Final CCBA Project Validation Report

DARKWOODS FOREST CARBON PROJECT

26 JUNE 2014

Assessment Conducted by:

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1. Executive Summary

This report presents the findings of an assessment conducted by SCS Global Services (SCS), to confirm the claim that the Darkwoods Forest Carbon Project ("the Project") conforms to the Climate, Community and Biodiversity Project Design Standards (Second Edition) at the Gold level. SCS has been approved by the Climate, Community & Biodiversity Alliance (CCBA) to provide such assessment services. The process consisted of a thorough desk review of Project documentation, including contracts and carbon accounting workbooks. In addition the audit team performed a site visit in order to visit portions of the Project area, conduct interviews with communities and other stakeholders, and evaluate the quality of the Project's management systems.

1.1. Objective

The validation audit is an independent assessment by SCS of the proposed Project activity against the assessment criteria. Validation has resulted in a conclusion by SCS as to whether the Project activity is compliant with the assessment criteria and whether the Project should be approved under the CCB Standards.

1.2. Scope and Criteria

The scope of the audit consisted of the Project, its activities, and its geographic extent, as described within the Project Design Document (PDD). The assessment was conducted against the criteria set out within the following guidance documents:

- Climate, Community and Biodiversity Project Design Standards, Second Edition ("CCB Standards")
- Rules for the use of the Climate, Community & Biodiversity Standards, December 2013 ("CCB Standards Rules")

The Project was assessed against all required criteria of the CCB Standards in order to determine whether the Project could be validated at the "Approved" level. In addition, the Project was assessed against at least one optional criterion, as set out by the CCB Standards, in order to determine whether the Project could be validated at the "Gold" level.

1.3. Level of Assurance

SCS performed this assessment based on the guidance described by the Rules for the Use of the CCB Standards to determine whether there is a reasonable level of assurance that the Project design addresses each requirement of the CCB Standards.

1.4. Summary Description of the Project

From the Introduction of Darkwoods Forest Carbon Project PDD,

The Nature Conservancy of Canada (NCC) acquired the fee simple 54,792 ha (135,394 acre) Darkwoods property near Creston, BC from the Pluto Darkwoods Corporation in April of 2008, with the objective of

managing the land for ecological conservation objectives. The Darkwoods Forest Carbon Project is management of the property for long term conservation of ecological function and values through the protection of the forest and various conservation-based management activities. The Darkwoods project achieves net GHG emission reductions and removals through the avoidance of emissions due to conventional logging in the baseline scenario. The management of the property for conservation purposes does not generate material levels of net revenue, and the sale of carbon offsets are critical to funding significant ongoing property conservation management and ownership costs.

1.5. Audit Process

SCS commenced the validation of the Project during October 2013.

The audit process included the following steps:

- Kick-off meeting (via phone conference)
- Desk review of initial documentation, including the Project Design Document (PDD), preliminary monitoring plans, and Project manuals
- Issuance of desk review findings
- Discussions (via phone conference) between SCS and NCC and 3GreenTree about the Project documentation
- Site visit between 31 October and 5 November 2013, that included:
    - Project overview by NCC
    - Skype meetings with NCC and 3GreenTree to discuss the PDD, including discussions of the without Project scenario, the communities in the Project Zone and the Project design (Table 1)
    - Interviews with local officials from Kootenay (Table 1)
    - Interviews with communities in the Project Zone: Kootenay, Creston, Nelson, and Salmo (Table 1)
    - Closing meeting (Via Skype) NCC and 3GreenTree staff
- Issuance of site visit findings
- Continued document review, review of finding responses, closure of findings, and report preparation
- Internal review and approval of the draft validation report
- Issuance of the draft validation report to 3GreenTree and NCC
- Issuance of the final validation report to NCC and the CCBA

Table 1. Interviews Conducted During the Site Visit

Participant	Affiliation	Date Interviewed
Mike Vitt	Project Developer – 3GreenTree	Throughout
Brad Seely	Modelling expert -3GreenTree	Throughout
Rob Wilson	Director, Carbon Finance - NCC	Throughout

Clive Welham	Business Development and Technology Transfer – 3GreenTree	Throughout
Tom Swann	Director of Land - NCC	Throughout
Michael Proctor	Biologist –Town of Nelson	3 October 2013
Matt Maddes	Woodlands Manager – Wynndel Box and Lumber	3 October 2013
Corey Phlelps	President – Creston Rod and Gun Club	3 October 2013
Curtis Wullum	Natural Resource Manager- Lower Kootenay Indian Band (LKIB)	3 October 2013
Dylan Henderson	Co-owner – Timberline Reforestation	3 October 2013
Deb Mackillop	Research Ecologist - Ministry of Lands Forests and Natural Resource Operations	4 October 2013
Mike Knappick	Section Head, Habitat management - Ministry of Lands Forests and Natural Resource Operations	4 October 2013
John Kettle	Board Chair – Regional District of Central Kootenay (RDCK)	25 October 2013
Deb MacKillop	Research Ecologist, Kootenay/Boundary Region Nelson	26 June 2014
Dave Wickstrom	Field Forester - NCC	4 October 2013

1.6. Auditor Qualifications

Lead Auditor: Francis Eaton, SCS Global Services Verification Forester

Mr. Eaton holds a Masters of Forest Science from the Yale School of Forestry and Environmental Studies and received his B.S. in Forestry from Northern Arizona University. The focus throughout his studies was forest management with emphases on sampling design and statistical analysis. He spent three years working collecting field data and completing data analysis on forest restoration projects with the Ecological Restoration Institute. His work experience also includes complete biophysical inventories and estimation of timber volume for two 3000 acre properties, as a forest consultant in northern New Mexico. Mr. Eaton is well versed in editing sampling designs and auditing field campaigns as a teaching fellow for masters-level management plan courses. Mr. Eaton currently works as a Verification Forester for SCS and has completed forest carbon projects under the Verified Carbon Standard (VCS), the Climate Action Reserve (CAR), and the Climate, Community, and Biodiversity Alliance (CCBA). Moreover, Mr. Eaton is accredited by the California Air Resources Board as Lead Offset Verifier and is also certified by the Board in the US Forest Project and Urban Forest Protocols. He is also certified as Lead Verifier under the Climate Action Reserve.

Local Experts:

John Cathro – Local social expert

Tyson Ehlers - Forester

Technical Reviewer: Zane Haxtema, SCS Global Services Senior Verification Forester

Mr. Haxtema holds a M.S. in Forest Resources from Oregon State University and a B.S. from The Evergreen State College. A well-rounded forestry professional, Mr. Haxtema held a wide variety of positions in forest research and management before coming to SCS, ranging from work on logging and tree planting crews to experience as a biological sampling technician and research assistant. Mr. Haxtema is a specialist in forest inventory, with areas of expertise including sampling design, inventory management and the use of growth and yield models to evaluate potential management regimes. Through his work at SCS, Mr. Haxtema has worked on forestry projects in both the northern and southern hemisphere that span four countries. Mr. Haxtema is well versed in methodologies for Avoided Planned Deforestation, Improved Forest Management, and Afforestation, Reforestation and Revegetation projects, with experience working in tropical and temperate forests alike. Mr. Haxtema is currently a verifier under the Climate Action Reserve, the Verified Carbon Standard and the Climate, Community and Biodiversity Standard.

2.0 Stakeholder Comments

The Project Design Document (PDD) was posted on the CCBA website 18 July 2013 and the public comment period extended through 17 August 2013. Comments received throughout the public comment period are discussed in Appendix A of this report.

2.1. Review of CCB Requirements

Prior to the assessment activities described below, the audit team first performed a high level review of the PDD to ensure that the all of the information required by the CCB Standards was included. The audit team confirmed with a reasonable level of assurance that the Darkwoods Forest Carbon Project PDD contains all the information required by the Standards.

This assessment report addresses each of the CCBA criteria and indicators. For each criterion, the CCBA indicators are listed along with a description of the evidence that was considered. When assessing the conformance of each indicator to the CCB Standards, SCS may issue findings to the Project Proponent. These findings can include Non-Conformity Reports (NCRs), Opportunities for Improvement (OFIs) and New Information Requests (NIRs), compiled in Section 4. In the case of non-conformance, a Non-Conformity Report stipulates the deficiency and its relation to the CCB protocol. NCRs indicate non-conformance at the criterion level that must be satisfied prior to Project validation. An Opportunity for Improvement is often an indication of something that may become a non-conformity if not given proper attention. OFI's are considered by the audit team to be closed upon issuance, and a response to this type of finding is not necessary. New Information Request indicates when additional information is necessary to complete the assessment.

It should be noted that conformance to the criteria for each indicator regarding climate, risk, and additionality were successfully validated under the Rules of the VCS Standard and VCS AFOLU Requirements. Whereas the audit team has provided evidence for each indicator, the evidence for each of these indicators will include a reference to the associated VCS Validation report.

2.2. General Section

The General Section of the CCB Standards addresses original conditions in the Project are baseline Projections, Project design and goals, management capacity and best practices, and legal status and property rights.

2.2.1. G1 – Original Conditions in the Project Area

The original conditions at the Project Area and the surrounding Project Zone before the Project commences must be described. This description, along with baseline Projections (see G2), will help to determine the likely impacts of the Project.

G1 - Original Conditions in the Project Area

Indicator 1 - The location of the Project and basic physical parameters (e.g., soil, geology, climate).	SCS was able to confirm the information provided in the PDD during the desk review and through ground truthing during the site visit.
Conformance - Y	

Indicator 2 - The types and condition of vegetation within the Project Area.	During the site visit, the audit team was able to confirm the description of vegetation provided by the Project documents. Observations in and around the Project Zone and re-measurements of forest inventory plots were consistent with the claims of the Darkwoods PDD. In addition, the audit team was able to conduct interviews with members of the 3GreenTree and NCC, as well as community members near the project area, further confirming the claims of the PDD.
Conformance - Y	

Indicator 3 - The boundaries of the Project Area and the Project Zone.	The Project Area is defined by the Darkwoods property boundaries. While on site, the audit team used GPS ground truthing to ensure that the actual project boundaries were consistent with the digital files used to calculate the Project Area. The audit team was able to confirm that the results of the ground truthing efforts were consistent with the project documentation. The Project Zone consists of the B.C. Ministry of Forests Kootenay Lake Timber Supply Area. The audit team was able to confirm the boundaries of the Project Zone using a web based review of the Ministry of Forests, Lands and Natural Resource Operations (http://www.for.gov.bc.ca/hts/tsa/tsa13/index.htm) and during the time spent on site and found them to
Conformance - Y	

	be in agreement with the evidence provided in the PDD. Interviews with community members confirmed a strong knowledge of the boundaries of the Project area. While onsite, the audit team noted gates and signage, further confirming the boundaries.

Indicator 4 - Current carbon stocks within the Project Area(s), using stratification by land-use or vegetation type and methods of carbon calculation (such as biomass plots, formulae, default values) from the Intergovernmental Panel on Climate Change's 2006 Guidelines for National GHG Inventories for Agriculture, Forestry, and Other Land Use or a more robust and detailed methodology.	Carbon stocks within the Project Area were determined on a per hectare basis using the following methodology: VCS methodology VM0012 "Improved Forest Management in Temperate and Boreal Forests (LtPF). The use of this methodology demonstrated that the Project design will generate net positive climate benefits. The audit team reviewed the calculation of carbon stocks, as well as the growth and yield modelling used and found them to be performed in accordance with the methodology and free from calculation error. Further details regarding the work undertaken to confirm the carbon stock values reported in the PDD can be found within the VCS verification report (also prepared by SCS).
Conformance - Y	

Indicator 5 - A description of communities located in the Project Zone, including basic socio-economic and cultural information that describes the social, economic and cultural diversity within communities (wealth, gender, ethnicity, etc.), identifies specific groups such as Indigenous Peoples and describes any community characteristics.	Communications by the audit team with representatives from communities within the Project Zone verified that the information presented in the PDD and provided by the Project Proponent is accurate. In addition, the local social expert employed by the audit team has a long history of working with the indigenous peoples in the region, and further confirmed the claims in the PDD.
Conformance - Y	

Indicator 6- A description of current land use and customary and legal property rights including community property in the Project Zone, identifying any ongoing or unresolved conflicts or disputes and identifying and describing any disputes over land tenure that were resolved during the last ten years (see also G5).	The Project documentation includes an accurate description of current land use and customary and legal property rights in the Project Zone. During phone interviews and during the site visit, the Project Proponent and the local government officials confirmed that there are no current land tenure disputes. Whereas, the historical range of land use by the indigenous peoples includes much of the Project area, representatives for the LKIB confirmed that no current or past land tenure issues exist.
Conformance - Y	

Indicator 7 - A description of current biodiversity within the Project Zone (diversity of species and ecosystems) and threats to that biodiversity, using appropriate methodologies, substantiated where possible with appropriate reference material.	The Project documentation, including the literature referenced in the PDD, provides an adequate description of the current biodiversity in the Project Zone. The audit team determined this information to be appropriate and supported by their observations in the field and through their interviews with local biologist, ecologists, and members of the local communities. In addition, the experts interviewed by the audit team also confirmed that the threats stated in the PDD are appropriate for the region.
Conformance - Y	

Indicator 8 - An evaluation of whether the Project Zone includes any of the following High Conservation Values (HCVs) and a description of the qualifying attributes:	While the standards refer to the definition of HCVs provided by the High Conservation Value Resource Network, assessing the evaluation of HCVs requires professional judgment on the part of the audit team. Evidence provided in the PDD is consistent with observations made by the audit team, based on the audit team's technical understanding of HCVs.

Indicator 8.1 - Globally, regionally or nationally significant concentrations of biodiversity values; a. protected areas b. threatened species c. endemic species d. areas that support significant concentrations of a species during any time in their lifecycle (e.g. migrations, feeding	The audit team was able to confirm the presence of globally, regionally, and nationally significant concentrations for each of the criteria listed in this indicator through a review of the results presented in the PDD and a review of the species listed in the on the CITES and the IUCN Red List and USGS websites.

grounds, breeding areas). Conformance - Y	

Indicator 8.2 - Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance; Conformance - Y	The audit team reviewed the claims in the PDD regarding the Interior Cedar Hemlock Forest (ICH). Using a web-based review, as well as interviews with local foresters the audit team was able to confirm that the Darkwoods property contains large areas of this rare forest type. Whereas, the audit team cannot confirm that the area comprised by the project area is "nationally significant" as no definition of significant is defined by the Standards, it is the professional judgment of the audit team that the intent of the Standards is met in this case. Finally, the audit team interviewed the regional ecologist, responsible for the area comprising the Project Area and confirmed that this area contains viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance.

Indicator 8.3 - Threatened or rare ecosystems Conformance - Y	As is the case with the ICH forest above, while on site the audit team was able to confirm the presence of old growth forests, creeks and streams, and wetlands. All of these ecosystems are becoming increasingly rare and are under constant threat by logging. This was further confirmed through interviews with representatives from the RDCK.

Indicator 8.4 - Areas that provide critical ecosystem services (e.g., hydrological services, erosion control, fire control); Conformance - Y	Observations made by the audit team during the site assessment confirmed the claims in the Project documentation. Interviews with local officials confirmed that the Darkwoods project area provides important watershed services for Kootenay Lake, as well as providing erosion control in the steeper mountainous portions of the Project area that would become an issue under intensive logging.

Indicator 8.5 - Areas that are fundamental for meeting the basic needs of local communities (e.g., for essential food, fuel, fodder, medicines or building materials without readily available alternatives); and	As no local communities are directly reliant on the Project area for meeting their basic needs, this indicator is not applicable to the Project.
Conformance - NA	

Indicator 8.6 -Areas that are critical for the traditional cultural identity of communities (e.g., areas of cultural, ecological, economic or religious significance identified in collaboration with the communities).	Interviews with the LKIB confirmed that no areas critical for the traditional cultural identity of communities exist within the Project area.
Conformance - Y	

2.2.2. G2 – Baseline Projections

A baseline Projection is a description of expected conditions in the Project Zone in the absence of Project activities. The Project impacts will be measured against this 'without-Project' reference scenario.

The Project Proponents must develop a defensible and well-documented 'without-Project' reference scenario that must:

G2 - Baseline Projections

Indicator 1 - Describe the most likely land-use scenario in the absence of the Project following IPCC 2006 GL for AFOLU or a more robust and detailed methodology, describing the range of potential land use scenarios and the associated drivers of GHG emissions and justifying why the land-use scenario selected is most likely.	As described in the PDD, the Project used the VCS VM0012 methodology to determine the most likely land use scenario in the absence of the Project. The audit team affirms that this methodology is a more robust and detailed methodology than the IPCC 2006 GL for AFOLU, as it provides guidance that is specific to Improved Forest Management projects. Using the property appraisal the audit team was able to confirm that the methodology was appropriately applied and verified the assertion that the continuation of market driven logging is the appropriate baseline scenario. Also, the audit team confirmed that the appraisal included a range of possible timber depletion rates, thus meeting the requirement for the inclusion of the "range of potential land use scenarios." Finally, the audit team confirmed that this scenario was previously validated under the VCS Standard.
Conformance - Y	

Indicator 2 - Document that Project benefits would not have occurred in the absence of the Project, explaining how existing laws or regulations would likely affect land use and justifying that the benefits being claimed by the Project are truly 'additional' and would be unlikely to occur without the Project. Conformance - Y	The audit team confirms that the project appropriately applied the VCS Tool VT0001 "Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities" in assessing that Project benefits would not have occurred in the absence of the Project. Interviews with local officials, as well as reviewing local private land forest regulations confirmed that the harvesting regimes presented in the baseline scenario are not prohibited by existing laws (http://www.for.gov.bc.ca/tasb/legsregs/fpc/fpcguide/FREE/EFG-Nel-print.pdf). The audit team also interviewed local foresters and timber mills, who confirmed that it is unlikely that the project benefits would have occurred in the absence of the project. Finally, the audit team confirmed that this scenario was previously validated under the VCS Standard.

Indicator 3 - Calculate the estimated carbon stock changes associated with the 'without Project' reference scenario described above. This requires estimation of carbon stocks for each of the land-use classes of concern and a definition of the carbon pools included, among the classes defined in the IPCC 2006 GL for AFOLU.19 The timeframe for this analysis can be either the Project lifetime (see G3) or the Project GHG accounting period, whichever is more appropriate. Estimate the net change in the emissions of non-CO2 GHG emissions such as CH4 and N2O in the 'without Project' scenario. Non-CO2 gases must be included if they are likely to account for more than 5% (in terms of CO2-equivalent) of the Project's overall GHG impact over each monitoring period. Projects whose activities are designed to avoid GHG emissions (such as those reducing emissions from deforestation and forest degradation (REDD), avoiding conversion of non-forest land, or certain improved forest management Projects) must include an analysis of the relevant drivers and rates of	The estimated carbon stock changes associated with the 'without project' scenario have been estimated, for the Project GHG accounting period, using the VCS methodology VM0012 "Improved Forest Management in Temperate and Boreal Forests (LtPF)."The audit team affirms that this methodology satisfies the requirements of this indicator. Through a thorough review of relevant spreadsheets, and other relevant information, the audit team confirmed the accuracy of the values reported within the PDD. Specifically, the Non-CO_2 emissions, such as CH_4, were determined to be appropriately excluded in conformance with the methodology. Thus, the Project is in conformance with the requirements of this indicator.

deforestation and/or degradation and a description and justification of the approaches, assumptions and data used to perform this analysis. Regional-level estimates can be used at the Project's planning stage as long as there is a commitment to evaluate locally-specific carbon stocks and to develop a Project-specific spatial analysis of deforestation and/or degradation using an appropriately robust and detailed carbon accounting methodology before the start of the Project.	
Conformance - Y	

Indicator 4 - Describe how the 'without Project' reference scenario would affect communities in the Project Zone, including the impact of likely changes in water, soil and other locally important ecosystem services.	The Project documentation provides an adequate description of how the 'without Project' scenario would affect communities in the Project Zone. The audit team found this description to be in agreement with the professional understanding of the audit team.
Conformance - Y	

Indicator 5 - Describe how the 'without Project' reference scenario would affect biodiversity in the Project Zone (e.g., habitat availability, landscape connectivity and threatened species).	The PDD provides an adequate description of biodiversity in the 'without project' scenario. The audit team agrees that biodiversity is promoted with larger swaths of intact forest and that fragmentation and the loss of mature, late seral forest conditions negatively impacts biodiversity. Interviews with local biologists and ecologists also supported this claim in the PDD.
Conformance - Y	

2.2.3. G3 – Project Design and Goals

The Project must be described in sufficient detail so that a third-party can adequately evaluate it. Projects must be designed to minimize risks to the expected climate, community and biodiversity benefits and to maintain those benefits beyond the life of the Project. Effective local participation in Project design and implementation is key to optimizing multiple benefits, equitably and sustainably. Projects that operate in a transparent manner build confidence with stakeholders and outside parties and enable them to contribute more effectively to the Project.

G3 - Project Design and Goals

Indicator 1 - Provide a summary of the Project's major climate, community and biodiversity objectives.	The PDD provides an adequate summary of the Projects' major climate, community, and biodiversity objectives. The summary is consistent with the

Conformance - Y	interviews with the Project Proponent and supported by interviews with community members, local scientists, and local officials during the site visit.

Indicator 2 - Describe each Project activity with expected climate, community and biodiversity impacts and its relevance to achieving the Project's objectives.	Evidence presented during the site visit office meetings was consistent with the Project activity descriptions provided in the PDD. Whereas, communities are not directly on the Project area, the recreational and amenity values bestowed by the project are viewed positively and as a benefit by the surrounding communities. In addition, the climate and biodiversity benefits resulting from the project activities are well represented in the scientific literature.
Conformance - Y	

Indicator 3 - Provide a map identifying the Project location and boundaries of the Project Area(s), where the Project activities will occur, of the Project Zone and of additional surrounding locations that are predicted to be impacted by Project activities (e.g. through leakage).	The audit team confirmed the locations of the Project Area, Project Zone, and surrounding locations that are predicted to be impacted by Project activities (through leakage) via discussions with Project personnel, site reconnaissance, and interviews with Project stakeholders. Supported by information provided in the PDD, these interviews are consistent with the professional knowledge of the audit team. The Project wasconfirmed to be in conformance with the requirements of this indicator.
Conformance - Y	

Indicator 4 - Define the Project lifetime and GHG accounting period and explain and justify any differences between them. Define an implementation schedule, indicating key dates and milestones in the Project's development.	The definitions of the Project lifetime and the GHG accounting period provided in the PDD were determined to be adequate for adhering to this CCB requirement. The Project start date indicates the date of the first consultations about the project with local communities and local officials. The PDD states that the GHG accounting period begins in 1 April, 2008. The GHG accounting period and project lifetime are both set at 100 years. The proposed implementation schedule is consistent with the current management plan for the project. The audit team can confirms that certain milestones have been achieved, while future milestones are consistent with the current financial budget and consistent with the professional knowledge of the audit team.
Conformance - Y	

Indicator 5 - Identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the Project lifetime and outline measures adopted to mitigate these risks. Conformance - Y	Several risks have been identified by the Project Proponent and each has been mitigated through a detailed plan. Both the risks and mitigation plans as detailed in the PDD were verified to be appropriate and sufficient through professional judgment, interviews, and observations during the site visit. Further details regarding the work undertaken to confirm the likely natural and human induced risks reported in the PDD can be found within the VCS verification report for the project (also prepared by SCS).

Indicator 6 - Demonstrate that the Project design includes specific measures to ensure the maintenance or enhancement of the high conservation value attributes identified in G1 consistent with the precautionary principle. Conformance - Y	The PDD contains an appropriate description of the measures to ensure the maintenance or enhancement of the high conservation value attributes identified in G1. The audit team agrees that the measures described in the PDD will be sufficient to ensure the maintenance or enhancement of high conservation value attributes.

Indicator 7 - Describe the measures that will be taken to maintain and enhance the climate, community and biodiversity benefits beyond the Project lifetime. Conformance - Y	The PDD provides an adequate description of the measures that will be taken to maintain and enhance the climate, community, and biodiversity benefits beyond the Project lifetime. The goal of the Project is to ensure the benefits in these three areas in perpetuity and the measures as well as the potential risks to these measures are well-documented in the PDD.

Indicator 8 - Document and defend how communities and other stakeholders potentially affected by the Project activities have been identified and have been involved in Project design through effective consultation, particularly with a view to optimizing community and stakeholder benefits, respecting local customs and values and maintaining high conservation values. Project developers must document stakeholder dialogues and indicate if and how the Project proposal was revised based on such input. A plan must be developed to continue communication and consultation between Project managers and all community groups about the Project and its impacts to facilitate adaptive management throughout the life of the Project. Conformance - Y	The audit team reviewed the PDD and interviewed several Project participants and community members about the manner and process for which stakeholders were consulted about the Project. The team was provided announcements of the planning meetings which were confirmed by local community members. While it was clear that stakeholders were informed and broadly engaged using socially and culturally appropriate methods, most stakeholders were unaware that the project was planning CCB validation. That being said, it was abundantly clear that the majority of stakeholders were aware of the existence the NCC website where adequate information was posted. In addition, the audit team was provided with evidence of subsequent consultation meetings which were also confirmed through interviews with community members. Finally, during the site visit office meetings, the audit

	team was provided with evidence of the Darkwoods conservation management plan in which a framework for adapting the plan over future iterations to include lessons learned over the life of the Project were explained.

Indicator 9 - Describe what specific steps have been taken, and communications methods used, to publicize the CCBA public comment period to communities and other stakeholders and to facilitate their submission of comments to CCBA. Project Proponents must play an active role in distributing key Project documents to affected communities and stakeholders and hold widely publicized information meetings in relevant local or regional languages.	During onsite activities, which included interviews with representatives from villages within the Project Zone, as well as conversations with CCBA officials, the audit team was able to confirm that communities in the Project Zone were adequately informed of the CCBA public comment period. Additional assessment activities regarding this indicator are described in Section 4 of this report.
Conformance – Y	

Indicator 10 - Formalize a clear process for handling unresolved conflicts and grievances that arise during Project planning and implementation. The Project design must include a process for hearing, responding to and resolving community and other stakeholder grievances within a reasonable time period. This grievance process must be publicized to communities and other stakeholders and must be managed by a third party or mediator to prevent any conflict of interest. Project management must attempt to resolve all reasonable grievances raised, and provide a written response to grievances within 30 days. Grievances and Project responses must be documented.	The processes for handling unresolved conflicts and grievances that arise during Project planning and implementation and are described in the PDD, are adequate to adequate for meeting the criteria of this indicator. As was the case for the non-conformity issued for indicator G3.9, upon receiving guidance from the CCBA (conference call 21 February, 2014), the audit team agrees that the actions taken by the Project Proponents to publicize the Project grievance process is sufficient for meeting the requirements of the Standards with respect to this indicator. Moreover, the audit team was provided with evidenceof successful communications between community members and Project personnel.. Whereas, the communications presented to the audit team were not grievances, this evidence did allow the audit team to confirm that the system that is currently in place is adequate for receiving and responding to grievances.
Conformance - Y	

Indicator 11 - Demonstrate that financial mechanisms adopted, including Projected revenues from emissions reductions and other sources, are likely to provide an adequate flow of funds for Project implementation and to achieve the anticipated climate, community and biodiversity benefits.	During the site visit, the audit team reviewed the project financial model used to budget project implementation and confirmed that the projected revenues from emission reductions are conservative based on current carbon market trends. Given the timing of the validation efforts, the audit team was able to confirm the sale of carbon has provided an adequate flow of funds for Project implementation and to achieve the anticipated climate, community and biodiversity benefits.
Conformance - Y	

2.2.4. G4 – Management Capacity and Best Practices

The success of a Project depends upon the competence of the implementing management team. Projects that include a significant capacity-building (training, skill building, etc.) component are more likely to sustain the positive outcomes generated by the Project and have them replicated elsewhere.

Best practices for Project management include: local stakeholder employment, worker rights, worker safety and a clear process for handling grievances.

G4 - Management Capacity and Best Practices

Indicator 1 -Identify a single Project Proponent which is responsible for the Project's design and implementation. If multiple organizations or individuals are involved in the Project's development and implementation the governance structure, roles and responsibilities of each of the organizations or individuals involved must also be described.	The Project Proponent for the Darkwoods Forest carbon Project is NCC. During the site visit, subsequent meetings with Project personnel, and a review of the NCC website (http://www.natureconservancy.ca/en/), the audit team was able to confirm the claims in the PDD to be accurate. In addition, responsibilities of portions of the Project design and implementation that have been contracted to 3GreenTree were confirmed throughout the validation process through interactions between the audit and project personnel teams.
Conformance – Y	

Indicator 2 - Document key technical skills that will be required to implement the Project successfully, including community engagement, biodiversity assessment and carbon measurement and monitoring skills. Document the management team's expertise and prior experience implementing land management Projects at the scale of this Project. If relevant experience is lacking, the proponents must either demonstrate how other organizations will be partnered with to support the Project or have a recruitment strategy to fill the gaps.	The key technical skills required for Project implementation are appropriately documented within the PDD. The audit team confirmed that the experience of the Project team, as documented within the PDD, is sufficient to carry out all necessary tasks for Project success. NCC, along with 3GreenTree have successfully validated and verified this project under the VCS Standard prior to attempting validation under the CCBA.

Conformance - Y	

Indicator 3 - Include a plan to provide orientation and training for the Project's employees and relevant people from the communities with an objective of building locally useful skills and knowledge to increase local participation in Project implementation. These capacity building efforts should target a wide range of people in the communities, including minority and underrepresented groups. Identify how training will be passed on to new workers when there is staff turnover, so that local capacity will not be lost.	The training and orientation plan described in the PDD is consistent with other documentation reviewed throughout the audit process (e.g. training manuals and presentations, the Project's Operations, Health and Safety Manual, etc.). The audit team was also able to evaluate the plan through interviewing a project employee currently working in the Project area. In addition, it was apparent throughout the validation process that NCC is a long standing organization with a history of implementing conservation projects in which training was passed on to new workers.
Conformance - Y	

Indicator 4 - Show that people from the communities will be given an equal opportunity to fill all employment positions (including management) if the job requirements are met. Project Proponents must explain how employees will be selected for positions and where relevant, must indicate how local community members, including women and other potentially underrepresented groups, will be given a fair chance to fill positions for which they can be trained.	The audit team was provided with and reviewed the NCC policies on hiring and confirmed that the policies include requirements ensuring equal opportunity employment.
Conformance - Y	

Indicator 5 - Submit a list of all relevant laws and regulations covering worker's rights in the host country. Describe how the Project will inform workers about their rights. Provide assurance that the Project meets or exceeds all applicable laws and/or regulations covering worker rights and, where relevant, demonstrate how compliance is achieved	A thorough list of relevant laws and regulations covering worker's rights in British Columbia was included in the PDD. In addition, the audit team was able to access the Project's Operations, Health and Safety Manual, which includes workers' rights. The audit team was able to confirm the employee resources are adequate for informing workers of their rights and thus meets the requirements of this indicator.
Conformance - Y	

Indicator 6 - Comprehensively assess situations and occupations that pose a substantial risk to worker safety. A plan must be in place to inform workers of risks and to explain how to minimize such risks. Where worker safety cannot be guaranteed, Project Proponents must show how the risks will be minimized using best work practices.	The audit team reviewed the Darkwoods Safety Manual and was able to confirm that it is sufficient to meet this requirement.
Conformance - Y	

Indicator 7 - Document the financial health of the implementing organization(s) to demonstrate that financial resources budgeted will be adequate to implement the Project.	The audit team confirmed the financial health of NCC through a review of the 2010-2011 annual reports. Additional assurance was gained through the annual financial auditing NCC undergoes by a third-party auditing firm (Ernst and Young LLP). In addition to the apparent operating surplus documented in the annual report, the audit team was able to confirm that the plan for using carbon funding to implement the project is appropriate given the current level of carbon sales (see section 3.11 of this report).
Conformance - Y	

2.2.5. G5 – Legal Status and Property Rights

The Project must be based on a solid legal framework (e.g., appropriate contracts are in place) and the Project must satisfy applicable planning and regulatory requirements.

During the Project design phase, the Project Proponents should communicate early on with relevant local, regional and national authorities in order to allow adequate time to earn necessary approvals. The Project design should be sufficiently flexible to accommodate potential modifications that may arise as a result of this process.

In the event of unresolved disputes over tenure or use rights to land or resources in the Project Zone, the Project should demonstrate how it will help to bring them to resolution so that there are no unresolved disputes by the start of the Project.

G5 - Legal Status and Property Rights

Indicator 1 - Submit a list of all relevant national and local laws and regulations in the host country and all applicable international treaties and agreements. Provide assurance that the Project will comply with these and, where relevant, demonstrate how compliance is achieved.	The audit team, in coordination with a local technical expert, was able to confirm that the list of laws applicable to the Project provided in the PDD was both exhaustive and relevant. Additionally, during interviews with local officials, the audit team discussed the national and local laws related to forest land and confirmed that the Project is in conformance with this indicator.
Conformance - Y	

Indicator 2 - Document that the Project has approval from the appropriate authorities, including the established formal and/or traditional authorities customarily required by the communities.	The audit team reviewed land parcel numbers corresponding to the Darkwoods property and confirmed that these correspond to the Ecological Gift documentation held by NCC. Interviews with local officials and timber mills further confirmed that NCC was indeed the owner of the Darkwoods property. In addition, the audit team reviewed the laws governing private fee lands in B.C. and confirmed that ownership of such lands meets the requirement of approval from the appropriate authorities.
Conformance - Y	

Indicator 3 - Demonstrate with documented consultations and agreements that the Project will not encroach uninvited on private property, community property, or government property and has obtained the free, prior, and informed consent of those whose rights will be affected by the Project.	The Project occurs on lands which are privately owned in fee by the Project Proponent (NCC) and thus does not encroach uninvited on private property, community property, or government property.
Conformance - Y	

Indicator 4 - Demonstrate that the Project does not require the involuntary relocation of people or of the activities important for the livelihoods and culture of the communities. If any relocation of habitation or activities is undertaken within the terms of an agreement, the Project Proponents must demonstrate that the agreement was made with the free, prior, and informed consent of those concerned and includes provisions for just and fair compensation.	As previously stated, the Project Area is located entirely on private property, so the Project will not require the relocation of peoples or activities. The audit team verified this through interviews with the Project Proponent, NCC, and through discussions with community members.
Conformance - Y	

Indicator 5 - Identify any illegal activities that could affect the Project's climate, community or biodiversity impacts (e.g., logging) taking place in the Project Zone and describe how the Project will help to reduce these activities so that Project benefits are not derived from illegal activities. Conformance - Y	Interviews with local officials confirmed claims in the PDD that the risk of illegal activities on the Project's climate, community, and biodiversity benefits is extremely low. While on site, the audit team observed locked gates and signage in place to deter any illegal activities that may occur. In addition, the audit team observed contracts between the Project Proponents and local user groups further ensuring legal uses across the Project area.

Indicator 6 - Demonstrate that the Project Proponents have clear, uncontested title to the carbon rights, or provide legal documentation demonstrating that the Project is undertaken on behalf of the carbon owners with their full consent. Where local or national conditions preclude clear title to the carbon rights at the time of validation against the Standards, the Project Proponents must provide evidence that their ownership of carbon rights is likely to be established before they enter into any transactions concerning the Project's carbon assets. Conformance - Y	As previously stated, the Project Area is owned by the project proponent (NCC), and therefore, the Project Proponents have clear, uncontested title to the carbon rights

2.3. Climate Section

2.3.1. CL1 – Net Positive Climate Impacts

The Project must generate net positive impacts on atmospheric concentrations of greenhouse gases (GHGs) over the Project lifetime from land use changes within the Project boundaries.

CL1 - Net Positive Climate Impacts

Indicator 1 - Estimate the net change in carbon stocks due to the Project activities using the methods of calculation, formulae and default values of the IPCC 2006 GL for AFOLU or using a more robust and detailed methodology. The net change is equal to	The estimated net change in carbon stocks due to Project activities have been estimated, for the Project GHG accounting period, using the VCS methodology VM0012 "Improved Forest Management in Temperate and Boreal Forests (LtPF)". The audit team confirmed that this methodology is a more robust and detailed

carbon stock changes with the Project minus carbon stock changes without the Project (the latter having been estimated in G2). This estimate must be based on clearly defined and defendable assumptions about how Project activities will alter GHG emissions or carbon stocks over the duration of the Project or the Project GHG accounting period.	methodology than the IPCC 2006 GL for AFOLU, as it provides guidance that is specific to improved forest management Projects. In addition, the methodology is sufficiently rigorous to require clearly defined and defendable assumptions about how Project activities will alter GHG emissions or carbon stocks over the duration of the Project GHG accounting period. Through a thorough review of relevant spreadsheets, and other relevant information, the audit team confirmed the accuracy of the values reported within the PDD.
Conformance - Y	

Indicator 2 - Estimate the net change in the emissions of non-CO2 GHG emissions such as CH4 and N2O in the with and without Project scenarios if those gases are likely to account for more than a 5% increase or decrease (in terms of CO2-equivalent) of the Project's overall GHG emissions reductions or removals over each monitoring period.	As previously stated (G2.3), the Non-CO2 emissions, such as CH4, were determined to be appropriately excluded in conformance with the methodology. The Project meets the requirements of this indicator.
Conformance - Y	

Indicator 3 - Estimate any other GHG emissions resulting from Project activities. Emissions sources include, but are not limited to, emissions from biomass burning during site preparation, emissions from fossil fuel combustion, direct emissions from the use of synthetic fertilizers, and emissions from the decomposition of N-fixing species.	As is required by the VCS Methodology VM0012 "Improved Forest Management in Temperate and Boreal Forests (LtPF)" emissions from fossil fuel combustion have been appropriately accounted for in the Project carbon calculations. In addition, the audit team reviewed the Project carbon workbooks and found them to be accurate and free from calculation error. The Project meets the requirements of this indicator.
Conformance - Y	

Indicator 4 - Demonstrate that the net climate impact of the Project is positive. The net climate impact of the Project is the net change in carbon stocks plus net change in non-CO2 GHGs where appropriate minus any other GHG emissions resulting from Project activities minus any likely Project-related unmitigated negative offsite climate impacts (see CL2.3).	A review of carbon calculations by the audit team verified that the net climate impact of the Project is positive. The audit team was able to confirm that the calculations were undertaken in conformance with the selected VCS methodology. The accuracy of the reported values was confirmed through a review of Project Proponent-supplied spreadsheets, and other documentation.
Conformance - Y	

Indicator 5 - Specify how double counting of GHG emissions reductions or removals will be avoided, particularly for offsets sold on the voluntary market and generated in a country with an emissions cap.	The audit team can confirm that the project has not been registered under any other carbon accounting standard other than the VCS. SCS has a history of working in the region and confirm that no emissions cap existed in Canada involving forests at the time of this validation. The Project is in conformance with the requirements of this indicator.
Conformance - Y	

2.3.2. CL2 – Offsite Climate Impacts ('Leakage')

The Project Proponents must quantify and mitigate increased GHG emissions that occur beyond the Project Area and are caused by Project activities (commonly referred to as 'leakage').

CL2 - Offsite Climate Impacts (Leakage)

Indicator 1 - Determine the types of leakage that are expected and estimate potential offsite increases in GHGs (increases in emissions or decreases in sequestration) due to Project activities. Where relevant, define and justify where leakage is most likely to take place.	The audit team reviewed the leakage claims in the PDD, as well as the calculations of such in the Project calculation workbooks and confirmed that leakage has been appropriately accounted for by the Project Proponents. The Project uses the Climate Action Reserve (CAR) market leakage tool for assessing market leakage. Based on the professional knowledge of the audit team, as well as the level of interconnectedness of timber markets between the United States and Canada, the audit team deemed this method to be appropriate. Additionally, the audit team recalculated the Project market leakage values reported by the Project and found them to be accurate and free from calculation error. Finally, the audit interviewed members of NCC corroborated claims in the PDD that timber harvesting is not a major activity on any other NCC lands as their mission is conservation. Interviews with local officials further confirmed these claims that activity shifting leakage is not expected due to project activities.
Conformance - Y	

Indicator 2 - Document how any leakage will be mitigated and estimate the extent to which such impacts will be reduced by these mitigation activities.	As stated above, the Project uses the CAR leakage tool to assess market leakage tool for assessing market leakage and discounts their GHG reductions and removals appropriately.
Conformance - Y	

Indicator 3 - Subtract any likely Project-related unmitigated negative offsite climate impacts from the climate benefits being claimed by the Project and demonstrate that this has been included in the evaluation of net climate impact of the Project (as calculated in CL1.4).	The audit team reviewed relevant spreadsheets and confirmed that the summary provided in the PDD has been calculated correctly and that any unmitigated negative offsite climate impacts have been subtracted from the net climate impact of the project.
Conformance - Y	

Indicator 4 - Non-CO2 gases must be included if they are likely to account for more than a 5% increase or decrease (in terms of CO2-equivalent) of the net change calculations (above) of the Project's overall off-site GHG emissions reductions or removals over each monitoring period.	As previously stated, Non-CO2 gases are appropriately excluded from the project per the guidance of the methodology.
Conformance - Y	

2.3.3. CL3 – Climate Impact Monitoring

Before a Project begins, the Project Proponents must have an initial monitoring plan in place to quantify and document changes (within and outside the Project boundaries) in Project-related carbon pools, Project emissions, and non-CO2 GHG emissions if appropriate. The monitoring plan must identify the types of measurements, the sampling method, and the frequency of measurement.

Since developing a full monitoring plan can be costly, it is accepted that some of the plan details may not be fully defined at the design stage, when Projects are being validated against the Standards. This is acceptable as long as there is an explicit commitment to develop and implement a monitoring plan.

CL3 - Climate Impact Monitoring

Indicator 1 - Develop an initial plan for selecting carbon pools and non- CO_2 GHGs to be monitored, and determine the frequency of monitoring. Potential pools include aboveground biomass, litter, dead wood, belowground biomass, wood products, soil carbon and peat. Pools to monitor must include any pools expected to decrease as a result of Project activities, including those in the region outside the Project boundaries resulting from all types of leakage identified in CL2. A plan must be in place to continue leakage monitoring for at least five years after all activity displacement or other leakage causing activity has taken place. Individual GHG sources may be considered 'insignificant' and do not have to be accounted for if together such omitted decreases in carbon pools and increases in GHG emissions amount to less than 5% of the total CO_2 -equivalent benefits generated by the Project. Non-CO2 gases must be included if they are likely to account for more than 5% (in terms of CO_2 -equivalent) of the Project's overall GHG impact over each monitoring period. Direct field measurements using scientifically robust sampling must be used to measure more significant elements of the Project's carbon stocks. Other data must be suitable to the Project site and specific forest type.	The audit team affirms that the Project Proponent has developed an initial monitoring plan for selecting carbon pools and non-CO_2 GHGs, which includes descriptions of direct measurements. Overall, the initial monitoring plan conforms to the requirements of this indicator. Further details regarding the work undertaken to confirm the climate monitoring plan reported in the PDD can be found within the VCS verification report for the project.
Conformance - Y	

Indicator 2 - Commit to developing a full monitoring plan within six months of the Project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.	The full climate monitoring plan is described in the PDD and will be disseminated along with the VCS monitoring report. The audit team confirmed that the VCS monitoring report, including the monitoring plan are posted on the VCS website as described in the PDD.
Conformance - Y	

2.4. Community Section

2.4.1. CM1 – Net Positive Community Impacts

The Project must generate net positive impacts on the social and economic well-being of communities and ensure that costs and benefits are equitably shared among community members and constituent groups during the Project lifetime.

Projects must maintain or enhance the High Conservation Values (identified in **G1**) in the Project Zone that are of particular importance to the communities' well-being**.**

CM1 - Net Community Impacts

Indicator 1 - Use appropriate methodologies to estimate the impacts on communities, including all constituent socio-economic or cultural groups such as indigenous peoples (defined in G1), resulting from planned Project activities. A credible estimate of impacts must include changes in community well-being due to Project activities and an evaluation of the impacts by the affected groups. This estimate must be based on clearly defined and defendable assumptions about how Project activities will alter social and economic well-being, including potential impacts of changes in natural resources and ecosystem services identified as important by the communities (including water and soil resources), over the duration of the Project. The 'with Project' scenario must then be compared with the 'without Project' scenario of social and economic well-being in the absence of the Project (completed in G2). The difference (i.e., the community benefit) must be positive for all community groups.	The audit team affirms that the methodologies for estimating the impacts of the Project on communities, such as Land values, the local economy, amenity values, and ecosystem services impacts are appropriate. The audit team reviewed the description of community impacts in the PDD along with other supporting documentation and confirmed that methodologies include criteria for assessing the effect of the Project on natural resources and ecosystem services identified to be important by communities in the Project Zone. The interviews with community members and local officials in the Project Zone corroborate the assessment provided in the PDD.
Conformance - Y	

Indicator 2 - Demonstrate that no High Conservation Values identified in G1.8.4-6 will be negatively affected by the Project.	The PDD provides a description of the Project's potential impact on High Conservation Values (HCVs), along with claims that's the Project with result in net positive impacts for climate, community, and biodiversity. The audit team agreed that protecting forests and reducing intense logging operations, by design, maintain and enhance HCVs.
Conformance - Y	

2.4.2. CM2 – Offsite Stakeholder Impacts

The Project Proponents must evaluate and mitigate any possible social and economic impacts that could result in the decreased social and economic well-being of the main stakeholders living outside the Project Zone resulting from Project activities. Project activities should at least 'do no harm' to the well-being of offsite stakeholders.

CM2 - Offsite Stakeholder Impacts

Indicator 1 - Identify any potential negative offsite stakeholder impacts that the Project activities are likely to cause.	Based on interviews with local officials, as well as professional knowledge, the audit team agrees with the likely impacts to offsite stakeholders described in the PDD.
Conformance - Y	

Indicator 2 - Describe how the Project plans to mitigate these negative offsite social and economic impacts.	The nature of the project activities, as well as the size of the Project Zone leads the audit team to agree with the project that a mitigation plan is not necessary, given the lack of 'offsite' stakeholder impacts. The Project is in conformance with the requirements of this indicator.
Conformance - Y	

Indicator 3 -Demonstrate that the Project is not likely to result in net negative impacts on the well-being of other stakeholder groups.	Through a review of the PDD and other documentation, as well as, conducting a site visit, it was verified that the Project as designed would not likely result in net negative impacts on the well-being of other stakeholder groups.
Conformance - Y	

2.4.3. CM3 – Community Impact Monitoring

The Project Proponents must have an initial monitoring plan to quantify and document changes in social and economic well-being resulting from the Project activities (for communities and other stakeholders). The monitoring plan must indicate which communities and other stakeholders will be monitored, and identify the types of measurements, the sampling method, and the frequency of measurement.

Since developing a full community monitoring plan can be costly, it is accepted that some of the plan details may not be fully defined at the design stage, when Projects are being validated against the

Standards. This is acceptable as long as there is an explicit commitment to develop and implement a monitoring plan.

CM3 - Community Impact Monitoring

Indicator 1 - Develop an initial plan for selecting community variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the Project's community development objectives and to anticipated impacts (positive and negative).	As reported in the PDD, an initial plan was established for selecting variables to be monitored, along with the frequency of monitoring and reporting. The PDD contains an initial monitoring plan that contains a list of indicators and methods for monitoring that will take place with respect to the community development objectives within the Project Zone. The audit team verified that the initial plan for monitoring is in accordance with the requirements of this indicator.
Conformance - Y	

Indicator 2 - Develop an initial plan for how they will assess the effectiveness of measures used to maintain or enhance High Conservation Values related to community well-being (G1.8.4-6) present in the Project Zone.	As no community HCV's were identified in the Project area, this indicator is not applicable to the Project.
Conformance - NA	

Indicator 3 - Commit to developing a full monitoring plan within six months of the Project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.	The PDD contains a full monitoring plan for the community component of the Project. The audit team confirmed that the monitoring plan, as part of the PDD was made public on the CCB website and publicized as described on the NCC website.
Conformance - Y	

2.5. Biodiversity Section

2.5.1. B1 – Net Positive Biodiversity Impacts

The Project must generate net positive impacts on biodiversity within the Project Zone and within the Project lifetime, measured against the baseline conditions.

The Project should maintain or enhance any High Conservation Values (identified in **G1**) present in the Project Zone that are of importance in conserving globally, regionally or nationally significant biodiversity**.**

Invasive species populations must not increase as a result of the Project, either through direct use or indirectly as a result of Project activities.

Projects may not use genetically modified organisms (GMOs) to generate GHG emissions reductions or removals. GMOs raise unresolved ethical, scientific and socio-economic issues. For example, some GMO attributes may result in invasive genes or species.

B1 - Net Positive biodiversity Impacts

Indicator 1 -Use appropriate methodologies to estimate changes in biodiversity as a result of the Project in the Project Zone and in the Project lifetime. This estimate must be based on clearly defined and defendable assumptions. The 'with Project' scenario should then be compared with the baseline 'without Project' biodiversity scenario completed in G2. The difference (i.e., the net biodiversity benefit) must be positive.	As described in the PDD, the information provided in the literature (Harcombe 2007) and the inherent relationship between forest protection and restoration and biodiversity will serve as the baseline for gauging changes in biodiversity throughout the life of the project. The audit team confirms that utilizing the monitoring and adaptive management described in Darkwoods property management plan will be sufficient to capture changes in biodiversity over the Project lifetime.
Conformance - Y	

Indicator 2 -Demonstrate that no High Conservation Values identified in G1.8.1-348 will be negatively affected by the Project.	The PDD provides a description of the Project's impacts on High Conservation Values (HCVs), along with claims that the Project will result in net positive impacts for climate, community, and biodiversity. The audit team confirmed that protection and the restoration of forests will maintain and enhance HCVs.
Conformance - Y	

Indicator 3 - Identify all species to be used by the Project and show that no known invasive species will be introduced into any area affected by the Project and that the population of any invasive species will not increase as a result of the Project.	As the Project does not use any non-native species in the Project activities, no invasive species are expected to be introduced. Moreover, it is the professional opinion of the audit team that Project activities such as decreased timber harvesting, including no net increase in roads will further decrease vectors for the introduction of invasive species.
Conformance - Y	

Indicator 4 - Describe possible adverse effects of non-native species used by the Project on the region's environment, including impacts on native species and disease introduction or facilitation. Project Proponents must justify any use of non-native species over native species.	Not Applicable.
Conformance - NA	

Indicator 5 - Guarantee that no GMOs will be used to generate GHG emissions reductions or removals.	The audit team verified the claims in the PDD that no GMOs will be used to generate GHG emissions reductions or removals. Observations made during the site visit supported these claims.
Conformance - Y	

2.5.2. B2 – Offsite Biodiversity Impacts

The Project Proponents must evaluate and mitigate likely negative impacts on biodiversity outside the Project Zone resulting from Project activities.

B2 - Offsite Biodiversity Impacts

Indicator 1 - Identify potential negative offsite biodiversity impacts that the Project is likely to cause.	The audit team agrees with the Project Proponent that forest protection and restoration will enhance biodiversity and therefore, the project is not likely to result in negative offsite biodiversity impacts.
Conformance - Y	

Indicator 2 - Document how the Project plans to mitigate these negative offsite biodiversity impacts.	As previously stated, the Project is not likely to result in negative offsite biodiversity impacts.
Conformance - Y	

Indicator 3 - Evaluate likely unmitigated negative offsite biodiversity impacts against the biodiversity benefits of the Project within the Project boundaries. Justify and demonstrate that the net effect of the Project on biodiversity is positive.	Given the lack of expected likely negative offsite biodiversity impacts, the audit team agrees that net effect of the project on biodiversity is positive.
Conformance - Y	

2.5.3. B3 – Biodiversity Impact Monitoring

The Project Proponents must have an initial monitoring plan to quantify and document the changes in biodiversity resulting from the Project activities (within and outside the Project boundaries). The monitoring plan must identify the types of measurements, the sampling method, and the frequency of measurement.

Since developing a full biodiversity-monitoring plan can be costly, it is accepted that some of the plan details may not be fully defined at the design stage, when Projects are being validated against the Standards. This is acceptable as long as there is an explicit commitment to develop and implement a monitoring plan.

B3 - Biodiversity Impact Monitoring

Indicator 1 - Develop an initial plan for selecting biodiversity variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the Project's biodiversity objectives and to anticipated impacts (positive and negative).	The audit team reviewed the initial monitoring plan and verified that the plan includes justification for the selected variables, as well as the temporal guidelines for implementation. This plan is in conformance with the requirements of this indicator.
Conformance - Y	

Indicator 2 - Develop an initial plan for assessing the effectiveness of measures used to maintain or enhance High Conservation Values related to globally, regionally or nationally significant biodiversity (G1.8.1-3) present in the Project Zone.	The audit team agrees that the plan to include HCV's as biodiversity targets, as described in the PDD is sufficient for meeting the criteria of this indicator. The audit team interviewed a local biologist on 3 October 2013, who further supported the plan.
Conformance - Y	

Indicator 3 - Commit to developing a full monitoring plan within six months of the Project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.	The PDD states that the full monitoring plan for the biodiversity component of the Project is in place and will be updated through time. The audit team reviewed the plan, as well as the results during the site visit and throughout the validation process and confirmed that this plan is in accordance with the requirements of this indicator. In addition, the audit team interviewed community members who confirmed that the plan, as well as the results of monitoring is communicated during community
Conformance - Y	

	consultation meetings. Moreover, the plan, as part of the PDD was made publicly available on the CCB website.

2.6. Gold Level Section

2.6.1. GL1 – Climate Change Adaptation Benefits

This Gold Level Climate Change Adaptation Benefits criterion identifies Projects that will provide significant support to assist communities and/or biodiversity in adapting to the impacts of climate change. Anticipated local climate change and climate variability within the Project Zone could potentially affect communities and biodiversity during the life of the Project and beyond. Communities and biodiversity in some areas of the world will be more vulnerable to the negative impacts of these changes due to: vulnerability of key crops or production systems to climatic changes; lack of diversity of livelihood resources and inadequate resources, institutions and capacity to develop new livelihood strategies; and high levels of threat to species survival from habitat fragmentation. Land-based carbon Projects have the potential to help local communities and biodiversity adapt to climate change by: diversifying revenues and livelihood strategies; maintaining valuable ecosystem services such as hydrological regulation, pollination, pest control and soil fertility; and increasing habitat connectivity across a range of habitat and climate types.

GL1 - Climate Change Adaptation Benefits

Indicator 1 -Identify likely regional climate change and climate variability scenarios and impacts, using available studies, and identify potential changes in the local land-use scenario due to these climate change scenarios in the absence of the Project.	Not applicable
Conformance: N/A	

Indicator 2 - Identify any risks to the Project's climate, community and biodiversity benefits resulting from likely climate change and climate variability impacts and explain how these risks will be mitigated.	Not applicable
Conformance: N/A	

Indicator 3 - Demonstrate that current or anticipated climate changes are having or	Not applicable

are likely to have an impact on the well-being of communities51 and/or the conservation status of biodiversity52 in the Project Zone and surrounding regions.	
Conformance: N/A	

Indicator 4 - Demonstrate that the Project activities will assist communities and/or biodiversity to adapt to the probable impacts of climate change.	Not applicable
Conformance: N/A	

2.6.2. GL2 – Exceptional Community Benefits

This Gold Level Exceptional Community Benefits criterion recognizes Project approaches that are explicitly pro-poor in terms of targeting benefits to globally poorer communities **and** the poorer, more vulnerable households and individuals within them. In so doing, land-based carbon Projects can make a significant contribution to reducing the poverty and enhancing the sustainable livelihoods of these groups. Given that poorer people typically have less access to land and other natural assets, this optional criterion requires innovative approaches that enable poorer households to participate effectively in land-based carbon activities. Furthermore, this criterion requires that the Project will 'do no harm' to poorer and more vulnerable members of the communities, by establishing that no member of a poorer or more vulnerable social group will experience a net negative impact on their well-being or rights.

GL2 - Exceptional Community Benefits

Indicator 1 - Demonstrate that the Project Zone is in a low human development country OR in an administrative area of a medium or high human development country in which at least 50% of the population of that area is below the national poverty line.	Not applicable
Conformance: N/A	

Indicator 2 - Demonstrate that at least 50% of households within the lowest category of well-being (e.g., poorest quartile) of the community are likely to benefit substantially from the Project.	Not applicable

Conformance: N/A	

Indicator 3 -Demonstrate that any barriers or risks that might prevent benefits going to poorer households have been identified and addressed in order to increase the probable flow of benefits to poorer households.	Not applicable
Conformance: N/A	

Indicator 4 - Demonstrate that measures have been taken to identify any poorer and more vulnerable households and individuals whose well-being or poverty may be negatively affected by the Project, and that the Project design includes measures to avoid any such impacts. Where negative impacts are unavoidable, demonstrate that they will be effectively mitigated.	Not applicable
Conformance: N/A	

Indicator 5 - Demonstrate that community impact monitoring will be able to identify positive and negative impacts on poorer and more vulnerable groups. The social impact monitoring must take a differentiated approach that can identify positive and negative impacts on poorer households and individuals and other disadvantaged groups, including women.	Not applicable
Conformance: N/A	

2.6.3. GL3 – Exceptional Biodiversity Benefits

All Projects conforming to the Standards must demonstrate net positive impacts on biodiversity within their Project Zone. This Gold Level Exceptional Biodiversity Benefits criterion identifies Projects that conserve biodiversity at sites of global significance for biodiversity conservation. Sites meeting this optional criterion must be based on the Key Biodiversity Area (KBA) framework of vulnerability and irreplaceability. These criteria are defined in terms of species and population threat levels, since these are the most clearly defined elements of biodiversity. These scientifically based criteria are drawn from existing best practices that have been used, to date, to identify important sites for biodiversity in over 173 countries.

Project Proponents must demonstrate that the Project Zone includes a site of high biodiversity conservation priority by meeting either the vulnerability *or* irreplaceability criteria defined below:

GL3 - Exceptional Biodiversity Benefits

Indicator 1 - Vulnerability - Regular occurrence of a globally threatened species (according to the IUCN Red List) at the site:	See Below

Indicator 1.1 - Critically Endangered (CR) and Endangered (EN) species - presence of at least a single individual; or	Not applicable
Conformance - NA	

Indicator 1.2 - Vulnerable species (VU) - presence of at least 30 individuals or 10 pairs.	The audit team reviewed the claims in the PDD that the project provides habitat to bull trout (Salvelinus confuentuous), which is currently listed as vulnerable on the IUCN Red List website. Using a web based review; the audit team was able to confirm that the Project area is well within the boundaries of the bull trout range. In addition the audit team reviewed the results from the Darkwoods Inventory Report and confirmed entries showing multiple detections of schools of bull trout in excess of 80 individuals. Whereas, the audit team was unable to confirm the actual presence of 30 individuals or 10 pairs given the time of year, it is the professional opinion that given the lifecycle of this species and the vast number of project area tributaries feeding Lake Kootenay, it is reasonable that the Project more than meets the criteria of this indicator throughout the year. Finally, whereas, the Project meets the requirement of this indicator currently, the requirement of a "regular occurrence" of a vulnerable species will need to be confirmed at each verification audit.
Conformance: Y	

3.0 CCB Validation Conclusion

Following completion of SCS' duly-accredited validation process, it is our opinion that the Darkwoods Forest carbon Project conforms to the CCBA Climate, Community and Biodiversity Project Design Standards (Second Edition) at the Gold Level (See Appendix B).

3.1. Resolution of Any Non-conformance and Other Issues

Any potential or actual non-conformance and other issues identified during the assessment process were resolved through the issuance of findings. The types of findings issued by SCS were characterized as follows:

Non-Conformity Report (NCR): An NCR signified a material 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 verification 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 verification statement.
Opportunity for Improvement (OFI): An OFI indicated an area that should be monitored or ideally, improved upon. OFI's were considered to be an indication of something that could become a non-conformity if not given proper attention, and were sometimes issued in the case that a non-material discrepancy was identified. OFIs were considered to be closed upon issuance.
All findings issued by the audit team during the verification process have been closed. In accordance with Section 3.6 of the Verification Program Manual, all findings issued during the verification process, and the impetus for their closure, are described in a separate List of Findings that is a private document.

4.0 Findings

Please see section 3.1 of this report for descriptions of the types of findings. It should be noted that all language under "Client Response" is a verbatim transcription of responses provided to the findings by project personnel.

NIR 2012.1 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G1.4; The Rules for the Use of the CCB Standards pg. 6
Document Reference: Darkwoods PDD pg. 15
Finding: The CCB Standards require that "The project proponents must provide a description of the project zone, containing all the following information:
Current carbon stocks within the project area(s), using stratification by land-use or vegetation type and methods of carbon calculation (such as biomass plots, formulae, default values) from the Intergovernmental Panel on Climate Change's 2006 Guidelines for National GHG Inventories for Agriculture, Forestry and Other Land Use5 (IPCC 2006 GL for AFOLU) or a more robust and detailed methodology."
Additionally, the Rules for the use of the CCB standards state that "The project design documentation (PDD) is a detailed description of the project and the ways in which it meets the required and optional criteria of the CCB Standards. There is no mandatory format or template for the PDD, but it must be prepared in a way that facilitates assessment by the public and the auditor."

The Darkwoods PDD provides references to the VCS project description for a description of the current carbon stocks within the project area rather than provide an actual description.
The information in this section, along with the baseline projects (G2), help to determine the likely impacts of the project. The CCB PDD should be a standalone document that is prepared in a way that facilitates assessment by the public and the auditor.
Please update the CCB PDD to include at least summary information of the current carbon stocks within the project area.

Client Response: Text has been added to Section G1.4 and 2 tables showing the current and projected gross carbon stocks by pool have been included (Table 9 & 10) from the VCS PDD. We have retained the references to the VCS PDD throughout because there is additional depth and explanation in that document that may be important to some readers, however we have copied key summarizing tables, figures, and explanations directly from the VCS PDD into this CCBA PDD.
Auditor Response: As stated in the Client Response, the revised PDD now contains an appropriate summary of the current Project stocks within the Project boundary. The updates to the PDD are sufficient for resolving this issue.
Closing Remarks: The Client's response adequately addresses the finding.

NIR 2012.2 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G1.8.1
Document Reference: Darkwoods PDD pg. 27
Finding: Section G1.8 of the Darkwoods PDD references Harcombe 2007 as evidence for the presence of conservation areas, as well as federally listed species. Please provide this evidence to the audit team.
Client Response: File provided.
Auditor Response: The information requested by the audit team was provided, thus allowing assessment of this requirement. The information provided is sufficient for resolving this issue.
Closing Remarks: The Client's response adequately addresses the finding.

NIR 2012.3 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G1.8.2; The Rules for the Use of the CCB Standards pg. 6
Document Reference: Darkwoods PDD pg. 27-28
Finding: The CCB Standards require that "The project proponents must provide a description of the project zone, containing all the following information:
Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance."
Additionally, the rules for the use of the CCB standards state that "The project design documentation (PDD) is a detailed description of the project and the ways in which it meets the required and optional criteria of the CCB Standards. There is no mandatory format or template for the PDD, but it must be prepared in a way that facilitates assessment by the public and the auditor"
The Darkwoods PDD gives a description of landscape level ecosystems; however it is not clear whether or not the areas being described include viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance and therefore does not facilitate assessment by the auditor. Please update the PDD to include evidence of whether or not viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance occur.

Client Response: Additional references have been added to Section G1.8.
Auditor Response: The PDD was revised to include a suite of references supporting the claims regarding

this criterion. The audit team was able to confirm that this literature is consistent with the claims in the PDD. The information provided is sufficient for resolving this issue.
Closing Remarks: The Client's response adequately addresses the finding.

NIR 2012.4 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G2.1; The Rules for the Use of the CCB Standards pg. 6
Document Reference: Darkwoods PDD pg. 29
Finding: The CCB Standards require that "The project proponents must develop a defensible and well-documented 'without-project' reference scenario that must:
Describe the most likely land-use scenario in the absence of the project following IPCC 2006 GL for AFOLU or a more robust and detailed methodology, describing the range of potential land use scenarios and the associated drivers of GHG emissions and justifying why the land-use scenario selected is most likely."
Additionally, the Rules for the use of the CCB standards state that "The project design documentation (PDD) is a detailed description of the project and the ways in which it meets the required and optional criteria of the CCB Standards. There is no mandatory format or template for the PDD, but it must be prepared in a way that facilitates assessment by the public and the auditor."
The Darkwoods PDD provides references to the VCS project description to describe the most likely land-use scenario in the absence of the project rather than providing an actual description. The CCB PDD should be a standalone document that is prepared in a way that facilitates assessment by the public and the auditor.
Please update the PDD to include at least a summary description of the range of potential land use scenarios and the associated drivers of GHG emissions.

Client Response: Text has been added to Section G2.1 to summarize the plausible baseline scenarios.
Auditor Response: As stated in the Client Response, the revised PDD now contains an appropriate summary of the plausible baseline scenarios within the Project boundary. The updates to the PDD are sufficient for resolving this issue.
Closing Remarks: The Client's response adequately addresses the finding.

NIR 2012.5 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G2.2; The Rules for the Use of the CCB Standards pg. 6
Document Reference: Darkwoods PDD pg. 29
Finding: The CCB Standards require that "The project proponents must develop a defensible and well-documented 'without-project' reference scenario that must:
Document that project benefits would not have occurred in the absence of the project, explaining how existing laws or regulations would likely affect land use and justifying that the benefits being claimed by the project are truly 'additional' and would be unlikely to occur without the project."
Additionally, the Rules for the use of the CCB standards state that "The project design documentation (PDD) is a detailed description of the project and the ways in which it meets the required and optional criteria of the CCB Standards. There is no mandatory format or template for the PDD, but it must be prepared in a way that facilitates assessment by the public and the auditor."
The Darkwood's PDD references the VCS Tool for the Demonstration and Assessment of Additionality in VCS AFOLU Project Activities as detailed in Section 2.5 of the VCS PDD, rather than documenting the additionality within the PDD and does not facilitate assessment by the public and the auditor. The CCB PDD should be a standalone document that is prepared in a way that facilitates assessment by the public

and the auditor.
Please update the PDD to document that project benefits would not have occurred in the absence of the project, explaining how existing laws or regulations would likely affect land use and justifying that the benefits being claimed by the project are truly 'additional' and would be unlikely to occur without the project.

Client Response: The full additionality assessment text has been copied from the VCS PDD into Section G2.2
Auditor Response: As stated in the Client Response, the revised PDD now contains a full description for the process for determining additionality. The updates to the PDD are sufficient for resolving this issue.
Closing Remarks: The Client's response adequately addresses the finding.

NIR 2012.6 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G2.3; The Rules for the Use of the CCB Standards pg. 6
Document Reference: Darkwoods PDD pg. 29-30
Finding: The CCB Standards require that "The project proponents must develop a defensible and well-documented 'without-project' reference scenario that must:
Calculate the estimated carbon stock changes associated with the 'without project' reference scenario...This requires estimation of carbon stocks for each of the land-use classes of concern and a definition of the carbon pools included, among the classes defined in the IPCC 2006 GL for AFOLU."
Additionally, the Rules for the use of the CCB standards state that "The project design documentation (PDD) is a detailed description of the project and the ways in which it meets the required and optional criteria of the CCB Standards. There is no mandatory format or template for the PDD, but it must be prepared in a way that facilitates assessment by the public and the auditor."
The Darkwood's PDD references the VCS PDD rather than providing the carbon stock changes associated with the 'without project' reference scenario within the CCB PDD and therefore does not facilitate assessment by the public and the auditor. The CCB PDD should be a standalone document that is prepared in a way that facilitates assessment by the public and the auditor.
Please update the PDD to provide the carbon stock changes associated with the 'without project' reference scenario.

Client Response: Text has been added to Section G2.3 to summarize the calculation of the baseline carbon stock change calculations, along with tables showing projected harvest levels, gross carbon stock by carbon pool, and HWP/equipment emission calculations.
Auditor Response: As stated in the client Response, the revised PDD now contains an adequate description of the estimated carbon stock changes in the 'without' Project scenario. The information provided in the PDD is sufficient for resolving this issue.
Closing Remarks: The Client's response adequately addresses the finding.

NCR 2012.7 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G3.4
Document Reference: Darkwoods PDD pg. 39
Finding: The CCB Standards require that "The project proponents must define the project lifetime and GHG accounting period and explain and justify any differences between them. Define an implementation schedule, indicating key dates and milestones in the project's development."
The Darkwoods PDD provides information on the project lifetime and GHG accounting period; however the PDD does not define an implementation schedule, indicating key dates and milestones in the

project's development.
Please update the PDD to define an implementation schedule, indicating key dates and milestones in the project's development.

Client Response: Text has been added to Section G3.4 to list additional project implementation and key milestones.
Auditor Response: The PDD has been updated to include key dates and project milestones. The information provided is sufficient for resolving this issue. The project is now in conformance with respect to this indicator.
Closing Remarks: The Client's response adequately addresses the finding.

NIR 2012.8 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G3.5
Document Reference: Darkwoods PDD pg. 39
Finding: The CCB Standards require that "project proponents must identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures adopted to mitigate these risks."
Additionally, the Rules for the use of the CCB standards state that "The project design documentation (PDD) is a detailed description of the project and the ways in which it meets the required and optional criteria of the CCB Standards. There is no mandatory format or template for the PDD, but it must be prepared in a way that facilitates assessment by the public and the auditor."
The Darkwood PDD outlines measures adopted to mitigate risks; however the PDD only references the VCS risk tool rather than providing the likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime within the CCB PDD and therefore does not facilitate assessment by the public and the auditor. The CCB PDD should be a standalone document that is prepared in a way that facilitates assessment by the public and the auditor.
Please update the PDD to identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime.
Client Response: The VCS Non-Permanence Risk Assessment has been copied from the VCS PDD into Appendix 1 of this PDD.
Auditor Response: Whereas, the inclusion of the VCS Non-Permanence Risk Report is sufficient for addressing this issue, the risks associated with the project should be assessed at the time of validation. Given this rationale, please update the PDD to include the latest version of the VCS Non-Permanence Risk Report. This finding will remain open pending the addition of the latest version of the risk report.
Client Response 2: The risk assessment in Appendix 1 has been replaced by the latest VCS Non-Permanence risk assessments from the 2011-12 VCS verification.
Auditor Response 2: The audit team agrees that the risks included in the final version of the PDD are the Project risks at the time of validation. The information provided is sufficient for resolving this issue.
Closing Remarks: The Client's response adequately addresses the finding.

NIR 2012.9 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G3.8
Document Reference: Darkwoods PDD pg. 41
Finding: The CCB Standards require that "project proponents must document and defend how communities and other stakeholders potentially affected by the project activities have been identified and have been involved in project design through effective consultation.....Project developers must document stakeholder dialogues and indicate if and how the project proposal was revised based on such input. A plan must be developed to continue communication and consultation between project

managers and all community groups about the project and its impacts to facilitate adaptive management throughout the life of the project."
Additionally, the Rules for the use of the CCB standards state that "The project design documentation (PDD) is a detailed description of the project and the ways in which it meets the required and optional criteria of the CCB Standards. There is no mandatory format or template for the PDD, but it must be prepared in a way that facilitates assessment by the public and the auditor."
The Darkwoods PDD documents that stakeholders have been involved in the project design by referencing the VCS PDD, rather than documenting this under the cover of the CCB PDD and therefore does not facilitate assessment by the public and the auditor. Also, by referencing the VCS PDD, it is not clear that stakeholders have been involved with the design of the co-benefits of the CCB Standard. Finally, the PDD does not include evidence that a plan has been developed to continue communication and consultation between project managers and all community groups about the project and its impacts to facilitate adaptive management throughout the life of the project.
Please update the CCB PDD to document and defend how communities and other stakeholders potentially affected by the project activities have been identified and have been involved in project design through effective consultation, document stakeholder dialogues and indicate if and how the project proposal was revised based on such input, and provide evidence that a plan is in place to continue communication and consultation between project managers and all community groups about the project and its impacts to facilitate adaptive management throughout the life of the project to facilitate assessment by the public and the auditor.

Client Response: Text has been added to Section 3.8 with more description of what NCC has done to engage stakeholders. Additional supporting information has been provided (2008 & 2010 public open house advertisements). And the table of stakeholder meetings has been copied in from the VCS PDD.
Auditor Response: As stated in the client response, the PDD now contains a detailed description of community members and other stakeholders were engaged for consultation regarding the project design. The information provided is adequate for meeting the requirements of this indicator and is sufficient for resolving this issue.
Closing Remarks: The Client's response adequately addresses the finding.

NIR 2012.10 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G3.10
Document Reference: Darkwoods PDD pg. 41
Finding: The CCB Standards require that "project proponents must formalize a clear process for handling unresolved conflicts and grievances that arise during project planning and implementation….This grievance process must be publicized to communities and other stakeholders and must be managed by a third party or mediator to prevent any conflict of interest....and provide a written response to grievances within 30 days."
The Darkwoods PDD describes the process for receiving communications from stakeholders; however it is not clear that this process has been publicized to communities and other stakeholders, that it is managed by a third party or mediator, or that a process is in place to provide written responses to grievances within 30 days.
Please update the PDD or otherwise provide evidence that this process has been publicized to communities and other stakeholders, that it is managed by a third party or mediator, and that a process is in place to provide written responses to grievances within 30 days.
Client Response: Text has been added to Section G3.10 to better explain NCC's communications process, including how it documents and responds to complaints. Additional evidence has been provided (pdf of recently documented stakeholder comments received and responded to from the new

Land Information System). As per discussions with SCS and CCBA, NCC's use of digital/web-based communication tools has been deemed appropriate for this region and project situation. Note that NCC has not had any unresolved and material complaints that have escalated beyond regional staff responses and actions.
Auditor Response: As stated in the Client Response, the PDD now contains a more detailed description of the process for handling complaints and grievances. The information provided is sufficient for resolving this issue.
Closing Remarks: The Client's response adequately addresses the finding.

NCR 2012.11 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G4.5
Document Reference: Darkwoods PDD pg. 44
Finding: The CCB Standards require that "project proponents must submit a list of all relevant laws and regulations covering worker's rights in the host country. Describe how the project will inform workers about their rights. Provide assurance that the project meets or exceeds all applicable laws and/or regulations covering worker rights and, where relevant, demonstrate how compliance is achieved."
The Darkwoods PDD does not include a list of all relevant laws and regulations covering worker's rights in the host country or describe how the project will inform workers about their rights.
Please update the PDD to include a list of all relevant laws and regulations covering worker's rights in the host country and describe how the project will inform workers about their rights.

Client Response: Text has been added to Section G4.5
Auditor Response: The PDD now includes a list of all relevant laws covering workers' rights in the host country, as well as how the Project Proponents will inform workers of these rights. The information provided in the updated PDD is sufficient for resolving this issue. The Project is now in conformance to the Standards with respect to this indicator.
Closing Remarks: The Client's response adequately addresses the finding.

NIR 2012.12 dated 03/03/2014
Standard Reference: CCB Standard Second Edition CL1, CL2, CL3
Document Reference: Darkwoods PDD pg. 47-50
Finding: The Rules for the use of the CCB standards state that "The project design documentation (PDD) is a detailed description of the project and the ways in which it meets the required and optional criteria of the CCB Standards. There is no mandatory format or template for the PDD, but it must be prepared in a way that facilitates assessment by the public and the auditor."
Throughout the climate impact sections of the Darkwoods CCB PDD, the document mainly refers to the Darkwoods VCS PDD, rather than providing evidence to support conformance to the criteria of the CCB Standards. The PDD should be a standalone document that facilitates assessment by the public and the auditor. The audit team does not consider this approach sufficient to meet the requirement of "facilitating assessment."
Please update the Darkwoods CCB PDD to include the evidence that the project conforms to the criteria of the CCB Standards with respect to "Climate Impacts."

Client Response: Text has been added to Section CL1, CL2, and CL3 (and related, to Section G1) to summarize the carbon stock and calculations process. A series of tables have been copied from the VCS PDD into this CCBA PDD to report on key data and calculations. Text related to leakage has been added to Section CL2. The monitoring plan information has been copied into CL3.1
Auditor Response: The Project Proponents have updated the PDD to include sufficient information to

allow the audit team to assess conformance to the Standards with respect to 'Climate impacts'. The information provided is sufficient for resolving this issue.
Closing Remarks: The Client's response adequately addresses the finding.

NIR 2012.13 dated 03/03/2014
Standard Reference: CCB Standard Second Edition CM1.1
Document Reference: Darkwoods PDD pg. 47-51
Finding: The CCB Standards require that "The project must generate net positive impacts on the social and economic well-being of communities and ensure that costs and benefits are equitably shared among community members and constituent groups during the project lifetime.
Use appropriate methodologies to estimate the impacts on communities, including all constituent socio-economic or cultural groups such as indigenous peoples (defined in G1), resulting from planned project activities...."
The Darkwoods PDD provides a description of the net positive community impacts of the project on the project area and project zone; however, it is not clear that the PDD provides evidence the costs and benefits are equitably shared among community members and constituent groups during the project lifetime. Additionally, the PDD does not provide evidence that the project uses appropriate methodologies to estimate the impacts on communities.
Footnote 40 of the CCB Standards refers the user to appendix A for potential tools and strategies for estimating the impacts of the project on communities. While this list is not exhaustive, it should be used as guidance to the user.
Please update the PDD to include the methodologies used to estimate the impacts of the projects on communities, as well as evidence that the costs and benefits are equitably shared among community members and constituent groups during the project lifetime.

Client Response: The majority of the net values described in the PDD Section CM1 are by nature equally distributed (i.e. climate benefits, ecosystem services provisioning, and community amenity values), and it seem redundant to note such in the text. The direct economic/employment benefits provided by NCC in the project and conversely the logging in the baseline are equitably available to all members of the region who have the requisite skill, experience, and equipment to perform the tasks involved in those developments. However, the economic opportunities within the NCC project (i.e. consultants, researchers, logging, road deactivation, etc.) are more diversified than the single logging driver in the baseline - a more diverse set of opportunities is more equitable across the entire local stakeholder base. We have added a footnote in Section CM1.1. to this effect. In terms of the methods used: we have described our data sources and calculations made, and included references to supporting publications. Collectively this serves to explain our methodology. Summarized, we used publically available data, project data, and NCC stakeholder engagement information to put quantitative or qualitative values on the key impacts of the project versus the baseline scenario. The employment valuation portion comes directly from BC government data and methods. The climate valuation comes from published price data and project data, and the ecosystem services and amenity values are described and referenced to published methods. We did not directly use a specific method from the CCBA because upon review these methods are designed for use in places where local data does not exist and/or where substantive community engagement had not already occurred. That said, we can "backload" what we have done against parts of the CCBA guidance methods if necessary (i.e. they start with one that looks to estimate impacts on 'natural capital', financial capital, social capital, etc., which is more or less what we've done.
Auditor Response: The audit team agrees with the rationale provided by the Project Proponent in response to this finding. The information provided in response to this finding adequately describes the equitable distribution of benefits generated by the project. Additionally, as the Standards do not

specifically require that the equitable distribution of benefits be documented in the PDD, the audit team considers this issue resolved.
Closing Remarks: The Client's response adequately addresses the finding.

NCR 2012.14 dated 03/03/2014
Standard Reference: CCB Standard Second Edition CM2
Document Reference: Darkwoods PDD pg. 57
Finding: The CCB Standards require that "The project proponents must evaluate and mitigate any possible social and economic impacts that could result in the decreased social and economic well-being of the main stakeholders living outside the project zone resulting from project activities. Project activities should at least 'do no harm' to the well-being of offsite stakeholders."
Section CM2 of the Darkwoods PDD states "The offsite impacts for stakeholders outside the project area, but within the project zone are described within Section CM1." The audit team is not clear as to the meaning of this statement, given that "offsite stakeholders" by definition, live outside of the project zone. The PDD does not provide information with respect to "offsite stakeholders" and therefore, is not in conformance to the CCB Standards.
Please update the PDD to include evidence how the project conforms to the criteria of section CM2 of the CCB Standards.

Client Response: It appears we were partially misunderstanding the differences between offsite and project site/project zone. Section CM2 has been updated to reflect our conclusions on the potential net impacts on offsite stakeholders. In essence, as we pointed out in Section G2.4 and CM1, the project zone is a relatively artificial zone in this fully modern, integrated regional economy. And hence, the conclusions for the projects impacts on the project zone stakeholders can be logically extended to the offsite stakeholders. Further, there is no impact to offsite stakeholders that is unique from the project zone stakeholders, and so as we have demonstrated a net positive for project zone stakeholders, at minimum we can logically conclude we have 'done no harm' to the offsite stakeholders.
Auditor Response: The audit team reviewed the information provided in the revised PDD and concludes that section CM2 now provides information on 'offsite' stakeholders. The information provided is sufficient for resolving this issue and is now in conformance to the Standards with respect to this indicator.
Closing Remarks: The Client's response adequately addresses the finding.

NCR 2012.15 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G3.9
Document Reference: Darkwoods PDD pg. 41
Finding: The CCB Standards require that "Describe what specific steps have been taken, and communications methods used, to publicize the CCBA public comment period to communities and other stakeholders and to facilitate their submission of comments to CCBA. Project proponents must play an active role in distributing key project documents to affected communities and stakeholders and hold widely publicized information meetings in relevant local or regional languages."
Additionally, the Rules for the Use of the CCB Standards state "Project proponents are also expected to communicate widely their intent to proceed with CCB validation and to publicize the opportunity for public comment."
The Darkwoods PDD states "NCC has placed a prominent posting on the Darkwoods website with a link to the CCBA comment website." The audit team does not consider this statement sufficient to meet the requirement to communicate widely their intent to proceed with CCB validation. In addition, during the site visit, interviews with community members in the project zone revealed a total lack of knowledge of

the public comment period and that the project was proceeding with CCB validation. The project is, therefore, not in conformance with indicator G3.9.
Client Response: This issue was discussed jointly between SCS, NCC/3GT, and CCBA key staff, and it was concluded that utilizing web-based notification was reasonable for a modern, fully internet connected place such as communities near Darkwoods. The CCBA felt a web-based notification met the intent and requirements of Section G3.9.
Auditor Response: The Project Proponents and the audit team held a conference with representatives from the CCBA on 21 February, 2014 regarding the issues raised in this finding. The CCBA concluded that the actions taken by the Project Proponents to publicize the public comment period were sufficient for meeting the criteria of this indicator. Based on the guidance provided by the CCBA, the audit team considers this issue resolved. The Project is now in conformance to the Standards with respect to this indicator.
Closing Remarks: The Client's response adequately addresses the finding.

NCR 2012.16 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G3.10
Document Reference: Darkwoods PDD pg. 42
Finding: This finding is a follow up to NIR 10. The CCB Standard states that project proponents must "Formalize a clear process for handling unresolved conflicts and grievances that arise during project planning and implementation. The project design must include a process for hearing, responding to and resolving community and other stakeholder grievances within a reasonable time period. This grievance process must be publicized to communities and other stakeholders and must be managed by a third party or mediator to prevent any conflict of interest. Project management must attempt to resolve all reasonable grievances raised, and provide a written response to grievances within 30 days. Grievances and project responses must be documented."
During the community interviews while onsite, it was revealed to the audit team that the process for handling unresolved conflicts and grievances that arise during project planning and implementation was not publicized to communities and other stakeholders. The project is therefore not in conformance to the standard with respect to this indicator.
Client Response: Text has been added to G3.10 (along with G3.8 & G3.9).
Auditor Response: As was the case for the non-conformity issued for indicator G3.9, upon receiving guidance from the CCBA (conference call 21 February, 2014), the audit team agrees that the actions taken by the Project Proponents to publicize the Project grievance process is sufficient for meeting the requirements of the Standards with respect to this indicator. Moreover, the audit team was provided with evidence that concerns have already been raised with respect to the Darkwoods property, and that the system that is currently in place is adequate for receiving and responding to grievances.
Closing Remarks: The Client's response adequately addresses the finding.

NIR 2012.17 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G3.5
Document Reference: Darkwoods PDD pg. 39-40
Finding: The CCB Standard requires that the project proponents must "Identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures adopted to mitigate these risks."
During the office portion of the site visit the audit team was made aware of a process in which citizens are able to stake mining claims within the project area. Please update the PDD to identify mining in the likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures adopted to mitigate these risks.

Client Response: Text has been added to Section G3.5 (and partially already existed in Section G2.5) to note the risks associated directly with the small sub-surface miners on Darkwoods.
Auditor Response: As stated in the Client response, the PDD has been updated to include information on small scale mining as a risk to the project. The information provided is sufficient for resolving this issue.
Closing Remarks: The Client's response adequately addresses the finding.

NIR 2012.18 dated 03/03/2014
Standard Reference: CCB Standard Second Edition G3.10
Document Reference: NA
Finding: The CCB Standard states that project proponents must "Formalize a clear process for handling unresolved conflicts and grievances that arise during project planning and implementation. The project design must include a process for hearing, responding to and resolving community and other stakeholder grievances within a reasonable time period. This grievance process must be publicized to communities and other stakeholders and must be managed by a third party or mediator to prevent any conflict of interest. Project management must attempt to resolve all reasonable grievances raised, and provide a written response to grievances within 30 days. Grievances and project responses must be documented."
Additionally, the Darkwoods CCB PDD states "NCC has received comments related to Darkwoods throughout this process since project initiation, which have resulted in stakeholder meetings and other actions."
Please provide evidence that these comments have been documented and that a written response was provided within 30 days.
Client Response: NCC has provided additional evidence in the form of 9 pages of recent example comments received and responded to from their newly (2013) implemented Land Information System.
Auditor Response: The Project Proponents provided the audit team with evidence confirming that the current system for handling grievances and concerns is in place. Whereas, the format is digital rather than written, it is the opinion of the audit team that the spirit of the Standards is being met. In addition, a sample of concerns raised thus far show that responses are provided well with in the 30 day requirement of the Standards.
Closing Remarks: The Client's response adequately addresses the finding.

NCR 2012.19 dated 06/05/2014
Standard Reference: Rules for the Use of the CCB Standards (Third Edition)
Document Reference: Darkwoods PDD
Finding: The Rules for the use of the CCB standards require that "a cover page of the PDD include:
i. project name
ii. project location (country, sub-national jurisdiction(s))
iii. Project Proponent (organization and contact name with email address and phone number)
iv. Auditor (organization and contact name with email address and phone number)
v. project start date, GHG accounting period and lifetime
vi. whether the document relates to a full validation or a gap validation
vii. history of CCB Status, where appropriate, including issuance date(s) of earlier Validation/ Verification Statements etc.
viii. the edition of the CCB Standards being used for this validation
ix. a brief summary of the project's expected climate, community and biodiversity benefits
x. which optional Gold Level criteria are being used and a brief description of the attributes that

enable the project to qualify for each relevant Gold Level
xi. date of completion of this version of the PDD, and version number, as appropriate, and
xii. expected schedule for verification, if known."
Whereas, the audit team understands that these requirements were not in place at the time that the validation process began, the new rules became effective as of 13 December, 2013 and are applicable to all projects undergoing validation. Please update the PDD to include this information.

Client Response: The title page has been updated to include the latest CCB requirements.
Auditor Response: The addition of the cover page information to the PDD is sufficient for resolving this issue. The Project is now in conformance with this indicator.
Closing Remarks: The Client's response adequately addresses the finding.

Appendix A: Response to Public Comments

In accordance with the CCB Standards Rules, the actions taken (if necessary) to address each of the public comments received during the period from 18 July 2013 to 17 August 2013 shall be included below.

No comments were received during the public comment period or since.

General Section — Conformance

G1.	Original Conditions in the Project Area (Required)	Yes	☒	No	☐
G2.	Baseline Projections (Required)	Yes	☒	No	☐
G3.	Project Design and Goals (Required)	Yes	☒	No	☐
G4.	Management Capacity and Best Practices (Required)	Yes	☒	No	☐
G5.	Legal Status and Property Rights (Required)	Yes	☒	No	☐

Climate Section

CL1.	Net Positive Climate Impacts (Required)	Yes	☒	No	☐
CL2.	Offsite Climate Impacts ("Leakage") (Required)	Yes	☒	No	☐
CL3.	Climate Impact Monitoring (Required)	Yes	☒	No	☐

Community Section

CM1.	Net Positive Community Impacts (Required)	Yes	☒	No	☐
CM2.	Offsite Community Impacts (Required)	Yes	☒	No	☐
CM3.	Community Impact Monitoring (Required)	Yes	☒	No	☐

Biodiversity Section

B1.	Net Positive Biodiversity Impacts (Required)	Yes	☒	No	☐
B2.	Offsite Biodiversity Impacts (Required)	Yes	☒	No	☐
B3.	Biodiversity Impact Monitoring (Required)	Yes	☒	No	☐

Gold Section

GL1.	Climate Change Adaptation Benefits (Optional)	Yes	☐	No	☒
GL2.	Exceptional Community Benefits (Optional)	Yes	☐	No	☒
GL3.	Exceptional Biodiversity Benefits (Optional)	Yes	☒	No	☐

CCBA Validation Level Attained:

APPROVED (all requirements met)	☐
GOLD (all requirements and also at least one optional Gold Level criterion met	☒