

VERIFICATION REPORT

American Carbon Registry

Bluesource - East Branch Improved Forest Management Project

Reporting Period:

01 July 2021 to 30 June 2022

Prepared for:

Anew (formerly, Bluesource)

11 October 2022



AMERICAN CARBON REGISTRY

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

This report describes the verification services provided for the Bluesource - East Branch Improved Forest Management Project (“the project”), an Improved Forest Management (IFM) project located in Luce County in Michigan’s Upper Peninsula, that was conducted by SCS Global Services. The overall goal of the verification engagement was to review impartially objectively the GHG emission reductions/removal enhancements claimed by the project proponent, East Branch Sportsman’s Club, for the reporting period from 01 July 2021 to 30 June 2022 against relevant ACR standards and the approved methodology. The verification engagement was carried out through a combination of document review, interviews with relevant personnel and on-site inspections. As part of the verification engagement 1 finding was raised: 0 Non-Conformity Reports, 1 New Information Request and 0 Observations. These findings are described in Appendix A of this report. The project complies with the verification criteria, and SCS holds no restrictions or uncertainties with respect to the compliance of the project with the verification criteria.

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1 Introduction

1.1 About SCS Global Services

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

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

1.2 Objectives

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

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

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

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

1.3 Scope

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

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

SCS examined the reported data, quantification methodologies, calculation spread-sheets or databases, source data, project data management systems, data quality controls in place, measurement and monitoring systems, and records pertaining to emissions quantification. Calculation and error checks, 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.

1.4 Verification Criteria

The verification criteria were comprised of the following:

- ACR Standard, Version 6.0
- Improved Forest Management (IFM) on Non-Federal U.S. Forestlands, Version 1.3 (“the methodology”)
- Improved Forest Management Methodology for Quantifying GHG Removals and Emission Reductions through Increased Forest Carbon Sequestration on Non-Federal U.S. Forestlands, version 1.3 Errata & Clarifications
- ACR Validation and Verification Standard, Version 1.1

1.5 Level of Assurance

The level of assurance was reasonable.

1.6 Treatment of Materiality

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

1.7 Summary Description of the Project

The project is located in Luce County in Michigan's Upper Peninsula, USA, and is aimed at improved forest management practices that increase carbon sequestration. Forest management decisions include sustainable, natural forest growth and maintenance harvests for essential activities, recreation, wildlife habitat and forest health.

2 Assessment Process

2.1 Method and Criteria

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

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

2.2 Document Review

The monitoring report (marked 'Draft' on 9-20-2022; "MR") was carefully reviewed for conformance to the verification criteria. The following provides a list of documentation provided by project personnel and reviewed by the audit team.

| Documentation Reviewed During the Course of Verification Activities | | |
|---|--|------|
| Document | File Name | Ref. |
| Monitoring Report | DRAFT_EastBranch_RP2_MonitoringReport_09_02_22.pdf | 1 |
| Greenhouse Gas Plan | EastBranch_ACR_GHGPlan_2_4_22.pdf | 2 |
| Calculation Workbook | EastBranch_RP2_CO2_07_12_2022.xlsx | 3 |
| Calculation Workbook | EastBranch_RP2_ERT_HWP_07_12_22.xlsx | 4 |

| | | |
|-------------------------|----------------------------------|---|
| Project Boundary | EastBranch_Boundary_09_24_21.shp | 5 |
| Project Inventory Plots | EastBranch_Plots_9_24_21.shp | 6 |

2.3 Interviews

2.3.1 Interviews of Project Personnel

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

| Interview Log: Individuals Associated with Project Proponent | | | |
|--|--|-----------------------|---------------------|
| Individual | Affiliation | Role | Date(s) Interviewed |
| Tim Hipp | Anew Climate LLC, formerly, Bluesource, LLC | Forest Carbon Analyst | Throughout audit |

2.3.2 Interviews of Other Individuals

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

| Interview Log: Individuals Not Associated with Project Proponent | | | |
|--|---|--|---------------------|
| Individual | Affiliation | Role | Date(s) Interviewed |
| Keith Magnusson | Michigan Department of Natural Resources, Forestry Division | Michigan State Forester, Newberry Forest Management Unit | 08 August 2022 |

2.4 Site Inspections

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

2.5 Resolution of Findings

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

- Non-Conformity Report (NCR): An NCR signified a discrepancy with respect to a specific requirement. This type of finding could only be closed upon receipt by SCS of evidence

indicating that the identified discrepancy had been corrected. Resolution of all open NCRs was a prerequisite for issuance of a verification statement.

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

As part of the audit process, 0 NCRs, 1 NIR and 0 OBS were issued. All findings issued by the audit team during the audit process have been closed. All findings issued during the audit process, and the impetus for the closure of each such finding, are described in Appendix A of this report.

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

The audit team 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 GHG Plan (Ref. 2), MR (Ref. 1), spatial information (Refs. 5-6), and calculation workbooks (Refs. 3-4) 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, including a discussion with project personnel on any harvest activities.
- Review of the sources, sinks and reservoirs of GHG emissions within the project boundary.
- Assessment of eligibility, additionality, GHG emission reduction assertion and underlying monitoring data to determine if either contained material or immaterial misstatements.
- Assessment of the emission reduction calculation inputs and procedures was performed to review the quantitative analyses undertaken by Anew (formerly, Bluesource) to convert the raw inventory data into emission reduction estimates during the reporting period (Refs. 5-6). This included a re-calculation of reporting period carbon stocks, project emissions, ERTs, and uncertainty using inventory data as described below in section 3.1 and 3.2.

- Communicate with project personnel via email and meeting 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 regulatory compliance (section III.4 of the monitoring report).

3 Verification Findings

3.1 Results of Quantitative Uncertainty Assessment

SCS devoted a portion of the verification assessment to the review of the manner and propriety by which the project proponent quantified uncertainty associated with the individual GHGs in the project, in addition to the uncertainty of the calculation of GHG emission reductions and removals.

The audit team also calculated the total materiality of the GHG reduction and removal assertion.

3.1.1 Project Uncertainty

The reported total Project Uncertainty (UNC_t) value of 6.20% reported by the client for RP2 was independently re-quantified by SCS using equation 19 in the methodology. The audit team found this difference reasonable and immaterial.

| | SCS Values | Client Values | Difference |
|------|------------------|------------------|------------|
| Year | UNC _t | UNC _t | |
| 2022 | 6.20% | 6.20% | 0.00% |

Note: final numbers are rounded for simplicity.

3.1.2 Materiality

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

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

$$\% \text{ Error} = \frac{(43,213 - 43,214)}{43,214} * 100 = \frac{-1}{43,617} * 100 = -0.0023\%$$

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

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

- Calculate the end of reporting period diameter of individual trees.
- Recalculate the live aboveground, live belowground, and standing dead carbon pools using Jenkins equations and decay class information.
- Calculate the change in project carbon stock stored in above and below ground live trees using equation 11 in the methodology
- Calculate the change in project carbon stock stored in above ground dead trees using equation 12 in the methodology
- Calculate any greenhouse gas emission resulting from the implementation of the project in the reporting period using equation 13 in the methodology
- Calculate the change in the project carbon stock and GHG emissions during the reporting period using equation 14 in the methodology.
- Calculate the percentage uncertainty in the combined carbon stocks in the project during the reporting period using equation 18 in the methodology
- Calculate the total project uncertainty (percentage) during the reporting period using equation 19 in the methodology.
- 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.

3.3 Basis of Data and Information Supporting the GHG Assertion

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

| | |
|-----------------------------------|-------------------------------------|
| Assumptions and Industry Defaults | <input checked="" type="checkbox"/> |
| Future Projections | <input checked="" type="checkbox"/> |
| Actual Historical Records | <input checked="" type="checkbox"/> |

3.4 Leakage Assessment

Section E3 of the GHG Plan states: “Quantification of leakage is limited to market leakage. Activity-shifting leakage is not applicable because all forestlands owned by East Branch Sportsman’s Club are certified under the American Tree Farm System and included in the project.” The audit team has confirmed that no harvests took place during the reporting period under review.

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

3.5 Risk Assessment

The reported value of the total risk score, as determined based on the risk analysis documented in the GHG Plan and MR, was 18%. The audit team performed a 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 that project is not located on public or tribal lands |
| B | 4% | Confirmation that project is not located on public or tribal lands |
| C | 2% | Confirmation that the project is not located outside the United States |
| D | 0% | Confirmation that the project area is not covered under a conservation easement |
| E | 2% | Confirmation, through interview with a state forester managing adjacent property to the project area, that the region of the project area is very low fire risk. |
| F | 4% | Confirmation, through interview with a state forester managing adjacent property to the project area, that the project area - and within 30-mile radius of it - is free from pests and diseases relevant to the forest community. |
| G | 0% | Confirmation that project is not a wetland project or a forest project where more than 60% of the project area is not a forested wetland |
| H | 2% | Confirmation that default value has been applied in the risk assessment calculation |

4 Conclusion

The audit team asserts, with no qualifications or limitations, that the 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 and Removals):

| Annual Emission Reduction in Metric Tons (tCO ₂ e) | | | | |
|---|---------|----------------|------------------|--|
| Reporting Period | Vintage | Start Date | End Date | Gross GHG Emission Reductions (tCO ₂ e) |
| 2 | 2021 | 1 July 2021 | 31 December 2021 | 26,566 |
| 2 | 2022 | 1 January 2022 | 30 June 2022 | 26,133 |
| Total | | | | 52,699 |

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) |
| 2 | 2021 | 1 July 2021 | 31 December 2021 | 21,784 | 4,782 |
| 2 | 2022 | 1 January 2022 | 30 June 2022 | 21,429 | 4,704 |
| Total | | | | 43,213 | 9,486 |

Note: final numbers are rounded for simplicity.

| | |
|----------------------------|--|
| Lead Auditor Approval |  Erynn Maynard-Bean, 26 September 2022 |
| Internal Reviewer Approval |  Alexa Dugan, 28 September 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 15 Sep 2022

Standard Reference: ACR Monitoring Report Template

Document Reference: DRAFT_EastBranch_RP2_MonitoringReport_08_02_22

Finding: In the Monitoring Report Template ‘Section VI: GHG Emission Reductions and Removals’ under ‘2. Project Emissions’ carbon is to be provided for the current reporting period. In the project proponent’s Monitoring Report, the dates in the table at the end of this section do not reflect the current reporting period. Please provide this table and data for the dates corresponding to RP2.

Project Personnel Response: Thank you - it appears the carbon values are correct, but the dates had not been updated. The current version of the Monitoring Report has been corrected.

Auditor Response: The Monitoring Report has been updated and this finding is closed.

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