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February 20, 2023

Dear Jimmy and Kirstie,

Lightstone Consulting, LLC (Lightstone) is pleased to provide you with this 2021 Greenhouse Gas inventory verification report. This report provides Resource Management Service, LLC (RMS) with independent third-party assurance of RMS' 2021 Scope 1, 2, and 3 GHG Emissions. The attached report describes and documents the following topics: (1) the verification framework, (2) verification activities, (3) findings from this verification discovered during the verification process, and (4) a verification statement attesting to the accuracy of the RMS GHG emissions reporting. The verification statement is signed by the Lead Verifier and the Independent Peer Reviewer. Lightstone has partnered with Mark Wilhelm of Tierra Resource Consultants, Walnut Creek, CA to provide peer review resources. Mark, an experienced GHG auditor, is Tierra's Director of Climate and Clean Energy.

This verified emissions report encompassed all of RMS operations for the 2021 calendar year. RMS reports emissions in the three reporting scopes; Scope 1 direct emissions, Scope 2 indirect emissions, and Scope 3 emissions that are upstream and downstream of RMS operations. This successful third-party verification confirms the accuracy and completeness of the information provided to substantiate the 2021 RMS GHG emissions reporting. For an initial GHG verification, it is notable the great attention to detail and expertise employed to develop this emissions report.

In providing this limited assurance, Lightstone has found no evidence that the RMS 2021 GHG emissions report is incorrect, and that it is presented fairly in accordance with stated criteria.



A handwritten signature in black ink, appearing to read "Wolf Lichtenstein".

Wolf Lichtenstein
Lead Verifier

A handwritten signature in blue ink, appearing to read "Mark D. Wilhelm".

Mark Wilhelm
Independent Peer Review

Lightstone Consulting, LLC

Verification Report

and

Verification Statement

for

Resource Management Service, LLC

2021 GHG Emissions

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Verification Objective

Lightstone Consulting, LLC (Lightstone) is to provide independent, third-party greenhouse gas (GHG) verification of the Resource Management Service, LLC (RMS) 2021 GHG emissions. Lightstone is to conclude with, by way of its verification activities, an assurance statement attesting to the accuracy of the RMS 2021 GHG emissions report as presented in the RMS 2021 Greenhouse Gas Emissions Inventory report (RMS GHG Report 2021.docx).

Verification Criteria

The verification criteria are ISO 14064-part 3: 2019 Specification with guidance for the verification and validation of greenhouse gas statements: Annex A: Limited level of Assurance.

Additional Guidance documents

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition
- Greenhouse Gas Protocol Scope 2 Guidance
- Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Supplement to the GHG Protocol Corporate Accounting and Reporting Standard)
- Greenhouse Gas Protocol Technical Guidance for Calculating Scope 3 Emissions (*version 1.0*)

Verification Scope

This verification includes all of RMS' worldwide GHG emissions during the 2021 calendar year (January 1, 2021, through December 31, 2021). RMS operates in the Southeast United States and Brazil. The emissions include all of RMS operations and physical infrastructure located in these regions. RMS operations include those conducted within the corporation's offices and activities within its managed forest assets.

Scope of Reported Emissions

All Scope 1 (direct), Scope 2 (indirect) emissions, and Scope 3 (upstream and downstream of RMS operations).

The GHGs considered are the Kyoto gases: CO₂, CH₄, N₂O, SF₆, HFCs and PFCs (Carbon dioxide, methane, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons, and perfluorocarbons).

Control Approach

Emissions are aggregated by Operational Control, where RMS manages the facilities, determines the procedures, and manages RMS activities and that of its contracted service providers. Under operational control, a company will account for 100 percent of the GHG emissions from operations over which it has control (Scope 1 & 2). The additional (Scope 3) upstream and downstream reported emissions are integral to RMS' key activities, while not being within RMS direct operational control.

Geographic Boundary

All RMS facilities, worldwide. This includes operations and activities in the Southeast U.S., and those conducted in Brazil. RMS offices are listed in Table 1, below.

Table 1. RMS offices in the US and Brazil

	Office Name	State	Country
1	Birmingham Office (RMS Headquarters)	AL	U.S.
2	Bay Minette Field Office	AL	U.S.
3	Flowood Office	MS	U.S.
4	Georgetown Office	SC	U.S.
5	Greenville Office	AL	U.S.
6	Jena Office	LA	U.S.
7	Lufkin Office	TX	U.S.
8	Opelika Office	AL	U.S.
9	Pace Office	FL	U.S.
10	Prattville Office	AL	U.S.
11	Sheridan Office	AR	U.S.
12	Wilmington Office	NC	U.S.
13	Joinville Office (RMS Brazil Office)	SC	Brazil
14	Comfloresta - Joinville Office	SC	Brazil
15	Abaeté – Comfloresta Field Office	PR	Brazil
16	Canoinhas Field Office	SC	Brazil
17	Rio Bonito Field Office	PR	Brazil
18	Imbuia Field Office	SC	Brazil

The above offices and in-field operations related to managed assets, conducted by RMS contracted service providers, are the included entities and activities for the reported GHG emissions.

Level of Assurance

In this report, Lightstone provides for a Limited Level of Assurance, in that the emissions reported by RMS are not incorrect. The suggested language from the ISO standard is as follows:

This verification intends to show that:

*“Based on the process and procedures conducted, there is no evidence that the GHG statement:
 – is not materially correct and is not a fair representation of GHG data and information.
 – has not been prepared in accordance with related International Standards on GHG quantification, monitoring and reporting, or to relevant national standards or practices.”¹*

¹ ISO 14064-3: 2019 Annex A

Materiality

Under this Limited Level of Assurance, aggregated materiality will be nominally considered at 5%.

Scope of Verified Emissions:

Scope 1: Direct Emissions include stationary combustion (natural gas, and fossil fuels consumption), fugitive emissions (from fertilizer deposition, for example), and mobile emissions from RMS fleets (specifically identified as RMS-owned vehicles in Brazil).

Scope 2: Indirect emissions include purchased electricity. RMS reports both location-based and market-based electricity. RMS takes into account the reported residual mix of its electric utility suppliers, where available. RMS, itself, does not purchase Renewable Energy Credits or other mitigation vehicles for its purchased power.

Scope 3: RMS considers all fifteen Scope 3 activities as defined in the GHG Protocol document, Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. RMS excludes several Scope 3 categories, as they are not applicable to its operations or are *de minimis* values. Table 2 identifies the reportable Scope 3 categories.

Table 2. Reported Scope 3 Categories

Category Identifier	Category Name	Category Description ²
Category 1	Purchased goods and services	Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year
Category 6	Business travel	Transportation of employees for business-related activities during the reporting year
Category 7	Employee commuting	Transportation of employees between their homes and their worksites during the reporting year
Category 9	Downstream transportation and distribution	Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer

Scope 3 category exclusions are reviewed as a verification activity.

Global Warming Potential (GWP)

Table 3: IPCC Fifth Assessment Report (AR5)

Common Name	Chemical Formula	Global Warming Potential (GWP)
Carbon Dioxide	CO ₂	1
Methane	CH ₄	28
Nitrous Oxide	N ₂ O	265
Hydrofluorocarbons (HFCs)	multiple	Varies
Perfluorocarbons (PFCs)	multiple	Varies

² GHG Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard; Chapter 5.

Verification Personnel

Gary (Wolf) Lichtenstein

Lead Verifier

Wolf has years of experience as an auditor, assessor, and is an expert in GHG accounting. His experience is across several sectors that include energy generation, manufacturing, industrial, and commercial operations. He has served as a Lead Verifier, Verifier, and Independent Peer Reviewer on GHG disclosures in multiple reporting frameworks, including The Climate Registry, CDP and others. He is an assessor for the ANSI National Accreditation Board, provides expertise on carbon markets, and ESG related topics. Wolf has a B.S. in Chemistry from the University of New Mexico and a Masters in Environment and Community from Antioch University, Seattle. Wolf is the owner and operator of Lightstone Consulting, LLC, a WA State corporation, and its dba Evergreen Carbon.

Mark Wilhelm, MEP, CAP, CEM, LEED AP O&M

Independent Peer Reviewer

Mark is a Certified Carbon Auditing Professional (CAP, Association of Energy Engineers, license #268) with over 35 years in the energy and sustainability industries. He has completed and verified GHG emissions inventories for clients from many sectors across North America over the past decade. Mark serves as Director, Climate and Clean Energy, for Tierra Resource Consultants, LLC, which is a partner organization with Lightstone Consulting. Mark holds a B.A. in Economics from the University of Massachusetts and a Professional Master of Science Degree in Environmental Planning from Arizona State University. In 2017 he was named a Top 50 Energy Manager in North America by *Energy Manager Today* Magazine. In 2022 he was appointed to be an Affiliate Global Futures Scholar at the Julie Ann Wrigley Global Futures Laboratory at Arizona State University.

Verification Activities

A variety of activities are conducted that support the verification conclusion.

Kick-off Meeting - A kick-off meeting was conducted on January 17, 2023. The meeting agenda is presented in Appendix A of this report.

Data Request - RMS provided the data files used to develop the 2021 emissions inventory. Lightstone has access to the data supporting the emissions inventory and to other supporting documents. Additional documents were requested before and during the kickoff meeting. Documents received and reviewed are in Table 1.

Table 4. Data files

#	Files Name	Document Description
1	20200630_Protocol_Estimated Standing Carbon in RMS Managed Timberlands	RMS protocol measuring carbon stocks
2	Greenhouse Gas Inventory Management Plan v1.1.docx*	RMS management plan for GHG
3	Greenhouse Gas Inventory Methodology v1.1.docx*	RMS methodology for GHG reporting
4	RMS GHG Report 2021.docx*	Actual report - "Greenhouse Gas Emissions Inventory"

#	Files Name	Document Description
5	RMS office list.xlsx	List of offices - info found in RMS GHG Inv. Mgmt. Plan
6	Data/Scope 1 (Excluded Emissions) file name: Fugitive Emissions Scoping.xlsx	Worksheet 3: Screening Method for HFC and PFC Emissions from Refrigeration/AC Equipment: Emission Factor Based Approach
7	Generator Fuel Usage.msg	email communication about diesel fuel use onsite.
8	Rationale for Scope 1 Exclusions.docx	RMS documented Rationale for Exclusions in Scope 1 Updated 12.8.2022
9	Scope 1 Emissions Calculations - Generator.xlsx*	Linked Form (from GHG protocol?) used to track emissions. This is applied to Scope 1 emissions
10	File Folder: Scope 2 - Gathered Data	File folder that contains email, US, and Brazil survey results
11	Scope 2 Emissions.xlsx	Linked form (from GHG protocol) used to track Scope 2
12	Scope 2 Input Data.xlsx	tabulated data for Energy usage - contains electricity and a NG entry in CCF - US and Brazil
13	File Folder - Emissions/data: Scope 3 including folders for Category 1 & 4, Category 6 - Business Travel, Category 7 - Employee Commuting, and Category 9 - Downstream T&D	Folders contain email communications, rental car reports, flight info for individuals, commuter survey results, etc.
14	20201130_BRAZIL_Biomass and Carbon Equations_JohnPaulMcTague.pdf	Biomass and Carbon Equations by Component for Individual Trees in southern Brazil A technical report submitted to Resource Management Service LLC by John Paul McTague, Southern Cross Biometrics LLC November 30,
15	Removals: CarbonAnalysis_YE2021_V3.xlsm	Spreadsheet that calculates carbon stocks in US, green and dry tons, etc.
16	Removals: RMS_Globalsustainability_2021v4.pdf	published April 15, 2022 - Global Sustainability Report

*Updated during the verification activities.

Verification Plan - A **Verification Plan** (draft January 27, 2023) was developed based on the information gathered at the start of the verification. This is provided in Appendix B. The initially proposed verification schedule is included in this plan.

Verification Schedule -

Table 5. Verification Schedule

Dates	Activities	Notes
1/17/2023	Kickoff call	Confirm parameters and schedule, confirm initial data, confirm deliverables, etc.
1/23/2023	Verification Plan Evidence Gathering Plan AUP	Provide Verification Plan to RMS; development evidence gathering plan; prepare for verification activities with RMS's staff and/or contractors. Additional data request Provide Agreed Upon Procedures for Timberlands Carbon Stock Protocol
1/30/2023	Execute Evidence Gathering Plan Apply AUP (research, testing) Track issues (develop Issue logs)	Interviews of key personnel, recalculate data, confirm methodologies, request additional data, revise verification/evidence gathering plans as required;
2/6/2023	Provide RMS with Issue log Additional evidence gathering activities. Resolution of Identified Issues. Start to prepare report(s) Additional investigation as required, etc.	Present findings/close out findings, draft report, affirm completion of evidence gathering plan, AUP, etc.
2/13/2023	Issue Log closed out Complete draft Verification Report, Internal Peer Review	Engage Peer Reviewer
2/20/2023	Deliver final draft reports to RMS for review	Issue Final Report(s) and Verification Statement.

Strategic Analysis/Risk Assessment - A strategic analysis is conducted, seeking to understand the design, completeness, and effectiveness of the controls on the emissions reported. In this analysis, the type and quality of the data, comparisons year on year, trends, operational changes, effectiveness of calculators, and other factors are considered.

The strategic analysis provides a basis to assess the risks if the information presented is not incorrect. Risk is assessed in three categories:

- The Inherent risk is a risk associated with the nature of the emission source. An example of an inherent risk may be an exceptionally large emission source, where a small error could result in a material misstatement.
- The Control risk considers the systems and processes that are used to generate the emissions report.
- The final risk considered is the Detection risk, assessing the reported emissions for completeness.

A risk-based verification seeks to understand the reported emissions and rank potential misstatements that can generate a material error in the emissions report. An Evidence Gathering Plan is developed to mitigate the identified risks. The risk assessment identifies issues that the reported emissions' controls, inherent risk, and risk for not being complete may cause a material error.

Evidence Gathering Plan - The evidence gathering plan considers the risk assessment and evidence needed to mitigate identified risks. This plan outlines the type and frequency of data sampling. Activities in the evidence gathering plan include document review, data and calculation review, and to test assumptions used to generate the reported values. The risk assessment and evidence gathering plan is in Appendix C.

Issue Log - An issue log is developed, based on the executed evidence gathering plan. The issue log identifies items that should be addressed by the RMS team during this verification. The initial issue log was provided on Feb. 7, 2022. Three rounds – Issue Log 1 – 3 were developed, and through an iterative process of discussion with the RMS sustainability analyst, all compulsory findings were closed out. Opportunities for improvement were also discussed but are not required for the close of this verification.

Verification Findings

Findings can be reported in three categories:

- **Further Action Requests (FAR)** is a required action requested by the Verifier in order to complete a verification activity.
- **Corrective Action Report (CAR)** is a finding that demonstrates a material ($\pm 5\%$) quantitative error, or a qualitative error that has to be corrected before a positive verification.
- **Opportunities for Improvement (OFI)** describe an area where the GHG reporter can improve their GHG reporting. Responses to OFIs are not required, while it is encouraged to be considered.

The detailed issue log is available in Appendix D of this report and is summarized below.

1. **FAR: It was unclear what the extent of “day-to-day” operations entailed, particularly for fertilizer deposition by contracted service providers, and fuel used by same.**

Resolved: Additional documentation in the form of work orders and sample contract language used with service providers. It was shown that fertilizer deposition is a direct result of RMS work orders detailing the type and amount of fertilizer. The fugitive N₂O emissions from fertilizer are a result of RMS operational control, and these emissions were moved to Scope 1 from Scope 3. Other emissions due to fuel use by contractors remained categorized as Scope 3 downstream emissions.

2. **CAR: Some Scope 1 emissions were initially viewed as de minimis emissions, and the corrective action is to report all calculated emissions.**

Resolved: Scope 1 emissions include the small volumes of natural gas and fuel used for a generator at the Birmingham, AL office are now included in Scope 1.

3. **CAR: Related to FAR (1) above, emissions from Fertilizer deposition were initially categorized as Scope 3.**

Resolved: Emissions from fertilizer deposition (Scope 3, category 4) is found to be under direct operational control of RMS and have been recategorized as Scope 1.

4. **FAR: A breakdown of emissions from fuel use under Scope 3 categories were not itemized in the RMS GHG Report 2021.**

Resolved: The “RMS GHG Report 2021.docx” has been updated that details emissions from each reported Scope 3 category.

5. **FAR: A confirmation of emissions from HVAC systems in leased facilities (RMS offices) was requested.**

Resolved: Fugitive emissions from HVAC systems were from leased facilities (office space), but RMS has no operational control over the leased office space. Also, these emissions could be reported in Scope 3, category 8, Upstream Leased Assets. The emissions are exceedingly small as compared to Scope 3 and are difficult to determine accurately. RMS decided not to calculate these emissions and did not report de minimis emissions.

6. **FAR: A clarification of de minimis and materiality as applied in verification was requested.**

Resolved: RMS edited the GHG Methodology and GHG Inventory Management documents to compare small values to a “significant threshold” of 5% or less. Also, the significant threshold is compared by Scope, and not to the total of all Scopes (1,2, & 3) together.

7. **CAR: A Feb. 8th communication from the RMS analyst confirmed that RMS did own vehicles in Brazil. The fuel use, though small, should be categorized as Scope 1, direct emissions from a mobile fleet.**

Resolved: Fuel use in RMS owned vehicles in Brazil are categorized as Scope 1.

- 8. OFI: An opportunity exists for RMS to recategorize fuel use from activities like wood harvest and delivery could be recategorized as Scope 3, category 1, purchased services.**

Resolved: RMS decided to continue to categorize fuel use from the in field activities as category 4 and 9, being consistent with RMS' industry practices. This decision provides finer granularity in the company's reported emissions and is reasonable.

- 9. OFI: Though calculated, RMS was not reporting Scope 2, Market-based emissions, but only Location-based emission in the RMS GHG Report 2021. There is an opportunity to report Market-based emissions, alongside Location-based emissions, as per the GHG Protocol for Scope 2.**

Resolved: RMS is reporting Scope 2 Market-based emissions, using the Green-e reported residual mix for US based offices. Residual mix information is not immediately available for the Brazilian offices, and the reported Market-based Scope 2 emissions include the residual mix for US and location based emissions for Brazil offices. In the future, RMS may consider utility specific residual mix emission factors for all Scope 2 market-based reporting.

- 10. OFI: The calculation for fertilizer deposition using the emission factor for Urea, as there is no emission factor for "Urea with Agrotain". Agrotain is reported to mitigate N₂O emissions. Therefore, it is possible that the emission factor will be smaller, though not currently available in the literature.**

Open: RMS to conduct research to ascertain a more representative emission factor for this fertilizer type. Currently, RMS is reporting a conservative (likely higher) Scope 1 emission than actual emissions.

- 11. OFI: Some data gathering by RMS for the GHG inventory is conducted by survey. Additionally, the bulk of the GHG emissions report is developed solely by the RMS Sustainability Analyst. Though the RMS GHG emissions report is well crafted and accurate, there is an opportunity for improvement in that RMS can implement additional quality assurance (QA) checks in the form of an internal audit. An internal audit provides additional assurance and lowers the risk to independent third-party assurance.**

Open: RMS is to consider the format of internal QA procedures.

Verification Statement

The Scope 1, 2 & 3 emissions claimed by RMS Corporation for the 2021 calendar year (January 1, 2021, through December 31, 2021) are verified to a limited level of assurance.

Lightstone Consulting statement of assurance:

*Based on the process and procedures conducted, there is no evidence that the following GHG emissions reported are not materially correct and are not a fair representation of GHG data and information. There is no evidence that the GHG emissions reported in the **RMS GHG Report 2021** have not been prepared in accordance with the GHG Protocol International Standards on GHG quantification, monitoring and reporting, or to other relevant standards and practices.*

The following emissions verified to the above statement of limited assurance are as follows:

Scope 1 (direct) emissions:

Total Scope 1 emissions = 24,911 mtCO₂e

Scope 2 (Indirect) emissions are:

Location based Scope 2 emissions = 206 mtCO₂e

Market based Scope 2 emissions = 216 mtCO₂e

Scope 3 (upstream and downstream) emissions are:

Total Scope 3 emissions = 147,490 mtCO₂e

Category 1 = 124,690 mtCO₂e

Category 6 = 835 mtCO₂e

Category 7 = 486 mtCO₂e

Category 9 = 21,482 mtCO₂e

Lightstone Consulting statement of independence:

Lightstone Consulting, LLC, its staff, and its contractor, Tierra Resource Consultants, LLC, do not have any financial interest or have conducted any other engagement with RMS Corporation related to the company's GHG emissions reporting.



Gary (Wolf) Lichtenstein
Lead Verifier

4/14/2023
Date



Mark Wilhelm, MEP, CEM, CAP, LEED-AP O+M
Independent Peer Review

4/14/2023
Date

Appendices

Appendix A: Kick-off Meeting Agenda

January 17, 2023

Lightstone Consulting Verification of RMS's 2021 GHG Emissions and Execution of Agreed Upon Procedures in the Review of the RMS protocol for Estimated Standing Carbon Stock in RMS' Managed Timberlands

Kick-off Meeting Agenda

Introductions: Verification team and RMS team

Confirm objective:

- Third party Verification of RMS's Corporation 2021 GHG emissions report
- Assurance opinion for RMS protocol for Estimated Standing Carbon Stock in RMS' Managed Timberlands

Criteria

Verification Guidance:

- ISO 14064 part 3: 2019 - Annex A, The Greenhouse Gas Protocol, Revised Edition
- GHG Protocol Corporate Accounting and Reporting Standard Revised Edition
- GHG Protocol Scope 2 Guidance
- GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard
- GHG Protocol Technical Guidance for Calculating Scope 3 Emissions

Agreed Upon Procedures (AUP) for Review of Estimated Standing Carbon Stock in RMS Managed Timberlands

- ISO 14064 part 3: 2019 - Annex C, The Greenhouse Gas Protocol, Revised Edition

Level of GHG Verification Assurance:

Confirm the use of Limited Level of Assurance

This verification intends to show that:

*“Based on the process and procedures conducted, there is no evidence that the GHG statement:
— is not materially correct and is not a fair representation of GHG data and information;
— has not been prepared in accordance with related International Standards on GHG
quantification, monitoring and reporting, or to relevant national standards or practices.”³*

Confirm Control Approach: Operational Control

Confirm Geographic Boundary: All RMS’s facilities worldwide.

Offices:

12 US offices

6 Brazilian offices

+

Timberland entities under mgmt. in US and BR⁴

Scope of Verification

Types of facilities, and location of facilities.

Confirm Reporting Period(s):

January 1, 2021 thru December 31, 2021

Agreement on Materiality⁵: at 5%

Reported GHGs: CO₂, CH₄, N₂O, HFCs, PFCs (SF₆ is not present)

Global Warming Potential (GWP): IPCC Fifth Assessment Report (AR5)

Confirm the Scope of Emissions:

- Scope 1 (direct): Stationary combustion, mobile emissions, process, and fugitive emissions
- Scope 2 (indirect): Purchased electricity (location and market based), purchased heat (steam), and purchased cooling (chilled water).
- Scope 3: Confirm reporting categories.

Review Agreed Upon Procedures (AUP):

RMS protocol for Estimated Standing Carbon Stock in RMS Managed Timberlands

- the Carbon Stocks can be measured in a reasonably consistent manner;
- the AUP will produce reasonably consistent results;
- the evidence required for the AUP is expected to exist;
- the evidence required for the AUP provides a reasonable basis to determine the results.

³ ISO 14064-3:2019(E), A.5 Issuance of Opinion, Page 38

⁴ Note from RMS GHG Report 2021 Organizational Boundaries (<1%)

⁵ For a Limited Level of Assurance materiality will be nominally considered at 5%.

Initial Data Request (ftp downloaded)

- Documents
 - 2021 GHG Emission Inventory report
 - Greenhouse Gas Inventory Management Plan v1.1
 - Greenhouse Gas Inventory Methodology v1.1
 - 20200630_Protocol_Estimated Standing Carbon in RMS Managed Timberland
- Data (Scope 1, Scope 2, Scope 3)
- Forms Used and Templates (Ex: RMS Employee Commuting Survey)
- Literature Referenced
- Tools Used (Ex: GHG Protocol GHG Emissions Calculation Tool.xlsx)

Verification Activities

Verification Plan

- level of assurance
- verification objectives
- verification guidance
- verification scope
- materiality
- verification activities and schedules

Evidence Gathering Plan Development *is to be in depth enough to substantiate the agreed upon level of assurance.*

Strategic Analysis

Analyze GHG data sources and calculation methods – size of source, reliability of data and emissions reported.

Risk Analysis

Identify and describe potential risks; inherent, control and detection risk for each emission source, boundary, and other controls.

Evidence Gathering Plan Development

Identify methodology and what frequency of data sampled, as informed by the risk assessment.

Execute Evidence Gathering Plan

Qualitative and quantitative evidence; test assumptions, recalculation, confirm spreadsheet calculations; evaluate raw data (utility) records, travel records, etc., may include staff interviews and review of other relevant records.

Issues Log –

- Further Action Requests (FAR)
- Non-conformance Reports (CAR)

Opportunities for Improvement (OFI)
Response and close out of Issues Log

Independent Peer Review

Independent review of verification planning, execution, and completion

Deliverables

Verification Report (combined/separate?)
Verification Assurance Statement (combined/separate?)

Agreed Upon Procedure (AUP) Activities

Agreed Upon Procedures for Review of Estimated Standing Carbon Stock in RMS Managed Timberlands

- Development of Agreed Upon Procedures (TBD)

Review Agreed Upon Procedures (AUP):

- Disclosure of stipulated facts, assumptions, or interpretations (including the source thereof) used in the application of AUP;
- Description of the condition of records, controls, or data to which the procedures were applied;
- Explanation that the verifier has no responsibility to update the AUP report;
- Explanation of sampling risk

Present AUP to RMS for confirmation

Literature review, testing of assumptions, etc.

Draft and final reporting on the execution of the AUP

Schedule

Table 1. Proposed Verification Schedule

Verification Schedule		
Dates	Activities	Notes
1/17/2023	Kickoff call	Confirm parameters and schedule, confirm initial data, confirm deliverables, etc.
1/23/2023	Verification Plan Evidence Gathering Plan AUP	Provide Verification Plan to RMS; development evidence gathering plan; prepare for verification activities with RMS's staff and/or contractors. Additional data request Provide Agreed Upon Procedures for Timberlands Carbon Stock Protocol
1/30/2023	Execute Evidence Gathering Plan Apply AUP (research, testing) Track issues (develop Issue logs)	Interviews of key personnel, recalculate data, confirm methodologies, request additional data, revise verification/evidence gathering plans as required;
2/6/2023	Provide RMS with Issue log Additional evidence gathering activities Resolution of Identified Issues Start to prepare report(s) Additional investigation as required, etc.	Present findings/close out findings, draft report, affirm completion of evidence gathering plan, AUP, etc.
2/13/2023	Issue Log closed out Complete draft Verification Report, Complete draft AUP Internal Peer Review	Engage Peer Reviewer
2/20/2023	Deliver final draft reports to RMS for review	Issue Final Report(s) and Verification Statement.

Appendix B – Verification Plan

Draft Verification Plan

RMS 2021 GHG Emissions Verification

2021 GHG Emissions

January 27, 2023

Introduction:

Third-Party Verification provides assurance that the methods and outcomes of a GHG Inventory are accurate and without misstatements. Lightstone Consulting, LLC has conducted numerous GHG inventories and other GHG related assessments in multiple sectors. These include, but not exhaustive of its work, nature based GHG removals, manufacturing, chemicals, utilities, heavy industry (steel and cement), commercial, and office-based operations.

Lightstone Consulting LLC is pleased to be conducting an independent third-party verification of Resource Management Service, LLC (RMS) greenhouse gas (GHG) emissions reporting. The verification is for RMS' 2021 greenhouse gas (GHG) emissions inventory includes all offices and operations in the US and in Brazil. RMS' intent of providing a rigorous approach, which includes third party verification, to its 2021 GHG report supports its intent to meet its client's needs of transparent reporting, objectives of its forest certifications, meet the business community's ongoing demand of ESG disclosure requirements and to demonstrate its transparency and commitment to climate action. This commitment enhances RMS' ability to retain and recruit clients, a talented staff, and to foster recognition of its strong sustainability ethic in our community, near and far.

Nature of RMS Operations:

RMS is a vertically integrated timberland investment management organization (TIMO), providing an all-inclusive set of services for the investor through its internal staff of managers, foresters, and specialists. RMS has control of day-to-day operations, including in-forest operations that are specified by RMS forestry staff and executed by licensed, third-party contractors.

According to the RMS 2021 sustainability report, the company has been in business for 71 years and manages \$4.36 billion of forest assets. RMS has 2.4 million acres located in the Southeast United States and Brazil under its management. One hundred percent of its forest holdings is certified to either the Forest Stewardship Council ([FSC](#)), or the Sustainable Forest Initiative ([SFI](#)) forest management certification standards.

RMS has eighteen offices from where it conducts its operations, accounting, and resource planning activities. Including the RMS headquarters in Birmingham, Alabama, there are twelve US offices and six offices in Brazil (Table 1). Emissions upstream and downstream of its operations are included in this independent third-party verification.

Table 1. RMS offices (US and Brazil)

Office Name	State	Country	Ownership (%)	Control (%)
Birmingham Office (RMS Headquarters)	AL	U.S.	0	100
Bay Minette Field Office	AL	U.S.	0	100
Flowood Office	MS	U.S.	0	100
Georgetown Office	SC	U.S.	0	100
Greenville Office	AL	U.S.	0	100
Jena Office	LA	U.S.	0	100
Lufkin Office	TX	U.S.	0	100
Opelika Office	AL	U.S.	0	100
Pace Office	FL	U.S.	0	100
Prattville Office	AL	U.S.	0	100
Sheridan Office	AR	U.S.	0	100
Wilmington Office	NC	U.S.	0	100
Joinville Office (RMS Brazil Office)	SC	Brazil	0	100
Comfloresta - Joinville Office	SC	Brazil	0	100
Abaeté – Comfloresta Field Office	PR	Brazil	0	100
Canoinhas Field Office	SC	Brazil	0	100
Rio Bonito Field Office	PR	Brazil	0	100
Imbuia Field Office	SC	Brazil	0	100

Verification Objective: To provide independent third party GHG emissions verification for RMS’s 2021 GHG emission’s report.

Verification Criteria: ISO 14064 part 3 - Specification with guidance for the verification and validation of greenhouse gas statements, Second edition 2019-04; Annex A: Limited level of assurance verifications

Verification Guidance: Additional referenced guidance includes The Greenhouse Gas Protocol, Revised Edition; GHG Protocol Scope 2 Guidance; GHG Protocol Corporate Value Chain (Scope 3)

Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions.

Level of Assurance: Limited assurance in that this verification intends to show that:

*“Based on the process and procedures conducted, there is no evidence that the GHG statement:
— is not materially correct and is not a fair representation of GHG data and information;
— has not been prepared in accordance with related International Standards on GHG quantification, monitoring and reporting, or to relevant national standards or practices.”⁶*

Reporting Period: January 1, 2021, thru December 31, 2021

Control Approach: Operational Control

Materiality: The value where corrective action will have to be corrected by RMS is nominally set at 5%⁷

Scope of Emissions:

- Scope 1: Stationary combustion (natural gas, fuel oil, etc.), mobile emissions (company owned vehicles and other operational mobile equipment (forklifts, etc.)) and fugitive emissions.
- Scope 2: Purchased electricity (location and market based), purchased heat (steam) and cooling (chilled water). For this year’s report, RMS has chosen to only report its location-based Scope 2 emissions.
- Scope 3: GHG emissions upstream and downstream to the company’s operations. RMS separates Scope 3 emissions related to their own corporation activities from those activities related to its assets, the “in-forest” activities⁸.
 - From RMS corporate activity
 - Purchased goods and services (Category 1)
 - Business travel (Category 6)
 - Employee commuting (Category 7)

⁶ ISO 14064-3: 2019 Annex A

⁷ Materiality under this limited level of assurance is advisory, used to identify any weakness in the RMS emissions report.

⁸ RMS provides their rationale for the exclusion of other Scope 3 categories.

- RMS asset (forest) activity emissions sources
 - Purchased goods and services (Category 1)
 - Upstream transportation and distribution (Category 4)
 - Downstream transportation and distribution (Category 9)

Geographic Boundary: All operations in the United States and Brazil.

Reported gases: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃

Global Warming Potential (GWP): IPCC Fifth Assessment Report (AR5)

Data Files Provide to Date

- RMS 2021 Sustainability Global Report
- RMS GHG Report 2021
- Greenhouse Gas Inventory Management Plan v1.1
- Greenhouse Gas Inventory Methodology v1.1
- 20200630_Protocol_Estimated Standing Carbon in RMS Managed Timberlands⁹
- Emissions Data (Scope 1, 2, and 3)
- Forms Used by RMS (Office survey template, RMS commuter survey, In-Woods Emissions)
- Literature Referenced (various supporting emissions reporting)
- Tools Used (various supporting emissions reporting)
- RMS 2021 Global GHG Calculations.xlsx (GHG emissions calculation spreadsheet)

Verification Activities:

Kick-off meeting (Conducted on January 17, 2023)

Strategic analysis is a systematic analysis and assessment of the design and effectiveness of the controls for emissions reporting.

Risk assessment evaluates the inherent, control and detection risks associated with the RMS emissions report. The existence, rights and obligations, completeness and accuracy and other allocations can be considered, along with an analysis of the GHG systems and controls in place by RMS.

Evidence Gathering Plan is a designed plan of evidence-gathering activities. The plan addresses items in the GHG statement, with a focus on areas where material misstatements are likely to arise (>5%). If potential areas of material misstatements are

⁹ RMS protocol for measuring Carbon Stock, undergoing a separate assurance process.

discovered, appropriate follow up evidence-gathering activities will be designed to minimize risk to reach a verification conclusion. Evidence gathering activities may include new data requests and interviews with RMS staff and its contractors to further investigation of systems and processes used by RMS.

An **Issues log** is to be developed to track potential quantitative and qualitative material misstatements. The issues tracked in the log are to be addressed by RMS and closed out by the Lead Verifier before the conclusion in the verification activities. Issues identified as Opportunities for Improvement are advisory, and may be closed out by RMS, or simply taken under advisement to be considered in future GHG emissions reporting. Issues in the log will be identified as the following:

- Further Action Requests (FAR), an instance where more information is requested
- Corrective Action Requests (CAR), an instance where there is likely material misstatement, either quantitatively or qualitatively
- Opportunities for Improvement (OFI), an instance that is advisory in nature

Further Action Requests (FAR) and Corrective Action Requests (CAR) must be addressed before the issuance of a verification statement.

Independent Peer Review

Review of verification activities and verification conclusions by someone other than the ones who conducted the verification.

Verification Report

Report on verification findings

Verification Assurance Statement – Issuance of an opinion

Approved and signed by the Lead Verifier and the Independent Peer Reviewer

Verification Team

Lead Verifier – **Wolf Lichtenstein**

Wolf has years of experience as an auditor, assessor, and is an expert in GHG accounting. His experience is across several sectors that include energy generation, manufacturing, industrial, and commercial operations. He has served as a Lead Verifier, Verifier, and Independent Peer Reviewer on GHG reporting to multiple programs, including The Climate Registry, CDP and others. He is an assessor for the ANSI National Accreditation Board, and provides expertise on carbon markets and ESG related topics. Wolf has a B.S. in Chemistry from the University of New Mexico and a Masters in Environment and Community from Antioch University, Seattle. Wolf is the owner and operator of Lightstone Consulting, LLC, a WA State corporation.

Independent Peer Reviewer – Mark Wilhelm

Mark is a Certified Carbon Auditing Professional (CAP, Association of Energy Engineers, license #268) with over 35 years in the energy and sustainability industries. He has completed and verified GHG emissions inventories for clients from many sectors across North America over the past decade. Mark serves as Director, Sustainability and Clean Energy, for Tierra Resource Consultants, LLC, which is a partner organization with Lightstone Consulting. Mark holds a B.A. in Economics from the University of Massachusetts and a Professional Master of Science Degree in Environmental Planning from Arizona State University. In 2017 he was named a Top 50 Energy Manager in North America by *Energy Manager Today* Magazine. In 2022 he was appointed to be an Affiliate Global Futures Scholar at the Julie Ann Wrigley Global Futures Laboratory at Arizona State University.

Proposed Schedule (Table 2)

Table 2. Verification Schedule

Dates	Activities	Notes
1/17/2023	Kickoff call	Confirm parameters and schedule, confirm initial data, confirm deliverables, etc.

1/23/2023	Verification Plan Evidence Gathering Plan AUP	Provide Verification Plan to RMS; development evidence gathering plan; prepare for verification activities with RMS's staff and/or contractors. Additional data request Provide Agreed Upon Procedures for Timberlands Carbon Stock Protocol
1/30/2023	Execute Evidence Gathering Plan Apply AUP (research, testing) Track issues (develop Issue logs)	Interviews of key personnel, recalculate data, confirm methodologies, request additional data, revise verification/evidence gathering plans as required;
2/6/2023	Provide RMS with Issue log Additional evidence gathering activities. Resolution of Identified Issues. Start to prepare report(s) Additional investigation as required, etc.	Present findings/close out findings, draft report, affirm completion of evidence gathering plan, AUP, etc.
2/13/2023	Issue Log closed out Complete draft Verification Report, Complete draft AUP Internal Peer Review	Engage Peer Reviewer
2/20/2023	Deliver final draft reports to RMS for review	Issue Final Report(s) and Verification Statement.

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Appendix C - Risk Assessment and Evidence Gathering Plan

Limited Level Assurance								
Risk Area	% of Emissions	Risk Type	Uncertainty - Discussion	Attributes	Risk Level - L/M/H	Risk Mitigation	Evidence Gathering Planning	
General Risk Area								
1	Corporate Boundaries	100	Inherent	Assets have been divided by RMS into office functions and timberland functions - RMS is self described as an "timberland investment management organization (TIMO). The GHG Inventory Management Plan v1.1 also states on pg. 5, "While RMS has zero to limited amount of financial control, it remains fully in control of day-to-day operations that are specified by RMS forestry staff and executed by licensed, third-party contractors", yet in the GHG Inventory Methodology v1.1, it is shown on pg. 6 under Figure 2. RMS asset activity emission sources, the following are categorized as Scope 3, "1. Purchased goods and services Production of chemicals and fertilizers Application of fertilizers Non-road heavy machinery and equipment used in silviculture and harvest activities conducted by third-party contractors 4. Upstream transportation & distribution Contractors commuting to RMS-managed property from home or office 9. Downstream transportation & distribution Hauling forest products from properties to mills for delivered wood contracts	Timberland mgmt. activity is all categorized as Scope 3. ; a Feb. 2nd email, asks about fertilizer deposition - if this shouldn't be Scope 1 fugitives and not Scope 3. Given that a 3rd party applies the fertilizer, it is unsure who purchases the fertilizer - and who orders the amounts deposited on the timberlands. This deals with Rights and Obligations, and other above attributes. Wolf on Feb. 14th - categorizations are updated, issue closed	H	It will be helpful to better understand operational control over assets to better understand what is meant by "day to day" operations. Who is purchasing fertilizer? Fuel? - do contractors bill back specific costs of goods to RMS, and does RMS direct when and amounts of fertilizer is being used?	Review Categorizations - interview Kirstie, review documentation, Inv. Mgmt. Plan and Methodology documents
			Control	Offices are well understood, and controlled by RMS corporate. The onsite timberlands activities are conducted by 3rd parties. However, RMS retains day-to-day operations of timberlands. What is the extent of this - who purchases the fertilizer, for example (and other consumables - gasoline, etc.). What is the extent of day to day operations? Contracts with individual landholders are not available for review - as each is unique and proprietary - even standard language is not offered by RMS.		M		
			Detection	Surveys are provided to all offices, including contractors who operate at the behest of RMS. How are the results of surveys authenticated? How complete is the reporting - could something be missed in a survey? What is the QA/QC procedure that the surveys in all aspects of operations - direct/indirect are authenticated as accurate?		M		
2	Data Management	N/A	Inherent	Data mgmt. uses surveys or calculator spreadsheets developed by GHG protocol worksheets.		H		
			Control	It is unclear how the survey completions are verified internally. No internal audit evidence.		H	There is a high risk that calculator is using incorrect formulas or other parameters, as this is the first verification for RMS, and they haven't reported before. There is no separate internal review present.	Calculations are correct, and comments submitted on re-categorizations of some emissions.
			Detection	The Rationale for Scope 1 Exclusions under Scope 1 doesn't discuss NG as a Stationary source.		H		
3	Consistency and Completeness	N/A	Inherent	In the Rationale for Scope 1 Exclusion, RMS states, "Using the Emission Factor-Based Approach to Estimate HFC and PFC Emissions from Refrigeration/AC from the Greenhouse Gas Protocol's HFC Tool", initial screening resulted in 25-69tCO2e associated with fugitive emissions assuming a 0.2% annual leakage rate. This is below RMS' significance threshold of 5% and considered de minimis, thus excluded from RMS' GHG inventory. " - 5% of what is not explained - if this is of the total of all three Scopes - where Scope 3 is quite high 150K tonnes - Even Scope 2 would be excluded. Is this rationale flawed?		H	Understand extent and context of operations. Document review, and interviews with Kirstie.	Final OPI (1) is issued recommending an RMS internal audit procedure.
			Control	Is there an internal process of double checking results, who is responsible at each site, were they trained, list of personnel is not available.		H		
			Detection	practical, rate, flow, and any orimeter shows blank in Heat/Steam from Natural Gas (NG). While Greenville shows 27.5 ccf per month, or 330 ccf total for the year. It is unclear if the 4 sites that show blank have NG or not. Scope 1 Emissions Calculations - Generator.xlsx reports only one generator		H		

By Source									
Scope 1									
4	a. Direct Emissions from Stationary Combustion	0%	Inherent	Zero is reported. A description of internal QA checks isn't found.			H	See comments under Fugitives - the clarification of de minimis and materiality thresholds need to be clarified. The 330 ccf of natural gas at Greenville should be included in the Scope 1 report.	Evidence gathering - point out the GHG Protocol language. Request that calculated values including Fugitives, and NG use in Greenville be included in Scope 1.
			Control	It is unclear how the survey completions are verified internally. No internal audit evidence. The GHG Inv. Mgmt. Plan v1.1 states, "Fugitive emissions associated with operation of HVAC and refrigeration equipment in RMS' offices and natural gas usage were less than the significance threshold and are not included ." What the significant threshold is stated to be 5% in this plan, but 5% of all Scopes together? Scope 3 would swamp Scope 1 and Scope 2, this isn't appropriate control regime- where each Scope is verified			M		
			Detection	Prattville, Jena, Flowood, and Bay Minette shows blank in Heat/Steam from Natural Gas (NG). While Greenville shows 27.5 ccf per month, or 330 ccf total for the year. It is unclear if the 4 sites that show blank have NG or not.			H		
5	b. Direct Emissions from Mobile Combustion	0%	Inherent	No vehicles owned by RMS as stated in the GHG Inv. Methodology - thus the Inherent risk is low			L	Ask how it was confirmed there is no RMS own or leased vehicles - who confirms this?	It was found that some vehicles in Brazil are owned by RMS. Fuel use by contractors were reviewed and found to be properly categorized, and calculated correctly. Document review and interview with Kirstie.
			Control	No vehicles owned by RMS as stated in the GHG Inv. Methodology - thus the control risk is low			L		
			Detection	The RMS Greenhouse Gas Inventory Methodology v1.1 states that, "RMS does not own or lease any vehicles, harvest, or silvicultural equipment, or any other mobile equipment so scope 1 emissions are zero. "			M		
6	c. Direct Emissions from Process Sources	0%	Inherent	No manufacturing or other process emissions- products from harvested Wood would not be attributed to RMS Scope 1, but Scope 3			L	No inquiry necessary	
			Control	Any process emissions from wood products would be a 3rd party issue. Not a Scope 1 control issue			L		
			Detection	RMS, by nature of its business model, any process emissions from wood products will fall under Scope 3			L		
			Control	RMS does occupy buildings with HVAC systems			M		
7	d. Direct Emissions from Fugitive Sources	0%	Inherent	Fugitives - with assumed R-410a are calculated, but counted as de minimus.			M	It is imperative that de minimus - RMS' 5% threshold is better articulated - it seems this is determined to be 5% of the total emissions - Scopes 1,2 and 3. Each Scope should be determined separately. Inquire as the source of 5% of what total - and then request that each Scope be determined separately. The GHG Protocol states that is de minimus values are calculated, they should be included - pg. 10, "A threshold is often used to determine whether an error or omission is a material discrepancy or not. This is not the same as a de minimis for defining a complete inventory. Instead companies need to make a good faith effort to provide a complete, accurate, and consistent accounting of their GHG emissions." pg. 72 of GHG Protocol under verification, "Materiality thresholds may also be outlined in the requirements of a specific GHG program or determined by a national verification standard, depending on who is requiring the verification and for what reasons. A materiality threshold provides guidance to verifiers on what may be an immaterial discrepancy so that they can concentrate their work on areas that are more likely to lead to materially misleading errors. A materiality threshold is not the same as de minimis emissions, or a permissible quantity of emissions that a company can leave out of its inventory."	Evidence gathering - point out the GHG Protocol language. Request that calculated values including Fugitives, and NG use in Greenville be included in Scope 1. Inquire about fertilizer deposition - resolved and moved to Scope 1 from Scope 3.
			Control						
			Detection	All leased space, whether whole building occupancy - or that of leased space in a larger building is accounted for - but not reported due to de minimus nature			M		
8	e. Direct Emissions from Agricultural Sources	0%	Inherent	Not reported - potential of fugitives from deposited fertilizer - small amount - but response to FAR (1) - see issue log - that RMS is responsible for workplans for field contractors			M	Request that fertilizer deposition move from Scope 3 to Scope 1	
			Control	RMS determines detailed workplans for contracted crews - and are responsible for the type, amounts, and timing of fertilization - typically release some N2O to the atmosphere			M		
			Detection	RMS has detailed workplans that include chemical and fertilizer deposition - that can cause N2O fugitives - likely small			H		
Total Scope 1		N/A							
Scope 2									
9	a. Indirect Emissions from Purchased/Acquired Electricity	98.3%	Inherent	eGrid use is appropriate for EFs in US. Brazil references for electricity EFs are also available and properly referenced in methodology. Couple of sites uses estimates of costs from previous year - 2020. RMS personnel are communicated directly with Kristie. Clarity on roles and current lease agreement language is not directly available.			M	Better understand who is reporting and if there's a QA check. Question Market based reporting. Check EF sources.	Inquire about QA/QC of electricity survey input data - depending on finding - a potential OPI to develop a QA plan for surveys. RMS added market based emissions from Scope 2, as they misunderstood the utility of Market based in the absence of RECs or other mitigation schemes. This was resolved using the Green-e residual mix reporting. Updating the choice of yr. 2021 of Green-e report will be useful.
			Control	Surveys for each site are conducted, where electricity usage is identified.			M		
			Detection	Each site has electricity usage.			L		
10	b. Indirect Emissions from Purchased/Acquired Steam	0.0%	Inherent	No clear as to what c. purchased/acquired heating is relative to acquired steam. Low value.			L		
			Control	Not present			L		
c. Indirect Emissions from Purchased/Acquired Heating	1.7%		Inherent	Small value			L	It is unclear as to the system used in Greenville that accounts for imported heat/steam for the facility. This is Facility ID 4, as reported in the "Scope 2 Emissions.xlsx"; This is 33M Btu. The values for Scope 2 come from "m"\\bristlecone\NonMissionCritical\ESG\Projects\Carbon Projects\Carbon Inventory\GHG Inventory\Scope 2\Purchased Electricity Calculations.xlsx\2021 Energy Usage\SESS*100000". This source is not accessible for this verification.	In order to better understand Scope 2, please explain the internal resource - =\\bristlecone\NonMissionCritical\ESG\Projects\Carbon Projects\Carbon Inventory\GHG Inventory\Scope 2\Purchased Electricity Calculations.xlsx\2021 Energy - Please account for how steam/heat is determined for Greenville. The GHG Methodology and Management Plan do not address purchased heat at all. The Scope 2 Input Data.xlsx spreadsheet reports 330 CCF of NG, which is typically a direct source of stationary combustion - i.e. Scope 1. The 330 CCF of NG reported at Greenville is reflected in the GHG inv. mgmt. plan v1.1 as Heat and steam usage (CCF), and not apparently addressed in the GHG methodology documents. Imported Steam/heat is better expressed as an energy unit - i.e. joules or Btu. Please provide clarification. Feb. 15, 2023 - This was resolved, as there was a misunderstanding of what purchased steam and heat are - and the CCF of NG from the Birmingham office is now reported as Scope 1. Recategorization process.
			Control	How is this reported, via survey - what devices / situations are involved			L		
			Detection	What sites are involved - and the nature of this imported heating			M		

ID	Category	tCO2e	%	Inherent	Control	Detection	Risk Level	Notes
11	d. Indirect Emissions from Purchased/Acquired Cooling	0.0%		Inherent	None reported		L	
				Control	N/A		L	
				Detection	N/A		L	
Total Scope 2		239						
Scope 3		tCO2e	%	120,682				
1	Category 1: Purchased goods and services	113,963	94%	Inherent	Corporate emissions related to Purchased goods and services are typically difficult to get a handle on - as 3rd party suppliers don't often offer info on this. Wolf on Feb. 14th - Fuel use of contractors that plant, harvest, and care for trees is now included in this category.		M	The Greenhouse Gas Inventory Methodology v1.1 does not describe "in forest" services - while the GHG Management Plan v1.1 does describe calculations and sources of EFs, etc. There's significant Scope 3 data for US and BR contractors - fuel use, etc. Seems that Fuel use in Harvesting and other services by Contractors are categorized as Scope 3 Category 4 - what activities are categorized as Cat. 1 - Services. There's Herbaceous Release, Chemical Site Prep, Woody Release, etc. Which of the Contractor services are Cat. 4 and Cat. 9 - and what is considered as Cat. 1 - It appears that S3 Cat 1 Purchased G&S is accounting for Fuel and Chemical usage. Yet, what S3 Cat 4 Upstream T&D, as well as S3 Cat 9 Downstream T&D are also reported. Cat 1 appears to be the larger value. Wolf on Feb. 14th - updated methodology accounts for fuel use for planting, harvesting, etc. reasonable values with good data set
				Control	The EIO factors from the Carnegie Mellon University's EIO-LCA model using factors from the 2007 Benchmark (USEIO) model are used to calculate the emissions. A 2007 Benchmark is 14 yrs. old in 2021 - is inflation considered as a dollar amount was used to calculate this? Weight data was used to determine a de minimis - or was it calculated at all. Wolf on Feb. 14th - category now properly captures fuel use by		M	
				Detection	There is no access to this LCA model - how is this applied, and what data - purchased services are accounted for. Wolf on Feb. 14th - categorization updated		M	
2	Category 2: Capital Goods	N/A		Inherent			L	
				Control			L	
				Detection			L	
3	Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2)	N/A		Inherent			L	
				Control			L	
				Detection			L	
4	Category 4: Upstream transportation and distribution	N/A		Inherent			L	
				Control			L	
				Detection	Value moved to S3, Cat 1		L	
5	Category 5: Waste Generated in Operations	N/A		Inherent			L	This category includes emissions from third-party disposal and treatment of waste (solid-waste and wastewater) that is generated in RMS' offices and operations. From preliminary waste audits, this is not a significant source of emissions (<50 tCO2E) in RMS offices.
				Control			L	
				Detection			L	
6	Category 6: Business travel	835	0.69%	Inherent	relatively small value as compared to Cat. 1		L	It is difficult to see what the exact total is from the S3. Business travels calculation spreadsheet. The Cat 6 tab in the RMS 2021 Global Calculations - LS analysis is hard to follow as to the total number. Seems to be somewhere south of 1000 tonnes. Perhaps non-material. methodology should be clearer. W-Feb 14 S3 values updated, small <1%, non-material. Not investigated further. Travel calculations has data on flights, who's responsible, etc. Omissions to fit - or other biz travel data will be non-material.
				Control	The "Source: Leila Kietzer, \\bristolstone\NonMission\Critical\ESG\Projects\Carbon Projects\Carbon Inventory\GHG Inventory\Scope 3\Category 6 - Business Travel\Brazil Fuel Usage.msg" is unreachable;		L	
				Detection	appears that road mileage and air travel are compiled in "S3, Cat 6 - Business Travel Calculations v2.xlsx" The GHG Inv. Methodology v1.1 states, "Activity data was collected from employees regarding flight details" and mileage is from Fuel reimbursement - which is valid, while the method of collecting flight data isn't fully described - how do we know this is complete - is this collaborated with reimbursements?		L	
7	Category 7: Employee commuting	486	0.40%	Inherent	relatively small value to rest of S3		L	Overall, low value and if some employees are missing - low impact. No need to investigate further
				Control	internal survey system - employees are well known		L	
				Detection	potentially some surveys can be missing - Brazil has the smaller staff, though further away - and non-english speaking		M	
8	Category 8: Upstream Leased Assets	N/A		Inherent	Excluded		L	From Inv. Mgmt.: This category includes emissions from the operation of assets leased by RMS that are not already included in RMS' scope 1 or 2 emissions. RMS has already included emissions from purchased electricity with leased assets in scope 1 and 2 categories. We also estimated our fugitive emissions associated with HVAC systems at leased office spaces to be de minimis.; Therefore, this category is excluded.
				Control	Excluded		L	
				Detection	Excluded		L	
9	Category 9: Downstream Transportation and distribution	5,399	4.47%	Inherent	<5%, categorization meets industry stds. as explained by the reporter.		L	Review methodology, GHG Inv. Management document, review data sets
				Control	good set of data, methodology explained		L	
				Detection	wood delivery is core function of RMS		L	
10	Category 10: Processing of sold products	N/A		Inherent	see exclusions 1.6 of GHG Methodology		L	Included in exclusions - makes sense that the use of milled wood is outside of operational, and Scope 3 boundaries - outside the business functions of RMS.
				Control			L	
				Detection			L	
11	Category 11: Use of Sold Products	N/A		Inherent	see exclusions 1.6 of GHG Methodology		L	Included in exclusions - makes sense that the use of milled wood is outside of operational, and Scope 3 boundaries - outside the business functions of RMS.
				Control			L	
				Detection			L	
12	Category 12: End-of-life treatment of sold products	N/A		Inherent	see exclusions 1.6 of GHG Methodology		L	Included in exclusions - makes sense that the use of milled wood is outside of operational, and Scope 3 boundaries - outside the business functions of RMS.
				Control			L	
				Detection			L	
13	Category 13: Downstream leased assets	N/A		Inherent	see exclusions 1.6 of GHG Methodology		L	Included in exclusions - makes sense that the use of milled wood is outside of operational, and Scope 3 boundaries - outside the business functions of RMS.
				Control			L	
				Detection			L	
14	Category 14: Franchises	N/A		Inherent	see exclusions 1.6 of GHG Methodology		L	Included in exclusions - makes sense that the use of milled wood is outside of operational, and Scope 3 boundaries - outside the business functions of RMS.
				Control			L	
				Detection			L	
15	Category 15: Investments	N/A		Inherent	see exclusions 1.6 of GHG Methodology		L	RMS co-invests in RMS-managed timberland with some of its investors. Emissions from these co-investments are already accounted for in the other 3 categories for asset activities, so this category is excluded to avoid double counting.
				Control			L	
				Detection			L	

Appendix D – Issue Log

Issue Log - RMS 2021 Emissions Inventory						
#	Issue Type	Issue Description	Requested Information	RMS' response	Resolution	Status
1	FAR	Boundaries and Operational Control - The GHG Inventory Management Plan v1.1 states on pg. 5, "While RMS has zero to limited amount of financial control, it remains fully in control of day-to-day operations that are specified by RMS forestry staff and executed by licensed, third-party contractors". It is unclear what the extent of "day to day" operations entails. Does the 3rd party contractor charge back to RMS specific consumable items like fertilizer purchases and/or fuel purchases used to operate machinery? What is the nature of the contractual obligations between the 3rd party contractors and RMS. Do RMS foresters specify when, how much, and what type of fertilizer to use? It is unclear if some of the categorized activities of 3rd party contractors should be assigned as Scope 1 or are correctly assigned as Scope 3.	Please provide evidence in the form of policy, implementation documentation or internal Forest Inventory Management System (FMIS) records that describe the details and extent of day-to-day operation instructions to 3rd party contractors. Additionally agreements between RMS and their in-forest contractors may also describe the extent of "day to day" operations. The evidence should be detailed enough to discern who is responsible for the purchase of consumables, like fertilizer and fuel purchases.	Please see the documentation in the Issues folder of the FTP. You'll find documentation for our forest inventory, which feeds into FMIS and policies around FMIS. I've also included some of the contracts with our service providers. I've included the ones that use fuel-burning equipment (i.e., not our contracts for hand planting crews for example). To add more color to the chemicals, fertilizers, and fuel purchases, the chemical purchases are managed at the corporate (Birmingham) office. Fertilizer purchases are managed by both corporate and RMS Region offices. RMS field staff provide prescriptions and instructions for the application of the chemicals and fertilizers, but the application is by the contractor. RMS staff will also monitor the applications to ensure they're done correctly. We do not reimburse our contractors for fuel, but diesel costs are figured into the negotiated delivered wood rates (S3, Category 9 emissions) and the cut and skid prices (harvest emissions in S3, Category 1).	From the information provided the Fertilizer/chemical deposition that directly emits N2O as a byproduct - and is ordered, directed and scheduled by RMS staff should be categorized as Scope 1. Other harvesting, monitoring and other functions by contractors appear to be correctly assigned to Scope 3 Categories. See CAR (3) below	Closed
2	CAR	Scope 1 de minimus emissions - what is the level of an emission being assigned as de minimus? Generally, a percentage of emissions of any one source assigned to a Scope (1, 2, & 3) are compared to the total of that Scope. So for Scope 1 emissions, any particular source, such as fuel consumed in a building generator, natural gas consumed in order to heat a building, or fugitive emissions from HVAC systems are individually calculated as a percent of total Scope 1 emissions, and not compared to the total emissions of Scope 1 + 2 + 3, which apparently this was the comparison used. If this is the case, then Scope 2 emissions would also be de minimus as $239/150000 = 0.16\%$; 0.16% of the total for Scope 2 is well less than 5%, the normally declare level of materiality.	Please provide de minimus calculations for Scope 1 emissions. Confirm how de minimus values are determined, and why Scope 2 are not also de minimus, if each Scope of reporting is compared to the total of all three Scopes of reporting.	Scope 1 emissions calculations are in the FTP in the Issues > Scope 1 (Excluded Emissions) folder. You'll see them for the HVAC and for the backup generator at the Birmingham office. We do not have any control over when HVAC systems get maintenance (including recharge). While we use 5% as our significance threshold, I believe I incorrectly compared the emissions to the total of the scopes rather than each individual scope. I see the contradiction in including scope 2 and can make those adjustments.	See FAR (5)	Closed
3	CAR	Based on the FAR (1), please recategorize Fertilizer/Chemical deposition that are ordered through RMS workplans, and where RMS is purchasing these Fertilizer Chemicals to be used in the field by Contractors. A distinction of US and Brazil is helpful, particularly if there's different sub-totaled calculations based on eco-region	Please provide evidence of operational control or not.	I have updated the report and the calculations workbook. I will go back and update the management plan and methodology.	mgmt. plan and GHG inv. Mgmt. plan updated.; Fertilizer deposition is now under Scope 1 fugitive emissions.	Closed
4	FAR	Scope 3 Categorizations - It appears that Contractor Fuel use is totaled in Category 1 - Goods and Services, and some fuel use is Categorized in Cat 4 and Cat 9 - Upstream and Downstream T&D, respectively. Please provide on the RMS GHG Report 2021.docx a breakdown of totals for Each Scope 3 Category. This will enable better tag for Verification where various totals of Scope 3 Categories are reporting - assuring that there is no double counting.	please provide breakdown of S3 emissions	I have updated the report.	Report is updated	Closed
5	FAR	The Greenhouse Gas Inventory Management Plan v1.1 appears to categorized fugitive refrigerants - 410a from HVAC systems as Scope 1 and de minimus at the same time. These values are calculated - so perhaps not material, but since calculated, they are not de minimus. De minimus values are typically not calculated at all, as they are very small. Also consider that these fugitives are not under operational control at all, as these are in leased spaces, where RMS is not responsible for maintenance. Consider how these emissions impact the Scope 3 category of "Upstream Leased Assets", and consider reporting these values here. Also note that when a value is calculated it is no longer de minimus - though may be immaterial - i.e. <5% of the total of that Scope. Also, Materiality is related to Verification, where if an error is detected that is <5% it would be reported as a finding, but not mandatory to "fix", if the error is non-material. If a reporter has a value - for refrigeration, for example, it should be reported - even if small. Clarify in the GHG Inventory Mgmt. Plan v1.1		I have updated the calculations and report and will update the management plan and methodology. I have decided to exclude these emissions due to being insignificant. Pragmatically, it's not worth our time to gather this information and we are not confident in the data quality.	The fugitive emissions from leased facilities where RMS does not have any operational control over building maintenance are properly excluded. The emissions could be included in S3 Cat. 8. Upstream Leased Assets, but indeed are not material to Scope 3, and there's no issue with excluding these emissions. There is a potential for an OFI, but I agree with Kirsten - there's no control, or even influence by RMS at this point on HVAC system choices or maintenance. O.K. to exclude	Closed
6	FAR	Informative on de minimus and non-material (see above FAR (5)): It is imperative that de minimus - RMS' 5% threshold is better articulated - it seems this is determined to be 5% of the total emissions - Scopes 1,2 and 3. Each Scope should be determined separately. Each Scope materiality is considered separately 5% of each Scope 1, 2 and 3 totals. The GHG Protocol states that if de minimus values are calculated, they should be included - pg. 10, "A threshold is often used to determine whether an error or omission is a material discrepancy or not. This is not the same as a de minimis for defining a complete inventory. Instead companies need to make a good faith effort to provide a complete, accurate, and consistent accounting of their GHG emissions." pg. 72 of GHG Protocol under verification, "Materiality thresholds may also be outlined in the requirements of a specific GHG program or determined by a national verification standard, depending on who is requiring the verification and for what reasons. A materiality threshold provides guidance to verifiers on what may be an immaterial discrepancy so that they can concentrate their work on areas that are more likely to lead to materially misleading errors. A materiality threshold is not the same as de minimis emissions, or a permissible quantity of emissions that a company can leave out of its inventory."		I will update the management plan and methodology this evening to reflect a 5% threshold per scope.	Language changed to "significant threshold" - and is on par with verification materiality. This is acceptable, and demonstrates the RMS' understanding of de minimus vs. a verification materiality assessment	Closed
7	OFI	Consider recategorization of Scope 3 asset emissions , Category 4 and Category 9 are both related to contracted service providers in-forest activities which are contracted Services. It might be more straight forward to categorized all inforest activity as S3 Category 1 - Purchased Goods and Services, while more informative and perhaps understanding where future emissions reductions can be made by the refined current reporting. Currently, it seems that emissions from Fuel use are Categorized as 4 Upstream Transportation and Distribution, and 9 Downstream Transportation and Distribution, - plus some fuel usage is shown in the under S1 - Goods and Services. At the same time, S4 and S9 define specific activities within the contracted service. Please confirm where to categorize by itemizing the RMS GHG Report 2021.docx. This isn't critical - but a helpful request and after reconsideration, please adjust the RMS GHG Report 2021, if needed. Typically, Upstream and Downstream T&D are assigned to emissions from particular shipping activities - transportation of purchased raw materials or shipping of finished goods. Here, RMS is more finely parsing purchased services, which is acceptable, as long as RMS continues Yr. to Yr. to report in this manner.	categorizations can be updated, the methodology and inventory mgmt. plans can be updated	Based on how I've seen others in our industry report their emissions, I feel more comfortable with keeping the downstream T&D as is and moving the upstream T&D to category 1. Let me know what you think about this. I've updated the calculation workbook and report. I will go back and update the management plan and methodology upon you giving the greenlight on that plan.	Categorization decisions are acceptable, changes noted	Closed

8	CAR	Add Brazil mobile emissions to Scope 1. A Feb. 8th email communication from Kirstie states that there are vehicles owned by RMS in Brazil - and these constitute Scope 1 mobile emissions. Please add these emissions to the Scope 1 report	complete mobile emissions to include Brazil vehicles	I have updated the calculations and report and moved these emissions from scope 3 - business travel to scope 1. I will update the management plan and methodology this evening.	Inventory and methodology plans are updated	Closed								
9	OFI	Residual Mix choice and reporting Market based electricity - The residual mix values for emissions is taken from Green-e residual mix reports. The value taken is stated in the GHG Inv. Mgmt. plan as the 2018 values. The green-e residual mix that matches the reporting year is 2021 (https://www.green-e.org/2021-residual-mix) which uses 2019 data . The residual mix values for CO2e are different, and can be updated in the "RMS 2021 Global GHG Calculations v2.xlsx". Also, it is possible to report the a market based electricity value using a mixture of residual mix values, when available, and location based values when not available. The RMS GHG Report 2021 (.docx) can be updated reporting Market based values, using the the Green-e 2021 residual mix report. The likely total will be less than the location based value that is reported. The current GHG Protocol Guidance for Scope 2 provides information about reporting Market based values along side Location based values. Since RMS had gone through the trouble of calculating the US Market based value (using Green-e residual mix), an Opportunity for Improvement will be to include both Location based Electricity, and Market based electricity values, and use the most appropriate US Residual mix values from Green-e or other source. For more specific Residual Mix (Market based) reporting, often the specific utility that is servicing a particular facility (office) will report it's particular residual mix, where Green-e averages across the eGrid region. Both values are valid for Market based reporting.			Scope 2 is now correctly reporting market-based emissions, as shown in the RMS GHG Emissions Report 2021, the GHG Methodology, and GHG Inventory Mgmt. Plan	Closed								
10	OFI	The calculation for fertilizer deposition using the emission factor for Urea, as there is no emission factor for "Urea with Agrotain". Agrotain is reported to mitigate N ₂ O emissions. Therefore, it is possible that the emission factor will be smaller, though not currently available in the literature.	RMS to conduct research to ascertain a more representative emission factor for this fertilizer type. Currently, RMS is reporting a conservative (likely higher) Scope 1 emission than actual emissions.			Open								
11	OFI	Some data gathering by RMS for the GHG inventory is conducted by survey. Additionally, the bulk of the GHG emissions report is developed solely by the RMS Sustainability Analyst. Though the RMS GHG emissions report is well crafted and accurate, there is an opportunity for improvement in that RMS can implement additional quality assurance (QA) checks in the form of an internal audit. An internal audit provides additional assurance and lowers the risk to independent third-party assurance.	RMS is to consider the format of internal QA procedures.			Open								
<p>Findings can be reported in three categories:</p> <ul style="list-style-type: none"> • Further Action Requests (FAR) is a required action requested by the Verifier in order to complete a verification activity. • Corrective Action Report (CAR) is a finding that demonstrates a material ($\pm 5\%$) quantitative error, or a qualitative error that has to be corrected before a positive verification. • Opportunities for Improvement (OFI) describe an area where the GHG reporter can improve their GHG reporting. Responses to OFIs are not required, while it is encouraged to be considered. 														
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