



FAMILY FOREST CARBON PROJECT VERIFICATION REPORT



Report ID	VCS VerR 4268 01022025-31122025_v1.3
Project title	Family Forest Carbon Project
Project ID	4268
Verification period	01-February-2025 to 31-December-2025
Original date of issue	05-June-2026
Most recent date of issue	21-September-2026
Version	1.3
VCS Standard Version	4.7

Client	Forest Carbon Works, PBC
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Summary:

Chestnut Forest Carbon Works V1 (Chestnut FCW), is a US-based company that seeks to conserve and restore functional forestland throughout the United States for the primary purpose of increasing carbon sequestration. Chestnut FCW plans to democratize access to carbon revenue by making carbon offset payments available to small landowners that face pressures to liquidate their timber to cover unforeseen expenses. By the year 2030, the Project Proponent anticipates protecting around 202,347 hectares of forest land to be locked into durable agreements for 60 years of permanent carbon storage.

The Family Forest Carbon Project (“the Project”) is a grouped project whose potential geographic area encompasses the contiguous United States and southern Alaska. The Project contrasts with regional common practice among the owners of these lands prior to project implementation: extractive timber harvesting to compensate for owner decreasing revenues. To reduce GHG emissions across the project area, the project technologies and measures include transitioning the management of forestland to sustainable, uneven-aged silvicultural systems that include group selection, patch cuts and continuous thinning, where appropriate. In these transition activities, practices include the application of special silvicultural treatments that accelerate the recruitment of trees into standing dead wood, among other treatments. By extending rotation ages (ERA) through the implementation of uneven-aged silviculture of these commercially harvestable forests, the project increases carbon storage relative to the baseline case, as well as increases biodiversity and diversity in forest structure.

The purpose of this verification was the independent evaluation of the project’s compliance with the VCS Standard v4.7 and the assessment of the ex-post anthropogenic GHG removals and emissions reductions that occurred as a result of the project’s activities according to VM0003 v1.3 Methodology for improved forest management (IFM) through extension of rotation age (ERA). The process was performed through a combination of document revision on the Monitoring Report (and supporting documents), interviews with relevant personnel and onsite inspections.

During the validation 8 CARs and 2 CLs were reported. All these issues were appropriately closed by means of corrections, clearer explanations and other supported documents. No FARs were raised in this verification event. AENOR carried out a final verification report and deems the project assumptions reasonable, since it complies with all of the verification criteria for VCS. The assessment team has no restrictions or uncertainties with respect to the compliance of the project with the verification criteria. Hence, the audit team concludes that the ex-post GHG removals for the lands included in the project boundary have been projected in accordance with VCS rules. Considering the initial instance validated during the Project Description validation and previous verifications, 166 PAIs were currently verified, covering 27,573.09 hectares protected under agreements with owners located in USA states Alabama, Arkansas, California, Connecticut, Florida, Georgia, Idaho, Kansas, Kentucky, Louisiana, Maryland, Maine, Michigan, Minnesota, Missouri, Mississippi, Montana, North Carolina, New Hampshire, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Virginia, Vermont, Washington, Wisconsin, and West Virginia.

AENOR can confirm that the gross GHG removals and emission reductions for the monitoring period (1 February 2025 – 31 December 2025) are 172,415 tCO₂e; of which 149,797 tCO₂e correspond to VCU considering a 12% non-permanence risk deduction (20,690 tCO₂e). AENOR considers these estimations accurate and free of material errors and AENOR 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 Objective

The purpose of the verification audit activity was to conduct an independent assessment of the project in order to determine whether it complies with the verification criteria as set out in the guidance documents listed in Section 1.2 of this report, including the monitoring procedures; and that the ex-post GHG removals/emission reductions reported are materially accurate.

In accordance with VCS Standard, AENOR carried out an ex-post independent assessment of the GHG emission reductions and removals that have occurred as a result of the project during the monitoring period, conducted in accordance with the VCS Program rules. In accordance with the VCS Validation & Verification Manual, the objectives of the verification engagement were to evaluate the monitoring report and assess:

The extent to which methods and procedures, including monitoring procedures, have been implemented in accordance with the validated Project Description (this included assessing conformance with the monitoring plan).

The extent to which GHG emission reductions and removals reported in the monitoring report are materially accurate.

The extent to which the non-permanence risk analysis is applicable and reliable.

Independent third-party validation is a requirement for all VCS projects and is mandatory to provide assurance to Verra and other stakeholders of the quality of the project and its projected Verified Carbon Units (VCUs) generation.

1.2 Scope and Criteria

The purpose of the verification audit activity was to conduct an independent assessment of the project in order to determine whether it complies with the verification criteria as set out in the guidance documents listed in Section 1.2 of this report, including the monitoring procedures; and that the ex-post GHG removals/emission reductions reported are materially accurate.

In accordance with VCS Standard, AENOR carried out an ex-post independent assessment of the GHG emission reductions and removals that have occurred as a result of the project during the monitoring period, conducted in accordance with the VCS Program rules. In accordance with the VCS Validation & Verification standard, the objectives of the verification engagement were to evaluate the monitoring report and assess:

- The extent to which methods and procedures, including monitoring procedures, have been implemented in accordance with the validated Project Description (this included assessing conformance with the monitoring plan).
- The extent to which GHG emission reductions and removals reported in the monitoring report are materially accurate.
- The extent to which the non-permanence risk analysis is applicable and reliable.

Independent third-party validation is a requirement for all VCS projects and is mandatory to provide assurance to Verra and other stakeholders of the quality of the project and its projected Verified Carbon Units (VCUs) generation.

- VM0003 Methodology for Improved Forest Management Through Extension of Rotation Age v1.3, issued 16 May 2023.

AENOR employed a risk-based approach in the verification, focusing on the identification of significant risks and reliability of project monitoring and generation of emission reductions/removals.

Unless otherwise indicated, the assessment was performed against the most recent version of the relevant VCS documents.

AENOR CONFÍA, S.A. (Unipersonal) verification/validation entity accredited by ANAB with AEN accreditation number 8993.

1.3 Level of Assurance

The level of assurance is used to determine the depth of detail that the verifier places in the Verification and Sampling Plan to determine if there are any errors, omissions, or misrepresentations (ISO 14064-3:2019). For this VCS verification, AENOR assessed the project (general principles, data, sampling descriptions, documentation, calculations, etc.) to provide reasonable assurance to meet the project level requirements of the VCS Program, described in Section 4.1.10(1) and 4.1.2(2) of the VCS Standard v4.7. Based on the verification findings, a final evaluation statement reasonably assures that the project GHG representations are materially accurate. The evidence used to achieve a reasonable level of assurance is specified in subsequent sections of this report.

All the versions of the verification report were subjected to an independent internal technical review before being submitted to the client to confirm that all verification activities had been completed according to the pertinent VVB instructions required. The technical review was performed by a technical reviewer qualified in accordance with AENOR's qualification scheme for VCS verification.

1.4 Summary Description of the Project

Forest Carbon Works, PBC is a US-based company that seeks to conserve and restore functional forestland throughout the United States for the primary purpose of increasing carbon sequestration. The

Family Forest Carbon Project (“the Project”) is a grouped project, with 60 year agreements in place, whose potential geographic area encompasses the contiguous United States and southern Alaska.

The Project contrasts with regional common practice among the owners of these lands prior to project implementation: extractive timber harvesting to compensate for owner decreasing revenues. Chestnut FCW plans to democratize access to carbon revenue by making carbon offset payments available to small landowners that face pressures to liquidate their timber to cover unforeseen expenses.

To reduce GHG emissions across the project area, the project technologies and measures include transitioning the management of forestland to sustainable, uneven-aged silvicultural systems that include group selection, patch cuts and continuous thinning, where appropriate. In these transition activities, practices include the application of special silvicultural treatments that accelerate the recruitment of trees into standing dead wood, among other treatments. There is no rotation age associated with the project activity as even-aged forest management is not practiced. Rotation ages within baseline scenarios differ among activity instances and is dependent on common forest management practices in the geographic area.

Sponsored by Chestnut FCW in relation to this project, university research indicates that the promotion of standing deadwood through these treatments significantly increases total carbon storage over time, as compared to no treatment or extractive timber harvesting. By extending rotation ages (ERA) through the implementation of uneven-aged silviculture of these commercially harvestable forests, the project increases carbon storage relative to the baseline case, as well as increases biodiversity and diversity in forest structure. Diverse forest age classes and heterogeneity across landscapes are proven to increase forest resiliency to disturbances such as wildfire, landslides, and insect or disease outbreak.

The project includes 166 PAIs which were verified for this current monitoring period, covering 27,573.09 hectares protected under agreements with owners located in USA states Alabama, Arkansas, California, Connecticut, Florida, Georgia, Idaho, Kansas, Kentucky, Louisiana, Maryland, Maine, Michigan, Minnesota, Missouri, Mississippi, Montana, North Carolina, New Hampshire, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Virginia, Vermont, Washington, Wisconsin, and West Virginia. No harvesting activities were carried out in the PAIs during the monitoring period.

AENOR can confirm that the gross GHG removals and emission reductions for the monitoring period (1 February 2025 – 31 December 2025) are 172,415 tCO₂e; of which 149,797 tCO₂e correspond to VCU_s considering a 12% non-permanence risk deduction (20,690 tCO₂e).

2 VERIFICATION PROCESS

2.1 Method and Criteria

The verification was performed through a combination of document review, interviews with relevant project personnel and stakeholders and onsite inspections, as discussed in Sections 2.2 through 2.4 of

this report. At all times, the project was assessed for conformance to the criteria described in Section 1.2 of this report. As discussed in Section 2.5, findings were issued to ensure that the project was in full conformance to all requirements.

A project specific sampling plan was developed to guide the verification auditing process to ensure efficiency and effectiveness. The purpose of the sampling plan was to present a risk assessment for determining the nature and extent of the verification procedures necessary to ensure the risk of auditing error was reduced to a reasonable level. The verification sampling plan methodology was derived from all items in our auditing process stated above. Specifically, the sampling plan utilized the VCS guidance documents and ISO 14064-3:2019

Based on these analyses and considering the requirements of the GHG program used, the sampling plan considered the following topics regarding the verification of 166 PAI already included (during the validation of the PD or previous verifications):

- Project proponent, developers/management team, local team onsite.
- Monitoring procedures. Monitoring team and equipment.
- Project activities conducted during the monitoring period (reporting, results, concordance with plan as per PD, etc.)
- Review of operation and measurement records. Controls established to detect and correct any error or omission in monitoring parameters.
- Carbon calculations. Estimates and assumptions for determining GHG data (ex-post for the monitoring period).
- Project rights and legal requirements.
- Financial issues, financial sustainability.
- Stakeholders consultation process and safeguards
- Project conflicts, barriers, or difficulties.
- Project Communication & Grievance Mechanism
- Benefit permanence (mid and long term) and non-permanence risks.

The sample methods assessed the project components that match with key characteristics in the entire documentation to be examined and the requirements of the VCS. In addition, sampling was designed to yield insights and observation that closely align with the real context onsite, the current project status and its alignment with the already validated project documentation (PD). The sampling included checking the quantity and type of evidence below:

- To carefully review the Monitoring Report and supporting documentation (cited in section 2.2 of this report) for conformance to the verification criteria and consistency with the validated Project Description.
- To reproduce 100% of sheets in the MR and the other spreadsheets for the monitoring period for the project area crosschecking with used methodology requirements.
- To reproduce the GHG emissions reductions and removals calculations presented in the spreadsheet and crosscheck with the Monitoring Report.

- To check 100% the project boundary and land cover changes in the project area for the monitoring period using the GIS database.
- Verify 100% and crosschecked with validated values the carbon stock changes, and the land used classes in the project area.
- To carefully review the Non-Permanent Risk (NPR) Report and supporting documentation for conformance to the verification criteria and consistency with the Project Description, and the application of the buffer % correctly.

Any modifications applied to the verification sampling plan were made based upon the conditions observed for monitoring in order to detect the processes with highest risk of material misstatement.

The verification activities in which risks were assessed were the application of the monitoring system (data flow, data control procedures, etc.), the quality of raw data as well as sources and the calculations spreadsheets. AENOR reproduced and verified 100% of workbooks for the monitoring period (1 February 2025 to 31 December 2025).

The sampling and location justification for the PAIs visited onsite is explained in section 2.4 of this report.

The carbon stock changes, and the land used classes in the project area were also 100% verified and crosschecked with validated values.

AENOR carried out a deep and meticulous review of the spreadsheets in order to verify the correct application of the methodology (formulae, equations, etc.) and checked that data required calculating the GHG removals and emissions reduction were appropriately provided. Based on the assessment carried out, AENOR confirms with a reasonable level of assurance that the claimed removals/emissions reduction are free from material errors, omissions, or misstatements.

AENOR confirms that sufficient evidence was presented for the reported net anthropogenic GHG removals/emissions reduction and that there is a clear audit trail that contains the evidence and records that confirm the stated figure in this verification report since:

- Sufficient evidence available: The project participant has provided 100% of data used in the calculations to achieve the final amount of GHG removals/emissions reduction reported.
- Nature of evidence: The raw data was collected from reliable sources. It is detailed in the project documents, has been provided to the audit team and was checked during the interviews and the onsite visit.
- Cross-checked evidence: AENOR cross-checked the collected information through interviews with stakeholders, reproducing calculations and onsite inspections (see sections 2.2 Document review, 2.3 Interviews, 2.4 Site visits).

Hence, AENOR confirms that the stated figures in Monitoring Report are correct and it is able to certify net anthropogenic GHG removals/ emissions reduction based on verifiable and reliable evidence.

The appointed verification team, and the distribution of tasks, is the following. The competence of the team individuals complies with Verra accreditation rules for VCS Program and AFOLU activities.

Name	Role	Activities				
		Desk review	Site visit	Reporting	Technical review	Supervision/ approval
Pablo Moreno	Team leader/ Auditor	X	X	X		
Carlos O'Neill	Team leader under supervision	X	X	X		
Javier Cócera	Technical reviewer				X	
José Luis Fuentes	Climate Change Director					X

The verification schedule was as follows:

Activity	Date
Kick off meeting	20 April 2026
Documentation reception and desk review	24 March 2026- 05 June 2026
Audit plan	30 March 2026
NOVS submission	30 March 2026
Onsite audit inspection	20 April 2026 - 24 April 2026
Findings, with corrective action requests or clarification requests raised	07 May 2026- 05 June 2026
Technical internal review (AENOR)	17 June 2026

2.2 Document Review

The MR submitted by the Project Proponent (PP) was reviewed against the approved methodology and against VCS requirements, as well as the validated PD. Additional background documents related to the baseline, ownership, project start date and additionality were also made available before, during and after the onsite visit, along with the non-permanence risk report. Other documents reviewed included data from monitoring, carbon rights contracts, management agreements, maps and GIS database,

monitoring and grievance SOPs, biomass and carbon calculation spread sheets, etc. All documents were provided digitally to the audit team.

To address the corrective actions and clarification requests that arose from the desk review and onsite visit, the PP revised the project MR version 1 (dated on 23 March 2026) and developed a final version 1.2 dated on 24 June 2026.

The list of all documents reviewed for this verification is the following. Note that along this report, supporting evidence (documents, interviews, on site visit activities) are referred by its Reference number or code in the first column of the lists in sections 2.2 and 2.3, as well as the onsite visit activities carried out and reported in section 2.4.

Annex	Title
MR	VCS MR Project ID 4268 01FEB2025-31DEC2025 v1.4 Clean
PDD	VCS_PROJ_DESC_PCP_4268_28APR2023
Annex B	PAI Maps
Annex C	KML (Project areas + Centroids)
Annex D	Signed MLAs
Annex E	Overlapping Critical Species Habitat documentation
Annex F	FCW Conserve Lying Dead by PAI v3 The Fire and Fuels Extension to the Forest Vegetation Simulator: Updated Model Documentation FOREST INVENTORY AND ANALYSIS NATIONAL CORE FIELD GUIDE VOLUME I: FIELD DATA COLLECTION PROCEDURES FOR PHASE 2 PLOTS Version 9.2
Annex G	Specific Gravity and Other Properties of Wood and Bark for 156 Tree Species Found in North America
Annex H	Forester Attestations to Baseline Silviculture
Annex I	Forest Protocol 2015 assessment.area.data.file
Annex J	Winjum et al 1998
Annex K	Global Forest Resources Assessment 2020 - Terms and Definitions FRA 2020

Annex L	2023 Forest Cruiser Training.mp4 2023 Forest Cruiser Training.pptx NephosDigitizationManual
Annex M	Harmon & Sexton 1996
Annex N	Harvest data for PAI 1093
Annex O	IPCC, Good Practice Guidance for Land Use, Land–Use Change and Forestry, 2003
Annex P	U.S. Forest Projects (June 25, 2015) - Volume and Biomass Equations for Forest Offset Projects in All States Except Alaska, California, Oregon, and Washington biomass.equations.ca.or.wa volume.equations.ca.or.wa
Annex Q	FCW Conserve Harvest Policy, May 2024
Annex R	FCW Offer Packet Template FCW Conserve Membership Guide FCW Stakeholder Engagement Plan
Annex S	FCW Conserve NPV for NPRT Cohort 3
Annex T	FSC Digital Audit Report FCW Internal Audits of FSC certified harvests
Annex U	FCW VCS Certification Model v3 – MP 4 Kimmeridge Carbon Solutions, L.P. and Chestnut Carbon LLC Proof of Funds
Annex V	Non-Permanence Risk Tool Additional Evidence Historical Risk Score Selection Justification and Evidence
Annex W	FCW Conserve Treelist Workbook
Annex Y	Updated Management Strata (Modeling Units, Plots, Boundaries) Shapefile
Annex Z	Example baseline timber harvest plans
Annex AB	FCW Conserve ERR Calculation Spreadsheet

Annex AC	FCW Conserve Model Results
Annex AD	FCW Conserve Baseline Wood Products
Annex AE	Signed NCX Contracts
Annex AF	List of Recorded Invasive Species by State
Annex AH	Forest Stewardship Council US Forest Management Standard
Annex AI	Stakeholder correspondence with the PAIs.
Annex AK	FSC Gender Equality Guidelines: SDG 05: GENDER EQUALITY
Annex AL	QAQC Reference v1.0
Annex AM	US Contributions to 17 Sustainable Development Goals by 2030-2022 Report
Annex AP	FCW Conserve - Sample Size Current aboveground live tree carbon stocks and annual net change in forests of conterminous United States
Annex AR	FSC Audit Supplement Forest Carbon Works FSC Certificate
Annex AS	PAI Harvest Checks
Annex AU	University of Minnesota Research Statement
Annex AX	Safety Materials and Anti-Harassment Training Landowner Membership Guide Confirmation
Annex AW	FCW Conserve Safeguard Risk Identification Report FCW Conserve Safeguard Risk Policy FCW Adaptive Risk Management Plan
Annex AY	Non-Permanence Risk Tool Export Non-Permanence Risk Tool Notes Export Non-Permanence Risk Tool Attachments Export

Annex AZ	Uncertainty v0.4- Project
Annex BA	Landowner Payment Records
Annex BB	GIS Checks
Annex BC	Landowner Correspondence
Annex BD	VT0015 Summary Tables
Annex BF	PAI 1036 Non-Commercial Harvest

2.3 Interviews

AENOR verification team conducted interviews with Project Proponent and owners regarding the work products provided to the audit team in support of the MR and NPR Report; actions undertaken to ensure conformance with various requirements; and project activities as planned and implemented. The following personnel associated with the Project were interviewed:

Reference	Name	Organization	Role	Date
Interview #1	Sam Lee	Chestnut FCW	MRV Manager	On site visit 20 April- 24 April 2026
Interview #2	James Stafford	Chestnut FCW	Regional forester	On site visit 20 April- 24 April 2026
Interview #3	Julian Bauer	Chestnut FCW	Director, Forest Conservation Program	On site visit 20 April- 24 April 2026
Interview #4	Sandy Letzing	Chestnut FCW	Senior Forester	On site visit 20 April- 24 April 2026
Interview #5	Alani Worden	Chestnut FCW	Project manager	On site visit 20 April- 24 April 2026

Interview #6	West coast PAIs Id: 1293, 1183, 1163, 1139, 1249, 1084, 1070, 1204, 1036, 1034c	Owners or managers for the PAIs visited during the onsite visit		On site visit 20 April- 24 April 2026
Interview #7	East coast PAIs Id: 1262, 1252, 1217, 1164, 1214, 1099, 1095, 1093, 1092, 1091, 1074, 1042, 1014	Owners or managers for the PAIs visited during the onsite visit		On site visit 20 April- 24 April 2026
Interview #8	Jordan Wits	Chestnut FCW	Forest operations manager	On site visit 20 April- 24 April 2026
Interview #9	Jason Woodfin	Chestnut FCW	Regional forester	On site visit 20 April- 24 April 2026
Interview #10	Dan Perry	Chestnut FCW	Associated Forester	On site visit 20 April- 24 April 2026

The names of the owners (whose PAI IDs have been indicated in the table above) are not shown to maintain their anonymity, although additional information can be requested from the VVB and the PP in this regard. A kml with the exact location of each PAI is located in Verra Registry as required by VCS.

The FCW team was interviewed during the field visit, which they attended and supported on the dates indicated. Additionally, the staff in charge of the calculations was consulted remotely for explanations of the calculations. The sampling rationale and the location of the PAIs visited are described in section 2.4. Owners whose PAIs were not visited were contacted by email to notify that the audit was taking place and to collect comments, complaints, etc. if they had any, as well as the opportunity to contact the VVB directly if they preferred. The way in which stakeholders were contacted during the audit is considered culturally appropriate. Since in the context of the project the identified stakeholders are the owners and foresters, the communication is done in English as the common language. The interactions were done either in person, by phone or by email, always making the PP available for communication with the Stakeholders.

It is important to clarify that, besides the owners, the only stakeholders (secondary stakeholders) that could potentially be affected in the future at the time of project expansion because of the project activities are only the neighbors, as identified by the PP. However, they were not considered for consultations by the VVB during the audit since at the moment they have no relation to the project and are not affected by the project activities. AENOR confirmed that given the nature of the project (private properties with private management, where the project activity will be passive -non-intervention- and that does not request any specific permission from the Government, in a context of current PAIs dispersed in

a vastly agricultural-cattle ranching landscape) the number of stakeholders is limited. For example, for the current PAI, no local policy makers, groups of women or minorities, or third parties with any rights over the project properties that have or potentially could have any affectation by the project have been identified; and this, according to the onsite visit and rest of the interviews is consistent. That said, the consideration of the neighbors as the only local stakeholder deems correct, but either way the list of stakeholders is expected to be constantly updated (Annex T).

2.4 Site Visits

The selection of PAIs to visit was based on the following criteria:

- The sample size was set at 25, aligned with the previous verification sample size, which also included the validation of new PAIs; therefore, this approach was considered straightforward and conservative. Subsequently, the selection of States was based on criteria of representativeness of the VCUs claimed, as well as logistical considerations and prior visits to PAIs and States during previous audits. Taking these criteria into account, the audit team decided to avoid revisiting previously visited PAIs and to prioritise those with higher VCU volumes in order to ensure representativeness.
- In summary, 25 PAIs were finally visited (15% of total - 166), in 7 States out of 30 in total (23%). Therefore, both at the PAI, cluster and VCUs levels, the minimum sampling was complied with.
- Within the PAIs, at least 2 plots in the PP inventory were remeasured, except for one day in the west cost team where due to logistic constraints 1 plot per PAI was visited.

In summary, with respect to the total number of PAIs and PAIs visited, please note that the initial sampling was performed with the initial intended PAIs to validate in this verification, number that has changed during the course of the audit, in red text we are signaling those PIAs that were part of the sampling but have not been included in the project at this stage this difference was due to a decision from the PP not related to any findings of the audit found during the visit or the desk review, they are shown here to provide a clear and truthful description of the sampling process and to provide clarity and transparency to the report:

The objectives of the on-site inspections performed were mainly to cross check the description provided in the MR, particularly:

Reference	Onsite Activity
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Activity #1	Ensure that the geographic area of the project, as reported in the MR and the accompanying geodatabase base is in conformance with Section 3.11.2 of the VCS Standard. For this, 25 PAIs were visited, where the limits of the properties and land uses and identified strata were reviewed in accordance with the defined carbon accounting areas, being in accordance with what was reported in the MR. It was also observed that the boundaries were marked and there were signs indicating the PP contact details in case of comments or grievances.
Activity #2	The plot data collected by the auditor in the field was compared against the project inventory tree data: no significant difference was obtained with the values used in the verified inventory and the projection of the inventory itself (see findings regarding the validation of the inventory and its modelling for the baseline in section 4.3 of this report). The audit team was able to confirm with reasonable assurance that the inventory data was collected with accuracy and precision in line with professional forest measurement techniques
Activity #3	Observe the PP's evidence and collect and record data in order to assess whether data collection techniques conform to the monitoring plan and related documentation and to evaluate data quality control systems. During the measurement of plots, it was observed that the staff was correctly trained and followed the monitoring procedures reported in the FCW protocol.
Activity #4	Assess the potential implementation of the project activities reported: the only activity to be implemented is the conservation of forest areas, confirming that no commercial harvesting activity will be carried out so far, except any maintenance activity (clear cuts, patch cuts, seed tree, continuous thinning or group selection practices) and no harvesting was carried out during the monitoring period.
Activity #5	Carry out interview with stakeholders in order to cross check the documentary information provided. Given the nature of the project, the stakeholders involved are limited: the technical team, the owners of the 25 visited PAIs, and the corresponding attestation foresters were interviewed.
Activity #6	Perform a risk-based review of the project area to ensure that the project conforms to all other requirements of the VCS rules and the methodology (sanitary conditions, presence on invasive species, etc.).
Activity #7	Walkthrough of project calculations in order to give audit team a chance to follow the process and where to find key information in the documents provided, from the GIS and inventory design and data collection to the ex-post VCUs expected (baseline, removals, emissions, leakage, uncertainty), through the methodology, associated tools and SOPs.

In fulfillment of the above objectives, the two auditors performed an on-site inspection of the project area during 20-24 April 2026 of eastern and western PAIs simultaneously (5 days each audit team member) observing the project area and vicinity to assess whether conditions are as described in the MR.

The visit did not occur prior to the end of the monitoring period.

2.5 Resolution of Findings

All documentation provided by the PP was assessed against the applicable version of the relevant VCS guidance document listed in section 1.2 of this report. Several clarification requests (CL) and corrective action requests (CAR) were raised and submitted to the PP, which addressed them either by providing the audit team with the requested information or by making the appropriate corrections. Updated versions of the documentation were submitted by the PP and the audit team reassessed them against the guidance documentation. This process was repeated iteratively until all CAR and CL were fully closed. Specifically, 8 CARs and 2 CLs were raised and properly closed.

All findings issued by the AENOR audit team during the validation process have been closed. In accordance with Section 4.1.20-21 of the VCS Standard v4.7, all findings issued during the validation process, and the inputs for their closure, are described in Appendix 2 of this report.

2.5.1 Forward Action Requests

No Forward Action Requests were raised during this verification event.

One FAR was raised in the previous verification event:

“At the next verification event:

1. The new grouped project eligibility criteria shall be updated to require demonstration of the plausibility of generating revenue from timber harvesting for each PAI, in addition to legal permissibility; or
2. Alternatively, the common practice analysis is updated to demonstrate that, for each region, it is common practice for private landowners to harvest timber with the objective of generating revenue, beyond the current analysis, which focuses solely on which management practices are common practice.”

The audit team for this verification considers the newly added eligibility criteria #8 in section 3.2.2 Project Description Deviation correctly addresses this FAR as per option 1 given to the project proponent.

2.6 Eligibility for Validation Activities

This section is not applicable this monitoring period as no validation activities have been undertaken during this verification.

3 VALIDATION FINDINGS

3.1 Methodology Deviations

The project deviates from the procedures set out in VM0003 v1.3 by applying one methodology deviation:

Deviation #1:

Description of the deviation:

The PP proposed an alternative method related to the criteria and procedures for monitoring that is more efficient for project-specific circumstance. The Uncredited Reserve Stock (URS) is a division of the above ground biomass and standing dead wood carbon pools. URS represents a small portion of project carbon stocks that are subject to the project activity but will conservatively not count towards VCU accounting or issuance. The URS is calculated as 9% of the initial carbon stock of all PAIs as quantified at the time of addition of each PAI to the grouped project. Contributions to (once upon enrollment into the grouped project) and depletions from, the URS are tracked at the PAI level. The balance of the uncredited reserve stock must be included in all future monitoring reports and the balance shall be within the scope of verification however not a selected pool. The purpose of the URS is to establish a dedicated carbon pool that can be depleted to account for carbon removed from the project boundary due to limited harvesting activities to promote forest health according to the policies of FCW, such as limited continuous thinning, which aim to maintain forest vigor and improve structural characteristics to the benefit of added carbon removal by residual trees over time. According to Annex AB and W, the URS by PAI is the following for the current monitoring period can be found in the MR or the calculations spreadsheet.

Whether the deviation meets with the criteria and specifications for permitted methodology deviations:

The deviation does not have an impact on the applicability conditions, additionality, or the appropriateness of the baseline scenario; only in the monitoring criteria and procedures. Thus, in opinion of the VVB, the deviation meets with the criteria and specifications for permitted methodology deviations in section 3.20 of VCS standard v4.7.

Whether the deviation negatively impacts the conservativeness of the quantification of GHG emission reductions or removals (except where they result in increased accuracy):

The deviation achieves the same level of accuracy and results and is more conservative than what is set out in the methodology: there is no change in the calculation of uncertainty, as it was confirmed by the VVB in the comparison of both uncertainty scenarios: URS vs. no-URS (Annex W). The conservativeness is ensured since it reduces crediting of emissions in the baseline scenario relative to the outcome where it had not been deducted. The comparison amongst the scenarios with-URS and without-URS in the inventory and ex-post calculations was checked by the VVB (Annex AB, AC), which proves the deviation does not result in an overestimation of net GHG emissions reductions or removals and is therefore conservative. The parameter to be monitored was defined in section 5.2 of the PD, section 4.2 of the MR

and section 4.3 of this verification report. Thus, in opinion of the VVB the deviation does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.

Thus, in opinion of AENOR, the deviation #1 is acceptable. This deviation was approved during the validation of the PD, and there are no previously validated methodology deviations, nor new methodology deviations during this monitoring period.

3.2 Project Description Deviations

During the verification of the current monitoring period (1-February-2025 to 31-December-2025), the following Project Description Deviations have been validated:

- Deviation 1: Four PAIs (1048, 1119, 1138, and 1175) were terminated during Monitoring Period 4. The audit team reviewed the ER spreadsheets (Annex AB) to confirm that the corresponding VCUs were correctly deducted. Moreover, the audit team assessed the GIS shapefiles (Annex C) to verify that the respective polygons had been properly removed and that the resulting total hectares were accurately reflected. No inconsistencies were identified, and the audit team concludes that the PAI terminations were carried out accurately and correctly accounted for.
- Deviation 2: In response to the FAR raised during the previous verification, the project proponent updated eligibility criterion (#8), requiring that each PAI demonstrate the plausibility of generating revenue from timber harvesting prior to inclusion in the grouped project. This demonstration is supported by a net present value (NPV) analysis consistent with the baseline scenario assumptions. AENOR considers that this effectively addresses the FAR raised by Verra and deems it a permissible project description deviation for future verifications.

Previous Project Description Deviations include:

As described in section 3.2.2 of the MR, there is an adjustment on the size of one of the PAIs enrolled in a previous monitoring period: The boundaries of PAI 1134 were adjusted during Monitoring Period 3. This PAI was previously enrolled in the Family Forest Carbon Project during Monitoring Period 2 and was issued 2,397 VCUs. However, prior to the finalization of MP3, the project proponent noticed a discrepancy between the acreage in Annex D (446 acres) and enrolled acreage (1,129.29 acres). The project proponent has corrected this and project files now align with Annex D. The project proponent has implemented QAQC procedures to prevent this issue from recurring (Annex AL).

The audit team has confirmed that the adjustments needed for the total figures of area for the project at this stage as well as the subtraction of the already issued VCUs that should not have been issued have been corrected and subtracted accordingly. Please for this see section 3.1.1 of the MR.

In a similar way, PIAs that were included in previous verifications were terminated and exited the project, resulting in the need of correcting and subtracting VCUs to the result of this MP. For more detail find section 3.1.1 of the MR. The audit team confirmed these adjustments by confirming the granted VCUs in previous monitoring periods. The adjustments made are correct and add up to a total of 4,502 VCUs.

As part of the evolution of the project, the PP has introduced the use of the VT0015 module for the separate calculation of reductions and removals for VM003, VM005, VM0012 and VM0034. This inclusion is accepted by the audit team since is a tool approved by Verra that is applicable to projects using VM0033 as methodology and complies with condition 2b “VCUs from a given monitoring period have not yet been issued on the Verra Registry, and the corresponding monitoring report is updated using this tool and the updated monitoring report is verified by a validation/verification body.” Which is the case. Find details of its application in section 5.4 of the MR.

3.3 New Project Activity Instances in Grouped Projects

No new project activity instances were added to the project during this monitoring period.

3.4 Baseline Reassessment

Did the project undergo baseline reassessment during the monitoring period?

☐ Yes ☒ No

4 VERIFICATION FINDINGS

4.1 Project Details

Item	Evidence gathering activities, evidence checked, and assessment conclusion:
Audit history	The current event corresponds to the forth verification, with a monitoring period starting on 1 st February 2025 until 31 st December 2025. The validation and first verification were carried out by the same VVB but a different VVB carried out the 2 nd through 4 th verifications. Verra Registry keeps PD and MR records and Validation and Verification Reports, among other documents.
Double counting and participation under other GHG programs	The project is only registered under the VCS program and only intends to issue credits within it, since this is the first verification. According to the revision of other program registries, it is confirmed the Project does not present any overlap with any other initiative in the territory. AENOR confirms that the project has not been registered nor is seeking registration under other GHG program, nor has it been rejected by other GHG program, as confirmed through a risk-

	based internet review in other program registries and interview with PP (Interview #1). Where a landowner of a project activity instance was previously under contract with the Natural Capital Exchange (NCX), landowner shall provide copies of all contracts between landowner and NCX prior to the first verification event (Annex AE provided to the VVB), in accordance with Eligibility Criterion 8 to identify the term of such agreement, as it was the case for six PAIs (PAIs ID: 1194, 1196, 1197, 1216, 1218, 1252). The PP is not claiming credit for any GHG emissions reductions or removals previously claimed by NCX as guaranteed by the establishment of the PAI crediting start date upon termination of the agreement. Then, the PAI crediting period start date may only commence following the latest termination date of agreements (as it is the case according to Annex AE agreements). Under no circumstances shall the PAI crediting start date precede the latest effective date of the NCX agreements. This clarification on how to proceed was provided to the PP by Verra staff by email in December 2022 (Annex S in PD, NCX - Verra Communication.pdf).
No double claiming with emissions trading programs or binding emission limits	The audit team confirmed that the Project is not currently participating in any emission trading or other binding limit program or mechanism applicable to the context of the Project (AFOLU activity based in USA), as confirmed through discussion with project personnel (Interview #1 and #3) and indicated in section 1.11.1 of the MR.
No double claiming with other forms of environmental credit	The audit team confirmed that the Project has not sought or received another form of GHG-related environmental credit, including renewable energy certificates, as confirmed through discussion with project personnel (Interview #1 and #3) and revision of main applicable GHG-related environmental credit system.
Supply chain (scope 3) emissions double claiming	The PP is not a buyer or seller of a product whose emissions footprint is changed by the project activities. On the other hand, the Project is enrolled under sectoral scope 14: Agriculture, Forestry and Other Land Use (AFOLU). Inventory emissions are not considered under sectoral scope 14. Thus, no issuance of public statements or email notification proceeds.

Sustainable development contributions	The PP contributes to the following three SDGs: 6 (Clean Water & Sanitation), 13 (Climate Action), and 15 (Life on Land), related to the following activities: 1) 27,573.09 ha (whole project area verified) of forest areas protected from harvesting (evidenced in Annexes R, D and X) according to regarding legally-binding long-term agreements (or under FSC-certified sustainable forest management when it proceeds according to Eligibility criterion 7), 2) GHG removals due to the implementation of extended rotation age (evidenced in the MR and in this report, since it is the main objective). According to AENOR, the PP has demonstrated its contribution to the SDGs, their monitoring and reporting, and their alignment with the achievement of the national SDGs for the USA (Annex AM).						
Additional information relevant to the project	There is no information from the MR to be excluded in its public version. All MR information can be included in its public version. Although the PP has reported some documents as commercially sensitive, these are never part of the public version of the MR, so it is not necessary to exclude them particularly. The documents mentioned by the PP to be excluded are external evidence to the MR itself and the reasons why the PP does not wish to make them public (even if they are not even part of the MR) are the following: <table border="1"> <thead> <tr> <th>Document</th><th>Confidentiality justification</th></tr> </thead> <tbody> <tr> <td>Annex U: - FCW VCS Certification Model v2 - Kimmeridge Carbon Solutions, L.P. and Chestnut Carbon LLC Proof of Funds</td><td>It contains proprietary financial information as evidence for the Financial Viability section of the Non-Permanence Risk Report. Either way, its conclusions are indicated in the MR (and in section 4.5 of this verification report).</td></tr> <tr> <td>Annex S. FCWConservePDAdditionality_NPV_v2 - NPRR version</td><td>It contains proprietary financial information related to the project proponent's internal project development costs. Either way, its conclusions are indicated in the MR (and in section 4.5 of this validation report).</td></tr> </tbody> </table>	Document	Confidentiality justification	Annex U: - FCW VCS Certification Model v2 - Kimmeridge Carbon Solutions, L.P. and Chestnut Carbon LLC Proof of Funds	It contains proprietary financial information as evidence for the Financial Viability section of the Non-Permanence Risk Report. Either way, its conclusions are indicated in the MR (and in section 4.5 of this verification report).	Annex S. FCWConservePDAdditionality_NPV_v2 - NPRR version	It contains proprietary financial information related to the project proponent's internal project development costs. Either way, its conclusions are indicated in the MR (and in section 4.5 of this validation report).
Document	Confidentiality justification						
Annex U: - FCW VCS Certification Model v2 - Kimmeridge Carbon Solutions, L.P. and Chestnut Carbon LLC Proof of Funds	It contains proprietary financial information as evidence for the Financial Viability section of the Non-Permanence Risk Report. Either way, its conclusions are indicated in the MR (and in section 4.5 of this verification report).						
Annex S. FCWConservePDAdditionality_NPV_v2 - NPRR version	It contains proprietary financial information related to the project proponent's internal project development costs. Either way, its conclusions are indicated in the MR (and in section 4.5 of this validation report).						

	- Annex D Signed MLA (Forest Management Lease Agreement) - Annex AE Signed NCX Contracts - Annex BA Landowner Payment Records - Annex AI Stakeholder Correspondence (PP-PAIs)	These documents contain personal information of the owners not relevant and not necessary for a public version of the MR.
	The previous external documents were provided to the audit team upon request. A summary is properly included in the MR and the conclusions of its assessment are included in this verification report. That said, there is no information to be excluded from the public version of the MR.	

4.2 Safeguards and Stakeholder Engagement

4.2.1 Stakeholder Identification

Item	Evidence gathering activities, evidence checked, and assessment conclusion
Stakeholder identification	The PP has identified the relevant stakeholders for the project in the Adaptive Risk Management Plan (Annex AW). AENOR confirmed that given the nature of the project (small private properties with private management, where the project activity will be passive -non-intervention- and that does not request any specific permission from the Government) the number of stakeholders is limited: - Landowners (main stakeholder): the owners of the PAIs have all property and use rights over the land included in the Project. This is contained in Excel FCW Conserve - Cohort 3 LO details, including contact details. - Neighbors (secondary or potential stakeholder): only in case they submit a grievance or a comment regarding the Project, given that although they could have some comments/complaints, they have in general no right of ownership or use over the included lands. The list of stakeholders is expected to be constantly updated as the number of PAIs increase, according to Annex R (FCW Stakeholder Engagement Plan v1.0). The primary stakeholders consulted by AENOR are described in section 2.3 of this report (Interview #6, #7),

	as well as the justification for the absence of consultation of the neighbors for the time being. In conclusion, AENOR considers that the identification of stakeholders is correct. The identification process has not changed since validation; it has only been expanded with the new PAIs.
Legal or customary tenure/access rights	During this monitoring period, no new PAIs were added to the project, thus the stakeholder map regarding landowners has remained the same since last verification. In the past, the PP sufficiently demonstrated that all properties are private, in the name of private persons, based on property deeds (Annex AG) matching with the PAIs delimitation (Annex C), concluding that there is no evidence of any legal or customary tenure/access rights to territories and resources held by third parties, including other individuals, indigenous people, local communities, or customary rights holders, according to the public info of Department of Indian Affairs (U.S. Department of the Interior).
Stakeholder diversity and changes over time	As mentioned in the previous section, the number of stakeholders is limited to potentially affected owners and neighbors (who own the adjoining lands). Therefore, the differences in social, economic, and cultural terms of the stakeholders are basically due to the varied origin of the owners, who are distributed throughout 30 states of the country and whose reasons for joining the project voluntarily are varied. The list of stakeholders is expected to be constantly updated as the number of PAIs increase, according to Annex R (FCW Stakeholder Engagement Plan v1.0), as it was verified by AENOR, crosschecked also with the interviews onsite (Interview #6 #7).
Expected changes in well-being	According to the interviews conducted with the owners (Interview #6 #7) and the field review (section 2.4 of this report), the benefits in well-being are related to the diversification of revenues from carbon and those related to avoidance the negative consequences of extractive logging, as also identified by the PP. According to what AENOR observed, there are no negative changes in well-being due to the project activity implementation.
Location of stakeholders	The owners, as main stakeholders, usually live in the PAI, or nearby. The secondary stakeholders are neighbors, owners who live in the vicinity of the PAIs, as observed in the GIS database (Annex C),

	interview with the owners (Interview #6, #7) and location of the neighbors (Annex C). According to AENOR, the PP has correctly identified the location of stakeholders and local communities. On the other side, according to Department of Indian Affairs (U.S. Department of the Interior), there are no indigenous peoples, customary rights holders in the surroundings of the PAIs.
Location of resources	There is no evidence of any legal or customary tenure/access rights to territories and resources held by third parties, including other individuals, indigenous people, local communities, or customary rights holders, according to the public info of Department of Indian Affairs (U.S. Department of the Interior). Thus, regarding the location of territories and resources which stakeholders own or to which they have customary access only corresponds to the PAIs owned by their landowners, whose title deeds are clear (see „Legal or customary tenure/access rights” above). This is properly identified by the PP, in opinion of AENOR.

4.2.2 Stakeholder Consultation and Ongoing Communication

Item	Evidence gathering activities, evidence checked, and assessment conclusion
Ongoing consultation	Consultation process: 1. Permanent communication with all owners/PAIs, who are the main stakeholders (Annex AI), crosschecked by AENOR during the site visit (Interview #6, 7). 2. Dissemination of the project through informative material and membership guide (Membership guide, Offer Packet Template, in Annex R) to the owners, crosschecked by AENOR during the site visit (Interview #6, 7 to owners and Interview #2, #4, #9 and #10 to PP Regional Team). 3. The information disseminated to owners (Membership guide, Offer Packet Template, in Annex R) coincides with the clauses of the Forest Management Agreement (Annex D), covers the aspects required by VCS standard v4.7 (project design and implementation, risks, costs and benefits, relevant laws and regulations and the process of VCS Program verification and its site visit) and which was known to the PAIs (Interview #6, 7).

		4. Information is disseminated directly to owners by culturally appropriate means, such as telephone, mail, or site visits, means that are common in the context of owners. Communications are always in English, the language of the owners. The suitability of this was verified by AENOR in the field. 5. There are permanent means of contact, including a grievance redress mechanism (see section 4.2.4 below). According to the evidence above, in opinion of AENOR the PP proponent takes all appropriate measures to communicate and consult with stakeholders during the monitoring period in line with the validated plan for ongoing communication.
Date(s) of stakeholder consultation		In addition to the ongoing communication previously mentioned, open events are eventually held aimed at: 1) participating owners (primary stakeholders), 2) any other stakeholder other than the participating owners (secondary stakeholders). In AENOR's opinion, the calls for proposals adequately reached the interested parties and were a convenient opportunity to submit comments.
Communication of monitored results		All communication with the primary stakeholders (owners) is done by email and telephone, in addition to the events mentioned above. About the results of the monitoring is that the PP can make a proposal for payments to the owner once it has been verified, among others, the eligibility to participate in the project, its baseline, etc. Annex AI includes all communication between PPs and PAIs, and includes the results of monitoring in a timely manner, as verified by AENOR. For secondary stakeholders, the relevant information is on the website, which is communicated through the means mentioned in the previous section. A public version of the MR can always be consulted in the Verra Registry and Verra has the option to receive comments regarding the project permanently. During the site visit and thankyou to the interviews performed, the audit team could confirm that the stakeholders are aware of the availability of the documentation and information and specify that the project staff are always available to share information when asked for.

	Thus, in opinion of AENOR, communication of monitored results is adequate.
Consultation records	With the primary stakeholders (owners) the consultations are maintained by mail or telephone and are documented in writing (Annex AI). As for secondary stakeholders (neighbors), or open consultations (in person or remote), the records are kept in writing. Thus, in opinion of AENOR, consultation records are adequately collected, analyzed and recorded.
Stakeholder input	From the written records of the consultations (Annex AI), from the interviews held between the VVB and the owners (Interview #6, 7), confirm and the permanent communication channels (website for comments and complaints, see below), AENOR did not observe that there were inputs that had not already been considered by the PP, therefore no updates to the project were necessary.

4.2.3 Free, Prior, and Informed Consent

Item	Evidence gathering activities, evidence checked, and assessment conclusion
Consent	According to VCS standard v4.7, “the project may affect property rights only if FPIC is obtained from those concerned, including IPs, LCs, and customary rights holders, and a transparent agreement is reached that includes provisions for just and fair compensation”. Considering the circumstances of the project, the only stakeholders with tenure or use rights to the project's lands are their owners. These private owners proved their ownership at validation by means of their title deeds. Through the socialization of the project (described in section 4.2.2) they grant prior (socialization before the signing of the agreements see above), freely (participation in the project is voluntary through open call, see above) and informed (suitable information material, see above) they gave consent by signing the Forest Management Lease Agreement (Annex D). These documentary evidences were cross-checked in the field with interviews with owners (Interview #6, 7) and PP (Interview #1, 2), therefore AENOR considers that the consent obtained is legitimate. On the other hand, there is no evidence of any legal or customary tenure/access rights to territories and resources held by third parties, including other individuals, indigenous people, local communities, or customary rights holders, according to the

	public info of Department of Indian Affairs (U.S. Department of the Interior), neither evidences of ongoing or unresolved conflicts (according to the above mentioned evidences and also the internal correspondence with owners and the due diligence process to join the project –Annex AI). Thus, in opinion of AENOR, the FPIC process is adequately addressed to the extent it is applicable.
Outcome of FPIC discussion	As explained above, it is considered that the signing of the documentation to enter the project, given the process and the type of stakeholders involve in the project is the final outcome of the FPIC.

4.2.4 Grievance Redress Procedure

Item	Evidence gathering activities, evidence checked, and assessment conclusion
Grievance received and steps taken to resolve the grievance including the outcomes of the resolution	During the audit period, no comments or complaints were received using the Grievance redress procedure indicated in the row below. The absence of negative comments or complaints was also confirmed by AENOR's consultation to all PAIs (Interview #6, 7), were the comments were positive, and beyond the impacts of the project, they focused on the interest of other neighbors in the surroundings for their participation. None of this comments request follows up by the PP or implies changes in the PD. On the other hand, the PP adequately demonstrated to AENOR that the procedure is easily accessible to stakeholders: 1. The owners (main stakeholder) have in their membership guide (Annex R) the information to access the procedure on the website. 2. The neighbors (secondary stakeholder) were informed of the procedure on the web through in-person meetings, remote meetings, brochures physically distributed to neighbors, the usual presence of PP regional foresters and signage at the entrance of the PAIs (this evidence is described in section 4.2.2 above). 3. Stakeholders have been informed of the procedure. On the other hand, the complaints mechanism allows you to submit comments/complaints both anonymously if you wish and, as could be seen during AENOR's field visit, both the telephone and the website and emails are means that the owners use for communication on a regular basis.

Grievance redress procedure	Grievance redress procedure had no changes since validation. The PP has established mechanisms for ongoing communication with stakeholders to allow them to raise concerns about potential negative impacts during project implementation: 1) FCW website allows for comments to be submitted at any time, https://forestcarbonworks.org/stakeholders/#submit-comment 2) and the Project website also includes a formal grievance process, as confirmed by AENOR https://forestcarbonworks.org/grievance-procedure/ AENOR confirmed that the grievance redress procedure complies with VCS Standard v4.7 by considering the steps requested, as well as it considers communications in a culturally appropriate manner, confirmation of the reception of the grievances and PP assessment of its eligibility.
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4.2.5 Public Comments

Not applicable. Since this event corresponds to verification, not a validation or joint validation and verification, there was no 30-day public comment period in Verra Registry, according to VCS standard v4.7. On the other hand, although any stakeholders may submit comments outside of the 30-day public comment period, Verra has not communicated the existence of comments to the VVB or the PP since the registration of the project.

Comments received	Actions taken by the project proponent	Evidence gathering activities, evidence checked, and assessment conclusion
-	-	-

4.2.6 Risks to Local Stakeholders and the Environment

No activity is free from generating risks to stakeholders or the area it is implemented in, the key factor in managing those risks is identifying them and placing adequate resources either in quantity or type to prevent and or mitigate them. In this sense, the PP presents a strong commitment to identifying any risks they may incur in and preventing them. The VVB has been able to review the PP policies in risk identification and management presented in annex AW. The mitigation of those risks is described in the adaptative risk management plan while the policy and the identification reports focus mainly on Stakeholder protection and environmental compliance with the projects goals.

4.2.6.1 Management Experience

No new entity was involved in project design or implementation. Management experience of the PP was proved during validation and no changes in this regard were noticed. During the entire audit the PP showed proper management experience, in opinion of AENOR.

4.2.6.2 Risk Assessment

Item	Evidence gathering activities, evidence checked, and assessment conclusion
Natural and human induced risks to stakeholders' wellbeing	FCW Conserve Safeguard Risk Policy in annex AW describes how the company is preventing the identified wildfire risk (risk 1.2.1) by FSC certified management plans that mitigate wildfires such as thinning, treatment for fuel reduction and establishment of fire breaks. These silvicultural techniques mitigate risk of wildfire as they reduce fuel loads and encourage heterogenous uneven age-management which is more resilient during fires (ARMP, Section 6.2) For more information about FCW's silvicultural solutions see the FCW Conserve Harvest Policy and FCW Conserve Adaptive Management Plan. It is the opinion of AENOR that the assessment of natural and human induced risks to stakeholder wellbeing is correct and complies with the standard.
Risks to stakeholder participation	Project activities are aimed at increasing economic growth in the area (carbon payments to landowners ensure that over the course of the project, landowners can earn profit on their forest land equal to or exceeding those from timber sales) while keeping a specific focus on improving the lives of the community members to the extent possible, given the characteristics of the project (private properties with private management, where the project activity will be passive: principle of non-intervention). The PP prepared 'FCW Safeguard Risk Identification Report' where the risks of the project activity are analyzed in depth, including risks to stakeholder participation, aligned with the requirements of the VCS standard v4.7. In addition, the document 'FCW Safeguard Risk Policy' proposes the precise mitigation measures that the PP implements for each risk to stakeholder participation detected. AENOR reviewed the risk assessment (Annex AW) and considers that it is realistic and conservative, and that the mitigation measures implemented (described in Annex AW) are properly implemented (Annex B, D, R, Q), and coincide with the testimonies of stakeholders (Interview #6, #7), who did not report negative impacts to stakeholder participation. In any case, as described in FCW Adaptive Management Plan (Annex AW), if at some point any

	stakeholder identifies any negative impact, FCW has developed a grievance structure should anyone have complaints or comments (section 4.2.4 above).
Working conditions	The same 'FCW Safeguard Risk Identification Report' identifies precisely working conditions risks related to project activity, aligned with the requirements of the VCS standard v4.7. In addition, the document 'FCW Safeguard Risk Policy' proposes the precise mitigation measures that the PP implements for each risk to working conditions detected. AENOR reviewed the risk assessment (Annex AW) and considers that it is realistic and conservative, and that the mitigation measures implemented (described in Annex AW) are properly implemented (Training and working policies in Annex AX), and coincide with the testimonies of stakeholders (Interview #1-5), who did not report negative impacts to workers. Additionally, by Eligibility Criterion 7 (and Annex Q. Conserve Harvest Policy.pdf) the PAI has to be FSC certified before harvesting, so in case the harvest were to occur, there would also be an FSC audit for compliance with Principle 4 related to working conditions. In any case, as described in FCW Adaptive Management Plan (Annex AW), if at some point any stakeholder identifies any negative impact, FCW has developed a grievance structure should anyone have complaints or comments (section 4.2.4 above), that can be submitted anonymously.
Safety of women and girls	The same 'FCW Safeguard Risk Identification Report' identifies risks for safety of women and girls related to project activity, aligned with the requirements of the VCS standard v4.7. In addition, the document 'FCW Safeguard Risk Policy' proposes the precise mitigation measures that the PP implements for each detected risk for safety of women and girls. AENOR reviewed the risk assessment (Annex AW) and considers that it is realistic and conservative, and that the mitigation measures implemented (described in Annex AW) are properly implemented (training to prevent harassment and discrimination against women and girls, in Annex AX; guidelines in Annex AK), and coincide with the testimonies of stakeholders (Interview #1-5 & #8-10), who did not report negative impacts to workers at this regard. Additionally, by Eligibility Criterion 7 (and Annex Q. Conserve Harvest Policy.pdf) the PAI has to be FSC certified before harvesting, so in case the harvest were to occur, there would also be an FSC audit for compliance with Principle 4 related to working conditions, including the prevention of discrimination or sexual harassment to women and girls. As described in FCW Adaptive Management Plan (Annex AW), if at some point any stakeholder identifies any negative impact, including PP

	workers, PAIs o PAIs workers, FCW has developed a grievance structure if somebody have complaints or comments (section 4.2.4 above), that can be submitted anonymously.
Safety of minority and marginalized groups, including children	The same 'FCW Safeguard Risk Identification Report' identifies risks for safety of minority and marginalized groups related to project activity, aligned with the requirements of the VCS standard v4.7. In addition, the document 'FCW Safeguard Risk Policy' proposes the precise mitigation measures that the PP implements for each detected risk for the safety of these groups. AENOR reviewed the risk assessment (Annex AW) and considers that it is realistic and conservative, and that the mitigation measures implemented (described in Annex AW) are properly implemented (training to prevent discrimination against minorities, in Annex AX), and coincide with the testimonies of all stakeholders, who did not report negative impacts to minority and marginalized groups, including children. Additionally, by Eligibility Criterion 7 (and Annex Q. Conserve Harvest Policy.pdf) the PAI has to be FSC certified before harvesting, so in case the harvest were to occur, there would also be an FSC audit for compliance with Principle 1 related to the compliance with all applicable laws, regulations and nationally ratified international treaties, conventions, and agreements, among which are those for the protection of children, minorities and marginalized groups. As described in FCW Adaptive Management Plan (Annex AW), if at some point any stakeholder identifies any negative impact, including PP workers, PAIs o PAIs workers, FCW has developed a grievance structure if somebody have complaints or comments (section 4.2.4 above), that can be submitted anonymously.
Pollutants (air, noise, discharges to water, generation and release of hazardous materials and chemical pesticides and fertilizers	An environmental impact assessment is not legally required for the Project. Since the objective is the conservation of the forest area (versus the productive use in the baseline scenario), environmental impacts are not expected if the area is not harvested. In case of harvesting, the same 'FCW Safeguard Risk Identification Report' identifies the environmental risks related to project activity, aligned with the requirements of the VCS standard v4.7. In addition, the document 'FCW Safeguard Risk Policy' proposes the precise mitigation measures that the PP implements for each detected risk related with pollutants. AENOR reviewed the risk assessment (Annex AW) and considers that it is realistic and conservative. It also considers that the mitigation measures in case of harvesting (described in Annex AW) would be properly implemented if FSC

certification is a requirement (Eligibility Criterion 7 and Annex Q. Conserve Harvest Policy.pdf). During the onsite visit, negative environmental impacts were not detected, and the owners (Interview #6) were aware of the need of being FSC certified and PP permission to proceed with the harvesting. Note that the PP already holds a FSC certificate (SCS-FM/COC-009247; Annex AR), although the current PAIs are not yet included since are not going to harvest for now. In any case, as described in FCW Adaptive Management Plan (Annex T), if at some point any stakeholder identifies any negative impact, including PP workers, PAIs or PAIs workers, FCW has developed a grievance structure if somebody have complaints or comments (section 4.2.4 above), that can be submitted anonymously.

In conclusion, in AENOR's opinion, conservation activities do not have environmental impacts and in the case of forestry activities, these would be sufficiently mitigated by the FSC forest management plan and its annual audit, and it will be verified by the VVB during the monitoring periods.

4.2.7 Respect for Human Rights and Equity

4.2.7.1 Labor and Work

Item	Evidence gathering activities, evidence checked, and assessment conclusion
Discrimination	As mentioned previously in section “Safety of women and girls”, the PP has implemented mitigation measures to avoid discrimination describes in annex AW and reviewed by the VVB. AENOR checked the training to prevent discrimination in Annex AX and PP guidelines in this regard (Annex AK), and coincide with the testimonies of stakeholders (Interview #1-5 & #8-10), who did not report any case. Additionally, by Eligibility Criterion 7 (and Annex Q. Conserve Harvest Policy.pdf) the PAI has to be FSC certified before harvesting, so in case the harvest were to occur, there would also be an FSC audit for compliance with Principle 4 related to working conditions, including the prevention of discrimination. FCW also complies with Title VII of the US Civil Rights Act, which prohibits or discrimination based on gender, marital status, parenthood, or sexual orientation. As described in FCW Adaptive Management Plan (Annex AW), if at some point anyone wants to report a case anonymously (see grievance

	mechanism in section 4.2.4 above). So, according to the previous information, within the monitoring period no discrimination occurred.
Sexual harassment	As mentioned previously in section “Safety of women and girls”, the PP has implemented mitigation measures to avoid Sexual Harassment describes in annex AW and reviewed by the VVB. AENOR checked the training to prevent Sexual Harassment in Annex AX and PP guidelines in this regard (Annex AK), and coincide with the testimonies of stakeholders (Interview #1-5 & #8-10), who did not report any case. Additionally, by Eligibility Criterion 7 (and Annex Q. Conserve Harvest Policy.pdf) the PAI has to be FSC certified before harvesting, so in case the harvest were to occur, there would also be an FSC audit for compliance with Principle 4 related to working conditions, including the prevention of Sexual Harassment. FCW also complies with Title VII of the US Civil Rights Act, which prohibits Sexual Harassment. As described in FCW Adaptive Management Plan (Annex T), if at some point anyone wants to report a case anonymously (see grievance mechanism in section 4.2.4 above). So, according to the previous information, within the monitoring period no Sexual Harassment occurred.
Gender equity in labor and work	The PP implements measures to promote equal opportunities in the context of gender equity and pay for labor and work, described in Annex AW reviewed by AENOR. The VVB checked PP guidelines in this regard (Annex AK), and coincide with the testimonies of stakeholders (Interview #1-5 & #8-10), who did not report any case of inequity. Additionally, by Eligibility Criterion 7 (and Annex Q. Conserve Harvest Policy.pdf) the PAI has to be FSC certified before harvesting, so in case the harvest were to occur, there would also be an FSC audit for compliance with Principle 4 related to working conditions, including the gender equity in labor and work. FCW also complies with Fair Labor Standards Act (29 U.S.C. § 201 et seq.) which establishes labor standards, including minimum wage and overtime, the Civil Rights Act of 1964 (Public Law 88-352, 78 Statute 241) prohibits discrimination based on race, color, religion, sex, or national origin, and the regulations of the U.S. Equal Employment Opportunity Commission.

	As described in FCW Adaptive Management Plan (Annex AW), if at some point anyone wants to report a case anonymously (see grievance mechanism in section 4.2.4 above). So, according to the previous information, within the monitoring period equal opportunities have been provided in the context of gender equity and pay for labor and work.
Forced labor	The PP implements measures to avoid forced labor, described in Annex AW reviewed by AENOR. The VVB checked PP guidelines in this regard (Annex AK), and coincide with the testimonies of stakeholders (Interview #1-5 & #8-10), who did not report any case. Additionally, by Eligibility Criterion 7 (and Annex Q. Conserve Harvest Policy.pdf) the PAI has to be FSC certified before harvesting, so in case the harvest were to occur, there would also be an FSC audit for compliance with Principle 4 related to working conditions, including, forced labor. FCW also complies with Title VII of the Rights Act; the Americans with Disabilities Act; the Equal Pay Act; the Fair Labor Standards Act; the Family and Medical Leave Act (“FMLA”); the Immigration Reform and Control Act; the National Labor Relations Act (“NLRA”); the Occupational Safety and Health Act; the Pregnancy Discrimination Act; and Executive Order 11246. As described in FCW Adaptive Management Plan (Annex AW), if at some point anyone wants to report a case anonymously (see grievance mechanism in section 4.2.4 above). So, according to the previous information, within the monitoring period the project does not use victims of forced labor.
Child labor	The PP implements measures to avoid child labor, described in Annex AW reviewed by AENOR. The VVB checked PP guidelines in this regard (Annex AK), and coincide with the testimonies of stakeholders (Interview #1-5 & #8-10), who did not report any case. Additionally, by Eligibility Criterion 7 (and Annex Q. Conserve Harvest Policy.pdf) the PAI has to be FSC certified before harvesting, so in case the harvest were to occur, there would also be an FSC audit for compliance with Principle 4 related to working conditions, including, child labor. FCW also complies with Title VII of the Rights Act; the Americans with Disabilities Act; the Equal Pay Act; the Fair Labor Standards Act; the Family and Medical Leave Act (“FMLA”); the Immigration Reform and Control Act; the National Labor Relations Act

	("NLRA"); the Occupational Safety and Health Act; the Pregnancy Discrimination Act; and Executive Order 11246. As described in FCW Adaptive Management Plan (Annex AW), if at some point anyone wants to report a case anonymously (see grievance mechanism in section 4.2.4 above). So, according to the previous information, within the monitoring period the project does not use victims of child labor.
Human trafficking	The PP implements measures to avoid human trafficking, described in Annex AW reviewed by AENOR. AENOR checked PP guidelines in this regard (Annex AK), and coincide with the testimonies of stakeholders (Interview #1-5), who did not report any case. Additionally, by Eligibility Criterion 7 (and Annex Q. Conserve Harvest Policy.pdf) the PAI has to be FSC certified before harvesting, so in case the harvest were to occur, there would also be an FSC audit for compliance with Principle 4 related to working conditions, including, human trafficking. FCW also complies with Title VII of the Rights Act; the Americans with Disabilities Act; the Equal Pay Act; the Fair Labor Standards Act; the Family and Medical Leave Act ("FMLA"); the Immigration Reform and Control Act; the National Labor Relations Act ("NLRA"); the Occupational Safety and Health Act; the Pregnancy Discrimination Act; and Executive Order 11246. As described in FCW Adaptive Management Plan (Annex AW), if at some point anyone wants to report a case anonymously (see grievance mechanism in section 4.2.4 above). So, according to the previous information, within the monitoring period the project does not use victims of human trafficking.

4.2.7.2 Human Rights

Risks identified	Evidence gathering activities, evidence checked, and assessment conclusion
Forestry contractors may face human rights abuse while implementing the project activity in the project area (Risk 2.7.1). Annex AW	The PP implements measures to avoid any human rights abuse by contractors due to the implementation of the project described in Annex AW and reviewed by Aenor. In addition, the fact that the PP complies with FSC certification that requires maintaining or enhancing the long-term well-being of forest workers and local communities. This is properly identified by the PP, in opinion of AENOR. According to the information provided by the PP and its employees (Interview #1-5 & #8-10)

	Thus, as a result of the review, AENOR can confirm that there are no risks to wages, workplace discrimination, or unsafe work practices during the project scenario.
Project proponent employees may face human rights abuse in the workplace while designing the project (Risk 2.7.2.) Annex AW	The PP implements measures to avoid any human rights abuse by the PP due to the implementation of the project described in Annex AW and reviewed by Aenor. In addition, the fact that the PP complies with FSC certification that requires maintaining or enhancing the long-term well-being of forest workers and local communities. This is properly identified by the PP, in opinion of AENOR. According to the information provided by the PP and its employees (Interview #1-5 & #8-10) Thus, as a result of the review, AENOR can confirm that there are no risks to wages, workplace discrimination, or unsafe work practices during the project scenario.

4.2.7.3 Indigenous Peoples and Cultural Heritage

Risks identified	Evidence gathering activities, evidence checked, and assessment conclusion
There may be a risk that IPs, LCs, or other customary rights holders traditional use of the project activity area prior to project implementation is disrupted due to project activity (Risk 3.1.1). Annex AW	As stated in section 4.2.7.2 there is neither presence of IPs, LCs, or customary rights holders in the current PAIs, apart from the owners, nor any claim for these at this regard over the current PAIs. Nevertheless, for future PAIs the PP is committed to preserve and protect cultural heritage to the extent the project activities may affect them, according to the risk assessment (Annex AW) and the mitigation measures (Annex AW) reviewed by AENOR.
The project proponent may be unaware that a landowner is an IPs, LCs, or customary rights holder (Risk 3.1.2). Annex AW	As stated in section 4.2.7.2 there is neither presence of IPs, LCs, or customary rights holders in the current PAIs, apart from the owners, nor any claim for these in this regard over the current PAIs. Nevertheless, for future PAIs the PP is committed to preserve and protect cultural heritage to the extent the project activities may affect them, according to the risk assessment (Annex AW) and the mitigation measures (Annex AW) reviewed by AENOR.
Project activities may disrupt traditional livelihoods of IPs, LCs, or customary rights	As stated in section 4.2.7.2 there is neither presence of IPs, LCs, or customary rights holders in the current PAIs, apart from the owners, nor any claim for these in this regard over the current PAIs.

holders, such as hunting, fishing, and subsistence farming (Risk 3.1.3). Annex AW	Nevertheless, for future PAIs the PP is committed to preserve and protect cultural heritage to the extent the project activities may affect them, according to the risk assessment (Annex AW) and the mitigation measures (Annex AW) reviewed by AENOR.
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4.2.7.4 Property Rights

Risks identified	Evidence gathering activities, evidence checked, and assessment conclusion
Customary rights and practices might be misinterpreted or undervalued by the project proponent, leading to conflicts and rights infringements (Risk 4.1.3).	No new PAIs have joined the project during this monitoring period. However, the project proponent has ongoing preventative measures in place to mitigate this risk. The audit team reviewed internal policies (Annex AW) and the FPIC process (Annex R) to confirm that the procedures for new PAI inclusions respect customary rights and practices, avoiding misinterpretation. Moreover, a finding was raised regarding the membership guide (Annex R) and lease agreement (Annex BC) wording which was duly clarified, thus demonstrating that the landowner receives clear information regarding project implications. Based on the evidence reviewed, AENOR deems that the project proponent has implemented the adequate mitigation measures to the identified risks to protect and preserve the property rights of stakeholders, IPs, LCs, and customary rights holders.

4.2.7.5 Benefit Sharing

Item	Evidence gathering activities, evidence checked, and assessment conclusion
Summary of the benefit sharing plan	The benefit-sharing plan is described in section 2.3.5 of the MR and is public on the FCW (PP) website, with two payment methods to owners (PAIs): 1) revenue-sharing (landowners receive a percentage of credit sales) or 2) standard payment (landowners receive a fixed payment). Since the owners are the only ones with rights to the PAIs, as explained in section 4.2.1 above (Legal or customary tenure/access rights), they are the only stakeholders who receive economic benefits from the project. The modality of benefit-sharing is decided by each landowner and is agreed in each Forest Management Lease Agreement (Annex D). All the MLAs were reviewed by AENOR and are signed, no inconsistencies. During AENOR's

	interviews with the owners (Interview #6-7) they were all aware of the agreement and were satisfied. No changes to the agreement since the validation of the PD.
Benefit sharing during the monitoring period	The implementation of the benefit sharing plan is described in section 2.3.5 of the MR, including the payment schedule, amount by area and periodicity for the duration of the project, depending on the payment method indicated above. During AENOR's interviews with the owners (Interview #6-7) everyone was aware of the agreement. Therefore, in AENOR's opinion, there is proper agreement with the payments for the monitoring period.

4.2.8 Ecosystem Health

Item	Evidence gathering activities, evidence checked, and assessment conclusion
Impacts on biodiversity and ecosystems	Because the project activity limits commercial harvesting and any commercial harvesting requires FSC certification, the project will have positive outcomes for ecosystem health. In this sense, in the absence of logging, negative impacts on biodiversity and ecosystems and soil degradation and soil erosion are unlikely, and an increase in water consumption and stress is unlikely, and the use of fertilizers is not applicable, in the opinion of AENOR after the onsite visit (section 2.4 in this report). However, the PP prepared a 'FCW Safeguard Risk Identification Report' where the risks of the project activity are analyzed in depth (with some minor risks in case of harvesting), including risks to ecosystem health, aligned with the requirements of the VCS standard v4.7. In addition, the document 'FCW Safeguard Risk Policy' proposes the precise mitigation measures. AENOR reviewed the risk assessment (Annex AW) and considers that it is realistic and conservative, and that the mitigation measures implemented (described in Annex AW) are properly implemented: by Eligibility Criterion 7 (and Annex Q. Conserve Harvest Policy.pdf) the PAI has to be FSC certified before harvesting, so in case the harvest were to occur, there would also be an FSC audit including compliance with Principle 6 related to these environmental concerns. During the onsite visit, the interviewed owners (Interview #6) were aware of this requirement.
Soil degradation and soil erosion	
Water consumption and stress	

Note that the PP already holds a FSC certificate (SCS-FM/COC-009247; Annex AR), although the current PAIs are not yet included since are not going to harvest for now (thus, the environmental risks identified are not yet applicable).

Therefore, in AENOR's opinion, environmental risks are correctly identified and mitigated.

4.2.8.1 Rare, Threatened, and Endangered species

Item	Evidence gathering activities, evidence checked, and assessment conclusion
Species or habitat	Because the project activity limits commercial harvesting and any commercial harvesting requires FSC certification, the project has positive outcomes for Rare, Threatened, and Endangered species. In this sense, in the absence of logging, no negative impacts on these species are expected. However, the PP prepared a 'FCW Safeguard Risk Identification Report' where the risks of the project activity are analyzed in depth (with some minor risks to species in case of harvesting), aligned with the requirements of the VCS standard v4.7. AENOR reviewed the risk assessment (Annex AW) and considers that it is realistic and conservative, and that the mitigation measures implemented (described in Annex AW) are properly implemented: 1) by accounting for all threatened and endangered species with habitat overlapping any project instance not modeled as “no harvest” (verified by AENOR in Annex E). 2) by compliance with legality: Endangered Species Act (16 U.S.C. § 1531 et seq.) which protects threatened and endangered species and regulates management of their habitats. 3) by Eligibility Criterion 7 (and Annex Q. Conserve Harvest Policy.pdf) the PAI has to be FSC certified before harvesting, so in case the harvest were to occur, there would also be an FSC audit including compliance with Principle 6.1.a related to these environmental concerns. During the onsite visit, the interviewed owners (Interview #6-7) were aware of this requirement. Note that the PP already holds a FSC certificate (SCS-FM/COC-009247; Annex AR).

	During MP4, PAI 1093 conducted a commercial harvest of damaged trees (Annex N). Harvesting activities were implemented in accordance with the FCW Harvest Policy (Annex Q), and the PAI obtained FSC certification prior to the commencement of harvest operations (Annex T). In addition, PAI 1036 carried out a non-commercial, single-tree selection sanitation harvest to remove trees affected by beetle infestation along a roadway (Annex BF). AENOR visited both PAIs, including the specific areas where these activities were conducted, and verified the information reported in the Monitoring Report (MR). Site observations confirmed that the harvest in PAI 1093 was limited to damaged trees and that the sanitation harvest in PAI 1036 appropriately addressed beetle-related tree mortality.
Areas needed for habitat connectivity	Because the project activity limits commercial harvesting and any commercial harvesting requires FSC certification, the project has positive outcomes for Rare, Threatened, and Endangered species. In this sense, in the absence of logging, no negative impacts on these species are expected in the same spirit, as the lands of the project are spaced around a very big rea, no risks for connectivity will derive from project activities' implementation. However, the PP prepared a 'FCW Safeguard Risk Identification Report' where the risks of the project activity are analyzed in depth (with some minor risks to species in case of harvesting), aligned with the requirements of the VCS standard v4.7. AENOR reviewed the risk assessment (Annex AW) and considers that it is realistic and conservative, and that the mitigation measures implemented (described in Annex AW) are properly implemented: - FSC Standard Indicator 6.3.b requires that, "To the extent feasible within the size of the ownership, particularly on larger ownerships, management maintains, enhances, or restores habitat conditions suitable for well distributed populations of animal species that are characteristic of forest ecosystems within the landscape." Adhering to FSC certification requirements will thus prevent species fragmentation in the event of a harvest the interviewed owners (Interview #6) were aware of this requirement. Note that the PP already holds a FSC certificate (SCS-FM/COC-009247; Annex AR).

	According to AENOR's observations, the project has not adversely impacted habitat connectivity for rare, threatened, or endangered species during the monitoring period.
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Evidence gathering activities, evidence checked, and assessment conclusion	
Habitats for rare, threatened, and endangered species	In AENOR's opinion, the PP sufficiently demonstrated that the project lands are adhering to FSC standards Annex AW. According to the information provided by the PP (Interview #3), the due diligence process carried out by the PP (Annex AW), the testimonies of the owners of the PAIs visited (Interview #6-7), it is evident that by complying with the FSC requirements will avoid any negative effects or put the necessary means to mitigate the possible risks as the identified risk 6.2.1 in annex AW to habitats for rare, threatened and endangered species as principle 6 criterion 6.2 that safeguards shall exist to protect Rare, Threatened and Endangered (RTE) species and their habitats. Thus, in opinion of AENOR, the PP protects and preserves the Habitats for rare, threatened, and endangered species.
Areas for habitat connectivity	In AENOR's opinion, the PP sufficiently demonstrated that the project lands are adhering to FSC standards Annex AW. According to the information provided by the PP (Interview #3), the due diligence process carried out by the PP (Annex AW), the testimonies of the owners of the PAIs visited (Interview #6), it is evident that by complying with the described strategies such as dispersing the activities from the project around the United States there will be a lower risk to affect a single community in a more intense manner. Thus, in opinion of AENOR, the PP protects and preserves the property Habitats for rare, threatened, and endangered species.

4.2.8.2 Introduction of Species

Species introduced	Evidence gathering activities, evidence checked, and assessment conclusion
-	Not applicable. Project with no planting or species introduction.

Existing invasive species	Evidence gathering activities, evidence checked, and assessment conclusion
-	No invasive species have been identified, per local (state) invasive species registry (Annex AF. List of Recorded Invasive Species by State). Per FCW's harvest policy, no invasive species will be introduced nor be allowed to thrive as a result of the project activity (Annex Q). During the onsite visit the audit team did not observe any invasive species in the visited PAIs (Activity #6)

Evidence gathering activities, evidence checked, and assessment conclusion	
Invasive species	As described above, there is no presence of invasive species in the project area. In addition, as the project is described, validated, certified by FSC and verified by a third time in this event the audit team confirms there is no risk of introduction of invasive species due to project activity as no planting or introduction of invasive species is described or expected.

4.2.8.3 Ecosystem conversion

Item	Evidence gathering activities and evidence checked
Ecosystem conversion	Not applicable as it is a IFM project

4.3 Accuracy of Reduction and Removal Calculations

Quantification of baseline emissions

Procedures for the quantification of baseline emissions and/or removals were taken from Sections 8.2, 8.4, and 8.5 of the VM0003 Methodology v1.3. The following steps were taken:

Quantification of GHG emission reductions and removals, including Parameters at validation		Steps taken to validate the quantification methods
ΔC_{BSL}	Baseline net greenhouse gas removals by sinks (tCO ₂ e)	Properly calculated by using Equation 1, as confirmed in Annex AB.
ΔC_{BSLp}	Carbon stock changes in all pools in the	Properly calculated by using Equation 2, as confirmed in Annex AB.

	baseline scenario (t CO2e)	
$\Delta C_{BSLtree}$	Carbon stock changes in above-ground and below-ground biomass of trees in the baseline scenario (t CO2e)	Properly calculated by using Equation 3, as confirmed in Annex AB. It was confirmed by the VVB that the project isn't accounting for ERRs from trees younger than the rotation age because, per VM0003 Equation 3, ERRs are only generated where baseline emissions exceed project emissions. The baseline scenario includes removals from the growth in young stands until the time they are harvested in the baseline scenario.
$\Delta C_{BSLAG BG, i, 100}$	Summed annual net carbon stock change in above-ground and below-ground biomass for stratum i summed over the 100-year modelled baseline (t C)	Quantification of ex-ante onsite carbon stocking was carried out by following the allometric method approach defined in VM0003. The volume and biomass equations and references were sourced from the US Forest Inventory & Analysis (FIA) program, which are also used in both the California Air Resources Board and Climate Action Reserve programs, and are available on both of these programs' websites. Biomass equations were compiled in proprietary visual basic analysis code (VBA) in Microsoft Excel and data analysis software. Tree species, DBH, height, decay, and region-specific biomass equations were used to calculate carbon estimates in tonnes of CO₂ equivalent. Carbon was only calculated for trees above 5 inches at DBH and above. Both the project and baseline ex-ante scenarios utilize the same underlying forest inventory data to forecast, which was realized for all 62 verified PAIs (1,150 plots randomly located, measured amongst 2021 and 2023). All inventory data underwent QA/QC checks as described (Annex AL). The plot allocation process used the "Calculation of the number of sample plots for measurements within A/R CDM project activities" tool v2.1.0, as confirmed by VVB in Annex AP, using a grid (125m on the X axis and 75m Y axis) and random

		allocation (Annex Y). During the onsite visit a sample of plots were re measured (Activity #2), with no major deviations regarding Annex W and AC (prior to URS consideration). The project defined first larger measurement strata designed to increase measuring precision (per VM0003 section 9.3 Sampling Design and Stratification). Using aerial imagery (National Agriculture Imagery Program –NAIP- and other aerial imagery datasets to determine differences in forest structure and species composition) and field visits, all PAIs (166) were stratified into relatively homogeneous units for sampling purposes. Due to the homogeneous nature of the forest types PAIs were stratified (for inventory purposes) strata; which was crosschecked in a sample of PAIs during the onsite visit (see Activity #2 in section 2.4 of this report). These larger measurement strata, after the field inventory and its processing, were further subdivided into management strata designed to better reflect a combination of management system, site index, species, and age class (per VM0003 section 8.1 Stratification, which requests “further division where differences exist in site index, species and/or age class”) to ensure that all areas subject to management within a given year or within years between monitoring events comprise whole, discrete management strata. The baseline and project model were organized by the management strata, with results rolled up to the measurement strata for ERR accounting. The VM0003 equations for change in carbon pools (e.g. equations 3, 4, 5) are calculated at the management stratum level, then rolled up to the project level (measurement level). In other words, the reason of the two levels of stratification is the relationship between the model for baseline and project and the ERR report, so the two stratifications are not different, but nested depending on the appropriate variables/purpose of stratification, for example (similar for the 166 PAIs)
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		Then, AENOR determined that the management system (baseline and project management system and rotation age), site index, species (leading specie and species composition), and dominate age class were properly considered by the PP for stratification, excluding harvest constraints area, according to: 1- Onsite by visiting: in the sample of PAIs surveyed (25 PAIs in total out of 166) 32 inventory plots were surveyed (Activity #1 -2 by AENOR) in that PAIs (see section 2.4 of this report, where the rationale of the sample size and location is justified), as well as the revision of the GIS database crosschecked in the field. With the sample of plots measured in the site visit and the PP inventory a statistical comparison was carried out to demonstrate that both sets of data come from the same population: according to the T-Student comparative (Annex 1 by AENOR), the probability that the estimated means (or estimates that are more extreme) are from different populations is 0,23 and therefore AENOR concluded that both sets of data (onsite visit and PP inventory) are from the same population, and thus, the inventory carried out for the verification is valid. 2- Revision of the calculations: (Activity #7 in section 2.4; and see below the reproduction of the models by AENOR), including the processing of the inventory (Treelist), where AENOR confirmed the parameters considered for the management stratification, following VM0003 requirements. It was supported in documentary evidence (Annex Y, 1). Last, Annex B contains harvest constraints used in this management stratification. Note that in the MR and also the VerR all references to variable i in the VM0003 equations refer to measurement strata, and all references to “stratum” in all Annex documents refer to measurement strata. That said, AENOR found that the stratification approach taken by the PP is consistent and complies with the methodology, and that the model (baseline
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		and project) was run for the management strata (as modelling unit) and accumulated for the management strata (corresponding to the surveyed PAIs) for the ERR calculation showed in the workbooks provided (Model Results, Harvest Wood Products and Accounting Model). Note that per VM0003 Section 9.3, ex-post re-stratification would be allowed under certain circumstances, including unexpected disturbances or forest management activities, what will be internally monitored by the PP and crosschecked by the VVB during the onsite verification audits if there is evidence of silvicultural treatments, signs of fires, diseases, etc. If no sign or declaration by the PP, no re-stratification of the project would be required and ex-post stratification would be the same as the ex-ante one, as it is the case in this event since it is the first verification of the cohort and only one inventory has been carried out. Forest management of the baseline and project scenarios were modelled over a 100-year period using the US Forest Service Forest Vegetation Simulator (FVS) software, which is a forest growth and yield model that allows for region-specific parameterization across the United States. To confirm its accuracy, VVB reproduced the inputs used by the PP again, in order to compare the outputs, using the following steps: As data input, data from the inventory carried out by the PP described in section 4.3 of the MR (Monitoring Plan) were used, corresponding to the 25 PAIs surveyed, once this inventory was validated by AENOR (see Activity #2 and Activity #3, and T-Student comparison amongst PP inventory and audit visit inventory above). The inventory data (starting point with the forest conditions at the beginning of the project start date) contains as parameters the species, DHB, H, all parameters related to dead Wood, plot area, site conditions, etc., this is, the necessary
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		parameters described in sections 4.1 and 4.2 of the MR. As assumptions, the 100-year simulation scenarios contemplate a baseline scenario with even-aged silvicultural system and one with an un-aged system as objective management: while the first mainly contemplates clear cuts, seed-tree harvest and shelter wood harvest as harvesting techniques, the project scenario contemplates continuous thinning, group selection and patch cuts to maximize the carbon content and a harvest always less than 10% of the carbon stock during any 5-year period. Best management practices in the State of Virginia and West Virginia were also considered (Annex B), aligned also in the practices reported onsite by the PP technical team (Interview #1-5 & #8-10) and owners (Interview #6-7). The projection of the future forest conditions was obtained by applying the growth and yield models (NE and SN Variant Overviews) and factoring in the effects of management actions (baseline scenario and project scenario) to predict changes in estimates of biomass considering the validated pools. After conducting a comprehensive review of the FVS simulation, the VVB assessed the accuracy and reliability of the modelling process, also supported by the PP technical team (Activity #7). The outputs indicate that the results obtained were based on adequate parameters from inventory and reasonable assumptions, and aligned closely with the outcomes produced by the PP's original FVS simulation. VVB examined the input data, model parameters, and simulation execution and found a high degree of consistency between both results.
ΔCBSLDW	Carbon stock changes in dead wood in the baseline scenario (t CO2e	Properly calculated by using Equation 4, as confirmed in Annex AB.

$\Delta\text{CBSLDW}_{i,100}$	Summed annual net carbon stock change in dead wood for stratum i summed over the 100-year modelled baseline (t C)	Under the VM0003 Methodology, the dead wood pool is broken into two components: standing dead wood and lying dead wood. Below-ground dead wood is conservatively omitted.
$\Delta\text{CDW}_{i,t}$	Annual carbon stock change in dead wood for stratum i averaged over the monitoring period (t C yr ⁻¹)	Properly calculated by using Equation 24, as confirmed in Annex AB.
CDW_{i,t^*}	Carbon stock of dead wood in stratum i at time t = 1,2 (t C)	The annual change in the dead wood carbon pool for stratum i was calculated as the sum of the lying and standing deadwood components, multiplied by CFDW (IPCC default value = 0.5 (t C t ⁻¹ ; correctly inputted in spreadsheets), according to Equation 25, as validated by the VVB in Annex W.
$\text{BSDW}_{i,t}$	Biomass of standing dead wood in stratum i at time t (t d.m.)	As required by the VM0003 Methodology, a 10-year linear decay function was applied to standing dead within the FVS baseline model. After 10 years standing dead is assumed to fall and transition into the lying dead wood pool. It was sampled using a plot method.
$\text{BLDW}_{i,t}$	Biomass of lying dead wood in stratum i at time t (t dam.)	The super section from the California Air Resource Board Protocol for US Forest (June 2015) of all PAIs was established and the forest type was determined (validated in Annex I). Forest types were matched with FIA (Forest Inventory and Analysis Program) forest types listed in The Fire and Fuels Extension to the Forest Vegetation Simulator: Updated Model Documentation, Table 4.16.10, pp.295-296 (2015), from USGS, Forest Management Service Center (crosschecked in Annex F). The lying dead wood default biomass values for size classes 3-6, 6-12, and >12 were summed for each forest type associated

		with PAI, and then used as lying dead values for the initial year of the baseline model. Following the initial year, lying dead wood was assumed to be equal to the difference between current above ground carbon contained within standing dead and the standing wood values reported in the previous 10-year cycle. Since lying dead was calculated directly from changes in the standing dead wood pool, the same 10-year linear decay function was applied. Default lying dead for the baseline wood biomass values that were used for all PAIs were correctly used for calculations in Annex F.
ΔCBSLWP	Carbon stock changes in wood products in the baseline scenario (t CO ₂ e)	Properly calculated by using Equation 5, as confirmed in Annex AD (FCW Conserve Baseline Wood Products v4.2.xlsm)
$\Delta\text{CBSLWP}_{i,t}$	Baseline annual net carbon stock change in wood products for stratum i at time t (t C yr ⁻¹)	Properly calculated by using Equation 28, as confirmed in Annex AD.
ΔCWP_t	Carbon stock of wood products at time t (t C)	To calculate wood products the Winjum et al. Method was used (Annex J).
EXCWP_{ty}	Summed stock of extracted biomass carbon from within the project area for class of wood product ty (t C) defined here as sawnwood, wood-based panels, other industrial roundwood, and paper and paper board	Based on $V_{ex,h,ty,j}$ (Volume of timber extracted from within the project area during harvest h for species j and wood product class ty (m ³), using equation 31, as confirmed by VVB in Annex AD.

CMill,ty	Summed stock of carbon remaining in wood products of class ty from within the project area after milling (t C)	To calculate the total carbon in harvested timber that enters the wood products pool based on mill efficiencies and product disposition percentages, based on EXCWP,ty (Summed stock of extracted biomass carbon from within the project area for class of wood product ty (t C)). WW is Wood waste fraction based on mill efficiency. Assumed to be 0.19 as the PAIs exist within a developed country according to the Winjum et al. method. Properly calculated by using Equation 32, as confirmed in Annex AD. WW was correctly inputted.
CWP,ty	Total carbon removed from the project area stored in each type, ty, of harvested wood products (t C)	Based on CMill,ty calculated and considering equation 33: - SLF (Fraction of wood products that are emitted to the atmosphere within 3 years of timber harvest in tC). - OF (Carbon emitted due to decay or burning of medium-lived wood products calculated for 20 years following each harvest and summed by product type ty and year t). Per the VM0003 Methodology, a default value of 0.62 was used for OF for both sawnwood and paper product classes. Properly calculated by using Equation 33, as confirmed in Annex AD. SLF and OF were correctly identified by PP (Winjum et al. 1998) and inputted in calculation spread book.
SLF	Fraction of wood products emitted to the atmosphere within 3 years of timber harvest (t C)	Correctly calculated according to equation 34, as confirmed in Annex AD. Default short-lived product values of 0.12 and 0.24 were used for sawnwood and paper product classes, respectively, according to VM0003 Methodology v1.3. Correctly inputted in the spreadsheets.
MLF	Fraction of wood products that is considered stored for the medium term and	It was properly calculated in Annex AD according to Equation 35 and: - Using equation 36 to calculate the fraction of wood products stored between years 3 and 5 (MLF3,5), with

	will be emitted to the atmosphere each year after harvest for 20 years (t C)	a Short-lived proportion for the period (slpadj) of 0.08 (sawnwood) and 0.16 (paper product classes), according to VM0003 v1.3. - Also using equation 37 to calculate the fraction of wood products stored between years 5 and 100 (MLF5,100). Both properly inputted in the spreadsheets, as the VBB could confirm in Annex AD.
GHGBSLE	Greenhouse gas emissions as a result of forest management activities within the project area in the baseline scenario (tCO ₂ e)	According to equation 6, Baseline GHG emissions are equivalent to logging slash (EBSL, BiomassBurn,t), which in the baseline scenario is excluded according to the methodology, as such, GHGBSLE was considered as zero. AENOR confirmed that it is a correct interpretation.
URS	Uncredited Reserve Stock	When a PAI is first enrolled to the grouped project ACBSL tree and dead wood standing were conservatively reduced from the initial carbon stocks (based on inventory data, projected via FVS) to reflect the nine-percent (9%) portion of initial carbon stocks to be set aside to the URS. This procedure results in baseline depletion rates that were conservatively lower in baseline emissions, resulting in fewer credits as compared to otherwise (see section 3.3.7 in this report). Its proper calculation was confirmed in Annex AC.
Ratio of molecular weight of CO ₂ to carbon (t CO ₂ e t C-1)	44/12	Default value
Dj	Basic wood density of species j (t d.m. m ⁻³)	Bibliography value (Winjum et al. 1998). Correctly identified by the PP and inputted in calculation spreadsheet (Annex G).

DDW	Basic wood density of dead wood in the density class- sound (1), intermediate (2), and rotten (3) (T d.m. ft-3)	Bibliography value (Harmon et al. 2011). Correctly identified by the PP and inputted in calculation spreadsheet (Annex M).
CFJ	Carbon fraction of biomass for tree species j; IPCC default value = 0.5 (t C t-1 d.m.)	Default value. Correctly identified by the PP and inputted in calculation spreadsheet.
ABSL, i	Area of baseline stratum, i (Acres)	Calculated by GIS. Crosschecked by AENOR through the shapes (Annexes Y, B) and property deeds AG, and onsite (Activity #1). The project area and its strata do not change for ex ante and ex post estimations, regardless the scenario.
BEF	Biomass expansion factor for conversion of annual net increment in stem biomass to total above ground tree biomass increment for species j (dimensionless)	Default values according to VM0003 v1.3. Correctly identified by the PP and inputted in calculation spreadsheet.

Quantification of project emissions:

Procedures for the quantification of project emissions and/or removals were taken from Section 8.5 of the VM0003 Methodology v1.3. The following steps were taken:

Quantification of GHG emission reductions and removals, including Parameters at validation	Steps taken to validate the quantification methods
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Δ ACTUAL	Actual net greenhouse gas removals by sinks (t CO ₂ e)	Properly calculated by using Equation 10, as confirmed in Annex AB.
Δ CP	Sum of the changes in above-ground biomass, dead wood and wood products in the project scenario (t CO ₂ e)	Annual change in carbon stock in all selected carbon pools for year t (t C yr ⁻¹) multiplied by the ratio of molecular weights of CO ₂ and carbon (mol mol ⁻¹) (44/12), according to equation 11. Properly calculated by using Equation 10, as confirmed in Annex AB and K.
Δ Ct	Annual change in carbon stock in all selected carbon pools for year t (t C yr ⁻¹)	It was properly calculated using Equation 12, as the sum of Annual carbon stock change in above-ground and below-ground biomass, dead wood carbon and wood products carbon for stratum I (t C yr ⁻¹). Confirmed in Annex AB.
Δ CAG,I,t	Annual carbon stock change in above-ground biomass of trees for stratum i (t C yr ⁻¹)	The allometric equation method was chosen (Equation 19). Tree species, DBH, height, decay, and region-specific biomass equations were used to calculate carbon estimates in tonnes of CO₂ equivalent. It was estimated based on field measurements in sample plots, considering the Carbon stock in above-ground biomass of tree and Carbon fraction of biomass for tree species (IPCC default value = 0.5 tC/td.m.). Carbon was only calculated for trees above 5 inches at DBH and above. Both the project and baseline ex-ante scenarios utilize the same underlying forest inventory data to forecast, which was realized in 2021 and 2023 deviations (see rationale above). In order to be consistent, baseline scenario and project scenario have the same stratification. As well as in the baseline, the volume and biomass equations and references were sourced from the US Forest Inventory & Analysis (FIA) program, which are also used in both the CAR Board and CAR programs,

		and are available on both of these programs” as checked and considered appropriate by AENOR. Biomass equations were compiled in proprietary visual basic analysis code (VBA) in Microsoft Excel and data analysis software (checked in Annex AB). Within the ex-ante model the two main parameters used were: - Annual Delta C_{actual}: estimate the project proponent developed for yearly carbon accretion rates in a per acre basis in the corresponding State of US, where the current PAI are located, based on inventories conducted in the region. - Baseline Depletion Rate: developed by the PP to approximate the yearly decrease in baseline stocks from the project starting year. The parameters were only used in the ex-ante accounting model and not within ex-post calculations, since are approximate estimates for ex ante estimation. To calculate total carbon stocks in trees (Equation 21) was used, by taking Carbon stock in above-ground biomass and Carbon stock in below-ground biomass. This was multiplied by the relation of Area of stratum/Total area of all sample plots in stratum (Equation 22), to obtain Carbon stock in trees per stratum. Divided by the Number of years between monitoring time t1 and t2 (Equation 23), it is obtained Annual carbon stock change in above a below-ground biomass of trees for stratum. Proper calculation confirmed in Annex AB. for the current PAIs (Annex W). All inventory data underwent QA/QC checks as described (Annex AL). The plot allocation process used the “Calculation of the number of sample plots for measurements within A/R CDM project activities” tool v2.1.0 (Annex AP). During the onsite visit a sample of plots were re measured (Activity #1), with no major
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$\Delta\text{CBG}, \text{I}, \text{t}$	Annual carbon stock change in below-ground biomass of trees for stratum i (t C yr-1)	Calculated as Carbon stock in above-ground biomass of tree multiplied by Root-shoot ratio appropriate for biomass stock of species (0.24 according to 2006 IPCC Guidelines for National Greenhouse Gas Inventories – Ch4 Forest Land), according to Equation 20. This root-to-shoot ratio was used for all strata, including pine plantations. It was correctly inputted in the spreadsheets (Annex W).
$\Delta\text{CDW}, \text{I}, \text{t}$	Annual change in the dead wood carbon pool for stratum i (t C yr-1)	Dead wood carbon pools within the project were quantified using the same approach applied under the baseline scenario, with the exception of lying deadwood. During this monitoring period, the lying deadwood pool was conservatively excluded from crediting, although it remains an included carbon pool and may be quantified and credited in future monitoring periods. The audit team notes that no sampling of lying deadwood was conducted during this monitoring period using the line-intersect method described by Harmon and Sexton (1996). Therefore, while the exclusion of this pool is conservative, it is also consistent with the requirements of VM0003, as Step 1 for the quantification of lying deadwood under the project scenario was not met due to the absence of the required field measurements.
$\Delta\text{CWP}, \text{I}, \text{t}$	Annual change in the wood products carbon pool for stratum i (t C yr-1)	Harvesting is not expected neither under the project scenario in general terms, as confirmed onsite. Then wood products were not calculated for the ex-ante project scenario. When harvesting does occur carbon stocks contained within wood products will be calculated using the same equations than for the baseline.
GHGPS, E	Greenhouse gas emissions as a result of implementation	Project GHG emissions are equivalent to Non-CO2 emissions due to biomass burning as part of forest management during the year t in the project scenario; t CO2-e (EPS, BiomassBurn,t) according to

	of the proposed IFM project activity within the project area in the project scenario; tCO ₂ -e	Equation 35. However, no biomass burning will take place within the project area for the duration of the project, then the emissions as a result of the project are zero.
URS	Uncredited Reserve Stock	The project accounts for emissions from the implementation of limited harvesting as allowed by the policies of the PP which include continuous thinning, group selection and patch cuts for the purpose of maintaining forest health. These emissions will be quantified based on measurements of stock change according to the measurement methods required by VM0003 v1.3. Were the total project emissions as a result of harvesting as allowed by policy exceed the quantity of the URS, such excess emissions shall be accounted for in the selected carbon pools and ΔC_t (equation 12). Properly calculated in Annex AB.

Quantification of leakage:

Ex-ante Leakage is estimated using VM0003 Methodology Section 8.6.

Quantification of GHG emission reductions and removals, including Parameters at validation		Steps taken to validate the quantification methods
LK	Total GHG emissions due to leakage; tCO ₂ e	According to equation 39 in VM0003 v1.3, Leakage is equal to total GHG emissions due to impacts of project on timber supply and demand (LKMarket Effects, tCO ₂ e), it means, equal to market leakage. AENOR confirmed that it is a correct interpretation.
LK _{Market Effects}	Total GHG emissions due to market- effects leakage through decreased timber harvest; t CO ₂ -e	Using equation 41, it was calculated as the difference amongst Actual and Baseline net greenhouse gas removals by sinks, multiplied by Leakage factor for market-effects calculations (LFME). Properly calculated in Annex AB.

LF _{ME}	Leakage factor for market-effects	It was determined by using forest type default values provided by the VM0003 v1.3 for the PAI validated. Within each stratum, the proportion of total biomass in merchantable species (PMPi) is calculated and compared with the mean proportion of total merchantable biomass for each forest type (PMLFT). It was checked by VVB that the merchantable biomass was considered according to the definition in the methodology. After PMPi and PMLFT are calculated and compared, the deduction factors (LFME) determined in the VM0003 v1.3 were used. LFME was determined to be 0.2 or 0.4 depending on the PAI. Properly calculated in Annex AB for the ex-ante values. Default values were correctly inputted in calculation spreadsheet.
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An applicability condition of using the VM0003 v1.3 is that the project will not have any leakage because of activity shifting to lands owned by the landowners that are outside the project area (Equation 40). This is an eligibility criteria (#2d): avoiding the leakage by requesting the owner to enroll all its lands. In case of current PAIs this was verified during the interview with the sampled owners (Interview #6-7). This prevents any activity shifting leakage because the PP and landowner do not have any unenrolled forested lands to shift harvesting onto. It is important to note that for the purposes of defining forestland, the FAO definition is used (Annex K), where land used predominantly under agricultural or urban land use is not considered forested and may be considered as other land with tree cover.

Uncertainties associated with the calculation of emissions:

The determination of sampling error for the purposes of calculating the uncertainty deduction is assessed at the project-level using a 90 percent confidence interval of VM0003 v1.3 (Section 8.7.1). Stratum-level sampling variances are combined to a single project-level sampling variance, weighted by stratum acreage relative to the total project acreage as is standard for stratified samples, following Lohr equation (2014)

For the project and baseline scenario, the included carbon pools for above ground biomass, below ground biomass, wood products and standing dead wood were all either measured as part of the plot-based inventory sample or were modeled based on input inventory data from the plot-based sample. The %SEM (Standard Error of the Mean, in %) is calculated based on plot-based inventory data, and since these pools were measured as part of the same sample, they have the same %SEM. For the project and baseline scenarios, lying dead wood is estimated as part of the transect-based inventory sample, resulting in a distinct sample from the plot-based inventory. Thus, the Lying deadwood pool %SEM is distinctly estimated using the inventory data collected from the transect-based sample.

The accurate calculation of uncertainty was confirmed by the VVB in Annex AB (Uncertainty calculation), as well as the interviews with the team in charge of calculations (Interviews #1, #5; Activity #7). The correct application of the forest inventory procedures and QA/QC procedures to reduce uncertainty were checked in field Activities #1-2 above described.

Monitoring plan application:

Above, the parameters available at validation were described, updated to include the current PAIs, aligned with the PD (section 5.1). This following section includes the monitored parameters, as stipulated in section 5.2 of the DP and the monitoring plan in section 5.3 (PD).

The GHG emission reductions and/or removals for the verification period were quantified correctly in accordance with the project description and with the applied methodology VM0003 v1.3. An identification of the data and parameters used to calculate the GHG emission reductions and/or removals for this verification period, and a description of the steps taken to assess each of them, follows.

Parameter monitored	Assessment of accuracy of GHG emission reductions and removals	Assessment of whether methods/formulae set out in project description have been followed Conclusion regarding appropriateness of default values
Ai Area of measurement stratum i; Hectares	The audit team reviewed the project boundaries in the field (Activity #1), the cartographic information provided (Annex B, C, Y) and independently recalculated per PAI it through GIS, confirming that it coincides with the data obtained by the PP and the data used in the calculation of GHG reductions (Annex AB).	Methods have been followed adequately. The values are appropriate.
Ap Area of sample plot; Hectares/Acres	The audit team confirmed on-site the area of the non-permanent sampling plots (0.008 ha) in the field visit (section 2.4 in this report), the interview with the monitoring team (Interview #2, 3) and it was verified that it coincides with monitoring procedures (Annex 1) and was correctly used in the inventory calculation (Annex W).	Methods have been followed adequately. The values are appropriate.

DBH Diameter at breast height of tree 1.4 m (4.5 ft. above the ground); cm (in.)	A sample of plots was measured in the field (Activity #2) and no significant difference was obtained with the values used in the verified inventory. The monitoring team followed the same field monitoring procedures (Annex 1, M). The data sample was processed with the same procedures of the PP and independently recalculated inventory values, not obtaining significant variations in the inventory values (Annex W). The crosscheck and validation of PP inventory and the explanation of the replication of the modelling by AENOR is detailed in parameter $\Delta C_{BSLAG BG,i,100}$ above.	Methods have been followed adequately. The values are appropriate.
H Height of tree; m (ft.)		
$DM_{n,i,t}$ Diameter of piece n of dead wood along the transect in measurement stratum i at time t; cm (in.)		
L Length of the transect to determine volume of lying dead wood; m (ft.)		
N Total number of wood pieces intersecting the transect		
PMP_i Merchantable biomass as a	The inventory values (Annex W) were recalculated independently by the audit team, that is, with the same procedure as the PP, as indicated in VM0003 v1.3	Methods have been followed adequately. The values are appropriate.

proportion of total above ground tree biomass for measurement stratum I within the project boundaries; %	(section 9.1). The crosscheck and validation of PP inventory and the explanation of the replication of the modelling by AENOR is detailed in parameter $\Delta C_{BSLAG BG,i,100}$ above. Parameters were correctly inputted in ex post calculations (Annex AB). Per VM0003 Section 9.3, ex-post re-stratification is allowed under certain circumstances, including unexpected disturbances or forest management activities/harvesting. However, during the onsite visit (Activity #2, 4) there was no evidence of any of them, since according to the inspection and confirmed during interviews with regional forester and owners (Interview #1, 2, 6) there were no silvicultural treatments or signs of fires, diseases, etc. during the monitoring period. Note that in order to harvest, owners must request permission to the PP (Eligibility Criteria #5.a), Thus, no re-stratification of the project was required and ex-post stratification is the same as the ex-ante one, as the PP proposed. The provided ERR calculations in the FCW Conserve ERR Calculation Spreadsheet- C3 - No URS (Annex W) show values for each measurement strata within all PAIs. Accounting value inputs for measurement strata shown in the Raw Inputs tab of the ERR Calculation Spreadsheet represent the combined values for all management strata associated with each individual measurement strata. There are some measurement strata that do not contribute to crediting due to the	
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	absence of harvesting but are enrolled in the project to prevent activity shifting leakage; however they have been included in the ERR calculation spreadsheet (Annex W) to provide greater transparency on all lands enrolled in the project but do not contribute towards crediting.	
T (Number of years between monitoring period time t2 and t1 ($T = t2 - t1$); year	It was verified that the monitoring period was correctly identified: from the start date of the project to the date of the forest inventory and prior to the start of the audit process, and correctly inputted in ex post calculations (Annex AB).	Methods have been followed adequately. The values are appropriate.
URS Uncredited Reserve Stock; tCO2e	During the field visit it was verified that no commercial harvesting activity has been carried out so far, nor has any maintenance activity (clear cuts, patch cuts, seed tree, continuous thinning or group selection practices), also confirmed in interviews with staff (Interviews #1, 2) and owners (Interview #6). Then the 9% of total carbon stock in living and standing dead trees that was set aside as URS did not change for ex post estimations. On the other hand, given that in the monitoring period there have been no harvesting activities in accordance with the definition of VCS Program Definitions v4.4, and on the other hand, the inventory shows that stocks have grown, the application of the long-term average is not needed, as planned.	Methods have been followed adequately. The values are appropriate.

	The “No URS” version of the ERR calculation spreadsheet (FCW Conserve ERR Calculation Spreadsheet– C3 - No URS) was provided during verification to illustrate that the URS approach is more conservative. As the PP mentioned in section 3.2 of the MR, the URS method was demonstrated during validation to not have an impact on the applicability conditions, additionality, nor the appropriateness of the baseline scenario. The uncredited reserve stock, and the impact on project-level accounting, was shown in the FCW Conserve ERR Calculation Spreadsheet v1.2- C1 spreadsheet. For reporting purposes both were referenced as Annex W in section 2.2 above, although were presented as different Excel spreadsheets.	
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Summary of net GHG emission reductions or removals

Quantification of GHG emission reductions and removals.		Steps taken to validate the quantification methods
CIFM	Net anthropogenic greenhouse gas reductions and removals (t CO ₂ e)	Calculated according equation 42, the net anthropogenic GHG removals by sinks is the actual net GHG removals by sinks minus the baseline net GHG removals by sinks minus leakage. Properly calculated in Annex AB.

In conclusion, the audit team finds that the ex post estimates of the GHG emission reductions and removals have been quantified correctly in accordance with the monitoring plan, applicable methodology VM0003 v.1.3, and validated PD for this verification period (1 June 2024 – 31 January 2025). Verified GHG emission reductions in the above verification period are as follow (Annex AB and MR Section 5.4, Table 14):

Vintage period	Baseline emissions (tCO2e)	Project emissions (tCO2e)	Leakage emissions (tCO2e)	Buffer pool allocation (tCO2e)	Reductions VCU (tCO2e)	Removals VCU (tCO2e)	Total VCU issuance (tCO2e)
14-Jul-2020 to 31-Dec-2020	(79)	344	84	40	23	275	298
01-Jan-2021 to 31-Dec-2021	(2,391)	11,951	2,868	1,376	536	9,561	10,097
01-Jan-2022 to 31-Dec-2022	(5,986)	29,242	7,045	3,381	1,407	23,394	24,801
01-Jan-2023 to 29-Sep-2023	(5,609)	39,151	8,952	4,297	190	31,321	31,512
30-Sep-2023 to 31-Dec-2023	(4,343)	31,553	7,179	3,446	1,166	24,106	25,269
01-Jan-2024 to 31-May-2024	(9,898)	79,910	17,962	8,622	2,815	60,411	63,225
01-June-2024 to 31-Dec-2024	(13,919)	126,835	28,364	13,487	10,272	84,425	94,697
01-Jan-2025 to 31-Jan-2025	(2,016)	18,188	4,071	1,936	1,757	12,275	14,032
01-Feb-2025 to 31-Dec-2025	(20,155)	195,776	43,516	20,690	17,776	132,021	149,797
Total	(64,397)	532,951	120,041	57,275	35,942	377,788	413,729

The audit team concludes the following with respect to the MR:

Assessment of whether:	Conclusion
All estimates can be replicated using the data and parameter values provided in the MR.	The audit team was able to confirm the data and parameter assumptions used in the ex post estimates and confirms that all the process can be replicated using the input data provided for verification with the parameters, and processes described in the MR and supporting information (see sections 2.2, 2.3, 2.4 in this report).
All relevant assumptions and data are listed in the MR, including their references and sources.	The audit team confirms that all relevant assumptions and data as well as their references and relevant sources are documented clearly in the MR.
All data and parameter values used in the MR are considered reasonable in the context of the project.	The audit team has concluded that the values presented in the MR are reasonable in the context of the project. This was concluded after review of the data and parameter values presented in the MR, as well as independent review of documentation, interviews and onsite visit (references in sections 2.2, 2.3, 2.4 in this report).

Overall conclusion:

In conclusion, the methodology and any referenced tools, as well as the validated monitoring plan, have been applied correctly to calculate baseline emissions, project emissions, leakage and net GHG emission reductions and removals during the monitoring period.

4.4 Quality of Evidence to Determine Reductions and Removals

Based on the review of the PD, standard operating procedures, calculation workbooks, supporting documentation, on-site visit, and interviews with the project personnel and local stakeholders, the audit team asserts that the evidence used to determine the GHG reductions and removals for the verification period was of sufficient quantity and appropriate quality. An identification of the categories of evidence used to determine the GHG emission reductions and removals, and a description of the steps taken to assess the sufficiency of quantity, and appropriateness of quality, of each category of evidence, as follows:

Category	Reliability of the evidence, and source and nature of	Information flow from data generation and aggregation, to	Appropriateness of implemented calibration
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	evidence (external or internal, oral or documented) for determination of GHG emission reductions or removals	recording, calculation and final transposition into the MR	frequency of monitoring equipment
Reporting spreadsheets	The calculations spreadsheets (Annex AC, AD, F, U, W, AB) were created by FCW staff and the audit team determined, after thorough testing, to be of high quality and highly reliable; quantity of workbooks provided to audit team was sufficient.	The audit team traced, recalculated and confirmed the data contained in the monitoring report from the removals/emission reductions calculation spreadsheets back to their respective sources (Activity #7).	NA. Monitoring plan specifies calibration frequency of monitoring equipment and QA/QC procedures were implemented.
Field Protocols	The field protocols (Annex L) were reviewed by the audit team, who confirmed that they are based on sound scientific data using best practices and are capable of capturing changes in carbon stock in conformance with the methodology.	The audit team reviewed the field protocols and confirmed that the QA/QC (Annex AL) procedures provide checks and balances to ensure high quality data collection during the site visit, since a sample of plots was measured during the onsite visit (Activity #2) and it was observed the field crew implemented the procedures as established (Activity #3).	NA. Monitoring plan specifies calibration frequency of monitoring equipment and QA/QC procedures were implemented.
GIS Data	All stratification information in spreadsheets and other spatial data (Annex C, B, Y) was provided to the audit team, who confirmed that the data contained all the necessary information to recreate the processes employed by the project and	The audit team recalculated and confirmed the total project area per PAI, as well as the total area of each individual stratum level analysis unit reported in the workbooks (Activity #1).	NA. Monitoring plan specifies calibration frequency of monitoring equipment and QA/QC procedures were implemented.

	found the calculations consistent with values stated in the MR report and applied calculations.		
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All calculations of GHG emission reductions and removals were checked by the audit team. No errors were discovered that materially affect the stated GHG reductions/removals of the project during the monitoring period. The methods used to estimate GHG benefits of the project were consistent with the methodology and the current validated and verified PAIs of the project, and it is deemed that the evidence is sufficient and appropriate.

4.5 Non-Permanence Risk Analysis

The PP has elaborated a VCS Non permanence Risk Report (digital template in Verra Hub and hard copy in Annex AU) for the verification process according to the AFOLU Non-Permanence Risk Tool v4.2. Note that the NPRR is based in the current validated PAIs. In the future, when other PAIs join the Project it may be in other US States, and the requirements related to geographic areas of grouped projects of VCS Standard v4.7 and the definition of the AFOLU Non-Permanence Risk Tool 4.2 in VCS, will be enforced, in order to gather under the same 'designated geographic area' the similar PAIs in order to apply a Non Permanence Risk assessment and a buffer in each one.

Risk Factor	Risk Rating	Assessment of rationale, assumptions and justification, and quality of documentation and data provided
Internal Risk		
Project Management: (table 1 of the VCS AFOLU Risk Tool)	0 (total shall not be less than zero)	AENOR crosschecked that: a) No planting is planned as part of the project, as checked along the PD and MR and during the onsite visit of the VVB. Risk rating=0 is justified. b) Land tenure is clear, and there are no land use rights disputes or encroachments risks, as checked in property deeds (Annex AG), GIS data base (Annex B, Y), onsite visit (Activity #1), and interview with owners and PP (Interview #1, #6-7). Risk rating=0 is justified. c) In accordance with the evidence provided (Interviews #1-5 & #8-10), Management team includes individuals with significant experience in all skills necessary to successfully undertake all project activities and monitoring (Activity #3).

		Risk rating=0 is justified. d) The PP has HQ in US. Management team maintains permanent presence in the regions, as verified in interviews with local staff (Interview #1-5) and owner (Interview #6-7). Risk rating=0 is justified. e) Management team has never failed to submit a loss report within two years of detecting a loss event. This is the first verification and no evidence of loss event. Risk rating=0 is justified.
Financial viability (table 2 of the VCS AFOLU Risk Tool)	0 (total shall not be less than zero)	e) The payback period is four years or less from the current risk assessment. VVB verified that breakeven at year 1 (Annex U). Risk rating=0 is justified. i) Project has secured 80% or more of funding needed to cover the total cash out required before the project reaches breakeven (verified in Annex U by VVB and Interview #1). Risk rating=0 is justified.
Opportunity Cost (table 3 of the VCS AFOLU Risk Tool)	0 (total shall not be less than zero)	e) NPV of project activities is expected to be greater than 20 percent and up to 50 percent more profitable than that of the most profitable alternative land use activity (checked in Annex S and interviews with owners, PP and regional forester –Interview #3, 6-. The baseline scenario was chosen as the alternative scenario with the highest financial profit, which is intensive harvest. Risk rating=-2 is justified.
Project Longevity (table 4 of the VCS AFOLU Risk Tool)	0 (total shall not be less than zero)	a) Not applicable, see below. b) Without legal agreement or requirement to continue the management practice. All landowners participating in the project shall participate in the agreement that the landowner shall continue forest management practices that protect credited carbon stocks for at least 60 years, which is the project longevity (verified in the signed agreements in Annex D and Interviews #3, 6, 7). Risk rating=0 is justified.
External Risk		
Land Tenure and resources access/impact (table 6 of the Risk Tool)	0 (total shall not be less than zero)	- Process undertaken to discover any disputes over ownership and land, resource access, or use rights. There are no disputes over land tenure or ownership of the project area of the project area nor disputes over access/use rights (or overlapping rights), according to the signed agreements in Annex D, property deeds in Annex AG, GIS database (Annex B, Y), and Interview with PP and owners #3, 6, 7, and local staff (Interview #2). a) Ownership and resource access/use rights are held by same entity(s) as demonstrated in the signed agreements in Annex D, property deeds in

		Annex AG and Interviews with PP and owners #3, 6, 7. Risk rating=0 is justified. e) No instances of Government intervention in the past 20 years or specific instances of expropriation. The project takes place solely in the United States where no expropriation or government intervention in land rights exist in modern times. Risk rating=0 is justified. h,k) No disputes exist (see above). Risk rating=0 is justified. m) Potential upstream and sea impacts are demonstrated to be insignificant or effectively mitigated. Not applicable, no area close to sea level. n) Project area is protected by legally binding commitment to continue management practices that protect carbon stocks over the length of the project crediting period. Landowner participate in the agreement that the landowner shall continue forest management practices that protect credited carbon stocks for at least 60 years, which is the project longevity (verified in the signed agreements in Annex D and Interviews #3, 6, 7 with PP and owners. Risk rating=-2 is justified.
Stakeholder Engagement (table 7 of the Risk Tool)	0 (total shall not be less than zero)	- Local populations, including those living in the project area or within 20 km of the boundary of the project area, are not reliant on the project area. The properties where the project area is located consist of the forested and other uses (reforestation, cattle) areas and therefore no one lives in the project area. On the other hand, the communities in the area of influence do not depend on the services or goods of these areas and have no rights over them. Confirmed during the onsite visit. Last, there are no third parties with any right of use over the land. Risk rating=0 is justified.
Political Risks (table 8 of the Risk Tool)	0 (total may not be less than zero)	e) USA presents 1.00 according to the World Bank Institute's Worldwide Governance Indicators. VVB verified the value and reliability of source (World Bank Institute Worldwide Governance Indicators website). Risk rating=0 is justified.
Natural Risks		
Fire Risk (table 10 of the Risk Tool)	Several values	Annex AY was submitted to describe the process for selecting project level natural risk significance and frequency, as well as reference research papers as

Pest and disease outbreaks (table 10 of the Risk Tool)	Several values	evidence for selection (See Annex AY in section 2.2). Original risk scores were weighted by smaller reference regions, updated NPRT now uses weighted project area by NPRT reference regions: Central North America, Eastern North America, and Western North America. The spreadsheet in Annex AY contains a table of areas of each PAI and state, assigned to a reference area of the NPRT, based on Annex C GIS area information. As checked by AENOR, significance and likelihood were properly identified by PP. Reviewed scientific articles justify the choice and are deemed applicable, reliable and conservative, in opinion of the VVB. The approach of weighting the area of each region regarding the total area seems accurate in opinion of AENOR. Climate Change Impact is properly justified in Annex AY as well. Adaptive Capacity was demonstrated according the adaptive management plan (Adaptive Management Plan in Annex AW) that meets five adaptive capacity criteria.
Extreme weather (table 10 of the Risk Tool)	Several values	
Geological risks (table 10 of the Risk Tool)	Several values	

The total final non-permanence risk is 12% (Total Internal Risk: 0 %; Total External Risk: 0 %; Total Natural Risk: 1%; Overall Risk Rating: 12 %). AENOR checked that information provided in the Non-Permanence Risk Report (Annex AU and scientific articles linked) is consistent with the support documents provided, and each risk factor was thoroughly assessed for conformance against proper rationale, assumptions and justifications. AENOR deems that information provided is reliable and appropriate. Thus, the overall risk rating is credible and realistic, and a 12% buffer is determined and properly used for the ex post calculations.

5 VERIFICATION OPINION

5.1 Verification Summary

AENOR performed the verification of 'Family Forest Carbon Project' and confirms that the project is in conformance with the Verified Carbon Standard version 4.7 without qualifications or limitations. The verification of the GHG statement was conducted in accordance with ISO 14064-3:2019. GHG statement is the responsibility of Forest Carbon Works, PBC.

The verification process was performed based on all issues and criteria of VCS. The conclusions of this report show that the project, as it was described in the monitoring report, is in line with all criteria applicable for the verification. The project has been implemented in accordance with the project description and validated variations described in section 3.1 of this report. The Project conforms with the validation criteria for projects set out in VCS Version 4.7 applied to the new instances included.

The verification assessment covered the first monitoring period from 1 February 2025– 31 December 2025 and confirmed that calculated emission reductions were achieved during the monitoring period with a reasonable level of assurance.

5.2 Verification Conclusion

AENOR is able to issue a positive verification opinion for the 172,415 tonnes CO₂e as reported in the monitoring report for the reporting period below. The overall non-permanence risk rating was 12%. Therefore, the total number of credits to be deposited in the buffer account is 20,690 VCU and the readjustment subtracts 1,928, the total VCUs to be issued are 149,797 VCUs. The level of assurance for this verification is reasonable with respect to material errors, omissions, and misrepresentations.

Verification period: From 01-February 2025 to 31-December-2025

Verified GHG emission reductions and carbon dioxide removals in the above verification period:

The non-permanence risk rating (%)	12%
If applicable, the Long-term Average (LTA), whether it has been properly updated, and if it has been reached.	LTA is not applicable at this time. Harvesting in PAIs is prohibited without the consent of the PP, according to Eligibility criterion #5, and it maintains a policy that limits the application of harvesting to techniques that promote ERA, as demonstrated in FCW Membership Guide (Annex R) and FCW Harvesting Policy (Annex Q). Harvesting associated with the project activity shall not meet nor exceed the definition of harvest activity (according to VCS Program Definitions v4.4) meaning that the harvesting of trees or vegetation within each PAI shall not reduce carbon stocks by 20% or more during any 5-year period, unless applies the long-term average (according to VCS Standard v4.7). During MP4, PAI 1093 conducted a commercial harvest of damaged trees (Annex N). Harvesting activities were implemented in accordance with the FCW Harvest Policy (Annex Q), and the PAI obtained FSC certification prior to the commencement of harvest operations (Annex T).

	In addition, PAI 1036 carried out a non-commercial, single-tree selection sanitation harvest to remove trees affected by beetle infestation along a roadway (Annex BF). AENOR visited both PAIs, including the specific areas where these activities were conducted, and verified the information reported in the Monitoring Report (MR). Site observations confirmed that the harvest in PAI 1093 was limited to damaged trees and that the sanitation harvest in PAI 1036 appropriately addressed beetle-related tree mortality. Moreover, all future harvesting conducted within the project will be designed to maximize carbon storage and/or improve forest health, and to transition forests to uneven-aged structure. This shift from even-aged to uneven-aged forest management will involve an increase in the average age of standing trees within the forest since the goal of the project is to sequester more carbon than currently exists with the project activity instances. On the other hand, 9% of total carbon in the standing forest is reserved by PP from crediting to provide flexibility for members to engage in climate smart forestry treatments while minimizing the impact on annual payments. This shows that, under the assumptions planned by the PP, the application of the long-term average would not proceed.
Whether a loss has been appropriately accounted for, in accordance with the VCS Program rules, if applicable.	There has been a loss to the overall accounting due to a PAI dropping from the project. The audit team has been able to confirm the appropriateness of the accounting performed by the PP of this loss event reviewing the excel spreadsheets and

calculations from previous years as well Annex AB

Vintage period	Baseline emissions (tCO ₂ e)	Project emissions (tCO ₂ e)	Leakage emissions (tCO ₂ e)	Buffer pool allocation (tCO ₂ e)	Reductions VCU (tCO ₂ e)	Removals VCU (tCO ₂ e)	Total VCU issuance (tCO ₂ e)
01-Feb-2025 to 31-Dec-2025	(20,155)	195,776	43,516	20,690	17,776	132,021	149,797
Total	(20,155)	195,776	43,516	20,690	17,776	132,021	149,797

5.3 Ex-ante vs Ex-post ERR Comparison

Vintage period	Ex-ante estimated reductions/removals	Achieved reductions/removals	Percent difference	Explanation for the difference
01-Feb-2025 to 31-Dec-2025	342,810	170,649	-50%	Ex ante estimates were made considering a larger project area. As several PAIs have exited the project, achieved reductions / removals are less. VVB considers that the differences are justifiable and during the audit it was found that they correspond to what was stated by the PP.
Total	342,810	170,649	-50%	

APPENDIX I: COMMERCIALLY SENSITIVE INFORMATION

Section	Information	Justification	Assessment method and conclusion
5.4	FCW VCS Certification Model Kimmeridge Carbon Solutions, L.P. and Chestnut Carbon LLC Proof of Funds	Confidential due to proprietary financial information which may result in damages to company if disclosed. Shall be provided to VVB only.	This information was shared with the audit team upon request with no limitations. The VVB keeps records of the information shared and does not share his information in the reports or in any other way.
5.4	NPV Calculations	Confidential due to proprietary financial inputs related to project development costs. Shall be provided to VVB only.	This information was shared with the audit team upon request with no limitations. The VVB keeps records of the information shared and does not share his information in the reports or in any other way.
2.1, 3.3	Signed MLAs	These documents contain PAI landowner names and other personal information. Shall be provided to VVB only.	This information was shared with the audit team upon request with no limitations. The VVB keeps records of the information shared and does not share his information in the reports or in any other way.
3.3	Past NCX Contracts	Past NCX contracts for landowners that contains personal information. Shall be provided to VVB only.	This information was shared with the audit team upon request with no limitations. The VVB keeps records of the information shared and does not share his information in the reports or in any other way.

3.3	Landowner deeds	These documents contain PAI landowner names and other personal information. Shall be provided to VVB only.	This information was shared with the audit team upon request with no limitations. The VVB keeps records of the information shared and does not share his information in the reports or in any other way.
2.1	Stakeholder correspondence	These documents contain PAI landowner names and other personal information during stakeholder correspondence with project proponent. Shall be provided to VVB only.	This information was shared with the audit team upon request with no limitations. The VVB keeps records of the information shared and does not share his information in the reports or in any other way.
2.3.5	Landowner Payment Details	Confidential due to containing sensitive financial information linked to each PAI number. Shall be provided to VVB only,	This information was shared with the audit team upon request with no limitations. The VVB keeps records of the information shared and does not share his information in the reports or in any other way.
2.1.3	Evidence of Landowner Membership Guide Sharing	These documents contain landowner names and contact information.	This information was shared with the audit team upon request with no limitations. The VVB keeps records of the information shared and does not share his information in the reports or in any other way.

APPENDIX 2: FINDINGS

Non Conformities (NCs)/Corrective Action Request (CARs)

NC/CAR id.	01	Date: 07/05/2026
NC/CAR description		
The following sections of the MR do not follow the instructions set out in the VCS-Monitoring-Report-Template-v4.4: 1. The PP shall complete all sections using size 10.5, black, regular (non-italic) Arial or Franklin Gothic Book font. (Sections 2.3.1, 2.3.5 and 2.4.1) 2. The PP shall indicate the correct VCS standard version (v4.7) applicable to the monitoring report and project. 3. Section 2.1.1 - Under the “expected changes in well-being”, the PP describes ecosystem services and benefits in a manner that appears to reflect the project scenario rather than the baseline scenario. To meet the template requirements, the PP shall describe the expected changes in well-being and other stakeholder characteristics <u>under the baseline scenario</u>, including changes to ecosystem services identified as important to stakeholders. 4. Section 4.3 – In the monitoring plan section, the MR is required to describe the process and schedule actually followed during the monitoring period to obtain, compile, and analyse monitored data and parameters. However, the MR describes a method to determine lying deadwood that was not carried out during the monitoring period, meaning the content is not accurate for this reporting section. The PP shall describe the process and schedule followed <u>during the monitoring period</u> for obtaining, compiling, and analyzing the monitored data and parameters.		
Project proponent’s response		Date: 12/05/2026
The following sections of the MR has been revised to comply with the instructions set out in the VCS-Monitoring-Report-Template-v4.4: 1. Font type and size in Sections 2.3.1, 2.3.5, and 2.4.1 were corrected to size 10.5, black, regular (non-italic) Franklin Gothic Book font. 2. The VCS Standard version number on the cover page was corrected from “5.0” to “4.7.” All applicable content in the monitoring report and project aligns with VCS Standard version 4.7. 3. Text in Section 2.1.1, under “Expected changes in well-being,” was revised to reflect the baseline scenario rather than the project scenario. 4. The lying dead wood pool was not monitored during this monitoring period and references to its monitoring has been removed from Section 4.3 (Monitoring Plan). Monitoring of the lying dead wood pool is required at least prior to baseline reassessment (Project Description Section 5.1); however, the project did not undergo baseline reassessment during this monitoring period and no lying dead wood data were collected. The monitoring plan now aligns with the schedule followed during the monitoring period to obtain, compile, and analyze monitored data and parameters.		

These updates have been incorporated into the MR, resolving the finding.	
Documentation provided by the project proponent	
VCS MR Project ID 4268 01FEB2025-31DEC2025 v1.2	
VVB's evaluation	Date: 05/06/2026
The VVB team has revised the monitoring report and highlights the following: 1. Sections 2.3.1, 2.3.5 and 2.4.1 have been revised and deem corrected. 2. Version number has been correctly changed. 3. Text in Section 2.1.1, under “Expected changes in well-being” has been revised and it is now considered to describe the expected changes in well-being and other stakeholder characteristics <u>under the baseline scenario</u>. 4. Text related to the method to determine lying deadwood in Section 4.3 has been removed. Therefore, CAR 01 is closed.	

NC/CAR id.	02	Date: 07/05/2026
NC/CAR description		
There is an inconsistency in the total project area reported in the MR. Section 1.2 states 27,573.14 ha, while the boundary.kml (Annex C) indicates 27,849.84 ha (excluding exiting PAIs). The PP shall explain the cause of this discrepancy, reconcile the project area, and update all MR sections and supporting documents where the total area is referenced.		
Project proponent's response		Date: 12/05/2026
The PP has updated Annex C to include new KMZ files that reflect the acreage stated within Section 1.1 of the MR (27,573.14 ha). The 276.7 ha discrepancy is attributable to PAIs that exited the project during MP 4 but were included in the originally submitted KMZ files. This update did not impact the baseline scenario or any carbon accounting calculations previously provided and no new PAIs were added to the project. Their removal from the KMZ files resulted in a project area consistent with both the MR and modeling workbooks, thereby resolving the finding.		
Documentation provided by the project proponent		
MP 4 Project Area and Project Centroids (Annex C) FCW Conserve MP 4 ERR Calculation Spreadsheet v1.2 (Annex AB) VT0015 Summary Tables v1.2 (Annex BD) VCS MR Project ID 4268 01FEB2025-31DEC2025 v1.2		
VVB's evaluation		Date: 05/06/2026
The VVB reviewed the updated KMZ files to confirm that the exiting PAIs have been removed, thus ensuring that total area is now aligned with the figure presented in section 1.1 of the MR. Therefore, CAR02 is CLOSED.		

NC/CAR id.	03	Date: 07/05/2026
NC/CAR description		
During the on-site visit, the VVB assessed PAI 1249, which includes (i) the original “Westminster Woods” forest area operated by the church and marketed for recreational uses (e.g., weddings and church camps), and (ii) an adjacent area reportedly acquired in 2018 due to fire-risk concerns. Based on site observations (mature forest condition, active sanitation and routine forest management consistent with maintaining recreational amenities) and publicly available information describing the area as a recreation/wedding and camp facility (https://westminsterintheblues.com/facilities/), the original Westminster Woods portion appears to have been historically and is currently managed to support ongoing recreational services and associated revenues. As such, this portion of PAI 1249 does not meet the IFM VM0003 eligibility Criterion 2 (forests not subject to timber harvesting, or managed without an objective to earn revenue through timber harvesting in the baseline scenario, are not eligible), nor that an even-aged forest management baseline is applicable in the past, present, or foreseeable future; consequently, it is not substantiated as “plainly at risk for conversion or aggressive harvesting” (FCW-Conserve-Membership-Guide- April 2024.pdf). The Project Proponent shall ensure that PAI 1249 is demonstrated to comply with VM0003 and the PDD eligibility criteria by providing objective evidence supporting eligibility and the selected baseline scenario, or by revising the PAI boundary inclusion and updating all affected documents accordingly.		
Project proponent’s response		Date: 11/05/2026
The Project Proponent acknowledges the VVB’s observations regarding the current use of the Westminster Woods portion of PAI 1249 for recreational purposes. However, the conclusion that this area is therefore ineligible under VM0003 Applicability Condition 2 “forests not subject to timber harvesting, or managed without an objective to earn revenue through timber harvesting in the baseline scenario, are not eligible” does not fully account for the broader requirements of the methodology, particularly as they relate to activity-shifting leakage (Applicability Condition 8). VM0003 requires mitigation of activity-shifting leakage under Applicability Condition 8 and in accordance with Eligibility Criterion 2. This is achieved by requiring “that the landowner enroll all forested areas in the project” (Eligibility Criterion 2d). Thus, the inclusion of all forested land within PAI 1249 ensures there is no activity shifting leakage, consistent with VM0003 requirements (AC8) and EC 2. Under VM0003 AC 2, eligibility is determined based on whether the forestland would reasonably be expected to be subject to timber harvesting or managed for timber revenue in the baseline scenario, not solely on its current use or management objective. While the Westminster Woods area is presently used to support recreational activities, this use does not exclude the land from being economically and operationally suitable for commercial timber management under business-as-usual conditions, particularly given regional and legal common practice.		

The Project Proponent provides the following evidence to demonstrate that PAI 1249 meets the methodological requirement of being subject to baseline timber harvesting and is “at risk for conversion or aggressive harvesting”:

Comparable Timber Harvest Plans (Annex Z) which demonstrate that even aged management systems, standard rotation lengths, and commercial harvesting practices are prevalent for comparable ownerships and site conditions.

Forester Attestations (Annex H) confirm the plausibility, legality and appropriateness of the modeled baseline silvicultural systems and that they represent standard commercial forest management practices in the relevant regions for comparable ownership and site characteristics.

In conclusion, PAI 1249, including the Westminster Woods portion, remains appropriately included within the project boundary. Inclusion of all forested land is necessary to:

- Ensure compliance with AC8 (activity shifting leakage mitigation) and EC2, and
- Maintain a baseline scenario consistent with AC2 and EC6

Thus, PAI 1249 is eligible as currently defined, and revision of the project boundary is not necessary.

Documentation provided by the project proponent

VVB's evaluation

Date: 05/06/2026

The project proponent has adequately demonstrated PAI 1249 full area inclusion in the project. Therefore, CAR03 is CLOSED.

NC/CAR id.	04	Date: 07/05/2026
NC/CAR description		
The FAR from the previous MP3 has not been assessed. At the next verification event: 1. The new grouped project eligibility criteria shall be updated to require demonstration of the plausibility of generating revenue from timber harvesting for each PAI, in addition to legal permissibility; or 2. Alternatively, the common practice analysis is updated to demonstrate that, for each region, it is common practice for private landowners to harvest timber with the objective of generating revenue, beyond the current analysis, which focuses solely on which management practices are common practice.		
Project proponent's response		Date: 12/05/2026
The PP has updated the grouped project eligibility criteria to address the finding NC04, which requires a demonstration of the plausibility of generating revenue from timber harvesting for all future PAIs enrolled in the project. Thus, Eligibility Criteria #8 has been added to the project which states the following: Prior to inclusion in the grouped project, each PAI shall demonstrate the plausibility of generating revenue from timber harvesting, supported by a net present value (NPV) analysis consistent with the baseline scenario assumptions. The NPV analysis will be conducted on all future PAIs enrolled in the project. Estimates of all revenues and costs associated with the baseline scenarios shall be based on published sources such as statewide stumpage reports. The financial discount rates used shall be based on published sources and represent the appropriate risk for the relevant land use scenario. The analysis will be undertaken in a transparent manner and provide all relevant assumptions, parameters, and data sources. This addition has been documented in the Monitoring Report v1.2 section 3.2.2 Project Description Deviation and resolves the finding by addressing the first requirement option of the FAR that was raised during MP3.		
Documentation provided by the project proponent		
Monitoring Report v1.2		
VVB's evaluation		Date: 05/06/2026

The audit team has reviewed the information added to Section 3.2.2 and confirms that it adequately addresses the issue raised.

Therefore, CAR 04 is CLOSED.

NC/CAR id.	05	Date: 07/05/2026
NC/CAR description		
The Membership Guide (FCW-Conserve-Membership-Guide- April 2024.pdf) states that additional information on the requirement that eligible land must be “plainly at risk for conversion or aggressive harvesting” is provided in the forest management lease agreements (Section 6.7). However, review of the lease agreements found no such information or provisions addressing this eligibility requirement. This incorrect cross-reference and the absence of corresponding language do not demonstrate that landowners have been adequately informed of the project’s eligibility conditions and objectives. The PP shall correct the Membership Guide reference and related documents. Moreover, during the on site visit various stakeholders seemed not fully comprehend the project implications, permitted actions and project goals. The PP shall demonstrate that landowners understand and acknowledge the project implications, eligibility conditions and project goals and update all affected documents accordingly.		
Project proponent’s response		Date: 12/05/2026
The Membership Guide (FCW-Conserve-Membership-Guide- April 2024.pdf) states “To be enrolled, land must also be plainly at risk for conversion or aggressive harvesting. This is why it is important for you to disclose whether there are any conservation easements in place that may inhibit your right to commercially harvest timber, etc.” The (2) reference provided, “For more information, please see Section 6.7 of the Forest Management Lease Agreement,” is referring to this passage of the MLA: “Except as may be disclosed by Owner... Owner represents there are no leases [or] easements... encumbering all or any portion of the Land that could interfere with Grantee’s operations on the Land”. The provided reference (2) refers to the latter portion of the quoted section of the Membership Guide concerning disclosure of conservation easements, not to land conversion risk. The landowners are informed by the Membership Guide that land enrolled in the project must be at risk for conversion or aggressive harvesting. Landowners were informed of project details, eligibility, and goals in the Membership Guide (Annex R). Evidence that this guide was shared with landowners is provided in Annex BC. Additionally, the project proponent remained in regular contact with landowners after the Membership Guide was shared (Annex AI) and have dedicated staff available by both phone and email to answer landowner questions. To further ensure that landowners are fully informed about project implications, permitted activities, and overall goals, the annual landowner survey will be updated to include a confirmation that landowners understand these elements.		
Documentation provided by the project proponent		

Annex AI	
Annex BC	
VVB's evaluation	Date: 05/06/2026
The VVB considers that the clarification provided regarding the apparent inconsistency between the Membership Guide and the agreements adequately resolves the first part of this finding. Moreover, based on its review of the member contact records.xlsx, the VVB concludes that the level of contact with landowners during the monitoring period was sufficient. Therefore, CAR 5 is closed.	

NC/CAR id.	06	Date: 07/05/2026
NC/CAR description		
During the on-site visit, the cruising team stated that tree inclusion is determined using a 20 ft ground radius, while the digitisation process (Nephos) later applies a 16.7 ft plot radius. This discrepancy is not described in the MR or the Field Guide. The PP shall update the MR, the Field Guide, and any other relevant procedures to accurately document the plot-radius approach used in the field and in digitisation, including the rationale for the radius change and confirmation that calculations/expansion factors reflect the final plot definition (and revise results if needed).		
Project proponent's response		Date: 12/05/2026
The PP has added clarifying language to Section 4.3 (Monitoring Plan) of the MR to describe the process whereby cruisers collect tree inventory up to a 20-foot plot radius before trees are filtered down to the 16.7-foot plot radius during post-processing. A reference to the Nephos Digitization Manual (Annex L) was also added, as it outlines the digitization process used to determine inclusion of trees at the 16.7-foot plot radius boundary (1/50 acre plot size).		
Documentation provided by the project proponent		
VCS MR Project ID 4268 01FEB2025-31DEC2025 v1.2		
VVB's evaluation		Date: 05/06/2026
Section 4.3 of the MR has been reviewed, and the discrepancy has been clarified. Therefore CAR 06 is closed.		

Clarifications (CLs)

CL ID	01	Date: 07/06/2026
CL description		
The PP shall provide the following evidence: 1. The FCW Conserve TL v3.5 – MP4 – Outputs.xlsx file updated to include monitoring measurements taken in 2025, as the currently submitted file only includes data up to 2024 and MP3 (31/01/2025; Tree List tab, column BK). 2. The raw field data collected during the on-site visit, as recorded by the measurement devices, to allow verification of consistency with field measurements taken in 2025.		
Project proponent's response		Date: 12/05/2026
1. The FCW Conserve TL v3.5 – MP4 – Outputs.xlsx file was incorrectly shared with the VB. Annex W has since been revised to include the correct file, FCW Conserve TL MP4 v1.0.xlsm. As no additional PAIs were introduced during the MP4 period, the file reflects only the updated monitoring of PAI 1093, which arose from commercial harvesting activities conducted on the property in compliance with the FCW Harvest Policy and FSC certification requirements. This resolves the finding by providing the document for the correct monitoring period. 2. The PP has shared the raw field data collected during the site visit, resolving this finding.		
Documentation provided by the project proponent		
Annex W- FCW Conserve TL MP4 v1.0.xlsm Conserve_MP4_Audit_TreeData.xlsx		
VVB's evaluation		Date: 05/06/2026
The PP has provided the requested evidence, which has been reviewed and found to be accurate. Therefore, CL01 is CLOSED.		

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Lying deadwood in the project scenario is not being calculated using baseline or default values. Lying deadwood was conservatively omitted in the project scenario (Project Description Sections 4.2 and 5.2); however, deadwood was calculated in the project scenario using Equation 24 of the VM0003 Methodology.

The referenced calculation screenshotted by the VVB above from Annex AB is the calculation of $\Delta C_{dw,i,t}$ (tC), the equation for which is: $[MPYear \text{ Crediting Length}] * [Project \text{ Area (acres)}] * [\Delta C_{dw,i,t} \text{ (tC/ac/yr)}]$. Conversely, $\Delta C_{bsl,DW}$ (tC) is calculated using the equation: $[MPYear \text{ Crediting Length}] * [Project \text{ Area (acres)}] * [\Delta C_{BSL,dwt} \text{ (tC/ac/yr)}]$. The key variables differentiating these equations are $\Delta C_{dw,i,t}$ (tC/ac/yr) and $\Delta C_{BSL,dwt}$ (tC/ac/yr), which are used to calculate $\Delta C_{dw,i,t}$ (tC) and $\Delta C_{bsl,DW}$ (tC) respectively. Both these variables are read into the Powerquery calculations from columns O and R of the “Raw Inputs” worksheet of Annex AB.

The project proponent calculated $\Delta C_{dw,i,t}$ (tC/ac/yr) via FVS modeling and in Annex AC (“FCW Conserve Model Results MP 4 v1.0”, not in Annex AB. The calculations used to determine $\Delta C_{dw,i,t}$ (tC/ac/yr) used Equation 24 of the VM0003 methodology and can be seen in the “P Results - SD - Stra” worksheet of Annex AC. This process is explained in Section 5.2 of the Monitoring Report.

The calculation of $\Delta C_{dw,i,t}$ occurred separately from the calculation of $\Delta C_{bsl,DW}$ and is detailed in Section 5.2 of the Monitoring Report. The baseline scenario values and calculation process were not used in the calculation of $\Delta C_{dw,i,t}$, as explained above.

The diagram below shows the deadwood calculation workflow across Annex AC and Annex AB:

