

VALIDATION AND VERIFICATION REPORT

American Carbon Registry

ACR590: Bluesource – Blue Ridge Escarpment Improved Forest Management Project

Reporting Period:

13 August 2020 to 12 August 2021

Prepared for:

Bluesource, LLC

18 May 2022



AMERICAN CARBON REGISTRY

Prepared by:

Alexa Dugan | Lead Auditor

Greenhouse Gas Verification Program

+1.510.452.8000

FEaton@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	Bluesource – Blue Ridge Escarpment Improved Forest Management Project
Client	Bluesource LLC
Prepared By	SCS Global Services
Date of Issue	18 May 2022
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: Alexa Dugan Auditor: Michael Hoe, Doug Baldwin, Carolin Stark Internal Reviewer: James Cwiklik

Executive Summary

This report describes the validation and initial verification services provided for the Blue Ridges Escarpment project (“the project”), an Improved Forest Management project located in the Blue Ridge mountains of upstate South Carolina USA, that was conducted by SCS Global Services and commenced on 21 August 2021. The overall goal of the validation engagement was to review impartially and objectively the GHG project plan against the requirements laid out in the ACR Standard and relevant methodology. The overall goal of the verification engagement was to review impartially objectively the claimed GHG emission reductions/removal enhancements, by the project proponent Naturaland Trust, for the reporting period from 13 August 2020 to 12 August 2021 against relevant ACR standards and the approved methodology. The validation and verification engagements were carried out through a combination of document review, interviews with relevant personnel and on-site inspections. As part of the validation and verification engagements 15 findings were raised: 1 Non-Conformity Reports and 14 New Information Requests. These findings are described in Appendix A of this report. The project complies with the validation and verification criteria, and SCS holds no restrictions or uncertainties with respect to the compliance of the project with the validation and verification criteria.

Table of Contents

1	Introduction	1
1.1	About SCS Global Services	1
1.2	Objectives.....	1
1.3	Scope.....	2
1.4	Validation and Verification Criteria.....	3
1.5	Level of Assurance	3
1.6	Treatment of Materiality	4
1.7	Summary Description of the Project.....	5
2	Assessment Process.....	5
2.1	Method and Criteria.....	5
2.2	Document Review	5
2.3	Interviews.....	6
2.4	Site Inspections	7
2.5	Resolution of Findings.....	8
2.6	Techniques and Processes Used to Test the GHG Information and GHG Assertion	9
3	Validation Findings	9
3.1	Project Boundary and Activities.....	9
3.2	Description of and Justification for the Baseline Scenario	11
3.3	Project-Specific Conformance to ACR Eligibility Criteria	11
3.4	Demonstration of Additionality	12
3.5	Processes for Emission Reductions/Removal Enhancements Quantification	17
4	Verification Findings.....	19
4.1	Results of Quantitative Uncertainty Assessment	19
4.2	Analysis of the Quantification Methodologies and Applicable Data Sets and Sources.....	20
4.3	Basis of Data and Information Supporting the GHG Assertion.....	21
4.4	Leakage Assessment	21
4.5	Risk Assessment	22
5	Conclusion.....	23
	Appendix A: List of Findings	25

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

1.2.1 Validation Objectives

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

The objectives of validation were to evaluate

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

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

1.2.2 Verification Objectives

The overall goal of third-party verification was to review impartially and objectively the claimed GHG emission reductions/removal enhancements against relevant ACR standards and the approved

methodology. SCS independently evaluated the GHG assertion, based on supporting evidence and GHG verification best practice. The objectives of verification were to evaluate

- Reported GHG baseline, project emissions and emission reductions/removal enhancements, leakage assessment, and impermanence risk assessment and mitigation (if applicable).

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

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

1.3 Scope

1.3.1 Scope of Validation

The validation included examination of all of the following elements of the GHG project plan:

- Project boundary and procedures for establishing the project boundary
- Physical infrastructure, activities, technologies, and processes of the project
- GHGs, sources, and sinks within the project boundary
- Temporal boundary
- Description of and justification for the baseline scenario
- Methodologies, algorithms, and calculations that will be used to generate estimates of emissions and emission reductions/removal enhancements
- Process information, source identification/counts, and operational details
- Data management systems
- QA/QC procedures
- Processes for uncertainty assessments
- Project-specific conformance to ACR eligibility criteria

1.3.2 Scope of Verification

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

- Physical infrastructure, activities, technologies, and processes of the GHG project

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

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

Finally, as a full verification, the verification services included a field visit to the project site in order to verify

- Carbon stock measurements, as SCS is required to provide a reasonable level of assurance that the GHG assertion is without material discrepancy (per ACR's materiality threshold of $\pm 5\%$).
- The assessment of the risk of reversal and the buffer contribution.

1.4 Validation and Verification Criteria

The validation and verification criteria were comprised of the following:

- ACR Standard, Version 6.0
- Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, Version 1.3 ("the methodology")
- ACR Tool for Risk Analysis and Buffer Determination, Version 1.0
- Improved Forest Management V1.3- Errata & Clarification

SCS will perform assessment services to meet the requirements of:

- ACR Validation and Verification Standard, Version 1.1 (May 2018)
- ISO 14064-3:2006, Greenhouse Gases – Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions

1.5 Level of Assurance

The level of assurance was reasonable.

1.6 Treatment of Materiality

For validation purposes, a material misstatement was declared if any of the following circumstances were detected:

- The physical or geographic boundary of the GHG project plan was not reasonably accurate.
- In respect of the project baseline,
 - The procedures for determining baseline emissions were not technically sound.
 - Data representative of the operations and activities had not been used, either from a single year or a multi-year average.
 - The baseline scenario chosen was not one for which verifiable data are available.
- In respect of the quantification methodology,
 - The quantification method for each data type was not clearly defined, and/or the degree of supporting documentation provided was inadequate to support a reasonable level of assurance.
 - Methods were not appropriate for accurately quantifying each data type:
 - Activity data had not been correctly applied from the original documentation.
 - The most accurate activity data readily available had not been used.
 - The quantification methodology did not account for all variations in activity data over the relevant crediting period.
 - Any emission factors used did not meet the requirements of the approved methodology and/or are not appropriate to the activity.
 - Any emission factors used had not been correctly applied from the original documentation to the relevant activity data.
 - The most appropriate factors readily available had not been selected.
 - Where there was a choice among equally defensible emission factors, the principle of conservativeness had not informed the choice of emission factors.
 - Methods were not applied consistently to develop estimates of emission reductions and removal enhancements.
 - The ISO principle of conservativeness was not applied; i.e., the choice of assumptions, calculation methods, parameters, data sources, and emission factors was not more

likely to lead to an underestimation than overestimation of net GHG emission reductions and removal enhancements.

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

1.7 Summary Description of the Project

The project is located in the southern hardwood and pine forests in the Blue Ridge mountains of upstate South Carolina and is aimed at enhancing carbon sequestration and sustainable management of the forest. The project spans several parcels that are owned and managed by The Naturaland Trust, the project proponent. Management decisions focus on natural forest growth and maintenance harvests for essential activities, recreation, water resources, wildlife habitat and forest health.

2 Assessment Process

2.1 Method and Criteria

The validation and verification services which began on 21 August 2021 were provided through a combination of document review, interviews with relevant personnel and on-site inspections, as discussed in Sections 2.2 through 2.4 of this report. At all times, an assessment was made for conformance to the criteria described in Section 1.2 of this report. As discussed in Section 2.5 of this report, findings were issued to ensure conformance to all requirements.

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

2.2 Document Review

The GHG project plan (BlueRidge_GHG_Plan_5_16_22.pdf; "PP") and monitoring report (BlueridgeEscarpment_RP1_MonitoringReport_05_16_22.pdf; "MR") were carefully reviewed for conformance to the validation and verification criteria. The following provides a list of additional documentation, provided by project personnel in support of the aforementioned documents, that was reviewed by the audit team.

Documentation Reviewed During the Course of Validation and Verification Activities		
Document	File Name	Ref.

Project spatial data	BlueRidge_Boundary_11_24_21; BlueRidge_Plots_11_24_21; BlueRidge_RMZ_11_24_21; BlueRidge_Strata_11_24_21	1
Site Index quantification	BlueRidgeEscarpment_SiteIndex_Wcores_2_1_22	2
Regional Forestry Documentation	Bmpmanual; RE_ Blue Ridge Escarpment Sustainable Forestry Project - FMP approval_; Timber Mart South Annual 2020	3
Long Term Forest Management Plan & ACR Approval	Draft_NaturalandTrust_FMPFINAL_03_09_22; RE_ Blue Ridge Escarpment Sustainable Forestry Project - FMP approval_	4
Deeds and title	[Various documents]	5
Timber revenue documentation	BlueRidgeEscarpment_TimberPrices_8_13_21; cutlistwithrevenue	6
Regrowth by strata demonstration	stratabyyear	7
Forest Inventory methodology	BlueRidge_CarbonPlot_Methodology_3_10_21	8
Forest inventory data	Bluesrouce_InvData_R_Import_08_6_21	9
FVS Files	[Various documents]	10
Carbon quantification workbooks and files	BlueRidgeEscarpment_100Yr_calcs_02_01_2022; BlueRidgeEscarpment_Regeneration_Calcs; BlueRidgeEscarpment_RP_ERT_HWP_04_13_2022; BlueRidgeEscarpment_Start_RP_CO2_02_01_2022; BlueRidgeEscarpment_Start_Site visit_CO2_10_15_21; processFVSoutput.R	11
Regulatory compliance attestation	Signed Docs 08252020	12
Contract between project proponent and Bluesource	NaturalandBluesource Forest CDMA-Fully Executed-REDACTED	13
Naturaland's Forest Management Plan	NaturalandTrust_FMP_FINAL_5_16_22.pdf	14
Programmatic Development Approach	Blueridge_ACR_PDA_PDD_5_13_22.pdf	15

2.3 Interviews

2.3.1 Interviews of Project Personnel

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

Interview Log: Individuals Associated with Project Proponent			
Individual	Affiliation	Role	Date(s) Interviewed
Megan Finley	Bluesource	Forest Carbon Analyst	Throughout audit

Ian Hash	Bluesource	Forest Carbon Specialist	Throughout audit
Liz Lott	Bluesource	Director – Forest Carbon Projects	Throughout project
Josh Clark	Bluesource	Director – Forest Carbon Modeling	Throughout audit
Mac Stone	Naturaland Trust	Executive Director	5 November 2021
Helen Donnelly	Landmark Forestry, LLC	Inventory Forester	20 October 2021- 21 October 2021
Danny Haddox	Landmark Forestry, LLC	Inventory Forester	20 October 2021- 21 October 2021

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
Holly Welch	South Carolina Forestry Commission	Environmental Program Manager	19 November 2021

2.4 Site Inspections

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

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

In support of the above objectives, the audit team performed an on-site inspection of the project area on the dates 20 October 2021 through 21 October 2021. The main activities undertaken by the audit team were as follows:

- Performed an in-depth assessment of the conformance of the Project to the assessment criteria
- Interviewed project personnel (see Section 2.3.1 of this report) to gather information regarding the inventory and monitoring procedures and project implementation

- Carried out on-site inspections of the project's measurement and/or monitoring methodologies through the following activities:
 - Toured the project areas, visually observing and taking coordinates at posted boundary signs, old fence lines, and other boundary references.
 - Selected samples of inventory data using simple random selection methods.
 - At each selected sample location, took on the ground measurements
 - Verified the sample by running a paired sample t-test on the independently calculated Mt CO₂e/acre on each plot
- Review of management's commitment to the carbon project.
- Assessment of project during the reporting period to confirm that the project scenario consists of maintaining above baseline carbon stocks through carbon sequestration.

2.5 Resolution of Findings

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

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

As part of the audit process, one NCR, 14 NIRs and zero OBS were issued. All findings issued by the audit team during the audit process have been closed. All findings issued during the audit process, and the impetus for the closure of each such finding, are described in Appendix A of this report.

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

The audit team applied various techniques and processes to test the GHG information and the GHG assertion over the course of the audit, listed below:

- Review of project documentation including the MR, ownership documentation (Ref. 5), attestations (Refs.12), spatial information (Ref. 1), modeling files (Ref. 9, 10), referenced management plans (Ref. 4), and calculation workbooks (Ref. 11) to check for project-specific conformance to ACR standard and methodology, appropriateness of methodologies and tools applied, accuracy of GHG information and assertion.
- Assessment of any disturbances or forest management activities that took place in the project area during the reporting period.
- Review of project scenarios.
- Review of the sources, sinks and reservoirs of GHG emissions within the project boundary (Ref. 1, 11).
- Assessment of eligibility, additionality, GHG emission reduction assertion and underlying monitoring data to determine if either contained material or immaterial misstatements.
- Assessment of the emission reduction calculation inputs and procedures was performed to review the quantitative analyses undertaken by Bluesource to convert the raw inventory data into emission reduction estimates during the reporting period. This included a re-calculation of project emissions, ERTs, and uncertainty using inventory data as described below in section 3.1 and 3.2 (Refs. 9, 11).
- Communicate with project personnel and project proponent via interviews, emails, and meetings to gain a better understanding of the project team's methodologies.
- Examine the data management and quality control processes and its controls for sources of potential errors and omissions.
- Review of project documentation including risk assessment and regulatory compliance.

3 Validation Findings

3.1 Project Boundary and Activities

3.1.1 Project Boundary and Procedures for Establishment

The PP contains a description of the physical boundary of the project, which is located on 5,794.8 acres of southern hardwood and pine forests in the Blue Ridge mountains in Oconee, Pickens and Greenville counties in upstate South Carolina. The project area comprises several forested parcels which are owned and managed by the Naturaland Trust, the project proponent (Ref. 5). This is the physical and geographic site where project activities occur. The audit team confirmed that the boundaries were well documented throughout both the document review and site visit activities. During the site visit the audit

team independently checked the accuracy of spatial information on ownership, as used in delineation of the project area, by visiting a sample of corners or other ownership monuments and comparing actual locations to mapped locations. Likewise, during document review the audit team inspected project shapefiles (Ref. 1) to confirm project boundaries are accurately represented as compared to boundaries mapped during the site visit, maps provided in the PP, and available satellite imagery.

3.1.2 Physical Infrastructure, Activities, Technologies and Processes

The audit team reviewed the PP and project documentation (Ref. 5) which indicate potential infrastructure, activities, and technologies used within the project area. The project activity consists of natural forest management focusing on sustainable growth and non-commercial forest maintenance for essential activities and forest health. The audit team concluded that project activities, infrastructure and technologies will be minimal within the project area due to the lack of commercial harvests.

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

3.1.3 GHGs, Sources, and Sinks within the Project Boundary

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

3.1.4 Temporal Boundary

The ACR Standard indicates that the project must have a validated/verified Start Date of January 1, 2000 or after. Also, in accordance with Chapter 3 of the ACR Standard, the start date is defined as the date that the Project Proponent entered into a contractual relationship to implement a carbon project. SCS was able to review the PP, MR, and relevant contractual documents (Ref. 13) for authenticity and to confirm that each document consummated "a contractual relationship to implement a carbon project." SCS confirmed that the selected project start date of 13 August 2020 is in conformance with the ACR requirements (Ref. 13). SCS concluded that the documents provided along with the guidance from ACR indicate the project start date is eligible.

In ACR the minimum project term is 40 years and the eligible crediting period for this type of project is also listed as 40 years. SCS confirmed that the PP included a timeline with a first crediting period of 20 years and a minimum project term of 40 years.

3.2 Description of and Justification for the Baseline Scenario

The methodology defines the baseline scenario as an estimation of the GHG emissions or removals that would have occurred if the Project Proponent did not implement the project. The PP indicates that "The baseline scenario represents a relatively aggressive harvest regime, targeted to maximize net present value at a 4% discount rate (for NGO forestland) typical of practices in the project region." The audit team confirmed that the 4% discount rate is the required ACR rate for NGOs. Later the PP states "If the Bluesource – Blue Ridge Escarpment Improved Forest Management Project was not implemented, the forest management could feasibly resemble that of any other private forestland ownership in the region."

During the site visit and through interviews with local managers the audit team verified that aggressive industrial timber harvesting is common practice in the region. The audit team also conducted a financial feasibility assessment of the baseline scenario by obtaining regional stumpage rates and tax rates to independently verify NPV. SCS determined that the harvesting rate indicated in the baseline scenario would be feasible.

3.3 Demonstration of Additionality

The audit team reviewed the demonstration of additionality, as set out in the PP, and confirmed that the additionality requirements set out in the ACR Standard have been met. The project uses a three-pronged- approach to demonstrate additionality. A more detailed assessment of the audit team's findings is provided below.

3.4 Project-Specific Conformance to ACR Eligibility Criteria

The audit team reviewed the demonstration of conformance, as set out in the PP, to each of the relevant eligibility criteria listed in the ACR Standard. The audit team confirmed the full conformance of the project with the relevant eligibility criteria. A more detailed assessment of the audit team's findings is provided below.

Actions Undertaken to Confirm Conformance to Eligibility Criteria		
Criterion	ACR Requirement	Validation Activities
Start Date, All Projects	Non-AFOLU Projects must be validated within 2 years of the project Start Date. AFOLU Projects must be validated within 3 years of the project Start Date.	Confirmation that this report was issued less than 3 years after 13 August 2020, the start date of the project according to the PP.
Start Date Definition, Non-AFOLU Projects	ACR defines the Start Date for all projects other than AFOLU as the date on which the project began to reduce GHG emissions against its baseline.	Not applicable; this project is an AFOLU project.
Start Date Definition, AR or Wetland Projects	For AR or Wetland restoration/revegetation projects, the Start Date is when the Project Proponent began planting or site preparation.	Not applicable; the project is not an AR or wetland project.
Start Date Definition, IFM Projects	For IFM, the Start Date may be denoted by one of the following: 1. The date that the Project Proponent began to apply the land management regime to increase carbon stocks and/or reduce emissions relative to the baseline. 2. The date that the Project Proponent initiated a forest carbon inventory. 3. The date that the Project Proponent entered into a contractual relationship to implement a carbon project. 4. The date the project was submitted to ACR for listing review. Other dates may be approved by ACR on a case by case basis.	SCS was able to review the PP, MR, and relevant contractual documents (Ref. 13) for authenticity and to confirm that each document consummated "a contractual relationship to implement a carbon project."
Start Date Definition, Avoided Conversion Projects	For Avoided Conversion of non-forest, the Start Date is when the Project Proponent implemented the project action physically and/or legally, such as securing a concession or placing a land conservation agreement on the project land.	Not applicable; the project is not an avoided conversion project.
Start Date Definition, Other Agricultural	For other Agricultural Land-based projects, the Start Date is the date by which the Project Proponent began the Project Activity on project	Not applicable; the project is not an other agriculture land-based project.

Land-based Projects	lands, or the start of the cultivation year during which the Project Activity began.	
Minimum Project Term (AFOLU Projects Only)	Project Proponents of AFOLU projects with a risk of reversal shall commit to a Minimum Project Term of 40 years. The minimum term begins on the Start Date, not the first or last year of crediting. This requirement applies only to AFOLU projects that have had ERTs issued that are associated with GHG removals (sequestration). AFOLU projects that have claimed only avoided emissions are not subject to this requirement.	Review of the PP to confirm that the minimum term is 40 years, as required for AFOLU projects.
Crediting Period	<p>The Crediting Period for non-AFOLU projects shall be 10 years.</p> <p>All AR projects shall have a Crediting Period of 40 years.</p> <p>All IFM projects shall have a Crediting Period of 20 years.</p> <p>Avoided Conversion projects on both forest and non-forest land with land conservation agreements in place shall have a Crediting Period of 40 years, unless otherwise specified in chosen methodologies.</p> <p>Wetland Restoration/Revegetation projects shall have a Crediting Period of 40 years.</p> <p>The Crediting Periods for agriculture projects that avoid emissions by changing to lower GHG practices and those that include a soil sequestration component will be specified in the applicable methodology.</p>	Review of the PP to confirm that the crediting period is 20 years, as required for IFM projects.
Real	<p>GHG reductions and/or removals shall result from an emission mitigation activity that has been conducted in accordance with an approved ACR Methodology and is verifiable.</p> <p>ACR will not credit a projected stream of offsets on an ex-ante basis.</p>	Review of the emission mitigation activity, as described in the PP, to confirm that it conforms to the requirements of the methodology and will be verifiable if implemented as described.
Emission or Removal Origin (Direct Emissions)	The Project Proponent shall own, have control over, or document effective control over the GHG sources/sinks from which the emissions reductions or removals originate. If the Project Proponent does not own or control the GHG sources or sinks, it shall document that effective control exists over the GHG sources and/or sinks from which the reductions/ removals originate.	Reviewed the supporting documentation, as described in the PP, and the ownership documentation provided (Ref. 5) to confirm that Project Proponent and the participating landowners have control over the GHG sources/sinks from which the emissions reductions or removals originate on their respective properties. Evidence of land title for each of the parcels in the project area was provided and confirmed (Ref. 5).

Emission or Removal Origin (Indirect Emissions)	<p>For projects reducing or removing non-energy indirect emissions, the following requirement applies:</p> <p>The Project Proponent shall document that no other entity may claim GHG emission reductions or removals from the Project Activity (i.e., that no other entity may make an ownership claim to the emission reductions or removals for which credits are sought).</p>	Not applicable; the project is not reducing or removing non-energy indirect emissions.
Offset Title (All Projects)	The Project Proponent shall provide documentation and attestation of undisputed title to all offsets prior to registration. Title to offsets shall be clear, unique, and uncontested.	Confirmed by reviewing attestation in the monitoring report that no offsets exist or were sold prior to registration of the project.
Land Title (AFOLU Projects Only)	<p>For U.S. projects with GHG emissions reductions resulting from terrestrial sequestration, Project Proponents shall provide documentation of clear, unique, and uncontested land title. For international projects, Project Proponents shall provide documentation and/or attestation of land title; ACR may require a legal review by an expert in local law.</p> <p>Land title may be held by a person or entity other than the Project Proponent, provided the Project Proponent can show clear, unique, and uncontested offsets title.</p> <p>AFOLU projects that result only in the crediting of avoided emissions with no risk of reversal may not require demonstration of land title.</p>	Reviewed land title documents (Ref. 5) along with an independent review of ownership using county assessor records to confirm clear, unique, and uncontested land title by the Project Proponent and participating landowner.
Additional	<p>Every project shall use either an ACR-approved performance standard and pass a regulatory surplus test, or pass a three-pronged test of additionality in which the project must:</p> <ol style="list-style-type: none"> 1. Exceed regulatory/legal requirements; 2. Go beyond common practice; and 3. Overcome at least one of three implementation barriers: institutional, financial, or technical. 	Confirmation that the project meets all relevant additionality requirements (see Section 3.4 below for more details).
Regulatory Compliance	Projects must maintain material regulatory compliance. To do this, a regulatory body/bodies must deem that a project is not out of compliance at any point during a reporting period. Projects deemed to be out of compliance with regulatory requirements are not eligible to earn ERTs during the period of non-compliance. Regulatory compliance violations related to administrative processes (e.g., missed application or reporting deadlines) or for issues unrelated to integrity of the GHG emissions	After performing extensive regulatory compliance checks for the project during the reporting periods, the audit team found no indication of any violations regarding regulatory compliance. EPA and ECHO were checked, no violations observed. OSHA records were also check during the reporting period and no violations observed. There are few regulations that govern forest management in the state.

	reductions shall be treated on a case-by-case basis and may not disqualify a project from ERT issuance. Project Proponents are required to provide a regulatory compliance attestation to a verification body at each verification. This attestation must disclose all violations or other instances of non-compliance with laws, regulations, or other legally binding mandates directly related to Project Activities.	Correspondence area foresters from the South Carolina Forestry Commission indicates that no violations were observed during the reporting period within the project area. The audit team also reviewed the regulatory compliance attestation section of the Monitoring Report and the attestation provided (Ref. 12)
Permanence (All AFOLU Projects)	AFOLU Project Proponents shall assess reversal risk using ACR's Tool for Risk Analysis and Buffer Determination, and shall enter into a legally binding Reversal Risk Mitigation Agreement with ACR/Winrock that details the risk mitigation option selected and the requirements for reporting and compensating reversals.	Confirmed a total risk percentage of 18% using the ACR Tool for Risk Analysis and Buffer Determination as required by the ACR methodology.
Permanence (Terrestrial Sequestration, Avoided Conversion Projects)	Proponents of terrestrial sequestration or avoided conversion projects shall mitigate reversal risk by contributing ERTs to the ACR Buffer Pool or using another ACR-approved insurance or risk mitigation mechanism.	Confirmed contribution of ERTs to the ACR Buffer Pool by using the estimated risk percentage of 18%.
Permanence (Geologic Sequestration Projects)	Proponents of geologic sequestration projects shall mitigate reversal risk during the project term by contributing ERTs to the ACR Reserve Account and post-project term by filing a Risk Mitigation Covenant, which prohibits any intentional reversal unless there is advance compensation to ACR, or by using another ACR-approved insurance or risk mitigation mechanism.	Not applicable; the project is not a geologic sequestration project.
Permanence (All Projects)	All projects must adhere to ongoing monitoring, reversal reporting, and compensation requirements as detailed in relevant methodologies and legally binding agreements (e.g., the ACR Reversal Risk Mitigation Agreement).	Confirmed that section D of the PP includes a detailed Monitoring Plan relevant to the methodology.
Net of Leakage	ACR requires Project Proponents to address, account for, and mitigate certain types of leakage, according to the relevant sector requirements and methodology conditions. Project Proponents must deduct leakage that reduces the GHG emissions reduction and/or removal benefit of a project in excess of any applicable threshold specified in the methodology.	Confirmed that a 40% leakage deduction, was applied which is consistent with market-leakage per the methodology. The PP indicates that "Quantification of leakage is limited to market leakage, as no activity-shifting leakage is allowed by the methodology beyond de minimis levels. The Naturaland Trust Forest Management plan adheres to an ACR approved long-term forest management plan as specified in section A.2. The

		Forest Management Plan demonstrates that there is no leakage within the project proponent's operations."
Independently Validated	ACR requires third-party validation of the GHG Project Plan by an accredited, ACR-approved VVB once during each Crediting Period and prior to issuance of ERTs.	The PP has been independently validated by SCS, an accredited, ACR-approved validation/verification body.
Independently Verified	Verification must be conducted by an accredited, ACR-approved VVB prior to any issuance of ERTs and at minimum specified intervals.	The PP has been independently verified by SCS, an accredited, ACR-approved validation/verification body.
Environmental And Community Assessments	<p>ACR requires that all projects develop and disclose an impact assessment to ensure compliance with environmental and community safeguards best practices. Environmental and community impacts should be net positive, and projects must "do no harm" in terms of violating local, national, or international laws or regulations.</p> <p>Project Proponents must identify in the GHG Project Plan community and environmental impacts of their project(s). Projects shall also disclose and describe positive contributions as aligned with applicable sustainable development goals. Projects must describe the safeguard measures in place to avoid, mitigate, or compensate for potential negative impacts, and how such measures will be monitored, managed, and enforced.</p> <p>Project Proponents shall disclose in their Annual Attestations any negative environmental or community impacts or claims thereof and the appropriate mitigation measure.</p>	Confirmed by reviewing the PP, the attestation section of the monitoring report, reviewing the project activities on-site, and interviewing the project proponent, that the project does not have any anticipated negative community or environmental impacts.
Sustainable Development Goals	<p>ACR requires that projects identify and describe Sustainable Development Goals (SDGs) to which the project impacts are aligned and positively contribute.</p> <p>The following SDGs were cited by the project:</p> <ul style="list-style-type: none"> • Clean water and sanitation • Climate action • Life on land 	Reviewed Sections 2.2.3 and 3 of Naturaland's forest management plan (Ref 14), reviewed the attestation section of the monitoring report, checked that the project proponent has been following environmental regulations, reviewed project activities on-site, and interviewed the project proponent about project activities. The audit team is reasonably assured the project impacts are aligned and positively contribute to the stated SDGs.

3.4.1 Regulatory Surplus Test

A regulatory review of the Project was conducted by the audit team. There are no laws, statutes, regulations, court orders, environmental mitigation agreements, permitting conditions, or other legally binding mandates requiring the project activities.

3.4.2 Common Practice Test

The Bluesource – Blue Ridge Escarpment Improved Forest Management Project showed that similarities exist with the project and nearby private industrial forestland in the region. During the site visit the audit team conducted interviews with inventory foresters and the project proponent. The audit team also directly observed on-site that in forest surrounding the project area aggressive timber harvesting with large areas of clear cuts were common. Likewise, the audit team employed expert knowledge of the common timber harvesting practices in South Carolina, citing previous research audit team members conducted in the region. Overall, the audit team utilized these multiple lines of evidence to verify that aggressive timber harvesting practices involving clear cuts is the common practice in the region.

3.4.3 Implementation Barriers Test

The PP indicates that “Carbon funding is reasonably expected to incentivize the project’s implementation. The implementation of the carbon project represents an opportunity cost to lost revenue associated with the potential timber harvesting that could legally and feasibly occur on the property in the lifetime of the carbon project.”

The audit team independently conducted a financial feasibility assessment by using local stumpage prices to verify that the baseline scenario could feasibly occur in the project area in the lifetime of the carbon project if the project was not implemented.

3.5 Processes for Emission Reductions/Removal Enhancements Quantification

3.5.1 Methods, Algorithms, and Calculations To Be Used to Generate Estimates of Emissions and Emission Reductions/Removal Enhancements

The audit team validated the methodologies applied to quantify GHG emissions and emission reductions in the baseline and project scenarios. The objective was to determine whether the methods are clearly defined with supporting documentation, appropriate for accurately quantifying each data parameter, applied consistently, and result in a conservative estimate of GHG emissions reductions and removal enhancements.

Section 4.2 provides further detail on the methods, algorithms, and calculations used to generate and validate emissions reductions estimates.

3.5.2 Process Information, Source Identification/Counts, and Operational Details

The forest inventory serves as the primary source of data and information used to quantify emissions reductions. The PP and inventory methodology (Ref. 8) describe the process including sample size, determination of plot numbers, plot layout, data collected, and measurement techniques. Through site visit and document review (Refs. 1, 8), the audit team verified the forest inventory methodologies and application.

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

3.5.3 Data Management Systems

SCS verified the data management systems put in place by the project personnel as described in the PP. It states that “Manually and electronically filed data are stored and archived. Backup copies of all electronically stored data are maintained in a separate data center with scheduled archiving to assure data protection. Future revisions to project documents after initial verification and registration will be clearly identified by saving them as separate files and including the date of revision in any modified documents. All data will be stored on Dropbox or similar online cloud storage service and kept by Bluesource for a minimum of 15 years.”

3.5.4 QA/QC Procedures

Section D of the PP identifies field and desk QA/QC procedures. The field QA/QC procedures include senior forester review of field collected data and remeasurement of any plots that cannot be reconciled. Further the PP states that “At least 5% of the plots are checked by a different forester than cruised the plot, specifically by someone senior to the field crew. This involves full plot measurement to identify any problems with determining in/out trees, species calls, defect measurements, DBH measurements, and height measurements. Any errors noted during the check cruise are used to update the master spreadsheet file. Any consistent height, species, DBH, or defect errors are resolved by talking with the foresters and removing crew members as needed.” These field QA/QC procedures were confirmed on-site and during interviews.

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

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

3.5.5 Processes for Uncertainty Assessments

The PP describes how baseline and project uncertainty were calculated. The PP states that uncertainty in the combined carbon stocks in the baseline is quantified using equation 10 of the methodology (Ref. 11). The percentage uncertainty in the combined carbon stocks in the project during the reporting period is calculated using equation 18 of the methodology (Ref. 1). The total project uncertainty (percentage) during the reporting period is quantified using equation 19 of the methodology (Ref. 11). SCS confirmed that the approaches for assessing uncertainty that are identified in the PP are in conformance with the quantification methods required by the Methodology.

Further detail on uncertainty quantification is in sections 4.1.

4 Verification Findings

4.1 Results of Quantitative Uncertainty Assessment

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

4.1.1 Project Uncertainty

The reported total Project Uncertainty (UNC_t) value was independently re-quantified by SCS using equation 19 in the methodology. No issues were found (see table below). The audit team found this difference reasonable and immaterial.

	SCS Values	Client Values	Difference
Reporting Period	UNC_t	UNC_t	
RP 1	5.69%	5.70	-0.01%

Materiality

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

$$\% \text{ Error} = \frac{(50,618 - 50,766)}{50,766} * 100 = \frac{-148}{50,766} * 100 = -0.29\%$$

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

The audit team re-quantified baseline and project emissions, emissions reductions, and baseline and project uncertainty from the raw inventory data provided by the client (Refs. 10-11). This process entailed verifying that the methods detailed in the PP and MR were applied as indicated. The team confirmed the emissions reduction by conducting the following analysis:

- Recalculate the live aboveground, live belowground, and standing dead carbon pools using Jenkins equations and decay class information using the inventory data provided by the client.
- Recalculate tree and plot-level live aboveground and standing dead tree defect.
- Recalculate site index for a random selection of plots using available soil survey data.
- Use the Forest Vegetation Simulator (FVS) to degrow the raw inventory to the project start date.
- Randomly select a sample of plot(s) and prescription(s) from the baseline scenario. Run the selected sample in FVS and follow methodologies specified in the PP to calculate carbon stocks. Compare to the client's calculations for the selected plot to derive a correction factor to apply the population baseline for the reporting period and ex-ante.
- Randomly select a sample of plot(s) and the grow prescription from the project scenario. Run the selected sample in FVS and follow methodologies specified in the PP to calculate carbon stocks. Compare to the client's calculations for the selected plot to derive a correction factor to apply the population project for the reporting period and ex-ante.
- Calculate the change in the baseline carbon stock stored in live trees and standing dead trees using equations 1 and 2 of the methodology. Calculate the 20-year average value of carbon remaining stored in wood products 100 years after harvest using equation 3.
- With the outputs from equations 1, 2 and 3, calculate the long-term average baseline stocking level for the crediting period using equation 5 of the methodology. Use equation 6 to calculate the annual change in the baseline carbon stock.
- Calculate the baseline uncertainty in the combined carbon stocks in the baseline using equation 10.
- Calculate the change in project carbon stock stored in live trees using equations 11 and 12.
- Calculate the change in the project carbon stock and GHG emissions during the reporting period using equation 14.
- Calculate the percentage uncertainty in the combined carbon stocks in the project during the reporting period using equation 18.
- Calculate the total project uncertainty (percentage) during the reporting period using equation 19.
- Calculate the net greenhouse gas emission reductions (in metric tons CO₂e) during the reporting period and during each annual vintage using equation 20 in the methodology.

Emission Reductions

The audit team verified that the project personnel 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 first reporting period are reported in the MR and ERT workbook (Ref. 34) and are verified by the verification team are as follows:

- 61,730 tCO₂e (Emissions reductions at the end of the current reporting period without risk buffer deductions)
- 50,618 tCO₂e (Emissions reductions at the end of the current reporting period including risk buffer deductions)
- 11,112 t CO₂e Risk buffer contribution
- 41,153 t CO₂e Leakage deduction

Variances or Deviations

For this reporting period, there were no variances or deviations.

Uncertainty

See section 3.1.1 above.

4.3 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	<input checked="" type="checkbox"/>
Future Projections	<input checked="" type="checkbox"/>
Actual Historical Records	<input checked="" type="checkbox"/>

4.4 Leakage Assessment

Section E3 of the PP states: "Quantification of leakage is limited to market leakage, as no activity-shifting leakage is allowed by the methodology beyond de minimis levels. The Naturaland Trust Forest Management plan adheres to an ACR approved long-term forest management plan as specified in section A.2. The Forest Management Plan demonstrates that there is no leakage within the project proponent's operations." The audit team confirmed via review of the long term management plan, interviews with the project proponent, and email correspondence with ACR (Ref. 4) that the project proponent demonstrated adherence to an ACR approved long-term forest management plan or program as specified in section

SCS confirmed that the applicable market leakage factor of 0.4 was applied.

4.5 Risk Assessment

The reported value of the total risk score, as determined based on the risk analysis documented in the PP and Monitoring Report, 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 site inspections and independent review of documentation, that project is not located on public or tribal lands
B	4%	Confirmation, through site inspections and independent review of documentation, that project is not located on public or tribal lands
C	2%	Confirmation, through site inspections, that the project is not located outside the United States
D	0%	Confirmation, through independent review of documentation, that conservation easement does not cover entire project area
E	2%	Confirmation, through independent review of documentation, that project is located in a predominately low fire risk region. There are some areas, mostly the pine forest that has a moderate fire risk. We also confirmed through review of Monitoring Trends in Burn Severity data that no wildfires have occurred within 30 miles of the project area up to 12 months before the project start.
F	4%	Confirmation, through independent review of documentation, that epidemic disease or infestation is not present within project area, or within 30 mile radius of project area
G	0%	Confirmation, through site inspections, that project is not a wetland project or a forest project where more than 60% of the project area is not a forested wetland
H	2%	Confirmation that default value has been applied in the risk assessment calculation
	18%	TOTAL

5 Conclusion

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

- The PP conforms, in full, to the validation criteria.
- The quantification of GHG emission reductions and/or removal enhancements, as reported in the MR, conforms to the verification criteria and is without material discrepancy.

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

Annual Emission Reduction in Metric Tons (tCO ₂ e)				
Reporting Period	Vintage	Start Date	End Date	Gross GHG Emission Reductions (tCO ₂ e)
1	2020	13 August 2020	31 December 2020	23,846
1	2021	1 January 2021	12 August 2021	37,884
TOTAL				61,730


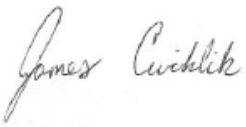
The following provides a summary of the ERT issuance for the current Reporting Period with the Leakage and the Buffer deduction included (Buffer credits shown separately):

Annual Emission Reduction in Metric Tons (tCO ₂ e)					
Reporting Period	Vintage	Start Date	End Date	Net GHG Emission Reductions (tCO ₂ e)	Quantity of Buffer Credits (tCO ₂ e)
1	2020	13 August 2020	31 December 2020	19,554	4,293
1	2021	1 January 2021	12 August 2021	31,064	6,819
Total				50,618	11,112

Note: final numbers are rounded for simplicity.

The following provides a summary of the ERT by removals versus conservation:

Annual Emission Reduction in Metric Tons (tCO ₂ e)					
Reporting Period	Vintage	Start Date	End Date	Removals (tCO ₂ e)	Conservation (tCO ₂ e)
1	2020	13 August 2020	31 December 2020	6,009	17,837
1	2021	1 January 2021	12 August 2021	9,546	28,338
TOTAL				15,555	46,175

Lead Auditor Approval	 Alexa Dugan, 17 May 2022
Internal Reviewer Approval	 James Cwiklik, 17 May 2022

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 12 Nov 2021

Standard Reference: IFM methodology, Errata and Clarifications for ACR IFM Methodology v1.3

Document Reference: BlueRidge_GHG_Plan_09_17_21_Draft.docx

Finding: The Errata and Clarifications for ACR IFM Methodology v1.3 specifies on pages 6-7 that there has been an update to section D.6 of the IFM Methodology. Section D.6 has been updated to state “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 >5% relative to the baseline then the Project Proponent and all associated land owners must demonstrate that there is no leakage within their operations – i.e., on other lands they manage/operate outside the bounds of the ACR carbon project. This demonstration is not applicable if Project Proponent and associated landowners enroll all of their forested landholdings, owned and under management control, within the ACR carbon project. Such a demonstration must include one or more of the following:

- Entity-wide management certification that requires sustainable practices (programs can include FSC, SFI, or ATFS). Management certification must cover all entity owned lands with active timber management programs;
- Adherence to an ACR approved long-term forest management plan or program as specified in section A.2;
- Forest management plans prepared ≥24 months prior to the start of the project showing harvest plans on all owned/managed lands paired with records from the with-project time period showing no deviation from management plans; or
- Historical records covering all Project Proponent ownership trends in harvest volumes paired with records from the with-project time period showing no deviation from historical trends over most recent 10-year average.”

Section E.3 of the GHG plan states “Quantification of leakage is limited to market leakage, as no activity-shifting leakage is allowed by the methodology beyond de minimis levels.” During the review of the baseline prescriptions relative to the project, it became apparent that wood product production will decrease by >5% due to the project. However, demonstration in accordance with the options indicated in the Errata and Clarification has not been provided to show that there is no leakage within the project proponents operations. During a call with the project proponent, Mac Stone, on 5 November 2021, it was found that the project proponent Naturaland owns a substantial amount of forestland outside of the project area. The audit team requests demonstration that there will be no activity shifting leakage to the other lands owned, or under management control of Naturaland.

Project Personnel Response: There has been no harvesting on the project porponent properties during the first reporting period.

Bluesource will work with the project proponent and ACR on the required documentation to allow for future harvesting on project proponent properties outside of the PAB.

Auditor Response: As indicated in the project response, this finding has not yet been addressed and thus remains open.

Project Personnel Response 2: Finding continues to be addressed and will provide Auditor with results when possible.

Auditor Response 2: This finding has not yet been addressed.

Project Personnel Response 3: The Naturaland Trust Forest Management plan adheres to an ACR approved long-term forest management plan as specified in section A.2. The Forest Management Plan demonstrates that there is no leakage within the project proponent's operations. The Forest Management Plan has been updated in the verification folder.

Auditor Response 3: The audit team confirmed that the ACR approved long-term forest management plan is in place and satisfies the requirements of section D6 and the errata and clarifications. This finding is closed.

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

NIR 2 Dated 12 Nov 2021

Standard Reference: ACR IFM methodology v1.3

Document Reference: BlueRidgeEscarpment_Regeneration_Calcs.xlsx

Finding: Section A4 of the IFM Methodology states that “The baseline management scenario shall be based on silvicultural prescriptions recommended by published state or federal agencies to perpetuate existing onsite timber-producing species while fully utilizing available growing space.”

In reviewing the workbook “BlueRidgeEscarpment_Regeneration_Calcs.xlsx”, sheet “nonSproutRegen” it is indicated that only softwood species would be planted in the hardwood stands after harvests.

During a call with the project team on 9 November 2021, it was indicated that the intention was not to convert the hardwood stands to softwood stands as the modeling includes the natural resprouting of the hardwood species after harvest, thus the planting is only for the non-sprouting species.

However, in reviewing the FVS OUT file for the Diameter limit prescription, the audit team found that only about 12 trees per acre for hardwood species would be resprouted after the harvesting.

However, the BlueRidgeEscarpment_Regeneration_Calcs.xlsx workbook, it indicates planting of up to 87 trees per acre of softwood species in hardwood plots. Given this, after successive harvests, the hardwood stands would eventually shift into a softwood stand, which contrasts the intention the project team stated as well as the requirements of the IFM methodology. The audit team requests additional information regarding why this level of softwood planting relative to hardwood sprouting has been modeled in baseline prescriptions and how this approach will perpetuate existing onsite timber-producing species.

Project Personnel Response: There is no intent to convert hardwood stands to softwood stand. We have taken out Diameter Limit prescription from our baseline scenario, due to concerns that it may imply an unsustainable forest management approach. Upon looking at the aggregated regenerated species in Tree List (Regeneration_CC2020.xlsx) for all plots, it does not appear that plots are transitioning from hardwood to softwood stands following regeneration.

Auditor Response: Upon review of the updated baseline, the audit team confirmed that the Diameter Limit prescription has been removed and the FVS inputs for regeneration ('natural', 'planted') are consistent with the workbook provided. However, an error occurred where the FVS simulation did not plant the desired species and amounts after harvest. Therefore, the audit team is unable to confirm if the stand is transitioning from hardwood to softwoods as the intended conifer regeneration is not occurring in the updated simulation. Please revise accordingly.

Project Personnel Response 2: Thank you for bringing to our attention that FVS was not regenerating desired number of species after harvest. FVS is supposed to apply strata-level regeneration by species and prescription type, as calculated in the Regeneration_Calcs workbook. FVS was applying these TPA from Regeneration_Calcs, but was incorrectly using a 1% survival rate, which for most species, when rounded to the nearest TPA, was showing 0 TPA for most species in the FVS .out files. We have now updated our code to include survival of 60% of regenerated species, instead of incorrectly using 1% survival rate..

Auditor Response 2: The audit team confirmed that regeneration is now occurring and is consistent with the amounts reported in the regeneration calculation workbook. However, during the review of plot 117 RX CC1_2025 (clearcut in 2025), the audit team found that the stand is transitioning from hardwood to softwood. This is contrary from the original intention as discussed previously during web based interviews. Please provide an explanation or revise the baseline silviculture.

Project Personnel Response 3: Thank you for confirming that regeneration is consistent with reported calculation workbook. Our intent with regeneration and sprouting is to maintain species composition by strata. We have provided figures by strata (stratabyyear.pdf), which shows how the basal area of species changes over time for each prescription. While the species mix does fluctuate somewhat over time, in general the species mixes tend to rebound in the decades after harvest events and softwood species do not ever take over after harvesting events for any prescription.

Auditor Response 3: The audit team ran a complete census on the revised treelist generated by RX CC1_2025 ("BlueRidgeEscarpment_CC1_2025.DB") dated 02-01-2022 and found agreement with the client's response. Therefore, this finding is now closed.

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

NIR 3 Dated 12 Nov 2021

Standard Reference: ACR IFM methodology v1.3

Document Reference: BlueRidgeEscarpment_Regeneration_Calcs.xlsx

Finding: Section A4 of the IFM Methodology states that "The baseline management scenario shall be based on silvicultural prescriptions recommended by published state or federal agencies to perpetuate existing onsite timber-producing species while fully utilizing available growing space." In reviewing the workbook "BlueRidgeEscarpment_Regeneration_Calcs.xlsx", sheet "nonSproutRegen" it is indicated that for the following baseline prescriptions, the same level of planting (trees per acre) would be applied after harvests: Clearcut regeneration, diameter limit regeneration, variable thinning regeneration. It is unclear why the same level of planting would be warranted for these prescriptions which each remove a different number of trees as well as size class of trees. The audit team requests additional justification for applying the same level of planting for each of these prescriptions.

Project Personnel Response: We use Nunery and Keeton (2010) for calculating non-sprouting regeneration by prescription. Diameter Limit harvest was taken out from the baseline prescription scenario. Also, we do not have any variable retention prescriptions in the baseline scenario.

Auditor Response: The audit team confirmed that the Diameter Limit prescription has been removed. Therefore, the original question is not moot and this finding is closed.

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

NIR 4 Dated 12 Nov 2021**Standard Reference:** ACR IFM methodology v1.3**Document Reference:** BlueRidge_GHG_Plan_09_17_21_Draft.docx

Finding: Section A4 of the IFM Methodology states that “The baseline management scenario shall be based on silvicultural prescriptions recommended by published state or federal agencies to perpetuate existing onsite timber-producing species while fully utilizing available growing space.” One of the baseline prescriptions is a diameter limit cut, defined in the GHG Plan as “Cut through all species and diameter classes >14 inches DBH”. In a document published by the University of Massachusetts

(https://extension.unh.edu/sites/default/files/migrated_unmanaged_files/Resource000210_Rep228.pdf), it defines a diameter limit cut as “A timber harvest that removes all trees larger than a specified diameter (e.g., 12” and larger). Diameter-limit cuts often result in high grading.” Generally high-grading is not a recommended silvicultural prescription as far as “perpetuating existing onsite timber-producing species while fully utilizing available growing space.” As stated in the University of Massachusetts document “In most cases, high grading results in a greater harvest volume and value from the first cutting, compared to forests managed using silvicultural principles. However, neither the harvest volume or timber quality is sustained over the long run by high grading.” The audit team requests demonstration that the diameter limit baseline silvicultural prescription are recommended by published state or federal agencies to perpetuate existing onsite timber-producing species while fully utilizing available growing space.

Project Personnel Response: We have removed Diameter-Limit prescriptions from the baseline scenario. In addition, we have set clearcut limits to ensure the remaining acres are not purely allocated to this prescription in the absence of the Diameter Limit cuts. As such, we are constraining the model to clearcut no more than 100 acres in a given year.

Auditor Response: The audit team confirmed that the Diameter Limit prescription has been removed. Therefore, the original question is not moot and this finding is closed.

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

NIR 5 Dated 12 Nov 2021

Standard Reference: ACR IFM methodology v1.3

Document Reference: BlueRidge_GHG_Plan_09_17_21_Draft.docx;

BlueridgeEscarpment_RP1_MonitoringReport_9_15_21_Draft

Finding: Section 3.1 of the IFM methodology indicates that live tree and dead tree carbon “must be estimated using models of forest management across the baseline period. Modeling must be completed with a peer reviewed forestry model that has been calibrated for use in the project region.”

Section VI(2) of the Monitoring Report states “The projection was developed by deriving individual live tree annual diameter growth rates from one 10-year cycle model run of FVS-AK with no management (reflecting the lack of timber harvest or other forest management activities occurring in the actual case during the monitoring period).” However section E1 of the GHG plan indicates that “The baseline and project scenarios were projected in FVS-SN for 100 years. Projections were annualized using linear interpolation.” Given that the project is located in South Carolina, it is unclear why the FVS-AK (Alaska) variant is appropriate for growth modeling in the project area. Please provide additional information.

Project Personnel Response: This was an error. The SN variant was used. Monitoring Report has been updated in verification folder.

Auditor Response: Confirmed that the Monitoring Report dated 12-09-21 has been updated to indicate that the SN variant was used. This finding has been closed.

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

NIR 6 Dated 12 Nov 2021

Standard Reference: ACR Standard v6.0

Document Reference: BlueRidge_GHG_Plan_09_17_21_Draft.docx

Finding: Table 4 of the Standard states under Start Date definition "3. The date that the Project Proponent entered into a contractual relationship to implement a carbon project." GHG Plan states “The project start date of August 13, 2020 coincides with the signing of the Carbon Marketing & Development Agreement between The Nature Conservancy (TNC) and Bluesource, provided separately for verification purposes.” The Nature Conservancy is not the project proponent. Please clarify.

Project Personnel Response: The Nature Conservancy is not the project proponent. Name has been updated to the Naturaland Trust who is the correct project proponent.

Auditor Response: The audit team confirmed that the GHG Plan (dated 12-0-21) has been updated to indicate that "The project start date of August 13, 2020 coincides with the signing of the Carbon Marketing & Development Agreement between the Naturaland Trust) and Bluesource, provided separately for verification purposes." This information request has been met and this finding has been closed.

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

NIR 7 Dated 12 Nov 2021

Standard Reference: ACR IFM methodology v1.3

Document Reference: BlueRidgeEscarpment_Regeneration_Calcs.xlsx

Finding: Section A4 of the IFM Methodology states that “The baseline management scenario shall be based on silvicultural prescriptions recommended by published state or federal agencies to perpetuate existing onsite timber-producing species while fully utilizing available growing space.”

During the review of the FVS modeling in the DL 2020 prescription, the audit team identified an error where regeneration is not occurring for the planted species as intended. For example, the regeneration summary for plot 1 in the “DL 2020” prescription shows 0 eastern white pine (WP) being planted at 100% survival in the year 2020 following a harvest. Similarly, the year 2080 has 0 WP being regenerated after harvest. This can also be seen in the database file (BlueRidgeEscarpment_DL_2020.DB) where the tree data show 0.44 trees per acre for planted species after harvest in the year 2025. In contrast, the regeneration parameters defined in workbook “BlueRidgeEscarpment_Regeneration_Calcs” states that for stratum “S” (plot 1 is located in this strata), 380 loblolly pine (LP), 287 Virginia pine (VP), 280 eastern white pine (WP), and 93 eastern redcedar (trees per acre) should have been planted.

In addition, the FVS OUT file indicates that there are only 2 regeneration calls for plot 1. The “S” stratum has 44.49 TPA of WP being planted and the “H” stratum has 86.96 VP being planted. These are also inconsistent with the workbook “BlueRidgeEscarpment_Regeneration_Calcs”.

Given the above, the audit team found this item to be high risk and decided to review a clear-cut prescription to determine if the error propagates through multiple prescriptions. “BlueRidgeEscarpment_CC_2025” indicates that when harvests occurs, 86.96 VP will be planted in plot 1 within the “S” stratum. No other planting was defined and is inconsistent with the parameters within the regeneration workbook above. Additionally, the regeneration summary within the OUT file states that 1 VP was planted even though the input was different. The audit team is uncertain as to why the error occurred, but it is clear that regeneration is not taking place in the baseline as originally intended.

Please review the regeneration which occurs in the baseline and explain the above.

Project Personnel Response: While looking closely into the .out and .key files for all the prescriptions, we noticed the discrepancy in reading regeneration values of non-sprouting softwood species in the key files. Hence, the outfiles did not have the right number of regeneration. With our current update, the key files have correct regeneration numbers. Hence, regeneration file should line up with our key files and out files.

Auditor Response: Upon review of the updated baseline, the audit team confirmed that the FVS inputs for regeneration ('natural', 'planted') are consistent with the workbook provided. However, an error occurred where the FVS simulation did not plant the desired species and amounts after harvest as demonstrated during our web-based review. Therefore, the FVS simulation remains inconsistent with the GHG plan description and the client's silviculture. Please revise accordingly.

Project Personnel Response 2: Thank you for bringing to our attention that FVS was not regenerating desired number of species after harvest. We have now updated our code to include survival of 60% of regenerated species, instead of incorrectly applying a 1% survival rate.

Auditor Response 2: The audit team has confirmed that the regeneration inputs and outputs within the FVS simulation are now consistent with the amounts reported within the regeneration calc workbook. Therefore, this finding is now closed.

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

NCR 8 Dated 12 Nov 2021

Standard Reference: ACR Standard v6.0

Document Reference: BlueRidge_Strata_8_12_21.shp

Finding: The ACR Standard states in section 2.B.3: "The Project Proponent shall reduce, as far as is practical, uncertainties related to the quantification of GHG emission reductions or removal enhancements."

The shapefile "BlueRidge_Strata_8_12_21.shp" is projected in NAD83 UTM Zone 16, which is not the most local UTM zone for the project area. This results in an over-estimation of acreage for each of the project's strata. A projection system that can accurately calculate acreages in the project area must be adopted.

Project Personnel Response: Shapefiles updated to projection UTM Zone 17N.

Auditor Response: The audit team could not confirm that the shapefiles were updated to the UTM Zone 17N projection. In the BlueRidgeEscarpment_RP1_verification->Spatial dropbox folder, all shapefiles were last modified 8-12-21, thus it does not appear that the updated versions were provided. This finding remains open.

Project Personnel Response 2: Shapefile has been updated in the verification folder

Auditor Response 2: The audit team confirmed that all new shapefiles in the projection UTM Zone 17N have been provided and are dated 11-24-21.(e.g., BlueRidge_Plots_11_24_21). This finding has been closed.

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

NIR 9 Dated 12 Nov 2021**Standard Reference:** ACR Standard v6.0**Document Reference:** BlueRidgeEscarpment_Start_RP_CO2_09_02_2021.xlsx**Finding:** The ACR Standard states in section 2.A for Conservativeness: “Use conservative assumptions, values, and procedures to ensure that GHG emission reductions or removal enhancements are not overestimated.”

The calculation for Uncertainty % in workbook

‘BlueRidgeEscarpment_Start_RP_CO2_09_02_2021.xlsx’, sheet ‘Stats_RPDate’ uses the 90% confidence interval z-statistic of 1.645 to calculate the 90% CI. The z-statistic does not take into account sample size like the t-statistic, which is commonly used to calculate confidence intervals. The size of confidence intervals could be under-estimated with low sample sizes if the t-statistic is not used in the calculation, which would lead to a potential under-estimation of uncertainty. The audit team needs more information as to why the z-statistic was chosen over the t-statistic for the calculation of the 90% CI.

Project Personnel Response: We acknowledge that smaller sample size should use t-statistic. But total uncertainty is not weighted by strata which exceeds the minimum sample size limit for t-statistic. Hence, for total uncertainty z-statistics is used. In addition, total uncertainty is used for emissions deductions in the ERT sheet and not the individual uncertainty of each strata.

Auditor Response: Indeed, the total uncertainty value is not being weighted by strata, which means the total sample size underlying the calculation is 145 plots. This is higher than the typical 110 or 120 degrees of freedom threshold, below which t-statistic tables provide differing t-statistics according to degrees of freedom. The same t-statistic is provided above 120 degrees of freedom in most t statistic tables, which aligns with the z statistic. We will close this finding.

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

NIR 10 Dated 12 Nov 2021**Standard Reference:** ACR IFM methodology v1.3**Document Reference:** BlueRidgeEscarpment_Start_RP_CO2_09_02_2021.xlsx

Finding: The IFM methodology states "to account for missing cull in both ex ante and ex post baseline and project scenarios. Missing cull deductions should be determined using cull attribute data collected during field measurement of sample plots. Missing cull deductions may be conservatively estimated based on ecologically relevant and regionally specific data only if cull attribute data were not collected in field inventories conducted prior to this erratum. If standing dead biomass is included as a pool, biomass estimates must reflect decay." However, during the review of the carbon quantification by tree, the audit team identified a discrepancy in carbon values which appears to be associated with defect deductions. Please describe how defect is being accounted for so that the audit team can replicate the entire process.

Project Personnel Response: Additional adjustments based off of conversations with verification team:

A difference was noticed between our and auditor's 100 year calcs for some plots. Hence, data was requested for prescription CC 2020, year 2025, plot 10. The difference was due to missing defect of species with the following FIA codes: 57, 260,330,370,400,481,827,950, and 998. Species were not crosswalked to variant specific FIA codes and hence were dropped from the CO2 calculations per prescription. We have now fixed the code to map the species to the correct FIA code for the SN variant while averaging the defect by species from the inventory data. So our current output in 100 year calcs matches with individual tree calculations (CO2Plot10.xlsx)

Auditor Response: The audit team has confirmed that the defect calculations are now corrected and accurate. Therefore, this finding is now closed.

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

NIR 11 Dated 21 Jan 2022**Standard Reference:** ACR IFM methodology v1.3**Document Reference:** BlueRidge_GHG_Plan_1_11_22.docx;
bmpmanual.pdf

Finding: In Section C.1, the IFM methodology states, "Project Proponents should use a constrained optimization program that calculates the maximum NPV for the harvesting schedule while meeting any forest practice legal requirements." The GHG plan in Section E.1 on page 40 under subsection "Baseline Constraints" states, "Management regimes in the baseline scenario under legal constraints including the South Carolina's Best Management Practices dictating the size and management constraints around SMZ Buffers." In the referenced BMP manual for South Carolina (file bmpmanual.pdf), for identifying Stream Management Zones, the manual states, "The SMZ is divided into two parts: the primary and the secondary. The primary SMZ is 40 feet wide on each side of the stream, except for designated trout waters with slopes greater than 5% where the primary SMZ is 80 feet." The audit team requires more information in how "designated trout waters" and slopes were accounted for in the SMZ buffer.

Project Personnel Response: Streams in the blueridge ecoregion provide habitat to many trout species. It was assumed that all streams were capable for supporting different trout species. An 80 foot buffer was applied to all streams.

Auditor Response: The audit team spot checked the total width of the polygon shapefile 'BlueRidge_RMZ_11_24_21', and the span was about 80 feet in areas with the 'full' buffer (ie, not cut off by project boundaries). This indicates a 40 foot buffer was used (40 feet from stream centerline).

Project Personnel Response 2: We identified Trout Waters that are outlined in the South Carolina BMPs (pg 13). None of the streams, lakes, or rivers listed in the BMPs are within 80 ft of the property so there would be no 80 ft buffer (160 ft total) SMZ. Gradient was not considered since the largest buffer (80 ft) of the identified Trout Waters did not overlap with the property. The other SMZs were buffered 40 ft from the stream centerline (80 ft total).

Auditor Response 2: The audit team confirmed that no Trout Waters lie within 80 feet of the project boundary. This finding is closed.

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

NIR 12 Dated 21 Jan 2022

Standard Reference: ACR IFM methodology v1.3

Document Reference: BlueRidgeEscarment_100Yr_calcs_01_10_2022.xlsx;
processFVSoutput.R;
Timber Mart South Annual 2020.pdf

Finding: In Section C.1, the IFM methodology states, "Consideration shall be given to a reasonable range of feasible baseline assumptions and the selected assumptions should be plausible for the duration of the baseline application." The audit team noticed that the Sawtimber price for Black Cherry in sheet "Stumpage_Prices" in workbook "BlueRidgeEscarment_100Yr_calcs_01_10_2022.xlsx" (cell D7) is \$35.34/Mbf, while the species-specific stumpage price for Black Cherry sawtimber on page 11/32 of "Timber Mart South Annual 2020.pdf" is \$35.34/ton. In order to fully check the data flow and conversion process of revenues for the NPV analysis, the audit team requests all data inputs (eg, .csv, .RData) into 'processFVSoutput.R' specific to the project's NPV analysis.

Project Personnel Response: Thank you for pointing out unit difference in our 100 year calculation sheet and TMS report. We have now provided a price file(BlueridgeEscarment_TimberPrice_8_13_21.csv) that is used as an import in processFVSoutput.R. The values are in \$/ton which were taken from TMS report. Our code does not dynamically change the units in the workbooks , it just defaults it to Mbf as the label. So we have changed the label to \$/ton.

We have also provided an example(cutlistwithrevenue.csv) for cutList of CC_2020 with an intermediary file that gives a stepwise conversion of units within processFVSoutput.R code.

Step 1: FVS outputs saw and pulp mass in cubic ft, which is then converted into Mton and Ston (line 659-661) .

Step 2: We join all the cutlist trees with price file using fia code (line 733).

Step 3: We then generate pulp (pulpRev in the cutlistwithrevenue.csv) and saw revenue (sawRev in the cutlistwithrevenue.csv) by multiplying saw and pulp mass with the price depending on the unit provided in price file (line 790-797). For example: if the unit is in \$/ton in price file, it will calculate revenue multiplying Ston and Mton value with sawPrice and pulpPrice (from Setp 1) .

Auditor Response: Thank you for the clarification and additional files. The audit team can see the species have been correctly assigned prices. This finding is closed.

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

NIR 13 Dated 21 Jan 2022

Standard Reference: ACR IFM methodology v1.3

Document Reference: BlueRidgeEscarpment_100Yr_calcs_01_10_2022.xlsx;
BlueRidgeEscarpment_CC1_2025.db,

Finding: Section A4 of the IFM Methodology states that “The baseline management scenario shall be based on silvicultural prescriptions recommended by published state or federal agencies to perpetuate existing onsite timber-producing species while fully utilizing available growing space.”

During the review of the revised baseline modeling run, the audit team found that planting is occurring after any harvesting event, including commercial thinning. Please provide an explanation as to why this is appropriate, how it occurs in actual practice, and how it meets the requirements above.

Project Personnel Response: Please see the stratabysepccies.pdf, which shows how the basal area of species changes over time for each prescription. While the harvesting events trigger regeneration and shifts in the species mix, in general the species mix remains in similar proportions over time and softwoods or hardwoods do not tend to take over any prescription. All regeneration modeled in the baseline is to simulate natural regeneration following harvesting events (no actual planting is being modeled), and we believe that each harvesting event will in fact trigger certain amounts of natural regeneration due to openings in the canopy. Over time, these small seedlings will tend to be outcompeted by the established trees as the canopy closes. As long as this doesn't lead to dramatic shifts in the overall species mix over time, we believe this represents what could be happening in response to such harvesting events.

Auditor Response: The audit team reviewed the pdf provided and performed an independent review of this assertion (See NIR 2). Given the results of NIR 2 and revised FVS files, the audit team has no additional requests. Therefore, this finding is closed.

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

NCR 14 Dated 8 Feb 2022**Standard Reference:** ACR IFM methodology v1.3**Document Reference:** BlueRidge_GHG_Plan_09_17_21_Draft.docx**Finding:** The standard states in section A.4.2., "IFM baseline modeling must include all relevant legal constraints, including Safe Harbor Agreements, legally binding Best Management Practices, restrictions related to endangered or threatened species, and any conservation easements (in place more than 1 year prior to the Start Date)."

In Section E.1 for Baseline Constraints, the PD states, "Management regimes in the baseline scenario under legal constraints including the South Carolina's Best Management Practices dictating the size and management constraints around SMZ Buffers."

It is unclear how stream centerlines, from which SMZ areas are derived, were defined. Please provide the audit team with a clear description of what datasets were used to derive the stream centerlines and update the PD accordingly.

Project Personnel Response: We used the National Hydrography Data set to determine the centre line of streams. NHD files used to create the streams layer include the line feature and NHD point features, however, not all fell within the property boundary. The GHG plan has been updated to describe how the centre line of streams was determined.

Auditor Response: The audit team confirmed the National Hydrography has been used to delineate centerlines and that the buffer has been properly created. This finding is closed.

Bearing on Material Misstatement or Conformance (M/C/NA): C**NIR 15 Dated 15 Mar 2022****Standard Reference:** ACR GHG Project Plan Template**Document Reference:** BlueRidge_GHG_Plan_3_3_22.docx

Finding: Section E3 of the GHG Plan template requires the following: "Describe how leakage is accounted for and quantified. Provide sample calculations wherever possible." With regards to Activity Shifting Leakage, the GHG Plan states "Quantification of leakage is limited to market leakage, as no activity-shifting leakage is allowed by the methodology beyond de minimis levels." However, as indicated in the response to finding #1 above "The Naturaland Trust Forest Management plan adheres to an ACR approved long-term forest management plan as specified in section A.2. The Forest Management Plan demonstrates that there is no leakage within the project proponent's operations." This information is relevant to the demonstration of a lack of activity shifting leakage but is not described in section E3 of the GHG plan. Please update the GHG plan to completely explain the activity shifting leakage demonstration.

Project Personnel Response: [Finding addressed outside the cover of the workbook]

Auditor Response: The audit team confirmed that section E3 of the GHG plan has been updated to indicate that there is an ACR approved long-term management plan in place that demonstrates a lack of activity shifting leakage. This finding has been closed.

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