

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

Second Surveillance Audit

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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: 31/Aug/2019

Report authors: Tucker Watts

Name of the Company: Enviva Pellets Amory, 205 Martin Luther King Jr. Blvd Amory, MS 38821, United States

Company contact for SBP: Don Grant, (984) 789-3642 ext 1069, don.grant@envivabiomass.com

Certified Supply Base: Portions of five states in the southern United States including; Alabama, Arkansas, Louisiana, Mississippi and Tennessee

SBP Certificate Code: SBP-04-12

Date of certificate issue: 28/Jun/2018

Date of certificate expiry: 27/Jun/2023

This report relates to the Second Surveillance Audit

2 Scope of the evaluation and SBP certificate

This certificate covers the production of wood pellets, for use in energy production, at Enviva Pellets Amory and transport to the port of Mobile, AL for storage, aggregation, and vessel loading. It also covers a Supply Base Evaluation for the sourcing of feedstock from portions of five states in the southern United States including; Alabama, Arkansas, Louisiana, Mississippi and Tennessee. The scope includes communication of Dynamic Batch Sustainability Data. The scope of this annual assessment included an assessment to the conformance of procedures, documentation, records and databases to ensure the organization's management system is appropriate to ensuring conformance to SBP Standards 1, 2, 4, and 5. Other audit methods used were field audits, site walkthrough of pellet mill and interviews with relevant staff, port representative and supplier representatives. The evaluation included a review of documentation such as the Supply Base Report including the Risk Assessment, PEFC DDS, supplier contracts and SAR, among others.

3 Specific objective

The object of this audit was to confirm:

- The Biomass Producer's management system is implemented across the entire scope of certification (SBP ST 1, 2, 4, & 5).
- Implementation of Dynamic Batch Sustainability Data communication as per Instruction Document 5D.
- Organization conforms with the requirements at critical control points; including supplier documentation with feedstock properties (trip/ scale tickets) and incoming loads database, material accounting records, credit ledgers for tracking of volumes, feedstock types and claims, spreadsheets with total volume of pellets produced, staff awareness assessed through interviews.
- Collection assessment information
- Generating assessment findings

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

Enviva Holdings LP (“Enviva”) operates the Enviva Pellets Amory mill located in northeast Mississippi, USA. The Amory mill uses feedstocks that originate from three basic sources. Primary feedstock originating directly from the forest in the form of in-woods chips, and secondary feedstock is received from two types of wood processing mills: primary wood processors and wood industry processors.

5.2 Description of Company's Supply Base

Enviva Holdings LP ("Enviva") operates the Enviva Pellets Amory mill located in northeast Mississippi, USA. The Amory mill uses feedstocks that originate from three basic sources. Primary feedstock originating directly from the forest in the form of in-woods chips, and secondary feedstock is received from two types of wood processing mills: primary wood processors and wood industry processors.

Primary feedstock

Primary feedstock arrives at the Amory mill delivered directly from forest settings. The wood is from pine plantation management operations called thinnings. A thinning is an intermediary harvest designed to remove poorer performing trees from the plantation to make sure the site nutrients are available for the remaining trees to improve growth and health.

Secondary feedstock from primary wood processing mills

Secondary feedstock is provided from primary wood processing mills that purchase logs from the forest and convert them into boards and other lumber products for higher end use. Amory purchases the saw dust, chips, shavings and other waste stream products from this type of mill to make wood pellets. This waste stream is best used in wood pelleting rather than going into landfills. Enviva's District of Origin process, local presence, expertise and knowledge of the region ensures the supply area and necessary attributes of the primary wood processing sources supplying the Amory pellet mill are known and their supply areas mapped within Amory's supply base area. The Amory supply base area includes portions of five states in the southern United States including; Alabama, Arkansas, Louisiana, Mississippi and Tennessee.

Secondary feedstock from wood industry mills

Amory also purchases a small amount of secondary feedstock from wood industry manufacturing mills within the scope of its Programme for the Endorsement of Forest Certification Chain of Custody. Wood industry manufacturers purchase hardwood lumber from regional sawmills to convert into furniture, trim and other higher end use products. As with primary wood processing the waste stream is ideal feedstock to use in wood pellet production rather than going into landfills. Enviva knows the location of these wood industry mills and their source saw mills but these supply systems are very complex. Legality of feedstock is easily proven because of the strong rule of law that exists in the United States, Enviva's contractual requirement all suppliers abide by all applicable laws and regulations and Enviva's Program for the Endorsement of Forest Certification™ (PEFC) Due Diligence System. The barriers to assess this type of secondary supplier's feedstock systems against all of the sustainability criteria, however, are onerous. An SBP approved regional risk assessment in the United States to ensure the wood can be considered sustainably sourced and therefore SBP-compliant would potentially be one way to proceed. For this SBE, this type of feedstock has been placed in a sub-scope as SBP-controlled feedstock and is thus not included in the SBP-compliant feedstock supply base area. Additional states from which wood industry feedstock suppliers source wood include portions of Florida, Georgia, Illinois, Indiana, Kentucky, Missouri, Oklahoma and Texas.

5.3 Detailed description of Supply Base

Enviva Amory purchases primary feedstock in the form of pine in-woods chips and all of Amory's primary material is from SFI certified forests that are not managed on rotations over 40 years. The SFI Forest Management is accepted by PEFC as an approved forest management system and wood from SFI managed forests can be considered legally and sustainably sourced.

Enviva also sources secondary feedstock in the form of sawdust, chips and shavings from primary wood processing mills and wood industry manufacturing. Sawmills source high-quality logs from the forest and mill them into products like two-by-fours. The saw dust, chip and shavings produced during the milling process is

considered to be a waste stream. Using this material for wood pellets is ideal and keeps this wood from going into landfills.

Another type of secondary feedstock comes from wood industry suppliers, who use the products created by sawmills to produce products such as furniture or other assembled wood products. These feedstocks are most commonly in the form of sawdust or shavings and may be green or kiln-dried. The saw dust, chips and shavings produced during the milling process are considered part of the waste stream. Using this material for wood pellets is ideal and keeps this wood from going into landfills.

SBP Compliant feedstock originates within the defined supply base and meets all relevant SBP standards as demonstrated by the Supply Base Evaluation (SBE). SBP-controlled feedstocks are those purchased within Amory's PEFC Due Diligence System and Chain of Custody system.

5.4 Chain of Custody system

Enviva has an adequate management system and documented procedures to determine feedstock compliance to SBP requirements. All locations are part of a multi-site system managed by the Central Office. DBI is certified to the FSC[®], SFI[®], and PEFC[™] Chain of Custody Standards. The organization uses its PEFC Chain of Custody certificate as a base for its SBP certificate. All wood, both primary and secondary feedstock, is tracked from the district of origin, through the pellet mill, and to the port. Feedstock is brought in via trucks to the mill. The feedstock types received are woodchips, shavings and sawdust. After pelletizing the material is loaded onto trucks that transport it one mile to a river port where the pellets are dumped onto barges. Then barges are transported to the port of Mobile, Alabama for storage and to be loaded onto a ship.

The legal point of sale is at the loading of the ship.

Enviva uses a database to gather and control information related to feedstock such as supplier name, logger, scale tickets, fibre type, certification, and district of origin. This database can appropriately track output volumes. Trademark/logo use is controlled from the Enviva Head Office.

6 Evaluation process

6.1 Timing of evaluation activities

Date and location	August 26, 2019; Pellet mill: Enviva Pellets Amory, 205 Martin Luther King Dr, Amory, MS 38821	
Audit Activity	Items to Review / Actions	Approx. Start Time
Opening meeting	Introductions, auditor review of audit scope, audit plan and intro/update to SBP and SCS standards and protocols, client description of organization	8:30 am
Begin review of Standards	Review documentation for compliance with Standard 1, Standard 2, and Standard 4.	9:00 AM
Mill Tour	Tour mill with emphasis on receiving, storage, processing, quality control, shipping, and port.	1:00 PM
Continue review of Standards	Review documentation for compliance with Standard 1, Standard 2, and Standard 4.	2:00 PM
Summary of Day	Review findings of site visits and schedule for next day	4:30 PM

Date and location	August 27, 2019; Pellet mill: Enviva Pellets Amory, 205 Martin Luther King Dr, Amory, MS 38821	
Audit Activity	Items to Review / Actions	Approx. Start Time
Finalize review of Standards	Finalize documentation review for compliance with Standard 1, Standard 2, and Standard 4.	8:00 AM
Review of SBE	Begin review of Supply Base Evaluation	8:30 AM
Closing meeting preparation	Auditors takes time to consolidate notes and review audit findings for presentation at closing meeting	3:30 PM
Closing meeting and review of findings	Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps	4:00 PM

Date and location	August 29, 2019; Pellet mill: Enviva Pellets Amory, 205 Martin Luther King Dr, Amory, MS 38821	
Audit Activity	Items to Review / Actions	Approx. Start Time
Opening meeting	Introductions, auditor review of audit scope, audit plan and intro/update to FSC and SCS standards and protocols, client description of organization	9:00 AM CST
SBP ST 5, ID5A, ID5B, & ID5C	Review of GHG data collection	9:30 AM
Closing meeting preparation	Auditor takes time to consolidate notes and review audit findings for presentation at closing meeting	11:00 AM
Closing meeting and review of findings	Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps	12:00 PM
End		

Participants:

Shawn Cook – Enviva

Davis Lovelace – Enviva

Emily Ulrich – Enviva

Grant Salley - Enviva

Tucker Watts – SCS Global Services

6.2 Description of evaluation activities

Surveillance Audit:

The on-site Surveillance Audit included an audit of the Supply Base Evaluation, Documented Management System, and Chain of Custody. Also included were a 2-day site tour to evaluate Enviva's management and monitoring system. Audit methods consisted of review of documentation, studies, assessments, surveys, websites, emails, databases and staff interviews. The site tour and visits were evaluated by review of documentation, monitoring results, observations, and interviews. Two days was spent on the Supply Base Evaluation, Documented Management System, and Chain of Custody. A total of 4 secondary suppliers were interviewed during the audit and sampled according to volume provided, feedstock type and location. Critical control points were witnessed in all areas.

6.3 Process for consultation with stakeholders

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, etc... 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). A stakeholder notification is sent out to all identified stakeholders after the BP's stakeholder consultation period has ended. Stakeholder comments that are received outside of regular stakeholder consultation periods are fully taken into account. SCS has not conducted a consultation for this surveillance assessment. No other comments from stakeholders came to the attention of SCS.

7 Results

7.1 Main strengths and weaknesses

Enviva manages an efficient energy and greenhouse gas collection system and adequately archives documentation and records such as invoices to support data reporting. The employees involved in the SBP program at Enviva Pellets Amory are very knowledgeable and understand their duties and how they relate to SBP. Enviva also maintains an effective tracking program for all suppliers of primary and secondary feedstock. Suppliers share a strong commitment to sustainability. Many are certified or in the process of being certified to a forestry standard.

The weaknesses are described in section 10.

7.2 Rigour of Supply Base Evaluation

Rigor of the Supply Base Evaluation was sufficient to document the findings of low risk and mitigate specified risk to low risk. Use of documented reports and assessments, in combination with local experts, personal knowledge, and stakeholder comments provided a multi-faceted approach for evaluation of each Indicator. The scope statement adequately describes the characteristics of the Supply Base and management systems.

7.3 Collection and Communication of Data

The Manager of Sustainability and Sustainability Analyst are responsible for collecting data on energy, moisture content, material movements and inventories and related records such as ledgers, and invoices from different departments of the organization and external suppliers. Data are centrally compiled in a master spreadsheet. This spreadsheet also contains all necessary calculations.

Manager of Sustainability and Sustainability Analyst are well versed in all requirements regarding data collection, reporting, and managing comprehensive databases with clearly laid out tables and calculations. All records required during the audit were readily available and the numbers and calculations as reported in the SAR are conclusive and replicable.

7.4 Competency of involved personnel

Enviva's in-house fiber procurement group has local forestry experience and knowledge of ecological and social values associated with the supply base, applicable laws and regulations, business management practices, operation of suppliers, and the local forest resource. The fiber procurement group has many years of experience working in the supply base.

Enviva's management and control systems for SBP are the same as those used to meet the SFI/PEFC/FSC CoC, which have been in place since 2012. Key personnel tasked with implementing and maintaining the management and control systems relating to SBP compliance are well trained and competent. Enviva assigned management with appropriate skills and competency to implement and execute the management and control systems relating to SBP compliance. Management interviewed during the assessment were found to be knowledgeable of the SBP requirements.

7.5 Stakeholder feedback

SCS did not conduct a stakeholder consultation. No other comments were received or came to the attention of the auditor.

7.6 Preconditions

Not applicable

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.

Review of Assessment of Risk designated all core indicators as low, except 2.1.1, 2.1.2, 2.2.3, 2.2.4 and 2.4.1. Risk ratings were determined by reviewing the SBE, SBR and other supporting evidence such as Feedstock Compliance Implementation Manual, Controlled Wood Controlled Source Risk Assessment, Chain of Custody Procedures, supplier agreements and verification through field visits and interviews. No SVP is required.

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
2.3.1	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Specified	Specified
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

2.3.2	Low	Low
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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

Indicator 2.1.1, 2.1.2, and 2.1.3.

Using FSC US CWNRA and stakeholder engagement appropriate maps of high conservation value areas were developed.

Control system and Procedures for mitigation include the use of contractual language in its Master Wood Purchase Agreement requiring supplier to abide by all relevant laws and regulations. The contract includes the requirement to avoid the following unacceptable sources wood:

- Illegally harvest wood;
- Wood harvested in violation of traditional and civil rights;
- Wood harvested from forests where high conservation values are threatened by management activities;
- Wood harvested from old growth or semi-natural forests being converted to plantations or non-forest use;
- Wood from forests where genetically modified trees are planted;
- Wood in which there was a violation of the ILO Declarations on fundamental principle and rights at work.

Enviva requires all suppliers to sign an annual Master Wood Supply Agreement. The Agreement requires suppliers to abide by forest management activities regulations.

Enviva requires all suppliers to sign an annual Master Wood Supply Agreement. The Agreement requires suppliers to avoid feedstock sources from land use change.

Enviva uses its District of Origin and supplier audit processes to assess feedstock purchases conformance to these indicators.

Enviva uses a supplier auditing process that assesses primary wood processor suppliers based on their risk profile.

World Bank Governance Index places the US in the top 90th percentile on Government Effectiveness and Regulatory Quality.

Secondary suppliers that source directly from the forest may purchase wood from harvesting crews, employ their own harvesting crews or a combination of the two systems. Many purchase standing timber directly from landowners. Enviva uses a process developed by a third-party consulting firm to create a risk profile of each supplier in this scope. The risk profile is based on the suppliers sourcing area and other information collected in the District of Origin process. Suppliers with a risk profile score placing them outside of the top 90th percentile are placed into a pool and are required to provide access to FMU's as part of their supplier audit.

Indicator 2.2.3, 2.2.4, and 2.4.1

Use FSC US CWNRA and stakeholder engagement to develop appropriate maps of high conservation value areas.

Control system and Procedures for mitigation include the use of contractual language in its Master Wood Purchase Agreement requiring suppliers to abide by all relevant laws and regulations. The contract includes the requirement to avoid the following unacceptable sources wood: (items related to this indicator are underlined)

- Illegally harvest wood;
- Wood harvested in violation of traditional and civil rights;
- Wood harvested from forests where high conservation values are threatened by management activities;
- Wood harvested from old growth or seminatural forests being converted to plantations or non-forest use;
- Wood from forests where genetically modified trees are planted;
- Wood in which there was a violation of the ILO Declarations on fundamental principle and rights at work.

The Master Wood Purchase Agreement requires suppliers to avoid key ecosystems and habitats such as old growth forests and forest that could be threatened by forest management activities.

Enviva requires all suppliers to sign an annual Master Wood Supply Agreement. The Agreement requires suppliers to abide by forest management activities regulations.

Enviva uses its District of Origin and supplier audit processes to assess feedstock purchases conformance to these indicators

Enviva uses a supplier auditing process that assesses primary wood processor suppliers based on their risk profile.

Use publicly available third-party information on BMP implementation to assess supplier FMU audit results

World Bank Governance Index places the US in the top 90th percentile on Government Effectiveness and Regulatory Quality.

Secondary suppliers that source directly from the forest may purchase wood from harvesting crews, employ their own harvesting crews or a combination of the two systems. Many purchase standing timber directly from landowners. Enviva uses a process developed by a third-party consulting firm to create a risk profile of each supplier in this scope. The risk profile is based on the suppliers sourcing area and other information collected in the District of Origin process. Suppliers with a risk profile score placing them outside of the top 90th percentile are placed into a pool and are required to provide access to FMU's as part of their supplier audit.

Monitoring and outcomes

Enviva identified and mapped the areas of specified risk identified in the FSC US CWNRA. The annual supplier District of Origin Data Request Form and continued stakeholder engagement audit process are used to monitor and identify other areas of potential specified risk. No new areas were identified in 2018.

Enviva's supplier auditing process uses a risk profile that is based on the suppliers sourcing area and other information collected in the District of Origin process and is compared to the location and description of the specified risks described in the FSC US Controlled Wood National Risk Assessment (FSC US CWNRA). Suppliers with a risk profile score placing them outside of the top 90th percentile are placed into a pool and are required to provide access to FMU's as part of their supplier audit. In 2018 eight suppliers were audited, three required supplier FMU field audits. No issues or concerns were identified, and no new areas of risk were identified.

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: Minor
Standard & Requirement:	Standard 5, ID 5B, 5.1.5
Description of Non-conformance and Related Evidence:	
Propane is used for one lift truck which is used occasionally for the changing of dyes and plates. Propane usage is not included in the SAR.	
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:	Revised SAR
Findings for Evaluation of Evidence:	Invoices have been summarized for purchases of propane. SAR has been updated to include propane as a fossil fuel. CAR Closed.
NC Status:	Closed

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:	25/Nov/2019
Other comments:	<i>Click or tap here to enter text.</i>