

## FORECON EMS Sub-Aggregator Relationships with Foresters, Landowner Organizations and Other Groups

### Background

As a result of the progression and maturity of the current carbon market and related programs, much of the forestry and environmental community has become more comfortable with the business of marketing forest carbon. This has fostered an acute interest by forest resource professionals and landowner groups to provide efficient, credible, verifiable, and value added market access to their clients, members, or constituents in a manner that maintains or enhances their role and relationship with their landowners.

FORECON EMS recognizes the cooperative value added nature of a sub-aggregator relationship with qualified, established, and credible groups to achieve these goals. FORECON EMS is excited to compliment the services you provide to your clients with our carbon quantification, reporting, and aggregation services. Our goal is to make carbon markets accessible to your clientele via a high quality solution that is productive, transparent, competitive, and ethical for all parties involved. Considering the wide array of interests and capabilities available with potential sub-aggregators, FORECON EMS will work to develop efficient relationships and solutions that meet the interests and abilities of each group or individual.

Regardless of whether a forest owner works directly with FORECON EMS, or whether they access the carbon market through a partnership with FORECON EMS and a sub-aggregator group, there are a variety of tasks required to be completed and processes needed to be maintained in order to enter the market. When working with a sub-aggregator, FORECON EMS will assume some of these responsibilities, as will the sub-aggregator. Depending on your capabilities, interests, and experience, you may be willing or able to take on more or less of these tasks as a sub-aggregator. Outlined on the back side of this document are the general steps and responsibilities associated with our forest carbon program for private landowners. The first steps in developing a sub-aggregator relationship with FORECON EMS is to mutually determine how much of the administrative activity will be assumed by FORECON EMS vs. the sub-aggregator. Once these roles and responsibilities are determined, fees can be quoted for aggregation services and contracts can be developed.

### Compensation

Recognizing the valuable role sub-aggregators play in this relationship, FORECON EMS is prepared to offer competitive and flexible fee schedules and/or commissions to pools of landowners working through a sub-aggregator. Although our standard aggregation commission rate for pooled projects is 10% of market value for registered credits, more competitive commission schedules may be possible for sub-aggregators. These commissions will be quoted for each instance depending on the tasks to be assumed by the sub-aggregator, volume of credits available from the sub-aggregator, and other related factors.

When considering any fees charged by the sub-aggregator to their clients or constituents for providing the carbon related service, FORECON EMS has taken the position that these fees are for the sub-aggregator and their pool members to determine contractually.

## Tasks/Processes Required to be Completed/Maintained in Order to Enter the CCX Carbon Market through FORECON EMS

### Section 1: Front End Tasks/Processes

1. Distribute landowner information package
2. Field questions from applicants
3. Screen applicants / review landowner applications
4. Identify client enrollment needs (i.e. inventory, certification, etc.) and develop plans to meet enrollment requirements
5. Execute contracts (i.e. Forestry Offset Project Letter of Intent and Forestry Carbon Credit Aggregation and Sale Agreement) and provide them to FORECON EMS
6. Assemble all participants required documentation (i.e. inventory data, proof of certification, proof of ownership (current deeds or tax records), evidence of ownership of the carbon in harvested wood (scale/mill slips, harvest tallies, or equivalent data), and property level maps/GIS data)
7. Produce baseline report and perform vintage credit calculations (where applicable) and 1<sup>st</sup> year (2009) sequestration modeling (FORECON EMS only)
8. Facilitate 3<sup>rd</sup> Party Verification Process (Both FORECON EMS and sub-aggregator)

### Section 2: Annual Tasks/Processes

1. Gather information for annual data updates (i.e. data from residual, removal, or salvage inventories)
2. Perform database edits and produce carbon reports (FORECON EMS only)
3. Facilitate 3<sup>rd</sup> party verification process (Both FORECON EMS and sub-aggregator)
4. Registration of Credits (FORECON EMS only)
5. Trading of Credits (FORECON EMS only)
6. Distribute funds to participants annually
7. Distribute funds to Sub-Aggregators (only applicable if Sub-Aggregator chooses to distribute funds to their clients (Annual Task #6) (FORECON EMS only)
8. Communicate status of the FUND to enrolled participants (FORECON EMS only)

If you or your organization is interested in exploring a sub-aggregator relationship with FORECON EMS, please contact Matt Smith, Director of Ecosystem Services at [msmith@foreconinc.com](mailto:msmith@foreconinc.com) or call 716.664.5602, x313.