

SCS Global Services Evaluation of Woodville Pellets, LLC Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

www.sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 1.4

*For further information on the SBP Framework and to view the full set of documentation see
www.sbp-cert.org*

Document history

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1 Overview

CB Name and contact: SCS Global Services, 2000 Powell St. Ste 600 Emeryville, CA 94608

Primary contact for SBP: Sarah Harris, SHarris@scsglobalservices.com

Current report completion date: 26/May/2019

Report authors: Tucker Watts and Theodore Brauer

Name of the Company: Woodville Pellets, LLC. 164 County Road 1040 Woodville, TX 75979
(previously named: Texas Pellets Inc)

Company contact for SBP: Mihkel Jugaste, mihkel.jugaste@graanulinvest.com

Certified Supply Base: 150-mile radius of Woodville Facility and exclusively within Texas

SBP Certificate Code: SBP-04-40

Date of certificate issue: 22/Jul/2019

Date of certificate expiry: 21/Jul/2024

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

This certificate covers the manufacture of pellets and transport to the port of Port Arthur, TX. It also includes a supply base evaluation for sourcing of primary feedstock and secondary feedstock from 150-mile radius of Woodville Facility exclusively within Texas.

The organization started the certification process under their original name Texas Pellets Inc. This name was used when sending out notifications of the stakeholder consultations done by the organization, SCS and SBP. Under new ownership, the BP changed their name to Woodville Pellets, LLC in July 2019.

3 Specific objective

The specific objective of this surveillance audit was to confirm that Woodville Pellets, LLC.'s management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The following critical control points were identified and audited and are described here and in the report:

Feedstock Procurement: All wood delivered to the mill is tracked and verified through interviews and review of supplier agreements, supplier sales documentation, and field visits.

Storage and Processing: Roundwood is processed into wood pellets by being chipped, dried, hammered, and extruded into pellets. Sawmill residual is hammered and pelletized. The conversion factors used to allocate the roundwood into pellets are reasonable.

Volume Accounting: The company's procedures detail the process to maintain the credit account, with provisions for subtracting certified product sold.

Outgoing Transactions: Invoices are issued, and all outgoing transactions of SBP-certified biomass will be recorded in the DTS

Energy Data Collection and Reporting: The organization developed and maintains databases to record data values and calculate energy data as required by Standard 5 and keeps records that substantiate the data.

At the time of the stakeholder consultation the organization was named Texas Pellets Inc and all documents sent to stakeholders refer to that name. The organization changed its name to Woodville Pellets, LLC in July 2019

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

Not applicable

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Woodville Pellets, LLC operates a pellet mill located in Woodville, Texas. The pellet plant is located on a brownfield site formerly used for a chip mill operation. The plant will produce approximately 500,000 metric tons of pellets, which are transported by truck to be loaded onto ships at ports on the Gulf of Mexico.

Woodville Pellets, LLC has a contract with NAPCO to conduct all direct procurement activities. NAPCO purchases roundwood directly from landowners for delivery into the pellet plant. NAPCO also executes contracts with gatewood suppliers and with area sawmills for the delivery of residual chips and sawdust. NAPCO is in possession of PEFC Chain of Custody certification, to enable the company to pass along valid certification claims to Woodville Pellets, LLC, where applicable.

Woodville Pellets, LLC has a number of SFI-certified landowners within its procurement basin; including The Campbell Global, Hancock Forest Management Group, Resource Management Service, Molpus Timberlands, and Rayonier. Several large landowners included in group tree farm programs are also located in the region. These landowners are expected to provide a considerable portion of roundwood to the plant. Roundwood consists almost entirely of pulpwood from thinnings and clearcuts.

5.2 Description of Company's Supply Base

Woodville Pellets, LLC operates a pellet mill located in the town of Woodville, Texas. Woodville is situated in East Texas, in relative proximity to both the Gulf of Texas and the state line with Louisiana, in a rural area with both agriculture and forestry present on the local landscape. The mill has a name-plate capacity of 500,000 metric tons per annum. Woodville is located in a region with a tradition of an active forest products industry, and in addition to primary sources of raw material (i.e. forest harvesting), there are secondary sources of fiber available to the mill, such as sawmill residuals. Woodville Pellets, LLC has determined its Supply Base to be a 150-mile radius from its Woodville facility, within Texas. (No fiber is sourced from Louisiana at the present time).

The greater part of the forested landbase upon which the mill draws consists of pine plantations, rather than natural forestry operations, and Southern Yellow Pine as an industry-accepted group of species is the primary (if not exclusive) source of fiber for the Woodville mill. This means in practice a large proportion of Loblolly Pine (*Pinus taeda*), although minor amounts of Longleaf Pine (*Pinus palustris*), Shortleaf Pine (*Pinus echinata*), and Slash Pine (*Pinus elliottii*) may be included in the species mix, as well as a very small amount of hardwoods for fuel.

In terms of tenure, the vast majority of forestry operations in the region are located on private land, whether in the holdings of large corporate entities (principally TIMOs, or Timber Investment Management Organizations), or Non-Industrial Private Forests (NIPFs), the latter often being family-owned.

Fiber for the Woodville mill is sourced entirely through a contracted procurement company, North American Procurement Company, or 'NAPCO'. NAPCO sources primary material based either on the purchase of timber on the stump (with harvesting managed and/or contracted by NAPCO), or the purchase of volume offered for purchase as part of the off-take of a harvesting operation managed by another entity. In either scenario, the fiber consists of small-diameter and/or low-quality product, whether roundwood or residual material. The key point is that merchandising of wood products typically means that higher quality (and or

larger diameter) wood is forwarded to saw-mills or other facilities, with only part of the harvest ending up at the pellet mill.

Forestry practices in the region are dictated to a great extent by the management priorities of landowners, whether (for example) there is a focus on hunting, and provision of habitat for game species, or primary emphasis on timber production. Forestry is the responsibility of the State of Texas, although there is Federal oversight particularly in the area of Rare, Threatened, and Endangered species (US Fish and Wildlife Service), and navigable waters (Environmental Protection Agency). The Texas Forest Service provides support to landowners through tax incentives or cost sharing for conservation projects and also by providing access to forest management decision-making tools (thinning scheduler, timber investment calculator), and other resources publicly available on their website.¹

¹ <http://tfsfrd.tamu.edu/tdss/>

Forest harvesting in the region is almost entirely mechanized at this juncture, certainly for industrial operations (as opposed to manual harvesting using a chainsaw), and silviculture is typically based on even-aged systems of plantation management, with several interventions culminating in a final harvest and subsequent reforestation, with supplementary planting (artificial regeneration) a common practice.

The conservation of forest soils and water resources, as well as wildlife values including nesting sites and the like are protected by both federal and state-level legislation in the US. Management regimes that go ‘beyond compliance’ are promoted by voluntary certification systems present in the region, such as the Sustainable Forestry Initiative® (SFI), American Tree Farm System® (ATFS), and the Forest Stewardship Council® (FSC®); the former two are by far the most prevalent. Best Management Practices, or BMPs, even in the absence of third-party certification, are promoted by SFI State Level Implementation Committee (SCI) training, as well as by state-level forestry bodies; the Texas Pro Logger Program is a case in point.

The Texas Forest Service (TFS) provides assistance and incentives to landowners to manage their properties for the protection of Threatened and Endangered (T&E) species. These programs range from simply providing the landowner with technical assistance to take actions in their property to improve/protect habitat, to financial and tax incentives to implement conservation plans. The TFS has developed guidelines for the protection of habitat (available on the TFS website). Most of the activities for landowners in forested landscapes focus on leaving buffer zones around identified T&E habitat, protecting late successional bottomland woodlands and natural regeneration, restoring Longleaf pine, and implementing prescribed burning with professional support, etc. These activities can be part of a conservation plan and be eligible for financial support or tax incentives.²

East Texas is the principal forest region in Texas extending from Bowie and Red River counties in northeast Texas to Jefferson, Harris, and Waller counties in southeast Texas. There are 12.1 million acres of forestland of which 11.9 million acres are classified as productive timberland and produce nearly all of the state’s commercial timber.³

Ninety-two percent of East Texas timberland is owned by approximately 210,000 private individuals, families, partnerships, corporations, forest-products companies, and timber investment groups. The remaining 8 percent is owned by federal, state, and local governments.

5.3 Detailed description of Supply Base

- f. Total volume of feedstock: 458,546.22 metric tons
- g. Volume of primary feedstock: 287,428 metric tons
- h. List percentage of primary feedstock (g), by the following categories.

Subdivide by SBP-approved Forest Management Schemes.

- Large forest holdings certified to an SBP-approved Forest Management Schemes: 20%

- Large forest holdings not certified to an SBP-approved Forest Management Schemes: 80%

i. List all species in primary feedstock, including scientific name:

- Loblolly Pine (Pinus taeda)
- Shortleaf Pine (Pinus echinata)
- Slash Pine (Pinus elliotti)
- Longleaf Pine (Pinus palustris)

j. Volume of primary feedstock from primary forest: None

k. List percentage of primary feedstock from primary forest (i), by the following categories.

Subdivide by SBP-approved Forest Management Schemes.

- *Primary feedstock* from primary forest certified to an SBP-approved Forest Management Schemes:

0%

- Primary feedstock from primary forest not certified to an SBP-approved Forest Management Schemes:

0%

l. Volume of secondary feedstock:

- 9,217 metric tons of sawdust and shavings
- 160,262 wood chips and offcuts

- m. Volume of tertiary feedstock: 0%

- Note: a quantitative description of the Supply Base can be found in the Company's Supply Base Report.

5.4 Chain of Custody system

The Company is PEFC Chain of Custody certified and utilizes the systems already in place to track SBP certified biomass. Pellets are stored on-site, loaded into trucks and trucked to the port of Port Arthur, TX. Title transfers when the pellets are loaded on the ship.

6 Evaluation process

6.1 Timing of evaluation activities

Date – Activity – People involved – location – Approximate time

May 1 – Opening meeting – SCS Global Services: Tucker Watts & Theodore Brauer, Woodville Pellets, LLC.: Marcelo, Levy, Mick Moss Gillespie, Corey Gallagher, Ronnie McMillian, Mary Thomas Martin, Cass Faykus; 30 min.

May 1 - GHG analysis/Standard 5/Standard 4 – SCS Global Services: Theodore Brauer, Woodville Pellets, LLC.: Mick Moss Gillespie, Corey Gallagher, Ronnie McMillian, Mary Thomas Martin; 8h

May 1 – Site visits/Supplier Interviews - SCS Global Services: Tucker Watts, Woodville Pellets, LLC.: Marcelo, Levy, Cass Faykus; 8h

May 2 – Standard 1, & 2 – SCS Global Services: Tucker Watts, Woodville Pellets, LLC.: Marcelo, Levy; 8h

May 2 – Closing meeting – SCS Global Services: Tucker Watts & Theodore Brauer, Woodville Pellets, LLC.: Marcelo, Levy, Mick Moss Gillespie, Corey Gallagher, Ronnie McMillian, Mary Thomas Martin; 1h

May 2 – Port visit - Theodore Brauer, Woodville Pellets, LLC.: Marcelo, Levy, Mick Moss Gillespie; 7h

6.2 Description of evaluation activities

SCS Global Services initiated the SBP audit process with a planning call to confirm the scope of the audit and audit date. SCS Global Services then prepared a detailed audit plan and conducted the SBP Evaluation Audit of conformance to the SBP Standards with focus on the SBE/SBR, chain of custody, and GHG requirements.

The audit was governed by a detailed audit plan designed to enable the audit team to efficiently determine conformance with the applicable SBP requirements. The plan provided for the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices and management systems.

During the audit samples of the written documentation assembled to provide objective evidence of SBP Conformance were reviewed. SCS Global Services also selected field sites for inspection based upon the risk of environmental impact, likelihood of occurrence, special features, and other criteria. Secondary suppliers were also interviewed.

The possible findings of the audit included Full Conformance, Major Non-conformance, Minor Non-conformance and Opportunities for Improvement.

6.3 Process for consultation with stakeholders

SCS Conducted Stakeholder Consultation:

Geographical area(s): The geographical area for the stakeholder consultation is the same as the supply areas identified in the company's Supply Base. This stakeholder consultation included Texas.

List of Stakeholders invited: SCS relies on its Master Stakeholder List, which contains stakeholders that are identified by type, e.g. ENGO, Government/regulatory, Educational/Academic, Industry, Indigenous/Aboriginal/Tribal. This list is categorized by country and state/province at the very least, and for this consultation was filtered to omit any stakeholders that were not geographically relevant to the certificate-holder/applicant's supply area(s). Relevant FSC Network Partners were also included in the invitation process.

SCS launched their stakeholder consultation for the Evaluation audit of the Woodville Pellets, LLC. facility on March 29, 2019 from SCS's Emeryville office to stakeholders. Stakeholders had the opportunity to present their points of view to the auditor(s) in confidence.

SCS received no comments regarding Woodville Pellets, LLC.'s procurement operations / supply.

Woodville Pellets, LLC selected stakeholders based on geographical relevance to Texas Pellet Inc.'s supply base:

Background – About SBP

SBP was formed in 2013 by European utilities that are using biomass, mostly in the form of wood pellets or chips, in large thermal generating plants. Biomass-fired power and heat generation is seen as an important technology for achieving the EU's 2020 renewable energy targets and EU member states are adopting their own national approaches to ensuring that the biomass used is legally and sustainably sourced.

SBP's objective is to develop the tools necessary to demonstrate that, as a minimum, solid biomass used for energy production meets these national requirements. The SBP Framework is designed as a clear statement of principles, standards and processes necessary to demonstrate such compliance. Wherever possible, the Framework takes into account and builds on existing regulatory mechanisms and on voluntary certification standards already applied to other forest product streams or to other biomass sources.

The SBP Framework provides a means to collect data describing the nature of the feedstock as well as data to be employed in the regulatory calculations of greenhouse gas (GHG) savings from its use. It also provides a means to demonstrate that risks to forest carbon stocks are managed and that forests' carbon sequestration capability is maintained.

Collectively, the six SBP Standards represent a certification framework, or scheme, against which organizations can be assessed for compliance by independent third-party Certification Bodies (CBs) such as SCS. An organization that satisfactorily demonstrates compliance receives a certificate and is entitled to make SBP claims in relation to its biomass.

For more information, and/or to obtain copies of the six SBP standards, please visit: <http://www.sustainablebiomasspartnership.org/>

Notification

SBP does not require that certification bodies such as SCS consult stakeholders during the annual surveillance audits of BP's. However, this BP is expanding their supply base, so the

upcoming audit represents SCS' first chance to engage with stakeholders in a specific geographic region in order to verify that the BP's management systems are working effectively and consistently across their entire supply base.

Attached is their Supply Base Evaluation (SBE) for your consideration.

Consultation

With this email, SCS encourages interested stakeholders to submit relevant information and/or comments regarding the BP's forest management and fiber sourcing/procurement operations, in order to evaluate the BP's compliance with SBP requirements. SCS will:

- review and record all submissions
- evaluate relevant submissions
- document actions taken in relation to relevant submissions, and
- document its conclusions regarding compliance of the BP with the Standards.

If you have any questions/concerns regarding this notification, please email us back and we will follow up with you accordingly.

If you are not interested in participating or providing any comments for this organization, then you do not need to do anything at all in response to this email.

If you would like to be permanently removed from our stakeholder list (and thus not receive any future notifications in regards to this, or any other company), please reply with 'remove'.

Best regards,"

7 Results

7.1 Main strengths and weaknesses

Woodville Pellets, LLC. was well organized and has a good system for its certification. For details on weaknesses please refer to the nonconformity section.

7.2 Rigour of Supply Base Evaluation

Woodville Pellets, LLC. has a rigorous evaluation process for their SBE. The evaluation consists of information collected by contractor's foresters. SBE by Woodville Pellets, LLC. focuses on analysis of the SBE requirements for 2 potential supplier groups: Delivered wood with harvesting controlled by NAPCo and bi-products delivered to Woodville Pellets, LLC. from manufacturing facilities. Supply base information and harvest monitoring data is collected on a sample of primary feedstock.

Harvest monitoring is conducted on a sample of these tracts. Summary information is collected on the origin and harvesting of stumpage by the bi-product suppliers. Information collected is directly from the supplier, and from interviews with local stakeholders. Additional information is collected from state, federal, and various other websites.

7.3 Collection and Communication of Data

The company was well-informed on what information needed to be collected and communicated and had thought through many of the potential hurdles to the process.

7.4 Competency of involved personnel

The Supply Base Evaluation was a joint effort of internal and external expertise. Persons involved are very competent for the development and on-going monitoring of the Supply Base Evaluation. The consultants are professionals that have a long history and expertise of working with standards and various supply bases around the world, as well as in groups and associations. Internal team members have been actively involved in the operation of the plant and procurement of the feedstocks. The consultant used for the SBE has performed many resource-based assessments of similar criteria for forest management systems.

7.5 Stakeholder feedback

No stakeholder comments were received during the stakeholder comment period. No further action was necessary.

7.6 Preconditions

Implementation of corrective actions is required in some instances before certification can be awarded.

8 Review of Company’s Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB’s final risk ratings in Table 1, together with the Company’s final risk ratings. Default for each indicator is ‘Low’, click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

SCS assessed risk for the Indicators by evaluating the means of verification developed by Texas Pellets, Inc., interviews with relevant staff and suppliers and conducting on-site field audits of forest suppliers

Table 1. Final risk ratings of Indicators as determined BEFORE the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Specified	Specified
2.1.2	Specified	Specified
2.1.3	Specified	Specified
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Specified	Specified
2.2.4	Specified	Specified
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

2.3.1	Low	Low
2.3.2	Low	Low

Table 2. Final risk ratings of Indicators as determined AFTER the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

9 Review of Company's mitigation measures

Five indicators were identified that had specified risk, requiring mitigation measures. These measures are laid out below. Their implementation resulted in arrival at a 'low-risk' designation for all five indicators.

Indicator 2.1.1: The Biomass Producer has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped.

Mitigation measure: In order to lower the risk, the Supplier Verification Program will be used to verify that values identified as potentially present are not harmed by forest operations, that logging crews have the proper training (Pro-Logger certified in Texas), and that BMPs are implemented.

Indicator 2.1.2: The Biomass Producer has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.

Mitigation measure: NAPCO as Woodville Pellets, LLC 's sole supplier, sources primary material based either on the purchase of timber on the stump (with harvesting managed and/or contracted by NAPCO), or the purchase of volume offered for purchase as part of the off-take of a harvesting operation managed by another entity. In this scenario, there are no difficulties in identifying the tract of origin and conducting a verification audit under the Supplier Verification Program. Woodville Pellets, LLC evaluates suppliers and keep records of their performance. For Primary Suppliers, counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat in relation to the location of the forest tract or tracts. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess risk to natural southern pine stands which are also suitable habitat for the Red Cockaded Woodpecker (an endangered species), The Desk Audit also determines the need for field inspections. For purchases determined as high risk at the Desk Audit stage, a field inspection is conducted prior to confirming the purchase. Under the Supplier Verification Program, to verify that values identified are not harmed by forest operations, that logging crews have the proper training (Pro-Logger certified in Texas) and that BMPs are implemented. Woodville Pellets, LLC purchases raw material from Primary Suppliers by paying stumpage through NAPCO. In this instance, there are no difficulties in identifying the tract of origin and assessing risk through the Desk Audit and conducting a Field Inspection under the Supplier Verification Program if required.

For secondary suppliers knowing the tract of origin is more complicated and Woodville Pellets, LLC implements its PEFC Chain of Custody Procedures and associated DDS purchasing from suppliers certified under an SBP-approved certification system. The Desk Audit described in the Operating Checklist for Raw Material Purchases requires the Procurement Manager to identify county of origin and assesses risk based on a review of the SBE Report. The SBE Risk Assessment methodology includes the use of the US Fish and Wildlife's IPaC tool to determine the presence of critical habitat of endangered or threatened species in each county. Maps with known locations of critical habitat for T&E species are also available in the

database. Most major Secondary Suppliers are also SFI/PEFC certified with an associated DDS. Desk audits of non-certified Secondary Suppliers are carried out to sample county of origin, contracts with landowners, credentials of logging crews, etc. This information is recorded in the Field Inspection Form and kept on file. The results of the Field Inspections are compiled in the Field Inspection Form Data spreadsheet to monitor and evaluate performance. Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply. They are required to allow reviews of their Bills of Sale to identify counties and harvesting sites in relation to identified values. This information is compiled and monitored in the General Suppliers List spreadsheet.

Indicator 2.1.3: The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not sourced from forests converted to production plantation forest or non-forest lands after January 2008.

Mitigation Measures: Woodville Pellets, LLC 's Procurement Procedures require that primary suppliers provide a Bill of Sale that allows the identification of the forest tract for inspection purposes and a signed Supplier Declaration. Also, NAPCO sources primary material based either on the purchase of timber on the stump (with harvesting managed and/or contracted by NAPCO), or the purchase of volume offered for purchase as part of the off-take of a harvesting operation managed by another entity. In either scenario, the fiber consists of small-diameter and/or low-quality product, whether roundwood or residual material. For Primary Suppliers field inspections can be carried out and evidence of plans of keeping the tract as a forest are required and evaluated (e.g. investments in site preparation, reforestation, etc.), Field inspections are carried out as part of a Supplier Verification Program, used in Specified Risk counties to re-categorize suppliers' risk profile, where possible, through mitigation measures. Most of major secondary suppliers are SFI/PEFC certified with an associated Focusing on sustainable sourcing solutions. For secondary suppliers, desk audits of non-certified secondary suppliers will be carried out to sample county of origin, contracts with landowners, credentials of logging crews, etc. Secondary Suppliers are required to sign a Supplier Declaration Form that identifies the tracts of origin of their supply and their commitment to avoid purchasing from forests converted to plantations. This information is compiled and monitored in the General Suppliers List spreadsheet.

A Desk Audit is conducted prior to any purchase in order to determine the level of risk for conversion. In addition to identifying critical habitat for endangered species the Desk Audit assess information from potential Suppliers regarding the age class of the pine stand, the type of operation (thinning or final cut) to assess the level of risk for conversion. Woodville Pellets, LLC also requires a signed Supplier Declaration that includes a commitment to keep the forest as such. Woodville Pellets, LLC will also conduct Field Inspections of past forest operations based on the risk for conversion.

Indicator 2.2.3: The Biomass Producer has implemented appropriate control systems and procedures to ensure that key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).

Mitigation measure: All Primary Suppliers are subject to a desk audit where values of concern can be identified in relation to the specific tract using the US Fish and Wildlife Service's IPaC tool or by checking the Texas Forest Service website identifying habitats of concern for the Federal T&E species list.

Woodville Pellets, LLC requires suppliers to comply with laws and regulations, to use trained logging crews and implement BMPs. In addition, Woodville Pellets, LLC verifies and evaluates suppliers through field inspections.

Indicator 2.2.4: The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).

Mitigation measure: All Primary Suppliers are subject to a desk audit where values of concern can be identified in relation to the specific tract using the US Fish and Wildlife Service's IPaC tool, or by checking the Texas Forest Service website identifying habitats of concern for the Federal T&E species list.

Woodville Pellets, LLC requires suppliers to comply with laws and regulations, to use trained logging crews and implement BMPs. In addition, Woodville Pellets, LLC verifies and evaluates suppliers through field inspections.

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- applicable requirement(s)
- grading of the non-conformity (major or minor) or observation with supporting rationale
- timeframe for resolution of the non-conformity
- a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

NC number 01	NC Grading: Major
Standard & Requirement:	Standard 1, 6.1 a & b
Description of Non-conformance and Related Evidence:	
The BP has not identified and included as annexes to the Standard: a) A list of the national and local forest laws and administrative requirements, which apply to the country or region in which the Standard applies; b) A list of multilateral environmental agreements and ILO Conventions that the country has ratified, relevant to the Standard	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Revised SBR
Findings for Evaluation of Evidence:	The respective sections have been revised and are now in conformance.
NC Status:	Closed

NC number 02	NC Grading: Major
Standard & Requirement:	SBP, Standard 1, 2.7; 1.1.2, 1.2.1, 1.3.1, 2.1.1, 2.1.2; Std 2 – section 6
Description of Non-conformance and Related Evidence:	
Supplier Declaration Form has not been completed for secondary suppliers. Furthermore it is not clear what percentage of secondary feedstock is received with an SBP-approved Chain of Custody (CoC) System Claim or SBP-approved Forest Management Scheme claim. The SAR reports that feedstock IDs 2 and 3 are received with no claims, however the SBR reports on page 19 in section 2.5 under “Feedstock” that 94.5% of all material is received from PEFC-certified suppliers. It remains unclear if the material is received with a PEFC certified claim or with none.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Updated SBR and signed supplier declaration
Findings for Evaluation of Evidence:	Sufficient revisions have been made to the SBR to remove the inconsistency, signed supplier declaration reviewed.
NC Status:	Closed

NC number 03	NC Grading: Major
Standard & Requirement:	SBP, Standard 1, 2.7; 2.1.3, 2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.5, 2.2.6, 2.2.7, 2.2.8, 2.2.9, 2.3.1, 2.3.2, 2.4.1, 2.4.2, 2.4.3, 2.5.2, 2.7.2, 2.7.3, 2.7.4, 2.7.5, 2.8.1, 2.9.1, 2.9.2; SBP, Standard 2, 16.1, 16.2, 16.3
Description of Non-conformance and Related Evidence:	
The organization has not clearly stated the findings for secondary suppliers in Findings, and Comment or Mitigation Measure (as appropriate). Mitigation measures only include primary feedstock supply.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Revised SBR and SBR Annex I
Findings for Evaluation of Evidence:	Revisions now include findings and evidence for secondary supply as well as mitigation measures. The changes made were evaluated as sufficient to close the CAR,
NC Status:	Closed

NC number 04	NC Grading: Minor
Standard & Requirement:	SBP, Standard 1, 2.7 indicator 2.9.1
Description of Non-conformance and Related Evidence:	
Analysis of carbon stocks before January 2008 has not been completed entirely for the Supply Base. The organization shows how it implements procedures to avoid sourcing from areas with high carbon feedstock, but an analysis is missing that shows that the BP does not source from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 05	NC Grading: Major
Standard & Requirement:	SBP, Standard 2, 18.3 & IN-2C 4.1
Description of Non-conformance and Related Evidence:	
Some key sections of the SBR and SBR Annex I have not been completed: SBR does not include complete information on 6. Stakeholder Consultation and 9. Mitigation Measures. Furthermore, the “Evidence Reviewed” fields in SBR Annex 1 have not been completed.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	SBR and SBR Annex I
Findings for Evaluation of Evidence:	Evidence fields in Annex I have been completed. Sections 6 and 9 in SBR have been completed.
NC Status:	Closed

NC number 6	NC Grading: Major
Standard & Requirement:	SBP, Standard 4, IN-4B 1.1-2
Description of Non-conformance and Related Evidence:	
The organization has not signed the SBP Trademark License Agreement.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Signed SBP TMLA
Findings for Evaluation of Evidence:	Signature observed on TMLA, CAR is closed.
NC Status:	Closed

NC number 07	NC Grading: Observation
Standard & Requirement:	SBP, Standard 5, ID 5A, 2.2.1
Description of Non-conformance and Related Evidence:	
Interview with Nick Moss and Mary Thomas-Martin confirmed that the scope end point has been determined and defined when pellets are loaded onto the vessel for shipping. However, procedures incorrectly indicate “the Scope-End Point is the port facility in Port Arthur, Texas;”. The Port Arthur Facility is leased by Woodville Pellets, LLC an included in the scope of the certificate.	
Timeline for Conformance:	Other Response is optional
Evidence Provided by Company to close NC:	Revised SBP ST 5 procedures
Findings for Evaluation of Evidence:	Procedures were revised and now correctly specify the scope end-point
NC Status:	Closed

NC number 08	NC Grading: Minor
Standard & Requirement:	SBP, Standard 5, ID 5C, 4.1.2
Description of Non-conformance and Related Evidence:	
The feedstock has not been classified and quantified in the Static Biomass Profiling Data sheet	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	Updated Static Biomass Profiling Data sheet with all feedstock classified and quantified - "Woodville Pellets, LLC _April 2019_ID5C-SBP-Static-Biomass-Profiling-Data-sheet-v1-1-Oct16_Rev_May_1_2019". This CAR is closed.
Findings for Evaluation of Evidence:	Review of the updated Static Biomass Profiling Data sheet confirm all feedstock classified and quantified - "Woodville Pellets, LLC _April 2019_ID5C-SBP-Static-Biomass-Profiling-Data-sheet-v1-1-Oct16_Rev_May_1_2019".
NC Status:	Closed

NC number 09	NC Grading: Minor
Standard & Requirement:	SBP, Standard 5, ID 5B 6.1.2; ID 5B, 5.1.4; ID 5B, 4.1.2; ID 5B, 5.1.4
Description of Non-conformance and Related Evidence:	
Minor discrepancies identified during the review of the SAR and associated evidence: a) Feedstock ID# 4 – corn starch data was not available/applicable in section A. No justification was provided as to why the data was not available. b) The ratio between maximal and average transport distance is over 1.5 for feedstock ID #1 (roundwood) and no justification was recorded in the SAR. c) The calculation of natural gas consumption has been incorrectly calculated in the SAR. Total fuel consumption was 257 MJ / mt pellets but the SAR (page 20) indicates 252 MJ/mt pellets. d) The total biofuel consumption was not recorded in the SAR. The data in the utility consumption report was correct, available and reviewed during the audit but not correctly recorded in the SAR. e) The organization calculated the incorrect electricity values for the total electricity consumption at Port Arthur. The organization used the meter reading difference instead of the actual usage. Consequently, the electricity data recorded in the SAR does not reflect the actual electricity usage at the port. The data in the utility report is correct but the calculation was incorrect. f) Diesel use was not calculated as MJ per metric tonne pellets	
Timeline for Conformance:	Other Before SAR and SBPD can be sent to approval.
Evidence Provided by Company to close NC:	Revised SAR

Findings for Evaluation of Evidence:	A revised SAR has been submitted and reviewed. Items 2,3,5, and 6 have been corrected. Item 1: Feedstock input group #4: corn starch is still included. Item 4: Biofuel use has not been reported for each biofuel type in metric tonnes biofuel per metric tonne pellets and MJ biofuel per metric tonne pellets
NC Status:	Open

11 Certification decision

Based on the auditor’s recommendation and the Certification Body’s quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Sebastian Häfele
Date of decision:	20/Jun/2019
Other comments:	The certification is contingent upon the closure of all Major CARs. Update July 9, 2019: Major CARs have been closed, certification is granted, pending peer-review.