VCS PROJECT REVIEW REPORT

Project ID	872
Project Name	Afognak Forest Carbon Project
Project Proponent	Rocky Mountain Elk Foundation, American Land Conservancy
Methodology	VM0012 Improved Forest Management – Logged to Protected Forest (IFM-LtPF) on Fee Simple Forested Properties – Version 1.1
Sectoral Scope(s)	14. Agriculture, Forestry, Land Use
Validation/Verification Body (VVB)	SCS Global Services (SCS)
Registry	APX

Assessment Criteria	VCS Registration and Issuance Process v3.5; VCS Standard v3.4; VCS Verification Report Template v3.3;
Date of First Issue	23 March 2015
Date of Final Issue	28 April 2015

Summary:

An accuracy review of *Afognak Forest Carbon Project* issuance request has been conducted by VCS in accordance with Section 4.3 of the *Registration and Issuance Process*.

The accuracy review has raised four assessment findings and one minor finding, detailed below. The VVB, in coordination with the project proponent, is hereby required to provide a response to the assessment findings presented in Section 1. The four assessment findings must be addressed to the satisfaction of VCS.

This findings report may be made publically available, confidential information may be provided as separate attachments.

1 ASSESSMENT FINDINGS

Finding 1
Section 4.1.5 of the *VCS Registration and Issuance Process*, seventh paragraph letter b), indicates that a non-permanence risk report shall be presented in accordance with the VCS document VCS document *AFOLU Non-Permanence Risk Tool* and such report shall be submitted to the VCS registry administrator. The validation/verification body is asked to please submit the corresponding Non-Permanence Risk Report to the VCS registry administrator in accordance to the *VCS Registration and Issuance Process* document v3.5.
VVB Response: It is SCS' understanding that the non-permanence risk report has been submitted through the appropriate channel.
VCS Response: The Non-Permanence Risk Report has been submitted to the VCS registry administrator and it has been made available. The VVB response is sufficient to close the finding. No further action is required.

Finding 2
Section 3.5.2 of the *VCS Standard* indicates that methodology deviations shall be reported in the validation or verification report, as applicable and all subsequent verification reports, and are not considered to be precedent setting. Furthermore, Section 3.2 of the *VCS Verification Report Template* requires identifying any methodology deviations applied to the project and describe the steps taken to validate each deviation. The monitoring report in Section 2.2 indicates that there were three minor deviations from the methodology and one minor deviation from the project as described in the PD document. On the other hand, the verification report states in Section 3.2 (Methodology Deviations) and Section 3.3 (Project Description Deviations) that no deviations have been validated at the time of the verification engagement described in the report. The verification report also states, on page 11 and as part of the verification findings, "*aside from methodology deviations described in Section 3.2 above (which are not considered material), no discrepancies exist between monitoring plan and applied methodology*" The VVB is therefore requested to please clarify whether any deviations were identified, and if so, please provide a description of the steps taken to validate each deviation. Additionally, the VVB is requested to include the information in the appropriate section of the verification report.

VVB Response:

SCS' response to each paragraph of the finding is as follows. The updated verification report referred to in this response is attached to the email containing this response.

1) It is SCS' understanding that Section 3 of the VCS Verification Report Template is only applicable where validation activities have been carried out at the time of verification. This understanding is guided by the introductory text to the Template, which states that "Where the validation/verification body has also, at the time of this verification, undertaken a gap validation of a project that is participating in an approved GHG program, or has validated a methodology deviation, project description deviation or inclusion of new project activity instances into a grouped project, the validation sections of this template must be completed." The introductory text sets out no requirements for provision of information in Section 3 in the case where validation activities have not been carried out at the time of verification. Technically speaking, the three methodology deviations referred to in the text of the finding were validated during prior validation/verification engagements and were not validated at the time of the verification engagement described in the report. This is the reason why the three methodology deviations have not been addressed in Section 3.2 of the verification report. Rather, they have been reported on in Section 4.1 of the verification report, as required by Section 4.1 of the Template. However, a reference to Section 4.1 has been added to Section 3.2 of the report, as a convenience to the reader, in order to increase the clarity of the report. A typo in Section 3.2 of the verification report has also been corrected.
2) The quoted assertions in Sections 3.2 and 3.3 of the verification report are correct. However, SCS also understands that an opportunity exists for increase clarity within the report. Therefore, in addition to the information added to Section 3.2 of the verification report, a corresponding reference to Section 4.1 has been added to Section 3.3 of the verification report.
3) The quoted reference was erroneous. Therefore, the text "in Section 3.2 above" has been replaced by "below in this Section 4.1".
4) To clarify, no deviations (either project description deviations or methodology deviations) were validated at the time of the verification engagement described in this report. However, information has been added to Section 4.1 of the verification report as required by Sections 3.5.2 and 3.6.2 of the VCS Standard. The VCSA is also referred to SCS' verification report from the monitoring period 1 January 2012 – 31 December 2013, which contains a thorough treatment of the process used to validate the methodology deviations and project description deviation referred to by the finding.

VCS Response:

The verification report has been updated by the VVB clearly stating that no deviations were identified and validated during the period described in the report.

The VVB response is sufficient to close the finding. No further action is required.

Finding 3 Section 5.1.3 of the *VCS Standard* states that the VVB, in order to provide a reasonable level of assurance, shall select samples of data and information to be verified and to meet the materiality requirements of the specific project. The Verification Report, on page 8, indicates that a site inspection did not take place after the end of the monitoring period and a single visit undertaken during the previous verification. The VVB is requested to please clarify how a reasonable level of assurance was achieved for the time period specified in the current verification report taking into account that no site visits took place.
VVB Response: To clarify, a site visit did, in fact, take place. The site visit, which took place on 8 September 2014, took place eight months into the 12-month monitoring period. SCS understands that it is most common for a site visit to take place after the monitoring period has elapsed. However, it is SCS' position that the action taken by SCS is consistent with best practices for provision of GHG verification services. A justification of such is provided in Section 2.4 of the verification report. In addition, SCS notes the following. SCS understands the expectation, as stated on page 31 of the non-binding guidance document VCS Validation & Verification Manual, that "Given that physically observed data is considered most reliable, and that VVBs are required to provide a reasonable level of assurance, site visits must be included in validation and verification plans." However, it is SCS' judgment that the data that was physically observed by the audit team (both during the site visit and as part of a desk review) was fully sufficient to provide a reasonable level of assurance, for the following reasons: 1) In accordance with Section 4.4.3 of ISO 14064-3:2006, SCS assessed the "risks of potential errors, omissions or misrepresentations" using the categories ("the inherent risk of a material discrepancy occurring", "the risk that the controls of the organization or GHG project will not prevent or detect a material discrepancy" and "the risk that the validator or verifier will not detect any material discrepancy that has not been corrected by the controls of the organization or GHG project") set out in Section 4.4.1 of the same document. In the context of the verification engagement, a "material discrepancy" would be defined as an unreported disturbance affecting an area in excess of four hectares (the threshold stated for monitoring in the monitoring plan in Section 3.3 of the project description). 2) As described in Section 4.1 of the verification report, the audit team carried out visual observation of independently acquired satellite imagery (Landsat 7 ETM imagery, as accessed 9 January 2015 from http://landsatlook.usgs.gov/) in order to confirm that no detectable disturbance occurred subsequent to the site visit. In so doing, the audit team paid particular attention to the area along the southern boundary of the project area, which was identified by the audit team as the area with highest risk of an anthropogenic disturbance. No disturbances were observed. Please note that the Landsat imagery described above is considered by SCS to be "physically observed data" even though it was observed outside the context of a traditional site visit. In addition, SCS also undertook email correspondence with State of Alaska staff, as indicated in Section 4.1 of the verification report, to further confirm

absence of any known disturbances. 3) Following the framework of ISO 14064-3:2006, SCS judged the risk that a material discrepancy (as defined above) could occur, and not be prevented or detected by the controls of the GHG project (i.e., through the monitoring activities described in the monitoring report), to be quite low. The risk that a material discrepancy could occur and not be prevented or detected by the controls of the GHG project and not be detected by the audit team, using the methods described in the verification report and outlined above, is very low (and, in fact, borders on infinitesimal). This is why, for the reasons given in Section 2.4 of the verification report, and as stated in Section 2.4 of the verification report, “the likelihood that a disturbance event could have (a) occurred after the site inspection and before the end of the monitoring period and (b) not been reported to the audit team or detected by the audit team using the methods documented in this report is judged to be extremely low”. 4) Given that the actions undertaken by the audit team was sufficient to reduce, to an extremely low level, the likelihood that a material discrepancy could (a) occur and (b) not be prevented or detected by the controls of the GHG project; and (c) not be detected by the audit team, said actions were more than sufficient to provide a reasonable level of assurance.
VCS Response: The VVB has provided a detailed explanation regarding how the level of assurance was achieved and the reasoning behind it. The VVB response is sufficient to close the finding. No further action is required.

Finding 4
Section 2.1 of the *VCS Verification Report Template*, requires that the VVB provides a description of the method and criteria, including the sampling plan, used for undertaking the verification. Section 2.1 of the verification report states the sampling plan was created, a verification plan took the sampling plan into account and, also, the sampling plan was amended when new risk or material concerns were identified. As the instructions given in the template are to provide a description of the sampling plan, the VVB is requested to include this description in the appropriate section of the report and please clarify how the samples to be verified were selected to provide a reasonable level of assurance.
VVB Response: The verification report stated that “The sampling plan was amended, as needed, where new risks or material concerns that could potentially lead to errors, omissions and misrepresentations were identified.” This is a true statement, but may have been somewhat misleading because, in fact, no “new risks or material concerns that could potentially lead to errors, omissions and misrepresentations” were identified during the verification engagement. Therefore, the sentence has been stricken.

While any description of SCS' methodology for selecting samples to be verified has been omitted from the verification report as proprietary information, a more thorough description of the sampling plan has been provided, per the requirements of the VCS Verification Report Template, in the verification report that is attached to the email containing this response.
VCS Response: Section 2.1 of the verification report has been updated including a description of the sampling plan used for undertaking the verification. The VVB response is sufficient to close the finding. No further action is required.

2 MINOR FINDINGS

Finding 1 Please note that the *VCS Verification Report Template*, v3.3 requires that the VVB will need to refer to the VCS program documents, and the methodology applied by the project, in order to complete the template. Throughout the report no reference or identification of the applied methodology, VM0012, is made. Please ensure that future reporting identifies the methodology applied by the project.

3 ASSESSMENT CONCLUSION

On 23 March 2015, VCS issued the first round of findings to SCS Global Services (SCS).

On 17 April 2015, VCS received the first round of responses from SCS Global Services (SCS). The responses include updated verification report document, which clarifies the issues identified in the project review report.

On 28 April 2015, VCS closed all findings and no further action was required by the VVB.