity for wildlife and generating additional revenue to support the implementation of sustainable forest health practices.

A financial NPV analysis covering both the baseline scenario and project scenario over the initial 20 year crediting period was provided to demonstrate the baseline was more financially feasible than the project scenario.

Follow-up communications between the verifiers, the project development team and the Proponent confirmed that the cost and revenue assumptions came directly from the proponent/landowner. The timber pricing data applied in the baseline NPV financial analysis was calculated from the Proponent's PAC Hardwood sales as well as from the Forest to Market Data resource for North Central Florida from 2016 to current (e.g. time of project development). The cost assumptions were based on actual known expenses from the proponent. To simplify the financial analysis used to demonstrate adherence to the financial barrier tests, the cost assumptions were simplified by applying only property tax and forest management costs. While additional supporting documentation on these financial assumptions would have been desirable as further evidence, the assertion that the timber revenue data came from proponent, who used their own data and a reputable regional data source, and that the costs were based on known actual costs is considered to be sufficient. The verifiers find no reason to further question the source data used in the financial analysis.

The verifiers conducted their own NPV analysis for the baseline and with project scenarios over the project's initial crediting period. The conclusions of the verifier's analysis were the same as that of the project developer, which is, that the baseline harvest scenario yield a far greater financial gain to the Proponent than compared to the project scenario considering anticipated carbon credit revenues.

The verifier's NPV analysis used the baseline harvest volumes for the 20 year crediting period, which were given by species, product category (sawtimber vs. pulpwood) and in units of pounds per acre. These harvest volume figures were then converted to tons/acre for each species and product

category, and then expanded out to the entire project area acreage. Revenues associated with these harvest volumes were then calculated using the revenue/pricing data applied by the proponent. In the cases where a price range was given in the pricing data (e.g. pulp), an average price was applied. These baseline harvest revenues by species and product category were then summed up to get a grand total revenue figure for each year in which baseline harvesting occurs (2017, 2022, 2027, 2032, & 2037). Using the Proponent's cost assumptions, net revenue for each year of the initial 20 year crediting period were calculated which was subsequently used to calculate the baseline NPV over the initial crediting period.

In a similar fashion, the verifiers used the annual carbon credit issuance values from the ERT Calculation workbook to come up with total annual revenue for the project scenario. Using the Proponent's with project cost assumptions, net revenue for each year of the initial 20 year crediting period were then calculated which was subsequently used to calculate the project NPV over the initial crediting period. Based on the verifiers approach to the NPV analysis, the anticipated baseline harvest revenue and resulting NPV over the initial 20 year crediting period greatly exceeded that of the project scenario.

While the verifier's methods produced different NPV results compared to that calculated by the proponent, they believe their methods to be reasonable. Further, various sensitivity analysis were performed to assess the potential for the project scenario to exceed revenues from the baseline scenario. For example, baseline harvesting revenues were decreased by 50% and cost were tripled, and the baseline 20-year crediting period still far exceeds that of the project scenario.

While the verifiers are still uncertain on the approach taken by the development team in regard to the NPV analysis used to demonstrate financial additionality, their independent NPV analysis for the baseline and with project scenarios gave reasonable assurance the baseline harvesting will be far more financially attractive to the Proponent/landowner when compared to the financial outcomes of the project scenario.

The verifiers acknowledge that one of the objectives of Real Estate Investment Trusts (REITs) such as the landowner of the project area, is to maximize returns for their investors. Therefore, the Proponent is considered to face limited access to capital by implementing the project, forgoing any harvesting within the project area, and not receiving the financial benefit of the projected baseline harvesting. Therefore, the verifiers are reasonably assured the project meets the Implementation Barriers Test and found there are financial barriers faced by the project proponent, primarily limited access to capital. The verifiers independent NPV analysis for the baseline and with project scenario over the initial 20-year crediting period confirmed the financials associated with the baseline to greatly exceed the project scenario.

2.10 Permanence and Risk Mitigation

The project's GHG Plan outlines a risk assessment conducted in accordance with the ACR Tool for Risk Analysis and Buffer Determination. Percent contributions for each risk category have been applied based on guidance in the tool. Mostly, the default risk values have been applied consistent with the tool. The correct default risk scores for Financial Risk (4%), Project Management Risk (4%), and Social and Political Risk (2%) are applied. A conservation easement is applicable to the projects, so the Overall

Risk Score correctly considered a -2% risk deduction given the applicability of a conservation easement to the projects. The 4% default value for Disease and Pests Risk is applied, and a reference to the USFS Forest Health interactive map is given to support use of the default value is given. The default 2% risk score for the Other Natural Disaster Events risk category is appropriately applied. Considering that 87% of the project area is considered to be a forested wetland ecosystem, the default risk rating of 2% for the Levee Failure and Water Table Changes risk category is appropriately applied.

For Fire Risk, a rating of 2% was applied, given that the project is located in a low-fire region. The PP references the USFS Wildland Fire Assessment System to support this assertion. While the Risk Assessment recognizes the fire rating from this system changes day to day depending on local weather conditions, the PP considers the long term fire potential in the area supports the fire risk rating as being low. The verifiers concur with the assertion the project area is located in a low risk fire region. The USFS Wildland Fire Assessment System referenced by the PP was checked by the verifiers along with LandFire data. Using the LandFire Online Mapping tool, the verifiers checked the fire regime groups applicable to the project area. Fire Regime Groups I and V cover the majority of the project area, with a small amount that appears to be under Fire Regime Group III. Regime Group I appears to cover the majority of the project area, though there is quite a bit of the project area mapped under Group V. The application of a 2% risk score for fire risk is considered to be justified.

In total, 18% of the gross emission reductions will be deposited into the ACR polled buffer account. This deduction is made to the calculated gross ERT calculations generated by the project to determine the total tradeable balance of ERTs generated by the project over the initial reporting period.

Section 5.B of the ACR Standard requires that “Project Proponents of AFOLU projects with risk of reversal shall enter into a legally binding Reversal Risk Mitigation Agreement with ACR/Winrock that allows them to select a reversal risk mitigation mechanism and details the requirements for reporting and compensating reversals.” This Risk Mitigation Agreement must be executed upon completion of the final GHG Plan, which the verifiers understand to be the point in time when ACR approves the final GHG plan and is ready to register the validated project. Therefore the verifiers determined that checking this executed agreement between the PP and ACR doesn’t explicitly need to take place before their final submission to ACR, but that the verifiers will need to confirm it has been executed once ACR has reviewed & approved the project just prior to registration.

2.11 Baseline

The verifiers confirm that the baseline scenario was developed to reflect the legally permissible harvest scenario that maximizes NPV of perpetual wood products at a 6% discount factor over a 100 year modeling period as required by the methodology. Baseline modeling was designed to represent the common practice harvesting in the region while adhering to the legally permissible constraints, which are primarily related to the conservation easement applicable to the project area. The PP asserts that most forests in the region are managed as even-aged (i.e. with thinning and shelterwood, seed-tree, and clearcut harvests on some rotation schedule). The verifiers interviewed a variety of stakeholders to gain a better understanding of common practice management and harvesting practices in the region and conducted a coarse independent assessment on the extent to which forest carbon projects have been adopted by private commercial forest landowners in the state of Florida. Through these interviews and analysis, overall support for the common practice baseline harvesting regime as described in the GHG Plan was communicated to the verifier. The verifiers also conducted

internet searches for information pertaining to common silvicultural practices in bottomland hardwood forest types in Florida. The verifiers are reasonably assured that the project, and associated project activities, in which there is no current or future commercial harvesting exceed common practice in the timber industry in Florida, including privately owned lands composed of bottomland hardwood forest types.

The baseline (and project) on-site carbon stocks found on the project area were determined through a forest inventory implemented on the project area during the spring of 2018. The inventory design consisted of a grid network of 127 nested, fixed area permanent plots installed across the project area. The project area was not stratified for the purposes of inventory sampling, and the entire project area was considered to be of the bottomland hardwood/cypress swamp forest type. The sampling intensity of the project's forest inventory included the number of plots necessary to reach the targeted +/-10% of the mean at the 90% confidence interval. Plot locations were distributed on a systematic grid created using the fishnet tool in ArcMap, and plots were chosen for sampling at random until the desired level of precision was achieved. The verifiers found the project's inventory methods to be appropriate, and to follow standard industry practices.

Growth and yield projections were based on the US Forest Service Forest Vegetation Simulator (FVS), Southern (SN) variant. FVS is identified as an appropriate model in the ACR IFM methodology applied by the project. FVS was calibrated to the conditions of the project area and surrounding region. The National Forest code for the Osecola district, the nearest National Forest to the project area was used, and the Ecological Unit Code 23D was used for all modeled data. Site indices for the modeled data were based on NRCS soil data for Levy County, FL. As site index data was available for multiple tree species on most plots, site species were selected based on the species with the highest basal area per acre in the project area being selected first, or if that species did not have NRCS soils data available, the species with the second highest basal area per acre was used. The verifier's independent assessment of the site index for key species found on the project area using NRCS soils data set for an Area of Interest (AOI) approximating the project area were found to be comparable to the average site index values by species determined by the PP. In addition, verifier coarse checks of site index for the project using "EVALDator" reports from the USFS FIA online EVALIDator reporting tool found the application of this site index value to be reasonable.

The area (acres) to be cut in each prescription applied in the baseline model was determined using a linear programming model, which found the combination of harvest prescriptions that maximizes NPV over a 100 year period while considering all applicable legal constraints. The primary constraints incorporated into the baseline model are the restrictions of the conservation easement applicable to the project area that is held by the Suwannee Water Management District as well as the Florida Silvicultural Best Management Practices(BMPs) administered by the Florida Forest Service. The specific baseline harvest treatments account for the applicable legal constraints by delineating the project area into baseline modeling units (MUs) which include wetlands and uplands MUs. In order to achieve NPV maximization, harvest entries were scheduled from the project start date at 5 year increments over the initial 20 year crediting period, with subsequent harvest entries being scheduled for 60 years following the initial entry.

The wetland and upland modeling units were delineated by the terms of the conservation easement applicable to the project area which define eligible harvest activities in wetland and upland areas. Inventoried plots that fell within the upland modeling unit were assigned the applicable upland

constraints, while plots within the wetland modeling unit were assigned the wetland constraints. Treatments modeled in the upland MUs reflect even-aged clearcut management, limited to 200 acres in size, incorporating 3 year regeneration/green-up buffer adjacency restrictions as defined by the easement. In contrast, clearcutting in wetland MUs is limited to areas 50 acres in size, incorporating 5 year regeneration/green-up buffer adjacency restrictions as defined by the easement along with thin-from-below treatments. A let grow prescription was also available to both modeling units.

Baseline carbon in long-term storage in wood products was calculated based on projected harvest volume removals from the FVS model. Default product merchantability specifications as established by the FVS Southern Variant are applied for determining carbon storage in baseline harvested wood products. Harvest volumes were broken out into the categories of hardwood pulp, hardwood sawlogs, softwood pulp and softwood sawlogs. Harvest volumes were converted to biomass by applying species-specific specific gravity values references in the USFS Handbook Biomass from each harvested wood product category were then converted to units of tCO₂e using appropriate conversion factors. Carbon transferred into wood products was estimated by applying mill efficiency values sourced from the California ARB Compliance Offset Protocol, for the Southeast Region. Carbon in wood products was then summed across the established wood categories and distributed to various end wood product classes referenced from the California ARB Compliance Offset Protocol, for Southeast Region. Carbon in long-term storage was then summed for in-use wood products and wood products in landfills to produce annual total tCO₂e stored in in-use and landfill by applying the appropriate 100 year storage factors taken from the ACR IFM Methodology. Emissions due to burning logging slash are conservatively assumed in the baseline to be zero. Verifier checks of the baseline carbon storage in harvested wood confirmed the accuracy of the PP's calculations in accordance with the ACR IFM methodology.

2.12 Leakage

According to the ACR IFM Methodology, there may be no leakage beyond de minimis levels through activity shifting to other lands owned, or under management control, by the timber rights owner. If the project decreases wood product production by greater than 5% relative to the baseline, as is the case for this project, then the Project Proponent and all associated landowners must demonstrate there is no leakage within their operations – i.e., on other lands they manage/operate outside the bounds of the ACR carbon project.

The PP asserts there is no activity shifting leakage, which is supported by entity wide third party sustainable forest management certification (Sustainable Forestry Initiative – SFI: BV-SFIS-US009410-1). As supporting evidence, the PP provided a copy of the most recent (2019) SFI Certification Report for Hancock Forest Management (HFM). The SFI Certification Report supports the valid SFI Certification for HFM and the results of the 2019 certification audit show the auditor's recommendation for continuation of their SFI Certification. A copy of HFM's current SFI Certificate was also provided (BV-SFIA-US009410-1), showing the original certificate date as 31 October 2013, the current certificate renewal date as 20 October 2016, and the expiration date of 19 October 2021. HFM manages land throughout the United States, and the scope of the SFI certification is said to be limited to its Southern Divisions, consisting of 2.3 million acres of land in 11 southern states, and Michigan, Wisconsin, New York and Pennsylvania.

The verifiers performed checks of HFM's SFI Certification on the online SFI Certificate Database and found the SFI certificate details to be consistent with that in the supporting SFI documentation provided by the PP. While the PP owns extensive forestlands outside of the carbon project boundary, the verifiers confirmed that all of their forestlands are certified to the SFI standards, with a total certified area of approximately 2.3 million acres. Therefore, demonstration that there is no leakage beyond *de minimis* levels through activity shifting to other lands owned, or under management control, by the timber rights owner was confirmed through one of the 3 options outlined in the methodology, with the third option being entity wide management certification.

Quantification of leakage of the project is therefore limited to market leakage. Market leakage was determined by quantifying the merchantable carbon removal in both the baseline and with-project scenarios. Carbon in long-term storage in in-use wood products and landfills was used to assess relative amounts of total wood products produced in the baseline and project. No commercial timber harvesting is projected to occur in the implementation of the project. The decrease in wood production relative to the baseline was calculated to determine the applicable market leakage discount factor in accordance with the methodology. Since the project activities decrease total HWP produced by the project relative to the baseline by 25% or more over the crediting period, the leakage deduction is 40%. This leakage deduction was found to be correctly determined and correctly applied in the supporting ERT calculation workbook.

2.13 Monitoring Requirements

Section D of the GHG Plan outlines the project's monitoring plan. All appropriate data and parameters to be monitored over the life of the project are outlined including details on the unit of measurement for the data/parameter, a description of the parameter, the data source used, the measurement methodology, monitoring frequency, values applied, procedural and QA/QC references, the purpose of the data and the calculation method. The monitoring plan also indicates that each year, the project will sign and submit to ACR the required attestations confirming; the continuation of the project activities, that ownership of the project area remains clear and uncontested, and a disclosure of any negative environmental or community impacts and if necessary documented plans to mitigate any reported negative environmental or community impacts. A signed copy of this required Attestation was provided for the project's initial reporting period.

Project monitoring is generally focused on the project's on-site carbon stocks through updates to the project's forest inventory data. Carbon stock data is based on a network of fixed area forest inventory plots established across the project area that will enable the PP to estimate the on-site stocks with a minimal statistical precision of +/- 10% of the mean at the 90% confidence interval. A full re-inventory of the project area will be conducted every 5-years to allow for calibration of forest growth models and to improve carbon sequestration projections. In addition, re-inventory of select portions of the project area will be updated periodically in response to natural disturbance events or significant forest management activities. If impacts from such events are significant, the affected areas will be re-inventoried and the project scenario model will be adjusted to reflect current on-site carbon stocks. For those years in-between when an updated inventory is carried out, on-site carbon stocks will be monitored through forest growth and yield modeling. Beyond forest inventory updates, the PP will continually monitor the general health and condition of the forest through the course of regular forest management activities including road maintenance, ecological studies or boundary maintenance etc.

which will also reduce the risk of carbon stock reversals due to forest disease, pest invasion or unauthorized timber removal.

The primary elements of the PP's broad operational monitoring of the property associated with the project include monitoring of; water quality, ecological conditions, socioeconomic aspects, legal compliance, easement compliance, financial assessments, and ongoing verification audits of the carbon project by third party Verification Bodies. Although it is not explicitly mentioned in the GHG Plan, the verifiers also note that additional monitoring and reporting of the conditions of the project area will take place through ongoing annual SFI surveillance audits for maintenance of the PP's SFI Certification.

The QA/QC procedures in the inventory specs call for check cruising of 5% of the inventory plots. The verifiers requested evidence demonstrating the implementation of this QA/QC procedure including the specific plots that were check cruised, the individuals involved, the types or issues/errors identified, and corrective action taken as applicable. Similarly, the verifiers requested a summary of the quality reviews carried out in the data processing stage of the QA/QC procedures, including the individuals involved, types of issues/errors identified, and corrective actions taken.

It was clarified that for the project's initial inventory this "check cruise" was done simultaneously with the inventory team members during the actual cruise rather than as a separate follow-up & standalone check cruise done after the inventory data was originally collected. While the verifiers were not provided with the specific inventory plots that were checked & remeasured, the Proponent asserts that 5% of the inventory plots were checked as specified in the QA/QC procedures and the verifiers find no reason to believe otherwise. As these field based QA/QC procedures took place with the actual inventory data collection, and not afterwards, it is reasonable to expect that documentation on what data corrections were made wouldn't have been recorded and are reflected in the final inventory data provided.

Essentially, the check cruise happened in real time, with the remeasurement by another forester/cruiser taking place directly behind another member of the inventory team on at least 5% of the inventory plots. This was/is described as a forward looking QA/QC process allowing for the inventory methods to actively be refined and improved upon through continual feedback. Overall the Proponent's inventory and carbon stocking data was found to be accurate early on in the validation/verification process and it is also noted that the t-test for inventory verification passed with the minimum number of plots required by ACR. Therefore, the verifiers consider the Proponent's field based QA/QC procedures to have been effective and while documented records of the check cruise were not provided, the verifiers are reasonably assured these QA/QC procedures were followed.

2.14 Community and Environmental Impacts

As part of the GHG Plan, ACR requires all projects to prepare and disclose an environmental and community impact assessment. ACR does not require that a particular process or tool be used for the impact assessments as long as the basic requirements are addressed (e.g. 1-5). Section F1 of the project's GHG Plan outlines the Community and Environmental Impact Assessment addressing the requirements of the ACR Standard.

The project activity is improved forest management, and the landowner will maintain and enhance on site carbon stocking levels as there will be no harvest within the project boundaries. The project employs a conservation easement that limits harvest within the easement boundaries to 15% of the forestland annually. The project owner has voluntarily foregone harvest on that 15%. Implementing the management plan with no harvesting in the project boundaries will enhance the Carbon stock for the present and future. All restrictions from the conservation easement have been incorporated into the baseline scenario. The objectives of the project are to enhance water quality while securing the long term viability and integrity of the hardwood structure that provides a significant groundwater recharge area. The project will also serve as a connecting corridor for Black Bear, white tailed deer and home for the gopher tortoise. The tall, native pines provide nesting habitat for the Migratory Swallow-tailed Kite for which the project is named.

Section C.1 of the GHG Plan covers the Regulatory Surplus Test and outlines the applicable laws and regulations. The laws and regulations outlined in Section C1 of the GHG plan were found to comprehensively identify the applicable laws that could affect the project. The verifiers assessment of these laws determined that none of them impact the project activities, and require the PP to implement the project activities, thereby demonstrating regulatory surplus. The description of applicable laws and regulations in the GHG Plan was found to consider all of applicable laws and regulations in both the project and baseline activities.

The project area is solely owned by Hancock Timberland Xi Inc., a fully owned subsidiary of Hancock Natural Resource Group Inc. Section F.1 of the GHG Plan clearly states that the project is not a community based project, given the private ownership of the forested property associated with the project. Section F.2 offers a summary description of relevant stakeholder consultation activities and comments regarding the project development & implementation that were carried out. Here it now describes how the project developer & proponent have communicated with Directors of the Hunt Clubs that utilize the property, the Suwannee River Water Management District (SRWMD) and the SFI Boards regarding development of the project. Comments from these groups are all said to have been positive, with a recognition of the long term benefits that will result from the project activities. The property is visited regularly by PP foresters and a communications plan in place between local hunting groups and the landowner, as well as legacy-type agreements that ensure representation by local stakeholders.

The information provided in Section F.1 of the GHG Plan was found to overall satisfy the requisite Environmental and Community Impact Assessment requirements of the ACR Standard, and addresses elements 1-5 of section 8.A in the ACR Standard. The information offers an overview of the project activity and geographic location, applicable laws and regulations, an assessment of the environmental risks, impacts and their categorization (negative/positive/neutral), risk mitigation measure and monitoring methods. The project is not a community based project. The verifiers agree with this determination considering the project ownership and design.

The identified risks and potential impacts resulting from the project activities include; climate change mitigation/adaptation, biodiversity, air quality, water quality, soil quality, ozone quality, and natural habitat protection/conservation/restoration. All impacts are identified as positive or neutral. Considering the description of the projected project activities that do not involve any commercial timber harvesting, the verifiers agree with the PP's assessment that the project activities will overall lead to a positive impact on the areas of risk identified. As such explicit mitigation measures aren't

necessarily considered relevant, but the PP's has provided a reasonable explanation as to how the project activities will ensure positive impacts to these risk areas will be maintained. Monitoring of impacts to the areas of risk identified will be carried out by PP staff as well as through the Suwannee Water District (Conservation Easement holder).

An accompanying narrative on the project's environmental and community impacts is also given outlining the characteristics of the project and its alignment with the PP's organization mission. One of the missions of the landowner is to provide protection of valuable forested areas. The project contributes to this mission by protecting a diversity of forest and non-forested habitats for plant and wildlife species, protection of habitats which promote the active sequestration of carbon, providing other ecosystem services including recreational activities including fishing, hunting and aesthetics, and maintaining a diversity of wetland and estuarine habitats that support a variety of waterfowl and wildlife. Further, the PP's SFI Certification will serve as a safeguard to the project's environmental and community benefits.

Impacts have all been categorized as positive, and the verifiers agree with these determinations. As such, there is no need to describe how negative impacts will be avoided or minimized. Monitoring of the risks and impacts is covered in section D.2 of the GHG Plan which gives an outline forest inventory monitoring through on-the-ground measurements and through forest growth and yield monitoring. In addition, management staff will consistently monitor the general health and condition of the forest through the course of normal management activities. Since the project activities are projected to not include any timber harvesting, these monitoring methods are considered to be sufficient. The identified Risk/Impact items in the PP's Community and Environmental Impact Assessment (e.g. Climate Change Mitigation/Adaptation, Biodiversity, Air Quality, Water Quality, Soil Quality, Ozone Quality, Natural Habitat Protection) are all considered to be the sustainable development goals in which the project activities have a positive impact on.

2.15 Stakeholder Comments

The project area is solely owned by Hancock Timberland Xi Inc., a fully owned subsidiary of Hancock Natural Resource Group Inc. Section F.1 of the GHG Plan clearly states that the project is not a community based project, given the private ownership of the forested property associated with the project. Section F.2 offers a summary description of relevant stakeholder consultation activities and comments regarding the project development & implementation that were carried out. Here it now describes how the project developer & proponent have communicated with Directors of the Hunt Clubs that utilize the property, the Suwannee River Water Management District (SRWMD) and the SFI Boards regarding development of the project. Comments from these groups are all said to have been positive, with a recognition of the long term benefits that will result from the project activities. The property is visited regularly by PP foresters and a communications plan in place between local hunting groups and the landowner, as well as legacy-type agreements that ensure representation by local stakeholders.

2.16 Validation Conclusion

During the validation assessment the verifiers identified 20 Non-Conformances, 2 Clarification requests, 3 New Information Requests and One Observation. All audit findings were responded to and addressed to the satisfaction of the verifiers. Once all identified issues were adequately resolved, S&A

Carbon drafted this final combined validation & verification report. After reviewing the final GHG Plan dated 27 August 2021 and all supporting documentation, the verifiers concluded with a reasonable level of assurance that the project is in conformance with all applicable requirements of the ACR Standards version 6.0. The findings in this report represent the final determinations of the project's conformance with the standard criteria included in the scope of this validation audit. S&A Carbon is thus able to issue a positive validation opinion of the project's design as outlined in the GHG Plan dated 27 August 2021 and the projected ex-ante GHG emission reductions of 275,384 tCO₂e over the first 20 year crediting period.

3 Verification Activities

3.1 Project Implementation Status

As previously described in this report, the project's initial verification took place concurrently with the project's validation. The verifiers determined that the project activities were implemented over the initial reporting period corresponding to the dates 9/9/2017 to 12/31/2019 in accordance with the project design established in the GHG Plan. The PP submitted a completed copy of the Monitoring Report (MR) that provides the information required in the ACR monitoring report template. The verifiers are reasonably assured there were no changes to the landowner, project area or inventory over the reporting period, and estimates of the current on-site carbon stocks based on the inventory data are provided. There was no commercial harvesting over the initial reporting period, and the carbon stock data shows no decrease in carbon stocks. No project deviations occurred during the initial reporting period.

The MR outlines the data and parameters monitored over the reporting period, which are found to be consistent with the data and parameters included in the monitoring plan of the GHG Plan. The MR also includes updated reporting on the project's GHG emission reductions including baseline emissions, project emissions, leakage emissions contributions to the buffer pool, and a summary of the net GHG emission reductions at the end of the reporting period. The verifiers confirmed the accuracy of the ERT calculations and consistency with the final values reported in the MR with the supporting ERT calculation workbook /R4/.

Project level live carbon stocks were projected from the original inventory data (Spring 2018) by deriving individual live tree diameter growth rates from the FVS model run with no management (grow only) given the lack of commercial harvesting. Inventory data was grown forward five years in FVS, and for each plot, the average CO₂ growth was calculated by dividing the difference between 2018 – 2023 by 5. These projections follow the same basic processes used to degrow live stocks from the inventory to the project start date. No burning of any biomass occurred so emissions from the burning of logging slash is considered to be zero. No commercial harvesting took place so project harvested wood products also equals zero.

The verifiers performed checks on the ERT calculations for the initial reporting period to confirm the accuracy of the PP's calculations. Reporting period ERTs were also calculated using the verifier's internal calculations of end of reporting period on-site carbon stocks as the basis for the materiality checks as presented below.

3.2 Data-Checks & Materiality

A summary of selected data checks for project are provided below. The assigned ranking reflects both the size and uncertainty associated with these SSRs. These and other data checks performed (along with narrative details of the check and results) are included in the verifiers data check log.

SSR (rank)	Data reviewed	Reported (PP) tCO ₂ e	Calculated (VB) tCO ₂ e	Dis- crepancy tCO ₂ e	Impact on misstatement/ conformance
	Checks performed				
Rank 1 Sum of Project stocks; end of RP (CP,TREE,t, CP,DEAD,t, CP,HWP,t, GHGP,t)	Inventory, volume and biomass estimates, grown modeling results, grown tree list. Carbon calculations on inventory. Model appropriateness and use. Data systems.	660,094.7	665,742.2	5,647.5	Impact on OMM
	Model performance against independent benchmarks. Checks of accumulations and correct transfer to Monitoring Report				
Comment:					
Rank 2 Sum of Project stocks; beginning of RP (CP,TREE,t, CP,DEAD,t, CP,HWP,t, GHGP,t)	Inventory, volume and biomass equations, calculation methods	631,515.1	633,120.3	1,605.2	Impact on OMM
	Calculate carbon stocks from inventory.				
Comment:					
Rank 3 20 Yr Average Baseline stocks (live and dead tree CO ₂ e) CBSL,AVE (total)	Monitoring Report and supporting modeling documents, web-based review of methods. Model appropriateness and use. Data systems.	292,088.6	292,088.6	0.0	No impact on OMM
	Model calibration. Model performance against independent benchmarks. Checks of accumulations and correct transfer to Monitoring Report				
Comment:					
Rank 4 Total Uncertainty (UNct)	Monitoring Report supporting worksheets	0.0 (8.0%)	0.0 (8.0%)	0.0	No impact on OMM

	Use PP data for initial stocks; checks the calculation of total uncertainty was done correctly. Recalculated from initial inventory.				
Comment: As Total Uncertainty is less than 10%, no uncertainty deduction is applied to the emission reduction calculations.					
Rank 5 Emissions Reduction at t (after buffer deduction) (CACR,t)	Monitoring Report	99,425.0	102,226.6	2,800.8	Impact on OMM
	Checks that all PP entries are correct. Check sources. Checks that calculations within the worksheet are correct. Calculation check uses PP values.				
Comment:					
Rank 6 HWP Baseline (CBSL,HWP,t)	Monitoring Report, supporting worksheets	23,982.8	23,982.8	0.0	No impact on OMM
	Model results, HWP worksheet. Confirm model projections and sums. Correct use of appropriate mill efficiencies, product classes and long-term storage factors.				
Comment:					
Rank 7 HWP Project (CP,HWP,t)	Monitoring Report, supporting worksheets	0.0	0.0	0.0	No impact on OMM
	On-site observations, GIS review, interviews with the PP.				
	Model results, HWP worksheet Confirm model projections and sums. Correct use of appropriate mill efficiencies, product classes and long-term storage factors.				
Comment:					

Rank 8 Leakage (LK)	Monitoring Report, supporting documents.	66,283.9 (40.0%)	66,283.9 (40.0%)	0.0	No impact on OMM
	Confirm model projections and sums. Correct use of HWP worksheet				
Comment:					
Rank 9 Buffer Credits and Risk Rating (TBt)	Monitoring Report, calculation workbooks, supporting worksheets	17,939.0 (18.0%)	17,939.0 (18.0%)	0.0	No impact on OMM
	Checks that all PP entries are correct. Check risk rating and calculations have been calculated correctly.				
Comment:					

The verification team must state with reasonable assurance that the project's total reported GHG emission reductions and removal enhancements is no more than a 5.00% overstatement of the "true" GHG emission reductions and removal enhancements, as calculated by the verifier using the equation below. The analysis must consider all errors, omissions or misstatements, for the subset of data included in the data checks. Any errors, omissions or misstatements are identified separately in the table above.

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

Project ERTs – Verifier ERTs*	Verifier ERTs (after buffer deductions) CACR,t	Calculated Materiality %
(2,800.8)	99,425.8	(2.82%)

*Note: In this column, a negative value represents *under-reporting* by the PP.

The materiality check was carried out according to ACR guidance using the equation above. The verifiers independently calculated the reporting period ERTs using their internal calculation of total project level stocks. The verifiers calculation of ERTs was 2,800.8 tCO₂e higher than the PP's calculation using their quantified parameter values. The Materiality Calculation shows that the project is 2.82%, under-reporting. Therefore, the project is less than the 5.0% materiality threshold.

3.3 Verification Conclusion

During the verification process, the S&A verification team gathered evidence to evaluate the project design, the project implementation, and assess the accuracy of the GHG assertion associated with the reporting period.

After review of all project information, procedures, calculations, and supporting documentation, S&A confirms that Project reporting is accurate and consistent with all aforementioned criteria and requirements of the ACR Standards. S&A confirms all verification activities, including objectives, scope and criteria, level of assurance, and project documentation adhere to the ACR Standards. S&A concludes without any qualifications or limiting conditions that the Project meets the requirements of the ACR Standards.

S&A has verified the PP's GHG assertion of **99,425 tCO₂e** for the Reporting Period of 9/9/2017 to 12/31/2019.

	Total ERTs (tCO ₂ e)	Total ERTs to Buffer Pool (tCO ₂ e)	ERTs net (tCO ₂ e)
Total 2017 Vintage	13,327	2,405	10,922
Total 2018 Vintage	43,049	7,767	35,282
Total 2019 Vintage	43,049	7,767	35,282
Total for RP1	99,425	17,939	81,486

APPENDIX A: REFERENCE LIST

Project Documents

Ref #	Document Description		Filename
/R1/	Listing Form		HGB_Otter_Creek-acr-project-listing-form-v2-0-20190620.pdf
/R2/	Monitoring Report		Otter Creek - 508 acr-monitoring-report-20211221 signed.pdf
/R3/	GHG Plan		OTTER CREEK IFM GHG PLAN 20211221.doc
/R4/	Calculation Workbook s	Monitoring	010_01_OtterCreek_Inventory_Stats_20201012.xlsx
		ER Calcs	OtterCreek_ERT_calculationsV7_20211209.xlsx
		Start/end	OC_DegrowToStartDate_20181127.xlsx OtterCreek_VerificationAnnualGrowForward.xlsx
/R5/	Ownership		Amended and Restated Plum Creek Levy 2- CE w legal 6127.pdf Deed-Plum-Hancock-Hancock Timberland XI Inc-Otter Creek.pdf first amendment to amended and restated Levy 2 CE 2010.pdf 2nd Amend to amended and restated Levy 2 CE_2015.pdf Carbon Structure Charts - OC and KH 2021-04-19.pdf
/R6/	Modeling	Databases	Otter_Baseline_HWP.accdb Otter_Baseline_Live_Tree .accdb Otter_Year_0_Harvest .accdb Otter_Year_5_Harvest .accdb Otter_Year_10_Harvest .accdb Otter_Year_15_Harvest .accdb Otter_Year_20_Harvest .accdb Otter_Year_No_Harvest .accdb
		Baseline Workbooks	OtterCreek_20YrBaseline_Interpolation.xlsx OtterCreek_20YrBaselineCalcInput_Prep.xlsx OtterCreek_20YrExAnte_Prep.xlsx OtterCreek_20YrHWP.xlsx OtterCreek_20YrProjectExAnte_Interpolation.xlsx OtterCreek_ERT_calculationsV6_20210830.xlsx Baseline_Compiled_Data.xlsx Cutlist_Combined.xlsx
		FVS	FVS.zip
/R7/	NPV Analysis		OtterCreekAdditionality20210217.xlsx Revenue_Summary.xlsx Johnson_Lowder_Inventory_SpeciesList_Complete_Species.xlsx NPV Analysis.xlsx NPV Peworkup.xlsx
/R8/	Inventory	Methodologies	020_01_OtterCreek_Inventory_Methodology_v1.4.pdf

			020_01_OtterCreek_Modeling_Methodology_v2.0.pdf
		Treelist	Plot Data Version 2.1_OtterCreek_MASTER_v2.xlsx Trees_Combined.xlsx 20_01_OtterCreek_Inventory_Summary_Task2_memo-20201012.pdf
/R9/	Spatial		Otter Creek Spatial Data.zip Hancock_Uplands_Wetlands.zip
		Common Practice	Common Practice review.pdf
		Landowner/Developer Agreement	Hancock-HGB-Signature_Page_Start_2017-09-09.pdf
/R11/ /	Management d		Final Hancock Forest - 451181 - SFI LM - SF63 -SV3 doc.pdf HFMSD SFI Certificate - Rev 5-2-17.pdf 000-HFMSD Stewardship Procedures - All - Rev 4-22-20.pdf 001 - HTRG Stewardship Policies-All_June 2015.pdf
/R11/	Non Permanence Risk		OtterKiteACRRiskCommentsForHGB-04-11-20.xlsx

Verifier Documents

Ref #	Document Description	Filename
/R1/	Project Specific COI Form	ACR509_COI Form.docx
/R2/	Validation/Verification Plan	ACR508_Validation-Verification Plan_v1.4_20211004.docx
/R3/	Sampling Plan	ACR508_Sampling Plan_v2.0_20220105.docx
/R4/	Data Check Log	ACR508_DataCheckLog_20211231.xlsx
/R5/	Issues Log	ACR508_IssuesLog_v3.1_20210924.xlsx
/R6/	Site Visit t-Test	OtterCreek_T-Test_Worksheet.xlsx OtterCreek_T-Test_Worksheet_20210823

APPENDIX B: FINDINGS LIST

Verifier Issue	Issue ID:	21-1	Status: <u>Closed</u>	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR IFM Methodology, D2 ACR GHG Plan Template	GHG Plan	Non conformance. <i>No impact on OMM.</i>	<p>Various sections of the GHG Plan were found to be incomplete, reflect incorrect information or otherwise lack adequate details regarding the project. Some sections of the GHG Plan still include the instructional guidance from the ACR GHG Plan Template document. The verifiers have raised the following findings regarding the GHG Plan provided.</p> <ul style="list-style-type: none"> • ACR instructional guidance should be removed throughout the document. • The header of section A2, incorrectly refers to the project type as Integrated Forest Management, rather than Improved Forest Management. • Centroid coordinates for the project area (e.g. point location) should be provided in section A.4. • Values reported in Table A7 of the GHG Plan are not consistent with the current ERT Calculation workbook. • Data presented in section E6 is not consistent with the current ERT Calculation workbook. • A description of the methods used to create the ex-ante projection as required in the ACR GHG Plan template document is lacking in section E.6. • While the parties and contact info is clearly provided, the specific roles and responsibilities are not given in section A.8. • While the verifiers believe the project has not been listed, registered, and/or been issued GHG emission reduction or removal credits through any GHG emissions program, the required statement asserting this appears to be lacking in section G.3 of the current GHG Plan. • While some basic details of the project timeline (e.g. start date, initial crediting period) are given in the GHG Plan, adequate detail is lacking. Sections H1 & H2 of the GHG Plan still include the template informational text only. • Identification of the event, or action taken to denote the project start date is not clear and doesn't appear to be specified in the project documents provided. • Identification and a description of the Sustainable Development Goals to which the project impacts are aligned and positively contribute do not appear to explicitly be addressed in the GHG Plan. • While it is the verifiers understanding that the project isn't designed with the intent to implement an aggregation and programmatic 			<i>Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc</i>

			<p>development approach, this isn't explicitly stated and addressed in the GHG Plan.</p> <ul style="list-style-type: none"> • Section G1 should be filled out describing the ownership of the forest resources on the project area and how title to the GHG emission reductions has been secured by the landowners. • Section C.1 of the GHG Plan covers the Regulatory Surplus Test and outlines the applicable laws and regulations. The institutions overseeing the applicable laws and regulations haven't specifically been identified. • While it seems clear that the project is not a community based project, this isn't specifically stated in the GHG Plan. • Table B4.2 should show burning of CH4 as an included pool per the methodology even though it is acknowledged this pool isn't currently applicable given the lack of biomass burning in the baseline and project scenario. • Table B4.3 shows activity shifting leakage as included and should be revised to be excluded consistent with the ACR Standard. • Total acreage in Table 3 is inconsistent with the supporting calculation workbooks and project's spatial data. • Section G of the GHG Plan is incomplete and only shows the ACR instructional guidance. 	
			<p><u>Findings from Review on 9 November 2020:</u></p> <p>In the PP's 15 October 2020 response to the List of Findings, no written response to this finding was provided.</p> <p>As of this date, an updated version of the GHG Plan to address this finding and others in this List of Findings document has not been provided. The finding remains open.</p>	<p><i>Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc</i></p>
			<p><u>Findings from Review on 26 April 2021:</u></p> <p>An updated version of the GHG Plan was provided in the Proponent's 19 March 2021 submission. The missing and/or incorrect information in the document identified in this finding was found to be addressed as follows.</p> <ul style="list-style-type: none"> • The ACR Instructional Guidance in the GHG Plan Template appears to have been removed throughout the document. • Section A.2 now correctly refers to the project under the type, Improved Forest Management (IFM). • Section G.3 now clearly states the project proponent has not applied for GHG emission reduction or removal credits for this project through any other GHG emissions trading system or program. 	<p><i>Otter Creek IFM - GHG Plan-v5-2021-03-19</i></p>

			<ul style="list-style-type: none"> • Details on the key timelines in the project are now specified in sections H.1 & H.2. See also finding 21-10. • Section H.1 now offers more information on the action that denotes the project start date. The project start date appears to be tied to the date (9 September 2020) when contracts with the landowner were executed to begin development of the project. See also finding 21-10. • The sustainable development goals in which the project positively contributes to are now outlined in section F.1. These include water quality, recreational access, and wildlife habitat. The auditor concurs that the project will have positive impacts on these areas. • Table B4.2 now shows burning of CH₄ as an included pool per the methodology even though it is acknowledged this pool isn't currently applicable given the lack of biomass burning in the baseline and project scenario. • Table B4.3 now shows activity shifting leakage as excluded consistent with the ACR Standard and IFM Methodology. • Pertinent information has now been entered in section G of the GHG Plan <p>While the aspects of the GHG Plan discussed above were found to be addressed with sufficient details now included in the document, the following elements of this finding do not appear to have been addressed. The issue therefore remains open.</p> <ul style="list-style-type: none"> • There are errors throughout the updated version of the ERT Calculation workbook likely related to “LOOKUP” functions being applied in the calculations causing the “#VALUE!” error message to show up throughout the workbook. As a result the verifiers are unable to confirm the accuracy of the ERT Vintage Year calculations and final reporting in the GHG Plan. • A description of the methods used to create the ex-ante projection as required in the ACR GHG Plan template document is lacking in section E.6. • While the parties and contact info is clearly provided, the specific roles and responsibilities are not given in section A.8. • Under the Legal Constraints heading in section B.6, there is an erroneous reference to the Cedar Hammock project. • While it is the verifiers understanding that the project isn't designed with the intent to implement an aggregation and programmatic development approach, this isn't explicitly stated and addressed in the GHG Plan. • Section G1 should be filled out describing the ownership of the forest resources on the project area and how title to the GHG emission reductions has been secured by the landowners. Boston Timber Opportunities is identified as the forest owner in this section, but it is the verifier's 	
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			<p>understanding that Hancock Timberlands XI, Inc. is the forest owner. See also finding 21-3.</p> <ul style="list-style-type: none"> • Section C.1 of the GHG Plan covers the Regulatory Surplus Test and outlines the applicable laws and regulations. The institutions overseeing the applicable laws and regulations haven't specifically been identified. • While it seems clear that the project is not a community based project, this isn't specifically stated in the GHG Plan. • Total acreage in Table 3 is still inconsistent with the supporting calculation workbooks and project's spatial data. Foot note 12 has been added which states "The project area size (4,510.98ac) is greater than the geospatial conservation boundaries." While the foot note does identify the correct total project acreage, it is not clear why the total acres in the upland and wetland modeling units would not sum to the correct total project area. See also finding 21-11. 	
			<p><u>Findings from Review on 23 August 2021:</u></p> <p>The verifiers were provided with an updated version of the GHG Plan on 23 August 2021. The document was reviewed to ensure the outstanding elements of this finding had been addressed, and that the data reported in the document was consistent with the Proponent's underlying supporting project documents. The outstanding issues in the document identified in this finding were found to be addressed as follows.</p> <ul style="list-style-type: none"> • The errors previously noted in the supporting ERT Calculation workbook have now been addressed. Project and baseline stocking levels, ex-ante projections and other reporting in the GHG Plan was found to be consistent with the underlying supporting project documents provided by the Proponent. • Summary details on the methods used to create the ex-ante projection are now included along with the 20-year ex-ante emission reduction (tCO2e) estimates). • Roles for the parties involved in the project have now been identified in section A.8. The owner is Hancock Forest Management, the Developer is HGB & Associates, LLC and Aster Global Environmental Solutions, Inc. is the Inventory Specialist. It is acknowledged that section G.1 identifies Hancock Timberland XI, Inc. as the forest owner, but this is a fully owned subsidiary of Hancock Forest Management. Hancock Forest Management is also considered to be the Project Proponent. • The erroneous reference to the Cedar Hammock project in section B.6 has been removed. 	<p><i>Otter Creek IFM - GHG Plan-v7_20210823.doc</i> <i>OtterCreek_ERT_calculationsV5_20210525.xlsx</i> <i>Carbon Structure Charts - OC and KH 2021-04-19.pdf</i></p>

			<ul style="list-style-type: none"> While the GHG Plan still does not explicitly state the project isn't designed with the intent to implement an aggregation and programmatic development approach, this was confirmed by the verifiers. Section G.1 now correctly identifies Hancock Timberland XI, Inc. as the forest owner. The ownership structure, including use rights to the emission reduction claims is detailed in a supporting document provided to the verifiers. Section C.1 of the GHG Plan now specifically states the Florida Forest Service is the lead agency responsible for the development, implementation and monitoring of Silviculture BMPs in the state. While not explicitly stated, the verifiers note that it is the Suwannee River Management District who holds the conservation easement applicable to the project area. Section F.1 of the GHG Plan now explicitly states the project is not a community based project. It was clarified to the verifiers that the wetlands and uplands were delineated and recorded by the legally binding conservation easement. However, the project area has some amount of acreage that does not fall into the construed conservation easement area. It is clarified in the GHG Plan however, in the text under table 3, that for the portion of the project area that did not fall into the wetland or upland areas as defined by the easement, this acreage was conservatively assigned to the wetland MU. The verifiers consider this description to be reasonable. <p>As all outstanding items pertaining to the content of the GHG Plan were found to have been addressed, this finding is considered closed.</p>	
OPO/APD Response				
Date	PP Comment		Additional evidence submitted for review by PP	
12-Aug-21	Update GHG Plan resent			

Verifier Issue	Issue ID:	21-2	Status: Closed	Checked by: LH/EM	Date Identified	27-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR IFM Methodology, Section E.1	ERT Calculation Workbook	New information request. <i>May impact OMM or conformance.</i>	On the Project Ex Ante tab of the ERT Calc workbook, there is a reference to the file "OtterCreek_20YrProjectExAnte_Interpolation.xlsx". This file has not been provided and is requested by the verifiers.			<i>OtterCreek_ERT_calculationsV1_20181219.xlsx</i>

		<p><u>Findings from Review on 15 September 2020:</u></p> <p>Following the Baseline Model Review call held between the Project Developer, the Project Technical Consultant and the Verification Team on 11 September 2020 the requested Ex-Ante 20 Year Interpolation workbook was provided along with the two other supporting workbooks referenced in this finding for the Kite Hammock project only, but not for the Otter Creek project. This was communicated to the PP via email on 21 October 2020. This information request has not been satisfied, and the finding remains open.</p>	<p><i>CedarHammock_20YrProjectExAnte_Interpolation.xlsx</i> <i>CedarHammock_20YrHWP.xlsx</i> <i>CedarHammock_20YrBaseline_Interpolation.xlsx</i></p>
		<p><u>Findings from Review on 13 November 2020:</u></p> <p>Verifiers confirm that the requested workbooks have been provided. This issue is considered closed.</p>	
OPO/APD Response			
Date	PP Comment	Additional evidence submitted for review by PP	
15-Oct-20	Responses to this issue have been previously provided.		

Verifier Issue	Issue ID:	21-3	Status: Closed	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description		Comments	
ACR IFM Methodology, Section A.2	A.8 Deed Documentation	Non conformance. May impact OMM or conformance.	<p>The verifiers are reasonably assured that the project area is located on non-federally owned lands within the state of FL, USA. A special warranty deed to the project area lands identifying Hancock Timberland XI Inc. as the landowner was provided. The ownership of the project area is considered to be private ownership. As noted in Issue 20-1, Section G.1 of the GHG Plan is incomplete. However, section A.8 of the GHG Plan, identifies Hancock Forest Management, which the verifiers presume to be the project area landowner. Hancock Timberland XI Inc. appears to be part of Hancock, but ownership as indicated in the GHG Plan is not consistent with the deed documentation. The verifiers request confirmation on the correct legal entity who owns the project area lands and seek clarification to better understand the relationship/structure between Hancock Forest Management, Hancock Timberland XI Inc. and BTO.</p> <p>Further, the verifiers also request confirmation on which legal entity holds the rights to the GHG emission reduction claims. This should also be clearly identified in the GHG Plan.</p>		<p><i>Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc</i></p> <p><i>Deed-Plum-Hancock-Hancock Timberland XI Inc-Otter Creek.pdf</i></p>	
			<u>Findings from Review on 9 November 2020:</u>			

		<p>In the PP's 15 October 2020 response to the List of Findings, no written response to this finding was provided.</p> <p>As of this date, a response to this finding, an explanation of the correct legal entity who owns the project area lands, and/or an updated version of the GHG Plan including this information has not been provided. The issue remains open.</p>	
		<p><u>Findings from Review on 22 April 2021:</u></p> <p>The verifier's questions seeking clarification on ownership have not been addressed. While it appears that the entities in question (Hancock Forest Management, Hancock Timberland XI Inc. and Boston Timber Opportunities LLC) are all part of Hancock Natural Resource Group, the relationship/structure between these entities still hasn't been clarified.</p> <ul style="list-style-type: none"> Hancock Timberland XI, Inc. is the entity identified in the ownership deed, but Boston Timber Opportunities, LLC is identified as the landowner in section G1 of the GHG Plan. Hancock Forest Management is the presumed PP and owner of the ERTs in section A.8 of the GHG Plan, but specific roles of the parties identified in section A.8 have not been identified. <p>The verifiers again request confirmation on the correct legal entity who owns the project area lands and seek clarification to better understand the relationship/structure between Hancock Forest Management, Hancock Timberland XI Inc. and Boston Timber Opportunities LLC. If the PP is a different legal entity than the landowner, clarification on how use rights to the ERTs generated by the project have been granted to the PP is needed.</p> <p>While clarification on these ownership questions needs to be addressed within the GHG Plan, the verifiers propose arranging a call with a representative of the PP to discuss the organizational structure, as well as the roles and responsibilities of the entities involved in the project.</p> <p>On 19 April 2021, the Proponent provided an organizational chart showing the basic structure of the entities involved in the project and the steps in anticipated carbon credit issuance and sale. This organizational chart confirms the verifier's understanding that Hancock Timberland XI, Inc. is the project area landowner that holds the title to the land in fee, consistent with the deed documentation that was previously provided. The document indicates that credits will be issued by ACR to Hancock Timberland XI, Inc. as the landowner of the project area. Credits are then to be transferred/contributed to the entity "HT XI TRS, Inc." (TRS), a wholly owned</p>	<p><i>Otter Creek IFM - GHG Plan-v5-2021-03-19.doc</i></p> <p><i>Carbon Structure Charts - OC and KH 2021-04-19.pdf</i></p> <p><i>Deed-Plum-Hancock-Hancock Timberland XI Inc-Otter Creek.pdf</i></p>

		<p>subsidiary of Hancock Timberland XI, Inc. TRS will then transact credits to third parties in the voluntary carbon credit marketplace.</p> <p>This information in regard to ownership of the ERTs to be generated from the project however appears to be inconsistent with what is outlined in the GHG Plan. Section A.8 of the GHG Plan shows Hancock Forest Management as the presumed PP and owner of the ERTs, though specific roles of the parties outlined in section A.8 are not identified. Section G.1 identifies Boston Timber Opportunities, LLC as the landowner of the project area.</p> <p>The verifiers still need clarification to confirm the relationship/structure between Hancock Forest Management, Hancock Timberland XI Inc. and Boston Timber Opportunities LLC, as well as HT XI TRS, Inc. Clarification on these ownership questions still needs be addressed within the GHG Plan, but the verifiers propose arranging a call with a representative of the PP to discuss the organizational structure, as well as the roles and responsibilities of the entities involved in the project.</p>	
		<p><u>Findings from Review on 23 August 2021</u></p> <p>The verifiers were provided with an updated version of the GHG Plan. Section G.1 now correctly identifies the landowner of the project area, Hancock Timberlands, XI, Inc. consistent with the supporting organizational chart previously provided. Roles for the parties involved in the project have now been identified in section A.8. The Owner is Hancock Forest Management, the Developer is HGB & Associates, LLC and Aster Global Environmental Solutions, Inc. is the Inventory Specialist. It is acknowledged that section A.8 identifies Hancock Forest Management as the “owner”, when section G.1 identifies the owner as Hancock Timberlands, XI, Inc., but Hancock Timberlands, XI, Inc. is a fully owned subsidiary of Hancock Forest Management. Hancock Forest Management is also considered to be the Project Proponent. Boston Timber Opportunities has been confirmed to be the landowner entity for the “sister” project, Otter creek IFM for which Hancock Forest Management is also the Project Proponent.</p> <p>The verifiers are now reasonably assured on the ownership structure for the project, and this finding is considered closed.</p>	<p><i>Otter Creek IFM - GHG Plan-v7_20210823.doc</i> <i>Carbon Structure Charts - OC and KH 2021-04-19.pdf</i></p>
OPO/APD Response			
Date	PP Comment	Additional evidence submitted for review by PP	
07-May-21	Conversations and flow charts detailed and defined Landowner Agreement. HFM’s key persons provided these details on conference call and emails		
12-Aug-21	Ownership GHG updates resent		

Verifier Issue	Issue ID:	21-4	Status: <u>Closed</u>	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR IFM Methodology, Section B.5 ACR Risk Tool	B.8	Non conformance. May impact OMM or conformance.	<p>Section B.8 of the GHG Plan shows the total risk % calculated as 19%. The total risk % applied in the ERT calculation workbook however is 14%. Based on the verifiers checks of the appropriate total non-permanence risk percentage, they found the total risk to be 18%. The verifiers raised the following findings related to their assessment of non-permanence risk according to the ACR Risk Tool.</p> <p>Financial Risk: According to the ACR Risk Tool the default value for non US Public and Tribal Lands (e.g. private lands) is 4.0%. However, the PPO has incorrectly identified the default risk for this category as 6%</p> <p>Conservation Easement Deduction: The GHG Plan identifies -3% as the risk rating for this category, indicating that "There will be Carbon specific monitoring plans in place." The verifiers seek clarification on what Carbon specific monitoring plan is the GHG Plan referring to? A copy of this monitoring plan(s) is requested, and evidence of its implementation over the first monitoring period should be demonstrated to support this deduction to the total risk score.</p> <p>Fire: References used to determine low fire risk is said to include the USGS GeoMac wildfire support website. Online searches for this resource found that this website is no longer active. The verifiers request more detail on what information on this website was specifically used to assess fire risk, or if any other resources were used to assess fire risk.</p> <p>Levee Failure and Water Table Changes: The GHG Plan states that 87% of the project area is a forested wetland, therefore the default 2.0% rating is applied. While the verifiers acknowledge that the project area is largely composed of bottomland hardwood and cypress swamp forest types, they seek confirmation on what information was used, and what was the process followed to determine the portion of the project area that is considered to be a forested wetland? Please provide spatial data demonstrating the proportion of the project area that is considered to be wetland if it is available. See also the related findings in Issue 20-12.</p>			<p><i>Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc</i></p> <p><i>OtterCreek_ERT_calculationsV1_20181219.xlsx</i></p>

		<p>Lastly, the GHG Plan does not mention the ACR-Proponent agreement governing buffer pool obligations. The agreement itself has not been provided. The verifier has confirmed with ACR that this agreement is to be executed once the ACR program has accepted the project's validation/verification and just prior to project registration.</p>	
		<p><u>Findings from Review on 9 November 2020:</u></p> <p>In the Non-Permanence Risk Assessment excel file provided in the PP's 6 November 2020 submission for both the Otter Creek and Kite Hammock projects, the Overall Risk Score assigned is now 16%.</p> <p>The correct default risk scores for Financial Risk (4%), Project Management Risk (4%), and Social and Political Risk (2%) are applied. A conservation easement is applicable to the projects, so the Overall Risk Score correctly considered a -2% risk deduction given the applicability of a conservation easement to the projects. The PP appears to no longer be considering the -3% deduction in this category related to regular on site monitoring of activities related to carbon specific conservation activities.</p> <p>For Fire Risk, a rating of 2% was applied, given that the project is located in a low-fire region. The PP references the USFS Wildland Fire Assessment System to support this assertion. While the Risk Assessment recognizes the fire rating from this system changes day to day depending on local weather conditions, the PP determined the long term fire potential in the area supports the fire risk rating as being low. The verifiers concur with the assertion the project area is located in a low risk fire region. The USFS Wildland Fire Assessment System referenced by the PP was checked by the verifiers along with LandFire data. Using the LandFire Online Mapping tool, the verifiers checked the fire regime groups applicable to the project area. Fire Regime Groups I and V cover the majority of the project area, with a small amount that appears to be under Fire Regime Group III. Regime Group I (green) appears to cover the majority of the project area, though there is quite a bit of the project area mapped under Group V (Red). The application of a 2% risk score for fire risk is considered to be justified.</p> <p>The 4% default value for Disease and Pests Risk is applied, and a reference to the USFS Forest Health interactive map is given to support use of the default value is given. While access to this resource was not explicitly provided to the verifiers, they were able to independently check this resource and found the default risk score for this risk category to be appropriate. The default 2% risk score for the Other Natural Disaster Events risk category is appropriately applied.</p> <p>For the Levee Failure and Water Table Changes risk category, the PP's assigns a risk score of 0%. According to the ACR Risk Tool, a 2% default risk rating is to be applied for this risk category "for all wetland projects (and for forest projects where more</p>	<p><i>Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc</i></p> <p><i>OtterKiteACRRiskCommentsForHGB-04-11-20.xlsx</i></p>

		<p>than 60% of the project area is forested wetland).” The original GHG Plan stated that the approximately 87% of the project area can be defined as a forested wetland. Therefore, the default rating of 2% appears to be the most appropriate risk rating to be assigned to this risk category.</p> <p>As of this date, an updated version of the GHG Plan to address this finding and others in this List of Findings document has not been provided. An updated version of the project’s ERT Calculation workbook has not been provided for the Otter Creek project.</p> <p>Before this finding can be fully closed, the verifiers request a correction to, or otherwise justification for the risk rating for the Levee Failure and Water Table Changes risk category that is currently given as 0%. They will also need to see the updated GHG Plan with the updated information on the Risk Buffer justifications, as well as the updated ERT workbook where the risk buffer is applied in the ERT calculations. See also Finding 20-17. This finding remains open.</p>	
		<p><u>Findings from Review on 22 April 2021:</u></p> <p>While an updated Non-Permanence Risk Assessment excel file was not provided, section B.8 of the updated GHG Plan has been revised and now calculates the overall risk score as 18% as follows.</p> <ul style="list-style-type: none"> • Financial Risk: 4% (Default value for non US Public and Tribal Lands) • Project Management: 4% (Default value for non US Public and Tribal Lands) • Social/Policy: 2% (default value for projects located in the US) • Conservation Easement Deduction: -2% (project area is covered by a conservation easement) • Fire: 2% (project is located in a low fire risk region) • Disease and Pest: 4% (default value, project is not affected by epidemic disease or infestation) • Levee Failure and Water Table Changes: 2% (~87% of the project area is considered a forested wetland) • Other Natural Disaster Events: 2% (default value) <p>Regarding the Conservation Easement Deduction, the GHG Plan asserts that carbon specific monitoring plans will be in place. Such a monitoring plan would allow for a -3% deduction. However, the PP appears to no longer be considering the -3% deduction in this category for regular on-site monitoring of activities related to carbon specific conservation activities. The verifiers accept the more conservative risk score of -2% for this risk category.</p>	<p><i>OtterCreek_ERT_calculationsV4_20210215.xlsx</i></p> <p><i>Otter Creek IFM - GHG Plan-v5-2021-03-19.doc</i></p>

		<p>Given approximately 87% of the project area is defined as a forested wetland, the correct default risk score of 2% for the levee failure and water table changes risk category is now correctly being applied.</p> <p>All other risk scores contributing to the overall non-permanence risk score of 18% were found to have been justified as previously confirmed by the verifiers. The verifiers can also confirm in the updated version of the ERT Calculation workbook provided, the correct overall risk score of 18% is applied in Cell D5. This finding is therefore considered closed.</p> <p>While the verifiers are closing this issue, it is noted that there appears to be errors in the ERT Calculation workbook, likely related to "LOOKUP" functions being applied in the calculations causing the "#VALUE!" error message to show up throughout the workbook. This issue is however being addressed separately under Finding 21-24.</p>	
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OPO/APD Response

Date	PP Comment	Additional evidence submitted for review by PP
15-Oct-20	Responses to this issue have been previously provided. Please confirm.	
12-Aug-21	Risk Updated GHG	

Verifier Issue	Issue ID:	2-5	Status: Closed	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR Standard, v6, Section 8.A	F.2	Clarification. May impact OMM or conformance.	<p>Among the required contents of a GHG Plan is to include information on "Relevant outcomes from any stakeholder consultations and mechanisms for ongoing communication, as applicable." The GHG Plan indicates that there have been no stakeholder comments. While it is acknowledged that the project area is privately owned, and therefore communities, and other stakeholders affected by the project is assumed to be limited, a description of the process implemented to identify such stakeholders that could be affected by the project is currently lacking in the GHG Plan.</p> <p>What if any stakeholder consultation activities were undertaken as part of project development and as it relates to the community and environmental impact assessment?</p> <p>Potentially relevant stakeholders & groups may include:</p> <ul style="list-style-type: none"> Local hunt clubs using the project lands 			<i>Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc</i>

		<ul style="list-style-type: none"> • Forest Owner decision making bodies (e.g. Hancock Board or equivalent or other) • State forest or natural resource agencies, and environmental groups. 	
		<p><u>Findings from Review on 9 November 2020:</u></p> <p>In the PP's 15 October 2020 response to the List of Findings, no written response to this finding was provided.</p> <p>As of this date, an explanation of any relevant stakeholder consultation activities, and/or an updated version of the GHG Plan including this information has not been provided. The issue remains open.</p>	<i>Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc</i>
		<p><u>Findings from Review on 22 April 2021:</u></p> <p>The text now included in this section of the updated GHG Plan states that "Hancock Directors and equivalent, Suwannee River Mgt District as easement holder – all approve these long-term environmental benefits" which is in reference to the net positive impacts from the project covered in section F.1.</p> <p>While the text in section F.2 of the GHG Plan isn't considered incorrect, in that relevant stakeholders including Hancock as the project proponent and the Suwannee River Management District as the easement holder support the environmental benefits from the project, the text that was (previously) provided in this section of the GHG Plan for the "sister" Kite Hammock IFM project was also considered appropriate, and offers more detail on stakeholder communication during project development and the verifiers feel it ought to be reinstated into both project's GHG Plans. ("HGB and Hancock have communicated with the Hunt Clubs Directors, the SRWMD and the SFI Boards regarding the Project Development and all agree the benefits to the overall habitat will be enhanced. Hancock's onsite Foresters keep in constant contact with each group of stakeholders. All approve of the long term benefits.")</p> <p>Assuming this information is also applicable to the Otter Creek project, the verifiers also request a copy of the mentioned communication plan and/or a description of this plan and its implementation. Clarity on what is meant by the "legacy-type agreements" to ensure local stakeholder representation is also sought.</p>	<i>Otter Creek IFM - GHG Plan-v5-2021-03-19.doc</i>
		<p><u>Findings from Review on 23 August 2021</u></p>	<i>Otter Creek IFM - GHG Plan-v7_20210823.doc</i>

			The text originally included in section F.2 of the GHG plan has been reinserted into the updated version provided. The verifiers found that the included description of stakeholder communications carried out by the Proponent is reasonable and sufficient. It is acknowledged that the project area is privately owned, and therefore communities, and other stakeholders affected by the project is assumed to be limited. It is not a community based project therefore, as a private landowner the level of communication carried out with stakeholder groups as described in the GHG Plan is considered to be reasonable and meet the requirements of the standard. All input received from the stakeholder groups in which the proponent communicated with is said to have been positive in terms of the long term benefits resulting from the project activities and the verifiers found no reason to question otherwise. This finding is therefore considered closed.	
OPO/APD Response				
Date	PP Comment	Additional evidence submitted for review by PP		
27-Jul-20				
12-Aug-21	Previous April Findings re-inserted GHG			

Verifier Issue	Issue ID:	21-6	Status: Closed	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description		Comments	
ACR Standard, v6, Section 8.A	F.1	Non conformance. May impact OMM or conformance.	While positive environmental and community benefits have been identified, it is not clear that an environmental and community impact assessment has actually been carried out that fulfills the requirements of section 8A in the ACR standard. Section F1 of the GHG Plan lacks adequate detail on the environmental and community impact assessment that is required to be carried out addressing elements 1-5 from Section 8.A in the ACR Standard v6.		acr-template-for-ghg-project-plans KITE HAMMOCK 5.doc	
			Findings from Review on 9 November 2020: The information provided in the PP's response to this finding is considered to overall satisfy the requisite Environmental and Community Impact Assessment requirements of the ACR Standard, and addresses elements 1-5 of section 8.A in the ACR Standard. The information offers an overview of the project activity and geographic location, applicable laws and regulations, an assessment of the environmental risks, impacts and their categorization (negative/positive/neutral), risk mitigation measure and monitoring methods. The project is not a community based project. The identified risks and potential impacts resulting from the project activities include; climate change mitigation/adaptation, biodiversity, air quality, water quality, soil		acr-template-for-ghg-project-plans KITE HAMMOCK 5.doc	

		<p>quality, ozone quality, and natural habitat protection/conservation/restoration. All impacts are identified as positive or neutral. Considering the description of the projected project activities that do not involve any commercial timber harvesting, the verifiers agree with the PP's assessment that the project activities will overall lead to a positive impact on the areas of risk identified. As such explicit mitigation measures aren't necessarily considered relevant, but the PP's has provided a reasonable explanation as to how the project activities will ensure positive impacts to these risk areas will be maintained. Monitoring of impacts to the areas of risk identified will be carried out by PP staff as well as through the Suwannee Water District (Conservation Easement holder).</p> <p>While the verifiers find the information provided on the PP's Environmental and Community Impact to fulfill the requirements of the ACR Standard, as of this date, an updated version of the GHG Plan containing this information has not been provided. The issue therefore remains open.</p>	
		<p><u>Findings from Review on 22 April 2021:</u></p> <p>The information provided in the PP's response to this finding is considered to overall satisfy the requisite Environmental and Community Impact Assessment requirements of the ACR Standard. However, this text (e.g. the response below) is not included in section F.1 of the GHG Plan, as was considered to be the appropriate action from the verifiers 12 November 2020 findings.</p> <p>The text currently included in this section seems insufficient and does not address all of the required aspects of the environmental and social impact assessment requirements of the ACR standard. While the text in section F.1 of the current GHG Plan is not considered to be incorrect or inaccurate, the previous information provided in response to this finding was considered to be more comprehensive and explicitly addressed aspects 1-5 of the environmental and social impact requirements of the ACR standard. The verifiers request that the text provided in response to this finding is included in the GHG Plan.</p>	<p><i>Otter Creek IFM - GHG Plan-v5-2021-03-19.doc</i></p>
		<p><u>Findings from Review on 23 August 2021:</u></p> <p>The text originally included in section F.1 of the GHG plan has been reintegrated into the updated version provided. As previously determined and communicated to the Proponent, the verifiers found that the included description of the requisite Environmental and Community Impact Assessment to be sufficient and meet the requirements of the ACR standard. This finding is therefore considered closed.</p>	<p><i>Otter Creek IFM - GHG Plan-v7_20210823.doc</i></p>
OPO/APD Response			
Date	PP Comment		Additional evidence submitted for review by PP

14-Oct-20

1. An overview of the Project Activity and geographic location
Kite Hammock is a forest conservation project utilizing the Integrated Forest Management methodology from the American Carbon Registry. The project is composed of a mature Bottomland Hardwood Forest that has been historically part of a harvest rotation in the West Central Florida region known as the Nature Coast. The landowners purchased the land with a conservation easement limiting annual harvest rates. After careful consideration, the landowner's deemed the project lands to have exceptional environmental benefits and have agreed to forego harvest of any kind, thus preserving the integrity of the watershed that is home to a multitude of flora and fauna including nesting habitat for the Swallow-tailed Kite (*Elanoides forficatus*).
2. Applicable laws, regulations, rules, and procedures and the associated oversight institutions
The only state or federal laws that regulate forest management of the property are related to implementation of the FL BMPs. See below for the results of the most recent SFI audit: Final Hancock Forest - 451181 - SFI LM - SF63 -SV3 doc
3. A description of the process to identify community(ies) and other stakeholders affected by the project and, as applicable, the community consultation and communications plan.
The property is visited regularly by Hancock Forester.
A communication plan is in place between the local hunting groups and the landowner. Legacy-type agreements ensure representation by the local stakeholders.
4. An assessment of the project's environmental risks and impacts, including factors such as climate change mitigation and adaptation, biodiversity, air quality, water quality, soil quality, and ozone quality, as well as the protection, conservation, or restoration of natural habitats such as forests, grasslands, and wetlands. The assessment shall: 1) identify each risk/impact; 2) categorize the risk/impact as positive, negative, or neutral and substantiate the risk category; 3) describe how any negative impacts will be avoided, reduced, mitigated, or compensated; 4) detail how risks and impacts will be monitored, and how often and by whom; and 5) describe how positive impacts contribute to sustainable development goals (optional).

<u>Risk/Impact</u>	<u>Category (positive, negative, or neutral) and Support</u>	<u>How negative impacts will be avoided, reduced, mitigated, or compensated</u>	<u>Monitoring</u>
Climate Change Mitigation/Adaptation	Positive	Allowing Forest to naturally function and store Carbon in biomass and soils	HRNG Staff and Water Mgt Distract will annually monitor.
Biodiversity	Positive	Avoided conversion to monoculture stands increasing Biodiversity.	HRNG Staff and Water Mgt Distract will annually monitor.
Air Quality	Positive	Natural Forests promote Air Quality.	HRNG Staff and Water Mgt Distract will annually monitor.

Water Quality	Positive	Project Area serves as recharge area and filters nutrients before entering the Gulf of Mexico	HRNG Staff and Water Mgt Distract will annually monitor.
Soil Quality	Positive	Zero Harvest allows for natural biotic functions to occur.	HRNG Staff and Water Mgt Distract will annually monitor.
Ozone Quality	Neutral		
Natural Habitat protection/conservation/restoration	Positive	Project Area promotes natural habitat through Zero Harvest.	HRNG Staff and Water Mgt Distract will annually monitor.

5. For community-based projects, an assessment of the project's community risks and impacts, including factors such as land and natural resource tenure, land use and access arrangements, natural resource access (e.g., water, fuelwood), food security, land conflicts, economic development and jobs, cultural heritage, and relocation. The assessment shall: 1) briefly describe the process to identify community risks/impacts; 2) identify each risk/impact; 3) categorize the risk/impact as positive, negative, or neutral, and substantiate the risk category; 4) provide detailed information regarding the community stakeholder consultation process (e.g., meeting minutes, attendees), including documentation of stakeholder comments and concerns and how those are addressed; 5) provide evidence of Free, Prior and Informed Consent for the Project Activity, as applicable; 6) provide evidence of no relocation or resettlement (voluntary or involuntary), as applicable; 7) describe how any negative project impacts will be avoided, reduced, mitigated, or compensated; 8) detail how risks/impacts will be monitored, and how often and by whom; 9) describe the mechanism for ongoing communications with the community and grievance mechanisms, as applicable; and 10) de-scribe how positive impacts contribute to sustainable development goals.

This is not a community based project.

ACCOMPANYING NARRATIVE:

"One of the missions of the landowner is to provide protection of valuable forested areas. The project area exhibits characteristics that are vital to mitigating climate change and protecting land and water resources, including later-successional wildlife habitat, water filtration abilities and buffer against storm surge and sea level rise associated with climate change.

The presence of the project will contribute to the protection of many valuable resources including;

- a high diversity of forest and non-forest habitats for plant and wildlife species
- habitats which promote the active sequestration of carbon
- provide other ecosystem services including recreational activities such as fishing, hunting and scenic viewpoints
- a diversity of wetland and estuarine locations provide excellent waterfowl and wildlife viewing opportunities

The project area has SFI certification, demonstrating high quality sustainable management, and a Conservation Easement held by Suwannee Water MGT District preventing development and overharvesting of the property in addition to safeguarding its conservation values.

12-Aug-21	<p>Environmental and community safeguards are further evaluated inclusively through the landowners ongoing SFI certification, as demonstrated in the documents entitled; "Final Hancock Forest - 451181 - SFI LM - SF63 -SV3 doc."</p> <p>Oct 20 response to this finding to be reinserted</p>	
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Verifier Issue	Issue ID:	21-7	Status: <u>Closed</u>	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR Standard, v6, Section 6.E		Non conformance. May impact OMM or conformance.	The Monitoring Report containing the required information applicable to the project's initial monitoring period has not been provided. A copy of the completed Monitoring Report with all required information, consistent with the supporting project documents is needed.			
			<p><u>Findings from Review on 9 November 2020:</u></p> <p>In the PP's 15 October 2020 response to the List of Findings, no written response to this finding was provided.</p> <p>As of this date, a copy of the completed Monitoring Report for the project's initial reporting period to address this finding and others in this List of Findings document has not been provided. The finding remains open.</p>			
			<p><u>Findings from Review on 22 April 2021:</u></p> <p>A copy of the Monitoring Report (MR) for the project's initial reporting period has now been provided. The verifiers note the following findings regarding the copy of the MR that has been provided.</p> <ul style="list-style-type: none"> The Project Proponent contact name in section II MR is different from that in the GHG Plan (Julia Grant vs. Dena Winton). The signature for the required attestations in section IX of the MR is an electronic signature from Matthew B. Bonham, Vice President, Hancock Natural Resource Group. The correct and current contact for the project proponent entity should be entered consistently between the MR and the GHG Plan documents. 			<p><i>Otter Creek - 508 acr-monitoring-report_2021-02-15 MBB.pdf</i></p> <p><i>010_01_OtterCreek_Inventory_Stats_202012.xlsx</i></p> <p><i>OtterCreek_ERT_calculationsV4_20210215.xlsx</i></p> <p><i>Otter Creek IFM - GHG Plan-v5-2021-03-19.doc</i></p>

			<ul style="list-style-type: none"> • All instructional guidance from the ACR Monitoring Report template should be removed from the final version of the document. • Due to the issues in the ERT Calculation workbook, it is not possible for the verifiers to trace the final ERT reporting figures provided in section VI of the MR back to their supporting source document. • The carbon stocking figure (t CO₂e) for the standing live carbon pool in section IV (2) of the MR (609,816) is inconsistent with the most current version of the supporting Inventory Stats workbook that has been provided to the verifiers. • Section V of the MR does not include all of the applicable monitored/modeled parameters as established in the monitoring plan laid out in section D.1 of the GHG Plan. • Throughout section VI of the MR, the final reporting figures for the project's initial reporting period (baseline emissions, project emissions, leakage emissions, buffer pool contribution, net GHG emission reductions) are not accompanied by a supporting summary of the calculation of each figure as indicated in the instructional guidance of the MR template ("provide a summary calculation of XXXXX; attach as an appendix, a spreadsheet documenting XXXXX quantification.") 	
			<p><u>Findings from Review on 25 August 2021:</u></p> <p>The verifiers were provided with an updated version of the MR on 20 August 2021. The document was reviewed to ensure the outstanding elements of this finding had been addressed, and that the data reported in the document was consistent with the Proponent's underlying supporting project documents. The outstanding issues in the document identified in this finding were found to be addressed as follows.</p> <ul style="list-style-type: none"> • The Proponent contact name, Matthew Bonham of Hancock Natural Resource Group is now consistent between the updated GHG Plan and MR provided. • The verifiers confirmed that all instructional guidance text from the ACR MR template has now been removed from the updated document. • The errors previously noted in the supporting ERT Calculation workbook have now been addressed. The verifiers cross checked the final reporting figures given in sections IV & VI of the MR and found them to be consistent with the supporting ERT Calculation workbook. • The data & parameters to be modeled/monitored in section V of the MR now appear to be consistent with those data & parameters to be monitored as identified in the GHG Plan. All appropriate parameters appear to be included in both documents. 	<p><i>Otter Creek - 508 acr-monitoring-report-20210820.doc</i> <i>OtterCreek_ERT_calculationsV5_20210525.xlsx</i> <i>Otter Creek IFM - GHG Plan-v7_20210823.doc</i></p>

		<ul style="list-style-type: none"> While a summary narrative of each figure reported in section VI of the MR is not included, the calculated figures (baseline emissions, project emissions, leakage emissions, buffer pool contributions & net GHG emission reductions are given and the figures are consistent with the supporting ERT workbook. A reference to the ERT Calculation workbook is included, and the accuracy of the calculations were confirmed by the verifier. The verifiers consider this to be sufficient. <p>As all outstanding items pertaining to the content of the MR were found to have been addressed, this finding is considered closed. It is noted however, that the updated final version of the MR will still need to be signed by the Project Proponent.</p>	
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OPO/APD Response

Date	PP Comment	Additional evidence submitted for review by PP
27-Jul-20		
01-June-21	The ERT calc worksheet has been sorted out, email link to fines resent	
12-Aug-21	updated Monitoring Report	

Verifier Issue	Issue ID:	21-8	Status: Closed	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR Standard, v6, Section 8.B	D.2	Non conformance. May impact OMM or conformance.	<p>The ACR Standard requires that each year, the Project Proponent shall submit a signed Attestation that:</p> <ul style="list-style-type: none"> Confirms the continuance of project activities; Confirms that ownership remains clear and uncontested; Discloses any negative environmental or community impacts or claims of negative environmental and community impacts, and documents plans to mitigate any reported negative environmental or community impacts; Addresses any significant change in external conditions that would affect the quality or environmental integrity of the project. <p>Such an attestation executed by the Project Proponent applicable to the project's initial Monitoring Period has not been provided.</p>			
			<p><u>Findings from Review on 9 November 2020:</u></p> <p>In the PP's 15 October 2020 response to the List of Findings, no written response to this finding was provided.</p>			

		As of this date, a copy of the required Attestations signed by the PP for the project's initial monitoring period has not been provided. This finding remains open.	
		<p><u>Findings from Review on 22 April 2021:</u></p> <p>It is the verifiers understanding that the required annual attestations are satisfied in the project's monitoring report (section IX) to be signed by the project proponent. The signature for the required attestations in section IX of the MR is an electronic signature from Matthew B. Bonham, Vice-President, Hancock Natural Resource Group dated 2 March 2021. The signed MR provided satisfies this requirement, and this finding is considered closed.</p> <p>See also, the comment in Finding 21-7 above regarding the use of the correct and current contact for the project proponent entity consistently between the MR and the GHG Plan documents. It is also noted that the MR will need to be updated to address the issues noted in Finding 21-7 above, and the final version of the MR will again need to be signed by the PP.</p>	<p><i>Otter Creek - 508 acr-monitoring-report_2021-02-15 MBB.pdf</i></p>
OPO/APD Response			
Date	PP Comment	Additional evidence submitted for review by PP	
27-Jul-20			

Verifier Issue	Issue ID:	21-9	Status: <u>Closed</u>	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description		Comments	
ACR IFM Methodology, Section D.6	E.3	Possible non conformance. <i>May impact OMM or conformance.</i>	<p>As required by the ACR IFM Methodology, the GHG Plan indicates that no activity shifting leakage is permitted above de minimis levels, and that therefore only market leakage is considered. The verifiers request supporting evidence that there is no activity shifting leakage.</p> <p>Since the project decreases wood product production by >5% relative to the Baseline, the PP must demonstrate that there is no leakage within their operations. Such demonstration must include one of the 3 elements outlined in the methodology, including forest management certification of the PP's lands. As evidence to support this, the verifiers request 1) a shapefile for the entire PP's ownership and 2) evidence that the SFI certificate applicable to the project area covers all of the PP's lands.</p>		<p><i>Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc</i></p> <p><i>OtterCreek_ERT_calculationsV1_20181219.xlsx</i></p>	
			<u>Findings from Review on 9 November 2020:</u>		<i>Final Hancock Forest - 451181 - SFI LM - SF63 -SV3 doc</i>	

		<p>The verifiers acknowledge that the ACR IFM Methodology applied by the PP restricts activity shifting leakage beyond de minimis levels and that therefore the leakage factor and related calculations are limited to marketing shifting leakage. Evidence is still needed to support that there is no activity shifting leakage.</p> <p>As supporting evidence, the PP has provided a copy of the most recent (2019) SFI Certification Report for Hancock Forest Management. The SFI Certification Report supports the valid SFI Certification for Hancock Forest Management and the results of the 2019 certification audit show the auditor's recommendation for continuation of their SFI Certification. A copy of Hancock Forest Management's current SFI Certificate was also provided (BV-SFIA-US009410-1), showing the original certificate date as 31 October 2013, the current certificate renewal date as 20 October 2016, and the expiration date of 19 October 2021.</p> <p>In the SFI audit report, it states that Hancock Forest Management (HFM) is the property management subsidiary of Hancock Timber Resource Group (HTRG). HFM is responsible for the day-to-day, on-the-ground timberland management services for HTRG's timberland portfolios. HFM manages land throughout the United States, and the scope of the SFI audit is said to be limited to its Southern Divisions, consisting of 2.3 million acres of land in 11 southern states, and Michigan, Wisconsin, New York and Pennsylvania.</p> <p>The verifiers searched for the HFM SFI certificate on the SFI Certification database and found the corresponding certificate information , BV-SFIS-US009410-1 issued to Hancock Forest Management. The information found on the online SFI certificate database shows the current re-registration date of 20 October 2016, and an expiration date of 19 October 2021, consistent with the copy of the SFI certificate provided by the PP. The SFI database shows the scope of HFM's SFI certification includes approximately 2.3 million acres of land, consistent with the 2019 SFI audit report provided by the PP.</p> <p>While the provided HFM 2019 SFI audit report along with the information found on the SFI Certificate database leads the verifiers to believe that the PP holds entity wide SFI forest management certification, the verifiers request confirmation on this point. The requested spatial data for the entire PP's forestland ownership is not necessarily considered critical. Demonstration of entity wide SFI certification as evidence there is no activity shifting leakage may also be dependent on the ownership clarification questions raised in finding 20-3.</p> <p>This finding remains open until the verifiers receive confirmation that the PP holds entity wide SFI certification.</p>	
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		<p><u>Findings from Review on 26 April 2021:</u></p> <p>The verifiers held a call with the project developers on 26 April 2021 and gave a summary of the outstanding issues prior to delivering the updated Round 3 Findings. During the call, clarifications on landownership of the project area was confirmed. The landowner, Hancock Timberland XI, LP is a subsidiary of Hancock Forest Management, and it was confirmed that Hancock Forest Management business practices are to enroll all of their lands into the scope of their SFI certificate. This verbal confirmation, along with the previous checks on the status and scope of Hancock's SFI certification gave the verifiers reasonable assurance that the landowner, Hancock Timberland XI, LP holds entity wide SFI certification, thereby demonstrating there is no activity shifting leakage. This finding is therefore considered closed.</p>	
OPO/APD Response			
Date	PP Comment	Additional evidence submitted for review by PP	
15-Oct-20	<p>Leakage calculations are exclusive to market leakage because the methodology doesn't allow for activity-shifting beyond de minimis.</p> <p>Hancock should be able to demonstrate forest certification for all their lands through an organizational, group, or similar high-level certificate.</p>		
22-Feb-21	SFI Certificate sent as well as supporting Environmental Stewardship Principles	<p>HFMSD SFI Certificate - Rev 5-2-17-2021-02-19</p> <p>HTRG Stewardship Principles_2019 11 25-2021-02-19</p> <p>https://hancocknaturalresourcegroup.com/wp-content/uploads/2020/07/HNRG-Sustainability-and-Responsible-Investing-Framework-2020.07.14.pdf</p>	

Verifier Issue	Issue ID:	21-10	Status: <u>Closed</u>	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR Standard v6, Table 4	Section H	New information request. <i>May impact OMM or conformance.</i>	<p>Section H of the GHG Plan is incomplete and only shows the template instructional guidance. The verifiers request confirmation on the date in which the initial GHG Plan was submitted to ACR, and clarification if this is the date and action that denotes the project start date.</p> <p>The verifiers recognize that there is a chance that the project may not achieve validation by 9 September 2020, 3 years from the start date. The verifiers are under the impression that the project developers sought approval from ACR allowing for a deviation from this eligibility requirement, The verifiers request evidence of approval from ACR granting a deviation/exemption with this eligibility requirement.</p>			<i>Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc</i>
			<p><u>Findings from Review on 10 November 2020:</u></p> <p>In response to this finding the verifiers were provided with an email communication from ACR to the project developer granting an extension to the 3 year validation deadline for the project. The email communication is dated from Jessica Orrego on 29 October 2020 and indicates that ACR is willing to allow for an extension in the 3 year validation deadline from the project start date for both ACR 508 & CAR 509. This email communication is considered by the verifiers to be sufficient evidence that ACR has allowed for an extension of the 3 year validation deadline given that the project did not achieve validation within 3 years from the project start date. This aspect of the finding is therefore considered addressed.</p> <p>The first aspect of the finding was not addressed in the response provided. Section H of the GHG Plan is incomplete and only shows the template instructional guidance. The verifiers request confirmation on the date in which the initial GHG Plan was submitted to ACR, and clarification if this is the date and action that denotes the project start date. As of this date, an updated version of the GHG Plan to address this finding and others in this List of Findings document has not been provided. The finding remains open.</p>			<i>FW_ ACR Timeline Extensions for 508 & 509.msg</i>
			<u>Findings from Review on 22 April 2021:</u>			<i>Otter Creek IFM - GHG Plan-v5-2021-03-19.doc</i>

		<p>In section H.1 of the updated GHG Plan provided, it states the Project start date, 09/09/2017 was determined by Hancock to align with their long term plans and added to their corporate sustainability efforts. In section H.2 it indicates that “Onsite project activities began in September 2017 with initial forest samples taken.” It would appear that the initiation of the forest inventory is the intended action that denotes the project start date, but this is not made explicitly clear.</p> <p>Further, the “sister” Kite Hammock IFM project has the same project start date of 9/9/2017, and it is noted that for that project (ACR509), the verifiers were told that the project start date was/is based on the execution of a contract between the landowner and project developer to begin development of the project. The verifiers question if this specific action, and execution of a contract between the landowner and the project developer to begin project development is also applicable to the Otter Creek project.</p> <p>If so, the verifiers request a copy of this agreement, even if redacted, as supporting evidence to confirm the identified project start date. Just the signature page can be provided so long as it confirms the date the agreement was executed in order to support the asserted project start date.</p> <p>The project term in section H.2 of the GHG Plan is now identified as 40 years. However, the verifiers believe the correct end date for the 40 year project term would be 9/8/2057 rather than 9/9/2057.</p> <p>The project crediting period is incorrectly identified in section H.2 of the GHG Plan as 9/9/2017 – 12/31/2019. These dates currently entered reflect the initial reporting period. The verifiers understand the initial crediting period to be 9/9/2017 – 9/8/2037.</p>	
		<p><u>Findings from Review on 25 August 2021:</u></p> <p>The verifiers were provided with the requested signature page of the agreement executed between the landowner and the project developer which distinguishes the start date of the project. The verifiers confirmed the agreement was executed between representatives of the landowner, Hancock Timberland XI, Inc. and the developer, HGB & Associates, LLC on 9 September 2017. The verifiers consider this as sufficient evidence to confirm the project’s identified start date.</p>	<p><i>Otter Creek IFM - GHG Plan-v7_20210823.doc</i> <i>Hancock-HGB-Signature_Page_Start_2017-09-09.pdf</i></p>
OPO/APD Response			
Date	PP Comment	Additional evidence submitted for review by PP	
12-Aug-21	Signature Page accepted		

Verifier Issue	Issue ID:	21-11	Status: <u>Closed</u>	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description		Comments	
ACR Standard, v6, Section 4.A.1	C.1	Non conformance. <i>May impact OMM or conformance.</i>	<p>It is not entirely clear how the upland and wetland modeling units applied in the baseline model were established and delineated. What data was used to determine the portion of the project area as wetland vs. upland as the basis for the baseline modeling units? A baseline constraint layer with the spatial data (e.g., polygons - area & location) of these modeling units has not been provided and is requested. As noted in Issue 20-1, the total acreage in Table 3 is inconsistent with the supporting calculation workbooks and project's spatial data.</p> <p>Section C1 of the Plan doesn't explicitly cite any national/federal laws or regulations as it relates to the regulatory surplus test. Such laws or regulations that the verifiers would consider to be potentially applicable include:</p> <ul style="list-style-type: none"> • The Clean Water Act • The Endangered Species Act (though the document does discuss relevant RT&E species) <p>While the verifier's review led them to believe that the baseline has adequately taken into account all applicable laws and regulations, they feel that the GHG Plan should also identify these national laws & regulations noting their applicability.</p> <p>In addition, the verifiers request confirmation that there are no local ordinances that affect either baseline or project level forest management of the project area.</p> <p>Lastly, it is noted that the GHG Plan states that "no perennial streams pass through the project area therefore the FL BMP primary Special Management Zone (SMZ) is not applicable." Verifier checks against the National Hydrography Datasets (NHD) (lines & areas) however found that some portions of the Coastal Waters and Tidal Creeks polygon (Class 2 waters) and streams classified as perennial streams (Fcode 46006) do overlap with the project area boundary. Specicially, waters with these classifications that were found to overlap with the project area include:</p> <ul style="list-style-type: none"> • Cow Creek • Bullfrog Creek • Otter Creek • Double Barrel Creek • Porter Slough 		<p><i>Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc</i></p>	

		<ul style="list-style-type: none"> A couple of others that aren't given a name in the NHD data https://nhd.usgs.gov/userguide.html?url=NHD_User_Guide/Feature_Catalog/NHD_Feature_Catalog.htm <p>Therefore the verifiers question the accuracy of this statement and if the existence of these water bodies within the project area boundary would impose additional legal constraints on the project's baseline as it relates to the FL BMP primary Special Management Zones (SMZs) and related buffer requirements.</p>	
		<p><u>Findings from Review on 10 November 2020:</u></p> <p>The response indicates that the upland and wetland modeling units were based on spatial data provided directly from the PP. Spatial data for the upland and wetland modeling units on the PP's ownership has been provided. The verifiers however still request clarification on the underlying data that was used by the PP to define the upland and wetland spatial layers.</p> <p>Spatial data for the upland and wetland modeling units clipped to the project area was provided for the Otter Creek project. Verifier checks of the acreage of the upland and wetland Mus confirmed the acreage figures shown in Table 3 of the GHG Plan. The sum of these acres for these upland and wetland Management Units is still however inconsistent with the total project area found elsewhere. Verifier review of the upland and wetland spatial data in GIS found that some portions of the project area are not defined under either Management Unit type. Clarification on this point and/or corrected spatial data is requested.</p> <p>The response reiterates that the project activity is not required by any law, local, state, or federal, and that the restrictions of the conservation easement applicable to the project area was incorporated into the baseline model. The verifiers concur, but applicable federal laws are still not described in the GHG Plan. An updated GHG Plan has not been provided as of this date. The verifiers feel it would be appropriate for the GHG Plan to include a mention of all applicable laws & regulations, even if they don't affect the baseline scenario, or have any bearing on the project activities.</p> <p>The response does not address the verifier's question on the applicability of any local ordinances that affect either baseline or project level forest management of the project area. While no such ordinances have been identified by the verifiers, they request confirmation on this understanding.</p> <p>The final elements of this finding regarding the perennial streams the verifiers found to flow through portions of the project area and the related applicability of related legal constraints that may apply has not been responded to or addressed by the PP. This finding therefore remains open.</p>	<p><i>Cedar_Hammock_Easement_Uplands.shp</i> <i>Cedar_Hammock_Easement_Wetlands.shp</i> <i>Otter_Creek_Easement_Uplands.shp</i> <i>Otter_Creek_Easement_Wetlands.shp</i> <i>IFM_CarbonProject_OtterCreek_Uplands.shp</i> <i>IFM_CarbonProject_OtterCreek_Wetlands.shp</i></p>

		<p><u>Findings from Review on 22 April 2021:</u></p> <p>The requested clarification on the underlying data that was used by the PP to define the upland and wetland spatial layers has not been provided. It appears that the bottomland and upland modeling units may be based on the wetland and upland areas of the property as defined by the conservation easement, and this is stated in section 5.1 of the GHG Plan (“The wetlands and uplands were delineated and recorded by the legally binding conservation easement.”). The verifiers obtained spatial datasets for Florida wetlands from the US Fish and Wildlife Service National Wetlands Inventory, and wetlands data by HUC8 watersheds but based on checks in GIS it does not appear the bottomland and upland modeling units are based on wetland classifications from either of these datasets. While the verifiers understand the wetland/bottomland and upland modeling units are defined based on the conservation easement, the verifiers again request clarification on the underlying data that was used to define these areas in the easement and for the project.</p> <p>As indicated in the verifiers 10 November 2021 findings, spatial data for the upland and wetland modeling units clipped to the project area was provided for the Otter Creek project. Verifier checks of the acreage of the upland and wetland Mus confirmed the acreage figures shown in Table 3 of the GHG Plan. The sum of these acres for these upland and wetland Management Units is still however inconsistent with the total project area found elsewhere. Verifier review of the upland and wetland spatial data in GIS found that some portions of the project area are not defined under either Management Unit type. Clarification on this point and/or corrected spatial data is requested. No response to these questions and concerns have been provided.</p> <p>While the verifiers still feel it would be appropriate for all applicable federal laws and their impact (or lack thereof) on the project activities and baseline scenario to be described in the GHG Plan, this isn’t explicitly required and the verifiers are reasonably assured no such federal laws impact either the project activities or baseline scenario. While there are some threatened and/or endangered species whose habitat ranges overlap with the project area boundary, it does not appear that any such species are known to occur on the project area, and the verifiers did not identify any threatened and/or endangered species related restrictions that would affect the baseline harvest scenario. Verifier checks against the threatened and/or endangered species critical habitat areas spatial layer from the US FWS Environmental Conservation Online System confirmed that no such critical habitat areas occur within the project area boundaries. It is the verifiers opinion that for the purposes of the project and the regulatory surplus test, adherence to the CWA is essentially facilitated through the restrictions related to timber harvesting in the Florida Silvicultural Best Management Practices (BMPs) for water quality.</p>	<p><i>Otter Creek IFM - GHG Plan-v5-2021-03-19.doc</i></p> <p><i>Cedar_Hammock_Easement_Uplands.shp</i></p> <p><i>Cedar_Hammock_Easement_Wetlands.shp</i></p> <p><i>Otter_Creek_Easement_Uplands.shp</i></p> <p><i>Otter_Creek_Easement_Wetlands.shp</i></p> <p><i>IFM_CarbonProject_OtterCreek_Uplands.shp</i></p> <p><i>IFM_CarbonProject_OtterCreek_Wetlands.shp</i></p>
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		<p><u>Findings from 25 August 2021:</u></p> <p>Through various follow-up conversations with the Proponent, it was confirmed that the delineated wetland and modeling unit spatial datasets came directly from Hancock, with the understanding that the basis for delineating these areas was based on the applicable conservation easement. While the specific underlying data sources used to delineate the wetland and upland modeling units was not explicitly confirmed, the verifier’s find no reason to further question the specific data source. The verifiers were also informed that during project development, the developers reviewed the wetland and upland MU layers over ortho-imagery and found that the alignment/delineation of the wetland and upland areas to be reasonable. As the wetland and upland spatial datasets came directly from the Proponent/Landowner</p>	<p><i>Otter Creek IFM - GHG Plan-v7_20210823.doc</i> <i>020_01_OtterCreek_Modeling_Methodology_v2.0.pdf</i></p>

		<p>and are understood to be based on the conservation easement applicable to the project the verifiers are reasonably assured the baseline modeling units are accurate.</p> <p>As previously indicated, verifier checks of the acreage of the upland and wetland MUs spatial data confirmed the acreage figures shown in Table 3 of the GHG Plan. There was a concern however, that the sum of these acres was inconsistent with the total project area found elsewhere. It was also noted that verifier review in GIS found that some portions of the project area were not defined and coincident with either the wetland or upland MU.</p> <p>When this was discussed with the project development team, it was explained how the MUs are primarily used for allocating baseline prescriptions consistent with the verifier's understanding. Secondly the verifiers were told that on a large portion of the project area, the boundaries between wetland and upland areas aren't very discrete and that it is difficult to tell exactly where this transition occurs based on the on-the-ground conditions. This is due to the fact that there are small topographic gradients, often just a few feet, that distinguish between up and wetlands. The verifiers acknowledge this point as well.</p> <p>It was also clarified to the verifiers that the project area acreage is greater than the geospatial conservation easement boundaries. Plots which fell outside the geospatial conservation boundaries were conservatively allocated to the Wetland modeling unit. Similarly, all area outside of the geospatial conservation boundaries were conservatively allocated to the Wetland modeling prescription on the expansion. It is the verifier's understanding that there are no methodological specific requirements for delineation of modeling units used to formulate the baseline. The modeling was performed on a plot level basis and then worked up to the project area level using the modeling units to parse out prescription allocations.</p> <p>The verifiers consider this to be sufficient justification for the differences between the sum of the MU acreage and the total project area acres. The verifiers also find the project's application of wetland baseline modeling prescriptions on the portions of the project area that aren't coincident with either MU to be reasonable and conservative.</p> <p>While the verifier's still do not see a mention of the non-applicability of local ordinances in the updated GHG Plan, they are reasonably assured this is the case.</p> <p>In regard to the perennial streams noted by the verifier that appear to cross within the project area boundary, the modeling methodology document now states "Perennial streams pass through the project area and are classified as part of the wetland modeling unit. Perennial streams and wetland harvesting requirements are</p>	
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		<p>the same based on FL BMPs and therefore satisfied in allocation to the wetland modeling unit.” This revision is considered to be appropriate given the occurrence of some perennial streams in the project area. The verifiers also acknowledge that the vast majority of the perennial streams have been excluded from the project area boundary.</p> <p>During follow-up discussions with the Proponent and their technical consultant they reiterated that the wetland MU applies to all perennial streams, including the limits of the conservation easement (Leave 5 trees per acre), and the baseline harvest prescription applied in the wetland area, to the described TPA target. Their opinion was that there just isn’t enough harvesting applied within the wetland MU in the baseline prescriptions that would violate FL BMPs, and that therefore there was no need to delineate a spatial buffer around the few perennial streams in the project as a separate MU. For the most part, the perennial streams were excluded. The wetland harvest prescription has sufficient amount of area within the designated wetland MU to carry out the modeled harvest intensity while still conforming to the SMZ (primary zone – 50% stand retention) requirements for perennial streams in the BMPs. The verifiers consider this argument to be reasonable, and that by delineating the few areas where perennial streams do occur in the project area under the wetland MU, and by applying the wetland baseline harvesting prescriptions in these areas, the FL BMPs and the terms of the conservation easement will be met.</p> <p>The verifiers conclude that the project activity is not required by any law, local, state, or federal. FL Best Management Practices (BMPs) and the restrictions of the conservation easement restrictions have been incorporated into the baseline scenario. The Proponent asserts that FL BMPs for wetlands dictate that wetlands are to be harvested in accordance with primary Special Management Zones (SMZs) (synonymous with perennial streams in this case), and therefore all areas delineated as wetland modeling units satisfy FL BMPs for both wetland areas and perennial streams. The verifiers are reasonably assured this is correct according to the FL BMPs and did not find any evidence to the contrary. As such this finding is considered closed.</p>	
OPO/APD Response			
Date	PP Comment	Additional evidence submitted for review by PP	
27-May-21	<p>The modeling units were derived from shapefiles received directly from Hancock which break down the acreage into wetland and upland. Supporting files for this analysis have been provided.</p> <p>The project activity is not required by any law, local, state, or federal. FL Best Management Practices (BMPs) are incorporated into the baseline and scenario and the conservation easement restrictions (signed with Suwannee River Water Mgt District in 2002) are incorporated into the project-case scenario.</p>		

	<p>FL BMPs for wetlands indicate that wetlands are to be harvested in line with primary zones (synonymous with perennial streams in this case), therefore all areas delineated as wetland modeling units satisfy FL BMPs for both wetland areas and perennial streams.</p> <p>All streams identified by the auditors noted were appropriately modeled. All perennial streams were either buffered out of the project area or accounted for as part of wetland modeling units, in line with FL BMP regulations. It was noted that the NHD dataset (24k) exhibits spatial misalignment, is lacking positional accuracy, and is at a resolution which was found to be in poor agreement with ground conditions. Additional detail has been included in modeling documentation to better explain how FL BMPs, and specifically perennial streams.</p> <p>Bullfrog creek was examined and was noted to not be a primary or perennial stream as it is controlled drainage (man-made ditch/canal). This stream is also <20' wide as examined via imagery where it enters the project area. Further, the imagery indicated that the project area was appropriately buffered around it.</p> <p>Modeling methodology documentation has been updated in line with the response above.</p> <p>The project area size (4,510.98ac) is greater than the geospatial conservation easement boundaries. There are no methodological specific requirements for delineation of modeling units used to formulate the baseline. The modeling was performed on a plot level basis and then worked up to the project area level using the modeling units to parse out prescription allocations. Plots which fell outside the geospatial conservation boundaries were conservatively allocated to the Wetland modeling unit. Similarly, all area outside of the geospatial conservation boundaries were conservatively allocated to the Wetland modeling prescription on the expansion. Certain plots are described individually in the Modeling methodology document.</p>	
12-Aug-21	Additional Inventory Specialist conversation deemed sufficient.	

Verifier Issue	Issue ID:	21-12	Status: <u>Closed</u>	Checked by: LH		Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments	
ACR Standard, v6, Section 4.A.2	C.2	Non conformance. May impact OMM or conformance.	The GHG Plan lacks adequate detail on what was actually done to evaluate the common practice harvesting on lands similar to the project area. While a basic description of the asserted common practice harvesting is given, no detail is offered on how the PP went about determining the asserted common practice is indeed common for lands similar to the project area. Further the verifiers note that the defined common practice for the project appears that it could be more relevant to forests dominated by pine species that are typically managed using even-aged silviculture, but the project area is rather dominated by bottomland hardwood forest and cypress swamp forest types. Additional supporting evidence that the defined common practice applied in the baseline is indeed a common forest management			Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc	

		<p>regime for bottomland hardwood forest and cypress swamp forest types similar to those found on the project area is needed</p> <p>The actual common practice management needs to be more clearly defined to further support that the project activities are not common practice on similar forest types found on the project area. Are there any current examples of what is considered to be common practice management taking place in the region that can be provided specific to the forest types found on the project area? What information and data is being used as the bases to determine the common practice management in the region? It is not clear if the PP has actually evaluated the predominate practices in the region/sector to determine the degree in which the practices have penetrated the market to demonstrate the project activities aren't common practice. Conversely, can it be shown that implementation of the project activities and related forest management (e.g. preservation with no anticipated harvesting) is not common practice in the region?</p> <p>A common practice workbook was provided that includes an assessment of common practice stocks following the ARB COP using the Assessment Area (AA) data file and Common Practice stocking values for the AAs said to be applicable to the project area. A note in this workbook states that the determined CP value (79.2 tCO₂e/acre) demonstrates that common practice is much lower than the project's on-site stocks and that therefore these lands would experience extensive harvesting. While this appears to show that the project's on-site stocking is well above the approach used under the ARB program to determine Common Practice baseline stocks, it isn't entirely clear what the purpose of this analysis is actually used for in determining the project's baseline following the ACR methodology.</p> <p>Further, this workbook doesn't give any detail on how the AAs were assigned to the PA, and how the area & weight for each assigned AA was determined in order to come up with a CP value. There is also no supporting information on application of a low site class in determining the CP value following the ARB methods. Clarification on the purpose and use of this data is sought.</p>	
		<p><u>Findings from Review on 10 November 2020:</u></p> <p>The response to this finding asserts that at the start of the project in September 2017, the most common forest management practices in the region was to harvest as much timber as possible with low investment costs. Short term goals for landowners is said to have been to sell lands with few forest owners and/or managers interested in long term forest management or conservation. The verifiers request additional supporting information as to how this was determined, and evidence to substantiate this assertion.</p>	

			<p>Based on this description of common practice forest management in the region, the PP compared the carbon stocking of the project area against the California ARB common practice data. The ARB common practice stocking data is based on FIA data, and the PP asserts that it can be expected that the ARB common practice stocking levels approximate the predominate management regimes in the region. The verifiers consider these assumptions to be reasonable.</p> <p>The argument that appears to be made is that because the ARB common practice stocking levels approximate the predominate forest management regimes in the region, and since the project stocks are above the common practice stocking levels and will be maintained above the common practice level due to the absence of harvesting in the project activities, the project activity therefore does not represent common practice. The verifiers consider this perspective as reasonable, and that because the project activities will maintain project stocking above regional common practice stocking levels, implementation of the project activities does not represent common practice forest management in the region. It is noted that the quantification of common practice stocking levels utilizing the ARB Assessment Area data, is not used in any way for the quantification of carbon stock or ERT calculations, and is really just being used to demonstrate the project activities are not common practice.</p> <p>The verifiers also note there are few forest carbon offset projects located in the region and within the state of Florida. Searches for forest carbon projects in Florida on the major GHG Registries (e.g. ACR, CAR & VCS), found that there are a total of 9 such projects. From this total, 3 are of the Avoided Conversion type, and 6 are Improved Forest Management. 4 out of the 10 forest carbon projects found in Florida are still identified as in the proposed project or listed stage. It also appears there is only one other IFM project registered under the ACR program, with the others being registered or seeking registration under the ARB compliance program of CAR standards.</p> <p>In addition to assessing the number of forest carbon projects in Florida, the verifiers attempted to estimate the percentage of privately owned commercial forestland that is under a forest carbon project. The verifiers found that there is approximately 16.2 million acres of forestland in Florida, with forest industry (the category the PP would fall into) owning about 27% of Florida's forestland, or approximately 4.4 million acres. Based on the verifier's assessment there appears to be total of 119,082 acres enrolled in a registered or planned forest carbon project within the state of Florida. This would only represent approximately 2.7% of the total industrial forest ownership in Florida. Considering only the 2 registered forest carbon projects found in Florida, totaling approximately 61,449 acres, only 1.4% of the total industrial forest ownership in Florida is under a registered forest carbon project.</p>	
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		<p>Considering the extent to which forest carbon projects have either been proposed, developed and registered, it leaves the verifiers to believe that implementation of the project activities, involving no timber harvesting and pursuing status as a forest carbon offset project does not represent common practice in the region and state of Florida.</p> <p>However, before this finding is fully closed out, the verifiers request additional supporting information as to how the defined common practice forest management scenario was determined, and evidence to substantiate the asserted common practice description.</p>	
		<p><u>Findings from Review on 22 April 2021:</u></p> <p>The following language is from the ACR Common Practice Test Requirements of the ACR Standard (Section 4.A.2).</p> <p>“The common practice test requires the Project Proponent to evaluate the predominate technologies or practices in use in a particular industry, sector, and/or geographic region, as determined by the degree to which those technologies or practices have penetrated the market, and demonstrate that the proposed Project Activity is not common practice and will reduce GHG emissions below levels produced by common technologies or practices within a comparable environment (e.g., geographic area, regulatory framework, investment climate, access to technology/financing).”</p> <p>“Note that the common practice test, a component of the three-prong test, is distinct from a performance standard. For some activities, the data used to define common practice in a particular industry, sector, or region may be functionally equivalent to the data required to establish an acceptable practice-based performance standard. In such cases, Project Proponents may elect the option to demonstrate additionality by defining a practice-based performance standard and demonstrating that the Project Activity both exceeds this standard and is surplus to regulations.”</p> <p>The following language is from Section 4.B of the ACR Standard – Performance Standard Approaches.</p> <p>“In lieu of the three-prong test, ACR also recognizes the “performance standard” approach, in which additionality is demonstrated by showing that a proposed Project Activity is (1) surplus to regulations, and (2) exceeds a performance standard as defined in an approved methodology.”</p> <p>“Performance standard baselines specific to particular project types, activities, and regions will be detailed in the relevant ACR-approved methodologies.”</p>	<p><i>Otter Creek IFM - GHG Plan-v5-2021-03-19.doc</i></p> <p><i>OtterCreek_Hammock_CommonPractice v1.xlsx</i></p>

		<p>The following language is from Section B.4 in the ACR IFM Methodology – Additionality.</p> <p>“Projects must apply a three-prong additionality test to demonstrate that they exceed currently effective and enforced laws and regulations; exceed common practice in the forestry sector and geographic region; and face a financial implementation barrier.”</p> <p>“The common practice test requires Project Proponents to evaluate the predominant forest industry technologies and practices in the project’s geographic region. The Project Proponent shall demonstrate that the proposed project activity exceeds the common practice of similar landowners managing similar forests in the region. Projects initially deemed to go beyond common practice are considered to meet the requirement for the duration of their Crediting Period.”</p> <p>The following assertions in regard to common practice forest management in the region are given in section C.2 of the GHG Plan.</p> <ul style="list-style-type: none"> • “Most forests in the region are managed as even-aged (i.e., with thinning and shelterwood, seed-tree, and clearcut harvests on some rotation schedule).” • When the project was started on 07 September 2017, the most common forest management in the project region was to harvest as much timber as possible with low investment costs. The short -term goal was to sell the land and few forest managers were interested in conservation or longer-term forest management.” • “Therefore, the project’s stocks were compared against average stocks in the region using the CA Air Resources Board (ARB) common practice data. This data is reflective of the US Forest Service Forest Inventory and Analysis (FIA) program which is administered at the national level. It can reasonably be expected that these common practice values, or the average live carbon stocking, at a regional and forest type level, can approximate management regimes predominantly in practice across the landscape of the project area.” <p>The verifier’s request was to be provided with substantiation for the assertions of the common forest management practices as defined in the GHG Plan (e.g. the first 2 bullets above taken from section C.2 of the GHG Plan). In other words, what is the basis for the project proponent’s determination that these described forest management practices reflect common practice? How did the project proponent go about identifying the defined common practice forest management? What evidence</p>	
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		<p>was used to determine the asserted common practice forest management indeed represents common practice in the region on similar lands to that of the project area?</p> <p>However, upon further reflection of the language in the ACR Standard in regard to the Common Practice Test, specifically the text cited from Section 4.B – Performance Standard Approaches, it led the verifiers to reconsider the use of project proponent’s use of the ARB common practice data as a performance standard metric to approximate management regimes predominantly in practiced across the landscape and if this meets the intent of this option to fulfil the Common Practice Test of the ACR Standard. The verifiers contacted ACR to seek their guidance on this aspect of the standard and received the following interpretations from ACR.</p> <p>“ACR has interpreted the performance standard approach to be assigned at the methodology, rather than project, level. This is substantiated in Section 4.B – “...by showing that the proposed activity ... (2) exceeds a performance standard as defined in an approved methodology”. Since the IFM methodology does not have a defined performance standard, we’d like the PP to keep the scope within a demonstration of exceeding common practice. While we appreciate the quantitative approach they’ve taken, we don’t think exceeding ARB common practice on its own suffices to demonstrate CP. This is because ARB’s CP incorporates all types of landowners, while our Common Practice test is “industry sector and geographic region” specific and may not represent an accurate comparison. If the assumptions are conservative this method may suffice, but we think further justification/explanation is warranted.”</p> <p>Therefore, the verifier’s outstanding questions still stand.</p> <ul style="list-style-type: none"> • What is the basis for the project proponent’s determination that these described forest management practices reflect common practice? • How did the project proponent go about identifying the defined common practice forest management? • What evidence was used to determine the asserted common practice forest management indeed represents common practice in the region on similar lands to that of the project area? <p>While the verifiers have assessed common practice and can formulate their own opinions on what reasonably represents common practice forest management in the region on similar lands to that of the project area, the onus is on the project proponent to substantiate their assumptions and provide supporting rationale for assertions made to demonstration of additionality. Evidence supporting the asserted common practice forest management is necessary to demonstrate the project activities exceed common practice.</p>	
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		<p><u>Findings from Review on 26 August 2021:</u></p> <p>The verifiers discussed this finding various times with the project developer following the 22 April 2021 findings to help give clarity and understanding on what information and supporting evidence they were looking for. In the Proponent's 26 July 2021 document submission the verifiers were provided with a supporting document with communication from Scott Sager, assistant Director of the University of Florida, Institute of Food and Agricultural Sciences, School of Forest, Fisheries & Geomatics Sciences. The verifiers spoke with Mr. Sager on 26 August 2021 to further discuss the opinions expressed in the provided communication and other relevant aspects of project conformance with the standards.</p> <p>Regarding common practice in the documented communication with Mr. Sager, the opinion was expressed that economic drivers such as availability of timber markets, contractors who serve these markets, the transportation infrastructure, and the competing opportunities for alternative uses often drive land management decisions on private ownerships. A wide variety of objectives and desire for economic returns can be expected to drive most forest management decisions.</p> <p>Common practice forest management was said to be split between operational areas ("flatwoods") where pine plantation management is common, and bottomland/swamp areas dominated by hardwoods and cypress. In these areas, silvicultural is the dominate management, often involving selective harvesting and stand reestablishment through seed-tree harvest, or patch/selective clearcutting. Such stands are often left to grow until an age class of ~50 years is reached when selective harvesting would occur again.</p> <p>Verifier discussions with Mr. Sager confirmed the information expressed in the common practice letter provided. When specifically asked, the verifiers were told that forgoing of harvesting on privately held lands such as that of the project area would not be considered common practice. During the call, it was discussed how economic incentives often drive forest management decisions often drive forest management objectives and decisions, but that similar private forestlands similar to the of the project area would be expected to be on some harvest schedule as expressed in the letter and as described in the GHG Plan. Rotational pine plantation management is understood to be the most common forest management practice in the region but bottomland hardwood management often accompanies harvesting on adjacent pine stands. While pine is understood to be the major market, hardwood markets through smaller mills exists.</p> <p>After careful consideration, the verifiers determined that the project activities do not represent common practice in the region for similar forest and ownerships.</p>	<p><i>Common Practice review.pdf</i> <i>Otter Creek IFM - GHG Plan-</i> <i>v7_20210823.doc</i></p>
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		<p>Therefore they find demonstration of conformance with the common practice test have been met. While it is recognized that the conservation easement applicable to the project area already restricts the type of forest management that can be applied, the verifiers consider it reasonable to expect that landowners such as the Proponent would still harvest what is legally allowed and financially feasible in order to meet economic objectives.</p> <p>The verifiers are of the opinion that considering the characteristics of the forest that make up the project area in terms of species composition, age class, access etc., that the Proponent would likely harvest the bottomland forest that make up the majority of the project area during forest management operations on adjacent – off project management activities in accordance with the conservation easement. Therefore, by making the decision to forego harvesting within the project area, the verifiers have determined that the project activities exceed common practice in the region as expressed throughout their assessment. This finding is therefore considered closed.</p>	
OPO/APD Response			
Date	PP Comment	Additional evidence submitted for review by PP	
15-Oct-20	<p>A more fully developed narrative has been drafted to explain the common practice rationale to satisfy ACR requirements.</p> <p>“When the project was started on 07 September 2017, the most common forest management in the project region was to harvest as much timber as possible with low investment costs. The short-term goal was to sell the land and few forest managers were interested in conservation or longer-term forest management. Therefore, the project’s stocks were compared against average stocks in the region using the CA Air Resources Board (ARB) common practice data. This data is reflective of the US Forest Service Forest Inventory and Analysis (FIA) program which is administered at the national level. It can reasonably be expected that these common practice values, or the average live carbon stocking, at a regional and forest type level, can approximate management regimes predominantly in practice across the landscape of the project area. A weighted common practice value is computed from assessment areas which occur within the project area. The allocation of acreage by assessment area was determined by considering the species present within the inventory and the associated species listed for a given assessment area. Low site class for all assessment areas was deemed appropriate based on NRCS data and site conditions.</p> <p>The weighted average common practice value of 90 MtCO₂/ac for live aboveground and belowground stocks is much lower than projections for the with-project stocking over the first 20-year crediting period. At project start the live aboveground and belowground stocks are 136 Mt/CO₂/ac. This confidently demonstrates that with-project forest management will not result in the same outcomes as typical common practice in the project region.</p>		

12-Aug-21	<p>In response to the finding, and to achieve a more apples to apples comparison, the ARB common practice values were converted to aboveground and belowground using a 20% root to shoot ratio assumption. Almost any adjustment to acreage allocation by assessment area based on the prevailing project area forest types results in the weighted common practice value being much lower than the with-project stocks. Please note this analysis is one component of the overall demonstration to satisfy ACR Additionality criteria and the common practice analysis does not factor into carbon quantification.”</p> <p>(cbl – kh)</p> <p>The local knowledge and discussions with consulting foresters in the region provided.</p>	
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Verifier Issue	Issue ID:	20-13	Status: <u>Closed</u>	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR Standard, v6, Section 4.A.3	C.3	Possible non conformance. <i>May impact OMM or conformance.</i>	<p>While it is clear that the PP has selected the financial barrier test to demonstrate conformance with the Implementation Barrier Test of the ACR Standard, it isn't made explicitly clear what financial barrier the project faces. Financial barriers include high costs, limited access to capital, or an internal rate of return in the absence of carbon revenues that is lower than the PP's established and documented minimum acceptable rate. The verifiers request clarification on the specific financial barrier that would prevent the adoption of the projected project activities.</p> <p>The data in the table from the Assumptions_DB excel file outlines species specific prices per HWP product group (\$/ton). The source of where this pricing data was obtained has not been identified. The verifiers request confirmation on the source of the pricing data used in the NPV analysis to assess the reasonableness of these values that feed into the revenue projections. Justification for the pricing data and all revenue assumptions applied is needed. Are the applied prices based on standing or delivered timber values? Why are saw timber prices based on \$/ton as opposed to \$/mbf?</p> <p>On the Revenue Summary tab of the NPV Analysis workbook, there is a comment that refers to a database file "NPV Prepworkup.accdb" This database file has not been provided, and is requested by the verifiers. Related, based on the information currently available to the verifiers, they are not able to confirm the calculations of the Total Revenue values in the NPV Analysis workbook, which are presumably based on baseline harvest volumes and the timber pricing data provided.</p>			<i>Assumptions_DB.xlsx</i> <i>NPV Analysis.xlsx</i> <i>Revenue_Summary.xlsx</i>

			To review these findings, and additional verifier questions on the NPV Analysis the verifiers suggest conducting a web based meeting allowing the PP to provide a walkthrough of the NPV calculations and data flow in the analysis.	
			<p><u>Findings from Review on 10 November 2020:</u></p> <p>The response to this finding offers no explanation as to what financial barrier the project faces. The verifiers request clarification on the specific financial barrier that would prevent the adoption of the projected project activities for the demonstration of additionality.</p> <p>The pricing data applied in the NPV financial analysis is said to have come from the PP, and the response references an excel file, that presumably includes more detail on the pricing assumptions applied. This file has not yet been provided to the verifiers. Justification for the pricing data and all revenue assumptions applied in the NPV analysis is still lacking.</p> <p>The NPV database has been provided. There are still questions remaining on the NPV analysis, that may be best discussed in a conference call with the project developer, technical consultant and or PP.</p>	
			<p><u>Findings from Review on 22 April 2021:</u></p> <p>No response has been provided to this finding. The verifiers still have not been provided with any explanation as to what financial barrier the project faces. Financial barriers include high costs, limited access to capital, or an internal rate of return in the absence of carbon revenues that is lower than the PP's established and documented minimum acceptable rate. The verifiers again request clarification on the specific financial barrier that would prevent the adoption of the projected project activities for the demonstration of additionality.</p> <p>The pricing data applied in the NPV financial analysis is said to have come from the PP, and the response references an excel file, that presumably includes more detail on the pricing assumptions applied. While this file has been provided, the basis for the underlying price data has not been confirmed. Where did the PP source the pricing data from? Justification for the pricing data and all revenue assumptions applied is needed.</p> <p>In regard to the baseline NPV, are the applied prices based on standing or delivered timber values? Why are saw timber prices based on \$/ton as opposed to \$/mbf? The NPV Analysis workbook provided for the Otter Creek project doesn't appear to actually calculate the Baseline NPV, which is assumed to be the sum of the "Max of NPV" values in column H on the "NPV Results" tab of the NPV Analysis workbook. When these values are summed by the verifiers, the total per acre baseline NPV</p>	<p><i>Otter Creek IFM - GHG Plan-v5-2021-03-19.doc</i></p> <p><i>Assumptions_DB.xlsx</i></p> <p><i>NPV Analysis.xlsx</i></p> <p><i>Revenue_Summary.xlsx</i></p>

		<p>value for the 100 year baseline modeling period (~167k/acre) seems unreasonably high to the verifiers. A walk-through of the baseline NPV calculations and data flow between the supporting files via a web based meeting with screen share is suggested to help the verifiers better understand the calculations.</p> <p>For the “sister” Kite Hammock IFM project, the verifiers were provided with a project level NPV calculation workbook estimating the NPV as a result of the project activities over the initial 20 year crediting period. No such workbook has been provided for the Otter Creek project. Such a workbook for the Otter Creek project is requested, if the proponent intends to demonstrate adherence to the financial barrier test in a similar manner to that of ACR509. As with the baseline NPV analysis, justification for the pricing data and all revenue assumptions applied is needed. A walk through of the project NPV calculations and the approach taken by the proponent is also suggested to help the verifiers better understand the calculations.</p>	
		<p><u>Findings from Review on 8 September 2021</u></p> <p>Follow-up communications between the verifiers, the project development team and the Proponent confirmed that the cost and revenue assumptions came directly from the proponent/landowner. The timber pricing data applied in the baseline NPV financial analysis was calculated from the Proponent’s PAC Hardwood sales as well as from the Forest to Market Data resource for North Central Florida from 2016 to current (e.g. time of project development). The cost assumptions were based on actual known expenses from the proponent. To simplify the financial analysis used to demonstrate adherence to the financial barrier tests, the cost assumptions were simplified by applying only property tax and forest management costs. While additional supporting documentation on these financial assumptions would have been desirable as further evidence, the assertion that the timber revenue data came from proponent, who used their own data and a reputable regional data source, and that the costs were based on known actual costs is considered to be sufficient. The verifiers find no reason to further question the source data used in the financial analysis.</p> <p>The verifiers conducted their own NPV analysis for the baseline and with project scenarios over the project’s initial crediting period. The conclusions of the verifier’s analysis was the same as that of the project developer, which is, that the baseline harvest scenario yield a far greater financial gain to the Proponent than compared to the with project scenario considering anticipated carbon credit revenues.</p> <p>The verifier’s NPV analysis used the baseline harvest volumes for the 20 year crediting period, which were given by species, product category (sawtimber vs. pulpwood) and in units of pounds per acre. These harvest volume figures were then</p>	<p><i>OTTER CREEK IFM GHG PLAN 20210901.pdf OtterCreek_20YrHWP.xlsx OtterCreek_ERT_calculationsV6_20210830.xlsx OtterCreekAdditionality20210217.xlsx NPV Analysis.xlsx NPV Preworkup.accdb Revenue_Summary.xlsx</i></p>

		<p>converted to tons/acre for each species and product category, and then expanded out to the entire project area acreage. Revenues associated with these harvest volumes were then calculated using the revenue/pricing data applied by the proponent. In the cases where a price range was given in the pricing data (e.g. pulp), an average price was applied. These baseline harvest revenues by species and product category were then summed up to get a grand total revenue figure for each year in which baseline harvesting occurs (2017, 2022, 2027, 2032, & 2037). Using the Proponent's cost assumptions, net revenue for each year of the initial 20 year crediting period were calculated which was subsequently used to calculate the baseline NPV over the initial crediting period.</p> <p>In a similar fashion, the verifiers used the annual carbon credit issuance values from the ERT Calculation workbook to come up with total annual revenue for the with project scenario. Using the Proponent's with project cost assumptions, net revenue for each year of the initial 20 year crediting period were then calculated which was subsequently used to calculate the project NPV over the initial crediting period. Based on the verifiers approach to the NPV analysis, the anticipated baseline harvest revenue and resulting NPV over the initial 20 year crediting period greatly exceeded that of the with project scenario.</p> <p>While the verifier's methods produced different NPV results compared to that calculated by the proponent, they believe their methods to be reasonable. Further, various sensitivity analysis were performed to assess the potential for the with project scenario to exceeded revenues from the baseline scenario. For example, baseline harvesting revenues were decreased by 50% and cost were tripled, and the baseline 20 year crediting period still far exceeds that of the with project scenario.</p> <p>While the verifiers are still uncertain on the approach taken by the development team in regard to the NPV analysis used to demonstrate financial additionality, their independent NPV analysis for the baseline and with project scenarios gave reasonable assurance the baseline harvesting will be far more financially attractive to the Proponent/landowner when compared to the financial outcomes of the with project scenario.</p> <p>The verifiers acknowledge that one of the objectives of Real Estate Investment Trusts (REITs) such as the landowner of the project area, is to maximize returns for their investors. Therefore, the Proponent is considered to face limited access to capital by implementing the project, forgoing any harvesting within the project area, and not receiving the financial benefit of the projected baseline harvesting. Therefore, the verifiers are reasonably assured the project meets the Implementation Barriers Test, and found there are financial barriers faced by the project proponent, primarily limited access to capital. The verifiers independent NPV analysis for the baseline and</p>	
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			with project scenario over the initial 20 year crediting period confirmed the financials associated with the baseline to greatly exceed the with project scenario. Therefore this finding is considered closed.	
OPO/APD Response				
Date	PP Comment	Additional evidence submitted for review by PP		
15-Oct-20	The pricing data originated from Hancock (Johnson_Lowder_Inventory_SpeciesList_Complete_Specs.xlsx). "NPV Prepworkup.accdb" was provided on 2020-09-11.			
25-May-21	Aster: The justification for the pricing worksheet is that it came from the landowner. The project activity faces a financial barrier as demonstrated by comparing the baseline and project scenario NPVs. The project scenario without carbon revenue is expected to generate far less revenue than the maximized NPV baseline. The exact values are reported in the GHG Plan. We can join a call regarding NPV if needed to address concerns			
12-Aug-21	Updates and Statement accepted			

Verifier Issue	Issue ID:	20-14	Status: Closed	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description		Comments	
ACR IFM Methodology, Section F.1	Inventory Methodology, Section 7	Non conformance. May impact OMM or conformance.	The QA/QC procedures in the inventory specs call for check cruising of 5% of the inventory plots. The verifiers request evidence demonstrating the implementation of this QA/QC procedure including the specific plots that were check cruised, the individuals involved, the types or issues/errors identified, and corrective action taken as applicable. Similarly, the verifiers request a summary of the quality reviews carried out in the data processing stage of the QA/QC procedures, including the individuals involved, types of issues/errors identified, and corrective actions taken.		020_01_OtterCreek_Inventory_Methodology_v1.pdf	
			Findings from Review on 10 November 2020:			
			The response to this finding offers a brief description of how the check cruise aspect of the QA/QC process was carried out but does not provide any evidence of its implementation. In the 11 September 2020 document submission the verifiers were provided with copies of 21 plot field sheets, but it is not clear from these files if these were the plots that underwent check cruising. The verifiers request evidence demonstrating the implementation of this QA/QC procedure including the specific plots that were check cruised, the individuals involved, the types or issues/errors identified, and corrective action taken as applicable.			

		<p>An updated version of the GHG Plan has not been provided so the verifiers are not able to assess what additional information describing the QA/QC process has been included in this document. The verifiers request a summary of the quality reviews carried out in the data processing stage of the QA/QC procedures, including the individuals involved, types of issues/errors identified, and corrective actions taken.</p> <p>The finding therefore remains open.</p>	
		<p><u>Findings from Review on 22 April 2021:</u></p> <p>No response has been provided in regard to the verifier's updated 10 November 2020 findings.</p>	
		<p><u>Findings from 3 September 2021:</u></p> <p>The updated GHG Plan now includes more details on both the field based QA/QC methods and desk based QA/QC procedures followed to ensure overall quality of the project data. Consistent with the inventory methodology, the QA/QC procedures in the GHG Plan discuss how 5% of the inventory plots will be checked by a different forester than cruised the plot, and that this will involve a full remeasurement of the checked plots to ensure accuracy/consistency with the plot measurement data. Any issues will be resolved through discussions between the foresters/cruisers, including the potential removal of a cruiser from the inventory team if need be.</p> <p>It was clarified that for the project's initial inventory this "check cruise" was done simultaneously with the inventory team members during the actual cruise rather than as a separate follow-up & standalone check cruise done after the inventory data was originally collected. While the verifiers were not provided with the specific inventory plots that were checked & remeasured, the Proponent asserts that 5% of the inventory plots were checked as specified in the QA/QC procedures and the verifiers find no reason to believe otherwise. As these field based QA/QC procedures took place with the actual inventory data collection, and not afterwards, it is reasonable to expect that documentation on what data corrections were made wouldn't have been recorded and are reflected in the final inventory data provided.</p> <p>Essentially, the check cruise happened in real time, with the remeasurement by another forester/cruiser taking place directly behind another member of the inventory team on at least 5% of the inventory plots. This was/is described as a forward looking QA/QC process allowing for the inventory methods to actively be refined and improved upon through continual feedback. Overall the Proponent's inventory and carbon stocking data was found to be accurate early on in the validation/verification process and it is also noted that the t-test for inventory verification passed with the minimum number of plots required by ACR. Therefore,</p>	<p><i>020_01_OtterCreek_Inventory_Methodology_v1.4.pdf</i> <i>OTTER CREEK IFM GHG PLAN</i> <i>20210901.doc</i></p>

		<p>the verifiers consider the Proponent's field based QA/QC procedures to have been effective and while documented records of the check cruise were not provided, the verifiers are reasonably assured these QA/QC procedures were followed.</p> <p>As described in the QA/QC procedures, once the raw inventory data collected on the plot tally sheets is entered into electronic spreadsheets, it is sent back to the project manager for an initial check of errors. Once the electronic version of the inventory data is in place, the project's technical development team performs various quality checks using functions in Excel to identify any remaining errors. Once the final inventory data is compiled, stand data and summary reports are reviewed for reasonableness. The Proponent's internal carbon calculation processes includes built in analysis of erroneous or outlying data to ensure overall data quality. Modeling results were assessed for reasonableness including back-end data checking and review of FVS log files, key files and output formats etc. The FVS modeling process is described as being inherently iterative and redundancy in data review is integrated into the desk based QA/QC processes.</p> <p>The individuals who performed the QA/QC analysis, Eric Jaeschke, Matthew Perkowski, and Aaron Holley, are recognized as being qualified and experienced in forest biometrics, modeling and forest carbon project assessments. The verifiers consider the field and desk based QA/QC procedures as described in the GHG Plan and the Inventory Methodology to be reasonable and aligned with what can be expected as typical for forest carbon project development. While this validation/verification has been drawn out over a long period of time, and numerous issues and corrections were necessary based on the findings raised by the verifiers, there were few such issues with the project's inventory data and carbon stock estimates. This Finding is therefore considered closed.</p> <p>However, aside from the reasonableness of the inventory and carbon stock data, it is noted that numerous issues with project reporting, formatting, and overall project document quality, insufficient responses to the verifiers findings and information request were found throughout the audit process. While the verifiers acknowledge that this project, along with its "sister" project (Kite Hammock IFM) are the projects the project developer has formally led, additional QA/QC processes in the final project documentation reporting should be considered. See Finding 21-26.</p>	
OPO/APD Response			
Date	PP Comment	Additional evidence submitted for review by PP	
15-Oct-20	Inventory personnel were witnessed by a check cruiser for 5% or greater of all plots inventoried. The check cruiser double-checked measurements directly behind the inventory team and, where applicable, discussed with all personnel present. Corrective actions (if necessary) were taken immediately while on a		

	<p>plot to ensure measurements were within acceptable precision and accuracy expectations. This QA/QC was a “forward-looking” process where the inventory methods were continuously improved upon with on-going feedback. The QA/QC procedures section describe how the process was carried out to ensure quality is both assured and controlled throughout the entire inventory process.</p>
25-May-21	<p>Aster: Our calculator process includes built in analysis of potential outliers, erroneous values. All such instances were examined individually and confirmed to not result from data analysis errors. FVS modeling results were examined for reasonableness which included back-end data checks; FVS log files, key files, output formats etc. Where errors were noted FVS key files were updated to address any issues. The FVS modeling process is inherently iterative. Similarly, quality checks were performed within MS Access via ocular data assessment for data integrity.</p> <p>The individuals involved in performing QA/QC procedures included Eric Jaeschke, Matthew Perkowski, and Aaron Holley. All technical team members have collectively 15+ years’ experience in forest biometrics and modeling.</p> <p>The ACR IFM methodology does not prescribe specific QA/QC procedures but instead recommends best practice and references the IPCC GPG LULUCF 2003.</p> <p>In response to this finding, we have updated the inventory methodology QA/QC procedures to better describe on-site activities during the inventory effort. In short, the QA/QC person accompanied cruisers and re-measured concurrently where it was necessary during monitoring. The QA/QC person worked with crews for an entire day, for 3 days of the inventory effort. Discrepancies were adjusted and corrected in the field immediately, this functioned as a training and continuing improvement exercise. Updated language which speaks to this effect can be found in Section 6. The inventory for Kite Hammock was performed at the same time as Otter Creek, and with identical cruise design and field-going personnel.</p>
12-Aug-21	<p>Updated Conversation with Aster – QA/QC statement accepted.</p>

Verifier Issue	Issue ID:	<u>20-15</u>	Status: <u>Closed</u>	Checked by: LH/EM		Date Identified	27-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments	
ACR IFM Methodology, Section D.3	Inventory Methodology	Non conformance. <i>May impact OMM or conformance.</i>	The verifiers request confirmation that the “Compiled Data” in the inventory workbook (010_01_OtterCreek_Inventory_Stats_20180525.xlsx) is the raw inventory data as collected in the spring of 2018.The verifiers have not been provided with the raw inventory plot data that includes any tree specific or general plot comments. This information is requested. In addition, the verifiers request confirmation of the inventory plots in which the walk through method was applied, including the			<i>010_01_OtterCreek_Inventory_Stats_20180525.xlsx</i>	

			reasoning for implementation of the walk through method, so that it's application and appropriate implementation can be further assessed.	
			<u>Findings from Review on 13 November 2020:</u> Verifiers are not aware of any raw data being delivered. Please confirm the name and location of the files that were provided that show the original raw data and information regarding the application of the walkthrough method.	
			<u>Findings from Review on 26 April 2021:</u> As of this time, the requested information has not been provided.	
			<u>Findings from 3 September 2021:</u> The raw inventory data was provided to the verifiers including plot and tree notes recorded by inventory crews. Plots where the walkthrough method was implemented were identified in the cruiser notes. Based on the Mater Plot Data workbook provided, the plots treated as walk through plots were assessed in GIS by the verifiers. The verifier confirmed that the walk-through method as described in the inventory specification was implemented during the project's forest inventory. There were several walk-through plots, though not all resulted in the double counting/tally of trees. The verifiers did assess the use of the walk-through method on these plots in GIS however to get a sense of the appropriateness for using the walk-through method and associated "edge" conditions encountered on these plots. The verifiers found no reason to further question the application of the walk-through meth in the forest inventory. The verifiers are reasonably assured the walk-through method was properly implemented and that it did not result in any bias in the inventory results, and rather that is should have reduced the potential for bias on plots located need edge conditions.	<i>Plot Data Version 2.1_OtterCreek_MASTER_v2.xlsx</i>
<i>OPO/APD Response</i>				
<i>Date</i>	<i>PP Comment</i>			<i>Additional evidence submitted for review by PP</i>
15-Oct-20	Responses to this issue have been previously provided. Please confirm			
25-May-20	Information related to the walkthrough method is contained in the inventory methodology, as previously provided. The raw data worksheet has now been provided. – shared link email			
12-Aug-21	Closed via Conversation 7-30-21			

Verifier Issue	Issue ID:	20-16	Status: Closed	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR IFM Methodology, Section D.8	GHG Plan, Section E.4	Non conformance. May impact OMM or conformance.	Uncertainty appears to be calculated correctly in the supporting excel workbook. However, section E4 of the GHG Plan only includes a screen shot of the confidence stats and total uncertainty value and doesn't include a description of how ex post uncertainty is accounted for and quantified as outlined in the GHG Plan template instructions. It is also noted that the formula applied in the PP's workbook to calculate total project uncertainty doesn't include the HWP or GHG figures, though the verifiers but these values are zero and this shouldn't impact the calculation of total project uncertainty.			Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc 010_01_OtterCreek_Inventory_Stats_20180525.xlsx
			<u>Findings from Review on 10 November 2020:</u> As of this date, an updated version of the GHG Plan to address this finding and others in this List of Findings document has not been provided. The finding remains open.			Otter Creek acr-template-for-ghg-project-plans (3) 2019-11-14.doc
			<u>Findings from Review on 22 April 2021:</u> Project & Baseline Uncertainty appears to be calculated correctly in the supporting excel workbook (Inventory Stats). It is assumed that total uncertainty is being correctly calculated in the ERT Calculation workbook, as this was previously confirmed. However, in the updated version of the ERT Calculation workbook provided, there are errors in throughout the ERT calculations on the “ACR_Calcs” tab, likely related to “LOOKUP” functions being applied in the calculations causing the “#VALUE!” error message to show up throughout the workbook. In addition, the verifiers however still request the language in section E.4 of the GHG Plan to be cleaned up, and to include a clear description of how ex-post uncertainty is accounted for and quantified (e.g. through the use of equations 18 & 10, and uncertainty in live and dead stocks as expressed at the 90% confidence interval based on the inventory data).			Otter Creek IFM - GHG Plan-v5-2021-03-19.doc 010_01_OtterCreek_Inventory_Stats_20201012.xlsx OtterCreek_ERT_calculationsV4_20210215.xlsx
			<u>Findings from Review on 26 August 2021:</u> The verifiers were again provided with version 5 of the ERT Calculation workbook, and the previously noted errors were no longer found. The verifiers updated their ERT calculation data checks and found no issues. The Proponent also provided an updated version of the GHG Plan. The language noted in the 25 May 2021 response below has indeed been entered into section E.4 of the GHG Plan. This text is considered to provide a sufficient description of how ex-post uncertainty is accounted for and quantified. Therefore, this finding is considered closed			Otter Creek IFM - GHG Plan-v7_20210823.doc OtterCreek_ERT_calculationsV5_20210525.xlsx
OPO/APD Response						

Date	PP Comment	Additional evidence submitted for review by PP
15-Oct-20	<p>The equation for Percentage uncertainty in the combined carbon stocks in the baseline- UNCbsl since the GHG Plan pertains to validation, ex-post uncertainty is more appropriate to report in the Monitoring Report. Separate live and dead statistics from the inventory can be displayed in the GHG Plan. Total project uncertainty- UNC,t, (what seems to be what the GHG Plan template is asking for) will be calculated using equation 19 and reported at future monitoring. If the re-measurement of carbon stocks has taken place, the separate baseline (UNCBSL,t) and project (UNCP,t (value to be determined)) uncertainties will determine UNC,t</p>	
25-May-21	<p>Aster: A pasted value version of the ERT calculation worksheet has been provided as the reference error issues could not be duplicated. Error checking and other searches were performed but no errors could be found.</p> <p>The following language will be added to the GHG Plan Section E.4:</p> <p>Overall percentage uncertainty in the combined carbon stocks in the baseline is calculated using equation 10 of the methodology:</p> $UNCBSL = \sqrt{((CBSL, TREE * eBSL, TREE)^2 + (CBSL, DEAD * eBSL, DEAD)^2 + (CBSL, HWP * eBSL, TREE)^2 + (GHGBSL * eBSL, TREE)^2) / (CBSL, TREE + CBSL, DEAD + CBSL, HWP + GHGBSL)}$ <p>where CBSL, TREE is the live above and belowground tree carbon stock at the start, CBSL, DEAD is the dead wood carbon stock at the start and CBSL, HWP is the twenty-year baseline average value of annual carbon in long term storage in wood products.</p> <p>Emissions due to burning logging slash are conservatively assumed in the baseline to be zero, therefore it can be assumed that parameter GHGBSL equals zero.</p> <p>Overall uncertainty in the baseline is 9.66%.</p> <p>Ex-post uncertainty will be accounted for and quantified through the use of methodology equations 18 & 10. Here uncertainty in live and dead stocks is expressed at the 90% confidence interval based on the inventory data. Percentage uncertainty in the project scenario</p> $UNCP = \sqrt{((Cp, TREE * ep, TREE)^2 + (Cp, DEAD * ep, DEAD)^2 + (Cp, HWP * ep, TREE)^2 + (GHGp * ep, TREE)^2) / (Cp, TREE + Cp, DEAD + Cp, HWP + GHGp)}$ <p>where Cp, TREE is the live above and belowground tree carbon stock for the project, Cp, DEAD is the dead wood carbon stock from the inventory and Cp, HWP is the annual carbon in long term storage (100 years) in wood products.</p>	

12-Aug-21	<p>No project case harvesting is planned. No burning of logging slash will occur in the project scenario, therefore it can be assumed that GHGp equals zero.</p> <p>Total project uncertainty, UNC_t, is calculated using equation 19 of the methodology. Future monitoring events where forest carbon stock re-measurement has taken place will use separate baseline, UNC_{BSL,t} (value 9.66%) and project, UNC_{P,t} (value determined at that time), uncertainty values.</p> <p>Above update added to the GHG Plan Section E.4:</p>	
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Verifier Issue	Issue ID:	20-17	Status: <u>Closed</u>	Checked by: LH	Date Identified	21-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR IFM Methodology, Section G	ERT Calculation Workbook	Non conformance. May impact OMM or conformance.	<p>Verifier review of the PP's ERT Calculation workbook found that it doesn't appear to actually calculate the total buffer contribution value (tCO₂e) according to the total risk percentage applied.</p> <p>While it is acknowledged that there is no logging slash burned in the baseline and project scenarios, calculation of this parameter for the baseline does not appear to be included in the PP's ERT Calculation workbook.</p> <p>In the ERT Calculation workbook, the PP calculates the 20 year average baseline as 314,572 (tCO₂e). Their calculation for equation 5 however divides by 21 rather than 20 and it is not clear why.</p>			OtterCreek_ERT_calculationsV1_20181219.xlsx
			<p><u>Findings from Review on 11 November 2020:</u></p> <p>As of this date, an updated version of the The updated version of the ERT Calculation workbook for the Otter Creek project has not yet been provided.</p> <p>Regarding the calculation of the 20 year average baseline, it is acknowledged that the worksheet contains 21 values since it includes "ACR Account Years" 0 – 21. However, the denominator in equation 5 is 20 not 21. It is also noted that under equation 5 the parameter "t*" is described as "a rolling value from 1 to 21 years to reference the accumulated stock in HWP in ear year t=1 to t=21". In the ACR ERT Calculator found by the verifiers on the ACR website the denominator to calculated the 20 year average baseline GHG emissions (GHGBSL_t) is 20, consistent with equation 5, and sums live and dead stocks from "ACR Account Years" 1 – 21. This leads the verifiers to</p>			OtterCreek_ERT_calculationsV1_20181219.xlsx

			believe that the application of equation 5 for calculating GHGBSL _t in the PP's ERT Calculation workbook is incorrect.	
			<p><u>Findings from Review on 22 April 2021:</u></p> <p>In the updated version of the ERT Calculation workbook provided, there are errors in throughout the ERT calculations on the "ACR_Calcs" tab, likely related to "LOOKUP" functions being applied in the calculations causing the "#VALUE!" error message to show up throughout the workbook.</p> <p>The verifiers concur that there appears to be differing interpretations on the proper application of Equation 5 in the ACR IFM Methodology. Based on the verifier's experience with past ACR validation and verifications, their interpretation is believed to be correct. However, based on the verifier's checks, using either approach does not appear to have any influence on the initial monitoring period's ex-post ERT issuance, but it does appear to impact the projected ex-ante issuance in the later years of the initial crediting period. Therefore, the verifiers sought clarification from ACR to get their guidance on the correct interpretation/application of equation 5 for calculation the 20 year average baseline.</p> <p>The verifiers sought guidance from ACR on the correct application of Equation 5 on 22 April 2021. Andrew Taylor of ACR confirmed the verifier's interpretation on Equation 5 was correct and that 20 year average baseline should be calculated by averaging stocks from years 1 to 20. This correction will need to be made in the project's ERT calculation workbook.</p>	<p><i>OtterCreek_ERT_calculationsV4_20210215.xlsx</i></p>
			<p><u>Findings from Review on 26 August 2021:</u></p> <p>In the updated version of the ERT Calculation workbook provided (v5) the verifiers confirmed that the 20 year average baseline calculation using equation 5 of the ACR IFM methodology is now correct. The verifiers updated their ERT calculation data checks and found no issues. Therefore this finding is considered closed.</p>	<p><i>Otter Creek IFM - GHG Plan-v7_20210823.doc</i></p> <p><i>OtterCreek_ERT_calculationsV5_20210525.xlsx</i></p>
OPO/APD Response				
Date	PP Comment	Additional evidence submitted for review by PP		
15-Oct-20	Using the ACR ERT template worksheet there are 21 values due to including time "0" and time "20". It is therefore mathematically appropriate to divide by 21 rather than 20			
25-May-21	Aster: A pasted value version of the ERT calculation worksheet has been provided as the reference error issues could not be duplicated. Error checking and other searches were performed but no errors could be found. In line with ACR guidance the ERT calculation worksheet has been updated.			

12-Aug-21	Accepted as closed	
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Verifier Issue	Issue ID:	20-18	Status: Closed	Checked by: LH/EM	Date Identified	24-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR IFM Methodology, Section D.3	Inventory Stats Calculation Workbook	Non conformance. May impact OMM or conformance.	<p>The verifiers require plot level summaries for use during the site visit. It is not obvious from the data provided how the interpolation was done for each year, but verifiers have so far only been given inventory plot level data. The verifiers raise the following questions.</p> <ol style="list-style-type: none"> Was the interpolation done at the tree level or the plot level? If the growth was interpolated at the tree level verifiers will require that treelist Alternately, if the growth was interpolated at the plot level verifiers will require the plot level data for use during the site visit. 			010_02_CedarHammock_Inventory_Stats_20180525.xlsx
			<p><u>Findings from Review on 12 November 2020:</u></p> <p>Verifiers received interpolated plot level data for live trees prior to the site visit. While verifiers were able to add the standing dead stocks to each plot for the site visit, an official copy of plot level carbon containing both live and dead stocks still has not been provided. This issue will remain open until plot level values including live and dead stocks has been provided.</p> <p>Verifiers are also requesting that the database referred to as the “carbon calculator results from FVS treelist” on the “Compiled Data” tab in the “OtterCreek_VerificationAnnual Growth.xlsx” workbook be provided. Verifiers need to trace back the growth to the specific FVS runs they were calculated from.</p>			
			<p><u>Findings from Review on 26 April 2021:</u></p> <p>While verifiers have received the plot level values containing both the live and dead stocks, we do not have the degrown tree-level values used to initiate the baseline. It is the verifiers understanding based on the modeling methodology provided that the inventory treelist was degrown to project commencement. Verifiers require the degrown treelist as well as any files connected to the degrow process (i.e. the FVS input/output data used and the tree-level calculations of diameter and height).</p>			020_01_OtterCreek_Modeling_Methodology_v1.0.docx
			<p><u>Findings from Review August 2021:</u></p>			

		Verifiers confirm the receipt of the treelists and the degrown data. No further issues were noted, this issue is considered closed.	
OPO/APD Response			
Date	PP Comment	Additional evidence submitted for review by PP	
15-Oct-20	Responses to this issue have been previously provided and a successful site visit was completed. Please confirm.		
27-May-21	Aster: All materials have been re-provided		
12-Aug-21	Accepted per Conversation 7-30-21		

Verifier Issue	Issue ID:	20-19	Status: Closed	Checked by: LH/EM		Date Identified	27-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments	
ACR IFM Methodology, Section D.3	Inventory Stats Calculation Workbook	Non conformance. May impact OMM or conformance.	The verifiers raised the following questions regarding the “Compiled Data” tab in the “010_01_OtterCreek_Inventory_Stats_20180525.xlsx” workbook: a. There are 5 dead trees with no decay class, please provide the decay class for these trees (plot 10 and plot 89) b. At what point are the relative density adjustments made to the dead stocks? c. Verifiers have been unable to determine how the value for the column “TOTAL_AG_C_TONNES_ACRE” is calculated for dead trees. While it appears to be a simple conversion using the number of pounds in a tonne for dead trees (“TOTAL_AG_C_LBS_ACRE”/2204.6), the conversion does not hold true for dead trees (column “DEAD_TOTAL_AG_C_KG_ACRE”/1000 does not equal the “TOTAL_AG_C_TONNES_ACRE” column). Please clarify the calculation of dead stocks, particularly at the point where the calculations as summed to the “TOTAL_AG_C_TONNES_ACRE” column.			010_01_OtterCreek_Inventory_Stats_20180525.xlsx	
			<u>Findings from Review on 12 November 2020:</u> Verifiers are satisfied with the explanation provided and have confirmed the calculations as described. This issue is considered closed.				
OPO/APD Response							
Date	PP Comment			Additional evidence submitted for review by PP			
15-Oct-20	a. The decay class value of 4 was found to be appropriate for these trees, confirmed via raw inventory data. It was noted that these values are not evidenced in the “010_01_OtterCreek_Inventory_Stats_20180525.xlsx” workbook.						

	<p>b. Relative density adjustments are made to dead stocks in line with Woodall 2011 as cited in the ACR IFM v1.3 methodology, further using “Accounting for density reduction and structural loss in standing dead trees: Implications for forest biomass and carbon stock estimates in the United States,” Domke 2011, as described for adjustment for structural reduction.</p> <p>c. The computation of TOTAL_AG_C_TONNES_ACRE is equal to the deadwood density class deduction (as described in ACR IFM v1.3 methodology factor Step 4) multiplied by DEAD_TOTAL_AG_C_KG_ACRE divided by 1000 for dead trees.</p>	
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Verifier Issue	Issue ID:	20-20	Status: Closed	Checked by: LH/EM		Date Identified	27-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description				Comments
ACR IFM Methodology, Section C.3	Inventory Stats workbook	Non conformance. May impact OMM or conformance.	It is not clear to the verifiers how trees with broken tops were treated in the carbon calculations. The verifiers seek clarification on this and request a detailed description of how trees with broken tops were handled during the calculation of carbon stocks, allowing them to reproduce the calculations internally.				010_01_OtterCreek_Inventory_Stats_20180525.xlsx
			Findings from Review on 12 November 2020: Verifiers are satisfied with the explanation provided and consider this issue closed.				
OPO/APD Response							
Date	PP Comment					Additional evidence submitted for review by PP	
15-Oct-20	Computations were applied in line with the details described in “020_01_OtterCreek_Inventory_Methodology_v1.4.pdf,” specifically pages 15-17 that detail height measurement and missing/rotten biomass. Phantom heights were entered for carbon quantification and deduction of broken tops (in the form of missing biomass) was applied based on percentage.						

Verifier Issue	Issue ID:	20-21	Status: <u>Closed</u>	Checked by: LH/EM	Date Identified	27-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR IFM Methodology, Section C.3	B.6	New information request. May impact OMM or conformance.	The verifiers will need access to the following FVS data to complete their assessment: <ul style="list-style-type: none"> a. The data (input/outputs) that were used to degrow the inventory to the start date. b. The data (input/outputs) used for both the project and baseline scenarios. 			
			<u>Findings from Review on 12 November 2020:</u> Verifiers note that the text version of the baseline runs have been provided. The keyword files refer to FVS Input and output databases, verifiers are requesting that			

			the databases also be delivered. For example, " Harvest_Year_0.key" refers to " OC_FVS_Inputs_StartDate_DeadRemoved_20181128.mdb" as the input database and " Otter_Year_0_!! Harvest.accdb~." as the output database	
			<u>Findings from Review on 26 April 2021:</u> As of this time, the requested FVS Input and Output databases have not been provided. While a folder titled "FVS" was delivered in September 2020, the folder has remained empty.	
			<u>Findings from Review September 2021:</u> Verifiers confirm the receipt of the FVS Input and Output databases. The databases have been examined and no further questions were noted. This issue is considered closed.	
OPO/APD Response				
Date	PP Comment	Additional evidence submitted for review by PP		
15-Oct-20	Responses to this issue have been previously provided. Please confirm.			
25-May-21	Aster: All materials have been re-provided, including another worksheet " OC_DegrowToStartDate_20181127.xlsx"			
12-Aug-21	Closed per conversation re: updates			

Verifier Issue	Issue ID:	20-22	Status: Closed	Checked by: LH/EM	Date Identified	27-Jul-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR IFM Methodology, Section D.3	Inventory Stats Calculation Workbook	Possible non conformance. May impact OMM or conformance.	The verifiers request clarification on the apparent duplicate trees in the inventory data. Several plots were found to show trees with identical measurements. These trees sometimes have different tree numbers (e.g. Plot 51 where tree 2 and 3 are identical), while other times the tree numbers are repeated (e.g. Plot 64 where trees 1-6 each occur twice). Please clarify the source of duplicate trees and the numbering of these duplicate trees.			<i>010_01_OtterCreek_Inventory_Stats_20180525.xlsx</i>
			<u>Findings from Review on 12 November 2020:</u> Verifiers are requesting clarification as to whether duplicate trees due to the walkthrough method will consistently have identical or differing numbers. It is not clear from the response provided how to determine if duplicate trees are due to the walkthrough methodology being employed.			
			<u>Findings from Review on 26 April 2021:</u>			

		It remains unclear to verifiers whether the duplicate trees were consistently given the same tree numbers or whether they sometimes have differing numbers. Clarification on this point is requested.	
		<p><u>Findings from Review September 2021:</u></p> <p>While it remains from this response whether walkthrough trees were consistently given the same number or at times were listed separately, verifiers are reasonably assured that the duplicate trees that exist in the inventory are valid and not the result of errors in transcription or data transferring. This issue is considered closed.</p>	
OPO/APD Response			
Date	PP Comment	Additional evidence submitted for review by PP	
15-Oct-20	Duplicate trees may occur if they were part of a walkthrough plot and were confirmed as being walkthrough trees, as seen in plot 51.		
01-June-21	Inventory data was entered by cruisers as it was collected and tree numbers were assigned accordingly. Please see finding where inventory data was requested.		
12-Aug-21	Closed per Conversation 7-30-21		

Verifier Issue	Issue ID:	20-23	Status: <u>Closed</u>	Checked by: LH/EM	Date Identified	20-Aug-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description		Comments	
ACR IFM Methodology, Section 3.1.2	Inventory Stats Workbook	Non conformance. Impacts OMM.	<p>Section 3.1.2 of the applied IFM Methodology states; “Dead wood included in the methodology comprises two components only – standing dead wood and lying dead wood. Below-ground dead wood is conservatively neglected.” Clarification on this language regarding the below-ground dead wood component was sought from ACR by the verifiers.</p> <p>After considering this language in the Methodology as it relates to below-ground dead wood, ACR confirmed with the verifiers that the belowground portions of standing dead trees should be excluded from both the baseline and project scenarios, as suggested by the Methodology language. If a project has already been validated with a baseline which includes this carbon pool, ACR is open to allowing the inclusion of this pool throughout the crediting period. However, for projects that are currently undergoing validation, ACR will require that this carbon pool is removed from both scenarios.</p>		010_01_OtterCreek_Inventory_Stats_20180525.xlsx	

			<p>The verifier's assessment has found that the PP appears to be using the Jenkins CRM methodology and calculating the below-ground portion using the root ratio. The BG portion is then reduced using the structural loss adjustments tied to decay class from Domke et al. 2011 and then reduce again using the dead wood density class deductions specified in the ACR protocol in section 3.1.2.1. While the spreadsheets provided thus far show only the results (not the formula involved), the verifiers recalculated values are very close to theirs using this methodology.</p> <p>Consistent with the ACR guidance on the treatment of the belowground portion of standing dead stocks provided to the verifiers as cited above, this carbon pool will need to be removed from the carbon stock estimates in both the project and baseline scenarios.</p>	
			<p>Findings from Review on 12 November 2020: Verifiers have examined the Inventory Stats file provided and noted that though belowground carbon is still calculated for dead trees, it is not included in the plot level totals. This issue is considered closed.</p>	
OPO/APD Response				
Date	PP Comment			Additional evidence submitted for review by PP
15-Oct-20	In response to this finding we have removed the belowground portion of standing dead stocks. Derivative updates have been made accordingly and provided.			

Verifier Issue	Issue ID:	20-24	Status: Closed	Checked by: LH		Date Identified	11-Nov-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments	
ACR IFM Methodology, section G ACR Guidance on Vintage Year ERT Calculations	ERT Monitoring Calculation workbook	Non conformance. <i>May impact OMM or conformance.</i>	From the verifier's experience on previous ACR verifications, it is their understanding that ACR expects to see the Net ERT's and vintage year be determined by prorating ERTs by Reporting Period calendar days within vintage year t and applying the non-permanence buffer deduction per the guidance below, so that buffer pool ERTs can be deposited by vintage year. This prorating of ERTs has not been performed by the PP in their ERT Calculation workbook.			<i>OtterCreek_ERT_calculationsV1_20181219.xlsx</i>	

		<p>ACR Guidance to determining vintage</p> <p>Net ERT's and vintage shall then be determined by prorating ERTs by Reporting Period calendar days within vintage year t and applying the non-permanence buffer deduction (Equation 21). Buffer pool ERTs will be deposited by vintage, if this is the risk management option the Project Proponent has chosen.</p> $ERT_{VIN,t} = ERT_{RP,t} \cdot (CAL_t / RP_{CAL,t}) \cdot (1 - BUF) \quad (21)$ <p>where:</p> <p>$ERT_{VIN,t}$ Net Emission Reduction Tons issued in vintage year t.</p> <p>$ERT_{RP,t}$ Total emission Reduction Tons issued in RP t.</p> <p>CAL_t Reporting Period calendar days within vintage year t</p> <p>$RP_{CAL,t}$ Total calendar days within Reporting Period t</p> <p>BUF The non-permanence buffer deduction as calculated in Section B5. BUF will be set to zero if an ACR approved insurance product is used.</p>	
		<p><u>Findings from Review on 22 April 2021:</u></p> <p>In the updated version of the ERT Calculation workbook provided, there are errors in throughout the ERT calculations on the "ACR_Calcs" tab, likely related to "LOOKUP" functions being applied in the calculations causing the "#VALUE!" error message to show up throughout the workbook. As a result the verifiers are unable to confirm the accuracy of the ERT Vintage Year calculations.</p> <p>It is however noted that in the proponent's vintage year ERT calculations, it appears as though they are considering two separate reporting periods (RP1 - 2017-2018: 9/9/2017 – 12/31/2018 & RP2 – 2019: 12/31/2018 – 9/8/2019), when it is the verifiers understanding the verification scope is just for the initial reporting period (RP1 – 2017 – 2019: 9/9/2017 – 9/8/2019), and the reasoning/rationale for the proponent's consideration of two sperate reporting periods is not clear. For the 2019 vintage year ERT calculations, it appears that the proponent is considering the full calendar year of 2019, and not just through 9/8/2019 and it is not clear why.</p>	<p><i>OtterCreek_ERT_calculationsV4_20210215.xlsx</i></p>
		<p><u>Findings from Review on 2 September 2021:</u></p> <p>The verifiers were again provided with version 5 of the ERT Calculation workbook, and the previously noted errors were no longer found. The verifiers updated their ERT calculation data checks and found no issues with the "main" ERT calculations. However, they noted that in the workbook, the Proponent was still considering two separate reporting periods (Reporting Period t: 2017 – 2018:1 and 2019:2). It is the verifiers understanding that the first/initial reporting period is from the project start date in 2017 through 2019. The verifiers did however confirm that the end date of the first/initial reporting period intended by the Proponent is however indeed 12/31/2019, and this end date is reflected in the ERT Calculation workbook and in the updated MR provided.</p>	<p><i>Otter Creek - 508 acr-monitoring-report-20210820.doc</i></p> <p><i>OtterCreek_ERT_calculationsV6_20210830.xlsx</i></p>

			<p>This issue was brought to the attention of the project development team and an updated version of the ERT Calculation workbook (v6) was provided on 30 August 2021, and the vintage year calculations were discussed on the same date.</p> <p>The verifiers can confirm that the ERT Calculation workbook is now correctly only considering one reporting period associated with this initial verification (2017 – 2019). The verifiers reviewed the revised vintage year ERT calculations and found them to be correct based on their understanding of the ACR guidance on determining the vintage year ERT and buffer pool contribution breakouts. This finding is therefore considered closed.</p>	
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OPO/APD Response

Date	PP Comment	Additional evidence submitted for review by PP
11-Nov-20		
27-May-21	Aster: A pasted value version of the ERT calculations worksheet has been provided to alleviate the cell reference issues. We were unable to locate the error messages after troubleshooting exercise. Further, this new worksheet contains a single reporting period "1" in row 69 of the ACR calcs tab to satisfy auditor concerns.	
12-Aug-21	I now have the updated ERT workbook - LH	

Verifier Issue	Issue ID:	20-25	Status: Closed	Checked by: EM	Date Identified	13-Nov-20
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR IFM Methodology, section G	ERT Monitoring Calculation workbook	Clarification May impact OMM or conformance.	Verifiers are requesting a more detailed description of how the baseline and ex-ante calculations connect between the files provided. Verifiers have been provided with the 20 year workbooks, but the source of the Cutlists or Treelists within these workbooks is not obvious and no file names are provided to retrace the flow of data. Though the NPV prework database provided contains cutlist tables, these cutlist tables are linked to databases that have not been provided.			CedarHammock_20YrHWP.xlsx CedarHammock_20YrProjectExAnte_Interpolation.xlsx CedarHammock_20YrBaseline_Interpolation.xlsx
			Findings from Review on 26 April 2021:			
			As of this time, the requested information has not been provided and the verifiers have not received a response to this finding. Verifiers have not been able to trace the origins of the carbon stocks modeled in the baseline or project scenarios back to			

		the FVS treelists. For example, how is the combined cutlist in the “NPV PreWork” database subset to calculate HWP for the baseline, and what file contains that subset? What FVS databases connect to the “NPV PreWork” database? Verifiers need to trace the treelist values from their origins in the FVS databases through each file, database and ultimately due to the interpolated baseline and project values. The information provided so far has not contained sufficient detail and data for verifiers to make the connections through the flow of data. This issue remains open. Please provide a clear description of how each file, database, and spreadsheet is connected with enough detail provided in each file to trace the carbon stocks used in the baseline, HWP, and project files back to the original FVS source.	
		<p><u>Findings from Review September 2021:</u></p> <p>Verifiers have reviewed the databases and workbooks provided and have confirmed the consistency and flow between the data sources. No further issues were noted and this issue is considered closed.</p>	

OPO/APD Response

Date	PP Comment	Additional evidence submitted for review by PP
11-Nov-20		
01-June-21	Aster: All materials have been provided and the FVS treelist can be traced. This is the workflow: FVS cutlist databases (Baseline Base Runs)-> NPV preworkup.accdb -> NPV Analysis.xlsx -> -> Otter_Baseline_Live_Tree.accdb -> “Trees_Combined.xlsx” -> “OtterCreek_20YrBaselineCalcInput_Prep.xlsx” -> carbon is quantified at tree level in carbon calculator -> “OtterCreek_20YrBaseline_Interpolation.xlsx	
12-Aug-21	Closed via Conversation 7-30-21	

Verifier Issue	Issue ID:	20-26	Status: <u>Closed</u>	Checked by: LH	Date Identified	8-Sep-21
ACR Standard ref	GHG Plan Section	Significance	Issue Description			Comments
ACR IFM Methodology, Section F.1	ERT Workbook, GHG Plan, MR	Observation (OBS) <i>No Impact on Conformance or OMM</i>	<p>The verifiers consider the field and desk based QA/QC procedures as described in the GHG Plan and the Inventory Methodology to be reasonable and aligned with what can be expected as typical for forest carbon project development. While this validation/verification has been drawn out over a long period of time, and numerous issues and corrections were necessary based on the findings raised by the verifiers, there were few such issues with the project’s inventory data and carbon stock estimates. This Finding is therefore considered closed.</p> <p>However, aside from the reasonableness of the inventory and carbon stock data, it is noted that numerous issues with project reporting, formatting, and overall project</p>			<p><i>OtterCreek_ERT_calculationsV6_20210830.xlsx</i></p> <p><i>Otter Creek - 508 acr-monitoring-report-20210901.doc</i></p> <p><i>OTTER CREEK IFM GHG PLAN 20210901.doc</i></p>

			document quality, insufficient responses to the verifiers findings and information request were found throughout the audit process. While the verifiers acknowledge that this project, along with its “sister” project (Kite Hammock IFM) are the projects the project developer has formally led, additional QA/QC processes in the final project documentation reporting should be considered.	
OPO/APD Response				
Date	PP Comment			Additional evidence submitted for review by PP
8-Sep-2021	This Finding is classified as an OBS and does not require a formal response or closure by the Project Proponent.			

Appendix C: Project Team

Verification Team	Qualifications
Lawson Henderson	Lawson joined S&A Carbon as a Senior Associate in 2016, and expands the existing capacity of the forest carbon offset verification team. He is acts as an ARB Verifier on forest carbon offset projects, and is qualified as a Lead Offset Verifier under the ARB regulation. Lawson currently supports the S&A team with reviews of verification documents, field verifications of ARB forest carbon offset projects, and S&A's actions to become accredited under the American National Standards Institute – ANSI). Lawson brings nearly a decade of experience in forest certification through his prior employment with Rainforest Alliance, where he acted as a project manager and lead auditor of forest carbon offset projects against the major voluntary GHG programs, and FSC Forest Management & Chain of Custody Certifications. Lawson is qualified as a Lead Verifier under the Climate Action Reserve (CAR), and is also qualified as a AFOLU IFM Expert under the Verified Carbon Standard (VCS) program. He has led the validation and verification of IFM, AR & REDD forest carbon offset projects against the major voluntary GHG programs globally. He is a member of both the Gold Standard Foundation (GSF) Land Use and Forestry (LUF) and Oversight and Assurance (OA) Technical Advisory Committees (TAC). Lawson holds a B.S.F in forest management from the University of New Hampshire (2005).
Pablo Reed	Pablo Reed holds a B.S. in Forest and Ecological Engineering as well as a minor in Latin American Studies from the University of Washington in Seattle. He has also recently completed a Masters of Environmental Management degree at the Yale School of Forestry & Environmental Studies. Prior to his return to grad school, he spent the preceding six years of his life working with conservation and development projects in various countries in Latin America. He served as country director for a joint USAID/Idaho State University community conservation project in the Alta Verapaz region of Guatemala and also spent time in Panama working as an environmental and GIS consultant. His most recently

Verification Team	Qualifications
	<p>worked for the Peace Corps in Ecuador, where he served as program manager for the posts' natural resource conservation program. While at Yale, his program of studies centered on social and political ecology as well as natural resource management policy. His research and subsequent thesis centered on the development of REDD (Reducing Emissions from Deforestation and Degradation) policy frameworks, especially as they pertain to the inclusion of communal Indigenous territories and lands (Ecuador, summer 2010). Pablo is an ARB Forestry project specialist, and an ARB Lead Verifier.</p>
Bill Stack	<p>Bill Stack is a forester, natural resource manager, and ecosystem restoration specialist with over 29 years experience working on forest and aquatic ecosystems in the northeast and northwest US. He holds a master's degree in Forest Engineering from Oregon State University. He is an ARB accredited lead verifier and forest project specialist. Bill has participated on the verification of forest offset projects throughout the US including Alaska. Verification responsibilities included pre-site visit prep, forest inventory, data processing and analysis, developing findings, and report writing.</p> <p>Bill also provides a broad range of forest management consultation services to private landowners in preparing and implementing ecologically-based forest stewardship plans. He holds professional forester licenses in New Hampshire and Vermont. His comprehensive approach balances water, soil, wildlife, timber, recreation, aesthetics, and other resources with landowner goals and values.</p> <p>Previously, Bill has worked as a Senior Project Scientist with Stantec consulting on ecosystem restoration projects and as a Forest Hydrologist on interdisciplinary project teams for the USDA Forest Service.</p>
Elizabeth McGarrigle	<p>Elizabeth McGarrigle holds three forestry degrees (BScF, MScF, PhD). Her work has focused on forest inventory, growth and yield, and forest management planning. Her research focused on examining the impact of uncertainties in the inputs to long term forest management plans when optimization models are employed during the Master's program. While completing her PhD, she was part of the team developing a</p>

Verification Team	Qualifications
	regional growth and yield model for the Acadian forest in the Northeastern United States and Canada. She developed a stand level model that is used to predict survivor growth, ingrowth, and mortality in the region. As part of her dissertation, she focused on several variants of the Forest Vegetation Simulator and several regional growth and yield models from across Canada and the United States. Dr. McGarrigle is currently working with the provincial government in Nova Scotia Canada as a Forest Inventory Data Analyst where she is responsible for the design and analyses of permanent sample plots. In addition to her work as a biometrician on several ARB forest projects, she has also been involved in research at Natural Resources Canada using a fine scale forestry model to assess the impact of climate change on species composition in forest types across Canada.
John Britt	John Britt has over thirty years experience in the forest and land management business. He currently runs a forest management consultancy in western Georgia that serves private and institutional clients in several southern states. Prior to starting the consulting firm, John worked with a large integrated forest products business specializing in reforestation and young stand silviculture. He holds a BS degree in Forest Management from Clemson University and an MS degree in Forestry from Auburn University; is a registered forester in Georgia, Alabama, and Arkansas.
David McMath	David McMath holds a BS in Biology with a concentration in Computer Science and a MS in Forestry. He has over 23 years providing natural resource management services for a diversity of Clients throughout New England. Clients include; investors, corporate entities, non-profit groups, individuals, family trusts, town and state. Responsibilities; GIS mapping(ArcGIS), forest management, timber harvesting, marketing, budgeting, green certification(FSC), inventory, wildlife management, recreation management, carbon offset verification, invasive control, timber valuation and due diligence. He is a member of SAF & Forest Stewards Guild and a Licensed Forester in the State of Vermont.

Verification Team	Qualifications
Alexa Kandarīs	Alexa Kandarīs has 5 years' experience in carbon auditing and climate change mitigation policy and is accredited by ARB as a lead verifier under their US Forests protocol and the Ozone Depleting Substances protocol, and by the Climate Action Reserve (CAR) as a lead verifier. In this time, she has participated in over 150 verifications of carbon offset projects and corporate inventories under a variety of GHG programs, including the Air Resources Board, Climate Action Reserve, American Carbon Registry, Verified Carbon Standard/Climate Community & Biodiversity Standard, and Carbon Disclosure Project. Alexa developed tracking systems for a program registered under the Clean Development Mechanism and registered with the Gold Standard. Alexa is currently responsible for implementation of S&A's corporate management system to ensure ongoing improvement and compliance with ISO requirements. In addition to this, she has field experience with Forestry, Ozone Depleting Substances, and Livestock verification projects. She holds a Bachelor of Arts in Economics with a focus on natural resource and environmental Economics.
Kyle Silon	Kyle Silon holds an M.S. in Energy and Environmental Economics and is an ABR accredited Lead Verifier. He has ten years' experience in climate change mitigation strategies and carbon reduction projects. Prior to founding S&A, he worked for a leading international certification company, specializing in validation and verification of small-scale household energy demand projects (such as cook stove and water filter projects), primarily located in South America, Asia, and Africa. He has participated in numerous verifications of forestry, landfill, and livestock projects, and has worked across all major GHG programs, including the Air Resources Board, Verified Carbon Standard, Climate Action Reserve, American Carbon Registry, Gold Standard, and Clean Development Mechanism (CDM).

APPENDIX C: VERSION TRACKING

Version	Date	Developed By	Version Notes
1.0	12/10/2020	Lawson Henderson	Initial Document
1.1	10/2/2021	Bill Stack	Review by Technical Review Support
1.2	10/4/2021	Lawson Henderson	Updated document in response to Technical Review Support comments.
1.3	10/14/2021	Alexa Kandarís	Submission, followed by final approval
2.0	1/5/2021	Lawson Henderson	Updated following ACR review

S&A Carbon Lead Verifier Name and Signature:	Lawson Henderson 
S&A Carbon Technical Reviewer Name and Signature:	Pablo Reed 
Date:	5 January 2022