

VERIFICATION REPORT

American Carbon Registry

*ACR375: Blue Source – Hawk Mountain
Improved Forest Management Project*

**Reporting Period:
17 March 2018 to 16 March 2019**

Prepared for:

Bluesource LLC

11 July 2019



AMERICAN CARBON REGISTRY



ISO 14065 Greenhouse Gas
Validation and Verification Body
#0821

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Project Title	Blue Source – Hawk Mountain Improved Forest Management Project
Client	Bluesource LLC
Project Location	Pennsylvania
Reporting Period	17 March 2018 to 16 March 2019
Prepared by	SCS Global Services (SCS)
Date of Issue	11 July 2019
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Summary

SCS Global Services (SCS) has performed the verification of the Blue Source – Hawk Mountain Improved Forest Management Project (“the Project”) developed by Blue Source, for the Hawk Mountain Sanctuary Association (“the Project Proponent”). This assessment covers the Project’s greenhouse gas emission reductions reported to the American Carbon Registry (the Registry or ACR) for the reporting period 17 March 2018 to 16 March 2019. This report presents the verification process, the findings raised during the assessment, and the conclusion reached by SCS.

This verification was undertaken to evaluate the representations provided in the GHG Project Plan and Monitoring Report and assess whether the compiled data conforms to the assessment criteria. The evaluation was undertaken using the ACR Standard, Version 5.0 (February 2018), Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, Version 1.3 (April 2018), and the ACR Validation and Verification Guidelines, Version 1.1 (June 2012).

In the course of this assessment the SCS verifiers developed findings which included New Information Requests (NIRs), Non-Conformity Reports (NCRs) and Observations (OBSs). During this verification 4 findings were issued: 2 NCRs, 1 NIR and 1 OBS. These findings are described in Appendix B. All NCRs and NIRs have been adequately responded to, resulting in their closure. OBSs are potential non-conformances that have been memorialized for future verifications.

SCS verified the adequacy of the information provided in the Monitoring Report and supporting documents, confirming that the documents meets the requirements of the assessment criteria. On the basis of the information made available to SCS and the analyses completed, SCS was able to reach a positive opinion, with a reasonable level of assurance, that the claimed emission reductions and removals presented by Bluesource LLC meets the requirements of ACR. Thus, SCS has verified 37,402 metric tonnes of CO₂e reductions and removals from the Blue Source – Hawk Mountain Improved Forest Management Project for the reporting period of 17 March 2018 to 16 March 2019.

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1 Introduction

SCS Global Services (SCS) is a global leader in third-party certification, auditing, testing services, and standards. Established as an independent third-party certification firm in 1984, our goal is to recognize the highest levels of performance in environmental protection and social responsibility in the private and public sectors, and to stimulate continuous improvement in sustainable development. In 2012, Scientific Certification Systems, Inc. began doing business as SCS Global Services, communicating its global position with offices and representatives in over 20 countries. SCS is currently accredited to ISO 14065 for GHG Validation and Verification by the American National Standards Institute (ANSI) and offers carbon offset project validation and verification under the Verified Carbon Standard (VCS) and the American Carbon Registry (ACR). SCS also offers carbon offset verification under the Climate Action Reserve (CAR) and the Climate, Community and Biodiversity (CCB) standards.

This document reports on verification activities for the Blue Source – Hawk Mountain Improved Forest Management Project. Activities were focused on the evaluation of the Monitoring Report against the requirements of the ACR Standard, the ACR Validation and Verification Standard, and the ACR Methodology, “IFM Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands” (referred to collectively as the ACR Requirements). This report presents the findings of the assessment and provides a description of the steps involved in the verification process.

1.1 Project Description

The Project improves forest management in the Hawk Mountain Sanctuary, with the Hawk Mountain Sanctuary Association’s management practices representing an improvement in the carbon storage and conservation value compared to higher return management regimes of industrial private lands in the region, which are characterized by shorter, even-aged rotations. The project area is located in Kempton Pennsylvania, across Berks and Schuylkill counties, and is located on 2,380.13 acres of mixed hardwood forest. The project describes the project activities as natural forest growth and maintenance harvests for essential activities and forest health. In addition, the project ensures long-term sustainable management of the forests, which could otherwise undergo commercial timber harvesting.

1.2 Audit Team

The SCS audit team consisted of the following individuals:

Lead Verifier: Michael Hoe

Technical Reviewer: Letty Brown

2 Assessment Details

2.1 Assessment Objectives

The objectives of verification are to evaluate:

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

2.2 Scope and Criteria

The scope of this assessment will be defined as the following:

- The Project and its baseline scenarios:
 - Confirm that no changes have occurred since the previous verification
- The project boundaries:
 - Confirm that no changes have occurred since the previous verification
- Assessment of the management systems, data handling and estimation methods used in calculating and reporting emissions data;
- Assessment of and issuance of an opinion on issues of leakage and additionality;
- Assessment of data accuracy and any assumptions made in the manipulation of that data;
- Validation that the organization is operating according to the methodology approved by ACR;
- Determine whether the project could reasonably be expected to achieve the claimed GHG reduction/removals;
- Assessment of completeness of the inventory;
- Verification of emissions reductions and removals reported;
- Verification that a measurement and monitoring system is in place that is capable of delivering high quality carbon stock data;
- Verification that the organization is operating according to the methodology approved by the ACR;
- Verification that the carbon stocks reported are real; and
- Conclusions developed on the declared tonnage for registration in ACR.
- The GHG sources, sinks and/or reservoirs that are applicable to the Project:
 - Baseline: Standing Live, Below Ground Live, Harvested Wood Products
 - Project: Standing Live, Below Ground Live, Harvested Wood Products
- The reporting period: 17 March 2018 to 16 March 2019

SCS conducted the verification assessment of the project and project documentation against the following criteria:

- American Carbon Registry Standard, Version 5.0 (February 2018)
- 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, Version 1.3 (April 2018)

As an ANSI-accredited verification body, SCS conducted the verification to the requirements of:

- American Carbon Registry Validation and Verification Guidelines, Version 1.1 (June 2012)
- ISO 14064-3: 2006, Greenhouse Gases – Part 3: Specification with guidance for the validation and verification of GHG assertions

2.3 Level of Assurance and Materiality

SCS performed the assessment activities to a **reasonable level** of assurance in accordance with the assessment criteria. Reasonable assurance is attained by examining a sufficient amount of information, through document review, site visits, and interviews with personnel involved in the execution of the Project. SCS applied a materiality threshold of $\pm 5\%$; meaning, the reported emissions were free of material misstatements, omissions, and errors achieving a minimum level of at least 95% accuracy, in accordance with ACR's materiality threshold.

3 Verification Process

3.1 Method and Criteria

SCS performed the verification through a combination of document reviews, interviews with relevant personnel, and on-site inspections, as discussed in Section 3.3 through 3.6 of this report. At all times SCS assessed the Project's conformance to the criteria described in Section 2.2 of this report. As discussed in Section 3.6, the audit team issued findings to ensure that the project fully conformed to all requirements. Verification activities included the following:

3.2 Assessment Summary

The desk verification process consisted of the following:

1. **Project status updated on the ACR Registry:**
The Blue Source – Hawk Mountain Improved Forest Management Project is listed on the Registry website. The status was updated to 'Ready for Verification' on 2 April 2018 for the second reporting period (RP2). Bluesource LLC selected SCS as their verification body.
2. **Conflict of Interest Review.**

The conflict of interest assessment was conducted by SCS to identify any potential conflicts for the audit team and the COI form was submitted to ACR. No conflicts were identified and a determination of low potential for conflict of interest was received from ACR on 1 April 2019 prior to the commencement of verification activities.

3. Appointment of Audit Team

This verification was performed by Michael Hoe, SCS Lead Verifier, and reviewed by Letty Brown, SCS Internal Reviewer. Michael Hoe and Letty Brown are lead verifiers approved by SCS.

4. Project Kick-Off Meeting

A kick-off meeting was conducted between the verification team along with Cakey Worthington and Megan McKinley of Bluesource LLC on 5 April 2019. The purpose of the kick-off meeting was to review the timeline of audit; confirm verification criteria; determine any changes in the site, sources, GHG management systems or personnel; and to begin gathering information.

5. Desk Review

SCS received and reviewed the Monitoring Report and supporting documentation. A risk assessment was conducted to identify key factors that impact the reported emission reductions and removals. A Verification Plan was designed to review all project elements in areas of high risk of inaccuracy or non-conformance.

6. Site Visit

No site visit is required as this is a desk review.

During the kick off call, the Project confirmed there were no changes to the GHG Management system, data collection and handling or procedures since the previous site visit.

Quantitative Review

An assessment of the emission reduction calculation inputs and procedures was performed to review the quantitative analyses undertaken by Bluesource to convert the raw inventory data into emission reduction estimates.

7. Findings

Throughout the verification, there is an iterative exchange between SCS and Bluesource to gather additional information for review and examination. This exchange includes the issuance of Findings—New Information Requests (NIR), Non-Conformity Reports (NCR) and Observations (OBS) — by SCS. The Project Proponent must respond to NIRs and NCRs in order for SCS to render a verification opinion. At this time all Findings have been appropriately addressed by Bluesource and subsequently closed by SCS. See section 3.5 for more information.

8. Draft Report and Statement

This step in the verification process includes a final review of the submitted data, completion of the Verification Report, and drafting of the Verification Statement. A draft Verification Report and Statement are completed based on the results of the verification assessment.

9. Technical Review

The draft report was presented to an SCS lead verifier, independent of the verification, who determined the Verification Statement to be justified given the evidence presented. The Verification Report and Verification Statement were then presented to Bluesource LLC for review and comment.

10. Final Report and Opinion

Once Bluesource LLC approved these documents, SCS uploaded them to the Registry website for administrative review by ACR. Given a positive review, ACR will register the emissions reductions for the project and issue carbon tonnes for a reporting period of 17 March 2018 to 16 March 2019.

11. Exit meeting with client:

The exit meeting entails a review of the assessment process, summary of the verification findings, and to initiate scheduling for the next verification period.

3.3 Document Review

SCS conducted a document review to inform the planning process prior to verification activities. SCS carefully reviewed the Monitoring Report for conformance to the assessment criteria. The audit team also reviewed subsequent copies of the Monitoring Report as it was updated by the Hawk Mountain Sanctuary Association (the Project Proponent) in response to findings issued by the team throughout the verification process. A list of other documentation reviewed by the audit team is provided in Appendix B.

The verification process is a risk-based assessment aimed at identifying key factors that impact the reported emission reductions and removals. As a result of the document review and correspondence with project personnel, an audit plan and a sampling plan were developed for this engagement. An audit agenda was submitted prior to the site visit. SCS assessed the GHG Project Plan with actual project conditions, reviewed the baseline and project scenarios, assessed the eligibility, additionality, GHG emission reduction assertion and the underlying monitoring data to determine if either contained material or immaterial misstatements. The results of these reviews are discussed in greater detail below.

3.4 Interviews

Interviews constituted an important component of the audit process to help the audit team better understand the dynamics of the Project, the activities implemented in the Project, and how the reductions were real and accurate. The audit team interviewed the following personnel associated with the project proponent and any implementing partners. The phrase “Throughout audit” under “Date Interviewed” indicates that the individual in question was interviewed on multiple occasions throughout the audit process.

Individual	Affiliation	Date Interviewed
Cakey Worthington	Bluesource LLC.	Throughout the audit

Megan McKinley	Bluesource LLC.	Throughout the audit
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3.5 Site Inspections

No site visit is required as this is a desk review.

3.6 Resolution of Any Material Discrepancy

The Project Proponent and audit team resolved any potential or actual material discrepancies identified during the assessment process through the issuance of findings. SCS characterizes the types of findings it issued as follows:

Non-Conformity Report (NCR): An NCR signified a material discrepancy with respect to a specific requirement. This type of finding could only be closed upon receipt by SCS of evidence indicating that the identified discrepancy had been corrected. Resolution of all open NCRs was a prerequisite for issuance of a positive statement.

New Information Request (NIR): An NIR signified a need for supplementary information in order to determine whether a material discrepancy existed with respect to a specific requirement. Receipt of an NIR did not necessarily indicate that the Project was not in compliance with a specific requirement. However, resolution of all open NIRs was a prerequisite for issuance of a positive statement.

Observation (OBS): An OBS indicated an area that should be monitored or ideally, improved upon. OBSs were considered to be an indication of something that could become a non-conformity if not given proper attention, and were sometimes issued in the case that a non-material discrepancy was identified. OBSs were considered to be closed upon issuance.

All NCRs and NIRs issued by the audit team during the assessment process have been closed. Appendix C lists all findings issued during the verification process.

4 Verification Findings

4.1 Project Design

4.1.1 Project Proponent

As indicated within the ACR GHG Project Plan Eligibility Screening form, the Project Proponent is the Hawk Mountain Sanctuary Association. The Plan indicates that the ACR account holder is Bluesource LLC, which SCS confirmed by reviewing the ACR website.

4.1.2 Project Title

The GHG Plan notes the Project title as “*Bluesource – Hawk Mountain Improved Forest Management Project*” which was confirmed on the ACR website.

4.1.3 Project Type

The Monitoring Report notes the Project type as Improved Forest Management. The Project follows the approved ACR methodology: Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, Version 1.3 (April 2018), as stated in the GHG Project Plan.

4.1.4 Location

The project area is located in Kempton Pennsylvania, across Berks and Schuylkill counties, and is located on 2,380.13 acres of mixed hardwood forest.

4.1.5 Project Summary and Action

SCS confirmed the Monitoring Report included a brief summary of the Project including the Project action.

4.1.6 Ex-Ante Offset Projection

The project personnel provided ex-ante estimations of the baseline emissions avoided per each vintage of emission reductions, which SCS verified in its evaluation of data and calculations. See Section 4.3 below.

4.1.7 Scope

The Project is a(n) Improved Forest Management project, as defined by ACR, within the Land Use Change and Forestry sector as defined by the methodology: Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, Version 1.3 (April 2018). The Project complies fully with the criteria as set out in Section A.1 of the methodology.

4.1.8 Parties

As this was previously validated and verified during the initial full verification, this was not assessed.

4.1.9 Project Boundary

The project is located across Berks and Schuylkill counties in the State of Pennsylvania. The Project Boundary was verified during the assessment of the first reporting period and a shapefile of the project area is archived.

The audit team confirmed that this boundary has not changed since the initial assessment.

The sources, sinks, and reservoirs of GHG emissions within the project boundary are listed in the table below. This is the case for both the baseline and Project scenarios.

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

4.2 Project Applicability & Eligibility

The ACR methodology provides a series of requirements for scope and applicability in Section A.2, in addition to the latest ACR program eligibility requirements as found in the ACR Standard. SCS confirmed that the GHG Project Plan indicates how each applicability condition is met including supplemental requirements stipulated by ACR during the first validation and verification for the reporting period of 17 March 2017 through 16 March 2018.

Applicability Conditions

SCS assessed the Monitoring Report against the requirements of the ACR documents listed in Section 2.2 of this report. Validation under ACR occurs once per crediting period and includes an in-depth assessment of the GHG Project Plan and supporting documentation to determine whether the Project is in conformance with ACR Requirements. Verification occurs once per reporting period, in this case for the reporting period of 17 March 2018 through 16 March 2019. The following sections describe the elements of the Monitoring Report that were examined.

4.2.1 Project Start Date

In accordance with Chapter 3 of the ACR Standard, the start date is defined as the date at which the project began to reduce GHG emissions against its baseline. As this project was previously verified and validated, the project Start Date was not assessed.

4.2.2 Minimum Project Term

There is no minimum term requirement for projects that reduce GHG emissions from project activities. Nonetheless, SCS confirmed the project personnel provided a timeline with a project term of 40 years, with annual monitoring, reporting and verification in the GHG Plan.

4.2.3 Crediting and Reporting Period

In ACR, the eligible crediting period for this type of project is listed as 20 years. SCS has confirmed the crediting period of 20 years, 17 March 2017 to 16 March 2037, was indicated in section B3 of the GHG Project Plan. SCS has concluded that the reporting period verified in this report is within the applicable crediting period of the Project.

4.2.4 Offset Title

Forestlands included in the project are owned directly by the Project Proponent, the Hawk Mountain Sanctuary Association, which holds full legal titles and thus have long term control of the land. Titles and contracts were available for review by the verifier.

As this project has been previously validated and verified, a review of the offset title was not required.

4.2.5 Additionality

The audit team assessed the GHG Project Plan and supporting evidence to determine whether the Project sufficiently passed the approved performance standard, as defined in the applicable methodology, and a regulatory additionality test. The audit team determined that the Project's additionality was demonstrated in accordance with the requirements of the ACR Standard and ACR methodology. The specific evidence provided by the Project Proponent and the verification activities that the audit team performed are described in the sections below.

Regulatory Surplus

Based on its review, SCS determined that the Project Proponent provided clear evidence in the GHG Project Plan that the GHG reduction activity is not required by any applicable and enforced federal, state, or local laws, regulations, ordinances, consent decrees, or other legal arrangements besides as noted above.

Performance Standard

Not applicable.

4.2.6 Regulatory Compliance

Projects must maintain material regulatory compliance. In order to maintain material regulatory compliance, a project must complete all regulatory requirements at required intervals. During the desk

review activities, SCS was able to confirm to a reasonable level of assurance that the Project is in compliance with local, state, and federal regulations and had no material regulatory non-conformance events. SCS reviewed the EPA Enforcement and Compliance Online History database and found no violations in respect to Clean Air Act or RCRA compliance. In addition, SCS reviewed the Occupational Safety and Health Administration Website and confirmed no issues of non-compliance or violation. Based on this review, SCS concludes the Project met the Regulatory Compliance requirements.

In addition, SCS reviewed the Attestation of Regulatory Compliance submitted by the Project Proponent, dated 9 April 2019 (“Annual-Project-Attestation_2019_signed.pdf”), affirming the Project’s compliance status throughout the reporting period.

4.2.7 Permanence

Section B8 of the GHG Project Plan asserts that the total risk percentage is 19% based on a risk assessment using the ACR Tool for Risk Analysis and Buffer Determination as required by the ACR methodology. SCS confirmed the above via independent re-quantification of the risk value.

4.2.8 Leakage

Section E3 of the GHG Plan states: “All forestlands owned by Hawk Mountain Sanctuary Association have been certified by the Forest Stewardship Council (FSC). To prevent activity-shifting leakage, Hawk Mountain Sanctuary Association will not conduct harvests on other lands under its ownership that would offset the harvest reductions attributable to the project. Therefore, leakage is limited to market leakage. We conservatively assume market leakage of 40%.”

SCS confirmed the above via confirmation of the FSC certification via independent search online.

4.2.9 Independently Validated and Verified

SCS Global Services is a third-party validation and verification body approved by ACR and therefore meets this requirement.

4.2.10 Community and Environmental Impacts

SCS confirmed that the GHG Project Plan included an assessment of the potential community and environmental impacts due to the Project. There are no negative impacts identified and therefore no mitigation plan is necessary. The audit team agrees with the assertion by project personnel that any community or environmental impacts associated with this Project would be net positive due to the focused project boundary and reduction of emissions.

4.3 Evaluation of Data and Calculations

4.3.1 Baseline Scenario

As the project has been previously validated and verified, a direct assessment of the baseline calculations was not required.

The equations used to calculate the baseline emissions are the following (equation numbers correspond to the ACR methodology):

$$\Delta C_{BSL,TREE,t} = (C_{BSL,TREE,t} - C_{BSL,TREE,t-1}) \quad (1)$$

Where:

t: Time in years.

$\Delta C_{BSL,TREE,t}$: Change in the baseline carbon stock stored in above and below ground live trees (in metric tons CO₂) for year t.

$C_{BSL,TREE,t}$: Baseline value of carbon stored in above and below ground live trees at the beginning of the year t (in metric tons CO₂) and t-1 signifies the value in the prior year.

$$\Delta C_{BSL,DEAD,t} = (C_{BSL,DEAD,t} - C_{BSL,DEAD,t-1}) \quad (2)$$

Where:

t: Time in years.

$\Delta C_{BSL,DEAD,t}$: Change in the baseline carbon stock stored in dead wood (in metric tons CO₂) for year t.

$C_{BSL,DEAD,t}$: Baseline value of carbon stored in dead wood at the beginning of the year t (in metric tons CO₂) and t-1 signifies the value in the prior year.

$$\bar{C}_{BSL,HWP} = \frac{\sum_{t=1}^{20} C_{BSL,HWP,t}}{20} \quad (3)$$

Where:

t: Time in years.

$\bar{C}_{BSL,HWP}$: Twenty-year average value of annual carbon remaining stored in wood products 100 years after harvest (in metric tons of CO₂).

$C_{BSL,HWP,t}$: Baseline value of carbon remaining in wood products 100 years after being harvested in the year t (in metric tons of CO₂).

$$\overline{GHG}_{BSL} = \frac{\sum_{t=1}^{20} (BS_{BSL,t} * ER_{CH_4} * \frac{16}{44} * GWP_{CH_4})}{20} \quad (4)$$

Where:

t: Time in years.

\overline{GHG}_{BSL} : Twenty-year average value of greenhouse gas emissions (in metric tons of CO₂) resulting from the implementation of the baseline.

$BS_{BSL,t}$: Carbon stock (in metric tons CO₂) in logging slash burned in the baseline in year t.

- ER_{CH4}: Methane (CH4) emission ratio (ratio of CO2 as CH4 to CO2 burned). If local data on combustion efficiency is not available or if combustion efficiency cannot be estimated from fuel information, use IPCC default value¹⁷ of 0.012
- 16/44: Molar mass ratio of CH₄ to CO₂.
- GWP_{CH4}: 100-year global warming potential (in CO2 per CH4) for CH4 (IPCC SAR-100 value of 21 per the Fourth Assessment Report)

$$C_{BSL,AVE} = \frac{\sum_{t=0}^{20} (C_{BSL,TREE,t} + C_{BSL,DEAD,t})}{20} + \bar{C}_{BSL,HWP} \quad (5)$$

Where:

- t: Time in years.
- C_{BSL,AVE}: 20-year average baseline carbon stock (in metric tons CO₂).
- C_{BSL,TREE,t}: Baseline value of carbon stored in above and below ground live trees at the beginning of the year t (in metric tons CO₂).
- C_{BSL,DEAD,t}: Baseline value of carbon stored in dead wood at the beginning of the year t (in metric tons CO₂).
- $\bar{C}_{BSL,HWP}$: Twenty-year average value of annual carbon remaining stored in wood products 100 years after harvest (in metric tons of CO₂).

$$\Delta C_{BSL,t} = \Delta C_{BSL,TREE,t} + \Delta C_{BSL,DEAD,t} + \bar{C}_{BSL,HWP} - \overline{GHG}_{BSL} \quad (6)$$

Where:

- t: Time in years.
- $\Delta C_{BSL,t}$: Change in the baseline carbon stock (in metric tons CO₂) for year t.
- $\Delta C_{BSL,TREE,t}$: Change in the baseline carbon stock stored in above and below ground live trees (in metric tons CO₂) for year t.
- $\Delta C_{BSL,DEAD,t}$: Change in the baseline carbon stock stored in dead wood (in metric tons CO₂) for year t.
- $\bar{C}_{BSL,HWP}$: Twenty-year average value of annual carbon remaining stored in wood products 100 years after harvest (in metric tons of CO₂).
- \overline{GHG}_{BSL} : Twenty-year average value of greenhouse gas emissions (in metric tons of CO₂) resulting from the implementation of the baseline.

If years elapsed since the start of the IFM project activity (t) is $\geq T$ to compute long-term average stock change use:

$$\Delta C_{BSL,t} = 0 \quad (7)$$

$$UNC_{BSL} = \sqrt{\frac{(C_{BSL,TREE,1} * \epsilon_{BSL,TREE})^2 + (C_{BSL,DEAD,1} * \epsilon_{BSL,DEAD})^2 + (\bar{C}_{BSL,HWP} * \epsilon_{BSL,TREE})^2 + (\overline{GHG}_{BSL} * \epsilon_{BSL,TREE})^2}{C_{BSL,TREE,1} + C_{BSL,DEAD,1} + \bar{C}_{BSL,HWP} + \overline{GHG}_{BSL}}} \quad (10)$$

Where:

- UNC_{BSL}: Percentage uncertainty in the combined carbon stocks in the baseline.

- $C_{BSL,TREE,t}$: Carbon stock in the baseline stored in above and below ground live trees (in metric tons CO₂) in year t.
- $C_{BSL,DEAD,t}$: Carbon stock in the baseline stored in dead wood (in metric tons CO₂) in year t.
- $\bar{C}_{BSL,HWP}$: Twenty-year average value of annual carbon remaining stored in wood products 100 years after harvest (in metric tons of CO₂).
- \overline{GHG}_{BSL} : Twenty-year average value of greenhouse gas emissions (in metric tons of CO₂) resulting from the implementation of the baseline.
- $\epsilon_{BSL,TREE}$: Percentage uncertainty expressed as 90% confidence interval percentage of the mean of the carbon stock in above and below ground live trees (in metric tons CO₂) for the initial inventory in year 1.
- $\epsilon_{BSL,DEAD}$: Percentage uncertainty expressed as 90% confidence interval percentage of the mean of the carbon stock in dead wood (in metric tons CO₂) for the initial inventory in year 1.

All of the data used for the calculations above was made available to the audit team, and SCS confirmed the numbers by independent review.

The audit team reviewed the project team's calculations, workbooks, and reports with the conclusion that the client's values are accurate and consistent. No additional assessment was required.

SCS concludes that the GHG Project Plan sufficiently assessed the baseline scenario and that the scenario is relevant, complete, consistent, accurate, transparent, and conservative.

4.3.2 Quantification of Project Emissions

The project activity is improved forest management, with Hawk Mountain Sanctuary Association's forest management practices representing a significant improvement in the carbon storage and conservation value than higher return, more aggressive management regimes of industrial private lands in the region, which are characterized by shorter, even-aged rotations with a large degree of commercial high grading. Management decisions of the forest focus on sustainable, natural forest growth and maintenance harvests for essential activities and forest health. The project ensures long-term sustainable management of the forests, which could otherwise undergo significant commercial timber harvesting.

4.3.3 Quantification of Emissions Reductions

Emission reductions are calculated using the following equations.

$$\Delta C_{P,TREE,t} = (C_{P,TREE,t} - C_{P,TREE,t-1}) \quad (21)$$

Where:

t: Time in years.

$\Delta C_{P,Tree,t}$: Change in the project carbon stock stored in above and below ground live trees (in metric tons CO₂) for year t.

$C_{P,Tree,t}$: Project value of carbon stored in above and below ground live trees at the beginning of the year t (in metric tons CO₂) and t-1 signifies the value in the prior year.

$$\Delta C_{P,DEAD,t} = (C_{P,DEAD,t} - C_{P,DEAD,t-1}) \quad (12)$$

Where:

t: Time in years.

$\Delta C_{P,DEAD,t}$: Change in the Project carbon stock stored in dead wood (in metric tons CO₂) for year t.

$C_{P,DEAD,t}$: Project value of carbon stored in dead wood at the beginning of the year t (in metric tons CO₂) and t-1 signifies the value in the prior year.

$$GHG_{P,t} = BS_{P,t} * ER_{CH_4} * \frac{16}{44} * GWP_{CH_4} \quad (13)$$

Where:

t: Time in years.

$GHG_{P,t}$: Greenhouse gas emission (in metric tons CO₂e) resulting from the implementation of the project in year (t).

$BS_{P,t}$: Carbon stock (in metric tons CO₂) in logging slash burned in the project in year t.

ER_{CH_4} : Methane (CH₄) emission ratio (ratio of CO₂ as CH₄ to CO₂ burned). If local data on combustion efficiency is not available or if combustion efficiency cannot be estimated from fuel information, use IPCC default value¹⁷ of 0.012

16/44: Molar mass ratio of CH₄ to CO₂.

GWP_{CH_4} : 100-year global warming potential (in CO₂ per CH₄) for CH₄ (IPCC SAR-100 value of 21 per the Fourth Assessment Report)

$$\Delta C_{P,t} = \Delta C_{P,TREE,t} + \Delta C_{P,DEAD,t} + C_{P,HWP} - GHG_{P,t} \quad (14)$$

Where:

t: Time in years.

$\Delta C_{P,t}$: Change in the project carbon stock and GHG emissions (in metric tons CO₂e) for year t.

$\Delta C_{P,Tree,t}$: Change in the project carbon stock stored in above and below ground live trees (in metric tons CO₂) for year t.

$\Delta C_{P,DEAD,t}$: Change in the project carbon stock stored in dead wood (in metric tons CO₂) for year t.

$C_{P,HWP}$: Carbon remaining stored in wood products 100 years after harvest (in metric tons CO₂) for the project in year t.

$GHG_{P,t}$: Greenhouse gas emission (in metric tons CO₂e) resulting from the implementation of the project in year (t).

$$UNC_{P,t} = \frac{\sqrt{(C_{P,TREE,t} * \epsilon_{P,TREE})^2 + (C_{P,DEAD,t} * \epsilon_{P,DEAD})^2 + (C_{P,HWP,t} * \epsilon_{P,TREE})^2 + (GHG_{P,t} * \epsilon_{P,TREE})^2}}{C_{P,TREE,t} + C_{P,DEAD,t} + C_{P,HWP,t} + GHG_{P,t}} \quad (18)$$

Where:

- $UNC_{P,t}$: Percentage uncertainty in the combined carbon stocks in the project in year t.
- $C_{P,TREE,t}$: Carbon stock in the project stored in above and below ground live trees (in metric tons CO₂) in year t. $\Delta C_{BSL,Tree,t}$: Change in the baseline carbon stock stored in above and below ground live trees (in metric tons CO₂) for year t.
- $C_{P,DEAD,t}$: Carbon stock in the baseline stored in dead wood (in metric tons CO₂) in year t.
- $C_{P,HWP,t}$: Annual carbon (in metric tons CO₂) remaining stored in wood products in the project 100 years after harvest in year t.
- $GHG_{P,t}$: Greenhouse gas emission (in metric tons CO₂e) resulting from the implementation of the project in year t.
- $\epsilon_{P,TREE}$: Percentage uncertainty expressed as 90% confidence interval percentage of the mean of the carbon stock in above and below ground live trees (in metric tons CO₂) for the last remeasurement of the inventory prior to year t.
- $\epsilon_{P,DEAD}$: Percentage uncertainty expressed as 90% confidence interval percentage of the mean of the carbon stock in dead wood (in metric tons CO₂) for the last remeasurement of the inventory prior to year t.

$$UNC_t = \frac{\sqrt{(\Delta C_{BSL,t} * UNC_{BSL})^2 + (\Delta C_{P,t} * UNC_{P,t})^2}}{\Delta C_{BSL,t} + \Delta C_{P,t}} \quad (19)$$

Where:

- UNC_t : Total project uncertainty in year t, in %.
- $\Delta C_{BSL,t}$: Change in the baseline carbon stock and GHG emissions (in metric tons CO₂) for year t.
- UNC_{BSL} : Percentage uncertainty in the combined carbon stocks in the baseline.
- $C_{P,DEAD,t}$: Carbon stock in the baseline stored in dead wood (in metric tons CO₂) in year t.
- $C_{P,HWP,t}$: Annual carbon (in metric tons CO₂) remaining stored in wood products in the project 100 years after harvest in year t.
- $GHG_{P,t}$: Greenhouse gas emission (in metric tons CO₂e) resulting from the implementation of the project in year t.
- $\epsilon_{P,TREE}$: Percentage uncertainty expressed as 90% confidence interval percentage of the mean of the carbon stock in above and below ground live trees (in metric tons CO₂) for the last remeasurement of the inventory prior to year t.
- $\epsilon_{P,DEAD}$: Percentage uncertainty expressed as 90% confidence interval percentage of the mean of the carbon stock in dead wood (in metric tons CO₂) for the last remeasurement of the inventory prior to year t.

If calculated UNC in equation (19) is <10%, then UNC shall be considered 0% in equation (20).

$$C_{ACR,t} = (\Delta C_{P,t} - \Delta C_{BSL,t}) * (1 - LK) * (1 - UNC_t) * (1 - BUF) \quad (20)$$

Where:

- $C_{ACR,t}$: Annual net greenhouse gas emission reductions (in metric tons CO₂e) at time t.
- $\Delta C_{P,t}$: Change in the project carbon stock and GHG emissions (in metric tons CO₂e) for year t.
- $\Delta C_{BSL,t}$: Change in the baseline carbon stock (in metric tons CO₂) for year t.
- LK: Leakage discount.
- BUF: The non-permanence buffer deduction. BUF will be set to zero if an ACR approved insurance product is used.
- UNC_t : Total Project Uncertainty, (in %) for year t. UNC_t will be set to zero if the project meets ACR's precision requirement of within $\pm 10\%$ of the mean with 90% confidence. If the project does not meet this precision target, UNC_t should be the half-width of the confidence interval of calculated net GHG emission reductions.

Any negative project stock change ($C_{ACR,t}$) values from time t will carry over to the following year through a balance of negative emission reduction tons ($C_{NEG,t}$) which is calculated using equation 21.

$$C_{NEG,t} = C_{NEG,t-x} + C_{ACR,t} \quad (21)$$

Where:

- $C_{NEG,t}$: Negative balance of annual net greenhouse gas emission reductions (in metric tons CO₂e) at time t.
- $C_{NEG,t-x}$: Negative balance of annual net greenhouse gas emission reductions (in metric tons CO₂e) at the last valid verification report x years ago (time t-x).
- $C_{ACR,t}$: Annual net greenhouse gas emission reductions (in metric tons CO₂e) at time t.

If the value of $C_{NEG,t}$ is less than zero in any year prior to the end of the Crediting Period, ERT values are calculated using equation 22, otherwise equation 23 is used.

$$ERT_t = 0 \quad (22)$$

$$ERT_t = C_{NEG,t-x} + C_{ACR,t} \quad (23)$$

Where:

- ERT_t: Emission Reduction Tons issued with vintage year t.
- $C_{NEG,t-x}$: Negative balance of annual net greenhouse gas emission reductions (in metric tons CO₂e) at the last valid verification report x years ago (time t-x).
- $C_{ACR,t}$: Annual net greenhouse gas emission reductions (in metric tons CO₂e) at time t.

All of the data used for the project calculations above was made available to the audit team, and SCS confirmed the numbers by review of:

- HawkMountain_GHG_Plan_11_06_18.pdf
- Hawk_RP2_MonitoringReport_05_20_19.pdf
- HawkMountain_RP_ERT_HWP_5_20_19
- Annual-Project-Attestation_2019_signed.pdf
- The Nature Conservancy FSC CoC cert IN-2018-1.pdf
- HMS_Boundary_5_3_18.shp

SCS concludes that the Monitoring Report and GHG Project Plan sufficiently assessed the emission reductions and calculated them accurately and correctly.

4.3.4 Monitoring Plan

The monitoring parameters and the quantification approach employed by the Project Proponent in the baseline and project scenarios conform to the parameters and quantification methods required by the Methodology. SCS determined that the project team sufficiently documented and quantified each parameter. Bluesource monitored each parameter throughout the reporting period, and the resulting data was subsequently provided to the audit team.

Parameter	A ₁
Units	Acres
Description	Area of IFM Project
Methodology	Strata area figures adjusted based on stocking levels and species distribution
Equation #(s)	
Source of Data	GIS shape file derived from GPS coordinates
Measurement	

Parameter	T
Units	yr
Description	Number of years between monitoring time t and t1 ($T = t_2 - t_1$)
Methodology	
Equation #(s)	
Source of Data	Monitoring Reports
Measurement	Subtraction

Parameter	Diameter at breast height of tree
Units	Inches (to 1/10 th an inch)
Description	Tree diameter measure 4.5 feet above ground
Methodology	Measured with Loggers Tape or calipers
Equation #(s)	
Source of Data	Field measurement
Measurement	

Parameter	H
Units	Feet
Description	Height of tree
Methodology	Measured with clinometer or hypsometer
Equation #(s)	
Source of Data	Field measurement
Measurement	

Parameter	Decay Class
Units	
Description	Qualitative degree of decomposition
Methodology Section	Qualitative assessment of dead tree into 1 of 4 decay classes based on class descriptions
Equation #(s)	
Source of Data	Field measurement
Measurement	

Parameter	Tree Live/Dead Status
Units	
Description	Live or Dead
Methodology	Measured per the Hawk Mountain Carbon Plot Methodology
Equation #(s)	
Source of Data	Field measurement
Measurement	

Parameter	Defect
Units	
Description	Qualitative percent of missing biomass
Methodology Section	Qualitative assessment of tree assessed by thirds for the % missing biomass from each third. Post-inventory weighting conducted for each third of tree (Bottom 65%, Middle 25%, Top 10%)
Equation #(s)	
Source of Data	Field measurement
Measurement	

Parameter	Species Composition
Units	%
Description	Spp composition as a percentage of basal area
Methodology	Derived from the basal area calculations in the inventory data.
Equation #(s)	
Source of Data	Calculation of project emissions.
Measurement	

Parameter	Harvest Wood Products
Units	Metrics tons CO ₂
Description	Carbon remaining in stored wood products 100 years after harvest for the project in year t.
Methodology Section	Wood volumes harvested will be monitored using American Forest Management's internal recordation system.
Equation #(s)	
Source of Data	Field measurement
Measurement	
Parameter	Forest Carbon
Units	Metrics tons of CO ₂
Description	Carbon stores in above and below ground live trees at the beginning of the year t
Methodology	Consistent with Hawk Mountain Carbon Plot Methodology.docx
Equation #(s)	
Source of Data	Calculation of project emissions.
Measurement	

4.3.5 Verification Body Data checks

The audit team assessed the Project Proponent's emission reduction calculation inputs and procedures to convert the raw inventory data into emission reduction estimates. This review included a detailed look at the Project's data aggregation and processing procedures, recordkeeping and data storage, and the quality control and assurance procedures. Additionally, the audit team conducted interviews with relevant personnel involved in these activities.

4.3.6 Parameters Monitored

SCS devoted a portion of the verification assessment to the review of the manner and by which net GHG reductions and removals were quantified. This assessment included a review of project assumptions, raw data inputs and accuracy of calculations. The formulas and raw data inputs used to determine emission reduction calculations as described in the methodology and the calculation spreadsheets were first reviewed for compliance. The main parameters were verified via independent re-quantification and are listed in sections 4.3.1 and 4.3.3 of this report. In some cases, a random sample was selected as all of the data could not be examined during verification services.

Emission Reductions

The audit team verified that the Project Proponent used the appropriate emissions factors and GWP's to calculate total emission reductions, which is adherent to the ACR Methodology. The team recalculated the final emission reductions and confirmed that they are without material discrepancy.

The ERT's associated with the second reporting period are reported in the ERT workbook and are verified by the verification team are as follows:

- 46,175 tCO₂e (Emissions reductions at the end of the current reporting period without risk buffer deductions)
- 37,402 tCO₂e (Emissions reductions at the end of the current reporting period including risk buffer deductions)
- 8,773 t CO₂e Risk buffer contribution
- 30,784 t CO₂e Leakage deduction

Variations or Deviations

For this reporting period, there were no variances or deviations

Materiality

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

$$\% \text{ Error} = \frac{(37,416 - 37,402)}{37,416} * 100 = \frac{-14}{37,416} * 100 = -0.04\%$$

5 Verification Conclusion

The audit team affirms with a reasonable level of assurance that the Blue Source – Hawk Mountain Improved Forest Management Project has been designed and, for the duration of the reporting period 17 March 2018 to 16 March 2019, implemented in accordance with the verification criteria, as set out in the documents referenced in Section 2.2 above.

On the basis of the information made available SCS and the analyses completed during the verification, SCS was able to reach a positive opinion, with a reasonable level of assurance, that the emission reductions represented by the Project Proponent during the monitoring period of 17 March 2018 to 16 March 2019 are free from material misstatement and in conformance with the assessment criteria.

The following provides a summary of the verification results:

Reporting Period	Baseline Emissions tCO ₂ e	Project Emissions tCO ₂ e	Net GHG Emission Reductions tCO ₂ e
17 March 2018 to 16 March 2019	-72,180	4,779	37,402

Note: final numbers are rounded for simplicity.

Lead Verifier's Approval	 Michael Hoe, 11 July 2019
Technical Reviewer's Approval	 Letty Brown, 11 July 2019

Appendix A: SCS Certification Mark

Congratulations on receiving a positive verification for the Blue Source – Hawk Mountain Improved Forest Management Project. Your project is now eligible to use the SCS Kingfisher Certification Mark B for Carbon Offset Project Verification, as represented on the cover page of this verification report. The SCS Kingfisher Certification Mark increases the recognition of your achievements with your verification carbon offset project.

Please refer to the *SCS Kingfisher Certification Mark Labeling and Language Guide: Mark B* provided to you by the GHG Verification Program staff for more information about your Mark and usage. Should you have any additional questions regarding your Mark, use, messaging, or other marketing opportunities, please contact the GHG Verification Team or SCS Marketing Staff at NRmarcom@scsglobalservices.com.

Appendix B: List of Documents Reviewed During Audit Proceedings

RP2 Documents

- HawkMountain_GHG_Plan_11_06_18.pdf
- Annual-Project-Attestation_2019_signed.pdf
- The Nature Conservancy FSC CoC cert IN-2018-1.pdf

RP2 Workbooks

- HawkMountain_RP_ERT_HWP_5_20_19.xls

GIS Data

- HMS_Boundary_5_3_18.shp

Appendix C: List of Findings

Please see Section 3.6 above for a description of the findings issuance process and the categories of findings issued. It should be noted that all language under “Client Response” is a verbatim transcription of responses provided to the findings by project personnel.

NCR 1 Dated 10 May 2019

Standard Reference: Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal Forestlands, Version 1.3

Document Reference: Hawk_RP2_MonitoringReport_04_09_19.pdf

Finding: "The American Carbon Registry (ACR) requires that a Project Monitoring Report be provided to the verification body at each Project verification. To facilitate this requirement, use of this Monitoring Report template is required. Please follow all instructions found within each section and provide all requested information."

Upon review of the Monitoring Report: Section VI(1) - Baseline Emissions the audit team found that the client is providing the estimated total Baseline Carbon Stocks as of the current reporting period, rather than, the net GHG reductions and removals in the Baseline Scenario. Please update the Monitoring Report to include the Baseline Emissions rather than the total Baseline carbon stocks as of the end of the current reporting period. Refer to Section C3 of the ACR methodology for more details.

Project Personnel Response: The net GHG emissions in the Baseline Scenario is now reported as -72,180 t CO₂e. This has been adjusted in the Monitoring Report.

Auditor Response: As a result of this finding, the Baseline Emissions reported in the Monitoring Report was updated and is now reported as -72,180 t CO₂e, as required. This finding is now closed.

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

NCR 1 Dated 10 May 2019

Standard Reference: Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal Forestlands, Version 1.3

Document Reference: Hawk_RP2_MonitoringReport_04_09_19.pdf

Finding: "The American Carbon Registry (ACR) requires that a Project Monitoring Report be provided to the verification body at each Project verification. To facilitate this requirement, use of this Monitoring Report template is required. Please follow all instructions found within each section and provide all requested information."

Upon review of the Monitoring Report: Section VI(2) - Project Emissions the audit team found that the client is providing the estimated total Project Carbon Stocks as of the end of the current reporting period, rather than, the net GHG reductions and removals in the Project Scenario. Please update the Monitoring Report to include the Project Emissions rather than the total Project carbon stocks as of the end of the current reporting period. Refer to Section D5 of the ACR methodology for more details.

Project Personnel Response: The net GHG reductions in the Project Scenario is now reported as 4,779 t CO₂e. This has been adjusted in the Monitoring Report.

Auditor Response: As a result of this finding the Project GHG reductions reported in the Monitoring Report was updated and is now reported as 4,779 t CO₂e, as required. This finding is now closed.

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

NIR 3 Dated 10 May 2019

Standard Reference: Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal Forestlands, Version 1.3

Document Reference: Hawk_RP2_MonitoringReport_04_09_19.pdf

Finding: "The American Carbon Registry (ACR) requires that a Project Monitoring Report be provided to the verification body at each Project verification. To facilitate this requirement, use of this Monitoring Report template is required. Please follow all instructions found within each section and provide all requested information."

Upon review of the Monitoring Report: Section VI(1) - Baseline Emissions the audit team found that the client is providing the estimated total Baseline Carbon Stocks as of the current reporting period. In addition, the value of 303,033 t CO₂e for the total Baseline Carbon stocks is not consistent with the ERT workbook provided which reports values of 300,230 t CO₂e. Please explain why the values within the ERT workbook and those within the Monitoring Report do not match.

Project Personnel Response: The total stocks in the baseline have been corrected to 300,230 t CO₂e in the Monitoring Report.

Auditor Response: As a result of this finding, the client corrected the value in the Monitoring Report and is now reporting a value of 300,230 which is consistent with the ERT workbook which includes the relevant calculations. This finding is now closed.

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

OBS 4 Dated 10 Jun 2019**Standard Reference:** ACR Standard 5.0**Document Reference:**

Finding: Section A.7.2 of the ACR Standard states "At each interval that the Project Proponent requests issuance of ERTs (usually annually, but may be more or less frequent), the Project Proponent shall submit a verification statement that is the product of a desk-based audit by an ACR-approved verifier. If applicable, this audit may use satellite or other aerial imagery, or other means acceptable to the verifier, to verify project continuance and boundaries. " However, during the assessment of the Project Area Boundaries and un-reported harvests/disturbances, the audit team was unable to obtain remotely sensed data for the given reporting period (17 March 2018 to 16 March 2019). A reasonable level of assurance was reached with regards to this requirement, however, an observation is noted here to memorialize our findings. This OBS has been closed upon issuance.

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