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Steve Panfil and Joanna Durbin  
Climate, Community and Biodiversity Alliance  
2011 Crystal Drive, Suite 500  
Arlington, VA 22202  
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July 6, 2010

Dear Steve Panfil and Joanna Durbin:

**Re: CCB Standards Validation Engagement Report for ERA Ecosystem Restoration  
Associates Inc.**

Further to our earlier correspondence regarding completion of our validation process on the final ERA Ecosystem Restoration Associates Community Ecosystem Restoration Program (CERP) Project Plan, which KPMG received in June 2010, I would like to notify you that the validation has now been completed. I have attached our final Climate, Community and Biodiversity Project Design Standards (CCB Standards) validation engagement report for this project. The report documents the results of the validation that took place during the period May 2009 – June 2010.

Based on our examination as detailed in the attached report, in our opinion the Company's assertion of conformance with the Climate, Community and Biodiversity Project Design Standards First Edition, 2005 (the Standard) at the "Gold" level is presented fairly in accordance with the relevant criteria, in all material respects.

If you have any questions regarding the results of the validation please call me at the phone number listed below.

Yours truly,

Chris Ridley-Thomas, RPBio., CEA(SFM), EMS(LA)  
*Vice-President of Certification Services*  
(604) 691-3088

Enc: CCB Standards Validation Engagement Report for ERA Ecosystem Restoration  
Associates Inc.



**Climate, Community and Biodiversity Project Design  
Standards - First Edition – October 2005**

**Validation Engagement Report for ERA Ecosystem  
Restoration Associates Inc.**

**June 24, 2010**

The information in this report is confidential and may be legally privileged. It is intended solely for the use of the intended recipient, ERA Ecosystem Restoration Associates Inc. and for posting to the CCBA website. Copying and distribution of this report is unauthorized. Any opinions contained in this report are subject to the terms and conditions expressed in the governing KPMG FCSI client engagement contract.



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## A. Client Information

<b>Client Name:</b>	ERA Ecosystem Restoration Associates Inc (ERA) – Community Ecosystem Restoration Project (CERP)
<b>Scope of Validation:</b>	Greenhouse gas (GHG) carbon offsets associated with ERA’s CERP at the District of Maple Ridge, City of Langley, Township of Langley, District of Mission and The Nature Trust Land at Camp Slough.
<b>Client Representative:</b>	Mr. Bart Simmons
<b>Assessment Number:</b>	CCBS-001

## B. Validation Details

<b>Validation Standard:</b>	CCBA. 2005. Climate, Community and Biodiversity Project Design Standards (First Edition). CCBA, Washington DC. May 2005.
<b>Validation Criteria:</b>	Gold Criteria per Pages 6-30 of the Climate, Community and Biodiversity Project Design Standards First Edition, 2005
<b>Level of Assurance:</b>	Reasonable
<b>Validation scope:</b>	<p>The scope of the validation is the Community Ecosystem Restoration Project (CERP) project described in Climate, Community and Biodiversity Standards Methodology – The Community Ecosystem Restoration Program Project – May 2010 (CERP CCB project plan).</p> <p>The CERP CCB project plan is implemented at the District of Maple Ridge, City of Langley, Township of Langley, District of Mission and The Nature Trust Land at the ‘Camp Slough’ project site.</p>
<b>Validation date(s):</b>	<p>Initial on-site familiarization: October 3, 2008</p> <p>Validation planning and document review: April 1-20, 2009</p> <p>On-site Validation : May 2009 – December 2009</p> <p>Validation Completion and Reporting: January 2010 – June 2010</p>
<b>Materiality</b>	A materiality level of 5% has been set for quantitative elements of the project plan.
<b>Inherent limitations in our report</b>	Greenhouse gas data are subject to inherent limitations. A number of different measurement techniques may be utilized in accordance with the requirements of the CCB Standard which may vary in precision and /or outcome, resulting in materially different greenhouse gas emissions estimates.
<b>Site Visits</b>	The CERP includes several sites located in the District of Maple Ridge, City of Langley, Township of Langley, District of Mission and The Nature Trust Land at the ‘Camp Slough’ project site. A total of 4 of these sites were visited during the CCB Standards validation to assess their appropriateness for inclusion in the project. Additional sites were visited as part of the assessment of the carbon modeling processes.

<b>Validation team:</b>	Lead auditor: Chris Ridley-Thomas Audit team members: Dave Bebb Audit team members: Bodo von Schilling Technical Reviewer Gregor Macintosh
<b>Report distribution:</b>	ERA KPMG FCSI validation files Climate, Community and Biodiversity Alliance Note: Any further distribution of the validation statement by ERA must include the complete validation statement and associated project plan.
<b>Confidentiality requirements:</b>	Except as required by law, a legal or judicial process, a professional duty and the requirements of our accreditation, KPMG FCSI will treat as strictly confidential any information which comes into the possession of its officers, directors, employees or agents in the course of conducting the validation of ERA's CERP CCB project plan.
<b>Use of the Validation Mark:</b>	Not Applicable.

## C. Validation Findings

### Public Comments on Draft Plan

The CERP CCB project plan was posted to the CCBA website for public review and comment. Only 1 comment was received during the 21 day review period which related to the planned brushing and site preparation treatments associated with the CERP. Our assessment determined that the public comment was considered appropriately in the development of the final version of the project plan.

### Stakeholder Comments

ERA has prepared a set of Standard Operating Procedures (SOPs) to plan and implement the CERP. SOP # 19 "*Procedures for Stakeholder Involvement*" describes the activities ERA undertakes to engage stakeholders. Municipal partners involve the public prior to contracting with ERA to undertake the CERP.

The cornerstone of ERA's stakeholder involvement is the creation of Steering Committees with each municipal partner as well as with The Nature Trust regarding the Camp Slough project site. The municipal partners chose the steering committee members and the steering committees are made up of ERA personnel, representatives from relevant departments of the municipalities and environmental non-government organizations.

KPMG FCSI engaged each of the municipal key contacts as well as a key contact from The Nature Trust and the District of Mission Tree Farm License #26 in a questionnaire and interview. The key contacts are steering committee members. The questionnaire addressed all four sections of the CCB Standard including stakeholder and public involvement. The key contacts agreed that ERA had engaged stakeholders and the public although the expectation of services to be provided

and ERA’s performance to date varied amongst the municipal partners. All of the stakeholders interviewed indicated strong support for the CERP.

KPMG FCSI confirmed that ERA engages stakeholders and the public in other ways such as education initiatives through presentations, site visits, public notices, flyers and brochures to neighbors of an active project site.

### Assessment of Performance against CCB Standards “Gold” level Criteria

The main elements of our work in relation to each of the Criteria are described in the Table below. Conclusions have been reached in relation to both required and voluntary criteria.

Note: In order to obtain “Gold” level CCB Standards validation: (1) all required criteria must be met, and (2) a minimum of 6 points are required in relation to the optional criteria, with at least one point from 4 different sections.

	<b>Criterion</b>	<b>Required/ Optional</b>	<b>Conformance Y/N</b>	<b>Points Obtained</b>
<b>G1</b>	Original Conditions at Project Site	Required	Y	N/A
<b>G2</b>	Baseline Projections	Required	Y	N/A
<b>G3</b>	Project Design & Goals	Required	Y	N/A
<b>G4</b>	Management Capacity	Required	Y	N/A
<b>G5</b>	Land Tenure	Required	Y	N/A
<b>G6</b>	Legal Status	Required	Y	N/A
<b>G7</b>	Adaptive Management for Sustainability	Optional	Y	1
<b>G8</b>	Knowledge Dissemination	Optional	Not Assessed	N/A
<b>CL1</b>	Net Positive Climate Impacts	Required	Y	N/A
<b>CL2</b>	Offsite Climate Impacts (“Leakage”)	Required	Y	N/A
<b>CL3</b>	Climate Impact Monitoring	Required	Y	N/A
<b>CL4</b>	Adapting to Climate Change & Climate Variability	Optional	Y	1
<b>CL5</b>	Carbon Benefits Withheld from Regulatory Markets	Optional	Y	1
<b>CM1</b>	Net Positive Community Impacts	Required	Y	N/A

	<b>Criterion</b>	<b>Required/ Optional</b>	<b>Conformance Y/N</b>	<b>Points Obtained</b>
<b>CM2</b>	Offsite Community Impacts	Required	Y	N/A
<b>CM3</b>	Community Impact Monitoring	Required	Y	N/A
<b>CM4</b>	Capacity Building	Optional	Y	1
<b>CM5</b>	Best Practices in Community Involvement	Optional	Y	1
<b>B1</b>	Net Positive Biodiversity Impacts	Required	Y	N/A
<b>B2</b>	Offsite Biodiversity Impacts	Required	Y	N/A
<b>B3</b>	Biodiversity Impact Monitoring	Required	Y	N/A
<b>B4</b>	Native Species Use	Optional	Y	1
<b>B5</b>	Water & Soil Resource Enhancement	Optional	Y	1
Total Points Obtained for Optional Criteria:				7

### **Evidence used to Determine Conformance with the Requirements of the CCB Standards**

A significant volume of documentary evidence was collected and evaluated during the conduct of the CERP CCB Standards validation. This information (e.g., the ERA CERP project plan, copies of ERA Standard Operating Procedures which guide CERP planning and practices, minutes of stakeholder meetings, questionnaire responses from interviews with key municipal contacts, property title searches, carbon quantification data, etc.) was collated in an evidence binder which forms a permanent part of the CERP CCB Standards validation file. In addition, the validation also included:

- Visits to a sample of CERP field sites.
- A review of all of the planting prescriptions and the contracts between ERA and the Company's municipal partners.
- A review of ERA's mapping and information systems and testing of both in the field.
- Interviews with ERA personnel and key municipal contacts.
- Assessment of the carbon quantification process.

The main sources of evidence used to assess conformance with each criterion are shown in the following Table.

The following key sources of evidence were used to determine whether the CERP meets the requirements of the CCB Standards:

	<b>Criterion</b>	<b>Evidence used to Determine Conformance with the Requirements of the CCB Standards</b>
<b>G1</b>	Original Conditions at Project Site	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Planting prescriptions which describe the current conditions of each project site and a map showing the site location.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Interviews with ERA personnel.</li> <li>• Field visits to a sample of project sites.</li> </ul>
<b>G2</b>	Baseline Projections	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Interviews with ERA personnel.</li> </ul>
<b>G3</b>	Project Design & Goals	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• ERA Standard Operating Procedures.</li> <li>• Planting prescriptions which show the boundaries of project sites.</li> <li>• Contract between ERA and municipalities as well as The Nature Trust.</li> <li>• ERA stakeholder meeting minutes.</li> <li>• ERA information provided to the public.</li> <li>• Interviews with ERA personnel.</li> <li>• Field visits to a sample of project sites.</li> </ul>
<b>G4</b>	Management Capacity	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Interviews with ERA personnel.</li> <li>• Company financial statements and disclosure documents listed on SEDAR.</li> </ul>
<b>G5</b>	Land Tenure	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Review of ERA information and mapping systems.</li> <li>• Interviews with ERA personnel.</li> <li>• ERA stakeholder meeting minutes.</li> <li>• ERA Standard Operating Procedures.</li> <li>• ERA analysis of Specific First Nations land claims.</li> <li>• ERA contracts and representation letters from municipalities and the Nature Trust confirming land ownership.</li> <li>• Land ownership assertions by ERA's municipal partners and The Nature Trust.</li> <li>• Land title searches for a sample of CERP properties.</li> </ul>

	<b>Criterion</b>	<b>Evidence used to Determine Conformance with the Requirements of the CCB Standards</b>
<b>G6</b>	Legal Status	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Interviews with ERA personnel.</li> <li>• Contract between ERA and municipalities as well as The Nature Trust.</li> <li>• ERA Standard Operating Procedures.</li> </ul>
<b>G7</b>	Adaptive Management for Sustainability	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Interviews with ERA personnel.</li> <li>• ERA Standard Operating Procedures.</li> </ul>
<b>G8</b>	Knowledge Dissemination	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• ERA records and communicates decisions through meeting minutes, training, steering committees, etc.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Interviews with ERA personnel.</li> <li>• ERA Standard Operating Procedures.</li> </ul>
<b>CL1</b>	Net Positive Climate Impacts	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Sample of ERA carbon quantification data.</li> <li>• Current carbon stocks (G.1.3), future carbon stocks of the baseline (G.2.2) and net carbon sequestration attributed to the project (CL.1.1) are described in detail in ERA's ISO 14064-2 related project plans. The KPMG local auditor reviewed the information provided in these plans as part of the CCB Standards validation.</li> <li>• ERA Standard Operating Procedures.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Interviews with ERA personnel.</li> </ul>
<b>CL2</b>	Offsite Climate Impacts ("Leakage")	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> </ul>
<b>CL3</b>	Climate Impact Monitoring	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• ERA Standard Operating Procedures.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Interviews with ERA personnel.</li> </ul>
<b>CL4</b>	Adapting to Climate Change & Climate Variability	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> </ul>
<b>CL5</b>	Carbon Benefits Withheld from Regulatory Markets	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> </ul>

	<b>Criterion</b>	<b>Evidence used to Determine Conformance with the Requirements of the CCB Standards</b>
<b>CM1</b>	Net Positive Community Impacts	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• ERA Standard Operating Procedures.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Interviews with ERA personnel.</li> <li>• ERA community education initiatives.</li> <li>• ERA Steering Committee membership and meeting minutes.</li> <li>• Field visits to a sample of project sites.</li> </ul>
<b>CM2</b>	Offsite Community Impacts	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Interviews with ERA personnel.</li> </ul>
<b>CM3</b>	Community Impact Monitoring	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Interviews with ERA personnel.</li> </ul>
<b>CM4</b>	Capacity Building	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• ERA Standard Operating Procedures.</li> <li>• Questionnaire with key municipal contacts.</li> <li>• Interviews with ERA personnel.</li> <li>• ERA community education initiatives.</li> <li>• ERA Steering Committee membership and meeting minutes.</li> </ul>
<b>CM5</b>	Best Practices in Community Involvement	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• ERA Standard Operating Procedures.</li> <li>• Interviews with ERA personnel.</li> <li>• Crew safety meeting minutes and proof of training.</li> </ul>
<b>B1</b>	Net Positive Biodiversity Impacts	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• ERA Standard Operating Procedures.</li> <li>• Interviews with ERA personnel.</li> <li>• Field visits to a sample of project sites.</li> </ul>
<b>B2</b>	Offsite Biodiversity Impacts	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Interviews with ERA personnel.</li> <li>• Field visits to a sample of project sites.</li> </ul>
<b>B3</b>	Biodiversity Impact Monitoring	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• ERA Standard Operating Procedures.</li> <li>• Interviews with ERA personnel.</li> </ul>
<b>B4</b>	Native Species Use	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Field visits to a sample of project sites.</li> </ul>
<b>B5</b>	Water & Soil Resource Enhancement	<ul style="list-style-type: none"> <li>• ERA CERP CCB project plan.</li> <li>• Field visits to a sample of project sites.</li> </ul>

## Monitoring Variables

The following variables are identified for monitoring in the CERP CCB project plan:

### Climate Impact

Monitoring Type	Timeline	Intended User	Objective
Tree survival and achievement of free to grow	Annually from year 0 until 90% of trees reach free to grow or age 7, whichever occurs first	ERA, landowner	Gather operational maintenance information, Project planning
For GHG performance (site indices and mortality)	At free-to-grow  Every five years from free to grow	ERA, landowner, offset purchaser	Interim claims assessment Gather scientific knowledge regarding modeling prediction (quantification and documentation of changes in project-related carbon pools

### Community

Variable	Monitoring method	Responsible party	Frequency
Knowledge of forest, water and climate change issues	Survey of stakeholder representatives through the Steering Committees + any additional NGOs, schools or residential groups who have participated in/ communicated re: the project.	ERA	Twice: at time of implementation end in Municipality, and at time of first five-year Permanent Sample Plot monitoring entry.
Assessment of change in quality of recreational areas.	Consultation with Steering Committees and stakeholder representatives	ERA	As part of year 5, 10 and 20-year monitoring entries.
Employment of local residents.	Report from ERA	ERA	To be included in annual reports to Steering Committees
Environmental and climate-mitigation expertise among project partners (municipalities).	Survey of municipal representatives + other agencies who have participated in/ communicated re: the	ERA	Twice: at time of implementation end in Municipality, and at time of first five-year Permanent

Variable	Monitoring method	Responsible party	Frequency
	project.		Sample Plot monitoring
Identification and mitigation of any negative social or economic effects of the CERP	Ongoing communications from the Steering Committee	ERA/Municipal partners	Ongoing as part of Steering Committee process, and with 5 year PSP monitoring entry.
Project related participation of women and underrepresented groups	Report from ERA	ERA	To be included in annual reports to Steering Committees

## Biodiversity

ERA has committed to monitoring permanent sample clusters (PSCs) in the project area every five years after “Free to grow”, until the termination of the project (100 years from the initial agreement date). This monitoring process will include biodiversity monitoring in the form of measuring the relative presence and abundance of key stand attributes that are critical parameters of increased (project over baseline) biodiversity levels induced by CERP projects. Such monitoring will also show the level of success vis-à-vis the attainment of the CERPs project’s key objective; restoring the disturbed project areas to forests that resemble the historical native forest cover.

Having classified the project area by Vegetation Types at the prescription phase, ERA can monitor biodiversity by the net positive changes to the forest condition in those areas that are being treated.

Though ERA could monitor for presence and/or absence of key indicator species, this presents a

In addition, at the landscape level, the CERP project is designed to improve landscape connectivity and decrease forest fragmentation. ERA will also quantify and qualify this increased connectivity as part of their overall biodiversity monitoring objectives.

The following set of actions represent the critical biodiversity monitoring procedures that will be operationally integrated into the SOPs that describe biometric data gathering specific for measuring the achievement of CERP GHG sequestration objectives:<sup>i</sup>

- a) Devise a biodiversity sampling plan wherein Permanent Sampling Clusters (PSC) that are randomly spread out proportionally across the range of: **a** - biogeoclimatic subzones representative of each CERP project (i.e CWHxm, CDFmm, CWHdm ); **b** - the forest land-use type (greenbelt, greenway, segment of a peri-urban park etc...) **c** – pre-project Vegetation Types are sampled for the parameters outlined under c) below starting at “Free-to-Grow” and every 10 years thereafter.

<sup>i</sup> These elements to be monitored are in addition to the monitoring to be carried out that is outlined in section CL3, Climate Impact Monitoring.

- b) Ensure that for each CERP project area there is a minimum sampling intensity of 0.2% of the planted clusters up to a maximum 100 clusters per project.
- c) Data recorded for each verification visit of each pre-selected Permanent Sample Cluster will minimally include:
  - i) decay class of each target planted and ingress tree within PSC
  - ii) number of dead standing trees within the PSC area
  - iii) number of dead standing trees showing cavity nesting activity
  - iv) number of pieces of coarse woody debris within the PSC area
  - v) number of pieces of large organic debris within the PSC area
  - vi) percent of native shrub cover within PSC area
  - vii) identification of main native shrub species present in each PSC
  - viii) percent of non-native shrub cover within PSC area
  - ix) identification of main invasive shrub species present in each PSC
  - x) percent of herbaceous forest cover in PSC area
  - xi) percent of moss (bryophyte) cover within PSC area
  - xii) presence or non presence of epiphytes (i.e. lichen)

**Note:** Changes in above indicators of relative presence and abundance of species, vegetative layers and forest structural elements between verification/data collection entries will be averaged per project per entry and the percentage change from the previous entry will be calculated (ex. average abundance or percentage of ground cover of moss at 4<sup>th</sup> entry = percentage; at the 5<sup>th</sup> entry the moss average cover will be y percentage; accordingly  $(y - x)/1 =$  the percentage change between the 4<sup>th</sup> and 5<sup>th</sup> data entry points).

## Adjusted nonconformities

The following nonconformities were identified and addressed in relation to the draft project plan posted for public comment.

	Nonconformity	Action Taken
1	<p>The quantification methodology has been revised by ERA but the CERP CCB project plan has not been updated. The weakness pertains to the following indicators of the Standard:</p> <ul style="list-style-type: none"> <li>• Indicator G.1.3: The CCB Standard indicator G.1.3 requires the proponent to detail current carbon stocks at the project site.</li> <li>• Indicator G.2.2: A projection of future carbon stock changes in the absence of the project.</li> <li>• Indicator G.3.2: Describe each major project activity and its relevance to achieving the project's goals.</li> <li>• Indicator CL.1.1: Quantification of net carbon sequestration.</li> <li>• Indicator CL.3.1: Monitoring.</li> </ul>	<p>The CERP CCB project plan has been updated to match with the revised carbon offset quantification methodology. ERA uses site index based on biogeoclimatic zone/subzone/variant/site series and species as the basis of tree growth modeling and carbon modeling. The project activities are now accurately described as is the monitoring plan.</p>
2	<p>The CCB Standard indicator G.1.3 requires a description of current carbon stocks of the baseline scenario. The CERP CCB project plan provides an estimated carbon sequestration of the blackberry-dominated ecosystem and alder at age 40. However, the data presented is insufficient to understand current carbon levels in all carbon pools.</p>	<p>ERA has updated the CERP CCB project plan to provide tables and graphs sufficient to demonstrate examples of current carbon stocks. KPMG accepts that ERA has not provided all data associated with current carbon stocks of the baseline. ERA considers this information to be proprietary and there are so many strata that to describe them individually is not practical. The project sites vary widely in current age.</p>
3	<p>The CCB Standard indicator G.1.4 requires a description of communities located in and around the project area. The CERP CCB project plan provides some description of past and present First Nations communities. However, factual information such as populations and social and economic information has not been presented.</p>	<p>ERA has updated the CERP CCB project plan. The plan now describes First Nations and non-First Nations communities located in and around the project area.</p>

	<b>Nonconformity</b>	<b>Action Taken</b>
4	<p>The CCB Standard indicator G.1.6 requires the proponent to describe current biodiversity conditions on the project area including threats to biodiversity. While ERA has included a discussion of current biodiversity the following gaps have been identified:</p> <ul style="list-style-type: none"> <li>• Vegetation complexes are described; however the analysis of biodiversity is insufficient.</li> <li>• The description of ecosystem function can be improved.</li> </ul>	<p>The CERP CCB project plan has been updated to provide a more thorough analysis of biodiversity and discussion of ecosystem function of current biodiversity conditions.</p>
5	<p>The CCB Standard indicator G.2.3 requires a description of the ‘without-project’ impact on local communities. The CERP CCB project plan currently discusses only the impact on educational opportunities and there is no discussion of other resource values such as aesthetics, fisheries, and other resources not addressed by indicators G.2.4 and G.2.5.</p>	<p>The CERP CCB project plan has been updated to address values other than education such as fisheries, recreation and biodiversity.</p>
6	<p>The CCB Standard indicator G.3.3 requires the proponent to provide maps with geo-referenced boundaries of the project sites. The CCB project plan provides maps. However, none of the ERA maps provide geo-reference data.</p>	<p>The CERP CCB project plan has been updated. Appendix 2 of the project plan now provides maps showing the outside boundaries of the project which are UTM referenced.</p>

	<b>Nonconformity</b>	<b>Action Taken</b>
7	<p>The CCB Standard indicator G.3.5 requires the proponent to identify risks to climate, community and biodiversity benefits during the project lifetime. The CERP CCB project plan addresses project permanence. The CERP CCB project plan has the following weaknesses:</p> <ul style="list-style-type: none"> <li>• The project plan discusses the contract with municipal partners securing the rights to carbon for 100 years. The project plan does not discuss terms of these contracts which allow municipalities to withdraw some land from the project.</li> <li>• The project plan mentions federal, provincial and municipal laws forbidding building and development in riparian zones, however, the project plan provides no further information regarding this legislation or discussion about how the regulations apply to the project and ensure permanence.</li> </ul>	<p>The CERP CCB project plan has been updated. The contract with municipal partners is now properly described. ERA has shown that the contract does not have a significant risk of reversal. The project plan provides an analysis of legislation and shows that land conversion to housing or other uses which would remove the trees is not a significant risk of reversal.</p>
8	<p>The CCB Standard indicator G.3.6 requires the proponent to document and defend how local stakeholders are defined. The CERP CCB project plan describes stakeholder involvement through steering committees; however, the project plan does not document and provide a rationale how local stakeholders, particularly First Nations and environmental groups, are defined.</p>	<p>The CERP CCB project plan has been updated and now includes a definition of stakeholders. ERA has developed a standard operating procedure to guide stakeholder involvement in the CERP.</p>

	<b>Nonconformity</b>	<b>Action Taken</b>
9	<p>The CCB Standard indicator G.3.7 requires all project documentation to be made publicly accessible. The CERP CCB project plan conformance to the CCB Standard relies on a separate ISO 14064-2 validation process to document important information that should appear in the CERP CCB project plan or another document which is publicly available. The non-conformance has implications to the following CCB indicators:</p> <ul style="list-style-type: none"> <li>• Indicator G.1.1 &amp; 2: Description of project sites regarding physical parameters and vegetation.</li> <li>• Indicator G.1.2: Description of project sites other than the alder-blackberry scenario such as the grass dominated vegetation complex.</li> <li>• Indicator G.2.1: Additionality.</li> <li>• Indicator G.2.2: Quantification of the baseline scenario.</li> <li>• Indicator G.3.5: Permanence and risk of carbon sequestration reversal.</li> <li>• Indicator G.4.2: Description of the scale of the CERP.</li> <li>• Indicator G.5.1: The land tenure of all potential CERP projects sites is not described.</li> <li>• Indicator G.6.1: Analysis of legislative requirements and personnel carrying out the analysis.</li> <li>• Indicator CL.1.1: Quantification of net carbon sequestration.</li> <li>• Indicator CL.2.1: Leakage.</li> <li>• Indicator CL.3.1: Monitoring.</li> <li>• Indicator B.5.2: Enhancement of water and soil resources on specific watersheds.</li> </ul>	<p>The CERP CCB project plan has been updated to provide all of the information required to conform to the Standard.</p> <p>ERA considers some information to be proprietary. KPMG has accepted compromises between the ERA desire to maintain confidentiality and the requirement of the Standard regarding transparency. The Standard makes provisions for withholding confidential information. For example KPMG accepts that ERA has not fully documented in the plan the data associated with the quantification of carbon. ERA has provided a series of examples of tables and graphs describing current carbon stocks, future carbon stocks and the net change in carbon stocks due to project activities.</p>

	<b>Nonconformity</b>	<b>Action Taken</b>
10	<p>The CCB Standard indicator G.3.7 requires all project documentation to be made publicly accessible at or near the project site. The CERP CCB project plan has provisions to make the plan publicly accessible for 21 days on websites. However the CERP CCB project plan has no provisions to make the plan accessible plan at or near the project location and ERA has included no provisions for public access after a 21 day advertising period.</p>	<p>The CERP CCB project plan has now been updated to provide for public access to the CERP CCB project plan which meets the requirements of the CCB Standards.</p>
11	<p>The CCB Standard indicator G.4.2 requires the proponent to demonstrate that management capacity is appropriate to the scale of the project. While the CERP CCB project plan describes the management capacity there is no rationale supporting the assertion that management capacity is appropriate to the scale of the project.</p>	<p>The CERP CCB project plan has been updated to provide additional information regarding management capacity and its appropriateness to the scale of the project.</p>
12	<p>The CCB Standard indicator G.5.1 requires the proponent to provide information regarding land tenure and procedures to ensure that the project does not encroach outside of project boundaries. The CERP CCB project plan states that project lands are owned by the municipality and the plan describes how CERP maps the properties and uses the maps. However, the CERP CCB project plan has the following weaknesses:</p> <ul style="list-style-type: none"> <li>• The plan does not describe an historic incident in Maple Ridge regarding the removal of too many trees that was the result of ERA not being aware that the property was co-owned by Metro Vancouver Parks.</li> <li>• There are no procedures to ensure that project activities do not affect property outside of the project areas including the role of steering committees.</li> </ul>	<p>The CERP CCB project plan has been updated to address this issue. An historic incident occurred involving the removal of too many overstory alder trees to create light for planted clusters of trees. This has now been described in the project plan. KPMG interviewed key municipal contacts regarding the incident. ERA has changed procedures as a result of the incident. In addition, the procedures to ensure that project activities do not affect adjacent properties are now adequately described in the CERP CCB project plan.</p>

	<b>Nonconformity</b>	<b>Action Taken</b>
13	<p>The CCB Standard indicator G.7.2 requires the proponent to have a management plan for documenting continuous improvement. The CERP CCB project plan describes mechanisms for documenting continuous improvement. The plan also states that third party program reviews will be conducted; however, the CERP project plan does not provide a management plan for the program reviews.</p>	<p>The CERP CCB project plan has been updated to provide additional details regarding mechanisms for documenting continuous improvement.</p>
14	<p>The CCB Standard indicator CM.1.1 requires ERA to use appropriate methodologies to estimate the net benefit to communities resulting from planned project activities. The CERP CCB project plan describes the benefits of education, recreation, employment capacity building and advancing public policy. However the plan has the following weaknesses:</p> <ul style="list-style-type: none"> <li>• There is no attempt at characterizing the net change or benefit of the project over the baseline scenario.</li> <li>• Given the very long time frame of the project there is no discussion of time and net benefit.</li> <li>• There are no statements or discussion that the net benefit of the project scenario over the baseline scenario is positive.</li> </ul>	<p>The CERP CCB project plan has been updated to address the short and long term net positive benefits of the CERP relative to the baseline. The project plan describes the scope of the project as occurring over 100 years as well as describing the total area and trees involved in the CERP. The primary benefit to communities is to improve ecosystem function and the CERP CCB project plan states that the impact is positive.</p>

	<b>Nonconformity</b>	<b>Action Taken</b>
15	<p>The CCB Standard indicator CM.1.2 requires the proponent to document local stakeholder participation in the project's planning. ERA retains minutes of steering committee meetings and residents have been notified. The following weaknesses have been noted:</p> <ul style="list-style-type: none"> <li>• ERA has no policies or procedures to document stakeholder participation;</li> <li>• ERA has not documented stakeholder participation and presented the participation in the CCB project plan.</li> <li>• The project plan has no discussion regarding the diversity of stakeholder participation, particularly relative to the diversity of the community and appropriate sub-groups, underrepresented groups and women.</li> <li>• ERA has not documented how stakeholder dialogue has affected the project.</li> </ul>	<p>The CERP CCB project plan has been updated. ERA has now established a standard operating procedure for stakeholder involvement. Stakeholder involvement is now documented. In addition, the project plan now includes a commitment to engaging a diversity of stakeholders. KPMG documented examples of how stakeholder involvement has improved the project.</p>
16	<p>The CCB Standard indicator CM.3.1 requires the proponent to have an initial plan for how they will select community variables to be monitored and the frequency of monitoring. The CERP CCB project plan relates the potential community impacts to variables to be monitored. However, the project plan fails to provide a plan as to how ERA will select the variables to be monitored and the frequency of monitoring. Missing elements include: (1) how variables will be chosen and monitored, (2) who will do the monitoring, and (3) when monitoring will occur.</p>	<p>The CERP CCB project plan has been updated and now includes a community variables monitoring plan describing the variables to be monitored, monitoring frequency and responsibilities.</p>

	<b>Nonconformity</b>	<b>Action Taken</b>
17	<p>The CCB Standard indicator CM.4.1 requires the proponent to show that capacity building: (1) is structured to accommodate the needs of the community, (2) targets a wide range of groups, (3) targets women to increase their participation, and (4) is aimed to increase community participation in project implementation. However the CERP CCB project plan has the following weaknesses:</p> <ul style="list-style-type: none"> <li>• The description of targeted groups claims that capacity building targets school children, however, the project plan does not describe how this is achieved.</li> <li>• Describes education initiatives targeting residents and elected officials rather than capacity building.</li> <li>• Describes biological improvement rather than capacity building.</li> </ul>	<p>The CERP CCB project plan has been updated. The CERP CCB project plan now provides for community capacity building that addresses the needs of the community and targets a wide range of community groups. The link between capacity building and targeted groups has been clarified, specifically the role of education in capacity building and participation by women. In addition, new standard operating procedures have been added that address the identified weaknesses in the project plan regarding local hiring and delivering education.</p>
18	<p>The CCB Standard indicator B.1.3 requires the proponent to identify IUCN Red List threatened species and species deemed threatened on nationally recognized lists. The CERP CCB project plan lists over 60 red list species occurring in the Chilliwack Forest District. However, only two species are known to occur in the project area. The following weakness were identified regarding the CERP CCB project plan:</p> <ul style="list-style-type: none"> <li>• Two known species were identified; however, the project plan does not document how project activities will not be detrimental in any way to these species.</li> <li>• The Standard also requires consideration of species that ‘may be’ found within project sites.</li> </ul>	<p>The CERP CCB project plan has been updated to include plans to ensure that the two red-listed species that are known to occur (Nooksack Dace and Salish Sucker) are not detrimentally impacted by the project. ERA has also developed procedures to: (1) evaluate the likelihood of other red-listed species being present and the potential risk to those species posed by the project should they be present, and (2) implement mitigative actions where the risk posed by the project to a red-listed species is determined to be moderate or high.</p>

	<b>Nonconformity</b>	<b>Action Taken</b>
19	<p>The CCB Standard indicator CM.2.1 requires the proponent to identify potential negative offsite community impacts. The CERP CCB project plan describes mostly on-site community impacts. An analysis of potential negative offsite community impacts is required.</p>	<p>The CERP CCB project plan has been updated to include an analysis of potential negative offsite community impacts.</p>
20	<p>The CCB Standard indicator CM.5.4 requires the proponent to consider worker safety. While the CERP CCB project plan makes statements that worker safety is provided, the plan provides no details regarding the ERA safety program.</p>	<p>The CERP CCB project plan has been updated and now describes how workers rights and worker safety are addressed.</p>
21	<p>The CCB Standard indicator B.2.1 requires the proponent to identify negative off-site biodiversity impacts. The CERP CCB project plan describes potential off-site negative impacts. The following weaknesses were identified:</p> <ul style="list-style-type: none"> <li>• The section of the CERP project plan that dealt with off-site biodiversity impacts included some on-site impacts as well.</li> <li>• The plan had no discussion regarding the potential impact posed by the downstream movement of debris to off-site biodiversity.</li> </ul>	<p>The CERP CCB project plan has been updated to include an adequate discussion of: (1) potential negative off-site biodiversity impacts, and (2) mitigative actions to be taken to address them.</p>
22	<p>The CCB Standard indicator B.3.1 requires the proponent to prepare a plan to monitor biodiversity. The CERP CCB project plan includes procedures for monitoring various physical attributes of tree growth and site description on permanent sample plots. However, the CERP CCB plan has the following weaknesses:</p> <ul style="list-style-type: none"> <li>• The plan does not link habitat condition to biodiversity.</li> <li>• The biodiversity variables identified as being at risk to be negatively impacted are not being monitored.</li> <li>• The plan does not describe the frequency of monitoring.</li> </ul>	<p>The CERP CCB project plan has been updated to explicitly link forest condition, ecosystem function and biodiversity. The CERP establishes plantations of trees which over the project period of 100 years will develop into native forests with more natural ecosystem functioning. Biodiversity monitoring is described in detail.</p>

	<b>Nonconformity</b>	<b>Action Taken</b>
23	The CCB Standard indicator CM.3.1 requires an initial plan for how ERA will select community variables to be monitored. The CERP monitoring plan identifies that the CCBA Validator will be responsible for monitoring local employment and project-related participation of women and underrepresented groups. A CCBA Validator cannot participate in project management and maintain independence. Alternative personnel must be identified.	The CERP CCB project plan has been updated and now identifies the community variables to be monitored. Appropriate personnel responsible for implementing the community variables monitoring plan have been identified.

### **Unadjusted nonconformities**

ERA has adjusted all non-conformities identified through the validation process.

## D. Validation Statement

To ERA Ecosystem Restoration Associates:

We have been engaged by ERA Ecosystem Restoration Associates Inc. (the Company) to examine the Company's assertion of conformance with the Climate, Community and Biodiversity Project Design Standards First Edition, 2005 (the Standard) at the "Gold" level as presented in the Company's assertion letter dated June 9, 2010.

The Company is responsible for the preparation and presentation of the information within the CERP CCB project plan. Our responsibility is to express a conclusion as to whether the assertion of conformance at the "Gold" level with the CCB Standard is presented fairly in accordance with the applicable requirements.

Our duties in relation to this report are owed solely to the Company. Accordingly we do not accept any responsibility for any loss occasioned to any third party acting or refraining from action as a result of this report.

We completed our examination in accordance with the Standard. As such, we planned and performed our examination in order to provide reasonable, rather than absolute assurance, with respect to the assertion of conformance. Our examination criteria were based on the General criteria, Climate Criteria, Community Criteria and Biodiversity Criteria detailed on pages 6-30 of the CCB Standard. We believe our work provides a reasonable basis for our conclusion.

Based on our examination, in our opinion the Company's assertion of conformance with the Climate, Community and Biodiversity Project Design Standards First Edition, 2005 (the Standard) at the "Gold" level is presented fairly in accordance with the relevant criteria, in all material respects.



June 24, 2010  
Vancouver, B.C.