VALIDATION AND VERIFICATION REPORT FOR THE ROTUNDA FOREST CARBON PROJECT

Document Prepared by Francis Eaton

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Prepared By	Francis Eaton
Contact	2000 Powell Street, Suite 600, Emeryville, CA 94608, USA Email:CPollet-Young@scsglobalservices.com Telephone: +1 (510) 452-9093

Approved By	Christie Pollet-Young
Work Carried Out By	Lead Auditor: Francis Eaton Local expert: Florina Pradan Technical Reviewer: Alexa Dugan

Summary:

This report describes the validation and verification assessment of the Rotunda Forest Carbon Project ("the project") a Logged to Protected Forest (LtPF) project located in Romania that was conducted by SCS Global Services (SCS). The purpose of the assessment is to assess the project design and the reported GHG emission reductions and removals. The assessment was performed through a combination of document review and interviews with relevant personnel. During the assessment, a total of 2 NCR's, 2 NIR's, and 1 OBS were raised. The project complies with all of the validation and verification criteria, and the assessment team has no restrictions or uncertainties with respect to the compliance of the project with the validation and verification criteria.

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1 INTRODUCTION

1.1 Objective

The objective of the validation was to assess the project design, including project eligibility, ownership, ex-ante emission reductions complies with the validation criteria

The objective of the verification was to conduct an independent assessment of the Rotunda Forest Carbon Project ("the project") to determine whether the quantification of GHG emission reductions or removals for the project during the period 01-January-2018 to 31-December-2020 ("the monitoring period") complies with the verification criteria, as set out in the guidance documents listed in Section 1.2 of this report.

1.2 Scope and Criteria

In accordance with Section 4.1.8(2) of the VCS Standard (see below for full reference), the criteria for validation was the VCS Version 4, including the following documents:

- VCS Program Guide, V4.0
- VCS Standard, V4.1
- VCS Non-Permanence Risk Tool, V4.0
- VCS-approved Methodology: Improved Forest Management in Temperate and Boreal Forests (LtPF) v1.2. VM0012

And the scope of the assessment includes:

- Assessment of whether the project complies with the VCS rules
- Assessment of the non-permanence risk report
- Assessment of the project's market leakage evaluation;
- Assessment of the GHG emission reductions and removals that have occurred as a result of the project during the monitoring period, in accordance with the VCS rules

1.3 Level of Assurance

- In accordance with Section 4.1.8(1) of the VCS Standard, the level of assurance was reasonable.

1.4 Summary Description of the Project

- From: The project description:

- The project is located on a freehold 1,556-hectare property within the Hunedoara County of Romania. The objective of the carbon offset project is to achieve greenhouse gas (GHG) emission reductions and removals through the cessation of commercial harvesting.

2 VALIDATION AND VERIFICATION PROCESS

2.1 Method and Criteria

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

- The audit team created a sampling plan following a proprietary sampling plan template developed by SCS. The audit team identified areas of "residual risk"—those areas where there existed risk of a material discrepancy (either in terms of non-conformance to the validation criteria or in terms of errors, omissions and misrepresentations that, in aggregate, exceeded the materiality threshold established for the project as a percentage of the total reported GHG emission reductions and/or removals) that was not prevented or detected by the controls of the project. Sampling and data testing activities were planned to address areas of residual risk. The audit team then created a validation plan that took the sampling plan into account. This approach is justified as it has been designed in accordance with Section 4.4.3 of ISO 14064-3:2006 and the guidance provided in Annex A.2.4.6 of the same document.

2.2 Document Review

- The project description v2.0 (dated 29 January 2021 and the monitoring report v1.1 (dated 9 April 2021) and non-permanence risk report (document: Rotunda - VCS-Non-Permanence-Risk-Report-Template-Short-Form-v 4.0 (Jan '21)) were carefully reviewed for conformance to the validation criteria. The following additional documentation, provided by project personnel in support of the aforementioned documents, was also reviewed by the audit team:

Document	File Name	Ref
• Project Maps	• Rotunda_Forest_Clopotiva_Mar1021 • Rotunda_Sampling_Clopotiva_Mar1021 • Rotunda_Sampling_Pui_Mar1021	• /1/

• Project GIS	• Various shapefiles	• /2/
• Inventory Data	• National Forest Inventory.ro.en • Boudewyn - Model Based V to Biomass • Uncertainty Calculations_20210120 • Coduri Amenajare1.3 • os5004s (DB).xls • AU1-AU8 Volume-Biomass calculations • Rotunda_VerificationSpeciesAge5k_Clopotiva	• /3/
• Modelling Data	• 2019 CBM-CFS3 v1.2 User's Guide (3) • Actual Harvested 2018-19 • Audit PRJ and BSL - Total Delta • Audit PRJ Total Delta • Growth CurvesHWP • BSL Roaded_20201130 • HWP CBM Export BSL_PRJ Roaded_20201127 • HWP PRJ Roaded_20201130 • Input All Run BSL (20201023) – Roaded • Input All Run PRJ (20201120) – BuiltHWP • PlannedRoad_Segments_BSLvsPRJ	• /4/
• Ownership Documents	• Proces Verbal Conferinta II 2018 • UP II Rotunda Clopotiva_avizat – Compressed • Extras_Informare_3205.pdf.txt • Extras_Informare_3210.pdf.txt • Extras_Informare_3211.pdf.txt • Extras_Informare_3215.pdf.txt • Extras_Informare_3217.pdf.txt	• /5/

• Management Plan	• Proces Verbal Conferinta II 2018 • UP II Rotunda Clopotiva_avizat – Compressed	• /6/
• Project Safegaurds	• GreenRaise SOP - GHG Safeguards (Nov '20)	• /7/
• GHG Calcs	• Project Data Calculations_20210127	• /8/
• Financial Plan w/Audit	• Rotunda - Financial Calculations (Mar '21) • Specified Procedures Report - ROTUNDA FOREST CARBON PROJECT - CNB - June 2, 2021	• /9/
• Stakeholder Consultation	• Rotunda Forest Carbaon Project - Stakeholder Comment Cover letter (Nov '20)EN+RN • Rotunda Forest Carbon Project - Stakeholder Consultation Information (EN) • Stakeholder List Rotunda (Jan '21)	• /10/
• Field SOP's	• SOP - GHG Monitoring (Nov '20)	• /11/
• Romanian National Forest Inventory	• Romanian _ National Forest Inventory (NFI)	• /12/

2.3 Interviews

- The process used in interviewing project personnel was a process wherein the audit team elicited information from project personnel regarding (1) the work products provided to the audit team in support of the PD and NPRR; (2) actions undertaken to ensure conformance with various requirements and (3) planned project activities.
- The following personnel associated with the project proponent and/or implementing partner were interviewed.

Name	Affiliation	Dates Interviewed
• Jason Zimmermann, RPF	• GreenRaise Consulting, Forest Engineer/Project Manager [Alternate]; (British Columbia, Canada)	• Throughout Audit
• Marika Forge, RP.Bio	• Zimmfor; Biologist/Project	• Throughout Audit

	Manager (British Columbia, Canada)	
• Marlo Zimmermann, CPA, CA	• Zimmfor; Accountant (British Columbia, Canada)	• Throughout Audit
• Nikolaus Pongracz	• Rotunda SRL; Land Owner (Miercurea Ciuc, Romania/Vienna, Austria)	• Throughout Audit
• Istvan Kosa	• Rotunda SRL; Forester (Miercurea Ciuc, Romania)	• Throughout Audit
• Dave Brown, RPF	• Zimmfor; Forester/Carbon Modeller (British Columbia, Canada)	• Throughout Audit
• Trevor de Zeeuw	• Zimmfor; Forester/Carbon Modeller (British Columbia, Canada)	• Throughout Audit
• Alexandra Shaw	• Zimmfor; GIS/Geomatics Manager (British Columbia, Canada)	• Throughout Audit

2.4 Site Inspections

- No site inspections took place during this assessment due to the COVID -19 Pandemic.
- In lieu of a site visit, the audit team held a suite of online meetings, phone calls, and review of high-resolution imagery

2.5 Resolution of Findings

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

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

As part of the audit process, 2 NCRs, 2 NIRs and 1 OBS were issued. All findings issued by the audit team during the audit process have been closed. In accordance with Section 4.1.13 of the VCS Standard, all findings issued during the audit process, and the impetus for the closure of each such finding, are described in Appendix A of this report.

2.5.1 Forward Action Requests

- Due to the travel restrictions and other issues caused by the COVID-19 pandemic, no in person site assessment occurred. While many aspects of the site visit were able to be performed remotely this was not a huge issue during the validation and verification. However, the onsite carbon stocks shall be confirmed through onsite remeasurements. Given that the GHG emission reductions are only loosely based on the inventory and the uncertainties surrounding the onsite stocking and the performance of the model. We ask that the subsequent verification include a remeasurement of inventory plots on site.

3 VALIDATION FINDINGS

3.1 Project Details

The audit team can confirm, as further justified below, that the description in the project description is accurate, complete, and provides an understanding of the nature of the project.

3.1.1 Project Type, Technologies/Measures to Be Implemented by the Project and Eligibility of the Project

The audit team has the following conclusions regarding the project type and technologies and measures that constitute the project activities:

- The project falls under sectoral scope 14 (AFOLU)
- The project falls under the category of Improved Forest Management (IFM), as described
- Discussion regarding the project's eligibility under the VM0012 methodology (and, thus, as an IFM project under the VCS Program, as the VM0012 methodology is a methodology for such projects) can be found in Section 3.2.1 below.
- The technologies and measures implemented, as described in Section 3 of the PD, are likewise eligible under the VCS Program.

The audit team finds that the project meets the eligibility requirements of the VCS Program because it meets the additionality test (as discussed in Section 3.4.5 below) and complies with all applicability conditions of the selected methodology (as discussed in Section 3.4.2 below).

3.1.2 Project design, Including Eligibility Criteria for Grouped Projects

Not applicable, as the project is not a grouped project.

3.1.3 Project Proponent and Other Entities Involved in the Project

The audit team has the following conclusions regarding the project proponent and other entities involved in the project:

- The project proponent is SC Rotunda SRL, which has been identified in section 1.5 of the project description.
- The audit team agrees with the identification of SC Rotunda SRL and Global Forest Support GmbH as the project proponents and SC Rotunda SRL is the entity that has full ownership of the project area.
- In addition to SC Rotunda SRL, Global Forest Support GmbH is the authorized representative of the project proponent.
- The verification team reviewed contractual information confirming that GreenRaise Consulting GmbH is the developer of the carbon project
- The audit team confirmed during interviews with the project team the active engagement of GreenRaise Consulting GmbH in the project.

3.1.4 Ownership

The audit team concludes that the PD has been accompanied by one or more of the following types of evidence establishing project ownership accorded to the project proponent(s); the audit team's specific conclusions regarding evidence of project ownership are provided specific to each type of evidence.

Conclusions regarding evidence of…	
Project ownership arising or granted under statute, regulation or decree by a competent authority	• N/A

Project ownership arising under law	• N/A
Project ownership arising by virtue of a statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals (where the project proponent has not been divested of such project ownership)	• N/A
Project ownership arising by virtue of a statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions and/or removals (where the project proponent has not been divested of such project ownership)	• The audit team confirmed that the project proponent, SC Rotunda SRL hold ownership in fee through a review of the ownership deeds /5/ • The audit team was provided with additional evidence that taxes are currently being paid by SC Rotunda SRL • The audit team included a local expert in forestry and land use policy who further confirmed the validity of the ownership by SC Rotunda SRL
An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals which vests project ownership in the project proponent	• N/A
An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions or removals which vests project ownership in the project proponent	• N/A
Project ownership arising from the implementation or enforcement of laws, statutes or regulatory frameworks that require activities be undertaken or incentivize activities that generate GHG emission reductions or removals	• N/A

3.1.5 Project Start Date

The project start date is January 1, 2018. The audit team has the following conclusions regarding the conformance of the project start date to the validation criteria:

- The audit team confirmed that the forest management plan is held by Rotunda S.R.L. as of the project start date and includes the current monitoring period
- The audit team confirmed that there is no requirement for the project proponent to continue harvesting operations and that the cessation of such is allowable under Romanian law.
- The audit team agrees that the project start date complies fully with the VCS rules.

3.1.6 Project Crediting Period

- The audit team confirmed that section 1.9 of the project description includes the required information for the crediting period
- The audit team agrees that the project crediting period complies fully with the VCS rules.

Based on the information provided the audit team agrees that the crediting period is justified under the VCS rules, as is a common occurrence for IFM projects

3.1.7 Project Scale and Estimated GHG Emission Reductions or Removals

The estimated average annual GHG emission reductions or removals, during the period January 1, 2018 and 31 December 2047, have been calculated 5,638 tonnes of CO2e per year, as reported in the table in section 1.10 of the project description document. Therefore, the audit team agrees that the project is a correctly classed as a project, per Section 3.9.1 of the VCS Standard.

3.1.8 Project Location

- The project location is described in section 1.12 of the project description, which includes maps of the project areas.
- The Rotunda property is located in western Romania adjacent to the Retezat Mountains in Hunedoara County
- Through review of project area maps /1/, forest management plan /6/, and spatial files /2/ of the project boundaries using GIS and Google Earth software, the audit team can confirm that the depiction given in section 1.1.12 of the PD is accurate.

3.1.9 Conditions Prior to Project Initiation

The audit team has the following conclusions regarding the conditions existing prior to project initiation:

- The conditions prior to project initiation are documented in section 1.13 of the project description.
- The information presented in the PD regarding the logging operations within the project area is generally consistent with the knowledge gained by the audit team during interviews with the project team (see section 2.3).

- The historical forest management and inventories which have been approved by the management plan indicate that harvesting and infrastructure establishment has occurred throughout the project area. The latest approved inventory and management plan showed:
    - 2,310 m3/year of primary wood cuttings in small patch cuts,
    - 561 m3/year of secondary wood products (thinning)
    - 2,994 m3/year of select conservation cuttings, maximum of 10% of standing volume.
    - 581 m3/year hygiene cuttings (these will continue to occur throughout the project)

3.1.10 Project compliance with Applicable Laws, Statutes and Other Regulatory Frameworks

The audit team has the following conclusions regarding the compliance of the project with all applicable laws, statutes and other regulatory frameworks:

- The project activities, as described in section 1.11 of the project description do not violate any applicable laws.
- Through a review of section 1.14 of the PD, and using the local knowledge of the local expert for the audit team confirmed that the project activities do not violate any laws, statutes, or other regulatory frameworks.

3.1.11 Participation Under Other GHG programs

The audit team concludes that the project is not currently registered under or seeking registration under another GHG program, as confirmed through the following steps:

- Through discussions with project personnel and review of section 1.15 of the PD, and investigation into Romanian forest carbon projects, the audit team confirmed that project is not currently registered or seeking registration under another GHG program.

The audit team concludes that the project has not been rejected by any other GHG program, as confirmed through the following steps:

- Through discussions with project personnel, and review of section 1.15.2 professional knowledge on the part of the audit team of the alternative GHG programs to VCS, the audit team has confirmed that the project has not been rejected by any of these

3.1.12 Other Forms of Credit

The audit team concludes that the project is not currently participating in any emission trading or other binding limit program or mechanism, as confirmed through the following steps:

- Discussion with project personnel and through review of Section 1.16 of PD, the audit team confirmed that the project does not currently nor plan to receive emission trading or other binding limit program or mechanism credits.

The audit team concludes that the project has not sought or received another form of GHG-related environmental credit, as confirmed through the following steps:

- Discussion with project personnel and through review of Section 1.16 of PD, the audit team confirmed that the project does not currently nor plan to receive another form of GHG-related environmental credit, including renewable energy certificates.

3.1.13 Additional Information Relevant to the Project

Leakage Management

- **Activity Shifting Leakage Monitoring**
  - The audit team reviewed the tax records for the project proponent and confirmed that to date there is no evidence of shifting harvesting operations to other lands owned by the project proponent
  - The audit team confirmed that the project description contains an appropriate description of leakage management as required.
- **Market Shifting Leakage Monitoring**
  - The audit team confirmed that the project description appropriately describes the process employed to assess and monitor market shifting leakage.

3.1.14 Overall Conclusion

In conclusion, the description in the PD is accurate, complete, and provides an understanding of the nature of the project.

3.2 Safeguards

3.2.1 No Net Harm

An assessment of potential negative environmental and socio-economic impacts has been performed in accordance with Section 3.16.1 of the VCS Standard and no such impacts have been identified. The audit team performed the following actions to confirm the absence of potential impacts:

- The audit team interviewed project personnel and reviewed tax records and confirmed the cessation of logging will not have economic effects on the project area employees.
- Given the small land area and the low levels of harvesting occurring prior to the project start that no other socio-economic effects are expected, which is consistent with the stakeholder feedback provided /10/.
- The audit team agrees with section 2.1 of the project description that no environmental impacts are expected as a result of the project activities.

3.2.2 Local Stakeholder Consultation

- The audit team reviewed the stakeholder consultation documentation and confirmed that, while the project takes place on private land, that a consultation process was performed, the audit team agrees that the identification of stakeholders is appropriate, given the project activities and the small impact of the cessation of logging

- The audit team reviewed the consultation presentation and confirmed it provides a wholistic understanding of the project
- As no feedback was provided no consideration of comments by the project proponent was necessary.
- The audit team reviewed the information provided to stakeholder and agree that it is a well-documented description of the project activities and expected outcomes.

3.2.3 Environmental Impact

Not applicable; no environmental impact assessments have been conducted with respect to the project.

3.2.4 Public Comments

A 30-day public comment period was conducted in accordance with Sections 3.16.5-3.16.8 of the VCS Standard.

The audit team confirmed by reviewing the Verra Registry website that no public comments were received during the consultation

3.2.5 AFOLU-Specific Safeguards

The steps taken to assess against the requirements of Sections 3.16.11-3.16.18 of the VCS Standard are as follows.

Element	Steps taken by the audit team to assess the element
The local stakeholder identification process and the description of results	• The audit team reviewed the stakeholder consultation and confirmed it provides a detailed description of the project impacts and associated risks • The audit team confirmed that the list of stakeholders consulted encompasses the breadth of stakeholder who may be impacted by the project activities • The audit team also confirmed by reviewing the project description that the required information regarding the local stakeholders has been included in section 2.2 of the project description

Risks to local stakeholders due to project implementation and how the project will mitigate such risks	• The audit team confirmed via interviews with the forest manager who confirmed that no change to the employment status of those working in the project area are expected. • The audit team confirmed through interviews with project employees that the information regarding risks and mitigation, as provided in table 5 of the project description. • The audit team agrees that the information provided in table 5 of the project description is a complete evaluation of the risks of the project to stakeholders and the mitigation measures are appropriate.
Risks to local stakeholder resources due to project implementation and how the project will mitigate such risks, including plans to ensure the project will not impact local stakeholders' property rights without the free, prior and informed consent	• Given the project takes place on privately owned forest land, this criterion is not applicable
Processes to ensure ongoing communication and consultation, including a grievance redress procedure to resolve any conflicts that may arise between the project proponent and local stakeholders	• The audit team confirmed that a grievance and redress procedure has been established a manual for receiving feedback and complaints /10/ as well a protocol for conflict resolution that are specific to the VCS project activities and implementation.

The audit team concludes, overall, that the project has been designed and, as appropriate, is implementing, plans and processes to ensure the project will not create any negative impacts on local stakeholders or mitigates such impacts where necessary.

3.3 Application of Methodology

3.3.1 Title and Reference

The title and reference of the methodology applied by the project (referred to hereafter as "the methodology") and any tools applied by the project are identified in the table below. The audit team affirms that the methodology and any applied tools, and the specific versions of them applied by the project, were valid at the time of issuance of this report.

Type*	VCS ID**	Title	Version	Notes regarding validity
M	VM0012	Improved Forest Management in Temperate and Boreal Forests (LtPF)	1.2	Current version
T	N/A	AFOLU Non-Permanence Risk Tool	4.0	Current version
T	VT0001	Tool for the Demonstration and Assessment of Additionality in VCS AFOLU Project Activities	4.0	Current version

- *M=methodology; T=tool
- **This is the identifier as assigned under the VCS Program or other GHG program

3.3.2 Applicability

The steps taken to assess compliance of the project with each of the relevant applicability conditions of the methodology are described below.

Applicability condition	Steps taken by the audit team to assess compliance	Conclusion regarding applicability condition
Project meets criteria for IFM-LtPF projects	• The project is reducing GHG emissions by reducing logging in the project area	• The audit team confirmed, using aerial imagery that logging is not occurring during the monitoring period • The audit team verified that the statements made in the PD are supported.

Projects located in Temperate and Boreal Domain Global Ecological Zones (as defined by FAO (FAO, 2001)) which are forest lands remaining forest lands (as defined by IPCC (IPCC, 2003)), and which can meet IPCC GPG LULUCF Tier III inventory and data requirements (IPCC, 2003); and,	• The audit team reviewed the project area and confirmed it meets the definition of temperate and boreal domain as described by the FAO	• The project meets the applicability regarding location and forest type.
Projects that meet the most current approved VCS Standard requirements for ownership; and,	• The project is held in private ownership as described in the ownership section of this report	• The audit team reviewed land and tax records for the project area and confirmed the meeting of the requirements for ownership

Projects on properties where the starting average annual illegal, unplanned, and fuelwood removals are less than 5% of total annual harvest levels (in CO2e) in the baseline scenario; and,	• No Evidence or reporting of illegal logging was noted during the verification activities	• N/A
Projects which do not encompass managed peatland forests (peatland as defined by IPCC GPG LULUCF); and,	• The audit team confirmed that the project area does not encompass managed peatlands.	• A quick review of the region of the project area confirms no peatlands present in the project area.
Projects where the total percentage of wetlands in the project area is not expected to change as part of project activities; and,	• Given that no activities regarding wetlands is expected during the project life the audit team agrees that the project meets this condition	• The project meets this condition

Projects that can demonstrate there will be no activity shifting to other lands owned or managed by project proponents outside the project boundary at the beginning of the project (within the first year of the project start date); and,	• The audit team reviewed tax records and management plans ensuring the project proponents hold no other harvestable forestlands in Romania	• The project meets this condition
Projects that do not include non-de minimis application of organic or inorganic fertilizer in the project scenario.	• As no active management other than hygiene harvesting is expected to occur, the audit team agrees that fertilizer is also not being employed on the project area	• The project meets this condition.

In conclusion, the project meets all applicability conditions of the methodology and any tools or modules selected by the project proponent.

3.3.3 Project Boundary

The audit team concludes, overall, that the project boundary is appropriately specified, and the selected sources, sinks and reservoirs appropriately justified for the project, as described in detail below.

Spatial Boundaries

The audit team evaluated the spatial boundaries of the project area based on the procedures outlined in section 5.1 of the methodology. The audit team confirmed that the project area as described by the

shapefiles /2/ and section 1.12 of project description document including the maps in figures 1 ,2, and 3, as discussed in detail below

Temporal Boundaries

The project complies with all requirements of section 5.2 of the methodology regarding temporal boundaries, as discussed below.

Requirement	Step(s) taken to assess compliance
The temporal boundaries are defined by the project start date and length of the project crediting period.	• Confirmed by reviewing sections 1.8 and 1.9 of the PD that the project start date is 1 January 2018, the project crediting period is 30 years, and therefore the end of the crediting period is 31 December 2047.

Leakage Assessment Boundaries

All projects using VM0012 use the required national leakage area, as described in section 5.3 of the methodology.

Sources, Sinks, and Reservoirs

The steps taken to assess whether each carbon pool has been selected (or not selected) correctly in accordance with the methodology are described below.

Carbon Pools	Included/Excluded	Steps(s) Taken to Assess Compliance
Above Ground	Tree: Included	Checked against Table 1 in methodology to confirm that inclusion above ground tree biomass is mandatory. All calculations of GHG emissions reductions /3-4/ include above ground live tree biomass.
	Non-tree: Excluded	Checked against Table 1 in methodology to confirm that exclusion is mandatory as it is always conservative when forests remain as forests. All forests in the project area will remain as forests through the project duration. All calculations of GHG emissions reductions /3-4/ exclude above ground live tree biomass.
Below Ground	Included	Checked against Table 1 in methodology to confirm this pool is to be included. All calculations of GHG emissions reductions /3-4/ include below ground live tree biomass.
Deadwood	Included	Checked against Table 1 in methodology to confirm this pool is to be included in the baseline. All calculations of GHG emissions in the baseline /3-4/ include deadwood.

Wood Products	Included	Checked against Table 1 in methodology to confirm this pool is to be excluded. All calculations of GHG emissions in the /3-4/ include wood products.
Litter	Excluded	Checked against Table 1 in methodology to confirm this pool is to be excluded. All calculations of GHG emissions reductions /3-4/ exclude litter.
Soil Organic Carbon	Excluded	Checked against Table 1 in methodology to confirm this pool is to be excluded. All calculations of GHG emissions reductions /3-4/ exclude soil organic carbon.

Emission Sources

Source	Gas	Included/Excluded	Steps(s) Taken to Assess Compliance
Use of Fertilizer	CO2 CH4 N2O	All Excluded	Checked against Table 2 in the methodology. Potential emissions are negligible.
Combustion of Fossil Fuels by Vehicles / Equipment	CO2 CH4 N2O	All Excluded	Checked against Table 2 in the methodology. Potential emissions are negligible.
Burning of Biomass (on site slash burning)	CO2 CH4 N2O	All Excluded	Checked against Table 2 in the methodology. Potential emissions are negligible.

Overall, the audit team agrees that the project boundaries have been appropriately described in conformance with the methodology.

3.3.4 Baseline Scenario

Overall, the identified baseline scenario is justified. The audit team's high-level assessment of the baseline scenario is described below:

Step 1 - Identify Plausible Alternative Baseline Scenarios to the VCS Activity

The continuation of harvesting as described in the management plan.

1. **Historical Practice**

The audit team reviewed section 3.4 of the project description and cross checked against the management plan and confirmed that baseline is the continuation of pre-project activities. In addition,

the audit team reviewed historical imagery in GoogleEarth, further confirming the low level of harvesting as described.

2. Common Practice

The audit team reviewed section 3.4 of the project description and cross checked against the management plan and confirmed that baseline scenario is in line with common practice. This was further confirmed through the professional knowledge of the audit team.

3. Acquisition for conversion to real estate development lands

The audit team reviewed the project description and cross checked the claims against hi-resolution imagery and agree that given the remoteness and geography of the region of the project area is unlikely to be developed for real estate.

4. Acquisition for conversion to conservation lands

The audit team is unaware of any instance in Romania in which the project area could be under conservation without carbon funding. This is further described in section 3.3.5 below.

Also, in section 3.3.5 below, the audit team will include a description of the process for ensuring the following items in the methodology are considered:

1. Comply with IFM-LtPF project and eligibility requirements by only including activities and areas where forests remain forests;

2. Comply with legal requirements for forest management and land use in the area, "unless verifiable evidence can be provided demonstrating that common practice in the area does not adhere to such requirements" (Voluntary Carbon Standard, 2008d);

3. Demonstrate that the "projected baseline scenario environmental practices equal or exceed those commonly considered a minimum standard among landowners in the area" (Voluntary Carbon Standard, 2008d).

Step 2- Selection of a Single Plausible Baseline Scenario for the Project

Step 2a - The Historical Baseline Scenario – based on historical operating practices on the property:

The audit team reviewed the management plan and confirmed that it meets the requirements for a minimum of 5 years of historical data when read as a forward-looking management plan as allowed by the methodology. The audit team confirmed that the information in the management plan has been accurately described in the project description.

Step 3 – Additionality

Project additionality is described in section 3.3.5 below.

3.3.5 Additionality

Overall, additionality is justified for the project. In accordance with the methodology, and as well-documented within Section 3.5 of the PD, the tool Version 3.0 (the most recent version) of the VCS-

approved "Tool for the Demonstration and Assessment of Additionality in VCS AFOLU Project Activities" has been used to demonstrate additionality.

A high-level summary of steps taken to assess additionality is provided below:

Steps taken to assess…	
Adherence to regulatory surplus requirements.	• The audit team confirmed through a review of forestry laws in Romania that there is no regulatory requirement to conduct the project activity.
The appropriateness of data and parameters used in financial calculations and sensitivity analyses, including those taken from feasibility study reports.	• The project applies a 5% discount rate which has been utilized by the company for investment analyses for timber operations in Romania /9/. The audit team used knowledge of local forestry experts to further confirm this claim
The suitability of the benchmark used for investment analysis.	• Step 2b-Option III: Benchmark analysis was not applied. Instead, the simple cost analysis was applied for Step 2 of the Additionality Tool. The audit team confirmed that the simple cost analysis was applied for the project scenario and the alternative land use scenarios.
The credibility of each barrier identified in the barrier analysis.	• The audit team agrees with the claims in the project description that there are no financial incentives to conserving the project area in the absence of carbon funding.
The appropriateness of the geographical region used in the common practice analysis.	• The common practice analysis was conducted for all of Romania and thus is considered to be suitable.
Information regarding similar projects identified in the common practice analysis, including essential distinctions between similar projects and the proposed project.	• The common practice analysis was conducted for similar project types which involve the development of a forest conservation project along with community development Romania. It was confirmed that no similar projects in the Romania.

The reasonableness of assumptions made in the demonstration of additionality.	• Overall, the audit team confirmed that the assumptions regarding additionality are reasonable. The alternative land use (continued harvesting) has been exhibited by the company for over a decade and is the common practice in similar land ownerships (concessions) in the region.

Based on the information provided, including conserving forestland on private lands and the fact that this is the first IFM carbon project in Romania that the project is additional based on the investment analysis.

3.3.6 Quantification of GHG Emission Reductions and Removals

Overall, the methodology and any referenced tools have been applied correctly to calculate baseline emissions, project emissions, leakage and net GHG emission reductions and removals for the baseline period. The quantification of such is described in greater detail below.

Baseline

The quantification methods that will be used for calculation of baseline emissions during the project crediting period are summarized as follows:

Validating Inventory Requirements:

The audit team reviewed the project description and cross checked the claims against the inventory data provided /4/ and confirmed that the data pertains to the project area.

The audit team reviewed the inventory data /4/ which is claimed to be created in 2017. Unfortunately, this could not be confirmed on site. In lieu of comparing the historical data to the current stocks, the audit team compared the data to the Romanian National Forest Inventory /12/. The comparison shows that the data represents a conservative estimate of stocking for mature forests in the region.

Finally, the audit team interviewed the forest manager for the project area and reviewed the field SOP's and confirmed that documentation is available describing the methods used to create, update, or otherwise validate the starting inventory, including statistical analysis, field data, and/or other evidence. Additionally, the SOP's are based directly from the provisions of the Forest Code (Law 46/2008 with subsequent completions and modifications, respectively Law 175/2017)

Baseline Scenario Area Stratification

The baseline stratification was confirmed through online meeting using screenshare and analysis of high-resolution imagery. The process for stratification follows standard forestry practices and is based on cover type, stand age, productivity class, and operability. A recording of the analysis is saved on SCS servers for further review if necessary.

Model Selection and Use

Using online meeting with screen share capabilities, the audit team reviewed the model in use for the project and baseline scenarios. The audit team confirmed that the project is using the Carbon Budget Model of the Canadian Forest Sector (CBM). As the CBM is a publicly available, long utilized growth and yield model familiar to the audit team, the audit team confirmed the model is suitable for use as the model:

1. Well established (i.e., have been under continuous use and development for 10 years, or longer);

2. Generate values on an annual basis (preferably), or at intervals not exceeding 10 years.

3. Include a reasonable representation of mortality from stand-self thinning and natural disturbance agents that are regionally appropriate. Adjustments may need to be made by project proponents to account for these factors if they are not well represented. Rationale must be provided when making adjustments.

4. Output data are expressed in carbon units (tC/ha) or as biomass (t/ha), and are calculated for each of the required carbon pools (See Table 1). If expansion factors are used in combination with growth and yield model(s), they should be based upon regionally specific studies and applied only for the appropriate region and species.

5. Well documented and expert reviewed. In order of preference, these include (a) ongoing publications in peer-reviewed scientific journals, (b) documented reviews by expert practitioners in forestry/biology/ecology, and/or (c) approved by government for use in forest management activities;

6. Parameterized, calibrated, and tested for the specific conditions of the project.

In addition, the audit team reviewed the process for parametrizing the model for use in Romania and confirmed that the model has been updated based on the growth curves for the region and includes a listing and explanation of all input data, output data, and model parameters/assumptions.

Calculating the Carbon Balance

As previously stated, the assessment of the baseline quantification, the use of the CBM was assessed during online meetings where the modeling exercise was replicated and recorded for posterity. The audit team confirmed that all of the pools described earlier have been considered and appropriately modeled. The outputs from the model were then exported into excel files where the required equations of the methodology we appropriately applied. A complete description of the verification activities used to confirm the accuracy of said quantifications is found in section 4 of this report. Finally, the audit team confirmed that conservative decisions were employed through each step of the process, making the baseline estimates of carbon extremely low risk.

Project Emissions

The project emissions for the crediting period consist only of hygiene cutting and have been appropriately modeled. As stated above, this was confirmed through a replication of the modeling exercise. Finally, the audit team replicated the calculations using the equations described in the methodology. While some additional harvest activity occurred during the monitoring period, this was not considered in the ex-ante calculations and will be discussed further in section 4 below.

Leakage Emissions

As described in the project description, Rotunda does not own other lands within Romania and other parcels not included in the project are not eligible for harvesting. The audit team reviewed tax records and the management plan and confirmed that these claims are accurate. Given these findings, the audit team agrees that activity shifting leakage is not a risk for the project.

In reviewing the application of market leakage, the audit team reviewed the project description and compared against the VCS Market Leakage Tool and confirmed that the project is designed to appropriately account for market leakage.

Uncertainty

As described above, the project utilizes the CBM to estimate the project and baseline ex-ante estimates. For the validation of the project description the audit team held online meetings in which the modelling exercise was replicated, and the associated model uncertainty was calculated. The audit team reviewed the uncertainty calculations and confirmed that they were calculated using the required equations from the methodology and produced accurate estimates of uncertainty. Calculations of uncertainty can be found in the project documents /3-4/.

Overall, the audit team can confirm the following:

- All relevant assumptions and data are listed in the project description, including their references and sources.
- All data and parameter values used in the project description are considered reasonable in the context of the project.
- All estimates of the baseline emissions can be replicated using the data and parameter values provided in the project description.
- The methodology and referenced tool have been applied correctly and appropriately to baseline emissions, project emissions, leakage and net GHG emission reductions and removals during the project crediting period.

3.3.7 Methodology Deviations

This section is not applicable, as no deviations have been implemented by the project at this time.

3.3.8 Monitoring Plan

The table below describes the parameters utilized by the project. Given that both ex-ante and ex-post estimates are derived from the CBM, the data and parameters for validation and verification are the

same. In addition, most of the parameters utilized for the ex-ante and ex-post estimates occur within the CBM the evidence was provided during online meetings in which the modeling exercise was replicated for the audit team.

Parameter	Findings
$ABSL,i,APRJ,i$	This parameter was quantified using a GIS database. During online calls with project personnel, the audit team was provided a step by step walkthrough of the process for determining the land base available for timber harvesting in both the baseline and project scenario. The audit team confirmed that this process was consistent with procedures described in the monitoring report. In addition, the audit team reviewed databases for both the project and baseline scenarios and confirmed that only land base meeting the criteria described in the monitoring report were included in the quantification of this parameter.
CF	This parameter is determined using a default factor provided by the IPCC 2006 Guidelines for National Greenhouse Gas Inventories. The audit team confirmed that the project is using the carbon fraction value prescribed by the methodology.
R_i	The audit team confirmed that the root-to-shoot ratios used in the calculation of belowground biomass are derived from the CBM and in conformance with the methodology.
$fBSL,NATURAL,i,t,fPRJ,NATURAL,i,t$	The audit team confirmed that the mortality of biomass used in the calculations are derived from the CBM and in conformance with the methodology.
$fBSL,HARVEST,i,t,fPRJ,HARVEST,i,t$	The audit team confirmed that the proportion of biomass harvested used in the calculations are derived from the CBM and in conformance with the methodology.
$fBSL,DAMAGE,i,t,fPRJ,DAMAGE,i,t$	The audit team held online meetings and reviewed project workbooks /3-4/ and confirmed that the process for assessing additional harvests due to road building and landings have been considered in the baseline and will use the same processes throughout the monitoring of the crediting period.
$fBSL,BLOWDOWN,i,t,fPRJ,BLOWDOWN,i,t$	The audit team confirmed that the process for assessing blowdown is handled along with other damages described directly above.
$fBSL,BRANCH,i,t,$	The audit team held online meetings in which the modeling exercise was replicated and confirmed that the CBM is appropriately account for this parameter

Parameter	Findings
fPRJ,BRANCH,i,t	
fBSL,BUCKINGLOSS,i,t, fPRJ,BUCKINGLOSS,i,t	The audit team held online meetings in which the modeling exercise was replicated and confirmed that the CBM is appropriately account for this parameter
fBSL,SNAGFALLDOWN,i,t, fPRJ,SNAGFALLDOWN,i,t	The audit team held online meetings in which the modeling exercise was replicated and confirmed that the CBM is appropriately account for this parameter
fBSL,LWDECAY,i,t, fPRJ,LWDECAY,i,t	The audit team held online meetings in which the modeling exercise was replicated and confirmed that the CBM is appropriately account for this parameter
fBSL,SWDECAY,i,t, fPRJ,SWDECAY,i,t	The audit team held online meetings in which the modeling exercise was replicated and confirmed that the CBM is appropriately account for this parameter
fBSL,DBGDECAY,i,t, fPRJ,DBGDECAY,i,t	The audit team held online meetings in which the modeling exercise was replicated and confirmed that the CBM is appropriately account for this parameter
EM	The audit team held online meetings in which the modeling exercise was replicated and confirmed that the CBM is appropriately account for this parameter. In addition, the audit team reviewed the calculation of error associated with field measurements in the project workbooks /3-4/ and confirmed the accuracy of the values.
EI	The audit team reviewed the calculation of error associated with field measurements in the project workbooks /4/ and confirmed the accuracy of the value.
EP	The audit team held online meetings in which the modeling exercise was replicated and confirmed that the CBM is appropriately account for this parameter. In addition, the audit team reviewed the calculation of error associated with field measurements in the project workbooks /3-4/ and confirmed the accuracy of the values.

Parameter	Findings
ERy,ERR,	This parameter is quantified using the procedures described in table 6 of the VCS VM0012 Methodology. The audit team reviewed the calculations provided in the project workbooks /3-4/ and confirmed that the calculations were performed accurately
MLFy	Market leakage has been considered by the project and has been appropriately described in the market leakage section above.
Component Ratio Method (Biomass Expansion Factors)	The audit team held online meetings in which the modeling exercise was replicated and confirmed that the CBM is appropriately account for this parameter
DBH i,t	The audit team reviewed the project inventory and confirmed that all trees measured had DBH recorded. Please see Forward action request for more details.
Height i,t	The audit team reviewed the project inventory and confirmed that all trees measured had heights recorded. Please see Forward action request for more details.
BAG i,t	The audit team reviewed the project workbooks /4/ and confirmed that biomass has been accurately calculated and reported
BBG i,t	The audit team reviewed the project workbooks /4/ and confirmed that biomass has been accurately calculated and reported
BTOTAL i,t	The audit team reviewed the project workbooks /4/ and confirmed that biomass has been accurately calculated and reported
CLB i,t	The audit team reviewed the project workbooks /4/ and confirmed that dead organic matter carbon storage has been accurately calculated and reported
CDOM i,t	The audit team reviewed the project workbooks /4/ and confirmed that tree carbon storage has been accurately calculated and reported

Overall, the audit team agrees that the project processes and data collection and analysis are of high quality, including the field SOP's and the CBM. The project also employs an online storage database to ensure to suitable implementation of monitoring plan throughout the crediting period. Throughout the monitoring plan the audit team confirmed that adherence to the methodology and associated tools is appropriate.

3.4 Non-Permanence Risk Analysis

The reported value of the overall risk rating, as determined based on the risk analysis documented in the NPRR, was 12%.

The audit team performed a complete review of the risk analysis against the requirements of the AFOLU Non-Permanent Risk Tool. The audit team concludes that the assignment of risk scores is appropriate and in conformance to the AFOLU Non-Permanence Risk Tool.

A detailed review of the audit team's conclusions may be found below:

3.4.1 Internal Risk - Project Management

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	• N/A	• N/A	Risk rating is appropriate
(b)	• Audit team confirmed via interviews with project personnel and stakeholders that illegal logging is a risk but not prevalent enough to threaten 50% of the stocks.	• N/A	Risk rating is appropriate
(c)	• Audit team confirmed during interviews with project personnel, implementing partners and an independent review of the personnel's experience that the management team includes individuals with significant experience to successfully undertake all project activities.	• N/A	Risk rating is appropriate
(d)	• Confirmed during interviews with project personnel that members of the management team live in Austria which is less than a day's travel from the project site.	• N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(e)	• Audit team confirmed during interviews with project personnel and an independent review of the personnel's experience that the management team includes individuals with significant experience in AFOLU project design and implementation and carbon accounting and reporting, including forest carbon offset project development and finance.	• N/A	Risk rating is appropriate
(f)	• The audit team confirmed that an adaptive management plan /6/ is in place. The plan identifies risks and includes monitoring and mitigation actions for each risk.	• Management Plan /6/ is well written, clear, and meets all requirements of the tool.	Risk rating is appropriate

3.4.2 Internal Risk – Financial Viability

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	• N/A	• N/A	Risk rating is appropriate
(b)	• N/A	• N/A	Risk rating is appropriate
(c)	• The audit team reviewed the audited financial plan /10/ which includes all of the required information, including sales prices for carbon credits, management costs, and other contracts confirming that that breakeven is between 4 and 7 years.	• The financial plan /10/has been audited by a financial institution and is considered high quality	Risk rating is appropriate
(d)	• N/A	• N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(e)	• N/A	• N/A	Risk rating is appropriate
(f)	• N/A	• N/A	Risk rating is appropriate
(g)	• N/A	• N/A	Risk rating is appropriate
(h)	• The audit team reviewed the project cash flow /10/ including the assumptions on carbon pricing and the costs and revenues related to the project. In addition, the audit team reviewed tax records of the project proponent and were able to confirm that the project has secured 80% of funding needed to cover total cashout before the project reaches breakeven.	• Costs and revenues associated with timber activities are demonstrated from actual contracts /10/	Risk rating is appropriate
(i)	• Confirmed through the review of a project finances and tax records project has available callable financial resources that are not included in the secured funding	• Audited financial and tax records are considered high quality	Risk rating is appropriate

3.4.3 Internal Risk – Opportunity Cost

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	• N/A	• N/A	Risk rating is appropriate
(b)	• N/A	• N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(c)	• The audit team confirmed that the most profitable alternative land use would be timber harvesting. We independently compared the NPV analysis for the project to the without project (baseline) scenario and found that the alternative land use NPV would be between 20% and 50% more profitable than the project activity.	• The NPV analysis was provided confidentially, as it includes commercially sensitive information, but was performed by a certified public accountant and is considered of high quality.	Risk rating is appropriate
(d)	• N/A	• N/A	Risk rating is appropriate
(e)	• N/A	• N/A	Risk rating is appropriate
(f)	• N/A	• N/A	Risk rating is appropriate
(g)	• N/A	• N/A	Risk rating is appropriate
(h)	• The audit team reviewed contractual agreements between the project developer and the project proponent, as well as the project management plan /6/, which are legally binding and require the continuation of project activities	• The audit team considers the management plan /6/ and contractual agreements to be of high quality.	Risk rating is appropriate
(i)	• N/A	• N/A	Risk rating is appropriate

3.4.4 Internal Risk – Project Longevity

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	• N/A	• N/A	Risk rating is appropriate
(b)	• The audit team reviewed contractual agreements between the project developer and the project proponent, as well as the project management plan /6/, which are legally binding and require the continuation of project activities • The audit team reviewed the approvals regarding the management plan /6/ as well as the project financial plan /9/ and confirmed that they cover the crediting period • Finally, the audit team recalculated the project longevity based on the crediting period and the items described above to confirm the project longevity	• The audit team considers the approved plan and audited financial plan to be of high quality	Risk rating is appropriate

3.4.5 External Risk – Land Tenure and Resource Access/Impacts

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	• N/A	• N/A	Risk rating is appropriate
(b)	• Through interviews with the project team and review of the ownership documentation /5/ and confirmed that the project area is private fee land and therefore are held by the same entity	• Land titles /5/ are considered high quality	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(c)	• As only the proponent has rights to the land no disputes exist	• Land titles are considered high quality	Risk rating is appropriate
(d)	• Whereas, the project area includes road use easements, the project, the audit team interviewed project personnel and reviewed ownership documents confirming no disputes exist at this time	• Land titles /5/ are considered high quality •	Risk rating is appropriate
€	• N/A	• N/A	Risk rating is appropriate
(f)	• The audit team reviewed contractual agreements between the project developer and the project proponent, as well as the project management plan /6/, which are legally binding and require the continuation of project activities	• The audit team considers the management plan /6/ and contractual agreements to be of high quality.	Risk rating is appropriate
(g)	• N/A	• N/A	Risk rating is appropriate

3.4.6 External Risk – Community Engagement

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	• N/A	• N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(b)	• Through interviews with project personnel and review of the stakeholder consultation process /10/, the audit team confirmed that greater than 20% of households living within 20 kms of the project area have been consulted	• The audit team considers the stakeholder consultation /10/, which is also located on the project website to be of high quality	Risk rating is appropriate
(c)	• N/A	• N/A	Risk rating is appropriate

3.4.7 External Risk – Political Risk

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(a)	• N/A	• N/A	Risk rating is appropriate
(b)	• N/A	• N/A	Risk rating is appropriate
(c)	• Audit team independently recalculated Romania's governance score through World Bank Institute's Worldwide Governance Indicators for 2015-2019, as downloaded from http://info.worldbank.org/governance/wgi/#home as -0.1086.	• The Worldwide Governance Indicators are required for use by the AFOLU Non-Permanence Risk Tool and are thus considered to be of high quality.	Risk rating is appropriate
(d)	• N/A	• N/A	Risk rating is appropriate
(e)	• N/A	• N/A	Risk rating is appropriate

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
(f)	• Audit team confirmed that Romania has established FSC and PEFC standards bodies	• N/A	Risk rating is appropriate

3.4.8 Natural Risk

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
Fire			
L	• The audit team reviewed the national inventory report of Romania and agree that the information provided when conservatively extrapolated that the risk of los of carbon stocks due to fire is extremely low.	• The audit team considers the national inventory data to be of high quality	Risk rating is appropriate
S	• N/A	• N/A	
M	• N/A	• N/A	
Pest and Disease Outbreaks			
L	• The audit team reviewed data from FAO 2007 and agree that based on available data and when conservatively extrapolated that the risk of pest and disease is low and not likely to result in a signifi9cant loss of carbon stocks	• The audit team considers FAO data to be of high quality	Risk rating is appropriate
S	• N/A	• N/A	
M	• N/A	• N/A	
Extreme Weather			

Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of risk rating
L	• The audit team was unable to independently find evidence of extreme weather affecting the region of the project area. Given the location of the project area and the natural disturbance patterns of the region and forest types, the audit team agrees that the risk applied by the project is conservative and appropriate	• N/A	Risk rating is appropriate
S	• N/A	• N/A	
M	• N/A	• N/A	
Geological Risk			
L	• Audit team confirmed during interviews with project personnel and the expertise of the audit team's local expert that there is no likelihood of geologic risks.	• N/A	Risk rating is appropriate
S	• N/A	• N/Ax	
M	• N/A	• N/A	
Other natural risk			
L	• N/A	• N/A	Risk rating is appropriate
S	• N/A	• N/A	
M	• N/A	• N/A	

Overall, the audit team agrees that the documentation and justifications of the risks scores provided appropriately consider all of the risks associated with the project and the risk score of 12% is appropriate.

4 VERIFICATION FINDINGS

4.1 Accuracy of GHG Emission Reduction and Removal Calculations

4.1.1 Data and Parameters Monitored

	Steps taken by audit team to assess… - -		
Data/Parameter	**Accuracy of GHG emission reductions and removals**	**Whether methods/formulae set out in project description have been followed**	**Appropriateness of default values**
APRJ,i	The audit team used ARCGIS software to recalculate the project area hectares and confirmed the reported acreage to be correct	The audit team confirmed that the methods set out in the project description have been followed	N/A
APSP,i,	The audit team interviewed the forest manager for the project area and reviewed the project field operating procedures and confirmed that the area of sample plots is appropriate and in line with standard forestry practice	The audit team confirmed that the methods set out in the project description have been followed	N/A
DBH i,t	The audit team interviewed the forest manager for the project area and reviewed the project field operating procedures and confirmed that the measurement of DBH is appropriate and implemented correctly. See forward action section above.	The audit team confirmed that the methods set out in the project description have been followed	N/A

	Steps taken by audit team to assess... - -		
Data/Parameter	**Accuracy of GHG emission reductions and removals**	**Whether methods/formulae set out in project description have been followed**	**Appropriateness of default values**
Height i,t	The audit team interviewed the forest manager for the project area and reviewed the project field operating procedures and confirmed that the measurement of height is appropriate and implemented correctly. See forward action section above.	The audit team confirmed that the methods set out in the project description have been followed	N/A
BAG i,t BBG i,t BTOTAL i,t	The audit team interviewed the forest manager for the project area and reviewed the project field operating procedures and confirmed that the measurement of biomass is appropriate and implemented correctly. See forward action section above. In addition, the audit team held online meets where the modeling exercise was replicated and confirmed that the model is being utilized correctly	The audit team confirmed that the methods set out in the project description have been followed	N/A
CLB i,t CDOM i,t	The audit team interviewed the forest manager for the project area and reviewed the project field operating procedures and confirmed that the calculation of carbon is appropriate and implemented correctly. See forward action section above.	The audit team confirmed that the methods set out in the project description have been followed	N/A

	Steps taken by audit team to assess... - -		
Data/Parameter	**Accuracy of GHG emission reductions and removals**	**Whether methods/formulae set out in project description have been followed**	**Appropriateness of default values**
fPRJ,NATURAL,i,t	The audit team interviewed the forest manager for the project area and reviewed the project field operating procedures and confirmed that the measurement of biomass is appropriate and implemented correctly. See forward action section above.	The audit team confirmed that the methods set out in the project description have been followed	N/A
fPRJ,HARVEST,i,t	The audit team reviewed the harvest activities that took place during the monitoring period and confirmed that the volume has been reported accurately	The audit team confirmed that the methods set out in the project description have been followed	N/A
fPRJ,DAMAGE,i,t	The audit team reviewed the project workbooks /3-4/ and confirmed that the road construction has been appropriately measured and reported accurately	The audit team confirmed that the methods set out in the project description have been followed	N/A
DOMSNAG,i,t DOMLDW,i,t VLDW,i,t Li,t Dn,i,t Ni,t	The audit team interviewed the forest manager for the project area and reviewed the project field operating procedures and confirmed that the measurement of dead biomass is appropriate and implemented correctly. See forward action section above.	The audit team confirmed that the methods set out in the project description have been followed	N/A

	Steps taken by audit team to assess... - -		
Data/Parameter	**Accuracy of GHG emission reductions and removals**	**Whether methods/formulae set out in project description have been followed**	**Appropriateness of default values**
EM EI EP	The audit team held online meetings in which the modeling exercise was replicated and reviewed project workbooks /3-4/ and confirmed that the errors calculations have been appropriately derived and reported accurately	The audit team confirmed that the methods set out in the project description have been followed	N/A
ERy,ERR	The audit team reviewed project workbooks /3-4/ and confirmed that uncertainty was calculated correctly, using the formulae set out in the methodology	The audit team confirmed that the methods set out in the project description have been followed	N/A
MLFy	The audit team reviewed project workbooks /3-4/ and confirmed that market leakage was calculated correctly, using the formulae set out in the methodology	The audit team confirmed that the methods set out in the project description have been followed	N/A

Throughout the analysis of the project quantification, the audit team was able to trace all data from inventory workbooks to the CBM and ultimately to the project GHG workbooks /3-4/. In all cases no instances of manual transpositions were note.

Overall, the audit team agrees that the data and parameters used to quantify the GHG reductions have been properly defined and implemented as described in the methodology and the management plan.

4.2 Quality of Evidence to Determine GHG Emission Reductions and Removals

The evidence used to determine the GHG reductions and removals was of enough quantity and appropriate quality. An identification of the categories of evidence used to determine the GHG emission

reductions and removals, and a description of the steps taken to assess the sufficiency of quantity, and appropriateness of quality, of each category of evidence, follows.

	Steps taken by audit team to assess…		
Category	**Reliability of the evidence, source and nature of evidence for the determination of GHG emission reductions or removals**	**Information flow from data generation and aggregation, to recording, calculation and final transposition into the MR**	**Appropriateness of implemented calibration frequency of monitoring equipment**
Forest carbon Inventory data as input to plot data workbook /4/	Review of field SOP's, interviews with project personnel and comparison to national inventory data	Same as steps taken to assess "Reliability of the evidence…"	Same as steps taken to assess "Reliability of the evidence…"
Spatial products showing stratification of project area, as an input to quantification of carbon stock change during the monitoring period	Review of project area, high resolution imagery, GIS analysis, and review of project workbooks /3-4/	Recalculation of carbon stock changes in project area during monitoring period; comparison to information presented in the MR	N/A
Current carbon model	Online meetings in which the modeling exercise was replicated	Comparison with information presented in MR (downstream products) and with information sources flowing into the carbon model workbook (upstream products)	N/A
Information pertaining to quantification of baseline carbon stock changes and emissions	Review and recalculation of a sample of data using the project workbooks /3-4/	Comparison with information presented in MR (downstream products) and with information sources flowing into the carbon model workbook (upstream products)	N/A

5 VALIDATION AND VERIFICATION CONCLUSION

The audit team assets that:

The project complies with the criteria defined in this report without qualification or limitation.

Verification period: From 01-January-2018 to 31-December-2020

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

Year	Baseline emissions or removals (tCO_2e)	Project emissions or removals (tCO_2e)	Leakage emissions (tCO_2e)	Net GHG emission reductions or removals (tCO_2e)	Buffer pool allocation	VCUs eligible for issuance
2018	2.898	0	0	2.898	348	2,506
2019	346	0	0	346	42	299
2020	4,414	0	0	4,414	530	3,818
Total	7,658	0	0	7,658	919	6,624

- Net change in carbon stocks: 7,658 tCO_2e
- Total Emission Reductions: 7,658 tCO2e
- Non-permanence risk rating (see Section 4.6 above): 12%
- Total number of buffer credits to be deposited into AFOLU pooled buffer account: 919 credits

APPENDIX: ASSEMENT FINDINGS

NIR 1 Dated 7 Apr 2021

Standard Reference: VCS Standard v4 Section 6.3.1

Document Reference: N/A

Finding: The VCS Standard states:

"The project description shall be accompanied by one or more of the following types of evidence establishing project ownership accorded to the project proponent(s), or program ownership accorded to the jurisdictional proponent(s), as the case may be (see the VCS Program document Program Definitions for definitions of project ownership and program ownership). To aid the readability of this section, the term project ownership is used below, but should be substituted by the term program ownership, as appropriate:

1) Project ownership arising or granted under statute, regulation or decree by a competent authority.

2) Project ownership arising under law.

3) Project ownership arising by virtue of a statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals (where the project proponent has not been divested of such project ownership).

4) Project ownership arising by virtue of a statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions and/or removals (where the project proponent has not been divested of such project ownership).

5) An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals which vests project ownership in the project proponent.

6) An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions or removals which vests project ownership in the project proponent.

7) Project ownership arising from the implementation7 or enforcement of laws, statutes or regulatory frameworks that require activities be undertaken or incentivize activities that generate GHG emission reductions or removals."

In review of the project documents it is unclear if the project proponents hold the ownership of the project area for the period comprising the project area. Please provide evidence that the ownership of the project area is held by the project proponents for the period comprising the monitoring period.

Project Personnel Response: Current land registry documents were submitted via client share "Request Date - 2021-03-30".

Auditor Response: The documentation provided is sufficient for resolving this issue

NCR 2 Dated 7 Apr 2021

Standard Reference: VM0012 Methodology Section 9.3.5

Document Reference: N/A

Finding: The VM0012 Methodology states:

"The objective of the field plot network is to determine the statistical accuracy of the modelled carbon stocks by polygon or analysis unit…

Plot Layout

Permanent sample plots can be located at random or systematically using a plot grid. The latter approach results in greater precision if some areas within polygons have higher carbon content than others (Pearson, Brown, & Birdsey, 2007)."

Through review of the project documentation and conversations with project personnel, the verification team observed that the sampling frame was buffered to exclude edge areas of the analysis units. As this method results in areas of the project area to have no chance of being selected for plot allocation. Given this occurrence, using a simple random sampling design has the potential to result in a biased estimate of onsite carbon stocks. Please justify the use of this method in so far as it has the potential to overestimate the GHG emission reductions or removals.

Project Personnel Response: Original Sample Design/ Rationale - "The objective of the field plot network is to determine the statistical accuracy of the modelled carbon stocks by polygon or analysis unit". The modelled stocks ((Y d,h,i) predicted values) are based on the most recent Management Plan that is based on a 'systematic random sampling' design and was used as input for the CBM model. The Monitoring Plots on the other hand (field measured values (Y m, h, i)) were based on a limited subset with the goal of being within 10 percent of the mean for each Analysis Unit (AU). Given the limited number of plots in each AU (and/or subset (age class)) our 'Mean' would consist of the values from a single plot. As such, 'Edge Effect' immediately became a perceived concern (i.e. the transition conditions where two different cover types meet).

Pearson, Brown, & Birdsey, 2007 was reviewed in detail throughout the design of the Monitoring SOP. Very limited information was provided on management of boundary area other than "Boundaries must be documented properly from the start (mapped and described) and preferably not subject to changes for the duration of the estimation period" (pg. 4).

Analysis Unit boundaries were buffered (aka plot design "Move-to-R") to reduce the influence of 'Edge Effects' on carbon stock estimations and to ensure that plot transects were completed within the target AU. The GreenRaise Monitoring SOP was written to reflect this process.

Buffering the potential locations of permanent sample plots helped ensure that sample data is representative of the area 'within' the analysis unit. Although a buffered yet random placement of plots within analysis units creates a un-quantifiable placement bias it simplified plot procedures while including all age classes within the AU. It is noted that buffering has the potential to bias (+/-) and to either over or underestimate GHG emission reductions/ removals, as conditions in adjacent polygons can be either better or worse for emission reductions calculations.

Monitoring Information (reliant on the sample design) is used solely for the purpose of quantifying the Uncertainly Factor based on the Estimated Project Error (Ep - eq. 60f). Our current Ep is less than 10% and thus a 1.5% Uncertainty Factor is applied to the verification period. Although the bias introduced by buffering cannot be quantified at this time it is unlikely it could drive the Ep over 10% and affect the uncertainty value applied to the project.

Corrective Actions:

-Revise the GreenRaise Monitoring SOP to eliminate buffer while providing procedures to address edge plots via the 'mirage method' and a decision matrix to ensure 50m transects are directed into the AU.

- Complete: GreenRaise Monitoring SOP (Apr '21) submitted via Client Share "Request Date – 2021-04-08".

-Implement the revised SOP at the next verification period.

Auditor Response: In further review of the field SOP's and review of aerial imagery, the audit team agrees that the offsetting of plots is necessary to ensure the downed wood transects fall entirely within the specific strata

NIR 3 Dated 7 Apr 2021

Standard Reference: VCS Standard v4 Section 3.4.3

Document Reference: VCS - Project Monitoring Report - Rotunda (Jan '21) pp 55

Finding: The VCS Standard states:

"The project proponent shall use the VCS Monitoring Report Template or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template."

In addition, the VCS monitoring report template states:

"Quantify the net GHG emission reductions and removals, summarizing the key results using the table below. Specify breakdown of GHG emission reductions and removals by vintages where the intent is to issue each vintage separately in the VCS registry system."

In review of the project monitoring report, the verification team noted that the tables (9 and 10) are labelled as ex-ante. While it appears that these are actually "ex-post" estimates, the information provides an unclear description of the project emission reductions.

Project Personnel Response: Table labels and Table of Contents updated to reflect ex-post estimates. Refer to "VCS - Project Monitoring Report - Rotunda (Apr '21)" Version 1.1, within Client Share "Request Date -2021-04-08".

Auditor Response: The updated monitoring report provides the information as required

OBS 4 Dated 7 Apr 2021

Standard Reference: N/A

Document Reference: VCS - Project Monitoring Report - Rotunda (Jan '21) pp 55

Finding: In review of the monitoring report it appears that there is incongruence between the list of tables and the actual table numbers in the report and results in in a confusing understand of the table of contents. For example, by clicking on table 9 in the ToC, the report takes the reader to table 4 etc.

Project Personnel Response:

Auditor Response:

NCR 5 Dated 7 Apr 2021

Standard Reference: VCS Standard v4 Section 3.2.9

Document Reference: N/A

Finding: The VCS Standard states:

"Projects shall prepare a non-permanence risk report in accordance with the VCS Program document AFOLU Non-Permanence Risk Tool at both validation and verification. In the case of projects that are not validated and verified simultaneously, having their initial risk assessments validated at the time of VCS project validation will assist VCU buyers and sellers by providing a more accurate early indication of the number of VCUs projects are expected to generate. The non-permanence risk report shall be prepared using the VCS Non-Permanence Risk Report Template, which may be included as an annex to the project description or monitoring report, as applicable or provided as a stand-alone document."

In review of the project documentation, no risk report has been provided for review and therefore is not in conformance with the standards.

Project Personnel Response: Root Cause: Non-permancnce report was completed as part of the project, however was not submitted during the initial document share.

Corrective Actions: Project Coordinator to submit Non-Permancence Report to auditor.

Auditor Response: The updated risk report is sufficient for resolving this issue.