SCIENTIFIC CERTIFICATION SYSTEMS

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FINAL CCBA PROJECT VALIDATION REPORT

REDUCING CARBON EMISSIONS BY PROTECTING A NATIVE FOREST IN TASMANIA MACQUARIE RIVER BASIN TASMANIA, AUSTRALIA

REDD FORESTS PTY LTD

JULY 17, 2009

Validation Conducted by:

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1.0 Introduction

This report presents the findings of an audit conducted by Scientific Certification Systems (SCS) to validate the claim made by REDD Forests Pty Ltd that the *Reducing Carbon Emissions by Protecting a Native Forest in Tasmania* project (the Project) conforms to the Climate, Community and Biodiversity Project Design Standards (Second Edition). SCS has been accredited by the Climate, Community & Biodiversity Alliance (CCBA) to perform such validation audits.

1.1. Contact Information

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1.2. Objective

The objective of a validation audit is to conduct an independent assessment of the proposed project activity to determine whether the project complies with the CCBA Project Design Standards. Upon successful validation, the project is recommended for registration with the CCBA, which makes the ultimate decision on the registration of a proposed project activity.

1.3. Project Description

The 1,434-ha project area is located within the Macquarie River Basin of the Australian Midlands Region in the state of Tasmania and focuses on protecting 790-ha of native and old growth forests from conversion to plantation forest management practices for a 25-year period. The project area includes native and old growth Eucalypt forests that provide habitat for rare Tasmanian Devils (*Sarcophilus harrisii*) and Wedge-Tailed Eagles (*Aquila audax fleayi*), as well as a diverse complex of native flora and fauna.

Within the region, common forestry practices include the complete harvest of native forests (i.e., clearfell or clearcut logging) followed by burning remaining slash, planting the site to non-native species, such as Radiata Pine (*Pinus radiata*) and Shining Gum (*Eucalyptus nitens*), and short-rotation plantation management. The project seeks to conserve native forests through the acquisition of timber rights for a period of 25-years, thereby avoiding the carbon emissions associated with clearfell logging and subsequent plantation management. The project proponents consider this to be a pilot project that, if successful, could be applied to additional forests in Tasmania.

1.4. Summary of Validation Conclusion

Following completion of SCS's duly-accredited validation process, it is our conclusion that the project conforms to the CCBA Climate, Community and Biodiversity Project Design Standards (Second Edition).

2.0 Methodology

SCS began reviewing the Project in March 2009 beginning with a desk audit of draft project documentation and phone calls and email correspondence with the project proponents and their technical consultants. An independent auditor was then authorized by SCS to conduct a 3-day formal site visit and validation assessment in April 2009. The PDD was then made available for public comment during the May 4-June 4 time period. A further review of documentation, audit findings, and public comments submitted to the CCBA was then conducted in the lead up to a draft report issued in July 2009. The draft report was reviewed by REDD Forests and a final report was then issued. In response to our report findings, REDD Forests produced a revised PDD.

2.1. CCBA Standards

SCS conducted its evaluation to validate claims that the Project conforms to the CCBA Climate, Community and Biodiversity Project Design Standards (Second Edition) ("the CCB Standards").

The CCB Standards require conformance to 14 criteria in each of 4 categories: 1) General (5 criteria), 2) Climate (3 criteria), 3) Community (3 criteria), and 4) Biodiversity (3 criteria). In addition, applicants can achieve a higher level of validation through the application of three criteria in the Gold Level section. Gold level validation can be achieved by projects that meet the core requirements and at least one optional Gold Level criterion.

2.2. Auditor Qualifications

The evaluation was conducted by Michael Thompson, M.Sc., under a contract with SCS. Mr. Thompson is the President of Penobscot Environmental Consulting, Inc., and a Certified Wildlife Biologist. He has worked as a subcontractor to SCS for over 10 years, conducting certification evaluations to the Forest Stewardship Council's (FSC) forest management and chain-of-custody standards. Mr. Thompson has also conducted audits to the Sustainable Forestry Initiative (SFI) forest management standards. He received his B.Sc. degree in wildlife from the University of Idaho and his M.Sc. degree in wildlife from the University of Maine. Mr. Thompson has over 25 years of experience in ecology, wildlife management, forest management, wetland science, and rare species conservation. This project represents his fourth CCBA validation audit.

2.3. Audit Process

The audit process included the following steps:

- Initial client meeting and project orientation (via conference calls);
- Review of draft Project documentation, including Project design reports, preliminary models, and project background descriptions;
- Site visit on April 8-10, 2009, that included:
    - Project overview by REDD Forests;
    - Review of draft Project Design Document (PDD);
    - Site visit to area that was recently clearfell logged (burning of slash in progress) and observation of typical plantations;
    - Site visit to project area, including meetings with landowner and site tour with project ecologist;
- Review of final PDD, which was posted for public comment on the CCBA website during May 4-June 4, 2009;
- Review of stakeholder comments;
- Further document review and draft report preparation;
- Technical review and approval of the draft report by SCS;
- Project proponent review of draft report;
- Auditor review of comments on draft report and final report preparation; and
- Technical review and approval of the final report by SCS.

3.0 Stakeholder Comments

The Project Design Document (PDD) was posted on the CCBA website on May 4, 2009, and the public comment period extended through June 4, 2009. Comments were received from one party (see Appendix B).

Written comments were received from the:

- Martin Stadelmann, Project Leader, Carbon Offsets Project, Myclimate

All comments have been addressed by the auditor in this report. General themes included:

- Are the proposed emission reductions additional [Note: See CCBA Indicator CL1.5]?

4.0 CCB Validation Findings

This report of our validation findings 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, the findings from the audit, and, when applicable, Non-Conformity Reports (NCRs), Opportunities for Improvement (OFIs), and New Information Requests (NIRs). In the case of non-conformance, a Non-Conformity Report stipulates the deficiency and its relation to the CCB protocol. NCRs indicate broad non-conformance at the criterion level that must be satisfied prior to project validation. An Opportunity for Improvement is issued when overall conformance with a criterion has been achieved but additional actions could be taken to further ensure compliance with an indicator. A New Information Request indicates when additional information is necessary to complete the validation. All NIRs must be responded to prior project validation.

4.1. General Section

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

4.1.1. 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.

Indicator G1.1. The location of the project and basic physical parameters (e.g., soil, geology, climate).

Findings: Section G1.1 of the PDD contains a project area map and a broad overview discussion of Tasmania, the Region, and the project area vicinity. Additional information is provided regarding climate, soils, and geology. The PDD provides a summary of the project location and basic physical parameters and the project proponents have gathered additional, more detailed information as part of the project development process. Basic physical parameters of the project site were confirmed during the site visit.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G1.2. The types and condition of vegetation within the project area.

Findings: Section G1.2 of the PDD contains a vegetation type map showing the distribution of forest types (primarily Eucalypts) as well as the location of adjacent pastures. The PDD also contains detailed descriptions of the major Eucalypt vegetation types (e.g., primarily *E. amygdalina, E. delegatensis, and E. viminalis*). The location and condition of the types of vegetation within the project area was confirmed during the site visit with the project proponent's contracted ecologist, Nick Fitzgerald. The project ecologist is from Tasmania and is an expert in the flora of the region; he has extensive experience with mapping and characterizing Tasmanian forest types.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G1.3. The boundaries of the project area and the project zone.

Findings: The boundaries of the project area are illustrated on the map in Section G1.1 and are further described in the PDD in Section G1.3. The project zone is broadly described in terms of nearby communities (e.g., Cressy, Poatina, and Bracknell) and the Northern Midlands Council, one of 20 Local Government Areas. The nexus between the project area and the project zone is not directly described in Section G1.3, but it is further developed throughout the remainder of the PDD. During the site visit the project proponents demonstrated a detailed understanding of how the project potentially relates to the nearby communities.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G1.4. 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.

Findings: The PDD (see Section G1.4 and Annex) describes the methodology used by Dr. Christopher Dean, Research Associate, Centre for Ecosystem Diversity and Dynamics (CEDD) in the Department of Environmental and Aquatic Sciences, Curtin University of Technology, to estimate current carbon stocks in the project area. The methodology was specifically developed for the current project, but is based on IPCC guidelines and other referenced techniques, including those described by Keith *et al*. (2000)[1].

Sixty-two permanent 0.2025-ha plots were established on a grid throughout the forest and direct measurements included diameter-at-breast height (dbh) of live and dead trees and volume of coarse woody debris. Tree heights were not recorded because, according to the project proponents, available allometrics to determine biomass were dependent only on dbh. The project proponents further state (see p. 85) that, "Taper formulas for stem volume, which use both dbh and tree height, are not available in the public domain and were not available for use in this project."

[1] Keith, H., D. Barrett, and R. Keenan. 2000. *Review of allometric relationships for estimating woody biomass for New South Wales, the Australian Capital Territory, Victoria, Tasmania and South Australia*. Technical Report No. 5b, National Carbon Accounting System. Australian Greenhouse Office, Canberra.

Private Forests Tasmania, a State government authority, provides free software (Farm Forestry Toolbox, Version 5.0) that does allow calculation of biomass from tree diameter and height data, but the project proponents believe that this software is not accurate for the large-diameter, naturally grown trees that are found in the project area (i.e., it is more applicable to plantation management). The software was obtained and found to include a natural forest component. We concur, however, that Dr. Dean's methodology is more appropriate to the project. We further note that the growth and yield equations used in developing the software are not available to the public, which limits their utility to forest researchers and managers.

Landsat imagery was used to map the spatial distribution of biomass across the project area. Two vegetation indices were calculated: 1) normalized difference vegetation index (NDVI), and 2) normalized difference for senescent vegetation index (NDSVI) and these indices were compared with the above ground biomass measurements from the sample plots using regression analysis. Both regressions were relatively weak (i.e., R^2 of 0.28 for NDVI and 0.33 for NDSVI). The NDSVI index was selected for the biomass calculation because it appeared to correlate better with taller vegetation and because, according to the project proponents, "the correlation of biomass with NDSVI was higher than with NDVI." Assuming that this statement refers to the R^2 values, our impression is that the differences are insignificant and both represent relatively coarse relationships with measured biomass.

Given the relatively weak relationship between NDSVI and biomass, estimates of biomass for the project area – and hence carbon – were somewhat variable. The project proponents conclude that "the only way to improve certainty in estimates of standing carbon stock for this RFPA [note, the project area] would be with the use of LiDAR, including ground-truthing with differential GPS." Dr. Dean addressed these uncertainties by using conservative assumptions designed to ensure that current carbon stocks were not over-estimated.

The Annex is detailed enough to allow an understanding of the methods used to estimate current carbon stocks. Overall, the project appears to have developed conservative estimates of current carbon stocks using a relatively robust and detailed methodology developed by Dr. Dean, an expert in carbon estimation. Our conclusion, therefore, is that the project meets the CCBA requirements for this indicator at this design phase of project development.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

Opportunities for Improvement: None

New Information Requests: None

Indicator G1.5. 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.

Findings: Section G1.5 of the PDD contains a description of the Northern Midlands Council region and the communities of Cressy, Poatina, and Bracknell. The PDD notes that the indigenous population in the region is approximately 2.3 percent of the Northern Midlands population, but that there are no indigenous communities in the project area or immediate project zone. The PDD provides an overview of the socio-economic characteristics of the surrounding communities.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G1.6. 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 indentifying and describing any disputes over land tenure that were resolved during the last ten years (see also G5).

Findings: Section G1.6 of the PDD provides a detailed description of current logging practices in the region. Elsewhere in the PDD it is noted that typical land use includes farming and ranching. The project properties are privately owned and the site visit included a meeting with the owner to ensure that there aren't any potential disputes over land tenure.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G1.7. 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.

Findings: The PDD contains a detailed forest type map that was found to be accurate during the site visit. Detailed information is also included regarding forest types and natural communities, rare plants and animals, endemic species, and threats to biodiversity. The project proponents contracted with a Tasmanian ecologist, Nick Fitzgerald, to conduct ecological inventories and provide information for the PDD related to biodiversity. Mr. Fitzgerald was present during the site visit and found to be a highly-qualified expert in Tasmanian biodiversity.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G1.8. An evaluation of whether the project zone includes any of the following High Conservation Values (HCVs) and a description of the qualifying attributes:

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 grounds, breeding areas).

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;

8.3. Threatened or rare ecosystems;

8.4. Areas that provide critical ecosystem services (e.g., hydrological services, erosion control, fire control);

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

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).

Findings: Section G1.8 contains an overview of High Conservation Value areas in the project zone and potentially high conservation value sites in the project area (e.g., habitat for Tasmanian devils) is described elsewhere in the PDD. The PDD includes information about nationally significant concentrations of biodiversity values in the project *zone* (e.g., Reedy Marsh and Dazzler Range, Mole Creek Karst System, and general Tasmanian devil habitat) as well as more specific information regarding rare species and unique communities and ecosystems (i.e., *Eucalyptus ovata* stands) in the project *area*.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.1.2. 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:

Indicator G2.1. 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.

Findings: Section G2.1 of the PDD describes the most likely "without project" scenario as "…imminent probability of clear-fell and possible conversion of all forest stands to either: plantation, natural regeneration, or grazing land." Although not described in this section of the PDD, elsewhere it is noted that the property has a history of thinnings, small-group clear-fell, and high-grading. During the site visit the project area and immediately surrounding private properties were found to be predominantly grazing land and forest plantations. The landowner was interviewed to determine his future intent for managing the forest. Ideally, he said, he would continue with periodic harvests that maintained a forest canopy in the view-shed from his ranch while restricting heavier logging to the remainder of the property. His actions, however, would be subject to current finances for his ranch, the family's economic needs, and economic trends. The landowner stated that he had been approached many times to have his forest clear-fell logged and converted to plantations and that he had current offers for such activities "on the table."

Three land-used scenarios appear most likely, including: 1) the "do nothing" approach (i.e., no harvesting in the foreseeable future); 2) continue with a variety of harvest prescriptions that range from selection cuts to patches of clear-fell; and 3) clear-fell all or a portion of the property and allow it to regenerate or convert it to plantation. The landowner indicated that he needed to harvest in some manner to provide income for the ranch and his family, thereby precluding the "do nothing" scenario. It is reasonable to assume that the landowner would continue the past practice of small harvests scattered throughout the ownership as economic conditions dictated. It is also reasonable to assume, however, that the landowner would relent to the offer to clear-fell and convert the forest to plantation as other private landowners in the region have done in the face of economic hardships.

Experts in regional land-used trends were interviewed during the site visit and they provided compelling evidence that economic conditions for small farms and ranches in the region are difficult. The site visit also provided opportunities to observe ranches in the project zone where pasture had recently been converted to plantations or where forests had been clear-fell logged and converted to plantations. Based on these observations, we conclude that clear-fell logging and converting the forest to plantation, while not the only potential land-use management approach, is a very likely scenario absent the project.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G2.2. 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.

Findings: Section G2.2 of the PDD provides a very general statement indicating that "As this is a project that reduces emissions from logging, the additionality is obvious: cessation of logging and halting deforestation." Given the general treatment in the PDD, the subject of additionality was an important focus of the site visit to ensure that the project activities would not have been implemented under business as usual conditions.

The project consists of a voluntary commitment to refrain from logging remaining native forest and old growth on the subject property. Such actions are not required by law or regulation and are completely voluntary on the part of the landowner. As noted above, in fact, "business as usual" throughout the region is the conversion of such forests to plantation. Our conclusion, then, is that the project benefits would not likely have occurred in the absence of the project.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G2.3. 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. 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-CO_2 GHG emissions such as CH_4 and N_2O in the 'without project' scenario. Non-CO_2 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.

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 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.

Findings: The project is a REDD project designed to avoid the loss of carbon associated with clear-fell logging a 790-ha tract and converting it to plantation. The project proponents have already made direct estimates of the carbon stocks on the subject property and estimate that the total carbon loss in the without project scenario would be the carbon in the harvestable trees plus the carbon in coarse woody debris in areas eligible for logging (i.e., outside reserve areas). Our conclusion is that the indicator is met because the project proponents developed carbon loss estimates based on their direct measurement of current carbon stocks on the subject property.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G2.4. 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.

Findings: Section G2.4 of the PDD provides an overview of how the "without project" scenario – clear-fell logging the forest and converting it to plantation – would influence the communities within the project zone. This topic was also investigated in detail during the site visit through interviews with the landowner, project proponents, and regional conservation authorities. In general, the project – at 790 ha – is relatively small in comparison to the size of the communities in the project zone. Measurable impacts to the communities at large, therefore, would be difficult to quantify. That said, the project proponents note that the region is known for its scenery and claim that converting the forest to plantation would diminish the visual quality of the landscape. Through interviews the landowner also noted that the subject forest is used by a variety of groups for hunting, hiking, and nature enjoyment. These experiences would all be diminished should the forest be converted to plantation. The forest also contains habitat for rare species – including the Tasmanian devil – that are important to the nearby communities and Tasmania as a whole. Elsewhere in the PDD the project proponents describe the impact of the without project scenario on water and soil resources.

Taking the PDD as a whole, and by relying on information generated during the site visit, we conclude that the project proponents have provided an adequate description of how the without project scenario would potentially affect local communities.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G2.5. Describe how the 'without project' reference scenario would affect biodiversity in the project zone (e.g., habitat availability, landscape connectivity and threatened species).

Findings: Converting the existing native Eucalypt forest to plantation would have a clear impact on existing biodiversity in the project area through the loss of forest structure, reduction in plant and animal species diversity, and the direct loss of habitat for rare species. With most plantations, as well, coarse woody debris is piled and burned prior to planting, resulting in the direct loss of small mammals and invertebrates associated with the forest floor. Once the plantation is established, management activities in the region typically involve the use of herbicides to control competing vegetation and poisons to kill browsing animals and other wildlife. Conversion of the project area to plantation would further impact the immediate project zone through habitat fragmentation. Finally, the non-native *Eucaplyptus nitens* is known to hybridize with native species, resulting in impacts to the local gene pool for certain native plant species.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.1.3. 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.

The project proponents must:

Indicator G3.1. Provide a summary of the project's major climate, community and biodiversity objectives.

Findings: Section 3.1 of the PDD provides a description of the project's major climate objectives, which are to sequester the carbon in the native forests for a period of at least 25 years. This section further notes the community benefits that could accrue to rural landowners if they can realize income from carbon storage in lieu of harvesting the trees. Elsewhere in the PDD the major biodiversity objectives for the project are described in detail, including preservation of native forest habitats and conservation of native and rare plants and animals.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.2. Describe each project activity with expected climate, community and biodiversity impacts and its relevance to achieving the project's objectives.

Findings: The PDD (Section G3.2) contains a list of the major project activities, including creation of the forest reserve, development of a Reserve Management Plan, ceasing logging, establishing biodiversity and carbon sample plots, monitoring biodiversity and carbon sample plots, and generating resources resulting from the sale of carbon credits generated by the project. Monitoring plots have been established and the first year of monitoring for biodiversity and carbon has been completed. The Reserve Management Plan is currently in development.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.3. 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).

Findings: Maps of the project area and project zone are provided in several figures within the PDD.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.4. 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.

Findings: The project lifetime and GHG accounting period are both 25 years. Key milestone dates are the verification audits occurring at least every 5 years after initial validation. Elsewhere in the PDD other periodic milestone activities – including monitoring biodiversity and carbon – are described.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.5. 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.

Findings: Major risks identified by the project proponents include physical damage, fire, or disease. Measures that will be adopted to mitigate risks are listed and include, periodically visiting the forest, implementing a health and protection control system, investing in scientific research on forest dynamics, and monitoring local climate features, hydrological dynamics, and biodiversity.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.6. 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.

Findings: Section G3.6 of the PDD lists environmental and social high conservation value attributes that include wildlife habitat, watershed protection, and old growth. Under wildlife habitat, elsewhere in the PDD it is noted that the forest includes habitat for certain rare animals.

Potential impacts to these resources are all associated with logging the forest. As the project specifically ensures the elimination of logging, these potential impacts to high conservation value attributes would be avoided.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.7. Describe the measures that will be taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.

Findings: As this is a REDD project, the benefits that will accrue during the project lifetime are all associated with maintaining a mature forest. The project proponents suggest that if the landowner is fairly compensated for the environmental services provided by the mature forest, they are likely to consider renewing the project either under a no-logging or a sustainable logging scenario.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.8. 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.

Findings: Primary stakeholders to the project are the owners of the land in question and secondary stakeholders include users of the forest (primarily parties allowed access by the landowner), neighboring landowners, and environmental NGOs concerned with the conservation of mature forest in Tasmania. The landowner was interviewed during the site visit and appears to have made a full and informed decision to enroll the property in the REDD project. He also indicated that he has discussed the project with parties that regularly visit the forest (mostly hunters) and they are in favor of keeping the forest in a mature condition. The landowner and the project proponents have also discussed the project with neighbors and

regional landowners of a similar size and report that all parties are interested in seeing the project implemented. During the site visit representatives of Tasmanian environmental groups were interviewed and they expressed knowledge of and support for the proposed project. The PDD provides an outline for how communication will be maintained moving forward.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.9. 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.

Findings: The PDD was posted on the CCBA website for a 30-day public comment period and the availability of the PDD was announced on the REDD Forests website. A copy of the PDD was filed with the North Midlands Council for public review.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.10. 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.

Findings:

The PDD states that "The project includes this process for hearing, responding to and resolving community and other stakeholder comments during the life of the project." The PDD, however, does not describe the process, which must be publicized to communities and other stakeholders and must be managed by a third party or mediator. The process for handling unresolved

conflicts and grievances, therefore, was discussed in detail during the site visit. In general, the first line of communication will likely be with the landowner in the event of a grievance or conflict. The landowner would then inform REDD Forests and representatives of the company would contact the party and attempt to resolve the grievance. At the time of the audit it was agreed that in the case of an unresolved dispute, the parties can seek to be heard by the Northern Midlands Council (http://www.northernmidlands.tas.gov.au/site/).

After the site visit occurred, the project proponent actively sought to find another third party mediator for dispute resolution that would be more familiar with the project than the Council. At present, Environment Tasmania (http://www.et.org.au/) has been approached to serve this role. The board of Environment Tasmania will vote on whether or not to play this role in an upcoming board meeting. Should they decide not to serve as third party mediator for disputes arising from this project; the project proponent will continue to seek an effective third party for this role.

Given the scale of the project, it appears unlikely that there would be many stakeholder conflicts or grievances associated with withdrawing 790-ha of forest from harvest for 25 years. Our conclusion, therefore, is that the project meets the intent of the indicator under the assumption that Environment Tasmania, another party or the Northern Midlands Council will serve as the mediator of any unresolved conflicts.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.11. 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.

Findings: Project financing was discussed during the site visit and it appears that the project proponents have the necessary funds to pay for up-front costs prior to the sale of any carbon credits. The project proponents maintain that future management costs, including monitoring and verification audits, will be covered by the sale of carbon credits, which appears to be a reasonable assumption.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.1.4. 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.

The project proponents must:

Indicator G4.1. 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.

Findings: REDD Forests is the single project proponent. The organization has, though, retained the services of MGM International, and other consultants, during the project design phase and will likely hire local consultants to implement the biodiversity and carbon monitoring program.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.2. 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.

Findings: Key technical skill required for the project include overall management, quantifying current carbon stocks, evaluating existing biodiversity values, community and stakeholder outreach, and conducting future biodiversity, community, and carbon monitoring. Stephen Dickey is REDD Forests' Managing Director and has documented experience in major project development and management. REDD Forests retained MGM International, a leading international consulting company, to assist with the PDD and initial project development. Local experts, including Dr. Christopher Dean and Nick Fitzgerald, were also hired to implement the

carbon and biodiversity aspects of the project. Mr. Dickey has led the community and stakeholder outreach efforts.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.3. 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.

Findings: The specific activity is a REDD project designed to preserve a mature 790-ha Eucalypt forest for 25 years. As such, there are no new jobs that will be created on the specific project forest. There are aspects of capacity building, however, associated with the potential expansion of the REDD concept to other Tasmanian forests. As part of developing the project, the project proponents worked to orient local carbon and biodiversity experts to the requirements of the CCBA standards. Such orientation activities will afford these experts the opportunity to rapidly join similar CCBA projects in the future, thereby building local capacity for similar projects. The project proponents are documenting study designs and methodologies for carbon, biodiversity, and community monitoring so that they are available to other parties should there be staff turnover.

The landowner and project proponents have also been meeting with local ranchers and farmers to explain the CCB project in an effort to expand the potential capacity for REDD projects in the region.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G.4.4. 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.

Findings: As noted above, given the project size it will not generate new employment opportunities. The project proponents, however, have utilized local consultants for biodiversity field work and carbon calculations.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.5. 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.

Findings: As noted above, REDD Forests does not have direct-hire employees working on the subject forest. The organization has retained the services of third-party consultants who, in turn, have to comply with relevant laws and regulations covering worker's rights. REDD Forests makes worker safety in the forest a priority and interviews with local consultants working on the project confirm that appropriate efforts were made to ensure worker safety while working on the forest.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.6. 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.

Findings: As noted above, project workers to date have been limited to third-party consultants hired by REDD Forests. Consultants were interviewed during the site visit and were found to have assessed the risks associated with working on the forests and developed appropriate mechanisms for mitigating those risks. Ecologists, for example, always worked in pairs and the

various teams maintained radio-contact throughout the work day when working in different parts of the forest. Workers also carried first-aid kits while working in the forest. The landowner was kept informed of the work schedules for forest workers and was normally available to assist in the event of an emergency.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.7. Document the financial health of the implementing organization(s) to demonstrate that financial resources budgeted will be adequate to implement the project.

Findings: REDD Forests describes itself as a "profit for purpose" private business and was formed in 2008. It has demonstrated its financial health to date through the retention of consultants needed to assist with developing the PDD and funding such expenses as creating a company website. The company appears to have a reasonable budget for moving the project forward, while noting that it must sell the carbon benefits from the project to provide revenue for future project expenses. For the current stage of project development, therefore, it appears that REDD Forests has the financial capacity for developing and implementing the project.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.1.5. 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.

Based on information about current property rights provided in **G1**, the project proponents must:

Indicator G5.1. 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.

Findings: With a REDD project of this nature, there are few national or local laws and regulations that relate to the project given that most of the proposed actions represent a lack of activity (i.e., logging activities will cease). Actual on-the-ground activities, therefore, are limited to data-gathering for carbon and biodiversity monitoring. Such activities are covered in part by Tasmania's basic workplace safety standards, which are referenced in the PDD.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G5.2. Document that the project has approval from the appropriate authorities, including the established formal and/or traditional authorities customarily required by the communities.

Findings: In the PDD, REDD Forests warrants that all actions and documentation for the project establishment as a carbon sequestration project have been and will be met. Approvals are not necessarily needed to refrain from harvesting timber, but a Forestry Right contract is needed between REDD Forests and the landowner. A draft of the contract was provided for review and the landowner indicated a willingness to sign such an agreement.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G5.3. 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.

Findings: The landowner for the subject forest was interviewed and it was found that he is making a free and informed decision to enter into agreements with REDD Forests with regard to

timber and carbon rights on the subject forest. A copy of the draft Forestry Right contract was provided.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G5.4. 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.

Findings: The landowner is the only person living on the property and the project will not require his relocation.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G5.5. 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.

Findings: The project is located in a settled area with a long history of private property rights. The potential for illegal logging, the only conceivable illegal threat to project benefits, is considered to be minimal, especially since the landowner lives on the property. As this is a REDD project, there is little opportunity for the project benefits to be derived from illegal activities.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G5.6. 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.

Findings: By interviewing the landowner it was demonstrated that they are willing to enter into an agreement with REDD Forests to sell rights to the timber and carbon associated with the 790-ha of harvestable forest for a period of 25 years.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.2. Climate Section

4.2.1. 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.

The project proponents must:

Indicator CL1.1. 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 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.

Findings: The basic assumption for the project is that the "with project" scenario is ceasing all logging for a period of 25 years vs. the "without project" scenario of converting all harvestable areas (790 ha) to *Eucalyptus nitens* plantations. The total amount of carbon that would be emitted if the project area was cleared and converted to plantation was estimated as the carbon in above and below ground biomass plus the carbon in wood debris. In a more detailed analysis, the project proponents used Australia's FullCAM software (version 3.13.8) to compare carbon stocks between the with and without scenarios over the life of the project. The methodologies appear to conform to IPCC guidelines and model assumptions are described.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL1.2. Estimate the net change in the emissions of non-CO_2 GHG emissions such as CH_4 and N_2O in the *with* and *without* project scenarios if those gases are likely to account for more than a 5% increase or de crease (in terms of CO_2-equivalent) of the project's overall GHG emissions reductions or removals over each monitoring period.

Findings: The project proponents did not estimate changes in non-CO_2 GHG emissions because no such emissions are associated with the "with project" scenario. In addition, emissions from the "without project" scenario are estimated to account for less than 5 percent of total emissions. It should be noted, however, that the "with project" scenario avoids the potential emissions associated with burning slash upon conversion to plantation (the "without project" scenario).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL1.3. 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.

Findings: No other GHG emissions are expected to be associated with the "with project" scenario.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL1.4. 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-CO_2 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).

Findings: The analyses provided by the project proponents demonstrate a net positive climate impact associated with the sequestration of carbon in an existing forest when compared to carbon losses and other GHG emissions associated with converting the forest to plantation.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL1.5. 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.

Findings: The one comment received during the public comment period for the PDD related to the issue of additionality and the potential for double counting (see Appendix B). The project proponents inadvertently left Section CL1.5 out of the PDD when it was sent to the CCBA for posting. The section was subsequently sent to the auditor for review. The auditor found that while there is not an instance of double counting for this project as indicated in the comment received, the project proponent had yet to make a clear and defendable case in the PDD. As such, the auditor issued a Non-conformity Report (NCR-1) that required the project proponent to specifically address the indicator with reference to supporting documents. The project proponent was subsequently able to provide the auditor with information (see revised PDD) that met the criteria of the indicator and included reference to Australian Government documents as evidence. Having received the revised PDD with the updated information, the auditor was able to close out NCR-1.

The main issue of double counting for this project would be for emissions sources that are included in its Carbon Pollution Reduction Scheme (CPRS) OR for credits generated from sources that Australia has included in its national account targets. In this case, the deforestation sector is a source of emissions that is not included in CPRS. This point is outlined in the CPRS White Paper (see http://www.climatechange.gov.au/whitepaper/report/pubs/pdf/V1006Chapter.pdf Section 6.14). The project is also from a source (forest management in the form of avoided conversion to plantation) that Australia has not included in its national target. This is outlined in the National Carbon Offset Standard Discussion Paper (see http://www.climatechange.gov.au/carbonoffsetting/pubs/national-carbon-offset-standard-paper.pdf Table 4.3). As such double counting will not result for this project. This evidence is referenced in the revised PDD. As such it is deemed that the project meets the criteria of the indicator.

Officers from the Australian Department of Climate Change also provided the following information to the auditor:
"*The Department of Climate Change confirmed that Australia does include greenhouse gas emissions from deforestation in its national accounts. From 2008-2012 Australia does not include greenhouse gas emissions from forest management, which would include avoidance of conversion of existing forest land to plantation, in its national accounts. Provision of this information does not in any way imply approval or support by the Department of Climate Change of the project proposed by your proponent for consideration under the Climate Community Biodiversity Standard*."

It should be noted that this project will not currently result in double counting, but should Australia elect to change its accounting methods at the end of the current commitment period in 2012 there is a possibility that this project type would be accounted for in Australia's Kyoto targets and thus be double counting. As such, this issue should be re-visited at verification.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports:
NCR1: The project proponent did not clearly specify hose double counting of GHG emissions reductions would be avoided in light of Australia's Carbon Pollution Reduction Scheme and national account targets for the Kyoto Protocol. NCR-1 required the project proponent to more fully explain why double counting would not occur for the project. The auditor also requested that supporting documentation in the form of official Australian Government documents be referenced.
Proponent's Response to NCR 1:
The proponent revised the PDD to include information that more directly described compliance to the indicator and included reference to official government documents.
Auditor's Evaluation of Response:
The auditor accepted the revisions in the PDD and referenced evidence as acceptable. The NCR was closed as the revised PDD now meets the requirements of the CCB Standards.

New Information Requests: None

Opportunities for Improvement: None

4.2.2. 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').

The project proponents must:

Indicator CL2.1. 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.

Findings: Given the small size of the project area (790 ha), the project proponents consider it unlikely that excluding the project area from further logging for a period of 25 years will result in activity shifting or displacement. The level of harvest that could be achieved from the 790-ha forest, relative to total annual harvest volumes in the region, is not enough to materially influence timber supplies. We concur, therefore, that it is unlikely that there will be any activity shifting or other forms of leakage associated with the project. With a much larger project, however, we believe that leakage through shifting to other harvest areas must be considered.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL2.2. Document how any leakage will be mitigated and estimate the extent to which such impacts will be reduced by these mitigation activities.

Findings: As noted above, the project is not expected to result in any leakage that would warrant mitigation efforts.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL2.3. 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**).

Findings: There are no unmitigated project-related negative offsite climate impacts from the climate benefits being claimed by the project.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL2.4. Non-CO_2 gases must be included if they are likely to account for more than a 5% increase or decrease (in terms of CO_2-equivalent) of the net change calculations (above) of the project's overall off-site GHG emissions reductions or removals over each monitoring period.

Findings: Non-CO_2 gases are not expected to account for more than a 5 percent increase or descrease in the net change calculations of the project's overall off-site GHG emissions reductions or removals over each monitoring period.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.2.3. 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-CO_2 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.

The project proponents must:

Indicator CL3.1. 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-CO_2 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.

Findings: The initial plan is to monitor above-ground biomass, below-ground biomass, wood products, and deadwood/litter carbon pools at 5-year intervals. Soil carbon will not be monitored. Leakage will not be monitored as significant leakage is not expected to result from the project (see above). In addition, there will be no monitoring of non-CO_2 gases (see above).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL3.2. 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.

Findings: The project proponents have committed to developing a full monitoring plan and disseminating it on the REDD Forests website within 12 months of project validation (see Section CL3.2 of the PDD).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.3. Community Section

4.3.1. 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**.**

The project proponents must:

Indicator CM1.1. 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.

Findings: It is difficult to quantify the community benefits associated with a project of such small scale (790 ha), as noted by the project proponents (see Section CM1.1 of the PDD). There are, however, community benefits associated with the project that, while not described in the PDD, were observed as part of the site visit. These include: 1) hunters, hikers, and nature observers that the landowner invites onto the property will continue to enjoy these activities in the preserved forest; 2) initial and periodic short-term contracts have been, and will be, provided to local consulting companies; 3) habitat for rare species – including Tasmanian Devils – will be retained; 4) watershed services associated with mature forests will be preserved; and 5) the scenic integrity of the viewshed will be maintained. Some of these community benefits accrue to a small group of stakeholders, whereas others benefit the wider regional and national communities (e.g., all Tasmanians potentially benefit from the retention of habitat for Tasmanian Devils).

The project proponents note in Section CM1.1 that a wider range of community benefits would be associated with similar projects of a larger scale. Should such larger projects materialize in response to this pilot project, the project proponents will quantify community benefits related to job opportunities, landscape, sustainable tourism, environmental services, and forest management.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM1.2. Demonstrate that no High Conservation Values identified in **G1.8.4-6** will be negatively affected by the project.

Findings: The project protects 790 ha of forest from further logging for the next 25 years, thereby protecting all conservation values.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.3.2. 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.

The project proponents must:

Indicator CM2.1. Identify any potential negative offsite stakeholder impacts that the project activities are likely to cause.

Findings: As noted above, negative offsite stakeholder impacts are not expected to be associated with implementation of this small-scale project (i.e., conservation of 790 ha of forest for 25 years). In the PDD, the project proponents note the *potential* for negative offsite stakeholder impacts associated with larger REDD projects, including loss of sawmill jobs should projects be implemented that are large enough to influence regional timber supplies.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM2.2. Describe how the project plans to mitigate these negative offsite social and economic impacts.

Findings: No mitigation plans are necessary as negative offsite socio-economic impacts are not expected to be associated with the 790-ha project. The project proponents will, however, develop specific mitigation plans should unexpected socio-economic impacts materialize during the life of the project (see Section CM2.2 of the PDD).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM2.3. Demonstrate that the project is not likely to result in net negative impacts on the well-being of other stakeholder groups.

Findings: The only stakeholder groups potentially negatively impacted would be the loggers who would have been retained to harvest trees should logging continue and the companies that would have benefited financially from converting the forest to plantation. Given the small size of the parcel (790 ha), however, such impacts are considered to be hypothetical and *de minimis*.

In the PDD the project proponents suggest that the project will have positive impacts on the local economy as the project will promote economic development. Our findings, based on the site visit, are that the scale of the project is too small to result in measurable economic development. It is possible, however, that similar projects on a larger scale would result in positive socio-economic benefits.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.3.3. 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.

The project proponents must:

Indicator CM3.1. 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).

Findings: In the PDD (Section CM3.1) the project proponents note that there will be limited community impacts (positive or negative) associated with the project during its 25-year life-span. The proponents further note that there may be benefits to loggers if the project is extended beyond 25 years to include sustainable harvests. In this case, the project proponents would monitor man-hours of project-related labor.

Elsewhere in the PDD it is noted that the project resulted in the direct employment of local consultants for ecological inventories and carbon estimates and additional employment in such areas is expected to occur during future monitoring events. The project proponents will account for the differences in employment opportunities between the "with" and "without" project scenarios and develop an appropriate monitoring plan to account for the "with project" scenario (e.g., monitor man-hours of consulting time throughout the life of the project).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM3.2. 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.

Findings: The primary benefits to High Conservation Values are associated with retaining an intact forest that provides habitat for Tasmanian Devils as well as other native plants and animals. In the PDD, the project proponents suggest that the project is of too small a scale to justify assessing the effectiveness of measures used to maintain or enhance High Conservation Values related to community well-being in the project zone.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM3.3. 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.

Findings: REDD Forests has committed to developing a full monitoring plan within 12 months of project validation (see Section CM3.3 of PDD).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.4. Biodiversity Section

4.4.1. 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.

The project proponents must:

Indicator B1.1. 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.

Findings: The proposed REDD project relies on a type of key habitat analysis to support the claim that the "with project" scenario has greater biodiversity benefits than the "without project" scenario. The key habitat, as described in the PDD, is mature and old growth Eucalypt forest (the "with project" scenario) vs. conversion of mature forest to plantation (the "without project" scenario). In Section B1.1 of the PDD the project proponents claim that the biodiversity benefits of the mature forest are "self-evident". During the site visit the project's ecologist described the numerous differences in plant and animal species richness between the two scenarios. He further indicated the negative impacts on rare plant and animal habitat should the mature forest be converted to plantation. We concur with these assessments.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B1.2. Demonstrate that no High Conservation Values identified in G1.8.1-3 will be negatively affected by the project.

Findings: The project will maintain High Conservation Values through the conservation of mature forest with known high biodiversity values for a period of at least 25 years.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B1.3. 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.

Findings: The project does not require any planting or the use of any other species in its implementation.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B1.4. 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.

Findings: The project does not require planting or the use of any other species in its implementation. In the PDD, the project proponents commit to the gradual removal of existing non-native and invasive trees (see Section B1.4).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B1.5. Guarantee that no GMOs will be used to generate GHG emissions reductions or removals.

Findings: The project does not require planting or the use of any other species, including GMOs, in its implementation.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.4.2. B2 – Offsite Biodiversity Impacts

The project proponents must evaluate and mitigate likely negative impacts on biodiversity outside the project zone resulting from project activities.

The project proponents must:

Indicator B2.1. Identify potential negative offsite biodiversity impacts that the project is likely to cause.

Findings: No offsite negative biodiversity impacts are expected to be associated with the project. Retention of mature forest on 790 ha should, instead, result in positive offsite biodiversity impacts associated with maintaining intact, mature forest.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B2.2. Document how the project plans to mitigate these negative offsite biodiversity impacts.

Findings: As no offsite negative biodiversity impacts are envisioned, mitigation plans are not necessary. The project proponents have, however, committed to developing such plans should unforeseen offsite impacts develop during the life of the project (see Section B2.2 of the PDD).

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B2.3. 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.

Findings: No offsite biodiversity impacts are expected.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.4.3. 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.

The project proponents must:

Indicator B3.1. 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).

Findings: Section B3.1 contains a detailed initial plan describing how biodiversity impact monitoring will be achieved through periodic plant sampling efforts. This initial plan was described in greater detail during the site visit with the project ecologist, who was found to be an expert in biodiversity monitoring and Tasmanian ecosystems.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B3.2. 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.

Findings: Protection of High Conservation Values is primarily associated with the conservation of mature forest structure throughout the 790-ha project area. Project proponents, their ecologists, and the landowner will periodically visit the site and document current forest conditions (primarily the continued presence of intact forest). Conservation of the key mature forest habitat is then expected to also conserve biodiversity values associated with such a forest.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B3.3. 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.

Findings: REDD Forests has committed to developing a more detailed biodiversity impact monitoring plan within 12 months of project validation.

Conformance: Yes ☒ No ☐ N/A ☐

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

5.0 CCB Validation Conclusion

Following completion of SCS's duly-accredited validation process, it is our opinion that the *Reducing Carbon Emissions by Protecting a Native Forest in Tasmania* project conforms to the CCBA Climate, Community and Biodiversity Project Design Standards (Second Edition).

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	☐

CCBA Validation Level Attained:

APPROVED (all requirements met) ☒

From: Martin Stadelmann
Sent: Tuesday, May 19, 2009 3:25 AM
To: jdurbin@climate-standards.org
Subject: Backing with AAUs in Australia?

Dear Joanna

Comment on the project: "Reducing Carbon Emissions by Protecting a Native Forest in Tasmania, Australia"

Are the reduction certificates achieved by the project backed with AAUs or RMUs? If not, then the achieved emission reductions are not additional as both Australia and the project owner account for the reductions. Australia will use it to reach its Kyoto target and refrain from taking other steps. So backing with AAUs or RMUs in Kyoto Annex-B countries (as required by the Voluntary Gold Standard) is crucial for avoiding double counting and assuring additionality.

Best regards
Martin Stadelmann

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Martin Stadelmann
Carbon Offset Projects / Klimaschutzprojekte

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