VERIFICATION REPORT

American Carbon Registry

Winston Creek Forest Carbon Project

Reporting Period:
1 September 2017 to 31 August 2019

Prepared for:

Port Blakely

17 September 2020

Prepared by:
Michael Hoe | **Lead Auditor**
Greenhouse Gas Verification Program
+1.510.452.8000
MHoe@SCSGlobalServices.com

SCSglobal SERVICES
Setting the standard for sustainability™
2000 Powell Street, Ste. 600, Emeryville, CA 94608 USA
+1.510.452.8000 main | +1.510.452.8001 fax
www.SCSglobalServices.com

Project Title	Winston Creek Forest Carbon Project
Client	Port Blakely
Prepared By	SCS Global Services
Date of Issue	17 September 2020
Contact	2000 Powell Street, Suite 600, Emeryville, CA 94608, USA http://www.scsglobalservices.com Email: CPollet-Young@scsglobalservices.com Telephone: +1 (510) 452-8000
Audit Team	Lead Auditor: Michael Hoe Auditor: Alexa Dugan Internal Reviewer: James Cwiklik

Executive Summary

This report describes the verification services provided for the Winston Creek Forest Carbon Project ("the project"), an Improved Forest Management (IFM) project located in Washington state, that was conducted by SCS Global Services. The overall goal of the verification engagement was to review impartially objectively the claimed GHG emission reductions/removal enhancements for the reporting period from 1 September 2017 to 31 August 2019 against relevant ACR standards and the approved methodology. The verification engagement was carried out through a combination of document review and interviews with relevant personnel. As part of the verification engagement 3 findings were raised: 0 Non-Conformity Reports, 3 New Information Requests and 0 Observations. These findings are described in Appendix A of this report. The project complies with the verification criteria, and SCS holds no restrictions or uncertainties with respect to the compliance of the project with the verification criteria.

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1 Introduction

1.1 About SCS Global Services

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

SCS' Greenhouse Gas (GHG) Verification Program has been verifying carbon offsets since 2008 and to date has verified over 250 million tonnes of CO2e, providing GHG verification services to a wide array of industries including manufacturing, transportation, municipalities, and non-profit organizations. The GHG Verification Program draws upon SCS's established expertise to serve the global carbon market.

1.2 Objectives

The overall goal of third-party verification was to review impartially and objectively the claimed GHG emission reductions/removal enhancements against relevant ACR standards and the approved methodology. SCS independently evaluated the GHG assertion, based on supporting evidence and GHG verification best practice. The objectives of verification were to evaluate

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

SCS reviewed the GHG project plan, GHG assertion, and any additional relevant documentation provided by the client to determine

- That the reported emissions reductions and/or removal enhancements are real.
- Degree of confidence in and completeness of the GHG assertion.
- That project implementation was consistent with the GHG project plan.
- Eligibility for registration on ACR.
- Sources and magnitude of potential errors, omissions, and misrepresentations, including the
    - Inherent risk of material misstatement.
    - Risk that the existing controls of the GHG project would not have prevented or detected a material misstatement.

1.3 Scope

Verification included examination of some or all of the following elements of the GHG project plan:

- Physical infrastructure, activities, technologies, and processes of the GHG project
- GHG SSRs within the project boundary
- Temporal boundary
- Baseline scenarios
- Methods and calculations used to generate estimates of emissions and emission reductions/removal enhancements
- Original underlying data and documentation as relevant and required to evaluate the GHG assertion
- Process information, source identification/counts, and operational details
- Data management systems
- Roles and responsibilities of project participants or client staff
- QA/QC procedures and results
- Processes for and results from uncertainty assessments
- Project-specific conformance to ACR eligibility criteria

SCS examined the reported data, quantification methodologies, calculation spread-sheets or databases, source data, project data management systems, data quality controls in place, measurement and monitoring systems, and records pertaining to emissions quantification. Calculation and error checks, interviews with project participants, an iterative risk assessment, sampling plan, and audit checklist were performed to the extent necessary for SCS to develop an understanding of how data are collected, handled, and stored for a specific project.

1.4 Verification Criteria

The verification criteria were comprised of the following:

- ACR Standard, Version 4.0 (January 2015)
- Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal Forestlands, Version 1.2, December 2016 (“the methodology”)
- ACR Forest Project Carbon Standard, Version, Version 2.1
- ACR Tool for Risk Analysis and Buffer Determination, Version 1.0

1.5 Level of Assurance

The level of assurance was reasonable.

1.6 Treatment of Materiality

For verification purposes, it was required that discrepancies between the emission reductions/removal enhancements claimed by the project proponent and estimated by SCS be immaterial, i.e. be less than ACR's materiality threshold of ±5%, as calculated according to the equation in the ACR Standard.

1.7 Summary Description of the Project

The project is in western Washington state. It is about 10 miles southwest of the town of Morton and about 20 miles northwest of Mount St. Helens. The Project Area boundary contains about 10,088 acres classified as commercial forestland. 100 percent of the project area (10,088 acres) is forestland.

The purpose of this improved forest management carbon project is to increase the forest carbon stocks during the project period by extending the rotation age of the standing timber. This will be accomplished by harvesting less timber volume as compared to growth over the project period.

2 Assessment Process

2.1 Method and Criteria

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

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

2.2 Document Review

The monitoring report (version 2.0 dated 27 April 2020; "MR") were carefully reviewed for conformance to the verification criteria. The following provides a list of additional documentation, provided by project personnel in support of the aforementioned documents, that was reviewed by the audit team.

Documentation Reviewed During the Course of Verification Activities		
Document	**File Name**	**Ref.**
Monitoring Report	Winston Creek_RP2 monitoring report_v3_05Sept2020.pdf	1
ERT workbook	Appendix A_ACR_ERT worksheet_v3_05Sept2020.xls	2
2018 Harvest	2018_CarbonActivity_Reporting_20170109_20183108.xls	3

2019 Harvest	2019_CarbonActivity_Reporting_20180109_20193108.xls	4
Harvest Summary	HarvestUnit_BySpeciesRP2_YR1_TR2.xls	5
Modeling Files and Calculations	PBWC_Project_2019.GMS	6
Modeling update description	Modeling Updates for PBWC RP2.doc	7
Explanation of modeling formulae	PBWC_LP Formual Explaination.doc	8
Explanation of linear program and optimization (NPV)	PBWC_ACR_LP_Model.doc	9
Biomass reduction: 2018	2017-2018 Carbon Report For Winston Creek_Burn Piles.xls	10
Biomass reduction: 2019	2018-2019_Carbon_Report_Winston Creek_Burn_Piles.xls	11
Regulatory Compliance Attestation	Port Blakely_Winston Creek Attestation_2017.pdf	12
Regulatory Compliance Attestation	Port Blakely_Winston Creek Attestation_2018.pdf	13
Reversal Risk Mitigation Agreemnet	Port Blakely_ACR AFOLU Carbon Project Reversal Risk Mitigation Agreement 2018	14

2.3 Interviews

2.3.1 Interviews of Project Personnel

The process used in interviewing project personnel was a process wherein the audit team elicited information from project personnel regarding (1) the work products provided to the audit team in support of the MR; (2) actions undertaken to ensure conformance with various requirements and (3) implementation status of the project activities. The following provides a list of personnel associated with the project proponent who were interviewed.

Interview Log: Individuals Associated with Project Proponent			
Individual	**Affiliation**	**Role**	**Date(s) Interviewed**
Teresa Loo	Port Blakely	Project proponent	6 December 2019; opening meeting
David Ford	L&C Carbon	Project consultant	Throughout the audit

2.3.2 Interviews of Other Individuals

The process used in interviewing individuals other than project personnel was a process wherein the audit team made inquiries to confirm the validity of the information provided to the audit team. The following personnel not associated with the project proponent. The following provides a list of individuals not associated with the project proponent who were interviewed.

Interview Log: Individuals Not Associated with Project Proponent

Individual	Affiliation	Role	Date(s) Interviewed
Greg Latta	Latta Forestry	Sub-contractor to L&C Carbon – carbon project modeling	16 January 2020 and 8 April 2020

2.4 Site Inspections

No on-site inspections were conducted as part of the verification services.

2.5 Resolution of Findings

Any potential or actual discrepancies identified during the audit process were resolved through the issuance of findings. The types of findings typically issued by SCS during this type of verification engagement are characterized as follows:

- Non-Conformity Report (NCR): An NCR signified a discrepancy with respect to a specific requirement. This type of finding could only be closed upon receipt by SCS of evidence indicating that the identified discrepancy had been corrected. Resolution of all open NCRs was a prerequisite for issuance of a verification statement.
- New Information Request (NIR): An NIR signified a need for supplementary information in order to determine whether a material discrepancy existed with respect to a specific requirement. Receipt of an NIR did not necessarily indicate that the project was not in compliance with a specific requirement. However, resolution of all open NIRs was a prerequisite for issuance of a verification statement.
- Observation (OBS): An OBS indicates an area where immaterial discrepancies exist between the observations, data testing results or professional judgment of the audit team and the information reported or utilized (or the methods used to acquire such information) within the GHG assertion. A root cause analysis and corrective action plan are not required, but highly recommended. Observations are considered by the audit team to be closed upon issuance, and a response to this type of finding is not necessary.

As part of the audit process, 0 NCRs, 3 NIRs and 0 OBS were issued. All findings issued by the audit team during the audit process have been closed. All findings issued during the audit process, and the impetus for the closure of each such finding, are described in Appendix A of this report.

2.6 Techniques and Processes Used to Test the GHG Information and GHG Assertion

The audit team reviewed the following data process(s) via independent re-quantification and vouching of data sources.

- Changes to baseline modeling due to an update to FVS Organon Variant
- Checks for un-reported disturbances or harvest (remotely sensed data)

- Quantification assessment of:
  - Risk calculation
  - Reported ERTs
  - Depletion / Harvest
  - Biomass burning
  - Materiality threshold
- Documentation assessment of:
  - Regulatory compliance
  - Reporting and consistency
  - Transparency

3 Verification Findings

3.1 Results of Quantitative Uncertainty Assessment

The audit team independently verified that the quantification of uncertainty is in compliance with the methodology. The results can be see in workbook "ACR_PB_WinstonCreek_RP2-3_ProjectRecalc_V1-0_022620.xls" in folder \RP2-RP3\Notes&Calcs\DataChecks\Project.

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

The audit team independently confirmed that the quantification methodology is in compliance, the data sets remain consistent, and the sources are reliable.

3.3 Basis of Data and Information Supporting the GHG Assertion

The following table indicates whether the data and information supporting the GHG assertion were based on assumptions and industry defaults, future projections, and/or actual historical records.

Assumptions and Industry Defaults	☐
Future Projections	☒
Actual Historical Records	☒

3.4 Leakage Assessment

The leakage value of 40% remains unchanged and was previously validated and verified during the first reporting period.

3.5 Risk Assessment

The reported value of the total risk score, as determined based on the risk analysis documented in the PP and MR, was 18%. The audit team performed a complete review of the risk assessment against the requirements of the ACR Tool for Risk Analysis and Buffer Determination. The audit team concludes that the assignment of risk scores is appropriate and in conformance to the ACR Tool for Risk Analysis and Buffer Determination. A more detailed review of the audit team's conclusions may be found below.

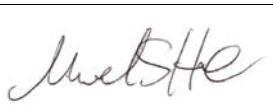
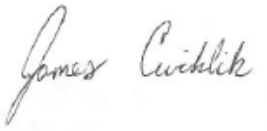
Actions Undertaken to Evaluate Whether the Risk Assessment Has Been Conducted Correctly		
Risk Category	**Value Selected**	**Verification Activities**
A	4%	Confirmation, through document review, that project is not located on public or tribal lands
B	4%	Confirmation, through document review, that project is not located on public or tribal lands
C	2%	Confirmation, through document review, that the project is not located outside the United States
D	0%	Conservation Easement Deduction set to 0. This is more conservative.
E	2%	Confirmation, through discussions and review of relevant evidence (documentation or references), that the project is located in a low fire risk region
F	4%	Default Disease and Pest deduction
G	2%	Confirmation, through document review, that project is not a wetland project or a forest project where more than 60% of the project area is not a forested wetland
H	2%	Confirmation that default value has been applied in the risk assessment calculation

4 Conclusion

The audit team asserts, with no qualifications or limitations, that the GHG assertion and reported GHG emission reductions or removal enhancements as set out below conform to the verification criteria and are without material discrepancy, as defined by the ACR.

Reported Greenhouse Gas Emission Reductions or Removal Enhancements			
Reporting Period	**Vintage**	**Period**	**Emission Reductions/Removal Enhancements (tCO2e)**
2	2017	1 September 2017 to 31 December 2017	58,964
2	2018	1 January 2018 to 31 December 2018	176,893

2	2019	1 January 2019 to 31 August 2019	117,928

Lead Auditor Approval	 Michael Hoe, 17 September 2020
Internal Reviewer Approval	 James Cwiklik, 17 September 2020

Appendix A: List of Findings

Please see Section 2.5 above for a description of the findings issuance process and the categories of findings issued. It should be noted that all language under "Project Personnel Response" is a verbatim transcription of responses provided to the findings by project personnel.

NIR 1 Dated 16 Mar 2020
Standard Reference: American Carbon Registry, version 4.0
Document Reference: Appendix A_ACR_ERT worksheet_ 31Oct2019.xl
Finding: The standard states that "The Project Proponent shall reduce, as far as is practical, uncertainties related to the quantifica-tion of GHG emission reductions or removal enhancements."

The client reported the RP2 project live tree CO2 as 1,818,095 in cell H26 in the Winston_Creek_ACR worksheet. RP2 covers the period from 9/1/17 to 8/31/19. However this live tree CO2 value used for RP2 originates from cell F18 in the Winston_Creek_Harvest_Schedule worksheet, which corresponds to the year 2020. Likewise, the live tree CO2 reported for the project for RP1 (4/17/17-8/31/17), cell F26 in the Winston_Creek_ACR worksheet, originates from cell D18 in the Winston_Creek_Harvest_Schedule worksheet, which corresponds to the year 2018.

Conversely, for harvested wood carbon, the CO2 removals for softwood and hardwood for 2018 and 2019 (sheet Winston_Creek_Harvest_Schedule, cells D21:E24) are used to calculate the RP2 HWP CO2.

The audit team requests more information as to why, the 2020 live tree CO2 value from the model was applied to RP2, while the 2018 and 2019 HWP CO2 values from the model were applied to RP2.
Project Personnel Response: Column "F" in the "Winston_Creek_Harvest _Schedule" worksheet was mis-labeled. The label was corrected to state "2019 RP2-Year 2" in the revised "Appendix A_ACR_ERT_worksheet_v2_27Apr2020". Thus, the RP2 project live tree CO2 of 1,818,095 reported in cell H26 in the "Winston Creek ACR" worksheet is the correct value.
The harvest mbf value reported in cell D20 of the "Winston_Creek_Harvest_Schedule" was the actual harvest volume for the period 9/1/2017 through 8/31/2018 (the first 12 months of RP2).
The harvest mbf value reported in cell E20 of the "Winston_Creek_Harvest_Schedule" was the actual harvest volume for the period 9/1/2018 through 8/31/2019 (the second 12 months of RP2).
These MBF values were used to calculate the CO2 removals in cells D21:E24 and subsequently the 24-month HWP project value in cell G28 in the "Winston_Creek_ACR" worksheet.
Note: no harvest occurred during the initial reporting period.
Auditor Response: As a result of this finding, the client provided additional information and clarification on the method(s) used when modeling carbon stocks over time. Subsequently, a remote discussion was held on 8 April 2020 to review said information providing the audit team with the necessary information. Ultimately, the audit team found no issues and confirmed that the method discussed is consistent with the workbooks and modeling files. Therefore, this finding has been closed.
Bearing on Material Misstatement or Conformance (M/C/NA): M/C

NIR 2 Dated 16 Mar 2020
Standard Reference: Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, Version 1.2

Document Reference: Appendix A_ACR_ERT worksheet_ 31Oct2019.xls
Finding: The methodology states that "Baseline carbon stock change must be calculated for the entire Crediting Period. The baseline stocking level used for the stock change calculation is derived from the baseline management scenario developed in section C1. This methodology requires 1) annual baseline stocking levels to be determined for the entire Crediting Period, 2) a long-term average baseline stocking level be calculated for the Crediting Period, and 3) the change in baseline carbon stocks be computed for each time period, t."

The baseline periods for which the stocking levels were calculated have changed between the first and second reporting periods. For instance, the RP2 calculations workbook indicates that t=2 is 2019. However in the RP1 calculations workbook, time period t=3 is 2019. The baseline stocking levels reported for 2019 differ between the two reporting period. The audit team requests additional clarity and information on the time periods and stocking levels for the baseline.
Project Personnel Response: The reason the calculated stocking levels changed between the first and second reporting periods is the because the second reporting period covers 24 months - two annual periods, thus cells G19 and G21 in the "Winston_Creek_ACR" worksheet cover a two-year period. Note: the "Winston_Creek_Harvest_Schedule" is calculated on 12-month basis to more accurately reflect project activity - harvest and then grow the trees for a year and then harvest and grow the trees for another year.
Auditor Response: As a result of this finding, the client provided additional information and clarification on the method(s) used when modeling carbon stocks over time. Subsequently, a remote discussion was held on 8 April 2020 to review said information providing the audit team with the necessary information. Ultimately, the audit team found no issues and confirmed that the method discussed is consistent with the workbooks and modeling files. Therefore, this finding has been closed.
Bearing on Material Misstatement or Conformance (M/C/NA): M/C

NIR 3 Dated 8 Apr 2020
Standard Reference: ACR Guidance
Document Reference: Winston Creek_RP2 monitoring report_31October2019; Appendix A_ACR_ERT worksheet_31Oct2019
Finding: During the review of the ERT workbook and Monitoring Plan, the audit team identified that the ERTs are not being reported by Vintage Year. In addition, the Project Emissions Reductions/Removals reported on the APX (ACR Registry) website are not reported by Vintage Year. As we understand it, ACR is now requireing that all Projects report ERTs by Vintage Year and a formal Errata and Clarification will be issued for IFM Methodology version 1.3. This will impact projects that use previous version of the Standard who wish to be CORSIA-eligible. Given the above, please provide an indication as to whether you wish to revise the reported ERTs to be in accordance with the new requirements.
Project Personnel Response: Port Blakely will maintain this project as CORSIA-eligible, so it is reporting ERTs by vintage year during this reporting period. The reporting period included 4 months in 2017, 12 months in 2018 and 8 months in 2019. Thus, the ERTS are reported according to the number of months within each year of the reporting period.
2017 – 76,396 mt CO2 - (458,375*(4/24)
2018 – 229,188 mt CO2- (458,375*(12/24)
2019 – 152,792 mt CO2- (458,375*(8/24)
The Monitoring Report and Appendix A have been revised to show the ERTs by calendar year for the reporting period.
In addition, I will revise the ACR Emissions Record to allocate the ERTs into the correct vintage year.

Auditor Response: As a result of this finding, the client revised the Monitoring Report to report ERTs by Vintage Year for this reporting period. Therefore, this finding has been closed.
Bearing on Material Misstatement or Conformance (M/C/NA): NA

NCR 4 Dated 17 Sep 2020
Standard Reference: Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, Version 1.2

Document Reference: Appendix A_ACR_ERT worksheet_v2_27Apr2020
Finding: During ACR's review of the project documentation and quantification, an error was identified in Cell H24 which incorrectly calculates deltaC baseline for RP2 by including the modeled HWPs rather than the 20-year average HWPs. This was discussed on a phone call with the project developer, who is making progress towards fixing the issue. Once new calculations are prepared, they will require third-party verification. We open this issue to track progress towards resolution.
Project Personnel Response: The Project Proponent has revised the ERT worksheet to limit the deltaC baseline value to the difference between the starting baseline stocks and the 20-year average baseline stocks through the time period that t = T. See ACR email from Andrew Taylor to David Ford and Teresa Loo dated September 2, 2020 (3:55 PM). The Project Proponent has also revised the RP2 Monitoring Report to reflect this change in ERT issuance.
Auditor Response: The revised calculation worksheet and Monitoring Report address this calculation error and provide the correct number of ERTs. Issue closed.
Bearing on Material Misstatement or Conformance (M/C/NA): M/C