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Rainforest Alliance

Performance Certification

Report for:
Auscarbon Pty. Ltd.

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Audit Dates:	8 - 13 February 2016
Lead Auditor:	Lawson Henderson
Audit Team	Campbell Moore
Member(s):	
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Project	
Latitude/Longitude:	Lat: -29.213430 Long: 116.007910
Project Proponent	
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1 Introduction

1.1 Objective

The purpose of this report is to document the conformance of the Auscarbon Biodiversity Project with the requirements of the GS V0.9 AR Requirements. The project was developed by Auscarbon Pty. Ltd., hereafter referred to as “Project Proponent”. The report presents the findings of qualified Rainforest Alliance auditors who have evaluated the Project Proponent’s systems and performance against the applicable standard(s).

1.2 Scope and Criteria

Scope: The scope of the audit is to assess the conformance of Auscarbon Pty. Ltd's Afforestation project in Western Australia against the GS V0.9 AR Requirements. The objectives of this audit included an assessment of the project’s conformance with the standard criteria. The project covers an area of 13,135 ha. The eligible planting area of the project is 7,384 ha which has been planted from 2008 - 2011 and was evaluated during this performance certification. The total project area including eligible and ineligible planting areas is 13,135 ha. The land is privately owned. The project has a lifetime of 50 years, and has calculated a GHG reduction and/or removal of 1,320,433 tCO₂e over the course of the project lifetime. Of this total, 49,028 tCO₂e has been calculated as *ex post* verified CO₂ Certificates representing carbon already sequestered and verified during the field audit. The remaining 1,271,405 tCO₂e has been calculated as *ex ante* validated CO₂ Certificates representing expected future sequestration of areas that were planted at the Initial Certification field audit. The Project Proponent holds the responsibility of allocating 20% of the validated and verified credits to the Gold Standard buffer, which can be allocated from this project or purchased from pre-existing projects. This requirement is verified by the Gold Standard Foundation and is outside the scope of this audit.

Standard criteria: Criteria from the following documents were used to assess this project:

- GS V0.9 AR Requirements and associated guidance

Materiality: All GHG sinks, sources and/or reservoirs (SSRs) and GHG emissions equal to or greater than 5% of the total GHG assertion.

1.3 Project Description

The project involves reforestation of give degraded agricultural properties in the mid-west region of Western Australia. Project plantings are of native vegetation types including provenance seed collected from the project properties. Seed and seedlings are planted with the design objective of restoring the project landscape to its natural condition of vegetation.

The project area properties are in the shire of Perenjori and Morawa in the mid-west region of Western Australia, where most of the communities are involved directly in farming activity or provides services to that industry. The project area borders the eastern zone of the ‘wheat belt’ district and rangelands, and land was historically cleared in the region for wheat cropping.

The biodiversity project includes five properties with a combined planting areas of 7,384 ha, and project plantings were completed between 2008 and 2011. Plantings used are native vegetation types, and species selected were not only local but at a project scale are compatible to specific soil and topography features. Much of the seed used is provenance, collected off Auscarbon properties and prepared for planting. Primary species include varieties of eucalypt and acacia and up to 40 sub species in any particular planting. Some of these species are rare flora types and other such as saltbush are planted to specifically deal with problematic soils such as high saline ground conditions.

1.4 Level of assurance

The assessment was conducted to provide a reasonable level of assurance of conformance against the defined audit criteria and materiality thresholds within the audit scope. Based on the audit findings, a positive evaluation statement reasonably assures that the project GHG assertion is materially correct and is a fair representation of the GHG data and information.

2 Audit Overview

Based on Project's conformance with audit criteria, the auditor makes the following recommendation:		
Final Report Conclusions		
☐	Performance Certification approved: <i>NCR(s) closed</i>	
☐	Performance Certification not approved: <i>Conformance with NCR(s) required</i>	
Draft Final Report Conclusions		
☒	Performance Certification approved: <i>CAR(s) closed</i>	The Project Proponent has 7 days from the date of this report to submit any comments related to the factual accuracy of the report or the correctness of decisions reached. The auditors will not review any new material submitted at this time.
☐	Performance Certification not approved: <i>Conformance with CAR(s) required</i>	
Draft Report Conclusions		
☐	Performance Certification approved: <i>No CARs issued</i>	The Project Proponent has 30 days from the date of this report to revise documentation and provide any additional evidence necessary to close the open Corrective Action Requests (CARs). If new material is submitted the auditor will review the material and add updated findings to this report and close CARs appropriately. If no new material is received before the 30-day deadline, or the new material was insufficient to close all open CARs the report will be finalized with the CARs open, and validation and/or verification will not be achieved. If all CARs are successfully addressed, the report will be finalized and proceed towards issuance of a assessment statement.
☒	Performance Certification not approved: <i>Conformance with CAR(s) required</i>	

2.1 Audit Conclusions

Verified CO2 Certificates (tCO2e/ha)	Validated CO2 Certificates (tCO2e/ha)	Total CO2 Certificates (tCO2e/ha)
49,028	1,271,405	1,320,433

ex post CO2 sequestration: 49,028 tCO2e/ha
ex ante long-term CO2 sequestration: 1,320,433 tCO2e/ha

The Project Proponent holds the responsibility of allocating 20% of the validated and verified credits to the Gold Standard buffer, which can be allocated from this project or purchased from pre-existing projects. This requirement is verified by the Gold Standard Foundation and is outside the scope of this audit.

2.2 Nonconformance evaluation

The Gold Standard A/R Requirements describe actual and potential non-conformances to the standard requirements as either Corrective Action Requests (CARs), Forward Action Requests (FARs), Non-Compliances (NCs), and Observations (OBSs).

CARs are used to identify areas where conformance with a standard requirement has not been demonstrated and the developer shall take corrective actions to demonstrate conformance.
FARs are used to identify issues which are not material in the current certification, are non-systematic, and are correctable within 5 years. FARs shall be corrected by the next certification.
OBSs are warnings and do not need to be formally corrected. They are non-material errors.
NCs are definite non-conformances where the developer has been unable to demonstrate corrective actions to close a CAR in the current certification, or where the developer is unable to close a FAR in a future certification audit.

CARs and NCs identified in the Draft Report must be closed through submission of additional evidence by the Project Proponents before Rainforest Alliance can submit an unqualified statement of conformance to the GHG program.

CAR#:	01/16
Standard & Requirement:	GS A/R Requirements Version 0.9 , section 3.5 (1b, 2d, 2e)
Report Section:	Legal Rights and Representation 3.5
Description of Non-conformance and Related Evidence:	
This CAR was the result of FAR 03/14 not being fully addressed over the course of the project's implementation period being evaluated by this Performance Certification audit, and therefore FAR 03/14 was upgraded to a CAR. <u>Original FAR 03/14:</u> 1. Auscarbon Pty Ltd is the legal entity that owns the carbon sequestration rights for the project land. Auscarbon Pty Ltd's wholly owned subsidiary, AC Midwest Pty Ltd, is the entity that owns the property. Both entities legal registration numbers and certificates of registration are on file in "Attachment 3.5 Project Participants & Secured Titles - Certificate of Registration of a Company". However, there is no documentation from the governing entity to show that both entities are in good standing order. 2. For the duration of the crediting period of the project: d) Although the auditor was advised that Auscarbon Pty is responsible, it was not clearly defined within documentation or supporting evidence, which entity holds all necessary permits to implement the project (planting permits, infrastructure permits, harvesting permits, etc.), and; e) Although the auditor was advised that Auscarbon Pty is responsible, it was not clearly defined within documentation or supporting evidence, which entity participates in the financing of the project. <u>Findings from the 2016 Performance Certification Audit:</u> The project's Secured Titles documentation indicates that the Company registrations and status with the Australian Securities and Investment Commission (ASIC) will be made available when current reports are generated. Such evidence is needed to confirm each of these entities remains in good standing with the applicable governing jurisdiction. This aspect of the FAR has not been fully addressed, and as a result the FAR has been upgraded to a CAR. The wholly owned subsidiaries of Auscarbon Pty. Ltd.; AC Midwest Pty. Ltd., AC Pine Ridge Pty. Ltd. and Gary Penn Nominees Pty. Ltd. are identified as the entities that hold all necessary permits to implement the project (planting permits, infrastructure permits, harvesting permits, etc.). However, it is not clear in the documentation if any such permits are actually required for implementation of the project, and copies of such permits (if applicable) have not been provided. Further, it is not clear if the identified entities said to hold all necessary permits to implement the project is relevant for all five properties included in the project. This aspect of the FAR has not been fully addressed, and as a result the FAR has been upgraded to a CAR. The Secured Titles documentation provided for auditor review states that Auscarbon Pty. Ltd. is the entity that is responsible for the GS project and all financing of the project. Financing for establishment of the properties that are directly owned by Auscarbon or one of the Auscarbon wholly owned subsidiaries is said to be the responsibility of Auscarbon. For the Pine Ridge property, there is said to be a separate participant who contributes in equal share financially to the original cost of establishment and management of the land. A land use agreement is described as being in place to grant consent to Auscarbon to establish and manage the property for the project's 50 year crediting period. This "separate participant" is however not specified, and the described land use agreement has not been provided for auditor review. This aspect of the FAR has not been fully addressed, and as a result the FAR has been upgraded to a CAR.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents 2a, 3a, 4a, 19a, 20a
Findings for Evaluation of	In response to this CAR, it was explained to the auditors that the overall project

Evidence:	management (initial establishment and ongoing monitoring) has been undertaken by Auscarbon Pty Ltd over all 5 properties during the period of 2008 – 2011 (planting years for the five properties). There are 4 separate property-owning companies associated with the project, and in all cases Auscarbon is the majority owner. Current registration details for each company (Auscarbon Pty Ltd, AC Pine Ridge Pty Ltd, AC Midwest Pty Ltd & Gary Penn Nominees Pty Ltd) from the Australian Securities and Investments Commission (ASIC) were also provided for auditor review. Documentation from the 2 landowning companies that authorized Auscarbon to carry out the project establishment activities on the Pine Ridge property was also provided and clearly states that AC Pine Ridge Pty Ltd and Gary Penn Nominees Pty Ltd are the registered owner of the Pine Ridge property and have given Auscarbon Pty Ltd full and unencumbered access to use the land. This document also provides clear evidence that they have granted Carbon Covenant, Carbon Rights and Forestry Rights to Auscarbon. Similarly, AC Midwest Pty Ltd as the registered owner of Hill View, Terra Grata and Bowgata Hills property have given Auscarbon Pty Ltd full and unencumbered access to use the land, as well as granted Carbon Covenant, Carbon Rights and Forestry Rights to Auscarbon. With regards to the fifth property, Tomora, land title documentation was provided confirming ownership and use rights by Auscarbon Pty Ltd. Combined, this documentation clearly shows that Auscarbon Pty Ltd is the entity responsible for management of the project across all properties and the entity that holds carbon rights. Letter's from the Shires of Morawa & Perenjori was also provided confirming that no specific approvals (e.g. permits) for the project's planting activities were required at the time of establishment. The subsequent documentation and explanations provided in response to this CAR have shown the good financial standing of all land owning entities involved in the project, and that Auscarbon Pty Ltd is the entity responsible for management of the project across all properties and the entity that holds carbon rights. The auditors were also able to confirm through documentary based evidence that no specific permits or approvals were required for Auscarbon to implement the project on their privately owned lands. This CAR is therefore closed.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	02/16
Standard & Requirement:	GS A/R Requirements Version 0.9 , section 3.6
Report Section:	3.6 Risk Register
Description of Non-conformance and Related Evidence:	
This CAR was the result of FAR 04/14 not being fully addressed over the course of the project's implementation period being evaluated by this Performance Certification audit, and therefore FAR 04/14 was upgraded to a CAR. Original FAR 04/14: In relation to the risk register: Water: Given the Project Owner used species that are native and tolerant to the conditions of the site, and are showing good growth and survival, the auditor agrees the risk of local water risks to the project (drought, flood, hail etc.) is low. During stakeholder consultations, water was not raised as a risk to the project. However, the PD should provide referenced information	

to justify the low risk of water events threatening the project.

Wind: The PD notes that the project is not in a heavy wind region and ranks the score as low and that the trees are established so the likelihood of damage is low. During stakeholder consultations, wind was not raised as a risk to the project. However, the PD should provide referenced information to justify the low risk of wind events threatening the project.

Findings from the 2016 Performance Certification Audit:

The auditors were provided with a copy of the Project's Risk Register documentation, which addresses each risk topic as required by GS. While the auditors agree with the risk scores the project has assigned to risk topic, and mitigation measures are in place for the two risk topics assigned with a score of medium (0), supporting references justifying the low (-) risk score for the water and wind risk topics are not referenced in the Risk Registry documentation or provided separately for auditor review as requested by this FAR. As a result, this FAR has been upgraded to a CAR.

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents 4a, 8a, Internet Links to the Australia Government Bureau of Meteorology
Findings for Evaluation of Evidence:	In response to this CAR, the auditors were provided with supporting information of the project's assignment of a low (-) risk score for the water and wind risk topics. The climate of Western Australia (WA) ranges from tropical in the northern third, Mediterranean (dry to moist) in the southern third and arid in the eastern half. The project area is located in the dry Mediterranean region and in the Central East forecasting area for the Bureau of Meteorology. Tropical cyclones can impact the northern tropical regions of WA, but once they move over land, they lose their wind strength and become rain-bearing depressions. These storm remnants can result in heavy rainfall, but aren't associated with significant winds. The project cites how localized wind events can take place in the summer months, "willy-willys" (dust devils), but are typically small, isolated and do not last long. They can cause some amount of defoliation, but aren't known to cause significant damage to plants. The project cites records from the Morawa Shire showing that winds can get as high as 50 kph, but these conditions aren't considered a significant risk to established vegetation. These records also indicate that the location of the project's properties do not face and significant water risk, though they can experience periodic heavy rainfall events of up to 50 mm, but such events are considered to cause significant or long term risk. There are defined water channels within the project area, which will intermittently flow during rainfall events, but the project's establishment activities do not take place with such features. In sum, the project concludes that the project area is generally not subject to extreme wind or water events with supporting references and relevant internet links now in place. This information was reviewed by the auditors and the CAR is considered closed.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	03/16
Standard & Requirement:	GS A/R Requirements Version 0.9 , section 6 (2,3)
Report Section:	Section 5.7.1, 6 (2,3)
Description of Non-conformance and Related Evidence:	
This CAR was the result of FAR 05/14 not being fully addressed over the course of the project's implementation period being evaluated by this Performance Certification audit, and therefore FAR 05/14 was upgraded to a CAR. <u>Original FAR 05/14:</u> The project notes in attachment "Application 6.1 - Template - Carbon Performance v2" that no incidents have been noted; as the project is only now doing initial certification. The project will need to document and submit that they will comply with requirements 2 and 3. <u>Findings from the 2016 Performance Certification Audit:</u> The project submitted a copy of the Carbon Performance template documentation as required. Within this document the project acknowledges that no biomass resource inventory has taken place since the Initial Certification. As outlined in the GS AR requirements (Forest Inventory section), and confirmed during discussions with GS staff, the GS forest inventory requirements are required to be addressed by projects in order to successfully achieve Performance Certification under the GS program. The project needs to demonstrate that a forest inventory has been carried out in accordance with the GS requirements. As required under 6.1.1 in the GS AR requirements, "At any time during a crediting period, the project owner shall ensure that the quantity of the validated and verified CO2 certificates with respect to the project is less than or equal to the project's expected carbon stocks and actual carbon stocks. Without and forest inventory information in place to confirm actual on-the-ground carbon stocks at the end of the implementation period covered in this Performance Certification audit, conformance with 6.1.1 cannot be confirmed. While the auditor did not unveil any incidents or events that would explicitly affect the project's ability to meet conformance with 6.1.1, a reasonable amount of variability in terms of tree growth was observed across the project properties visited over the course of the field audit. Given that no forest inventory had been conducted, conformance with 6.1.1 cannot be confirmed. Since conformance with 6.1.1 could not be determined, conformance with 6.1.3 could also not be confirmed.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents, 4a, 5a, 6a, 10a, 11a, 12a, 13a, 18a
Findings for Evaluation of Evidence:	In response to this CAR, the project has updated the existing filled in CO2 Fixation documentation and has included information from the March 2016 forest inventory of the 2008, 2009 & 2010 establishment areas. The long term CO2 Fixation projections are still based on the Auscarbon growth model, while the current CO2 Fixation quantifications are based on the results of the March 2016 inventory results. Supporting information is provided on the project's inventory design and associated procedures. These standard operating procedures (SOPs) were developed following guidance associated with the Winrock Sourcebook for Land Use, Land Use Change and Forestry Projects (2005) as well as the Winrock Sample Plot Calculator (2014). The target number of sample plots was based on appropriate criteria, and resulted in a total number of 95 plots being installed, distributed across three strata represented by establishment year (2008, 2009 & 2010). Fixed area plots, based on the planting

configuration/density were randomly distributed over the properties in order to reach targeted confidence limits and precision levels. The resulting sampling errors are outlined for each of the three strata, and all fell under 20%, and therefore no deductions were required in line with the GS AR forest inventory requirements. Field sampling methods are described and provide general information on advance planning requirements (e.g. sample design), logistical equipment, data collection equipment, equipment for personnel, safety, establishing plot location, measurement techniques, collection of photographic evidence, and end of day quality checks and reporting. Measurement techniques are consistent with those followed by the auditors during the field audit, and generally follow good practice and the input data required for the allometric equations used. Appropriate data is collected at each inventory plot including recording of species, whether a measured tree is dead or alive, height, diameter (stems above 1cm) and stem count (stems below 1 cm diameter).

The forest inventory exercise carried out by the project was found to fulfill the GS forest inventory requirements expected for a performance certification audit. The resulting data has enabled the project to calculate actual carbon stocks, and associated GHG emission reductions for the determination of the number of *ex post* verified CO2 Certificates.

The results from the forest inventory found that the actual carbon stocking from the 2008, 2009, and 2010 plantings across all five Auscarbon properties for the period of 2008 – 2015 yielded a total of 49,028 tCO₂e GHG emission reductions (*ex post* verified CO2 Certificates). The Auscarbon Growth Model however over this same time period projected a total of 114,032 tCO₂e GHG emission reductions (validated CO2 Certificates). Therefore, the quantity of *ex ante* validated CO2 Certificates representing the expected carbon stocks and GHG emission reductions to be generated by the project to date is greater than the quantity of *ex post* verified CO2 Certificates representing actual carbon stocks and GHG emission reductions as determined from the project's March 2016 Forest Inventory exercise (GS AR Requirements, section 6.1.1). While no incidents or events affecting the projects conformance with section 6.1.1 in the GS were reported by Auscarbon or uncovered during the course of the audit, conformance with 6.1.1 of the GS has not been maintained over the first implementation period covered by this Performance Certification audit.

As a result, the requirements of section 6.1.3 in the GS AR requirements apply, and “the project owner shall demonstrate to the Gold Standard Secretariat how the project will realistically recover appropriate levels of carbon stocks to comply with requirement 1” (6.1.1). The updated Carbon Performance documentation provided acknowledges this short fall in the number of *ex post* verified CO2 Certificates compared to the number of *ex ante* validated CO2 Certificates for the first implementation period covered by this Performance Certification. The project asserts that it will review the Auscarbon growth model closely over the year 2016, which will include; further destructive sampling to supplement data on above ground and below ground biomass of species associated with the project; a comprehensive review of internal and external biomass data; and consideration of additional biomass sampling across project variations. The project is also considering additional credits from outside of the project to cover the shortfalls, and Auscarbon plans to discuss this further internally and with GS.

Such proposed actions have not yet been taken however so it is up to project

	management to make a final determination on how it will demonstrate to the Gold Standard Secretariat how the project will realistically recover appropriate levels of carbon stocks to comply with requirement 6.1.1. The auditors point to the final note in section 6.1.4 of the GS AR Requirements (“If the project owner after 5 years cannot demonstrate that compliance with requirement 1 will occur, the project owner shall follow the Non-Compliance (NC) process as outlined in section “8. Non-Compliance”). While it isn’t clear from the GS AR requirements when the five-year timeframe described in this note would commence, the auditors consider it reasonable that this timeframe would begin at time Initial Certification is approved, or in the case of the Auscarbon project, 11 June 2015. Therefore, while the project’s March 2016 forest inventory has shown that the actual carbon stocks (<i>ex post</i> verified CO2 Certificates) are below the projected carbon stocks (<i>ex ante</i> validated CO2 Certificates) expected during the first implementation period of the project, the project must demonstrate to the Gold Standard Secretariat how the project will realistically recover appropriate levels of carbon stocks to comply with the requirements of 6.1.1 within the 5 year timeframe outlined in the note included with 6.1.4. Taking all of this into consideration the auditors consider this CAR closed, but FAR 02/16 has been raised.
CAR Status:	CLOSED
Comments (optional):	FAR 02/16

CAR#:	04/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 2.1 – Key Project Information
Report Section:	Section 2.1
Description of Non-conformance and Related Evidence:	
The auditors were provided with a copy of the project’s Key Project Information Documentation that covered elements a) – p) as required by GS. While the information provided was generally considered accurate, the GS requires that for Performance Certification audits, the “project owner shall provide any updates to the <u>existing filled-in template</u> “Key Project Information.” Auditor review of the Key Project Information documentation provided for the Performance Certification found that the existing filled in template in place for the Initial Certification did not appear to be used by the project owner. As required by the GS, the existing filled in template used for the Initial Certification is to be used for the Performance certification with any relevant updates included.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents 1a, 4a
Findings for Evaluation of Evidence:	The auditors were provided with a new version of the project’s Key Project Information documentation in response to this CAR. The project has now correctly used the existing filled in Key Project Information template, and entered relevant and appropriate updates where needed. Where there were no updates, this is indicated. All of the updates made in reference to the 2016 Performance Certification were found to be appropriate and consistent with findings from the field audit and discussions with project management.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	05/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 2.1.2 - Shapefiles
Report Section:	Section 2.1.2
Description of Non-conformance and Related Evidence:	
Based on the outcome of the field audit, the auditor understands there will be some adjustments made to the eligible planting areas, including the areas designated by the project as Not Adequately Stocked (NAS). However, at the time of the draft Performance Certification audit report, no Shapefiles were provided to the auditor as required by GS.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents 4a, 6a, 9a, 10a, 17a, 21a, 24a, 25a
Findings for Evaluation of Evidence:	In response to this CAR, the project describes how the revisions to the eligible area of the project have been finalized. In consideration of the NAS areas that have been re-designated as part of the eligible planting area, the current total eligible area is now 7,384.4 hectares. This area is also applied in the project's updated CO2 Fixation documentation and in the calculation of the project's ex-post CO2 Certificates and long term ex ante emission reduction projections. Updated maps for the project's properties were also provided, and the adjustments to the NAS areas and eligible planting areas have been made, and generally appear consistent with the expected changes discussed in the field – based on on-site observations made throughout the course of the field audit. Shapefiles for the revised eligible planting were also provided to the auditors. The project acknowledges that they don't have specific Shapefiles covering the other elements of 2.1.2 in the GS, but asserts that these other elements are included within the properties operation maps which were confirmed during auditor review. These other geospatial elements and associated digital data are said to have been downloaded from the WA Government land mapping agency; Landgate. While Auscarbon wasn't able to provide specific Shapefiles covering all elements under section 2.1.2 in the standard, this information is assessable from Landgate's State Land Information Application. In consideration that the project has accurately mapped all features required under section 2.1.2, the location of these various land features were confirmed as accurate through on-site observations and handheld GPS data collected in the field, and the project's planting activities are not negatively impacting potentially sensitive features (such as water bodies or sites of special significance) the lack of specific Shapefiles was not seen as presenting a material issue to the project's conformance with the GS requirements. This CAR has therefore been closed. However, a new OBS (OBS 08/16) has been raised indicating the project should make further efforts to have specific Shapefiles in place for all elements under section 2.1.2 in the standard.
CAR Status:	CLOSED

Comments (optional):	OBS 08/16
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CAR#:	06/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 2.1.2
Report Section:	Section 2.1.3, 5.7.5
Description of Non-conformance and Related Evidence:	
Over the course of the field audit, the auditors visited all five of the Auscarbon properties that make up the Project Area. Portions of the eligible planting areas on each property, as well as non-eligible areas (e.g. areas of existing remnant vegetation) were also observed. In all cases the boundaries of the project area as well as the planting areas were observed to be clearly distinguishable in the field. NAS areas as identified on the project maps were generally well aligned and consistent with on-site observations. However, some areas previously designated as NAS, which the project owner is now considering as “adequately stocked” and therefore part of the eligible planting area, were still considered to be NAS. At the same time, some areas the project owner had still considered to be NAS, actually appeared to be adequately stocked. Based on conversations in the field audit, the auditor understands there will be some adjustments made to the eligible planting areas, including the areas designated by the project as Not Adequately Stocked (NAS).	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents 4a, 6a, 9a, 10a, 17a, 21a, 24a, 25a
Findings for Evaluation of Evidence:	Following the Performance Certification field audit in February 2016, several NAS areas were changed and re-mapped; with some converted to adequately stocked/eligible planting areas, some remaining as NAS, and some converted to a status of not established. This process also took into consideration the 2014 & 2015 re-establishment areas accordingly. As a result, a total of 355 hectares was added to the eligible planting area which now totals 7,384 hectares. In the response document produced showing the actions taken to address the CARs raised in the draft audit report, a table is included displaying the year of mapping, and number of hectares for; the established area, NAS areas, salt areas, and eligible planting area. Consistent with findings in the draft report, the NAS classifications are based on general on-site appraisals to confirm that surviving established vegetation stocking is insufficient to achieve a 20% canopy cover. Such a qualitative assessment was originally carried out in 2013. Some NAS areas originally identified essentially remain in the same condition, but some have recovered and stocking is now considered at a level that is expected to achieve a 20% canopy cover. This new eligible planting area is also applied in the project’s updated CO2 Fixation documentation and in the calculation of the project’s ex-post CO2 Certificates and long term ex ante emission reduction projections. Updated maps for the project’s properties were also provided, and the adjustments to the NAS areas and eligible planting areas have been made, and generally appear consistent with the expected changes discussed in the field – based on on-site observations made throughout the course of the field audit. All of the required Shapefiles have also been provided to the auditors. Therefore this CAR is considered closed.
CAR Status:	CLOSED

Comments (optional):	None
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CAR#:	07/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 3.1 – Do-No-Harm Assessment
Report Section:	Section 3
Description of Non-conformance and Related Evidence:	
The auditors were provided with a copy of the project's Do-No-Harm Documentation that covered all relevant sections as required by GS. The GS requires that for Performance Certification audits, the "project owner shall update the <u>existing filled-in template</u> "Do-No-Harm Assessment." Auditor review of the Do-No-Harm documentation provided for the Performance Certification found that the existing filled in template in place for the Initial Certification did not appear to be used by the project owner. As required by the GS, the existing filled in template used for the Initial Certification is to be used for the Performance certification with any relevant updates included.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents 4a, 14a
Findings for Evaluation of Evidence:	In response to this CAR, the auditors were provided with a new version of the project's Do-No-Harm documentation. The project has now correctly used the existing filled in Do-No-Harm template, and entered relevant and appropriate updates where needed. Where there were no updates, this is indicated. All of the updates made in reference to the 2016 Performance Certification were found to be appropriate and consistent with findings from the field audit and discussions with project management.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	08/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 3.1.38(e)
Report Section:	Section 3 - Waste
Description of Non-conformance and Related Evidence:	
Under the waste section of the project's Do-No-Harm assessment (38.e), it states that "no wastes are disposed of on properties." Small amounts of rubbish are however generated by staff who overnight at the project's housing accommodations, and it was the auditors understanding that such rubbish is piled in pre-existing dump locations that had been established by the previous landowners, and subsequently buried. This information in the Do-No-Harm assessment document therefore appears to be inaccurate.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval

Evidence Provided by Organization:	Documents 4a, 14a
Findings for Evaluation of Evidence:	In the updated Do-No-Harm documentation provided (see associated findings above for the closure of CAR 07/16), the project no acknowledges an alternative option to avoid on-farm waste disposal through the use of bulk collection of the waste and then on a weekly basis remove the waste to the local town disposal site. This approach to disposal of waste generated at the project's housing accommodations is said to begin in March 2016. As the project's Do-No-Harm documentation now acknowledges the small amount of waste generated by staff who stay at the housing accommodations, and has put forth a reasonable plan to handle and dispose of this waste, this CAR is considered closed.
CAR Status:	CLOSED
Comments (optional):	Upon acceptance of the Draft Final version of this audit report, project management indicated that; Auscarbon has now filled in the domestic landfill waste disposal at the Preston property (property where staff accommodations are located). Domestic waste will now be taken to a District Waste Disposal Site some 17 km from the property. Implementation of this alternative option for the disposal of waste generated by staff at the project's housing accommodations will need to be demonstrated during future performance certification audits.

CAR#:	09/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 3.3.1
Report Section:	Section 3.2.6, 3.3.1
Description of Non-conformance and Related Evidence:	
It was clear during interviews with project staff over the course of the field audit that as the Project Owner, they are open to receiving solicitation of input and grievances on the project and its continued implementation. The auditors were provided with a list of grievances that were reported since the Initial Certification audit. Only a couple of such comments were actually made on the project, and both appeared to have been a result of the public stakeholder consultations held by the project in Perenjori & Morawa Shires on 14 January 2015. While the project has recorded the small number of grievances received, the formal Input & Grievance mechanism itself isn't clear or documented.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents 4a, 16a
Findings for Evaluation of Evidence:	In response to this CAR, the project has indicated that during the public consultation meetings held in January 2015, a range of comments were received but only 3 comments were considered grievance type comments that necessitated a response and action to be taken. These comments included a preference for the project to utilize local labor, placement of a public feedback book at the Shire public offices, and a specific payment issued raised by an individual contractor. All of these issues raised were subsequently addressed by Auscarbon with a specific resolution (e.g. contractor payment), reinforcement of policies/procedures on using local labor, and placement of a feedback book at the Shire public offices.

The grievance mechanism appears to be, and has been the use of a notebook at the Shire public offices where concerned groups or individuals can lodge a complaint/comment or specific grievance that will then be responded to by Auscarbon. As confirmed during the field audit, the notebook had been in place at the Morawa Shire office for the majority of 2015, but has since gone missing. During this time no grievances were brought forward and recorded in the notebook as confirmed during an interview with the Shire CEO. The project asserts that the notebook will be replaced. See also findings associated with FAR 01/16.

However, if this is indeed the intended grievance mechanism, it is not documented as required, and there is no information regarding how and when Auscarbon will follow-up on any grievances in the event one is raised.

Additional Findings from 1 April 2016:

After ongoing communications with project management on their input and grievance mechanism, the auditors were provided with a formalized Auscarbon Grievances & Dispute Resolution Policy dated 30 March 2016 (document #28a). This newly developed policy serves as a framework for the timely resolution of concerns and grievances received from internal and external sources. As detailed in the policy, Auscarbon is committed to ensuring there are clear means of people communicating issues to Auscarbon that all comments received will be handled in a fair, impartial and just manner, and action is promptly taken as appropriate. Means of communication in the event an individual or group has a concern on the project include personal contact, telephone contact, email contact, written contact, providing input during public meetings, providing input through a separate party (e.g. the Shires), as well as website contact. Contact information for Auscarbon is available on project promotional materials, project signs that are up on the Auscarbon properties, and via the Auscarbon website. The notebook for recording of comments from concerned members of the public has been replaced at the Morawa Shire public offices as of March 29, 2016. While a notebook isn't present at the Perenjori Shire, the project asserts that the Shire has agreed to re-direct and comments received to Auscarbon.

The process of handling any inputs or grievances upon receipt is also detailed in the policy. All such inputs will be recorded with the date, individuals name and contact details, and the key points of the point raised. All comments will be provided to the Auscarbon Director of Operations, and acknowledgement of receipt of the comments will be communicated to the originator of the comments within 2 days. A response to all comments received will be provided within 7 days, which may be a final response or may outline a timeframe and process regarding the proposed resolution. If needed an independent mediator that is accepted by both parties will become involved, as will the police for any matters that have a criminal component. A register of all public comments received including information pertaining to the subsequent actions will be maintained by Auscarbon.

Auscarbon has now formalized a documented Input and Grievance Mechanism as required by GS. As confirmed over the course of the field audit, not such grievances have been received since the public consultation meetings held in 2015, but there is now a clear process for the solicitation of public input and subsequent handling of such comments by Auscarbon. This CAR is therefore considered closed.

CAR Status:	CLOSED
Comments (optional):	Records of any public input and/or grievances received by Auscarbon will be reviewed during future performance certification audits.

CAR#:	10/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 3.4.2
Report Section:	Section 3.4.2
Description of Non-conformance and Related Evidence:	
The single indicator covered in the project's Sustainability Monitoring Plan is erosion (#26 from the GS Do-No-Harm requirements). The mitigation measure identified for this indicator is considered appropriate, which is vegetation development within the establishment lines. Stocking of such vegetation within the establishment lines is the parameter that is selected and is considered reasonable by the auditors, as such vegetation establishment will reduce the potential for erosion. The current situation of the parameter is described as variable vegetation stocking within establishment lines, and the total area where there are non-contoured establishment lines is estimated to be 20 hectares. The 2015 re-establishment plantings that took place also included efforts to reduce potential water flow within establishment lines. The baseline situation of the parameter simply indicates "<10 t CO₂e/ha." This appears to be an estimated sequestration level to be achieved by vegetation that develops within the establishment lines, but this isn't clear, nor is there any information on how this estimate was established. The target for the identified parameter is 189 t CO₂e/ha over 50 years, but it is not clear how this target was established. This parameter (vegetation development within the establishment lines), is said to be monitored by the Resource Manager's assessment of the achievement of desirable stocking within these areas, which is described as 1 plant per 10 lineal meters of establishment line. There is no justification as to how this level of stocking will achieve the target for the parameter. Further, there was no other supporting evidence regarding the means to monitor the achievement of meeting the target for this indicator annually over the 50-year project lifetime.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents 4a, 23a
Findings for Evaluation of Evidence:	Additional information regarding this issue has been provided in the response document produced in follow-up to the draft audit report. The area in question (area in which establishment was not along the contour and thus more susceptible to erosion) is estimated to be 5 hectares on the Tomora house block. The issue of concern is the potential for erosion, which could affect vegetation establishment (between planting rows), and the parameter for evaluation is vegetation stocking. Reconsidering the "estimation of the baseline situation of the parameter" the project asserts that it should reflect the vegetation that was present prior to the project's establishment activities, which would be the same baseline as the project; degraded pasture with no trees. The baseline situation for the parameter (vegetation stocking), would therefore be considered zero stems per hectare. The auditors concur. The target for the parameter is now said to be a minimal acceptable stocking of 200 stems per hectare, or 20% of the nominal desirable target of approximately 1,000 stems/hectare at age 1. This is

	essentially the minimum vegetation stocking target to achieve the parameter and represents 20% stocking of the desirable stocking level. Achievement of this minimum target will be monitored through on-the-ground measurements to quantify if the minimum stocking target has been met. Such measurements are said to be planned to take place in June 2016, just prior to the timing for typical winter rainfalls to begin. The baseline situation for this parameter (0 stems per hectare) to be monitored has been clarified, and the auditors agree with this baseline situation for the identified parameter. The target for the parameter (minimum 20% achievement of desirable stocking levels) is also now clear and is considered to be a reasonable target. How achievement of meeting this target will be monitored including the timing of monitoring activities has also been clarified. Therefore, this CAR is closed.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	11/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 3.6
Report Section:	Section 3.6
Description of Non-conformance and Related Evidence:	
The auditors were provided with a copy of the project's Risk Register Documentation that covered each risk topic as required by GS. The GS requires that for Performance Certification audits, the "project owner shall provide any updates to the <u>existing filled in template</u> "Risk Register." Auditor review of the Risk Register documentation provided for the Performance Certification found that the existing filled in template in place for the Initial Certification did not appear to be used by the project owner. As required by the GS, the existing filled in template used for the Initial Certification is to be used for the Performance certification with any relevant updates included.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents 4a, 22a
Findings for Evaluation of Evidence:	In response to this CAR, the auditors were provided with an updated version of the project's Risk Register documentation. The project has now correctly used the existing filled in Risk Register template, and entered relevant and appropriate updates where needed. Where there were no updates, this is indicated. All of the updates made in reference to the 2016 Performance Certification were found to be appropriate and consistent with findings from the field audit and discussions with project management.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	12/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 3.6
Report Section:	Section 3.6
Description of Non-conformance and Related Evidence:	

The auditors agree with the risk scores for each risk topic assigned by the project, which are consistent with the risk scores identified and approved during the Initial Certification audit. For all but two risk topics a risk score of low (-) has been assigned. Two risk topics (animals & fire) have been assigned a risk score of medium (0), and therefore mitigation measures have been established as required. Animals: The auditors found that the project has appropriately assessed risk related to wild animals, but the Risk Register doesn't specifically address risk related to domestic animals, and no mitigation measures are outlined to address risk from domestic animals. During the audit it was evident that the project periodically allow sheep to graze on project lands, so assessment of risk related to domestic animals is needed.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents 4a, 22a
Findings for Evaluation of Evidence:	The updated Risk Register project documentation provided in response to this draft audit report now addresses relevant risk from domestic animals as well as wild animals. The document now appropriately discusses the sheep grazing (agistment) that takes place on some project lands under suitable circumstances. Sheep that do graze on project lands are said to be owned and managed by experienced farmers and grazing activities take place under formal terms. During the field audit, the auditors interviewed the primary farmer whose sheep graze on Auscarbon lands, and their experience and knowledge of sustainable grazing practices was clear. While the risk related to animals is now identified as low, mitigation measures associated with the domestic sheep grazing activities has been provided. The project acknowledges that the time where the project's plantings are most susceptible to animal damage is during the first year after establishment. Sheep grazing is said to not take place on areas where the established vegetation is less than 4 years of age, or if the vegetation is considered too susceptible and cannot withstand browsing activities; where shrubs are under 1 meter in height. Grazing also doesn't take place from January to May, where there is less grass for the sheep to feed on and when the sheep may resort to eating the project's established vegetation. During the time period when sheep are allowed to graze (June to December), only moderate numbers of sheep are allowed to be present and are only in a given area for a relatively short period of time (10 – 20 days). By limiting the number of sheep, and the number of days they are present in a given area, the sheep do not resort to browsing the project's established vegetation and avoid significant soil compaction. The allowance of sustainable levels of sheep grazing is actually seen as overall beneficial to the project and success of the established vegetation in that it reduces ground cover which can become a fire hazard if not controlled. The Risk Register also cites how Auscarbon cooperates with the Government managed Wild Dog Control Program and permits traps/baits to be laid by licensed operators to prevent wild dogs from attacking grazed sheep on nearby farms. The auditors have determined that the project has now adequately assessed the risk related to domestic animals (grazing sheep) and although not required given the risk score of low(-), has established appropriate mitigation measures. This CAR is therefore considered closed.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	13/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Sections 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 6.1
Report Section:	Sections 5.2, 5.3, 5.4, 5.5, 5.6, 5.7
Description of Non-conformance and Related Evidence:	
The project has not provided the auditors with the CO2 fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Therefore, at this time the auditors are not able to confirm: • The correct application of the applicable conversion factors by the project (5.2.1); • The project's application of a Conservative Approach (5.2.2); • The correct application of the appropriate default factors by the project (5.2.3 & 5.2.4); • The project's accurate calculation of verified CO2 Certificates over the course of the applicable implementation period (5.3); • The project's appropriate inclusion of the required carbon pools and accurate calculation of verified CO2 Certificates over the course of the applicable implementation period (5.3); • The project's accurate calculation of emissions associated with fertilizer use over the course of the applicable implementation period (5.4); • The project's application of the newly established baseline carbon stocks in the calculation of verified CO2 Certificates over the course of the applicable implementation period (5.5.2, 5.5.3 & 5.5.4); • The project's application of zero leakage in the calculation of verified CO2 Certificates over the course of the applicable implementation period (5.6) • The project's proper application of the calculated CO2 Fixation levels on the project's only MU in the calculation of verified CO2 Certificates over the course of the applicable implementation period (5.7);	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	10a, 11a, 12a, 13a, 27a
Findings for Evaluation of Evidence:	The audit team has reviewed the additional evidence provided by the proponent and determined the following evidence of conformance: • The correct application of the applicable conversion factors by the project (5.2.1); The project has appropriately used conversion factors as stipulated by GS A/R v0.9, 5.2.1. The proponent is using an allometric equation based method for estimation of the biomass of carbon stocks in the project MUs. The allometric equations used were specifically developed for the project area by a team of Australian scientists and are published in a well-regarded peer reviewed journal (<i>Forest Ecology and Management</i>, "Development and testing of allometric equations for estimating above-ground biomass of mixed-species environmental plantings", Paul et al, 2013). The audit team has reviewed the freely available journal article and confirmed that the allometric equations published therein were used by the project proponent. The usage of equations designed specifically for this project exceeds GS requirements and is appropriate given the unusual morphology of vegetation in the project area which includes trees with several stems, spreading form saltbushes, and shrubs. Different allometric equations have been developed for each of these plant forms. As allometric equations have been used, the proponent has not provided a value for wood density or biomass expansion factors, which are not used in this case. Other conversion factors utilized by the proponent include a 50% value for the assumption of dry matter in green vegetation which is a globally recognized norm. Additionally, the proponent

	has used a 0.5 value for the carbon fraction as stipulated by GS AR v0.9, 5.2.1. Finally, the root to shoot ratio applied is the 1.2 value suggested by GS. The proponent argues that application of this value is highly conservative and the audit team agrees based on evidence provided by the proponent as well as prior knowledge that root to shoot values are typically significantly higher than this value for dry tropical and subtropical forest areas. Conformance has been demonstrated. • The project's application of a Conservative Approach (5.2.2); The project successfully utilizes a conservative approach. As described above, the project has used accurate sources when available (site-based allometric equations) and has deferred to a very conservative root to shoot ratio. Additionally, the project appropriately utilizes the baseline and leakage assumptions and quantifications previously validated as conservative. Conformance has been demonstrated. • The correct application of the appropriate default factors by the project (5.2.3 & 5.2.4); As described above, the proponent has successfully used the appropriate carbon fraction and carbon to CO₂e conversion factors stipulated by the GS v0.9. The audit team has reviewed and tested the carbon calculations provided by the proponent and found that these default values were applied consistently and correctly, thus demonstrating conformance. • The project's accurate calculation of verified CO₂ Certificates over the course of the applicable implementation period (5.3); The audit team has determined that the calculation of verified CO₂ Certificates over the applicable period has been quantified correctly. As described above, the proponent has used the best available (site-developed) allometric equations for quantifying aboveground biomass. Appropriate and conservative default factors have been used for extrapolating from aboveground biomass to belowground biomass, dry matter, carbon fraction, and CO₂e. The proponent has submitted a detailed set of SOPs and initial results for the field sampling that occurred in March 2016 (Auscarbon Inventory 2016 – GS doc –v230316.docx). The SOPs were developed based on the Winrock Sourcebook for Land Use, Landuse Change and Forestry Projects (2005), widely considered the best source for carbon measurement SOPs. Sampling intensity was appropriately determined using the Winrock Sample Plot Calculator. The audit team has tested the forest inventory spreadsheets and carbon quantification spreadsheets for errors, omissions, and inconsistencies and detected none. All relevant formulae are presented in the spreadsheets and sources of values are described in supporting material. The audit team was able to trace individual measurements of trees through the quantification process and to the eventual quantification of CO₂ Certificates without problem. Spreadsheets are well organized and without error. • The project's appropriate inclusion of the required carbon pools and accurate calculation of verified CO₂ Certificates over the course of the applicable implementation period (5.3); The project has included all required carbon pools including both aboveground and belowground biomass. Aboveground and belowground biomass are quantified separately in the supporting quantification spreadsheets and are transparent. • The project's accurate calculation of emissions associated with fertilizer use over the course of the applicable implementation period (5.4); The proponent appropriately accounts for emissions from fertilizer use. Nitrogen fertilizer has been applied at a rate of 0.825kg/ha. The proponent uses the GS v0.9 value of 0.005tCO₂/kg of nitrogen fertilizer. The audit team was able to independently confirm this through review of the carbon quantification spreadsheets. • The project's application of the newly established baseline carbon stocks in the calculation of verified CO₂ Certificates over the course of the applicable implementation period (5.5.2, 5.5.3 & 5.5.4); The proponent has applied the same baseline carbon stock value (1.4667tCO₂e/ha) as was previously validated. The audit team has reviewed the carbon quantification spreadsheets and determined this value to be consistently applied. Conformance has been demonstrated.
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	• The project's application of zero leakage in the calculation of verified CO2 Certificates over the course of the applicable implementation period (5.6) The project's application of zero leakage in the quantification of carbon stocks and the number of CO2 Certificates was accepted during the Initial Certification and associated findings are considered to remain relevant for this Performance Certification audit. Elements a), b) & d) under the GS Leakage requirements are not applicable as the pre-project (baseline) land use was agricultural wheat farming. For c), it is the auditor's opinion that implementation of the project's planting activities will not result in shifting of agricultural activities outside of the project area. The project area is relatively small in the overall landscape and abundant agricultural lands remain available. Conformance has been demonstrated. • The project's proper application of the calculated CO2 Fixation levels on the project's only MU in the calculation of verified CO2 Certificates over the course of the applicable implementation period (5.7); The audit team has determined that the project is not in conformance with all aspects of GS A/R v0.9 Section 5.7. Specifically: 5.7.1: The annual CO2 Fixation rates have been determined on the level of the Modelling Unit (MU) as required by GS. Based on the results of the March 2016 forest inventory exercise, the results indicate that the Auscarbon Growth model is currently overestimating carbon stocks. This could change over time, but currently, actual carbon stocks as determined through the forest inventory are below the projected carbon stocks expected to develop based on the growth model. Auscarbon acknowledges this concern, and in the Carbon Performance documentation asserts that the Auscarbon Growth Model will be carefully reviewed over 2016. During reassessment of the growth model, further destructive sampling to supplement existing data on above and belowground biomass of project related species will be carried out in collaboration with CSIRO. The project will also conduct a comprehensive review of internal and external biomass data, and also consider additional biomass sampling across the project area. See findings associated with the closure of CARs 03/16 & 16/16, as well as FAR 02/16. 5.7.2: The proponent has followed the requirements of 5.7.2 in that it uses Winrock-based SOPs (the BioCarbon Fund endorses Winrock SOPs), thus demonstrating conformance. 5.7.3: The forest inventory documentation is well documented and clear, thus demonstrating conformance. 5.7.4: A forest inventory was completed in the process of this Performance Certification, thus demonstrating conformance. See associated findings within CARs 03/16 & 16/16. 5.7.5: The number of sample plots was sufficient to demonstrate the MU precision of less than 20% error of the mean at 90% confidence interval. Specifically, the precision achieved was 16.15% (Tomora 2008 MU), 19.99% (Pine Ridge 2009 and Bowgada Hills 2009 MUs), and 19.15% (Hillview 2010, Terra Grata 2010, Bowgada Hills 2010 MUs). Thus, conformance has been demonstrated. The proponent has demonstrated conformance with all aspects of this CAR. As it relates to the requirements of 5.7.1, Auscarbon acknowledges the growth model is overestimating carbon stocks based on the results of the 2016 forest inventory which resulted in data showing actual carbon stocks are below the projected carbon stocks expected to be achieved by the model. The Carbon Performance documentation asserts that the Auscarbon Growth Model will be carefully reviewed over 2016. During reassessment of the growth model, further destructive sampling to supplement existing data on above and belowground biomass of project related species will be carried out in collaboration with CSIRO. The project will also conduct a comprehensive review of internal and external biomass data, and also consider additional biomass sampling across the project area. See findings associated with the closure of CARs
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	03/16 & 16/16, as well as FAR 02/16.
CAR Status:	CLOSED
Comments (optional):	See findings associated with the closure of CARs 03/16 & 16/16, as well as FAR 02/16.

CAR#:	14/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 5.5.4
Report Section:	Section 5.5.4
Description of Non-conformance and Related Evidence:	
Auditor review of the project's baseline documentation submitted for the Performance Certification in comparison to the baseline documentation in place for the Initial Certification however found that baseline carbon stock levels appear to have changed from 0.77 tCO ₂ /ha to 1.47 t CO ₂ /ha. In consideration of the GS baseline requirement 5.5.4 ("The Baseline is not subject to monitoring.") it is not clear why the project has updated the baseline carbon stock estimates. It is clear that the project is considering the new baseline biomass estimates as a "regional" value, whereas under the Initial Certification audit baseline estimates were identified as a "National" value. The new baseline biomass estimate is greater of that applied during the Initial Certification and is therefore considered conservative, but justification as to why the project is applying a different baseline biomass value has not been provided in the documentation.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents 4a, 10a, 15a
Findings for Evaluation of Evidence:	In response to this CAR, the project has indicated that the Initial Certification final Baseline documentation (dated 14 April 2015) shows the calculation of baseline carbon stocks as 1.4667 t CO ₂ e/ha. Any baseline documentation that had made reference to the baseline carbon stock calculation as 0.77 t CO ₂ e/ha was an earlier version and was superseded by the 14 April 2015 version, and the baseline carbon stocking value of 1.4667 tCO ₂ e/ha which was applied at the time of the Initial Certification audit. The current CO ₂ Fixation calculation used the same baseline carbon stocking value of 1.4667 tCO ₂ e/ha, and this value did not change for the Performance Certification and has not changed since the time of the Initial Certification audit. The auditor went back to the original project documentation from the Initial Certification audit on file with Rainforest Alliance and found the final baseline documentation from the Initial Certification audit dated 14 April 2015 which indeed showed a baseline carbon stocking value of 1.4667 tCO ₂ e/ha. This baseline carbon stocking value was also applied in the calculation of verified CO ₂ Certificates in the carbon quantification worksheets provided for this Performance Certification. As a result, the auditors were able to confirm the baseline carbon stock value applied in the Initial Certification audit was also applied in the calculation of CO ₂ certificates for this performance certification and this value has remained consistent over time. This CAR is therefore considered closed.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	15/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 5.7.1
Report Section:	Section 5.7.1
Description of Non-conformance and Related Evidence:	
While the project has provided an updated version of the CO2 Fixation documentation, the GS AR requirements, Chapter 5.7 – CO2 Fixation states that for Performance Certification: “The project owner shall update the existing filled-in template “CO2 Fixation” based on the information of the “Forest Inventory”. The project did not appear to have used the existing filled in CO2 Fixation template as required.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents, 4a, 5a, 6a, 10a, 11a, 12a, 13a, 18a
Findings for Evaluation of Evidence:	In response to this CAR, the project has updated the existing filled in CO2 Fixation documentation and has included information from the March 2016 forest inventory of the 2008, 2009 & 2010 establishment areas. The long term CO2 Fixation projections are still based on the Auscarbon growth model, while the current CO2 Fixation quantifications are based on the results of the March 2016 inventory results. Supporting information is provided on the project’s inventory design and associated procedures. These standard operating procedures (SOPs) were developed following guidance associated with the Winrock Sourcebook for Land Use, Land Use Change and Forestry Projects (2005) as well as the Winrock Sample Plot Calculator (2014). The target number of sample plots was based on appropriate criteria, and resulted in a total number of 95 plots being installed, distributed across three strata represented by establishment year (2008, 2009 & 2010). Fixed area plots, based on the planting configuration/density were randomly distributed over the properties in order to reach targeted confidence limits and precision levels. The resulting sampling errors are outlined for each of the three strata, and all fell under 20%, and therefore no deductions were required in line with the GS AR forest inventory requirements. Field sampling methods are described and provide general information on advance planning requirements (e.g. sample design), logistical equipment, data collection equipment, equipment for personnel, safety, establishing plot location, measurement techniques, collection of photographic evidence, and end of day quality checks and reporting. Measurement techniques are consistent with those followed by the auditors during the field audit, and generally follow good practice. Appropriate data is collected at each inventory plot including recording of species, whether a measured tree is dead or alive, height, diameter (stems above 1cm) and stem count (stems below 1 cm diameter). The updates to the existing filled in CO2 Fixation template including the relevant information pertaining to the project’s March 2016 forest inventory addresses this CAR, and it is considered closed. See also findings regarding CAR 03/16.
CAR Status:	CLOSED
Comments (optional):	None

CAR#:	16/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 5.7 – Forest Inventory, 6.1
Report Section:	Section 5.7.1
Description of Non-conformance and Related Evidence:	
The project submitted a copy of the Carbon Performance template documentation as required. Within this document the project acknowledges that no biomass resource inventory has taken place since the Initial Certification. As outlined in the GS AR requirements (Forest Inventory section), and confirmed during discussions with GS staff, the GS forest inventory requirements are required to be addressed by projects in order to successfully achieve Performance Certification under the GS program. The project needs to demonstrate that a forest inventory has been carried out in accordance with the GS requirements. While the auditor did not unveil any incidents or events that would explicitly affect the project's ability to meet conformance with 6.1.1, a reasonable amount of variability in terms of tree growth was observed across the project properties visited over the course of the field audit. Given that no forest inventory had been conducted, conformance with 6.1.1 cannot be confirmed. Since conformance with 6.1.1 could not be determined, conformance with 6.1.3 could also not be confirmed.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Performance Certification Approval
Evidence Provided by Organization:	Documents, 4a, 5a, 6a, 10a, 11a, 12a, 13a, 18a
Findings for Evaluation of Evidence:	In response to this CAR, the project has updated the existing filled in CO2 Fixation documentation and has included information from the March 2016 forest inventory of the 2008, 2009 & 2010 establishment areas. The long term CO2 Fixation projections are still based on the Auscarbon growth model, while the current CO2 Fixation quantifications are based on the results of the March 2016 inventory results. Supporting information is provided on the project's inventory design and associated procedures. These standard operating procedures (SOPs) were developed following guidance associated with the Winrock Sourcebook for Land Use, Land Use Change and Forestry Projects (2005) as well as the Winrock Sample Plot Calculator (2014). The target number of sample plots was based on appropriate criteria, and resulted in a total number of 95 plots being installed, distributed across three strata represented by establishment year (2008, 2009 & 2010). Fixed area plots, based on the planting configuration/density were randomly distributed over the properties in order to reach targeted confidence limits and precision levels. The resulting sampling errors are outlined for each of the three strata, and all fell under 20%, and therefore no deductions were required in line with the GS AR forest inventory requirements. Field sampling methods are described and provide general information on advance planning requirements (e.g. sample design), logistical equipment, data collection equipment, equipment for personnel, safety, establishing plot location, measurement techniques, collection of photographic evidence, and end of day quality checks and reporting. Measurement techniques are consistent with those followed by the auditors during the field audit, and generally follow good practice and the input data required for the allometric equations used. Appropriate data is collected at each inventory plot including recording of species, whether a measured tree is dead or alive, height, diameter (stems above 1cm) and stem count (stems below 1 cm diameter).

The forest inventory exercise carried out by the project was found to fulfill the GS forest inventory requirements expected for a performance certification audit. The resulting data has enabled the project to calculate actual carbon stocks, and associated GHG emission reductions for the determination of the number of *ex post* verified CO2 Certificates.

The results from the forest inventory found that the actual carbon stocking from the 2008, 2009, and 2010 plantings across all five Auscarbon properties for the period of 2008 – 2015 yielded a total of 49,028 tCO2e GHG emission reductions (*ex post* verified CO2 Certificates). The Auscarbon Growth Model however over this same time period projected a total of 114,032 tCO2e GHG emission reductions (validated CO2 Certificates). Therefore, the quantity of *ex ante* validated CO2 Certificates representing the expected carbon stocks and GHG emission reductions to be generated by the project to date is greater than the quantity of *ex post* verified CO2 Certificates representing actual carbon stocks and GHG emission reductions as determined from the project's March 2016 Forest Inventory exercise (GS AR Requirements, section 6.1.1). While no incidents or events affecting the projects conformance with section 6.1.1 in the GS were reported by Auscarbon or uncovered during the course of the audit, conformance with 6.1.1 of the GS has not been maintained over the first implementation period covered by this Performance Certification audit.

As a result, the requirements of section 6.1.3 in the GS AR requirements apply, and “the project owner shall demonstrate to the Gold Standard Secretariat how the project will realistically recover appropriate levels of carbon stocks to comply with requirement 1” (6.1.1). The updated Carbon Performance documentation provided acknowledges this short fall in the number of *ex post* verified CO2 Certificates compared to the number of *ex ante* validated CO2 Certificates for the first implementation period covered by this Performance Certification. The project asserts that it will review the Auscarbon growth model closely over the year 2016, which will include; further destructive sampling to supplement data on above ground and below ground biomass of species associated with the project; a comprehensive review of internal and external biomass data; and consideration of additional biomass sampling across project variations. The project is also considering additional credits from outside of the project to cover the shortfalls, and Auscarbon plans to discuss this further internally and with GS.

Such proposed actions have not yet been taken however so it is up to project management to make a final determination on how it will demonstrate to the Gold Standard Secretariat how the project will realistically recover appropriate levels of carbon stocks to comply with requirement 6.1.1. The auditors point to the final note in section 6.1.4 of the GS AR Requirements (“If the project owner after 5 years cannot demonstrate that compliance with requirement 1 will occur, the project owner shall follow the Non-Compliance (NC) process as outlined in section “8. Non-Compliance”). While it isn't clear from the GS AR requirements when the five-year timeframe described in this note would commence, the auditors consider it reasonable that this timeframe would begin at time Initial Certification is approved, or in the case of the Auscarbon project, 11 June 2015. Therefore, while the project's March 2016 forest inventory has shown that the actual carbon stocks (*ex post* verified CO2 Certificates) are below the projected carbon stocks (*ex ante* validated CO2 Certificates) expected during the first implementation period of the project, the project must demonstrate to the

	Gold Standard Secretariat how the project will realistically recover appropriate levels of carbon stocks to comply with the requirements of 6.1.1 within the 5 year timeframe outlined in the note included with 6.1.4. Taking all of this into consideration the auditors consider this CAR closed, but FAR 02/16 has been raised.
CAR Status:	CLOSED
Comments (optional):	FAR 02/16

2.3 Forward Action Requests (FARs)

26. Forward Action Request (FAR) | With a FAR, the auditor or The Gold Standard Secretariat requests appropriate action be taken to become fully compliant with a requirement.

A FAR will be issued where the impact of the infraction is:

- (a) not material within the current certification, AND
- (b) unusual or non-systematic, AND
- (c) correctable in a specific timeframe less than 5 years.

FARs can be closed by The Gold Standard Secretariat or an auditor.

2.3.1 Conformance with FARs issued during the Initial Certification audit

The section below describes the activities of the Project Proponent to address each applicable Forward Action Request (FAR) issued during the Initial Certification audit. For each FAR a finding is presented along with a description of its current status. Failure to meet FARs will result in open FARs being upgraded to CARs which must be addressed before the Performance Certification audit can be approved.

FAR#:	01/14
Standard & Requirement:	GS A/R Requirements Version 0.9 , section 3.1 (8)
Report Section:	Sustainability Do No Harm Section 3.1 (8)
Description of Forward Action Request and Related Evidence:	
(8) The auditor reviewed copies of signed working agreements between E-Scapes and their casual workers, along with contracts with local resident hired to do firebreak and fencing work. The main employees of Auscarbon did not yet provide copies of contracts.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	One year after initial certification finalized or prior to the addition of new MU's, whichever comes first.
Evidence Provided by Organization:	Original hardcopies of employee contracts for key Auscarbon staff on file at the Auscarbon office in Cottesloe, WA
Findings for Evaluation of Evidence:	While visiting the Auscarbon office in Cottesloe, WA on February 13, 2016, the auditors were shown original signed copies of employment contracts with key employees which demonstrated conformance with this FAR. As a result this FAR is considered closed.
FAR Status:	CLOSED

Comments (optional):	None
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FAR#:	02/14
Standard & Requirement:	GS A/R Requirements Version 0.9 , section 3.1 (27)
Report Section:	Sustainability Do No Harm Section 3.1 (27)
Description of Forward Action Request and Related Evidence:	
The fertilizer is applied in a localized manner at the point of establishment, and was applied in a very controlled and minimal application. This was confirmed by Auscarbon staff and in interview with the planting contractor, however, documented evidence to demonstrate minimal application has not yet been provided.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	One year after initial certification finalized or prior to the addition of new MU's, whichever comes first
Evidence Provided by Organization:	Original hard copies of direct seeding and seedling establishment activities (Escapes establishment overview documentation) performed by the project's main contractor, Escapes, on the Auscarbon properties. Fertilizer supply invoices.
Findings for Evaluation of Evidence:	During an in-person meeting and interviews with the project's main contractor, Escapes, at the Auscarbon office in Cottesloe, WA on Monday February 4, the auditors were shown original hard copies of direct seeding and seedling establishment activities (Escapes establishment overview documentation) which included documented evidence of the fertilizer application rates used during the direct seeding and seedling planting activities. The auditors were also provided copies of fertilizer supply invoices identifying the overall volumes of fertilizer purchased for application during planting activities. This documented evidence was considered sufficient demonstration that the fertilizer applied by the project was of minimal volume.
FAR Status:	CLOSED
Comments (optional):	None

FAR#:	03/14
Standard & Requirement:	GS A/R Requirements Version 0.9 , section 3.5 (1b, 2d, 2e)
Report Section:	Legal Rights and Representation 3.5 (1b, 2d, 2e)
Description of Forward Action Request and Related Evidence:	
1. Auscarbon Pty Ltd is the legal entity that owns the carbon sequestration rights for the project land. Auscarbon Pty Ltd's wholly owned subsidiary, AC Midwest Pty Ltd, is the entity that owns the property. Both entities legal registration numbers and certificates of registration are on file in "Attachment 3.5 Project Participants & Secured Titles - Certificate of Registration of a Company". However, there is no documentation from the governing entity to show that both entities are in good standing order. 2. For the duration of the crediting period of the project: d) Although the auditor was advised that Auscarbon Pty is responsible, it was not clearly defined within documentation or supporting evidence, which entity holds all necessary permits to implement the project (planting permits, infrastructure permits, harvesting permits, etc.), and; e) Although the auditor was advised that Auscarbon Pty is responsible, it was not clearly defined within documentation or supporting evidence, which entity participates in the financing of the project.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in

	evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	One year after initial certification finalized or prior to the addition of new MU's, whichever comes first
Evidence Provided by Organization:	None
Findings for Evaluation of Evidence:	The project's Secured Titles documentation indicates that the Company registrations and status with the Australian Securities and Investment Commission (ASIC) will be made available when current reports are generated. Such evidence is needed to confirm each of these entities remains in good standing with the applicable governing jurisdiction. This aspect of the FAR has not been fully addressed, and as a result the FAR has been upgraded to CAR 01/16. The wholly owned subsidiaries of Auscarbon Pty. Ltd.; AC Midwest Pty. Ltd., AC Pine Ridge Pty. Ltd. and Gary Penn Nominees Pty. Ltd. are identified as the entities that hold all necessary permits to implement the project (planting permits, infrastructure permits, harvesting permits, etc.). However, it is not clear in the documentation if any such permits are actually required for implementation of the project, and copies of such permits (if applicable) have not been provided. Further, it is not clear if the identified entities said to hold all necessary permits to implement the project is relevant for all five properties included in the project. This aspect of the FAR has not been fully addressed, and as a result the FAR has been upgraded to CAR 01/16. The Secured Titles documentation provided for auditor review states that Auscarbon Pty. Ltd. is the entity that is responsible for the GS project and all financing of the project. Financing for establishment of the properties that are directly owned by Auscarbon or one of the Auscarbon wholly owned subsidiaries is said to be the responsibility of Auscarbon. For the Pine Ridge property, there is said to be a separate participant who contributes in equal share financially to the original cost of establishment and management of the land. A land use agreement is described as being in place to grant consent to Auscarbon to establish and manage the property for the project's 50 year crediting period. This "separate participant" is however not specified, and the described land use agreement has not been provided for auditor review. This aspect of the FAR has not been fully addressed, and as a result the FAR has been upgraded to CAR 01/16.
FAR Status:	CLOSED
Comments (optional):	CAR 01/16

FAR#:	04/14
Standard & Requirement:	GS A/R Requirements Version 0.9 , section 3.6
Report Section:	3.6 Risk Register
Description of Forward Action Request and Related Evidence:	
In relation to the risk register:	
Water: Given the Project Owner used species that are native and tolerant to the conditions of the site, and are showing good growth and survival, the auditor agrees the risk of local water risks to the project (drought, flood, hail etc.) is low. During stakeholder consultations, water was not raised as a risk to the project. However, the PD should provide referenced information to justify the low risk of water events threatening the project. Wind: The PD notes that the project is not in a heavy wind region and ranks the score as low and that the trees are established so the likelihood of damage is low. During stakeholder consultations, wind was not raised as a risk to the project. However, the PD should provide referenced information to justify the low risk of wind events threatening the project.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in

	evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	One year after initial certification finalized or prior to the addition of new MU's, whichever comes first
Evidence Provided by Organization:	Document #28
Findings for Evaluation of Evidence:	The auditors were provided with a copy of the Project's Risk Register documentation, which addresses each risk topic as required by GS. While the auditors agree with the risk scores the project has assigned to risk topic, and mitigation measures are in place for the two risk topics assigned with a score of medium (0), supporting references justifying the low (0) risk score for the water and wind risk topics are not referenced in the Risk Registry documentation or provided separately for auditor review as requested by this FAR. As a result this FAR has been upgraded to CAR 02/16.
FAR Status:	CLOSED
Comments (optional):	CAR 02/16

FAR#:	05/14
Standard & Requirement:	GS A/R Requirements Version 0.9 , section 6 (2,3)
Report Section:	Carbon Performance 6 (2,3)
Description of Forward Action Request and Related Evidence:	
The project notes in attachment "Application 6.1 - Template - Carbon Performance v2" that no incidents have been noted; as the project is only now doing initial certification. The project will need to document and submit that they will comply with requirements 2 and 3.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	One year after initial certification finalized or prior to the addition of new MU's, whichever comes first
Evidence Provided by Organization:	Document #11
Findings for Evaluation of Evidence:	The project submitted a copy of the Carbon Performance template documentation as required. Within this document the project acknowledges that no biomass resource inventory has taken place since the Initial Certification. As outlined in the GS AR requirements (Forest Inventory section), and confirmed during discussions with GS staff, the GS forest inventory requirements are required to be addressed by projects in order to successfully achieve Performance Certification under the GS program. The project needs to demonstrate that a forest inventory has been carried out in accordance with the GS requirements. As required under 6.1.1 in the GS AR requirements, "At any time during a crediting period, the project owner shall ensure that the quantity of the validated and verified CO2 certificates with respect to the project is less than or equal to the project's expected carbon stocks and actual carbon stocks. Without and forest inventory information in place to confirm actual on-the-ground carbon stocks at the end of the implementation period covered in this Performance Certification audit, conformance with 6.1.1 cannot be confirmed. While the auditor did not unveil any incidents or events that would explicitly affect the project's ability to meet conformance with 6.1.1, a reasonable amount of variability in terms of tree growth was observed across the project properties visited over the course of the field audit. Given that no forest inventory had been conducted, conformance with 6.1.1 cannot be confirmed. Since conformance with 6.1.1 could not be determined, conformance with 6.1.3

	could also not be confirmed.
	As a result this FAR has been upgraded to CAR 03/16.
FAR Status:	CLOSED
Comments (optional):	CAR 03/16

FAR#:	06/14
Standard & Requirement:	GS A/R Requirements Version 0.9 , section 5.7 (5)
Report Section:	CO ₂ Fixation 5.7 (5)
Description of Forward Action Request and Related Evidence:	
The auditor still is not clear other than visual inspection onsite, how the Project Owners deem an area as AS vs. NAS. Based on onsite observations, the auditor largely agreed with the AS/NAS categorizations, however the PD would benefit from this information being better presented. Further, the PD (section 5.7) notes the actual stocking from seeding to mature stand will decline to an estimated 350 stems/ha over time. However, this information seems superfluous given that the areas that are NAS have been removed from the project area, that all remaining stocked areas have been assessed to be AS to achieve long term biomass per estimations in the carbon model (300 or 350 stems/ha). As such, the inclusion of this information is confusing and unclear to the reader.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	One year after initial certification finalized or prior to the addition of new MU's, whichever comes first
Evidence Provided by Organization:	Document #1
Findings for Evaluation of Evidence:	The project's Key Project Information documentation submitted for this Performance Certification audit, (element c) describes how the "Eligible Area is deemed to be of adequate tree/plant stocking to meet the Auscarbon's objective to achieve long-term environmental plant growth within a near-natural forest-woodland stand configuration. Auscarbon carried out field and aerial photography assessments of each property to assess and identify all areas not capable of meeting Auscarbon's objectives and have excluded these areas from being included with the eligible planting areas. These areas are considered the Not Adequately Stocked Areas (NAS); which are specifically defined as; • Land that was established, but does not meet the long-term growth conditions – i.e. failed or very low stocking unlikely to achieve a 20% canopy coverage. • Land that was established by excludes species that will not achieve significant carbon sequestration – e.g. Salt Bush areas. While the assessment of adequately stocked areas (eligible planting areas) and NAS areas is still primarily based on field inspection and interpretation of aerial photography, the project documentation now provides a better description on how the determination of NAS areas are determined and distinguished from the eligible planting areas. This first aspect of the FAR is considered addressed. On-site observations and visual comparison of project maps displaying the NAS areas across all five properties included in the project generally confirmed the appropriateness of the areas deemed to be NAS and adequately stocked (eligible). See associated findings in section 2.1.3 of this report and CAR 06/16.

	Section 5 of the CO2 Fixation documentation provided now describes how the average initial stocking to be around 1,500 stems/ha and provides a generalized statement that the stocking rate will progressively decrease with time due to natural vegetation competition. Such stocking changes were confirmed to be inherently built into the biomass model used by the project. The second aspect of this FAR is considered to be addressed. See also findings in section 5 of this report and the associated CARs.
FAR Status:	CLOSED
Comments (optional):	See also findings in section 5 of this report and the associated CARs.

2.3.2 New FARS issued as a result of this Performance Certification Audit

FAR#:	01/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 3.3.1
Report Section:	Section 3.2.6, 3.3.1
Description of Forward Action Request and Related Evidence:	
The means of collecting Grievance comments from the public in Morawa shire involved the maintenance of public comments on the project in a notebook that was to be publically available at the Morawa shire local offices. While stakeholder interviews confirmed that no such grievance comments were received over the implementation period being evaluated, the notebook for recording of comments has gone missing therefore preventing the recording of such comments as intended.	
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to next performance certification
Evidence Provided by Organization:	Documents 4a, 16a, 28a
Findings for Evaluation of Evidence:	The project asserts that the notebook has been replaced as of 29 March 2016 at the Morawa Shire public office. Reintroduction of the notebook to the Shite Public Offices is said to have been approved/accepted by the Morawa Shire Project Officer, John Elliot, and will be in place as of March 2016. While the auditors were not able to physically confirm the presence of the notebook to record inputs and grievances as the Morawa shire public offices, this assertion is not disputed, and the project has put forth additional efforts with respect to formalizing an Input and Grievance mechanism in response to CAR 09/16 which has now been closed.
FAR Status:	CLOSED
Comments (optional):	See associated findings for the closure of CAR 09/16. Records of any public input and/or grievances received by Auscarbon will be reviewed during future performance certification audits.

FAR#:	02/16
Standard & Requirement:	GS A/R Requirements Version 0.9, Section 6.1
Report Section:	Section 6 (*This FAR was raised after the issuance of the Draft Performance Certification report, and therefore no associated findings are included in section 6). See also CARs 03/16 & 16/16 in section 2.2 above.

Description of Forward Action Request and Related Evidence:

As detailed in the findings for evaluation of evidence for CARs 03/16 & 16/16, the project has found that based on their 2016 forest inventory the actual carbon stocking on the project representing the *ex post* GHG emission reductions and verified CO2 Certificates was lower than the projected carbon stocking representing the expected *ex ante* GHG emission reductions and validated CO2 Certificates. The *ex post* number of verified CO2 Certificates was determined to be 49,028 tCO2e, while the *ex ante* number of validated CO2 Certificates was 114,032 tCO2e.

As a result, the requirements of section 6.1.3 in the GS AR requirements apply, and “the project owner shall demonstrate to the Gold Standard Secretariat how the project will realistically recover appropriate levels of carbon stocks to comply with requirement 1” (6.1.1). The updated Carbon Performance documentation provided acknowledges this short fall in the number of *ex post* verified CO2 Certificates compared to the number of *ex ante* validated CO2 Certificates for the first implementation period covered by this Performance Certification. The project asserts that it will review the Auscarbon growth model closely over the year 2016, which will include; further destructive sampling to supplement data on above ground and below ground biomass of species associated with the project; a comprehensive review of internal and external biomass data; and consideration of additional biomass sampling across project variations. The project is also considering additional credits from outside of the project to cover the shortfalls, and Auscarbon plans to discuss this further internally and with GS.

Such proposed actions have not yet been taken however so it is up to project management to make a final determination on how it will demonstrate to the Gold Standard Secretariat how the project will realistically recover appropriate levels of carbon stocks to comply with requirement 6.1.1. The auditors point to the final note in section 6.1.4 of the GS AR Requirements (“If the project owner after 5 years cannot demonstrate that compliance with requirement 1 will occur, the project owner shall follow the Non-Compliance (NC) process as outlined in section “8. Non-Compliance”). While it is not clear from the GS AR requirements when the five-year timeframe described in this note would commence, the auditors consider it reasonable that this timeframe would begin at time Initial Certification is approved, or in the case of the Auscarbon project, 11 June 2015. Therefore, while the project’s March 2016 forest inventory has shown that the actual carbon stocks (*ex post* verified CO2 Certificates) are below the projected carbon stocks (*ex ante* validated CO2 Certificates) expected during the first implementation period of the project, the project must demonstrate to the Gold Standard Secretariat how the project will realistically recover appropriate levels of carbon stocks to comply with the requirements of 6.1.1 within the 5 year timeframe outlined in the note included with 6.1.4.

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to next performance certification
Evidence Provided by Organization:	PENDING
Findings for Evaluation of Evidence:	PENDING
FAR Status:	OPEN
Comments (optional):	None

2.4 Observations

Note: Observations are issued for areas that the auditor sees the potential for improvement in implementing standard requirements or in the quality system; observations may lead to direct non-conformances if not addressed. Unlike CARs, observations are not formally closed. Findings from the field audit related to observations are discussed in Appendix A below.

**OBS 01/16 was optionally address by the project prior to the finalization of this Performance Certification audit. See also findings associated with the closure of CAR 04/16.*

**OBS 02/16 was optionally address by the project prior to the finalization of this Performance Certification audit. See also findings associated with the closure of CAR 07/16.*

OBS	03/16	Reference Standard & Requirement:	GS A/R Requirements Version 0.9, Section 3.1.25
Description of findings leading to observation:	While conformance has been demonstrated with the GS erosion requirements, one area of significant gully erosion was observed along a property boundary (Terra Grata), which appeared to have been the result of swift moving runoff entering the property from adjacent land under agricultural use. Considering the extremely dry soil conditions during the summer months, such erosion is a common occurrence as rain water easily flows along the surface of parched soils.		
Observation:	The Project should consider additional measures to protect sites that may be susceptible to such erosion and consider addressing this specific occurrence which could also represent a safety risk to vehicular use by project staff.		

OBS	04/16	Reference Standard & Requirement:	GS A/R Requirements Version 0.9, Section 3.1.25
Description of findings leading to observation:	On-site observations did not find any occurrences of chemical wastes, containers, fuels and oils, human wastes, or rubbish that had not been appropriately disposed of. The project sites visited were free of these types of wastes, and implementation of the project activities generates little in the way of these types of waste. Some abandon buildings and machinery were observed on-site, though the project has carried out some salvage efforts for previously abandoned farming equipment in an effort to reduce the presence of such waste on-site. Some of the abandoned buildings observed on-site were in a serious state of disrepair (e.g. Hill View), and may present a safety hazard.		
Observation:	Some of the abandoned buildings observed on-site were in a serious state of disrepair (e.g. Hill View), and the project should consider demolition of such previously abandoned buildings that the project has no intention of using, as their decaying state could represent a safety hazard.		

OBS	05/16	Reference Standard & Requirement:	GS A/R Requirements Version 0.9, Section 3.2.2
Description of findings leading to observation:	Stakeholder interviews confirmed there is generally a neutral feeling about the project and its implementation, but in no cases did the auditor receive any indication of a negative view of the project by stakeholders. During stakeholder interviews, the auditors were made aware of monthly newsletters distributed in the shires of Perenjori & Morawa that discuss local events, activities, and include advertisements from local businesses. Project staff generally expressed interest in advertising the Auscarbon project in these newsletters, and providing information on the project in these newsletters could be a means to keep local community members apprised of the project and help build a broader public awareness.		
Observation:	The Project should consider advertising and/or providing general information on the project and its implementation in the monthly newsletters distributed in the shires of Perenjori & Morawa as a means to keep local community members apprised of the project and help build a broader public awareness.		

**OBS 06/16 was optionally address by the project prior to the finalization of this Performance Certification audit. See also findings associated with the closure of CAR 11/16.*

**OBS 07/16 was optionally address by the project prior to the finalization of this Performance Certification audit. See also findings associated with the closure of CAR 15/16.*

OBS	08/16	Reference Standard & Requirement:	GS A/R Requirements Version 0.9, Section 2.1.2
Description of findings leading to observation:	Shapefiles for the revised eligible planting were provided to the auditors. The project acknowledges that they don't have specific Shapefiles covering the other elements of 2.1.2 in the GS, but asserts that these other elements are included within the properties operation maps which were confirmed during auditor review. These other geospatial elements and associated digital data are said to have been downloaded from the WA Government land mapping agency; Landgate. While Auscarbon wasn't able to provide specific Shapefiles covering all elements under section 2.1.2 in the standard, this information is assessable from Landgate's State Land Information Application. In consideration that the project has accurately mapped all features required under section 2.1.2, the location of these various land features were confirmed as accurate through on-site observations and handheld GPS data collected in the field, and the project's planting activities are not negatively impacting potentially sensitive features (such as water bodies or sites of special significance) the lack of specific Shapefiles was not seen as presenting a material issue to the project's conformance with the GS requirements.		
Observation:	The project should make further efforts to have in place specific Shapefiles covering all elements of section 2.1.2 in the GS beyond just having this information covered in project maps and available through the Western Australia Landgate State Land Information Application.		

2.4 Actions taken by the Project Proponent address CARs (including any resolution of material discrepancy)

Action Taken by Project Proponent following the issuance of the Draft Report			Date
Additional documents submitted to audit team (additional documents listed below)	☒ Yes ☐ No ☐ N/A		24 March 2016
Additional stakeholder consultation conducted (evidence described below)	☐ Yes ☒ No ☐ N/A		
Additional clarification provided	☒ Yes ☐ No ☐ N/A		24 March 2016
Documents revised (document revision description noted below)	☒ Yes ☐ No ☐ N/A		24 March 2016
GHG calculation revised (evidence described below)	☒ Yes ☐ No ☐ N/A		24 March 2016

Included in the actions taken by the Project Proponent to address CARs was the submission of the following revised files:

Ref	Electronic Filename
1a	2.1 GS Key Project Info – Original Updated 140316.docx
2a	AC ASIC Docs 2016.pdf
3a	AC Pine Ridge-Penn Pty Ltd and AC Midwest Pty Ltd Authority to Auscarbon Pty Ltd.pdf
4a	AC Response to RA Draft Audit – 240316.docx
5a	Auscarbon Inventory 2016 – GS doc – v230316.docx
6a	Auscarbon Shapefiles.zip
7a	Auscarbon Title Docs.pdf
8a	BOM Morawa Weather.pdf
9a	Bowgada Hills-20130206.pdf

10a	Calculation CO2e Initial Properties – 2016 – v230316.xlsx
11a	Carbon Performance Cert – Auscarbon – 240316.docx
12a	CO2-Fixation – Auscarbon 2016 – 230316.docx
13a	Copy of Winrock_SamplePlot_Calculator_AC Sampling 2016.xlsx
14a	Do No Harm (original) copy 230316.docx
15a	GS Baseline Template 140415 copy.docx
16a	GS Grievances Doc – Auscarbon – Performance Certification – 240316.docx
17a	Hillview Landscape-20130206.pdf
18a	Inventory March 2016 Sampling Data.xlsx
19a	Morawa Shire Letter.pdf
20a	Perenjori Shire Letter.pdf
21a	Pine Ridge-20130206.pdf
22a	Risk Register AC Update 220316.docx
23a	Sustainability Monitoring Plan – Auscarbon Performance Cert -210316.docx
24a	Terra Grata Landscape-20160206.pdf
25a	Tomora Landscape-20160206.pdf
26a	ASIC Company Statement GPNPL 14 Mar 2016.pdf
27a	CO2-Fixation – Auscarbon 2016 – 300316.docx
28a	Grievances & Dispute Resolution v300316.docx

3 Audit Methodology

3.1 Audit Team

Overview of roles and responsibilities:

Auditor(s)	Responsibilities							
	Lead	Desk Review	On-site visit	Climate Specialist	Biodiversity Specialist	Social Specialist	Report	Technical Review
Lawson Henderson	☒	☒	☒	☒	☒	☒	☒	☐
Campbell Moore	☐	☒	☐	☒	☐	☐	☒	☐
Klaus Geiger	☐	☐	☐	☐	☐	☐	☐	☒

Auditor qualifications:

Auditor(s)	Qualifications
Lawson Henderson, Carbon Coordinator, Rainforest Alliance Lead Auditor	Carbon Coordinator with Rainforest Alliance (2012 – current). Education: B.S.F. in forest management from University of New Hampshire, 2005. Experience, Forest Management Associate with Rainforest Alliance, US Region (2008 to 2012). Chain of Custody Associate with Rainforest Alliance, US Region (2007-2008). Forest Land Surveyor for a private forest/civil engineering firm in Western Oregon for two years. Auditor on more than 20 FSC forest management and chain of custody audits and assessments. Lead auditor or auditor on 20 forest carbon projects, including 4 ARR projects. Performed VCS audits of ARR, IFM, & REDD forest carbon projects. Project manager on over 250 FSC forest management and chain-of-custody projects. Completed Rainforest Alliance CoC Auditor Training in April 2008, Rainforest Alliance Carbon Verification and Validation Audit Training in March 2009, and Rainforest Alliance Lead Forest Management Auditor Training in June 2009. Successfully completed the Climate Action Reserve Lead Verifier Training for the Forest Project, and Urban Forest Project Protocol in September 2010, CAR Lead Verifier credentials renewed in June 2014. Successfully completed the ISO Quality Management Systems Lead Auditor Training Course (ISO 9001) in December 2010. ARB Lead Verifier credentials obtained in October 2012. Approved as a VCS AFOLU IFM Expert in November 2015. Member of the Society of American Foresters and the Forest Guild.
Campbell Moore, Contract Auditor, Rainforest Alliance Auditor	Campbell is a forester and senior carbon auditor with professional experience in Africa and Southeast Asia, and Latin America. Campbell is currently working as the Appalachian Region Program Manager for The Nature Conservancy. Campbell previously served as the Carbon Technical Specialist with Rainforest Alliance and conducted audits against six forest carbon standards, supervised methodology assessments, managed RA accreditation, and acted as technical expert on carbon for RA-Cert globally. Campbell has participated in more than 40 AFOLU carbon audits, and has been lead auditor of more VCS REDD audits than all but one individual, globally. Previous professional experience includes consulting work for GIZ Philippines performing carbon stock assessments of different forest types including agroforestry and plantation systems, as well as work centered on reforestation in Sri Lanka for the Environmental Leadership and Training Initiative, and working with Climate Focus on LULUCF policy issues. Campbell received his Master of Forestry from the Yale University School of Forestry and Environmental Studies. Prior to his time at Yale, Campbell worked in The Gambia for over two years as a Peace Corps Volunteer designing and implementing a wide variety of forestry, agroforestry, and agricultural projects. In addition to his Master of Forestry degree, he holds a B.A. in Environmental Studies from St. Mary's College. Campbell is fluent in

	Pulaar and Wolof and has experience with Spanish.
Klaus Geiger, Carbon Staff Auditor, Rainforest Alliance Technical Reviewer	Klaus Geiger is a forester with professional experience in Latin America. As Carbon Services Staff Auditor with Rainforest Alliance Klaus conducts and leads carbon field audits for projects under six different carbon standards, including AFOLU, REDD+, and the VCS Double Approval Methodology. Prior to working with Rainforest Alliance, Klaus researched Sri Lankan non-timber forest products by documenting species composition and mapping spatial distribution in traditional agroforestry gardens, co-managed the 8,000 acre FSC-Certified Yale School Forest, promoted sustainable agriculture techniques for 3.3 years with the Peace Corps in Panama within the Comarca Ngäbe-Buglé and on the national level. Among other experiences, cruised timber for the U.S. Forest Service in Tahoe National Park. Klaus received his Masters of Forestry degree from the Yale University School of Forestry and Environmental Studies, and holds a Bachelors of Forestry from University of Missouri-Columbia. Klaus is fluent in Spanish and conversational in Sinhala.

3.2 Description of the Audit Process

The audit included both a desk based and field based assessment of the project's documentation and physical evidence. Upon receiving the project documents in December 2015, the lead auditor conducted a desk review in preparation of the field audit. A risk based sampling and audit plan was developed based on this review and submitted to the developer on January 19, 2016. Prior to the field audit, a web-based meeting was also held with the project's technical consultant to get a virtual demonstration of the project's GIS mapping exercises, carbon quantifications and associated questions. The lead auditor spent three days at the project site as described below. Stakeholder consultation with various groups also took place throughout the course of the field audit. The lead auditor visited several of the participating villages and individual farmer properties as well as the project's tree nurseries to verify project boundaries with a handheld GPS, confirm baseline conditions, assess tree health and planting locations, and gather supporting evidence through stakeholder interviews.

On 9 March 2016, the auditors submitted the draft Performance Certification audit report to Auscarbon. The draft report findings identified 15 CARs, one new FAR, and 7 OBS. With regard to the open FARs from the Initial Certification audit, 3 FARs were fully closed out, while 3 FARs were not found to have been fully addressed, and were therefore upgraded to CARs.

In response to the draft Performance Certification report, action was taken to address the CARs raised, and updated project documentation and additional supporting evidence was submitted to the auditors on 24 March 2016.

Location/Facility	Date(s)	Length of Audit	Auditor(s)
Rainforest Alliance Office, Richmond, Vermont (pre-field desk review)	22-29 January 2016	1.0 day	Lawson Henderson
Remote locations (pre-field desk review)	6-7 February 2016	0.5 day	Lawson Henderson
Auscarbon Office, Cottesloe, Western Australia (Opening Meeting, Document Review, Stakeholder Interviews)	8 February 2016	0.5 day	Lawson Henderson
Auscarbon Project Sites, Perenjori & Morawa, Western Australia	8-12 February 2016	4.5 days	Lawson Henderson
Auscarbon Office, Cottesloe, Western Australia (Closing Meeting, Document Review)	13 February 2016	0.5 day	Lawson Henderson

Rainforest Alliance Office, Richmond, Vermont (post-field desk review & draft report development)	22 February – 4 March 2016	5.0 days	Lawson Henderson
Remote Location (review of carbon quantifications & development of associated report findings)	30-31 March 2016	1.0 day	Campbell Moore
Rainforest Alliance Office, Richmond, Vermont (post-field desk review & draft final report development)	25 March - 1 April 2016	2.0 days	Lawson Henderson

3.3 Review of Documents

The following documents were viewed as a part of the field audit:

Ref	Title, Author(s), Version, Date	Electronic Filename
1	Auscarbon Biodiversity Project, Key Project Information Template, January 22, 2016, Auscarbon Pty. Ltd	2_1_-_template_-_key_project_information_docx 250116.doc
2	Auscarbon Biodiversity Project, Do-No-Harm Template, January 22, 2016, Auscarbon Pty. Ltd.	3_1_-_template_-_do-no-harm_assessment_docx 250116.doc
3	Auscarbon Biodiversity Project, Project Participants – Secured Titles Template, January 22, 2016, Auscarbon Pty. Ltd.	3_5_-_template_-_project_participants_secured_titles_docx 250116.doc
4	Auscarbon Biodiversity Project, Auscarbon Central West 2015 Financial Documentation, 30 June 2015, Auscarbon Pty. Ltd	AC Cenntal West Pty Ltd 2015 Financials.pdf
5	Auscarbon Biodiversity Project, Auscarbon Midwest 2015 Financial Documentation, 30 June 2015, Auscarbon Pty. Ltd	AC Midwest Pty Ltd 2015 Financials.pdf
6	Auscarbon Biodiversity Project, Auscarbon Pine Ridge 2015 Financial Documentation, 30 June 2015, Auscarbon Pty. Ltd	AC Pine Ridge Pty Ltd 2015 Financials.pdf
7	2015 Wheat Variety Guide for Western Australia, Australia Department of Agriculture and Food, April 2015	Ag Dept Wheat Variety Guide 2015 Bulletin 4864.pdf
8	2013 Wheat Variety Guide for Western Australia, Australia Department of Agriculture and Food, February 2013	Ag Dept wheat_variety_guide_2013.pdf
9	Auscarbon Biodiversity Project, Property Maps, 22 January 2016, Auscarbon Pty. Ltd	All Properties Landscape A4 210115.pdf
10	Auscarbon Biodiversity Project, Biomass Model Description, 22 January 2016, Auscarbon Pty. Ltd	Auscarbon Biomass Model (2014) add 310116.doc
11	Auscarbon Biodiversity Project, Performance Certification Template, 22 January 2016, Auscarbon Pty. Ltd	Auscarbon Carbon Performance Cert – 280116.doc
12	Auscarbon Biodiversity Project, Growth Model Supplementary Information, 22 January 2016, Auscarbon Pty. Ltd	Auscarbon Growth Model Supplementary Infomration 241014 add 310116.doc
13	Auscarbon Biodiversity Project, Auscarbon 2015 Financial Report (DRAFT), 30 June 2015, Auscarbon Pty. Ltd	Auscarbon June 2015 Financial Report 2015 FS (Draft).pdf
14	Auscarbon Biodiversity Project, Leakage Documentation, 22 January 2016, Auscarbon Pty. Ltd.	Auscarbon Leakage – 280116.doc
15	Auscarbon Biodiversity Project, Title Documentation, 22 January 2016, Auscarbon Pty. Ltd.	Auscarbon Title Docs.pdf
16	Auscarbon Biodiversity Project, Baseline Documentation, 22 January 2016, Auscarbon Pty. Ltd.	Baseline Auscarbon Performance 2016 – 290116.doc

17	Auscarbon Biodiversity Project, Bowgada Hills Property Map, 22 January 2016, Auscarbon Pty. Ltd.	Bowgada Hills Portrit A4 20140404 CFI.pdf
18	Auscarbon Biodiversity Project, Canna Joint Venture Financial Report, 30 June 2015, Auscarbon Pty. Ltd.	CAN05 151203 2015 FS.pdf
19	Biodiversity Works – The Hill View Story, Carbon Neutral, 22 January 2016, Carbon Neutral	CNCF Biodiversity works final web version.pdf
20	Auscarbon Biodiversity Project, Grievance Documentation, 22 January 2016, Auscarbon Pty. Ltd.	GS Grievances Doc – Auscarbon – Performance – 130216.doc
21	Auscarbon Biodiversity Project, Hill View Property Map, 22 January 2016, Auscarbon Pty. Ltd.	HILLVIEW (LESS 8401).pdf
22	Auscarbon Biodiversity Project, Other Emissions Documentation, 22 January 2016, Auscarbon Pty. Ltd.	Other-Emissions-Auscarbon Performance Cert 2016 – 280116.doc
23	Auscarbon Biodiversity Project, Pine Ridge Joint Venture Financial Report, 30 June 2015, Auscarbon Pty. Ltd.	PIN09 151216 2015 FS.pdf
24	Auscarbon Biodiversity Project, Pine Ridge Property Map, 22 January 2016, Auscarbon Pty. Ltd.	Pine Ridge Portrait A4 20150129.pdf
25	Auscarbon Biodiversity Project, Preston Waters Joint Venture Financial Report, 30 June 2015, Auscarbon Pty. Ltd.	PRE04 151201 2015 FS.pdf
26	National Carbon Accounting System, Synthesis of Allometrics, Review of Root Biomass and Design of Future Woody Biomass Sampling Strategies, Snowdon et al, September 2000	Snowdon et al tr17final- Alometrics Synthesis.pdf
27	Auscarbon Biodiversity Project, CO2 Fixation Template, 22 January 2016, Auscarbon Pty. Ltd.	Template – CO2-Fixation – Auscarbon 2014 – 311016.doc
28	Auscarbon Biodiversity Project, Risk Register Template, 22 January 2016, Auscarbon Pty. Ltd.	Template – Risk Register – Auscarbon Performance Cert – 270116.doc
29	Auscarbon Biodiversity Project, Sustainability Monitoring Plan 22 January 2016, Auscarbon Pty. Ltd.	Template – Sustainability Monitoring Plan – Auscarbon Performance Cert -270116.doc
30	Auscarbon Biodiversity Project, Terra Grata Property Map, 22 January 2016, Auscarbon Pty. Ltd.	Terra Grata Landscape A4 210115.pdf
31	Auscarbon Biodiversity Project, Tomora Property Map, 22 January 2016, Auscarbon Pty. Ltd.	Tomora Landscape A4 20150129.pdf

3.4 Interviews

The following is a list of the people interviewed as part of the audit. The interviewees included those people directly, and in some cases indirectly, involved and/or affected by the project activities.

Audit Date	Name	Affiliation
25 January 2016 8-13 February 2016 22 March 2016	Geoff McArthur	Auscarbon Pty. Ltd.
8 & 13 February 2016	Mark Upton	Auscarbon Pty. Ltd.
8, 10 & 13 February 2016	Kent Broad	Auscarbon Pty. Ltd.
8 February 2016	Denis Watson	Auscarbon Pty. Ltd.
8 February	Tim Emmott	Escapes (Planting Contractor for Auscarbon)

2016		
8 – 10 February 2016	Clayton Lewis	Auscarbon Pty. Ltd.
8 – 12 February 2016	Rens van den Borgarrt	Auscarbon Pty. Ltd.
9 February 2016	Rod Butler	Neighbor
9 February 2016	Doug Fabling	Neighbor, Contractor to Auscarbon
9 February 2016	Jude Cusworth	Northern Agriculture Catchment Council
9 February 2016	Sarah Gilleland	Northern Agriculture Catchment Council
10 February 2016	Jerome Short	Neighbor, Contractor to Auscarbon
12 February 2016	John Roberts	Morowa Town Shire, CEO
11 February 2016	Ali Mills	Perenjori Town Shire, CEO

APPENDIX A: Field Audit Findings

Note: Findings presented in this section are specific to the findings resulting from the field audit as presented in the Draft Audit Report. Any non-conformances or observations identified during the field audit are noted in this section, and specific CAR and OBS tables are included in section 3.2 of this report for each identified non-conformance and observations. All findings related to audit team review of additional evidence submitted by the Project Proponent following the issuance of the Draft Audit Report by Rainforest Alliance, is included within section 3.2 of this report.

2. Key Project Information

2.1 Key Project Information

1. A general description shall be provided which includes all of the following items:

(a) Project activities

(b) Organisations that are involved in the project (project participants)

(c) Communities involved in the project

(d) Location of the project area and the planting area

(e) Size of the project area and the planting area

(f) Risk of the project area to change (during the crediting period)

(g) Risk of the project activities to change (during the crediting period)

(h) Timeframe for the project activities

(i) Number of predicted CO2-certificates

(j) Land-use history and current situation of the project area

(k) Socio-economic history and current situation

(l) Forest management applied (past and future)

(m) Forest characteristics (including main tree species planted)

(n) Main social impacts (risks and benefits)

(o) Main environmental impacts (risks and benefits)

(p) Financial structure

Findings from Field Audit			
The auditors were provided with a copy of the project’s Key Project Information Documentation that covered elements a) – p) as required by GS. While the information provided was generally considered accurate, the GS requires that for Performance Certification audits, the “project owner shall provide any updates to the <u>existing filled –in template</u> “Key Project Information.” Auditor review of the Key Project Information documentation provided for the Performance Certification found that the existing filled in template in place for the Initial Certification did not appear to be used by the project owner. As required by the GS, the existing filled in template used for the Initial Certification is to be used for the Performance certification with any relevant updates included. See CAR 04/16. Where there have been no changes to information in the various elements of the Key Project Information documentation, such an indication would help clarify that the existing information still remains relevant. See OBS 01/16.			
Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 04/16 OBS 01/16		

2. The following information shall be clearly defined by the use of *shapefiles*:
 - (a) Project area
 - (b) Planting areas
 - (c) Eligible planting area
 - (d) Modelling Units
 - (e) Infrastructure (roads, houses, etc.)
 - (f) Water bodies
 - (g) Sites with special significance for *indigenous people and local communities* - resulting from the Local Stakeholder Consultation (LSC)
 - (h) Where *indigenous people and local communities* are situated
 - (i) Where *indigenous people and local communities* have legal rights, customary rights or sites with special cultural, ecological, economic, religious or spiritual significance.

Findings from Field Audit			
Based on the outcome of the field audit, the auditor understands there will be some adjustments made to the eligible planting areas, including the areas designated by the project as Not Adequately Stocked (NAS). However, at the time of the draft Performance Certification audit report, no Shapefiles were provided to the auditor as required by GS. See CAR 05/16.			
Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 05/16		

3. Boundaries of the project area and the planting area shall be clearly distinguishable in the field.

Findings from Field Audit			
Over the course of the field audit, the auditors visited all five of the Auscarbon properties that make up the Project Area. Portions of the eligible planting areas on each property, as well as non-eligible areas (e.g. areas of existing remnant vegetation) were also observed. In all cases the boundaries of the project area as well as the planting areas were observed to be clearly distinguishable in the field. NAS areas as identified on the project maps were generally well aligned and consistent with on-site observations. However, some areas previously designated as NAS, which the project owner is now considering as “adequately stocked” and therefore part of the eligible planting area, were still considered to be NAS. At the same time, some areas the project owner had still considered to be NAS, actually appeared to be adequately stocked. Based on conversations in the field audit, the auditor understands there will be some adjustments made to the eligible planting areas, including the areas designated by the project as Not Adequately Stocked (NAS). See CAR 06/16.			
Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 06/16		

3. Sustainability Requirements

Social Requirements

Indigenous Peoples and Local Communities

1. Sites with legal rights and customary rights of *indigenous people and local communities* shall be identified, known and respected by the workers.
2. Sites for special cultural, ecological, economic, religious or spiritual significance to the *indigenous people and local communities* shall be identified, known and respected by the workers.
3. The transfer of control of any activities from *indigenous people and local communities* to the project owner shall be documented.
4. The project shall not involve and shall not be complicit in the involuntary relocation of people.
5. On sites with significant disputes, all operations should be stopped until the disputes are resolved.

Findings from Field Audit	
The auditors were provided with a copy of the project’s Do-No-Harm Documentation that covered all relevant sections as required by GS. The GS requires that for Performance Certification audits, the “project owner shall update the <u>existing filled –in</u>	

template “Do-No-Harm Assessment.” Auditor review of the Do-No-Harm documentation provided for the Performance Certification found that the existing filled in template in place for the Initial Certification did not appear to be used by the project owner. As required by the GS, the existing filled in template used for the Initial Certification is to be used for the Performance certification with any relevant updates included. See CAR 07/16.

Where there have been no changes to information in the various elements of the Do-No-Harm documentation, such an indication would help clarify that the existing information still remains relevant. See OBS 02/16.

While considering the issues identified above, the project provided a copy of the Do-No-Harm Assessment Template with information covering elements 1) – 5) under the Indigenous Peoples and Local Communities section.

- 1. Some of the Auscarbon properties contains sites that are registered under the Aboriginal Heritage Act that are considered significant to Aboriginal populations. Such sites have been identified and Auscarbon ensures that project activities will no damage these sites, that nothing is removed from these sites, and that the cultural heritage of these sites are respected by Auscarbon staff. The auditors were shown some of these sites on one property (Bowgata Hills) and on-site observations confirmed the proper and accurate identification of these sites, and that they had been respected by workers during implementation of the project activities. In no cases did the auditors observe that the project activities negatively impacted these sites, or that the cultural significance of these sites were disrespected by workers.
- 2. Auscarbon acknowledges that while there are some identified sites that have strong indigenous linkages, there are no specific sites on Auscarbon properties that are known to be sites of current cultural or spiritual significance. This assertion is considered as accurate, and supported during interviews with one of the Auscarbon staff who is of local Aboriginal decent. As with 1) above, all identified and known significant indigenous sites were found to be respected and protected during implementation of the project activities.
- 3. The project’s Do-No-Harm documentation states that there are no activities undertaken by indigenous peoples or communities that have been taken over by the project owner. As supported during interviews with project staff, the auditors concur.
- 4. Consistent with the project’s Do-No-Harm documentation, there has been no involuntary relocation of people as a result of the project. The auditors concur. The project activities taken place on privately owned land that is owned in fee by the project owners.
- 5. The project asserts that there have been no disputes with any parties at any time during implementation of the project. The auditors concur. Boundaries were observed to be well marked and respected, and interviews with neighboring landowners and other stakeholders confirmed there have been no disputes on any sites located on project lands.

Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 07/16 OBS 02/16		

Working Conditions

- 6. Workers shall be able to establish and join labour organizations.
- 7. Workers and labour organizations shall be generally satisfied with their working agreements.
- 8. Working agreements with all individual workers shall be documented and implemented.
- 9. There shall not be forced labour, as defined by the *ILO Forced Labour Convention*¹.
- 10. There shall not be child labour, as defined by the *ILO Minimum Age Convention*².
- 11. If the host country did not ratify one or more of the 8 *ILO Fundamental Conventions*³, the project owner shall provide a written affirmation to uphold them.
- 12. Copies of the 8 *ILO Fundamental Conventions* shall be available for workers.

Findings from Field Audit

The auditors agree with the project’s risk ratings for elements 6) – 12) under the GS Working Conditions requirements. As all risk ratings are considered “low” or deemed to be not relevant, no associated mitigation measures are required.

6. The project states that workers are free to join any organization, and that Auscarbon does not place any restrictions on its employees in this regard. Evidence to the contrary was not brought to the attention of the auditors during interviews with all Auscarbon staff.
7. Formal employment agreements are in place for all Auscarbon staff, and samples of executed employment agreements were reviewed in the Auscarbon office. Included in these agreements is a right for the individual employee to raise issues or complaints.
8. As with 7) above, formal employment agreements are in place for all Auscarbon staff, and samples of executed employment agreements were reviewed in the Auscarbon office. This includes copies for key staff, which satisfies FAR 01/14 that was raised during the Initial Certification audit. FAR 01/14 is now closed.
9. This element is deemed as not relevant. The auditors concur. Such forced labor is prohibited under Australian labor laws, which are respected by Auscarbon. Staff voluntarily accept their employment agreement with Auscarbon with an understanding of their responsibilities and associated compensation.
10. This element is deemed as not relevant. The auditors concur. Such child labor is prohibited under Australian labor laws which are respected by Auscarbon.
11. No changes from the findings of the Initial Certification audit of the Auscarbon project, the project remains in conformance with this element.
12. The project asserts that implementation of the project activities is not in conflict with the ILO Fundamental Conventions, and that all aspects of these conventions are built into Australian law. The auditors concur.

The project's conformance has been demonstrated over the implementation period evaluated during this Performance Certification audit for elements 6) – 12) of the GS Working Conditions requirements.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

No Discrimination

13. The project owner shall not be involved, and shall not be complicit, in any form of:
- (a) sexual harassment, AND
 - (b) discrimination based on gender, race, religion, sexual orientation or any other basis.

Findings from Field Audit

Findings covering elements 13a & b. from the Initial Certification audit were found to remain relevant for this Performance Certification audit. Based on interviews with project staff and supporting documentation, the auditors found that Auscarbon has not been involved in any form of sexual harassment or discrimination over the course of the project's implementation period being evaluated.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Anti-Corruption

14. The project owner shall not be involved and shall not be complicit in corruption. The project owner shall publicize a commitment not to offer or receive bribes in money or any other form of corruption. The project owner shall comply with anti-corruption legislation where this exists.

Findings from Field Audit

Findings covering element 14 from the Initial Certification audit were found to remain relevant for this Performance Certification audit. Based on interviews with project staff and supporting documentation, the auditors found that Auscarbon has not been involved in or complicit in corruption activities over the course of the project's implementation period being evaluated.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Occupational Health & Safety

15. There shall be a 'Health & Safety Policy' that is documented, implemented and regularly updated. This policy shall include at a minimum:
- (a) provisions for first aid, AND
 - (b) provisions for the safe transport of workers, AND
 - (c) provisions for timely evacuation of workers to an adequately equipped medical facility in case of serious accident, AND
 - (d) a health insurance scheme for workers who are impacted by workplace accidents AND
 - (e) if workers stay in camps for a longer period of time, measures shall be provided to ensure that conditions for accommodation and nutrition comply at least with those specified in the *ILO Code of Practice on Safety & Health in Forestry*⁴.
16. An individual shall be appointed to have overall responsibility for 'Health & Safety' at the worksite.
17. Workers shall have job-specific training and supervision to safely implement the project.
18. Workers shall have safe protective equipment, tools and machinery appropriate for their work.

Findings from Field Audit

Findings covering element 15 - 18 from the Initial Certification audit were found to remain relevant for this Performance Certification audit. Based on interviews with project staff and supporting documentation, the auditors found that Auscarbon has met the GS Occupational Health and Safety requirements over the course of the project's implementation period being evaluated. Auscarbon's Health and Safety policy was again reviewed by the auditors and found to cover the necessary health and safety precautions. No serious injuries were reported over the course of the implementation period being evaluated as confirmed during interviews with project staff.

Further, Health and Safety information for the project's main contractor was also reviewed by the auditors in the Auscarbon Office. Sufficient Health and Safety precautions including a health and safety policy were confirmed to be in place by the contractor carrying out the bulk of the planting activities. A job safety assessment form is completed after each activity (e.g. planting). Applicable training on safe working behaviors were confirmed to be given to contractor staff, and only a couple minor safety incidents (e.g. snake bites) were noted.

Conformance has been demonstrated.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Environmental:

Tree species

19. The genotypes of the tree species planted shall be well-adapted to the site.
20. Exotic tree species¹ shall not be used, unless direct experience, or scientific research, demonstrate that there is, or can be, no invasiveness and no adverse impacts.

Findings from Field Audit

Conformance with the GS Tree Species requirements was demonstrated during the Initial Certification audit of the project and associated audit findings were deemed to remain relevant for the Performance Certification. Since the time of the Initial Certification, on some of the project properties, additional planting efforts using the same native species mixes were carried out in an effort to re-stock areas where initial planting efforts had not been successful (NAS areas). On-site observations and interviews with project staff confirmed the use of native species well adapted to the project site on these areas. On-site observations also reconfirmed that the project has planted native tree species that are well adapted to the project's planting areas. The majority of the trees from the planted seedlings and direct seeding were well established, and growing successfully. Near record high temperatures were experienced during the field audit and the auditors were impressed by the ability of the planted native tree species to thrive in such harsh environmental conditions.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Habitat connectivity

21. Through a smart mosaic of the planting areas, buffer zones and infrastructure habitat connectivity for flora and fauna should be enhanced.

Findings from Field Audit			
Conformance with the GS Habitat Connectivity requirements was demonstrated during the Initial Certification audit of the project and reconfirmed during the Performance Certification audit. It was clear during interviews with project management staff that the project has the goal of enhancing habitat connectivity for flora and fauna on a regional scale. This is evident on various project maps as well as during the field audit when considering the location of the project's properties in relation to existing areas of natural and remnant vegetation.			
Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

GMOs

22. *Genetically Modified Organisms (GMOs)*² as defined by FSC shall not be used.

Findings from Field Audit			
Conformance with the GS GMO requirements was demonstrated during the Initial Certification audit of the project and reconfirmed during the Performance Certification audit. Since the time of the Initial Certification, on some of the project properties, additional planting efforts using the same native species mixes were carried out in an effort to re-stock areas where initial planting efforts had not been successful (NAS areas). On-site observations and interviews with project staff confirmed the use of native species well adapted to the project site on these areas. Sources of seed stock for direct planting and seedlings for planting were discussed with the project's main planting contractor, with associated purchase records provided, and confirmed not to be GMOs.			
Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Biodiversity

23. Minimum 10% of the project area shall be *identified and managed* to protect or enhance the *biological diversity*³ of *native ecosystems*⁴. For this, the *HCV*⁵ approach should be followed.

24. (a) Existing patches of trees or single solitary stems of *native tree species*⁶, AND
(b) habitats of *endangered species*⁷
shall always be *identified and managed* to protect or enhance the *biological diversity*³.

Findings from Field Audit			
Conformance with the GS Biodiversity requirements was demonstrated during the Initial Certification audit of the project and reconfirmed during the Performance Certification audit. Considering that the project activities involve the establishment of a diversity of native tree species, the entire eligible planting area is essentially being managed to protect and enhance the biological diversity of the project area. On-site observations and interviews with project staff confirmed the use of native species well adapted to the project site on these areas. Existing areas of remnant vegetation and individual trees were observed to have been maintained and not impacted by the project's planting activities, such areas were accurately mapped as confirmed throughout the field audit. Auscarbon acknowledges the occurrence of one "restricted occurrence" tree species on one of their properties and the planting activities were observed to not be a threat to this species existence and survival. Auscarbon had expressed interest in conducting further plantings of this species (beyond the naturally occurring patches and individuals), but such efforts have thus far proved to be cost prohibitive.			
Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Erosion

25. To ensure healthy soils the following aspects shall be identified and appropriate measures shall be put in place to protect them:

- (a) soil types, AND
- (b) biota, AND
- (c) erosion, AND
- (d) compaction.

26. Ploughing on slopes with a gradient greater than 10% (5°) shall follow the land contour.

Findings from Field Audit

Conformance with the GS Erosion requirements was demonstrated during the Initial Certification audit of the project and reconfirmed during the Performance Certification audit. By establishing a diversity of native species on their properties, Auscarbon expects the project activities will lead to an improvement to the protection and enhancement of soil health. The auditors concur, and it is clear the project's planting activities are helping to reduce erosion and potential negative impacts to soil health. Though much of the planting area is fairly flat, sloped areas were generally observed to be ploughed/ripped along slope contours with little to no erosion observed. The project acknowledges that some of the early (e.g. 2008) plantings did not follow the contours, but subsequent plantings appropriately followed the slope contours meeting this standard requirement.

While conformance has been demonstrated, one area of significant gully erosion was observed along a property boundary (Terra Grata), which appeared to have been the result of swift moving runoff entering the property from adjacent land under agricultural use. Considering the extremely dry soil conditions during the summer months, such erosion is a common occurrence as rain water easily flows along the surface of parched soils. The Project should consider additional measures to protect sites that may be susceptible to such erosion and consider addressing this specific occurrence which could also represent a safety risk to vehicular use by project staff. See OBS 03/16.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	OBS 03/16		

Fertilizers

27. Fertilizers shall be avoided, or their use shall be minimised and justified.

28. If the aerial application of fertilizer is used, then measures shall be put in place to prevent drift.

Findings from Field Audit

Interviews with project staff confirmed that use of fertilizers is minimized, and only small amounts are applied during the direct seedling establishment. Still, such small amounts of fertilizer use are considered justified based on the fact that fertilizer helps to ensure survival and successful establishment early on. Review of project documentation related to re-establishment planting activities as well as a New Area (Preston Waters) being added to the overall project (covered separately in the Auscarbon 2016 New Area Certification Audit Report) confirmed the project has documentation regarding the quantity of fertilizer being applied during direct seedling activities, and demonstrated that a minimal quantity of fertilizer being used. The documented evidence demonstrating minimal fertilizer application by the project was considered sufficient to close our FAR 02/14. No aerial application of fertilizers takes place at any time during project implementation.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Chemical pesticides

29. Chemical pesticides shall be avoided, or their use shall be minimised and justified.

30. Chemical pesticides shall be used in accordance with the *FSC Pesticides Policy*¹.

31. There shall be a 'Chemical Pesticides Policy' that is documented, implemented and regularly updated.

This policy shall include at a minimum:

- (a) provisions for safe transport, storage, handling and application, AND
- (b) provisions for emergency situations.

32. In the case that chemical pesticides are used and two or more different chemical pesticides are equally effective, the least hazardous chemical pesticide shall be used.

Findings from Field Audit

The project's Do-No-Harm documentation states that pesticides are only used for significant outbreaks of vermin, and cites a 2010 outbreak of mice that was causing damage to newly established plantings. The project also indicates that periodic use of chemical baits for rabbits are also used when population numbers increase, as they have the ability to cause widespread damage to young plantings. The auditors reviewed the project's pesticide policy that was established and based on findings raised from the Initial Certification audit. Use of chemical pesticides was confirmed to be minimal, and justified when needed during interviews with staff.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Biological control agents

33. *Biological control agents*² shall be avoided, or their use shall be minimised and justified.

Findings from Field Audit

Conformance with the GS Biological Control Agents requirements was demonstrated during the Initial Certification audit of the project and reconfirmed during the Performance Certification audit. Findings from the Initial Certification audit are still considered relevant, and the project has not, and will not use any biological control agents.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Water resources

34. On both sides of permanent or temporary *water bodies* (lakes, streams, rivers, wetlands, etc.) riparian buffer zones of 15 meters shall be implemented on each site. In these riparian buffer zones:

- (a) only *native tree species*³ may be planted, AND
- (b) *invasive species*⁴ shall be removed, AND
- (c) all existing vegetation shall be kept, AND
- (d) no timber harvesting activities shall take place, AND
- (e) no use of fertilizer or chemical pesticides.

35. The flows of *water bodies* shall not be blocked.

36. The groundwater in and around the planting area shall not be negatively affected by the project.

Findings from Field Audit

Conformance with the GS Water Resources requirements was demonstrated during the Initial Certification audit of the project and reconfirmed during the Performance Certification audit. Findings from the Initial Certification audit are still considered relevant, and the project has continued to implement the project in conformance with the GS Water Resources requirements. There are limited water features on the Auscarbon properties, but required water protection measures were observed to have been implemented with established buffer zones surrounding the water features observed.

Water bodies (although dry at the time of the field audit) were observed to be free of any blockages and stream beds in their naturally occurring state. Consistent with the findings of the Initial Certification audit, groundwater resources in the planting areas were not being negatively affected by the project, as supported by project staff and during other stakeholder interviews.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Waste

37. All sources of waste and *waste products* shall be identified and classified. *Waste products* include amongst others:

- (a) chemical wastes, AND
- (b) containers, AND
- (c) fuels and oils, AND
- (d) human waste, AND
- (e) rubbish (including metals, plastics, organic and paper products), AND
- (f) abandoned buildings, machinery or equipment.

38. Measures for waste products and their spillage shall be in place for safe and environmentally appropriate:

- (a) collection, AND
- (b) transport, AND
- (c) storage, AND
- (d) handling, AND
- (e) disposal.

Findings from Field Audit

Conformance with the GS Waste requirements was demonstrated during the Initial Certification audit of the project and reconfirmed during the Performance Certification audit. Findings from the Initial Certification audit are still considered relevant, and the project has continued to implement the project in conformance with the GS Waste requirements.

On-site observations did not find any occurrences of chemical wastes, containers, fuels and oils, human wastes, or rubbish that had not been appropriately disposed of. The project sites visited were free of these types of wastes, and implementation of the project activities generates little in the way of these types of waste. Some abandon buildings and machinery were observed on-site, though the project has carried out some salvage efforts for previously abandoned farming equipment in an effort to reduce the presence of such waste on-site. Some of the abandoned buildings observed on-site were in a serious state of disrepair (e.g. Hill View), and the project should consider demolition of such previously abandoned buildings that the project has no intention of using, as their decaying state could represent a safety hazard. See OBS 04/16.

Under the waste section of the project's Do-No-Harm assessment (38.e), it states that "no wastes are disposed of on properties." Small amounts of rubbish are however generated by staff who overnight at the project's housing accommodations, and it was the auditors understanding that such rubbish is piled in pre-existing dump locations that had been established by the previous landowners, and subsequently buried. This information in the Do-No-Harm assessment document therefore appears to be inaccurate. See CAR 08/16.

Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 08/16 OBS 04/16		

3.2 Local Stakeholder Consultation:

1. The Local Stakeholder Consultation (LSC) shall be conducted in accordance with 'A/R Guidelines - LSC'.

Invitation of Stakeholders

2. The project owner shall proactively invite The Gold Standard Secretariat and the stakeholders, including all *Gold Standard NGO Supporters*¹ active in the host country of the project, to provide comments on the proposed project in accordance with the guidelines provided in 'A/R Guidelines - LSC'.

Notice to Designated National Authority and National Focal Point

3. The *Designated National Authority (DNA)*² or *National Focal Point*³ shall be notified about the existence of the project.

12. Stakeholders | The stakeholders are persons, groups or entities that may be affected by the project and that show interest in the project.

The following are categories of stakeholders:

- (a) Local people impacted by the project or their representatives
- (b) Local policy makers and representatives of local authorities
- (c) *Designated National Authority (DNA)*¹ and *National Focal Point*²
- (d) Local NGOs working on topics relevant to the project.
- (e) The *Gold Standard Regional Manager*³ located closest to the project
- (f) *International Gold Standard NGO Supporters*⁴ and *Gold Standard NGO Supporters*⁵ located in the host country of the project.

Findings from Field Audit			
Conformance with the GS Local Stakeholder Consultation (LSC) requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant. Also, consistent with the GS LSC requirements (3.2); "For Performance Certification chapter 3.2 Local Stakeholder Consultation does not apply." During the field audit it was confirmed that Auscarbon maintains close contact with neighboring landowners regarding project implementation so they are kept apprised of ongoing activities that take place on Auscarbon properties. Stakeholder interviews confirmed there is generally a neutral feeling about the project and its implementation, but in no cases did the auditor receive any indication of a negative view of the project by stakeholders. During stakeholder interviews, the auditors were made aware of monthly newsletters distributed in the shires of Perenjori & Morawa that discuss local events, activities, and include advertisements from local businesses. Project staff generally expressed interest in advertising the Auscarbon project in these newsletters, and providing information on the project in these newsletters could be a means to keep local community members apprised of the project and help build a broader public awareness. See OBS 05/16.			
Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	OBS 05/16		

Timeline

4. The LSC should be conducted prior to the planting start date. If the LSC is conducted after the planting start date, the project owner shall provide further explanation of how comments received during the LSC are taken into account in the project.

Findings from Field Audit			
Conformance with the GS Local Stakeholder Consultation (LSC) requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant. Also, consistent with the GS LSC requirements (3.2); "For Performance Certification chapter 3.2 Local Stakeholder Consultation does not apply."			
Conformance	Yes ☐	No ☐	N/A ☒
CAR/OBS	None		

Public consultation meeting

5. The LSC shall include at least one public in-person meeting, which shall be open to anyone willing to attend and which shall be conducted in accordance with the guidelines provided in this document.

Findings from Field Audit			
Conformance with the GS Local Stakeholder Consultation (LSC) requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant. Also, consistent with the GS LSC requirements (3.2); "For Performance Certification chapter 3.2 Local Stakeholder Consultation does not apply."			
Conformance	Yes ☐	No ☐	N/A ☒
CAR/OBS	None		

Input & Grievance Mechanism

6. Projects applying The Gold Standard 'A/R Requirements' shall have a formal input and grievance mechanism in place in accordance with the chapter 'Input & Grievance Mechanism'. This mechanism shall be described during the LSC.

Findings from Field Audit			
It was clear during interviews with project staff over the course of the field audit that as the Project Owner, they are open to receiving solicitation of input and grievances on the project and its continued implementation. The auditors were provided with a list of grievances that were reported since the Initial Certification audit. Only a couple of such comments were actually made on the project, and both appeared to have been a result of the public stakeholder consultations held by the project in Perenjori & Morawa Shires on 14 January 2015. While the project has recorded the small number of grievances received, the formal Input & Grievance mechanism itself isn't clear or documented. See CAR 09/16. The means of collecting Grievance comments from the public in Morawa shire involved the maintenance of public comments on the project in a notebook that was to be publically available at the Morawa shire local offices. While stakeholder interviews confirmed that no such grievance comments were received over the implementation period being evaluated, the notebook for recording of comments has gone missing therefore preventing the recording of such comments as intended. See FAR 01/16.			
Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 09/16 FAR 01/16		

Documentation

7. The LSC documentation shall be prepared using the 'LSC' template and in accordance with the guidelines provided in this document. The documentation shall include the outcome from the physical meeting(s) and feedback received via other means, and it shall be submitted for the Pre-Feasibility Assessment.

Findings from Field Audit			
Conformance with the GS Local Stakeholder Consultation (LSC) requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant. Also, consistent with the GS LSC requirements (3.2); "For Performance Certification chapter 3.2 Local Stakeholder Consultation does not apply."			
Conformance	Yes ☐	No ☐	N/A ☒
CAR/OBS	None		

Confidentiality

8. The LSC documentation shall be made publicly available on The Gold Standard Registry once the project is 'listed'. Prior to being 'listed', only The Gold Standard Secretariat and Technical Advisory Committee shall be able to access the documentation.

Findings from Field Audit			
Conformance with the GS Local Stakeholder Consultation (LSC) requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant. Also, consistent with the GS LSC requirements (3.2); "For Performance Certification chapter 3.2 Local Stakeholder Consultation does not apply."			
Conformance	Yes ☐	No ☐	N/A ☒
CAR/OBS	None		

Sustainable Development Assessment

9. Part of the LSC is the *Sustainable Development Assessment*, which makes use of the table below. This table, also called the 'SD Matrix', provides a general overview and a rating of the sustainability impacts of a project, together with a list of *mitigation measures* that relate to these impacts.

The *Sustainable Development Assessment* shall show that the project, at a minimum, contributes positively to two of the three indicator categories (Environmental, Social Development, Economic & Technical Development) and is neutral in the third category. All individual indicators are given the same weight.

10. For each indicator describe briefly what the without project scenario (baseline scenario) would be and what the situation you aim for in the project is. Based on this description of the baseline and targeted values of your parameters, score each indicator 'negative (-1)', 'positive (+1)' or 'neutral (0)' in comparison with the baseline situation.

11. Negative (-1) indicators can potentially be 'neutralised' with *mitigation measures*. These *mitigation measures* shall then be monitored under the chapter '3.5 Sustainability Monitoring Plan'. All indicators that score positive (+1) or negative (-1) shall also be monitored.

Indicator	Description and Score	Mitigation measure
	- Negative impact: - score negative (-1) if the negative impact on the indicator is not fully mitigated - score neutral (0) if the impact on the indicator is or is planned to be fully mitigated - No change in impact: score neutral (0) - Positive impact: score positive (+1)	Where relevant, describe <i>mitigation measures</i> used to neutralise a negative (-1) score
Environment		
1. Air quality		
2. Water quality and quantity		
3. Soil condition		
4. Other pollutants		
5. Biodiversity		
Social Development		
6. Quality of employment		
7. Livelihood of the poor		
8. Access to affordable and clean energy services		
9. Human and institutional capacity		
Economic & Technical Development		
10. Quantitative employment and income generation		
11. Access to investment		
12. Technology transfer and technological self-reliance		

Findings from Field Audit

Conformance with the GS Local Stakeholder Consultation (LSC) requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant. Also, consistent with the GS LSC requirements (3.2); "For Performance Certification chapter 3.2 Local Stakeholder Consultation does not apply."

Review of the project's LSC documentation in place for the Initial Certification audit confirmed that for each indicator under the Sustainable Development Assessment, the project had assigned a score of neutral (0) or positive (+) asserting the project activities would have a neutral or positive impact to each indicator. These scores were accepted during the Initial Certification audit, and the auditors for this Performance Certification audit concur. Implementation of the project over the implementation period being evaluated was found to have no negative impacts on any of these indicators, as was supported during stakeholder interviews and on-site observations of the project's planting sites.

As the project's approved Sustainable Development Assessment did not assign a score of negative (-) to any of the indicators, no mitigation measures were required and therefore implementation of mitigation measures was not required to be evaluated as part of this Performance Certification.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

3.3 Inputs and Grievances:

1. The project owner shall establish an 'Input & Grievance Mechanism' in accordance with the 'A/R Guidelines - Input & Grievance Mechanism'.

Findings from Field Audit			
It was clear during interviews with project staff over the course of the field audit that as the Project Owner, Auscarbon are open to receiving solicitation of input and grievances on the project and its continued implementation. The auditors were provided with a list of grievances that were reported since the Initial Certification audit. Only a couple of such comments were actually made on the project, and both appeared to have been a result of the public stakeholder consultations held by the project in Perenjori & Morawa Shires on 14 January 2015. While the project has recorded the small number of grievances received, the formal Input & Grievance mechanism itself isn't clear or documented. See CAR 09/16. The means of collecting Grievance comments from the public in Morawa shire involved the maintenance of public comments on the project in a notebook that was to be publically available at the Morawa shire local offices. While stakeholder interviews confirmed that no such grievance comments were received, the notebook for recording of comments has gone missing therefore preventing the recording of such comments as intended. See FAR 01/16. At the time of this Performance Certification audit, it had not yet been a full year since the finalization of the project's Initial Certification audit. Therefore, the GS annual reporting requirements associated with the Input and Grievance mechanism has not yet been initiated.			
Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 09/16 FAR 01/16		

3.4 Sustainability Monitoring Plan

1. The project owner shall use the table below to define the monitoring for the *mitigation measures* identified in the chapters '3.1 Do-No-Harm Assessment' and '3.2 Local Stakeholder Consultation'.

Findings from Field Audit			
For all but one element under the project's Do-No-Harm assessment identified as relevant, the project has assigned the future risk of non-compliance as being "low." The risk scores are consistent with those identified during the Initial Certification audit and the assigned risk scores are still considered appropriate and are accepted by the auditor for this Performance Certification. The element assigned a "medium" (Erosion) risk has an associated mitigation measure in place. Other elements under the project's Do-No-Harm assessment are identified as not applicable/not relevant, and the auditor agrees with the non-relevance as determined by the project. Review of the project's LSC documentation in place for the Initial Certification audit confirmed that for each indicator under the Sustainable Development Assessment, the project had assigned a score of neutral (0) or positive (+) asserting the project activities would have a neutral or positive impact to each indicator. These scores were accepted during the Initial Certification audit, and the auditors for this Performance Certification audit concur. Implementation of the project over the implementation period being evaluated was found to have no negative impacts on any of these indicators, as was supported during stakeholder			

interviews and on-site observations of the project’s planting sites.

The project has provided a copy of the Sustainability Monitoring Plan template completed for the Performance Certification audit. The relevant mitigation measures identified in the project’s Do-No-Harm and LSC documentation have been covered here.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

2. The selected parameters shall be practical to measure and be relevant to the *mitigation measure*.

The table format for the ‘Sustainability Monitoring Plan’ is provided below. A separate table should be prepared for each of the parameters to be monitored.

Sustainability Monitoring ID		
Indicator for		
Mitigation measure		
Chosen parameter		
Current situation of parameter		
Estimation of baseline situation of parameter		
Target for parameter		
Monitoring	How will it be monitored and documented?	
	Who is responsible for monitoring and documentation?	
	When will it be monitored (duration and frequency)?	

Findings from Field Audit

The single indicator covered in the project’s Sustainability Monitoring Plan is erosion (#26 from the GS Do-No-Harm requirements). The mitigation measure identified for this indicator is considered appropriate, which is vegetation development within the establishment lines. Stocking of such vegetation within the establishment lines is the parameter that is selected and is considered reasonable by the auditors. The current situation of the parameter is described as variable vegetation stocking within establishment lines, and the total area where there are non-contoured establishment lines is estimated to be 20 hectares. The 2015 re-establishment plantings that took place also included efforts to reduce potential water flow within establishment lines.

The baseline situation of the parameter simply indicates “<10 t CO2e/ha.” This appears to be an estimated sequestration level to be achieved by vegetation that develops within the establishment lines, but this isn’t clear, nor is there any information on how this estimate was established. The target for the identified parameter is 189 t CO2e/ha over 50 years, but it is not clear how this target was established. See CAR 10/16.

This parameter (vegetation development within the establishment lines), is said to be monitored by the Resource Manager’s assessment of the achievement of desirable stocking within these areas, which is described as 1 plant per 10 lineal meters of establishment line. There is no justification as to how this level of stocking will achieve the target for the parameter. Further,

there was no other supporting evidence regarding the means to monitor the achievement of meeting the target for this indicator annually over the 50-year project lifetime. See CAR 10/16.			
Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 10/16		

3.5 Legal Rights and Representation:

Secured Titles

1. For all project participants, the following information shall be provided:
 - (a) Name and contact details
 - (b) Each entity's legal registration number and documentation by the governing jurisdiction that proves that the entity is in good standing.
2. For the duration of the crediting period the project owner shall:
 - (a) own the CO₂ user rights or carbon sequestration rights for the project area, AND
 - (b) hold an uncontested legal land title for the project area, AND
 - (c) own the rights for timber and non-timber forest products for the project area, AND
 - (d) hold all necessary permits to implement the project (planting permits, infrastructure permits, harvesting permits, etc.), AND
 - (e) participate in the financing of the project.

If the project owner does not meet all of the above requirements, the persons or legal entities that do meet those respective requirements shall endorse the expected project being undertaken by the project owner through an agreement that aligns with the duration of the crediting period.

Findings from Field Audit
Conformance with the GS Secured Titles requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit. Auscarbon Pty. Ltd. Is clearly defined as the project owner and the required legal entity name and contact details are in place. The project indicates that the Company registrations and status with the Australian Securities and Investment Commission (ASIC) will be made available when current reports are generated. Such evidence is needed to confirm each of these entities remains in good standing with the applicable governing jurisdiction. See FAR 03/16 that has been upgraded to CAR 01/16. 2) Consistent with the findings from the Initial Certification audit, Auscarbon Pty. Ltd. is clearly identified as the entity that owns the CO₂/carbon sequestration rights and rights for timber and non-timber forest products for the project area (a & c). All properties included with the project (5) are owned in fee by Auscarbon Pty. Ltd. or a wholly owned subsidiary company of Auscarbon. The entities holding title for each of the five project properties are outlined in the Project Participants & Secured Title documentation provided (b). Three of the wholly owned subsidiaries of Auscarbon (AC Midwest Pty. Ltd., AC Pine Ridge Pty. Ltd. and Gary Penn Nominees Pty Ltd) are identified as the entities that hold all necessary permits to implement the project (planting permits, infrastructure permits, harvesting permits etc.). However, it is not clear in the documentation if any such permits are actually required for implementation of the project, and copies of such permits (if applicable) have not been provided. Further, it is not clear if the identified entities said to hold all necessary permits to implement the project is relevant for all five properties included in the project (d). See CAR 01/16. The Secured Titles documentation provided for auditor review states that Auscarbon Pty. Ltd. is the entity that is responsible for the GS project and all financing of the project. Financing for establishment of the properties that are directly owned by Auscarbon or one of the Auscarbon wholly owned subsidiaries is said to be the responsibility of Auscarbon. For the Pine Ridge property, there is said to be a separate participant who contributes in equal share financially to the original cost of establishment

and management of the land. A land use agreement is described as being in place to grant consent to Auscarbon to establish and manage the property for the project's 50 year crediting period. This "separate participant" is however not specified, and the described land use agreement has not been provided for auditor review. See CAR 01/16.

Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 01/16		

Project Representatives

3. The project owner shall define the authorities of all project participants with respect of:
- (a) instructing The Gold Standard secretariat, AND
 - (b) requesting or communicating the addition or edits of project participants, AND
 - (c) receiving all information from The Gold Standard Secretariat on matters related to the project.

Findings from Field Audit

Conformance with the GS Project Representatives requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit. Auscarbon Pty. Ltd is defined as the legal entity and project owner, and the Project Participants & Secured Titles documentation identifies Auscarbon Pty. Ltd. as having the authorities covering a) – c) above.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Terms & Conditions and Cover Letter

4. The project owner shall sign The 'Gold Standard Terms & Conditions' and the declarations of the 'Cover Letter'.

Findings from Field Audit

Conformance with the GS Terms & Conditions and Cover Letter requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

1.6 Risk Register:

Process for Initial Certification

- For the Initial Certification each of the following risks shall be assessed on their relevance to the project.
- If not relevant; the project owner shall provide a description of the non-relevance.
- If relevant; the project owner shall score the risk with regard to the viability of the project during the crediting period into the category *low, medium, or high*. The scoring shall be based on the likelihood of the risk occurring and the impact of that occurrence on the project during the crediting period.
- If the rating is *medium or high* the mitigation measure shall be described and implemented.

For the documentation, the project owner shall use the template 'Risk Register'.

The table format for the 'Risk Register' is provided below with risk topics.

Risk Topics	Risk score, based on likelihood and impact on the project	Mitigation measure
	high (+) medium (0) low (-) not relevant (/)	
Management qualifications in forestry, operations, finance, legal		
Workers qualifications in the technical implementation		
Technical equipment		
Financial means: complete and realistic income streams (investment, funding, co-funding, sales, etc.) and expenditure (administration, infrastructure, machines, labour, audits, unexpected expenditures, etc.)		
Water: drought, flood, hail, snow, heavy rains		
Wind: heavy wind, storms		
Animals: domestic, wild		
Fire: natural fires, fire management		
Diseases: insects, bacteria, viruses		
Temperatures: frost, heat		
Irregular resettlement or illicit crop production		
Exploitation of underground resources: mining, water, etc.		

Findings from Field Audit

The auditors were provided with a copy of the project's Risk Register Documentation that covered each risk topic as required by GS. The GS requires that for Performance Certification audits, the "project owner shall provide any updates to the existing filled-in template "Risk Register." Auditor review of the Risk Register documentation provided for the Performance Certification found that the existing filled in template in place for the Initial Certification did not appear to be used by the project owner. As required by the GS, the existing filled in template used for the Initial Certification is to be used for the Performance certification with any relevant updates included. See CAR 11/16.

Where there have been no changes to information in the various elements of the Risk Register documentation, such an indication would help clarify that the existing information still remains relevant. See OBS 06/16.

While recognizing the concerns identified above, the auditors agree with the risk scores for each risk topic assigned by the project, which are consistent with the risk scores identified and approved during the Initial Certification audit. For all but two risk topics a risk score of low (-) has been assigned. Two risk topics (animals & fire) have been assigned a risk score of medium (0), and therefore mitigation measures have been established as required.

Animals: The auditors found that the project has appropriately assessed risk related to wild animals, but the Risk Register doesn't specifically address risk related to domestic animals, and no mitigation measures are outlined to address risk from domestic animals. During the audit it was evident that the project periodically allow sheep to graze on project lands, so assessment of risk related to domestic animals is needed. See CAR 12/16. Measures to limit negative impacts from wild

animals were confirmed throughout the field audit including baiting of rabbits, and occasional culling of kangaroo. The majority of the project's plantings are now well established, so the risk from wild animal browsing has decreased, and project staff are on-site frequently to monitor tree health and survival.

Fire: The risk score of medium (0) for fire is considered appropriate, and it is clear fire presents a risk to the project's carbon stocks – especially during the dry summer months. Fire-breaks were observed to have been implemented on all properties visited during the field audit as a fire mitigation measure, and installation and maintenance of fire-breaks is required by law. Sheep owned by neighboring farmers are also periodically allowed to graze on the projects properties, and are considered a fire risk mitigation measure as they reduce grass fuel loads.

Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 11/16, CAR 12/16 OBS 06/16		

4.0 Additionality:

Option 1 - A/R CDM Tools

1. The project shall meet the additionality requirements of the latest version of the A/R CDM '*Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities*'.
Link: <http://cdm.unfccc.int/methodologies/ARmethodologies/tools/>

The CDM specific terms of the A/R CDM additionality tool (tCERs, A/R CDM project, etc.) shall be interpreted within The Gold Standard context.

The '*Guideline on the assessment of investment analysis*' and the '*Guidelines for objective demonstration and assessment of barriers*' can be used.

Link: <http://cdm.unfccc.int/Reference/Guidclarif/index.html>

Findings from Field Audit			
Conformance with the GS Additionality requirements (Option 1) was demonstrated during the Initial Certification audit, and the associated findings are still considered relevant for this Performance Certification. In accordance with the GS, "For Performance Certification the Project Owner is not required to update the template "Additionality."			
Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Option 2 - Positive List

Findings from Field Audit			
See associated findings above. The project demonstrated additionality using option 1 under the GS additionality requirements during the Initial Certification audit. In accordance with the GS, "For Performance Certification the Project Owner is not required to update the template "Additionality."			
Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

Retroactive submission

3. If the submission to the Pre-Feasibility Assessment was after the planting start, the project owner shall demonstrate that
- (a) the revenues from CO2-certificates were seriously considered in the decision to implement the project, AND
 - (b) there was continuous interest in CO2-certificates for the project in parallel with its implementation.

Evidence to support this can include: contracts, draft versions of project information, correspondence with financial institutions or other stakeholders, minutes and notes of meetings, agreements or negotiations with auditors, publications in newspapers.

For Option 1, this replaces requirement 7 of the '*Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities*'.

Findings from Field Audit			
Conformance with the GS Retroactive Submission requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit. In accordance with the GS, "For Performance Certification the Project Owner is not required to update the template "Additionality."			
Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

No Deforestation

4. The planting area shall not have been *forest*³ for at least 10 years prior to the planting start, OR

If the planting area was deforested during the 10 years prior to the planting start, the eligibility of the project shall be determined by The Gold Standard Secretariat. This will be done as part of the Pre-Feasibility Assessment.

Findings from Field Audit			
Conformance with the GS Retroactive Submission requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit. In accordance with the GS, "For Performance Certification the Project Owner is not required to update the template "Additionality."			
Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

5. Methodology

5.1 Applicability

The project area shall meet all of the requirements below for this methodology to be applicable for the calculation of CO₂-certificates from the project.

1. Areas shall not be on wetlands¹.
2. Areas with organic soils shall not be drained or irrigated (except for irrigation for planting).
3. Soil disturbance (through ploughing, digging of pits, stump removals, infrastructure, etc.) on organic soils² shall be in less than 10% of the area that is submitted to certification (not 10% of the entire project area).
4. The most likely scenario without the project (baseline scenario) shall be defined for the project area. This scenario shall not show any significant³ increase of the Baseline biomass ('tree' and 'non-tree').

Findings from Field Audit

Conformance with the GS Applicability requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit. On-site observations confirmed the project's tree planting are not taking place on wetlands or on areas with organic soils. While soil ripping does take place during planting, the project area is not composed of organic soils, so element 3) is not relevant. The defined baseline scenario has not changed, and the auditors concur with the acceptance of the baseline scenario found during the Initial Certification audit. Such baseline conditions of annual agricultural cropping are clearly evident on the majority of neighboring lands surrounding the project area.

As outlined in the GS AR requirements, for Performance Certification the project owner is not required to update the template "Applicability".

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

5.2 Conversion Factors:

1. Conversion factors shall be determined at the level of a Modelling Unit:
 - (a) Wood Density
 - (b) Biomass Expansion Factor
 - (c) Root-to-Shoot ratio

All factors shall be based on the best available scientific sources.

Findings from Field Audit

As outlined in the GS AR requirements, for Performance Certification the project owner is not required to update the conversion factors.

The project has not provided the auditors with the CO₂ fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Therefore, at this time the auditors are not able to confirm the correct application of the applicable conversion factors by the project. See CAR 13/16.

Conformance	Yes ☐	No ☒	N/A ☐
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CAR/OBS	CAR 13/16
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Conservative Approach

2. When aggregated together, the factors shall lead to a conservative calculation approach. This means that in the consideration and calculation of uncertainties:
 - (a) the CO₂-Fixation shall not be overestimated, AND
 - (b) the Baseline and Leakage shall not be underestimated.

Findings from Field Audit			
As outlined in the GS AR requirements, for Performance Certification the project owner is not required to update the conversion factors.			
The project has not provided the auditors with the CO ₂ fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Confirmation of the project's application of a Conservative Approach as required by the GS cannot be confirmed until the carbon quantification documentation is made available. See CAR 13/16.			
Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 13/16		

Default Factors

3. The following *default factors* shall be used for all conversions:
 - (a) 0.5 [tC/tdm] as the 'Carbon fraction' for 'tree biomass'
 - (b) 0.4 [tC/tdm] as the 'Carbon fraction' for 'non-tree biomass'
 - (c) ⁴⁴/₁₂ [tCO₂/tC] is used to convert 'C to CO₂'

Findings from Field Audit			
As outlined in the GS AR requirements, for Performance Certification the project owner is not required to update the conversion factors.			
The project has not provided the auditors with the CO ₂ fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Therefore, at this time the auditors are not able to confirm the correct application of the appropriate default factors by the project. See CAR 13/16.			
Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 13/16		

4. The following *default factors* shall be used when no rigorous scientific information is available:

For the parameters of CO₂-Fixation:

- (a) 0.3 [tdm/m³] Wood density
- (b) 1.1 [] BEF
- (c) 0.2 [] Root-to-Shoot ratio for 'tree biomass'

For the parameters of Baseline or Leakage:

- (d) 0.7 [tdm/m³] Wood density
- (e) 3.5 [] BEF
- (f) 0.8 [] Root-to-Shoot ratio for 'tree biomass'
- (g) 4.0 [] Root-to-Shoot ratio for 'non-tree biomass'

Findings from Field Audit

As outlined in the GS AR requirements, for Performance Certification the project owner is not required to update the conversion factors.

The project has not provided the auditors with the CO₂ fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Therefore, at this time the auditors are not able to confirm the correct application of the appropriate default factors by the project. See CAR 13/16.

Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 13/16		

5.3 Calculation of CO₂ Certificates

- The number of CO₂-certificates is determined for every year (t) of the crediting period using the following formula.

$$\begin{array}{c}
 \text{CO}_2\text{-certificates} \\
 \text{[tCO}_2\text{]}
 \end{array}
 = \left(\begin{array}{c} \text{CO}_2\text{-Fixation} \\ \text{Baseline} \\ \text{Leakage} \\ \text{Other Emissions} \end{array} \right) * \begin{array}{c} \text{Eligible} \\ \text{planting area} \\ \text{[ha]} \end{array}$$

of every MU [tCO₂/ha]

Findings from Field Audit

The project has not provided the auditors with the CO₂ fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Therefore, at this time the auditors are not able to confirm the project's accurate calculation of verified CO₂ Certificates over the course of the applicable implementation period being evaluated. See CAR 13/16.

Conformance	Yes ☐	No ☐	N/A ☐
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Carbon Pools:

For the calculation of the parameters CO₂-Fixation, Baseline and Leakage, the following carbon pools shall be assessed:

Carbon Pools		Includes	CO ₂ -Fixation	Baseline	Leakage
Tree biomass	Aboveground	Stem, branches, bark	Yes	Yes	Yes
	Belowground	Tree roots	Yes	Yes	Yes
Non-tree biomass	Aboveground	Grass, herbs, etc.	No	Yes	No
	Belowground	Roots of grass, herbs, etc.	No	Yes	No
Soil		Organic material	No	No	No
Harvested wood (timber & energy wood)		Furniture, construction material, etc.	No	No	No
Litter & Lying dead-wood		Leaves, small fallen branches, lying dead wood	No	No	No

Standing dead-wood is part of the carbon pool 'tree biomass'.

Positive leakage as well as *market* leakage shall not be accounted for under this methodology.

Findings from Field Audit

Conformance with the GS Carbon Pools requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit. While the project's biomass model description documentation clearly shows that the appropriate aboveground and belowground carbon pools are taken into account, the project has not provided the auditors with the CO₂ fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Therefore, at this time the auditors are not able to confirm the project's appropriate inclusion of the required carbon pools and accurate calculation of verified CO₂ Certificates over the course of the applicable implementation period being evaluated. See CAR 13/16.

Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 13/16		

5.4 Other Emissions

Site preparation

1. Where existing 'tree' and 'non-tree' biomass of the Baseline is burned for the purpose of land preparation, an additional 10% of the Baseline shall be deducted. This is to account for the non-CO₂ green-house-gas emissions (N₂O and CH₄) that are released during the burning process.

Fertilizer

0.005 tCO₂ per kg of nitrogen (N) fertilizer shall be deducted. No differentiation is made between synthetic and organic fertilizer.

Combustion of fossil fuel

2. Non-CO₂ green-house-gas emissions caused by the use of fossil fuel from project activities (flights, management operations, etc.) are insignificant and may therefore be neglected.

N-fixing trees

3. Non-CO₂ green-house-gas emissions caused by the use of N-fixing species may be conservatively assumed to be zero.

Findings from Field Audit

Conformance with the GS Other Emissions requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit. Elements 1, 2 & 3 under Other Emissions are not considered relevant and therefore are not included in the project's carbon quantifications.

Interviews with project staff confirmed that deductions are made to account for the small amounts of fertilizer applied by the project, but the auditors were not provided with the CO₂ fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Therefore, at this time the auditors are not able to confirm the project's accurate calculation of emissions associated with fertilizer use over the course of the applicable implementation period being evaluated. See CAR 13/16.

Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 13/16		

5.5 Baseline

1. The Baseline shall be determined by estimating the 'tree' and 'non-tree' biomass that is present in the eligible planting area just prior to the planting start.

Findings from Field Audit

As outlined in the GS AR requirements, for Performance Certification the project owner is not required to update the template "Baseline".

Conformance with the GS Baseline determination requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit. Tree biomass has been excluded from the baseline carbon stock estimates, and existing remnant patches and individual trees were excluded from the eligible planting area. All such existing tree biomass has been accurately mapped by the project and the locations of such areas

on the project maps were confirmed through on-site observations throughout the field audit.			
Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

2. To determine the Baseline of the eligible planting area the land shall be
- (a) stratified according to its vegetation types (grassland, bushland, etc.), AND
 - (b) for each of these strata scientifically based *project-specific*¹, regional or national *default values* shall be found which state 'tree' and 'non-tree' biomass of these vegetation types.

*International default values*² from the IPCC shall only be used if no other values are available.

Findings from Field Audit			
As outlined in the GS AR requirements, for Performance Certification the project owner is not required to update the template "Baseline".			
Conformance with the GS Baseline determination requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit.			
The project has not provided the auditors with the CO2 fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Therefore, at this time the auditors are not able to confirm the project's application of the newly established baseline carbon stocks in the calculation of verified CO2 Certificates over the course of the applicable implementation period being evaluated. See CAR 13/16. See also findings associated in section 5.5.4 of this report below.			
Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 13/16		

3. The Baseline shall be determined on a Modelling Unit (MU) level using the following formula:

$$\text{Baseline MU}_t [\text{tCO}_2/\text{ha}] = \text{Baseline Eligible planting area} [\text{tCO}_2] / \text{Eligible planting area} [\text{ha}]$$

The Baseline is deducted in the first year (t=1).

Findings from Field Audit			
As outlined in the GS AR requirements, for Performance Certification the project owner is not required to update the template "Baseline".			
Conformance with the GS Baseline determination requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit. The project's baseline documentation submitted for this Performance Certification correctly determines the baseline carbon stocks for the single MU identified by the project according to the formula required by GS.			
The project has not provided the auditors with the CO2 fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Because of the expected changes to the baseline eligible planting area, at this time the auditors are not able to confirm the accuracy of the project's baseline carbon stocks or the project's			

accurate calculation of verified CO2 Certificates over the course of the applicable implementation period being evaluated. See CAR 13/16.			
Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 13/16		

4. The Baseline is not subject to monitoring.

Findings from Field Audit			
As outlined in the GS AR requirements, for Performance Certification the project owner is not required to update the template "Baseline".			
Auditor review of the project's baseline documentation submitted for the Performance Certification in comparison to the baseline documentation in place for the Initial Certification however found that baseline carbon stock levels appear to have changed from 0.77 tCO2/ha to 1.47 t CO2/ha. In consideration of the GS baseline requirement 5.5.4 ("The Baseline is not subject to monitoring.") it is not clear why the project has updated the baseline carbon stock estimates. It is clear that the project is considering the new baseline biomass estimates as a "regional" value, whereas under the Initial Certification audit baseline estimates were identified as a "National" value. The new baseline biomass estimate is greater of that applied during the Initial Certification and is therefore considered conservative, but justification as to why the project is applying a different baseline biomass value has not been provided in the documentation. See CAR 14/16. The project has not provided the auditors with the CO2 fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Therefore, at this time the auditors are not able to confirm the project's application of the newly established baseline carbon stocks in the calculation of verified CO2 Certificates over the course of the applicable implementation period being evaluated. See CAR 13/16.			
Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 13/16, CAR 14/16		

5.6 Leakage

Leakage are emissions that occur due to a *shift of activities* from the inside of a project area to the outside of a project area.

These *shifts of activities* can cause four different categories of Leakage by:

- (a) collection of wood (for firewood, charcoal, etc.)
- (b) timber harvesting
- (c) agriculture (crop cultivation, shrimp cultivation, etc.)
- (d) livestock.

These four categories are used in the formulas below.

Note that only the 'tree biomass' affected by these activity shifts shall be considered.

2. Leakage shall be determined on a Modelling Unit (MU) level using the following formula:

$$\text{Leakage MU,t [tCO}_2\text{/ha]} \\ = \text{Leakage Project area [tCO}_2\text{]} / \text{Eligible planting area [ha]}$$

Leakage is deducted in the first year (t=1).

Findings from Field Audit

As outlined in the GS AR requirements, for Performance Certification the project owner is not required to update the template "Leakage".

Consistent with the Initial Certification audit, the project asserts that there is no leakage caused by the project under the four categories covered by the GS.

- a) Leakage related to firewood collection is considered to be non-applicable as firewood collection did not occur on the project area prior to project implementation. The auditors concur.
- b) Leakage related to timber harvesting is considered non-applicable as timber harvesting did not take place on the project area prior to project implementation. The auditors concur, further all areas of existing remnant vegetation have been excluded from the eligible planting area. Interviews with project staff also confirmed that harvesting of native remnant vegetation ("bush") is prohibited by law.
- c) Leakage related to agriculture is identified as non-applicable and the project asserts that agricultural activities have not shifted from within to areas outside of the planting areas as prior agriculture activities had been retired on the project's properties. This assertion is consistent with the audit findings from the Initial Certification, and such retirement of agricultural activities is seen as a continued possibility on other lands in the surrounding region as confirmed during stakeholder interviews.
- d) Leakage related to livestock is considered to be non-applicable and the project asserts that livestock grazing activities did not shift from inside to outside the project's planting area. This assertion was supported during stakeholder interviews, and further, some grazing activities are still permitted to take place within the project area.

The project has not provided the auditors with the CO₂ fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Therefore, at this time the auditors are not able to confirm the project's application of zero leakage in the calculation of verified CO₂ Certificates over the course of the applicable implementation period being evaluated. See CAR 13/16.

Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 13/16		

5.7 CO₂ Fixation

1. The yearly (t) CO₂-Fixation is determined at the level of Modelling Unit (MU) during the crediting period.

Findings from Field Audit

While the project has provided an updated version of the CO₂ Fixation documentation, the GS AR requirements, Chapter 5.7 – CO₂ Fixation states that for Performance Certification: "The project owner shall update the existing filled-in template "CO₂ Fixation" based on the information of the "Forest Inventory". The project did not appear to have used the existing filled in CO₂ Fixation template as required. See CAR 15/16. Further, the project has not yet completed a forest inventory of the project properties. See associated findings in section 6 of this report and CAR 03/16.

Where there have been no changes to information in the various elements of the CO₂ Fixation documentation, such an indication would help clarify that the existing information still remains relevant. See OBS 07/16.

In consideration of the findings above, based on the CO2 Fixation documentation provided, the project has calculated a yearly CO2 Fixation at the MU level during the crediting period.

The project has not provided the auditors with the CO2 fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Therefore, at this time the auditors are not able to confirm the project's proper application of the calculated CO2 Fixation levels on the project's only MU in the calculation of verified CO2 Certificates over the course of the applicable implementation period being evaluated. See CAR 13/16.

Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 03/16, CAR 13/16, CAR 15/16 OBS 07/16		

2. For every MU a growth-model and *conversion factors* (see chapter '5.2 Conversion Procedure') shall be determined.

Findings from Field Audit

The project's growth model and application of the appropriate conversion factors was approved during the Initial Certification audit. The CO2 Fixation documentation as well as supporting information on the project's growth model provided for the Performance Certification, reconfirmed that the application of the growth model on the project's single MU and use of the appropriate conversion factors.

The project has not provided the auditors with the CO2 fixation and carbon quantification spreadsheets. The auditors understand that there are expected updates to the carbon quantifications given the revisions to the NAS and adequately stocked areas, as well as the forest inventory being implemented. Therefore, at this time the auditors are not able to confirm the project's application of the calculated CO2 Fixation levels on the project's only MU in the calculation of verified CO2 Certificates over the course of the applicable implementation period being evaluated. See CAR 13/16.

Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 13/16		

3. The *conversion factors* allow the conversion of the 'Stem volume', which is normally measured in cubic meters [m³] during the *forest inventories*, to 'tree biomass' with the unit tCO₂. For the conversion the chapter '5.2 Conversion Procedure' shall be followed.

The *conversion factors* are not subject to monitoring.

Findings from Field Audit

Conformance with the GS CO2 Fixation requirements (5.7.3) was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit. Elements 1, 2 & 3 under Other Emissions are not considered relevant and therefore are not included in the project's carbon quantifications. Due to a lack of available applicable growth and yield information Auscarbon has developed its own Growth Model based on field data collected from destructive sampling from remnant vegetation directly within the project area and in close proximity to it. As such, conversion from stem volume to tree biomass is not necessary and this requirement is N/A.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

4. Existing 'tree biomass' from the carbon stock of the Baseline that is not removed shall be reflected in the growth-model.

Findings from Field Audit			
Conformance with the GS CO2 Fixation requirements (5.7.4) was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit. Existing tree biomass was excluded from the baseline, as confirmed in discussions with the project proponent and review of project documentation.			
Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

5. A realistic survival-rate shall be reflected in the growth-model.

Findings from Field Audit			
Consistent with the Initial Certification, the project documentation provided for this Performance Certification audit indicates the assumption of an 85% survival rate. This survival rate was accepted during the Initial Certification audit and is still considered to be reasonable for this Performance Certification based on on-site observations. While the assessment of adequately stocked areas (eligible planting areas) and NAS areas is still primarily based on field inspection and interpretation of aerial photography, the project documentation now provides a better description on how the determination of NAS areas are determined and distinguished from the eligible planting areas. While the assessment of adequately stocked areas (eligible planting areas) and NAS areas is still primarily based on field inspection and interpretation of aerial photography, the project documentation now provides a better description on how the determination of NAS areas are determined and distinguished from the eligible planting areas. On-site observations and visual comparison of project maps displaying the NAS areas across all five properties included in the project generally confirmed the appropriateness of the areas deemed to be NAS and adequately stocked (eligible). However, some areas previously designated as NAS, which the project owner is now considering as "adequately stocked" and therefore part of the eligible planting area, were still considered to be NAS. At the same time, some areas the project owner had still considered to be NAS, actually appeared to be adequately stocked. Based on conversations in the field audit, the auditor understands there will be some adjustments made to the eligible planting areas, including the areas designated by the project as Not Adequately Stocked (NAS). See CAR 06/16.			
Conformance	Yes ☐	No ☒	N/A ☐
CAR/OBS	CAR 06/16		

6. The *long-term CO₂-Fixation* shall be determined depending on the *silvicultural method* applied / envisioned (see options below).

Option 1 - Selective harvesting or Conservation forest

If the silvicultural method applied/envisioned is *selective harvesting*¹ or *conservation forest*², the *long-term CO₂-fixation* is determined by the 'tree biomass' when a MU reaches its equilibrium.

If the 'tree biomass' is still increasing at the end of the *crediting period*, the *long-term CO₂-Fixation* is determined by the 'tree biomass' of a MU in the year the *crediting period* ends.



Findings from Field Audit

Conformance with the GS Long-Term CO₂ Fixation requirements was demonstrated during the Initial Certification audit, and the associated audit findings are considered to still be relevant to this Performance Certification audit.

The project employs Option 1 as the project is a conservation forest project, as confirmed by onsite field audit work and review of the project documentation. No harvesting is planned and the project serves to restore native vegetation biodiversity.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	None		

6. Carbon Performance

1. At any time during a crediting period, the project owner shall ensure that the quantity of the validated and verified CO₂-certificates with respect to the project is less than or equal to the project's expected carbon stocks (validated CO₂-certificates) and actual carbon stocks (verified CO₂-certificates).

2. Incidents, or events, that effect compliance with requirement 1 shall be reported to The Gold Standard Secretariat. If they occur outside a certification process, the incidents or events shall be reported to The Gold Standard Secretariat no more than 30 days after their discovery. The template 'Carbon Performance' shall be used for this reporting.

3. If compliance with requirement 1 is not maintained, the project owner shall demonstrate to The Gold Standard Secretariat how the project will realistically recover appropriate levels of carbon stocks to comply with requirement 1.

The project owner shall use one or more of the following approaches:

- (a) retiring/locking of CO₂-certificates from the project which are not yet transferred or retired/locked
- (b) purchasing of CO₂-certificates from any other Gold Standard certified projects (these can also be from other project types such as renewable energy)
- (c) replanting of an appropriate planting area and recovery of the project carbon stocks over time
- (d) planting of new areas to generate further CO₂-certificates

During the period where the project owner is not in compliance with requirement 1, an equal number of CO₂-certificates from The Gold Standard Compliance Buffer will be put 'on-hold'.

4. Further CO₂-certificates shall only be issued for the project after the project owner has complied with requirement 1.

If the project owner after 5 years cannot demonstrate that compliance with requirement 1 will occur, the project owner shall follow the Non-Compliance (NC) process as outlined in section '8. Non-Compliance'.

Findings from Field Audit

The project submitted a copy of the Carbon Performance template documentation as required. Within this document the project acknowledges that no biomass resource inventory has taken place since the Initial Certification. As outlined in the GS AR requirements (Forest Inventory section), and confirmed during discussions with GS staff, the GS forest inventory requirements are required to be addressed by projects in order to successfully achieve Performance Certification under the GS program. The project needs to demonstrate that a forest inventory has been carried out in accordance with the GS requirements. See CAR 03/16.

As required under 6.1.1 in the GS AR requirements, "At any time during a crediting period, the project owner shall ensure that the quantity of the validated and verified CO₂ certificates with respect to the project is less than or equal to the project's expected carbon stocks and actual carbon stocks. Without and forest inventory information in place to confirm actual on-the-ground carbon stocks at the end of the implementation period covered in this Performance Certification audit, conformance with 6.1.1 cannot be confirmed.

While the auditor did not unveil any incidents or events that would explicitly affect the project's ability to meet conformance with 6.1.1, a reasonable amount of variability in terms of tree growth was observed across the project properties visited over the

course of the field audit. Given that no forest inventory had been conducted, conformance with 6.1.1 cannot be confirmed. Since conformance with 6.1.1 could not be determined, conformance with 6.1.3 could also not be confirmed. As a result FAR 05/14 has been upgraded to CAR 03/16.

Conformance	Yes ☒	No ☐	N/A ☐
CAR/OBS	CAR 03/16		

APPENDIX B: Organization Details

Contacts

Primary Contact for Coordination with Rainforest Alliance

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