

# Supply Base Report: Woodville Pellets LLC

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## Completed in accordance with the Supply Base Report Template Version 1.3

*For further information on the SBP Framework and to view the full set of documentation see [www.sbp-cert.org](http://www.sbp-cert.org)*

### *Document history*

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# 1 Overview

**Producer name:** Woodville Pellets LLC (“WP”)  
**Producer location:** 164 County Road 1040, Woodville, Texas 75979, USA  
**Geographic position:** 30.742416 North latitude / -94.432343 West longitude  
**Primary contact:** Mr. Mihkel Jugaste, Head of Quality and Certification Systems, AS Graanul Invest  
**Company website:** NA  
**Date report finalised:** 15/Mar/2019  
**Close of last CB audit:** Closing Meeting of Main (Initial) on-site Evaluation with CB (see below) scheduled for May 1<sup>st</sup>, 2019, in Woodville, Texas  
**Name of CB:** SCS Global Services  
**Translations from English:** NA  
**SBP Standard(s) used:** Standard 1 version 1.0, Standard 2 version 1.1  
**Weblink to Standard(s) used:** <https://sbp-cert.org/documents/standards-documents/standards>  
**SBP Endorsed Regional Risk Assessment:** Not applicable  
**Weblink to SBE on Company website:** NA

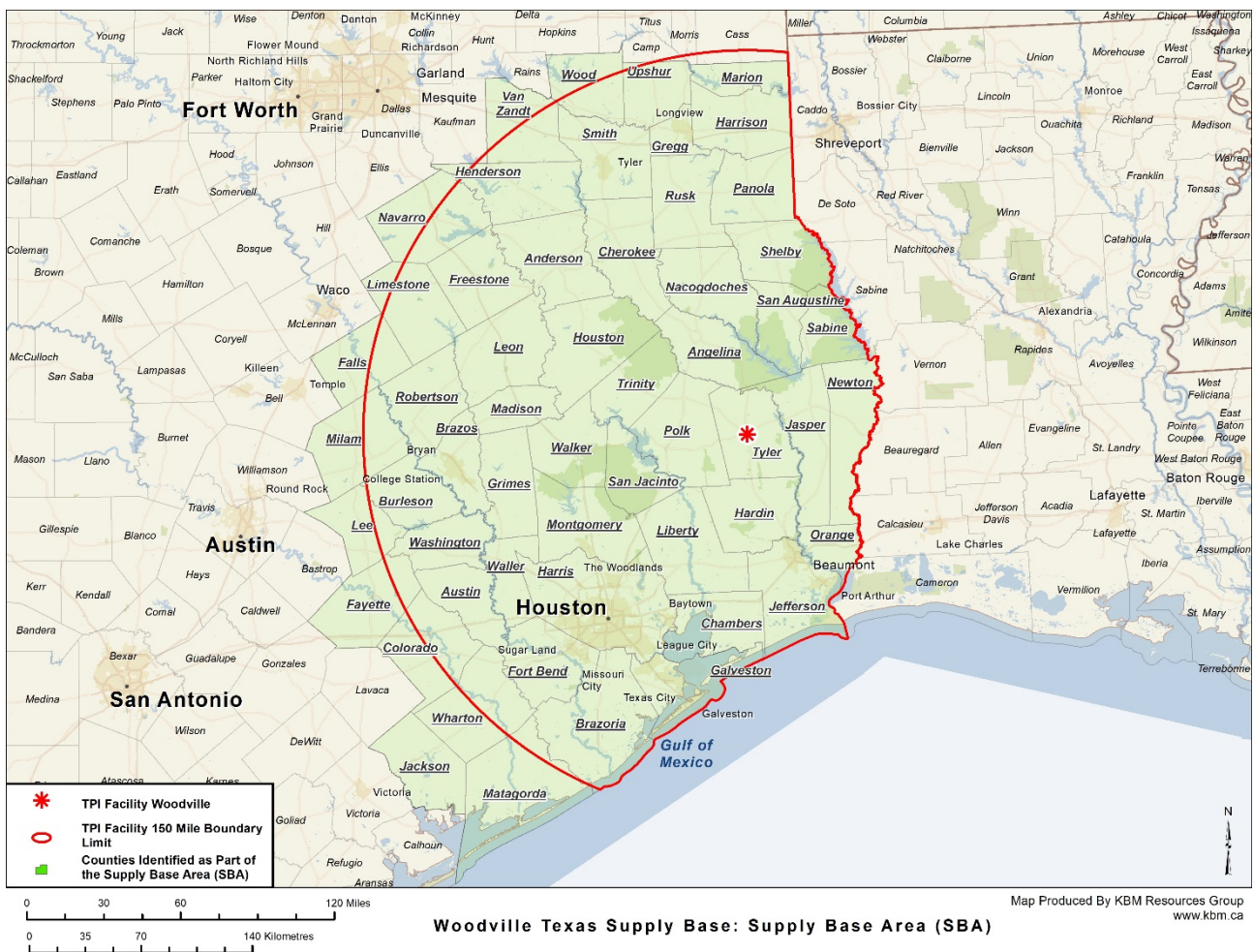
Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 2 Description of the Supply Base

### 2.1 General description

WP 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. WP has determined its Supply Base to be a 150-mile radius from its Woodville facility, within Texas. The radius is an estimate resulting from discussions with (past and present) secondary suppliers (Georgia Pacific and Steely Lumber) over maximum economic distance for hauling wood to their mills. (No fiber is sourced from Louisiana at the present time).

Figure 1. WP’s Supply Base



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 elliotii*) 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.<sup>1</sup>

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

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<sup>1</sup> <http://tfsfrd.tamu.edu/tdss/>

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.<sup>2</sup>

### **Company Overview**

WP 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. WP 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 WP, where applicable.

WP 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.

### **Forest Resources**

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.<sup>3</sup>

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.

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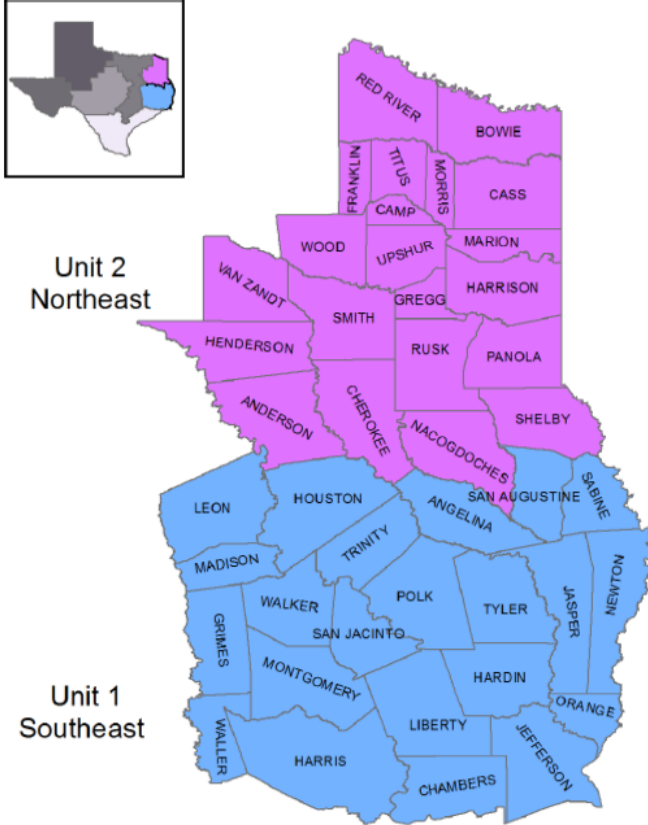
<sup>2</sup> <http://tfsweb.tamu.edu/wildlifemanagement/non-game/>

<sup>3</sup> Texas Almanac – Forest Resources. <https://texasalmanac.com/topics/environment/forest-resources>



Figure 2. Counties in East Texas<sup>4</sup>

**Forest Area**



Loblolly-shortleaf pine is the most dominant forest-type group on timberland covering 5.4 million acres, about 45% of the timberland in East Texas (see fig. 3 above) and 52% of all artificially regenerated areas (about 2.8 million acres). About 26 percent (3.1 million acres) of the timberland area was artificially regenerated, with softwood forest types being more heavily represented.

<sup>4</sup> Source: United States Department of Agriculture (USDA) – Forest Service. 2018. Forests of East Texas 2016. Resource Update FS 151

**Figure 3. Distribution of Timberland by Forest Type Group in East Texas<sup>5</sup>**

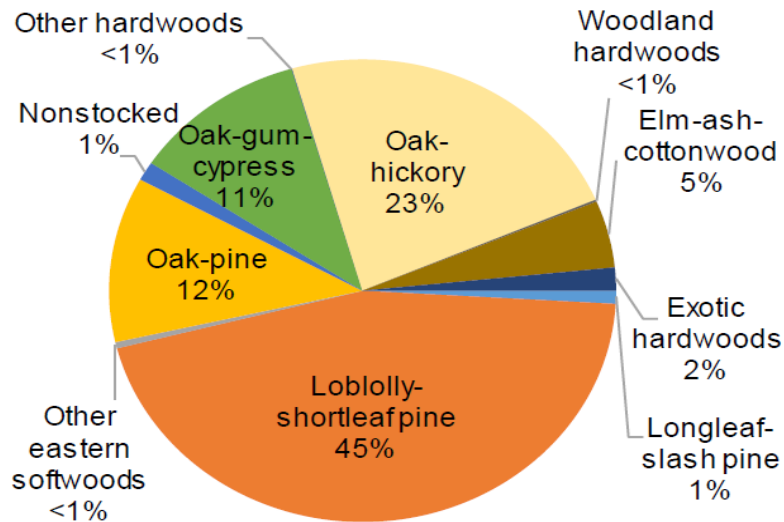


Figure 3—Distribution of timberland by forest-type group, east Texas, 2016. Total area = 11.9 million acres.

**Growth - Drain Ratio**

From 2015 to 2016 the growth of softwoods and hardwoods increased, however mortality rates and removals have also increased impacting the net growth and net change, to varying degrees. In the case of softwoods, the mortality has increased each of the last 5 years. This has resulted in reduced net growth (growth less mortality) as well as reduced net change (net growth less removals). Despite the reduction in net change, the growth-drain ratio is still positive for softwoods. At the macro level, productivity for softwood is increasing. Recent Forest Inventory and Analysis (FIA) for East Texas shows a net growth of softwood (i.e. growth is greater than removals and mortality combined)<sup>6</sup>.

In addition, a growth and drain study was performed for WP with similar results (see figure 3 above). In addition, WP commissioned a growth: drain study (prepared by NAPCO) for its Supply Base, that confirms the results of the inventory for all of East Texas. In NAPCO’s study, the growth-drain ratio is positive for softwoods but negative for hardwoods<sup>7</sup>. In conclusion, there is net growth of the main species group (softwood, i.e. Southern Yellow Pine) utilized by WP.

The situation is different for hardwood species. For these species, mortality and removals have been higher than net growth each of the last 5 years and the net change has been negative for all 5 years. However, mortality, and associated reduced net volumes, do appear to be levelling off and heading in a positive

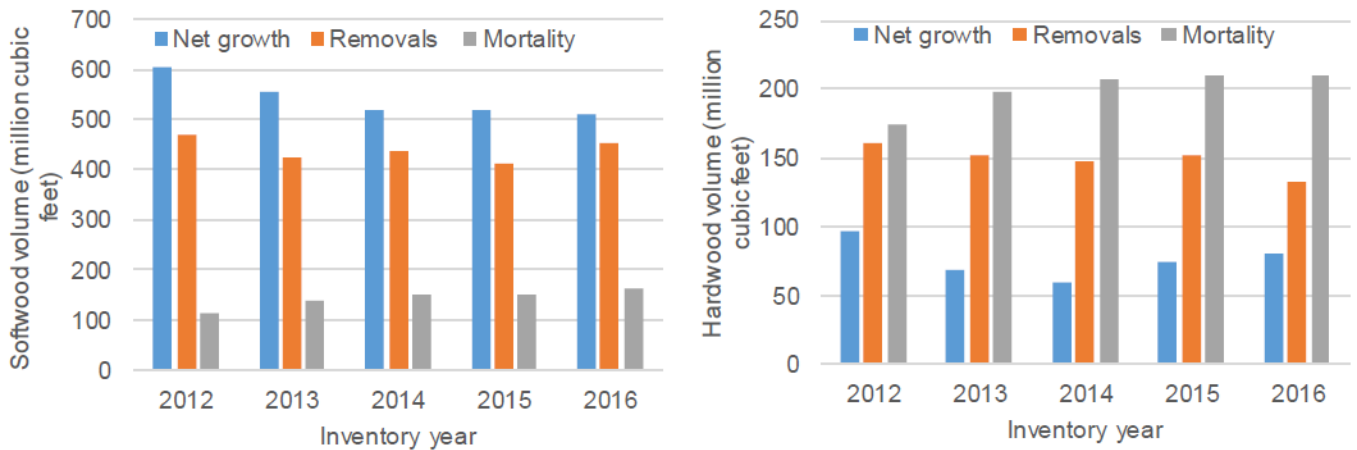
<sup>5</sup> United States Department of Agriculture (USDA) – Forest Service. 2018. Forests of East Texas 2016. Resource Update FS-151.

<sup>6</sup> United States Department of Agriculture (USDA) – Forest Service. 2018. Forests of East Texas 2016. Resource Update FS-151.

<sup>7</sup> NAPCO. August 2018. Growth and Drain Forecast for German Pellets Texas.

direction. In 2015 mortality was at 209.7 million cubic feet with net growth at 73.4 million cubic feet, while in 2016 mortality was at 209.2 and net growth at 80.3 million cubic feet as illustrated below.<sup>8</sup>

**Figure 4. Net Growth, Removals and Mortality of softwood and hardwood species<sup>9</sup>**



**Forest Management Practices**

Texas forests include 2.6 million acres of pine plantations, 62 percent of which are on industrially managed land, 34 percent on non-industrial private land, and 4 percent on public land. Typically, pine plantations are planted at a density of 622 trees/acre. In order to maximize return on investment and as a control measure for the Southern Pine Beetle, thinning (a partial harvest of trees) is carried out when trees achieve 6 inches diameter at breast height (dbh) and are about 40 feet tall. Usually southern pines are thinned between the ages of 12-15 years with a final cut approximately at age 25 or more. This regime allows for a better return on investment by producing pulpwood from thinning, and high quality sawlogs or veneer at final cut<sup>10</sup>.

In terms of actual harvest operations, the Texas Forestry Association in conjunction with the Texas Forest Service published the Texas Forestry Best Management Practices (BMPs). The Texas Forestry Association runs a training program for loggers called Pro-Logger Program and issues a certificate to those who complete the training. Training includes basic silviculture, health and safety as well as the Forestry BMPs (harvest design, road construction, installation of culverts, Streamside Management Zones, etc.).

WP sources low grade raw material from southern pine plantations in accordance with its purchasing policy and procedures. The company gives preference, where possible, to the purchase of woody raw material coming from forest tracts that are independently certified under internationally-recognized sustainability standards (FSC<sup>®</sup> and SFI<sup>®</sup> Forest Management standards). For non-certified woody raw material, WP is EFC chain of Custody certified, and operates a Due Diligence system to avoid procuring from controversial sources.

<sup>8</sup> United States Department of Agriculture (USDA) – Forest Service. 2018. Forests of East Texas 2016. Resource Update FS-151

<sup>9</sup> United States Department of Agriculture (USDA) – Forest Service. 2018. Forests of East Texas 2016. Resource Update FS-151

<sup>10</sup> Ronal Billings. Texas Forest Service. Thinning Workshop 2008: Thinning Pine Plantations: Why, When and How.

## The FSC US National Risk Assessment

In the United States, a National Risk Assessment (US-NRA) consistent with the FSC Controlled Wood Standard has been carried out. On April 5<sup>th</sup>, 2019, the FSC US NRA received final approval.<sup>11</sup> In this context, WP has adopted the results of this Risk Assessment for use as a coarse filter in screening of supply chain risk in its Supply Base.

The FSC US National Risk Assessment (NRA) covers the following categories of risk:

- ☐ Illegally harvested wood;
- ☐ Wood harvested in violation of traditional and human rights;
- ☐ Wood from forests where high conservation values are threatened by management activities;
- ☐ Wood from forests being converted to plantations or non-forest use; and
- ☐ Wood from forests in which genetically modified trees are planted.

The US-NRA makes risk designations for each of these categories. WP applies these results to its Supply Base. It should be noted that the US-NRA provides good baseline information, yet the supply chain Due Diligence is not restricted to the use of the US-NRA; other resources have been drawn upon, as deemed necessary to provide an adequate level of detail, and at an appropriate scale.

## Rare, Threatened, and Endangered Species (RTE), and Vulnerable Ecosystems

The Specified Risk designations that affect WP's Supply Base include:

- ☐ Category 3 - High Conservation Values:
  - ☐ Houston Toad Critical Habitat (HCV1);
  - ☐ Late Successional Bottomland Hardwood Areas (HCV3);
  - ☐ Native Longleaf Pine Systems (HCV3).
- ☐ Category 4 - Conversion to non-forest use or plantations: There are two counties in Texas that have been identified by the US-NRA process as being at risk for conversion: Liberty and Montgomery counties.

In addition to the results of the FSC US-NRA, the SBE makes use of additional data from a number of sources to further refine the identification of biodiversity and other values at the landscape level, and to facilitate the mitigation of potential impacts of fiber procurement on these. The main source of information used is the US Fish & Wildlife Service' Endangered Species database, including the Information for Planning and Conservation (IPaC) tool. Each County within WP's SBE was scanned to identify RTE critical habitat. Through the scan it was determined that eight counties had critical habitat for endangered species. The SBE process also identified nine counties where there is habitat for Red Cockaded Woodpecker, an endangered species that favours natural, mature pine stands. Finally, and as determined by the FSC US NRA, there are two counties where there is risk of conversion. This information is documented in WP's "List of Counties\_Woodville\_150 mile-radius\_Risk Assessment\_April 2019\_v2" and corresponding map. Hence, there is a risk that some of the woody raw material may come from tracts in Texas with a specified-risk designation. WP implements procedures to ensure that all woody raw material comes from forest tracts assessed as low-risk for all categories. WP's "Operating Checklist for Raw Material Purchases" includes the

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<sup>11</sup> FSC US website: <https://us.fsc.org/en-us/certification/controlled-wood/fsc-us-controlled-wood-national-risk-assessment-us-nra>

mitigation measures taken by WP to reduce the risk when purchasing raw material from counties with critical habitat for endangered species. This means that the woody raw material comes from counties assessed as low-risk in the SBE or that through a desk audit to screen all purchases and a field verification it can be determined that a specific tract does not threaten the values identified.

**Regional Socio-Economic Conditions<sup>12</sup>**

Texas has more than 63.4 million acres of forests and East Texas accounts for 19.4% (12.3 million acres). However, in terms of productive timberlands Texas has 14.3 million acres and East Texas accounts for 85% of productive timberlands. The forest sector is an important contributor to the regional economy and is ranked in the top 10 manufacturing sectors in Texas. Texas has the largest forest sector of all 13 southern states in terms of total employment, economic output, and labor income between 2004 and 2009. The value of harvested timber ranked ninth among Texas top agricultural commodities in 2015. The Texas forest sector includes the following sub-industries: forestry, logging, primary solid wood products, secondary solid wood products, primary paper and paperboard products, and secondary paper and paperboard products. The Texas forest sector contributed \$32.5 billion in industry output to the state economy in 2015. Value-added was \$12.7 billion, 39 percent of the total industry output. The Texas forest sector generated 144,583 jobs and created \$8.4 billion in labor income.

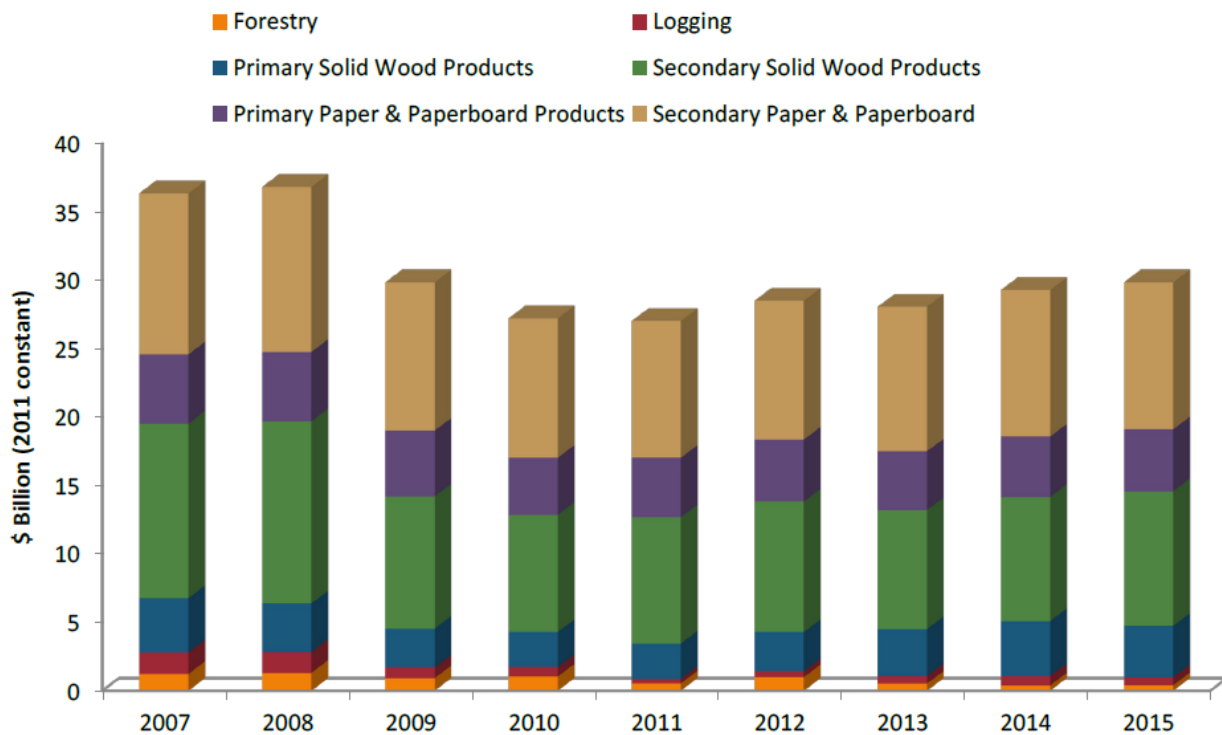
**Figure 5. Direct and Total Economic Contributions of the Texas Forest Sector**

Sub-industry	Industry Output (\$ million)	Value-Added (\$ million)	Employment (jobs)	Labor Income (\$ million)
<b>Direct Contribution</b>				
Forestry	259.28	228.88	2,256	142.49
Logging	356.75	216.21	4,231	211.54
Primary Solid Wood Products	2,370.80	528.90	6,959	378.38
Secondary Solid Wood Products	5,842.01	1,866.82	35,516	1,621.24
Primary Paper & Paperboard Products	2,513.78	513.97	2,922	318.49
Secondary Paper & Paperboard Products	6,997.98	1,572.70	14,210	1,056.89
<b>Total</b>	<b>18,340.60</b>	<b>4,927.48</b>	<b>66,093</b>	<b>3,729.04</b>
<b>Total Contribution</b>				
Forestry	434.39	326.87	3,382	200.51
Logging	615.56	364.78	5,872	297.51
Primary Solid Wood Products	4,341.70	1,610.68	17,282	1,015.74
Secondary Solid Wood Products	10,756.93	4,595.96	64,259	3,273.54
Primary Paper & Paperboard Products	4,858.50	1,792.99	14,580	1,070.18
Secondary Paper & Paperboard Products	11,537.27	4,060.45	39,209	2,549.07
<b>Total</b>	<b>32,544.36</b>	<b>12,751.71</b>	<b>144,583</b>	<b>8,406.54</b>
<b>SAM Multiplier</b>				
Forestry	1.68	1.43	1.50	1.41
Logging	1.73	1.69	1.39	1.41
Primary Solid Wood Products	1.83	3.05	2.48	2.68
Secondary Solid Wood Products	1.84	2.46	1.81	2.02
Primary Paper & Paperboard Products	1.93	3.49	4.99	3.36
Secondary Paper & Paperboard Products	1.65	2.58	2.76	2.41
<b>Total</b>	<b>1.77</b>	<b>2.59</b>	<b>2.19</b>	<b>2.25</b>

Numbers in columns may not sum to totals due to rounding.

<sup>12</sup> This section was prepared based on the following document and statistics: Parajuli, R., R. Zehnder, and A Burl Carraway. 2017. Economic Impact of the Texas Forest Sector 2015. Sustainable Forestry Department, College Station, Texas A&M Forest Service.

**Figure 6. Total Economic Output by Sub-industry 2007-2015**



The largest outputs were from secondary forest products (wood windows/doors and mill work, wood containers, wood buildings, other wood products, furniture, paperboard containers, coated and treated paper and packaging materials, etc.). Most of the secondary forest products manufacturing facilities are located in North Central Texas. Nearly three-quarters of all forestry and logging industries and the majority of the primary forest products industries reside in East Texas.

In terms of ownership, family forest landowners account for about 53 percent of all timberland. In the last decade a new trend emerged whereby timberlands held by corporations that owned wood processing facilities have been transferred, to entities that do not own wood processing facilities such as TIMOs (Timberland Investment Management Organizations) and REITs (Real Estate Investment Trusts). These corporations account for 24% of timberland in East Texas. Other private ownership classes (i.e. nonindustrial corporate excluding TIMOs and REITs, unincorporated, Native American, and nongovernmental organizations) account for slightly more than 15 percent of all timberland. About eight percent of timberland is publicly-owned.

**WP’s Feedstock**

WP purchases different types of raw material (roundwood, sawdust, and chips). WP has a long-standing contract with the North America Procurement Company (NAPCO) as its sole supplier of woody raw material and operates (when acting on WP’s behalf) in strict compliance with WP’s Procurement Policy and Procedures. WP is in possession of PEFC CoC certification, and therefore is required to operate a Due Diligence System (DDS); the same applies to NAPCO, in turn, as a PEFC CoC-certified entity. The following list includes key suppliers (including those supplying through contractual arrangements with NAPCO):

Name of the Company	Certificate Number
North American Procurement Company	NSF-PEFC-COC-C0476011
Texmark Timber Treasury L.P	SFI BV-SFIS-US012302-1
Hancock Forest Management	SFI BV-SFIS-US009410-1
Resource Management Service (RMS)	SFI BV-SFIS-US004937-1
Rayonier Advanced Materials	SFI BV-SFIS-US001994-1
Molpus Timberlands Management	SFI BV-SFIS-US004070-4
GreenWood Resources	SFI BV-SFIS-US008620-1

The WP mill was not operating for a number of months commencing April 2017, due to the impact of fire damage at the company’s port facility. The company only began procuring wood as of March 2019 after restarting production under a tolling agreement in November 2018. The table below illustrates the expected mix of products, going forward, based on past experience, availability, and more recent activity.

Feedstock	Biomass %	Certification	Sustainability %	Legal %	List of Species in raw material
Thinning commercial – merchantable to other markets (e.g. pulpwood for paper industry)	56%	Forest Management (20%)	80%	100%	See below
Low grade roundwood (Conifer)	6%	Forest Management (20%)	80%	100%	See below
Saw mill residue (timber processing residue)	36%	N/A	100%	100%	See below
Saw dust (timber processing residue)	2%	N/A	100%	100%	See below

Loblolly (Pinus Taeda), Longleaf (Pinus Palustris), Shortleaf (Pinus Echinata), Slash (Pinus Elliotti)

### **Commitment to Responsible Sourcing**

WP as a company is committed to operating a high-quality biomass processing facility, and to promoting the development of energy generation from renewable sources, notably industrial wood pellets. To that end, WP's Procurement Policy is designed to ensure that the forestry residues (roundwood), and process residues (sawdust, shavings, off-cuts and chips) utilized in the manufacturing process at the mill are sourced from forests where actual and potential environmental, social and economic impacts are taken into consideration. The company's intent is to manage and mitigate any potential negative impacts to the greatest extent possible, based on the risk-based evaluation of what these impacts may be. WP, through its purchasing practices, furthermore, aims to encourage and contribute to the sustainable management of the forested landbase from which raw material is sourced (whether purchased directly, or via processing facilities), by incentivising responsible practices. WP is PEFC certified (NSF-PEFC-COC-C0260394) and as such has a Due Diligence System (DDS) in place for the procurement of wood raw material. In addition, NAPCO, its sole supplier is also PEFC certified (NSF-PEFC-COC-C0476011) and as such also operates a DDS for fiber procurement.

Any and all activity related to the purchase of raw material must be consistent with WP's Procurement Policy and its Guiding Criteria, and this is reflected in the company's internal documentation.

## **2.2 Actions taken to promote certification amongst feedstock supplier**

NAPCO, as exclusive fiber procurement entity for WP's Woodville mill, provides information regarding SFI certification to all entities from whom fiber is procured.

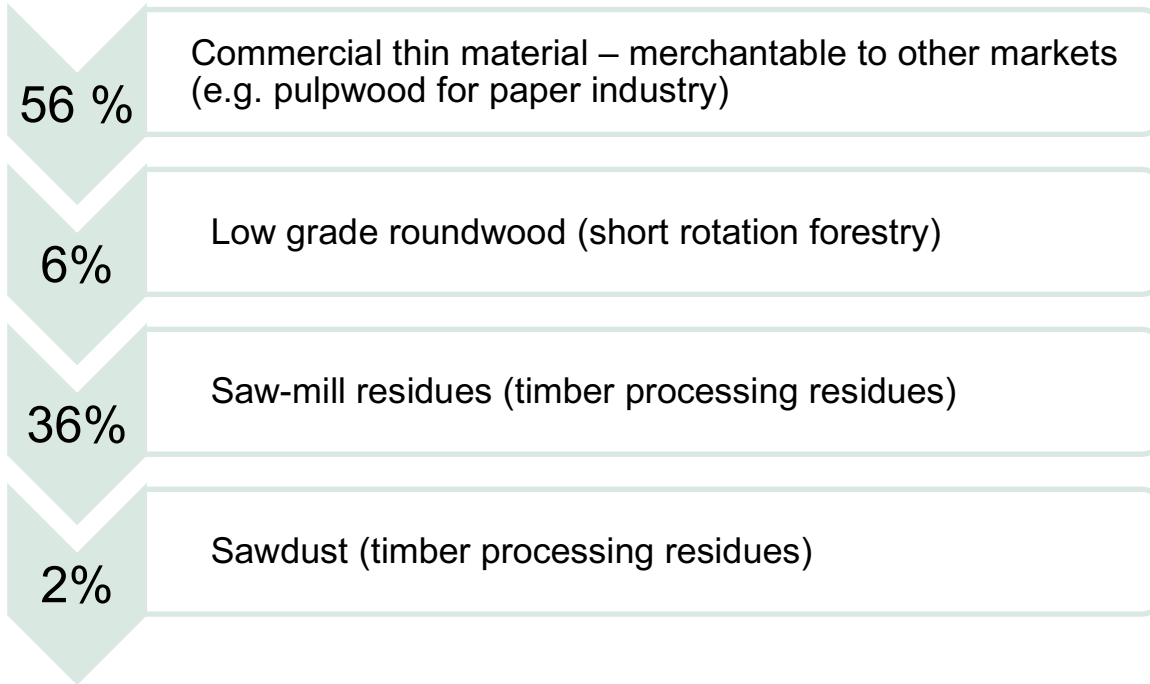
## **2.3 Final harvest sampling programme**

Primary suppliers (i.e. of roundwood) that enter into an agreement with NAPCO for the supply of fiber are subject to an inspection program utilizing WP's Field Inspection Form. A final harvest sampling program will be undertaken to determine the proportion of final felling which end up in biomass compared to other end uses.

WP will furthermore monitor the proportion of clear-felled tracts which ultimately are reforested, as far as is reasonably possible.



## 2.4 Flow diagram of feedstock inputs showing feedstock type [optional]



## 2.5 Quantification of the Supply Base

### Supply Base

a. Total area of WP’s Supply Base (in hectares): 10,429,491 ha (the surface area of all counties).

b. Forest Tenure by type (ha): (for East Texas):

Type of Ownership	Hectares	Percentage
Private	4,420,867	91.8%
Federal	298,577	6.2%
State	52,973	1.1%
County/Municipal	43,342	0.9%
<b>Total</b>	<b>4,815,759</b>	<b>100%</b>

c. Forest by type (ha):

Forest type	Hectares
Pine	2,215,249
Oak-hickory	1,107,625
Oak-pine	577,891
Oak-gum-cypress	529,733
Elm-ash, cottonwood	240,788
others	144473
<b>Total</b>	<b>4,815,759</b>

d. Forest by management type (ha): plantation/managed natural:

52% of pine stands (1,157,400 hectares) are managed under a plantation regime. The rest of the pine-producing areas are managed under a natural regeneration regime.

e. Certified forest by scheme (ha): (e.g. hectares of FSC or PEFC-certified forest).

An estimated 20% of raw material comes from PEFC/SFI certified forests.

### Feedstock

At this stage (March 2019), WP has re-initiated the purchasing of raw material and production. The numbers here are for the last full 12-month operating period, of April 1, 2016 - March 31, 2017.

f. Total volume of Feedstock: tonnes or m<sup>3</sup>: 458,546.22 Metric tonnes.

g. Volume of primary feedstock: tonnes or m<sup>3</sup>: 287428 metric tonnes of roundwood.

h.

- 20% Certified to an SBP-approved Forest Management Scheme (SFI/PEFC)
- 80% Not certified to an SBP-approved Forest Management Scheme

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

Loblolly Pine (*Pinus Taeda*), Longleaf Pine (*Pinus Palustris*), Shortleaf Pine (*Pinus Echinata*), and Slash Pine (*Pinus Elliotti*).

j. Volume of primary feedstock from primary forest: 0.0

- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
- 0% Certified to an SBP-approved Forest Management Scheme (SFI/PEFC)
  - 0% Not certified to an SBP-approved Forest Management Scheme
- l. Volume of secondary feedstock: specify origin and type - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided\*.
- Secondary feedstock:
- 9,217 metric tonnes of sawdust and shavings
  - 160,262 wood chips and offcuts
  - 100% of secondary feedstock was supplied by NAPCO, a PEFC Chain of Custody certified supplier.
  - 100% of secondary feedstock was supplied with no certification but procured under NAPCO's PEFC certification and was therefore subject to the company's Due Diligence System.

No tertiary material is purchased by WP.

### 3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
<input checked="" type="checkbox"/>	<input type="checkbox"/>

In the absence of an SBP-endorsed Regional Risk Assessment for the southeast US, it was determined that an SBE should be completed. In a context of relatively low availability of fiber originating in third-party certified forest management units, the completion of an SBE is a key tool in supply chain risk mitigation.

## 4 Supply Base Evaluation

### 4.1 Scope

WP holds a PEFC Chain of Custody certificate and operates a Due Diligence System (DDS) as per PEFC requirements. This provides the necessary level of confidence needed to claim all of its feedstock is SBP-Controlled at a minimum. WP has completed a Supply Base Evaluation (SBE) to ensure that a sufficient volume of woody raw material is SBP-compliant. WP's SBE includes primary and secondary feedstock and no indicator was excluded. The company's policies and procedures are designed to ensure that the forestry residues (roundwood) and process residues (sawdust, shavings, off-cuts and chips) utilized in the manufacturing process at the mill are SBP-Compliant or SBP-Controlled. The definitions of legal and sustainable as used in Standard 1 have been reviewed and met, as substantiated in the SBE (See Annex 1).

Because there is no SBP-approved risk assessment in the US, WP developed a set of Locally Applicable Verifiers (LAVs), which include a number of references to publicly available sources, and programs to monitor primary and secondary suppliers (field inspections, reconciliation and verification of data). Details on LAVs are in the sections below.

### 4.2 Justification

Since only a small proportion of feedstock is sourced from SBP-approved certification programs, WP conducted an SBE to meet its goals of delivering SBP-Compliant products. Indicators were not modified but specific verifiers were added (See Annex 1). In developing LAVs, WP took into consideration the results of the FSC US Draft National Risk Assessment, as well as applicable laws and regulations, US Fish and Wildlife's Endangered Species information, the Texas Forest Service Best Management Practices (BMPs), and other sources, to determine risk and/or mitigation measures.

### 4.3 Results of Risk Assessment

All criteria were evaluated and while some criteria were determined to be specified-risk, through the implementation of mitigation measures (screening of purchases through a desk study and field inspection under the Supplier Verification Program), all criteria were determined to be low-risk.

### 4.4 Results of Supplier Verification Programme

Some preliminary field-testing of procurement screening was carried out in November 2018 by RFS, WP's consultant on SBP implementation. A new Field Inspection Form was developed and field-tested with NAPCO and WP. The Field Inspection Form was used during visits to primary suppliers conducted jointly by RFS and NAPCO, and after further calibration, it was fully implemented by NAPCO by the end of April 2019. Field Inspection Forms are kept on file and the results of the inspections are included in the General Suppliers List spreadsheet. NAPCO has a system in place for conducting field inspections; the roll-out of SBP-compliant procedures has slightly modified the information scrutinized and recorded through such inspections.

## 4.5 Conclusion

At this stage, WP has completed a draft SBE that was sent out for public consultation on March 15, 2019. WP holds a PEFC Chain of Custody certificate that includes the requirement to operate a DDS, or Due Diligence System. Through the ongoing implementation of the SBE, the monitoring of suppliers, the use of supplier declarations and with backstopping from the high level of law enforcement (and legal compliance) existing in Texas, WP is confident that it will be able to supply SBP-compliant products to its clients.

## 5 Supply Base Evaluation Process

The Supply Base Evaluation (SBE) process for WP was performed by Responsible Forestry Solutions (RFS), an international forestry consulting company established in 2005, as part of the contract for implementation of SBP certification for the Woodville mill undertaken with WP.

RFS' core expertise centres on sustainable forestry, FSC/PEFC forest management certification, Chain of Custody, and the verification of the Legal Origin/Compliance of forest products. RFS has substantial experience in using forestry supply chain auditing tools to verify conformity with global best practice benchmarks such as FSC/PEFC certification, Controlled Wood and other risk-based approaches, High Conservation Value assessment, and Due Diligence Systems, and provide assurance to clients. RFS is managed by its two founding partners and Principals; Nick Moss Gillespie and Marcelo Levy, and utilizes a wide network of associates in North America and further afield. RFS' Principals are both experienced Lead Assessors (qualified with SGS) for: FSC/PEFC Forest Management certification, Chain of Custody (FSC/SFI/PEFC systems) including Controlled Wood FM/CoC, and Legality Verification (Legal Origin / Legal Compliance) of wood products, as well as ISO14001, and GHG Emissions Verification. Most recently, RFS has embarked on the implementation of a sustainable procurement system on behalf of a major US power generator, working on a project in the US southeast. RFS undertakes both desk-based and in-field assignments, providing expert feedback on risk analysis, and recommending process improvements where necessary, to help to minimize supply-chain risk.

Stakeholder consultation with relevant parties will be undertaken in March-April 2019, by RFS, on behalf of WP.

In the United States, a National Risk Assessment (US-NRA) consistent with the current FSC Controlled Wood Standard has been carried out. In December 2018, the FSC US NRA received conditional approval from FSC International, and on January 24, 2019 a final draft was submitted to FSC International with supplementary information aimed at addressing the conditions for approval.<sup>13</sup> In this context, WP has adopted the results of this Risk Assessment for use as a coarse filter in the screening of supply chain risk in its Supply Base.

The FSC US National Risk Assessment (NRA) covers the following categories of risk:

- ☐ Illegally harvested wood;
- ☐ Wood harvested in violation of traditional and human rights;
- ☐ Wood from forests where high conservation values are threatened by management activities;
- ☐ Wood from forests being converted to plantations or non-forest use; and
- ☐ Wood from forests in which genetically modified trees are planted.

The US-NRA makes risk designations for each of these categories. WP applies these results to its Supply Base. It should be noted that the US-NRA provides good baseline information, yet supply chain due

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<sup>13</sup> FSC US website: <https://us.fsc.org/en-us/certification/controlled-wood/fsc-us-controlled-wood-national-risk-assessment-us-nra>

diligence is not restricted to the use of the US-NRA; other resources have been drawn upon, as deemed necessary.

Based on the results and outputs of the US-NRA, it was determined that WP's Supply Base is low risk for the following (FSC) Controlled Wood Categories:

- ☐ Category 1- Illegally Harvested Wood: Legal Timber may come from forests on Public Lands (e.g. State Forests), or Private Lands. The US-NRA points out that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity. State Forest Services have the capacity to engage private landowners and provide training resources for forest management. Texas has a Bill of Sale law<sup>14</sup> that requires every load of wood coming from the forest to be accompanied by documentation identifying its origin. Receiving mills are not allowed to accept incoming material that is not accompanied by a Bill of Sale. Hence the low-risk designation for illegal harvesting.
- ☐ Category 2 – Wood Harvested in violation of Traditional and Human Rights: The forest sector is not associated with violent armed conflict, labour rights are respected (including rights as specified in ILO fundamental Principles and Rights at work), and the rights of Indigenous and Traditional Peoples are upheld, resulting in a low risk designation for this category (US-NRA);
- ☐ Category 5 – Wood from Forests in which genetically modified trees are planted: The US-NRA reached a low-risk designation. In addition, none of the tree species used by WP are commercially available as genetically modified organisms, so the likelihood of procuring genetically modified trees is negligible at this point.

The Specified Risk designations that affect WP's Supply Base include:

- ☐ Category 3 - High Conservation Values:
  - ☐ Houston Toad Critical Habitat (HCV1);
  - ☐ Late Successional Bottomland Hardwood Areas (HCV3);
  - ☐ Native Longleaf Pine Systems (HCV3).
- ☐ Category 4 - Conversion to non-forest use or plantations: There are two counties in Texas that have been identified by the US-NRA process as being at risk for conversion: Liberty and Montgomery counties.

In addition to the results of the FSC US-NRA, the SBE makes use of additional data from a number of sources to further refine the identification of biodiversity and other values at the landscape level, and to facilitate the mitigation of potential impacts of fiber procurement on these. The sources scrutinized include: NatureServe datasets; CEPF Biodiversity Hotspots; The Nature Conservancy's Priority Conservation Areas; searches on the IUCN Red List of Threatened Species; and on the US Fish & Wildlife Service' Endangered Species database, including the Information for Planning and Conservation (IPaC) tool. RFS utilized IPaC to search for presence of Rare, Threatened or Endangered species and their critical habitat in each of the counties within WP's supply base. Eight counties were found to have critical habitat for endangered species, and another nine counties have habitat suitable for Red Cockaded Woodpecker. The IPaC application also provides maps for known critical habitat. Wood purchased from these counties will be further inspected through the Supplier Verification Program. WP developed and implemented its "Operating Checklist for Raw Material Purchases". This procedure outlines how to screen all purchases, determine the level of risk, and whether Field Inspections are required. WP implements these procedures to ensure that all woody raw

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<sup>14</sup> Texas Natural Resources Code 151.001 Effective since 2001.



material comes from forest tracts assessed as low-risk for all categories. This means either that the woody raw material comes from counties assessed as low-risk in the SBE, or that through field verification it can be determined that a specific tract does not threaten the values identified.

## 6 Stakeholder Consultation

The Stakeholder Consultation process was completed, prior to the audit as required by the SBP. A list of stakeholders has been compiled with contact information kept on file. WP released the Supply Base Evaluation Report including Annex 1 with the indicators and means of verification on March 15 for a period of 45 days. No comments were received. Subsequently the Certification Body conducted its own consultation process by contacting its own list of stakeholders on March 29 for a period of 30 days. No comments were received by the Certification Body either.

### 6.1 Response to stakeholder comments

No comments from stakeholders have been received by either WP or the Certification Body (SCS).

## 7 Overview of Initial Assessment of Risk

WP is in possession of PEFC Chain of Custody certification for the Woodville mill, which is a key component in demonstrating compliance with SBP certification requirements. The company’s operations are located in southeast Texas, where there is a strong regulatory framework and effective legal compliance, across the board. WP has implemented a management system that builds on global best practice in terms of forest product supply chain due diligence, starting from PEFC requirements, but including elements of other certification systems, such as the FSC Controlled Wood standards, and the National Risk Assessment process currently being completed worldwide. All of the company’s procurement of wood fiber is outsourced to NAPCO, an entity with very extensive experience of working with both TIMOs and other corporate landowners, as well as Non-Industrial Private Forestland owners throughout the region. There is some fiber available that originates in operations certified to international third-party voluntary standards, such as SFI Forest Management standards, or the American Tree Farm System. WP has furthermore contracted with Responsible Forestry Solutions, a consulting company with extensive experience in the use of High Conservation Value (HCV) assessment to evaluate the potential risk of impacts of fiber procurement on HCVs present in the fiber basket of the mill. Mitigation measures will be deployed as required, as detailed elsewhere in this report.

Table 1. Overview of results from the risk assessment of all Indicators (prior to SVP)

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
1.1.1		X	
1.1.2		X	
1.1.3		X	
1.2.1		X	
1.3.1		X	
1.4.1		X	
1.5.1		X	
1.6.1		X	
2.1.1	X		
2.1.2	X		
2.1.3	X		
2.2.1		X	
2.2.2		X	
2.2.3	X		
2.3.1		X	
2.3.2		X	
2.3.3		X	
2.4.1		X	
2.4.2		X	
2.4.3		X	
2.5.1		X	
2.5.2		X	
2.6.1		X	
2.7.1		X	
2.7.2		X	
2.7.3		X	
2.7.4		X	
2.7.5		X	

2.2.4	X		
2.2.5		X	
2.2.6		X	
2.2.7		X	
2.2.8		X	
2.2.9		X	

2.8.1		X	
2.9.1		X	
2.9.2		X	
2.10.1		X	

## 8 Supplier Verification Programme

### 8.1 Description of the Supplier Verification Programme

The Supplier Verification Program focuses on field visits to tracts within counties with a “Specified-Risk” designation. The key to the SVP is to verify that the values identified as potentially present for the specific county/ies are not affected by actual forestry operations, notably harvesting. This means that operators are aware of said values and how to identify them in the field; BMPs are implemented to mitigate any potential damage to those values; and that Health and Safety Requirements are met. WP develops a sampling plan based on the level of risk for the counties, harvesting schedule, upcoming contracts with landowners and/or suppliers, and tracts where wood was purchased in the past.

Suppliers must provide information regarding:

- ☐ Workers qualifications, licenses and certificates as required;
- ☐ Records of accidents/incidents;
- ☐ Appropriate insurance coverage;
- ☐ Health & Safety training records.

Using the Field Inspection Form, the field visit must verify and record the following:

- ☐ There is evidence of legal ownership of the forest tract (Bill of Sale, contract, or equivalent);
- ☐ Type of harvesting carried out (thinning, clearcut);
- ☐ Any values observed;
- ☐ Classification of streams and other water bodies;
- ☐ BMPs are used (e.g. SMZs meet width requirements with good retention, skid trails are properly located, stream crossings are minimized, no evidence of spills, etc.);
- ☐ Health and Safety requirements are met in active operations (required Personal Protective Equipment, spill kits, First Aid kits, fire extinguishers, appropriate communication devices, etc.);
- ☐ Values identified for the particular tract are not threatened (i.e. Threatened or Endangered Species or other HCVs identified);
- ☐ The forest tract is to be maintained as a forest tract and not converted to non-forest use;
- ☐ When natural Longleaf Pine stands are harvested, these operations are part of thinning and/or stand improvement practices.

### 8.2 Site visits

Site visits were conducted prior to the external audit by SCS, the Field Inspection Form was used, and the results of these audits were included in the General Suppliers’ List spreadsheet. All these documents are kept on file and available for review by the Certification Body

## 8.3 Conclusions from the Supplier Verification Programme

No issues were raised during the Field Inspections. Records of the sample of site-visits conducted are on file

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## 9 Mitigation Measures

### 9.1 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 four 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, a desk audit and if necessary the Supplier Verification Program will be used to verify that values identified as potentially present are not harmed by forest operations. The Desk Audit screens all purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess against risk for conversion or to natural southern yellow pine stands which are also suitable habitat for the Red Cockaded Woodpecker.

**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 WP'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. WP performs a Desk Audit of all tracts from which purchases may originate to assess the risk to the values identified. If necessary, a field visit focusing on the implementation of Texas' BMPs, Health & Safety, proper training for logging crews (Pro-Logger certification in Texas) is carried out. In addition, all suppliers are required to sign a Supplier Declaration Form committing to meet WP's requirements. WP evaluates suppliers and keep records of their performance. Secondary Suppliers are required to identify the tracts of origin of their supply and internal audits of Bills of Sale are conducted.

**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:** WP's Procurement Procedures require that primary suppliers provide a Bill of Sale that allows the identification of the forest tract for inspection purposes. 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. During the Desk Audit, all purchases are scrutinized to assess risk of conversion (amongst others). The study includes criteria such as age and type of the forest

and type of harvesting method, to determine risk of conversion and the potential need to carry out field inspections. 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. Secondary Suppliers are required to identify the tracts of origin of their supply and internal audits of Bills of Sale are conducted to assess the risk of conversion based on the profile of the forest tracts.

**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. The Desk Audit screens all purchases against the results of the SBE. Counties with known critical habitats for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess against risk for conversion or risk to natural southern yellow pine stands which are also suitable habitat for the Red Cockaded Woodpecker

WP requires suppliers to comply with laws and regulations, to use trained logging crews and implement BMPs. In addition, WP 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. The Desk Audit screens all purchases against the results of the SBE. Counties with known critical habitats for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess against risk for conversion or risk to natural southern yellow pine stands which are also suitable habitat for the Red Cockaded Woodpecker

WP requires suppliers to comply with laws and regulations, to use trained logging crews and implement BMPs. In addition, WP verifies and evaluates suppliers through field inspections. Secondary Suppliers are required to identify the tracts of origin of their supply and internal audits of Bills of Sale are conducted to assess the risk to biodiversity based on the profile of the forest tracts.

## 9.1 Monitoring and outcomes

Information on the monitoring of the above-named indicators, and the results of that monitoring, will be reported in future iterations of this report.



## 10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in Annex 1.

## 11 Review of Report

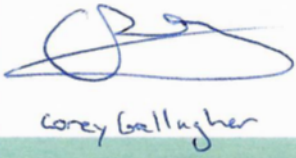
### 11.1 Peer review

*If an external peer review of this report was done prior to finalisation, describe the process that was followed and the competency of the parties involved.*

### 11.2 Public or additional reviews

*If another type of external review was done prior to finalisation of this report (e.g. publication for comments by stakeholders, NGOs, or other independent third parties), describe the process here.*

## 12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Responsible Forestry Solutions</i>	<i>Toronto-based Consultancy</i>	<i>March 15<sup>th</sup>, 2019</i>
	Name	Title	Date
<p>The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.</p>			
Report approved by:	 <i>Corey Gallagher</i>	<i>Bankruptcy Consultant/ Authorized Signer</i>	<i>3/29/19</i>
	Name	Title	Date
Report approved by:			
	Name	Title	Date
Report approved by:			
	Name	Title	Date

## 13 Updates<sup>15</sup>

### 13.1 Significant changes in the Supply Base

NA

### 13.2 Effectiveness of previous mitigation measures

NA

### 13.3 New risk ratings and mitigation measures

NA

### 13.4 Actual figures for feedstock over the previous 12 months

NA

### 13.5 Projected figures for feedstock over the next 12 months

NA

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<sup>15</sup> This section is not applicable at this time, i.e. prior to the Main (Initial) Certification audit.

## 14 Appendix – WP County List

Anderson	Fort Bend	Jackson	Montgomery	Shelby
Angelina	Freestone	Jefferson	Nacogdoches	Smith
Austin	Galveston	Lee	Navarro	Tyler
<del>Brazoria</del>	Gregg	Leon	Newton	<del>Upshur</del>
<del>Brazos</del>	Grimes	Liberty	Orange	Van <del>Zandt</del>
Burleson	Hardin	Limestone	<del>Panola</del>	Walker
Chambers	Harris	Madison	Polk	Waller
Colorado	Harrison	Marion	Robertson	Washington
Falls	Henderson	Matagorda	Rusk	Wharton
Fayette	Houston	Milam	Sabine	Wood

# Annex 1: Detailed Findings for Supply Base Evaluation Indicators

	Indicator
1.1.1	The Biomass Producer’s Supply Base is defined and mapped.
Finding	WP has defined the mill’s Supply Base (SB) as all the counties in Texas that are within a 150-mile radius from the Woodville Pellet Mill. This radius was determined through consultation with (past and present) Secondary Suppliers, their purchasing records, and their maximum economically-viable hauling distance. This is established and mapped in WP’s Procurement Procedures... A list of all counties included in the Supply Base was prepared, for risk assessment purposes, and to establish better control of fiber supply.
Means of Verification	WP’s: <ul style="list-style-type: none"> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Communication with NAPCO and Suppliers;</li> <li>• List of Texas counties encompassed within 150-mile radius of the Woodville mill;</li> <li>• Bills of Sale;</li> <li>• Contracts with Suppliers.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
1.1.2	Feedstock can be traced back to the defined Supply Base.
Finding	WP’s Procurement Procedures require that all Suppliers provide a declaration that the wood originates from counties within WP’s Supply Base; the list of counties is provided to Suppliers for this purpose. WP conducts a desk audit of all potential purchases to ensure that wood originates from the Supply Base, and as the first step in the risk assessment of any particular purchase.
	In addition, by law, Primary Suppliers must provide a Bill of Sale that accompanies the load of wood. The Bill of sale includes information on the forest tract of origin and therefore allows the load to be traced back to the forest tract. Secondary Suppliers are

	also required to sign a declaration form identifying the tract of origin of their purchases. WP verifies Bills of Sale of Secondary Suppliers on a sampling basis to ensure that the feedstock can be traced back to the Supply Base. WP records this information in the General Suppliers List spreadsheet. As discussed above, the Supply Base was developed to include maximum economically-viable hauling distances for Secondary Suppliers.
Means of Verification	WP's: <ul style="list-style-type: none"> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Suppliers Declaration Form;</li> <li>• Operating Checklist for Raw Material Purchases;</li> <li>• Bills of Sale;</li> <li>• Contract with Suppliers.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
1.1.3	The feedstock input profile is described and categorised by the mix of inputs.
Finding	WP tracks purchased raw woody material by product type (roundwood, wood chips, residuals, etc.), as described in WP's PEFC Chain of Custody Procedures Manual. WP records all purchases in its General Suppliers List spreadsheet. The information collected enables the development of a feedstock input profile (plantation or natural stand, age class, species, type of harvesting (final cut or thinning, etc.)). This information is assessed during the Desk Audit described in WP's Operating Checklist for Raw Material Purchase prior to finalizing the purchase. WP only purchases pine species for the manufacturing of pellets. Wood fiber information from the Bill of Sale is entered into WP's information system when loads are received at the scalehouse. WP's wood accounting system links each delivery to a contract, which identifies the Supplier, certification status, and chain of custody number if the Supplier is certified.
Means of Verification	WP's: <ul style="list-style-type: none"> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Suppliers Declaration Form;</li> <li>• Operating Checklist for Raw Material Purchases;</li> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Bills of Sale;</li> <li>• Contracts with Suppliers.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.

Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b>	<input type="checkbox"/> <b>Specified Risk</b>	<input type="checkbox"/> <b>Unspecified Risk at RA</b>
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	Indicator
1.2.1	The Biomass Producer has implemented appropriate control systems and procedures to ensure that legality of ownership and land use can be demonstrated for the Supply Base.
Finding	<p>WP has incorporated the FSC US-NRA as part of its risk assessment. This assessment points out that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity, making the risk of sourcing wood originating from illegal access to forestlands negligible. In addition, and in order to confirm the origin of wood in the marketplace, Texas has a Bill of Sale Law<sup>16</sup> that requires every load of wood coming from the forest to be accompanied by documentation identifying its origin. Receiving mills are not allowed to accept incoming material that is not accompanied by a Bill of Sale.</p> <p>WP's Procurement Procedures require that a Bill of Sale accompany every load received from Primary Suppliers. The Bill of Sale includes information on the ownership of the forest tract of origin. Secondary Suppliers are required to sign the Supplier Declaration Form identifying the tracts of origin of their own purchases. As part of the controls in place, WP reviews Bill of Sales of Secondary Suppliers on a sampling basis to ensure that proper contracts are in place and the tract of origin and ownership are known and legal.</p>
Means of Verification	<p>WP's:</p> <ul style="list-style-type: none"> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Suppliers Declaration Form;</li> <li>• Operating Checklist for Raw Material Purchases;</li> <li>• Bill of Sale;</li> <li>• List of certified Suppliers.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

<sup>16</sup> Texas Natural Resources Code 151.001 Effective since 2001



	Indicator
1.3.1	The BP has implemented appropriate control systems and procedures to ensure that feedstock is legally harvested and supplied and is in compliance with EUTR legality requirements.
Finding	<p>WP holds a Program for the Endorsement of Forest Certification (PEFC) Chain of Custody certificate with the corresponding Due Diligence System in place to ensure the raw material input is at least controlled sources (under PEFC certification requirements). Furthermore, WP has included the FSC US-NRA as part of its risk assessment. This assessment points out that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity, making the risk of sourcing wood originating from illegal access to forestlands or illegal activities, negligible.</p> <p>In addition, a review of the following websites confirms that WP’s Supply Base, situated in the US, is part of a low-risk jurisdiction for illegal logging and corruption:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.illegal-logging.info">www.illegal-logging.info</a>;</li> <li>• <a href="http://www.eia-international.org">www.eia-international.org</a>;</li> <li>• <a href="http://www.transparency.org">www.transparency.org</a>.</li> </ul> <p>As required in WP’s Procurement Policy and Procedures, the company conducts Desk-Audits prior to any purchase for the purpose of ensuring the legal origin of the wood. Primary and Secondary Suppliers must sign a Supplier Declaration Form identifying the forest tract of origin. Primary Suppliers have to provide the Bill of Sale that identifies the tract of origin and ownership. Secondary Suppliers must provide access to WP to inspect, on a sampling basis, Bills of Sale of their own purchases to verify forest tract of origin and ownership status. In addition, field inspections of the forests harvested are carried out on a sampling basis.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• FSC US Draft National Risk Assessment</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Suppliers Declaration Form;</li> <li>• Operating Checklist for Raw Material Purchases;</li> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Bills of Sale;</li> <li>• <a href="http://www.illegal-logging.info">www.illegal-logging.info</a>;</li> <li>• <a href="http://www.eia-international.org">www.eia-international.org</a>;</li> <li>• <a href="http://www.transparency.org">www.transparency.org</a>;</li> <li>• List of Suppliers.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
1.4.1	The Biomass Producer has implemented appropriate control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date.
Finding	<p>WP has included use of the FSC US-NRA as part of its risk assessment. This assessment points out that the United States has comprehensive laws regulating forest management and good enforcement capacity, making the risk of sourcing wood originating from illegal access to forestlands or illegal activities negligible.</p> <p>In addition, a review of the following websites confirms that the US in general and WP's Supply Base in particular is a low-risk jurisdiction for illegal logging and corruption:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.illegal-logging.info">www.illegal-logging.info</a>;</li> <li>• <a href="http://www.eia-international.org">www.eia-international.org</a>;</li> <li>• <a href="http://www.transparency.org">www.transparency.org</a>.</li> </ul> <p>As required in WP's Procurement Policy and Procedures, the company conducts Desk-Audits prior to any purchase. Primary and Secondary Suppliers must sign a Supplier Declaration Form identifying the forest tract of origin. Primary Suppliers have to provide the Bill of Sale that includes the name and ownership of the tract as well as of the logging contractor who is required to pay stumpage on timber purchases. The Bills of Sale from Primary Suppliers must accompany every load and are kept on file by WP. Secondary Suppliers must provide access to WP to inspect, on a sampling basis, Bills of Sale of their own purchases to verify forest tract of origin, ownership status, logging crew/contractors, etc.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• <a href="http://www.illegal-logging.info">www.illegal-logging.info</a>;</li> <li>• <a href="http://www.eia-international.org">www.eia-international.org</a>;</li> <li>• <a href="http://www.transparency.org">www.transparency.org</a>;</li> <li>• List of Suppliers.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
1.5.1	The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is supplied in compliance with the requirements of CITES.

Finding	<p>WP holds a Program for the Endorsement of Forest Certification (PEFC) Chain of Custody certificate with the corresponding Due Diligence System in place, which facilitates the control of origin of fiber inputs, and helps ensure that feedstock is verified in compliance with the requirements of CITES.</p> <p>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 includes the use of the US Fish and Wildlife’s IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&amp;E species are also available in the database.</p> <p>The Procurement manager can therefore determine the level of risk and require conducting site inspection in line with WP’s Supplier Verification Program. As per the Operating Checklist for Raw Material Purchases, The Procurement Manager reviews the result of the risk assessment that includes the identification of Threatened and Endangered Species (T&amp;E) in the Supply Base utilizing the information in the U.S. Fish and Wildlife Service’s database. The U.S. Fish and Wildlife Service is responsible for the implementation and enforcing of CITES at the national level.</p> <p>None of the species used by WP in its pellet mill are on the CITES list.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Operating Checklist for Raw Material Purchases;</li> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• County Risk Assessment for RTE species’ critical habitat.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
<b>1.6.1</b>	The Biomass Producer has implemented appropriate control systems and procedures to ensure that feedstock is not sourced from areas where there are violations of traditional or civil rights.
Finding	The FSC US NRA, which is incorporated in WP’s approach to risk assessment, found that the forest sector in the United States is not associated with violent armed conflict or violations of traditional and civil rights. Labour rights are respected including rights as specified in ILO (International Labour Organization) fundamental Principles and Rights at work, and the rights of Indigenous and Traditional Peoples, resulting in a low risk designation for this category.

	<p>WP has also developed a Policy on Respect for the Rights of Local Communities and Indigenous Peoples. WP as a company is committed to respecting the legal, customary, and traditional tenure and use rights of indigenous peoples and local communities related to the forest, ensuring that forest management in the company's supply base does not impact on these rights, inasmuch as WP can exert any influence to this effect. As part of its approach to procurement, the company seeks to identify and document such rights, and to evaluate whether examples of such rights are being duly respected. If it cannot be ascertained that rights, where they have been identified and documented, are being respected, then WP will not procure fiber from forest management activities that may be contributing to any such impacts.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• WP's Policy on Respect for the Rights of Local Communities.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <span style="margin-left: 150px;"><input type="checkbox"/> <b>Specified Risk at RA</b></span> <span style="margin-left: 150px;"><input type="checkbox"/> <b>Unspecified Risk</b></span>

	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.
Finding	<p>WP is PEFC Chain of Custody certified and has a Due Diligence System in place to ensure that all raw material is at least controlled sources under the PEFC standards.</p> <p>WP has included the FSC US-National Risk Assessment (NRA) as part of its risk assessment. WP also uses data obtained from, the US Fish and Wildlife Service's Endangered Species database and their Information for Planning and Consultation tool (IPaC). The IPaC tool allows WP or NAPCO staff to search the Endangered Species database by county, and it provides maps of known critical habitat of all endangered species.</p> <p>The North American Coastal Plain has been identified as a biodiversity hotspot and more specifically the FSC US NRA has identified critical habitat for the Houston Toad as HCV1, and Late Successional Bottomland Hardwood Areas, and Native Longleaf Pine Systems as HCV3.</p> <p>In order to refine the work done in the FSC US NRA, WP has conducted its own risk assessment using the US Fish and Wildlife's Endangered Species database's IPaC tool to determine the presence of T&amp;E species in each county and provide maps of known location of critical habitat. As a result, eight counties within the Supply Base have been</p>

	<p>flagged as including critical habitat for endangered species. The database provides maps of known locations of critical habitat within the county/ies in question.</p> <p>The risk assessment also identified the presence of the Red-Cockaded Woodpecker in nine counties. Critical habitat for this species is restricted to mature natural southern pine stands. This information is documented in WP’s “List of Counties_Woodville_150 mile-radius_Risk Assessment_April 2019_v2” and corresponding map.</p> <p>A review of the Intact Forests Landscapes map shows that the relatively large and intact forest areas within the Supply Base can be found within State or National Forests, Parks or Wildlife Management Areas.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• FSC US Draft National Risk Assessment</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Operating Checklist for Raw Material Purchases;</li> <li>• <a href="http://www.intactforests.org/world.webmap.html">http://www.intactforests.org/world.webmap.html</a>;</li> <li>• County-level Risk Assessment for RTE species’ critical habitat.</li> </ul>
<p>Evidence Reviewed</p>	<p>All Means of Verification were reviewed.</p>
<p>Risk Rating</p>	<p><input type="checkbox"/> <b>Low Risk</b>                      <input checked="" type="checkbox"/> <b>Specified Risk</b>                      <input type="checkbox"/> <b>Unspecified Risk at RA</b></p>
<p>Comment or Mitigation Measure</p>	<p>The Desk Audit described in the Operating Checklist for Raw Material Purchases requires the Procurement Manager to identify the county of origin of all potential purchases and assess risk based on a review of the SBE Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife’s IPaC tool to determine and map the presence of critical habitat of endangered or threatened species in each county. The Desk Audit screens all potential purchases against the results of the SBE. 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/s in question. 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.</p> <p>Through the use of these tools, the SBE resulted in the identification of critical habitat for endangered species and the presence of natural stands of southern yellow pine.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tract/s 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.</p>

	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.
Finding	<p>In order to refine the work done in the FSC US NRA, WP has conducted its own risk assessment using the US Fish and Wildlife’s Endangered Species database’s IPaC tool to determine the presence of T&amp;E species in each county and provide maps of known location of critical habitat. As a result, eight counties within the Supply Base have been flagged as including critical habitat for endangered species. The database provides maps of known locations of critical habitat within the county/ies in question.</p> <p>The risk assessment also found the presence of the red-cockaded woodpecker in nine counties. However, critical habitat for this species is restricted to mature natural southern pine stands, which are not the focus of fiber-sourcing for a pellet mill – primarily low-grade logging residues and small diameter logs go into pellet production.</p> <p>A Desk Audit screens all potential purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. 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 to be high risk through the Desk Audit process, 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.</p> <p>For all purchases from Primary Suppliers, Field Inspections are carried out as part of a monitoring effort on a sampling basis, prioritizing by the level of risk.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Operating Checklist for Raw Material Purchases</li> <li>• Use of the IPaC tool;</li> <li>• County Risk Assessment for RTE species’ critical habitat;</li> <li>• Field Inspection Form Data;</li> <li>• <a href="http://www.intactforests.org/world.webmap.html">http://www.intactforests.org/world.webmap.html</a>.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.

Risk Rating	<input type="checkbox"/> <b>Low Risk</b> <input checked="" type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
<p>Comment or Mitigation Measure</p>	<p>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&amp;E species are also available in the database.</p> <p>WP 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.</p> <p>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.</p> <p>For all purchases from Primary Suppliers Field Inspections are carried out as part of a monitoring effort on a sampling basis, prioritizing by the level of risk.</p> <p>WP evaluates Suppliers and keep records of their performance. For Secondary Suppliers knowing the tract of origin is more complicated but WP implements its PEFC Chain of Custody Procedures and associated DDS. 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.</p> <p>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.</p>

	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.
Finding	<p>The FSC US NRA has found that two counties (Liberty and Montgomery) within the Supply Base have specified risk for land conversion.</p> <p>WP is PEFC Chain of Custody certified and has a Due Diligence System in place to ensure that all raw material is at least controlled sources (under PEFC standards) and does not originate from forests converted to plantations or non-forest lands after January 2008, as required under this indicator. WP implements its Procurement Policy and Procedures for the purchase of woody raw material. Information concerning cover type and type of harvest is collected to ensure WP complies with the requirement of the Standard. A Desk Audit is conducted prior to confirming any purchase in order to assess the level of risk for conversion.</p> <p>WP purchases raw material from Primary Suppliers by paying stumpage through NAPCO in this situation, there are no difficulties in identifying the tract of origin and conducting a verification audit under the Supplier Verification Program. WP evaluates Suppliers and keeps records of their performance. Identifying the forest tract of origin for Secondary Suppliers is difficult, but most major Secondary Suppliers are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• WP's data from Suppliers and desk audit.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input type="checkbox"/> <b>Low Risk</b> <input checked="" type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	<p>WP's Procurement Procedures require that Primary Suppliers provide a Bill of Sale (that identifies the forest of origin) and a signed Supplier Declaration, 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.), 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. WP also requires a signed Supplier Declaration that includes a commitment to keep the forest as such. WP will also conduct Field Inspections of past forest operations based on the risk for conversion.</p> <p>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</p>



	converted to plantations. This information is compiled and monitored in the General Suppliers List spreadsheet.
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	Indicator
2.2.1	The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them.
Finding	<p>WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. WP purchases raw material from Primary Suppliers by paying stumpage through NAPCO. In this situation, there are no difficulties in identifying the tract of origin and conducting a field inspection under the Supplier Verification Program to assess the performance of the logging crew in terms of BMPs for planning, for laying out skid trails, and proper handling of Streamside Management Zones (SMZ). WP evaluates Suppliers and logging crews and keeps records of their performance for future reference. WP utilizes its Field Inspection Form to evaluate different aspects of environmental, and safety performance. Records are compiled in the Field Inspection Form Data spreadsheet and maintained for future reference.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply, and logging crews. WP checks that logging crews are certified (Pro-Logger in Texas) to ensure they operate according to Texas BMPs. Based on the level of risk assessed during the Desk Audit, WP may choose to conduct a Field Inspection of tracts supplying these Secondary Suppliers. This information is compiled and monitored in the General Suppliers List spreadsheet.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• WP's Procurement Policy and Procedures;</li> <li>• General Suppliers List;</li> <li>• Field Inspection Form Data.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <span style="margin-left: 150px;"><input type="checkbox"/> <b>Specified Risk at RA</b></span> <span style="margin-left: 150px;"><input type="checkbox"/> <b>Unspecified Risk</b></span>

	Indicator
2.2.2	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b).
Finding	WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting operations. Suppliers are also required

	<p>to use trained loggers under the Texas Pro-logger program. WP monitors and evaluates Supplier performance through field inspections.</p> <p>For Primary Suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs. WP utilizes the Field Inspection Form developed for this purpose to evaluate different aspects of environmental performance including issues such as rutting, sedimentation, and the establishment of buffer zones along water bodies and streams (Streamside Management Zones or SMZ) in order to assess soil quality. Records of operators' performance are maintained for future reference.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply, and logging crews. WP checks that logging crews are certified (Pro-Logger in Texas) to ensure they implement BMPs. Based on the level of risk assessed during the Desk Audit, WP may choose to conduct a Field Inspection of tracts supplying these Secondary Suppliers. This information is compiled and monitored in the General Suppliers List spreadsheet.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• General Suppliers List;</li> <li>• Field Inspection Form Data.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>

	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).
Finding	<p>The North American Coastal Plain has been identified as a biodiversity hotspot and more specifically the FSC US NRA has identified critical habitat for the Houston Toad as HCV1, and Late Successional Bottomland Hardwood Areas, and Native Longleaf Pine Systems as HCV3.</p> <p>In order to refine the work done in the FSC US NRA, WP has conducted its own risk assessment using the US Fish and Wildlife's Endangered Species database and the IPaC tool to determine the presence of T&amp;E species in each county and provides maps of known location of critical habitat. As a result, eight counties within the Supply Base were identified as containing critical habitat for endangered species. The database provides maps of known locations of critical habitat within the county.</p>

	<p>The risk assessment also found the presence of the red-cockaded woodpecker in nine counties. However, critical habitat for this species is restricted to mature natural southern pine stands, which are not the focus of fiber-sourcing for a pellet mill; primarily low-grade logging residues and small diameter logs go into pellet production.</p> <p>The Desk Audit described in the Operating Checklist for Raw Material Purchases requires the Procurement Manager to identify county of origin and assess risk based on a review of the SBE Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife’s IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&amp;E species are also available in the database.</p> <p>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.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Operating Checklist for Raw Material Purchases;</li> <li>• Demonstration of review using IPaC;</li> <li>• County Risk Assessment for RTE species’ critical habitat;</li> <li>• General Suppliers List.</li> </ul>
<p>Evidence Reviewed</p>	<p>All Means of Verification were reviewed.</p>
<p>Risk Rating</p>	<p><input type="checkbox"/> <b>Low Risk</b>                      <input checked="" type="checkbox"/> <b>Specified Risk</b>                      <input type="checkbox"/> <b>Unspecified Risk at RA</b></p>
<p>Comment or Mitigation Measure</p>	<p>The Desk Audit described in the Operational Checklist for Raw Material Purchases requires the Procurement Manager to identify county of origin and assess risk based on a review of the Supply Base Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife’s IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&amp;E species are also available in the database.</p> <p>A Desk Audit screens all potential purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. 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 through the Desk Audit a Field Inspection is conducted prior to confirming the purchase under the Supplier Verification Program.</p>

	<p>WP purchases raw material from Primary Suppliers by paying stumpage through NAPCO. In this situation, there are no difficulties in identifying the tract of origin and conducting the Desk Audit first and if required, a Field Inspection under the Supplier Verification Program. Field inspections are carried out to confirm that the operations do not threaten identified values and that BMPs are implemented. WP utilizes the Field Inspection Form to evaluate different aspects of environmental performance including issues such as identification of nests and appropriate buffer zones around identified values to address wildlife habitat issues. WP evaluates Suppliers and keep records of their performance in the Summary of Field Inspection Form Data spreadsheet, for future reference. 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 and a Field Inspection could be carried out if required.</p>
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	Indicator
<b>2.2.4</b>	The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).
Finding	<p>The FSC-US NRA identified biodiversity concerns both in terms of T&amp;E species and ecosystems such as the Houston Toad, Late Successional Bottomland Hardwoods and natural Longleaf Pine stands respectively.</p> <p>In order to refine the work done in the FSC US NRA, WP has conducted its own risk assessment using the US Fish and Wildlife’s Endangered Species database’s IPaC tool to determine the presence of T&amp;E species in each county and provide maps of known location of critical habitat. As a result, eight counties within the Supply Base have been flagged as including critical habitat for endangered species. The database provides maps of known locations of critical habitat within the county/ies in question.</p> <p>The risk assessment also found the presence of the Red Cockaded Woodpecker in nine counties. However, critical habitat for this species is restricted to mature natural southern pine stands, which are not the focus of fiber-sourcing for a pellet mill – primarily low-grade logging residues and small diameter logs go into pellet production.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Demonstration of review using IPaC;</li> <li>• County Risk Assessment for RTE species’ critical habitat.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input type="checkbox"/> <b>Low Risk</b> <input checked="" type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

<p>Comment or Mitigation Measure</p>	<p>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 includes the use of the US Fish and Wildlife’s IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&amp;E species are also available in the database.</p> <p>A Desk Audit screens all potential purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. 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 in the Desk Audit a Field Inspection is conducted prior to confirming the purchase under the Supplier Verification Program.</p> <p>For Primary Suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs (design of skid trails, slope, water crossings, Streamside Management Zones, etc.). Field inspections are carried out to assess implementation of the BMPs. WP utilizes the Field Inspection Form to evaluate different aspects of environmental performance including issues such as identification of nests and appropriate buffer zones around identified values to address wildlife habitat issues. Records of the evaluation of operators are maintained for future reference.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply. This will facilitate the checking of counties of origin and harvesting sites and their comparison against identified values. Reviews of their Bills of Sales are conducted on a sampling basis to confirm source of raw material. This information is compiled and monitored in the General Suppliers List spreadsheet. Field Inspection could be carried out if required.</p>
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	Indicator
2.2.5	The Biomass Producer has implemented appropriate control systems and procedures for verifying that the process of residue removal minimises harm to ecosystems.
Finding	<p>WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program.</p> <p>For Primary Suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs to reduce impact to soil, water resources, and the</p>

	<p>remaining standing timber by removal of forest residues. WP has developed and implemented a Field Inspection Form to evaluate different aspects of environmental performance and assess damage to remaining trees. Records of the evaluation of operators are compiled in the Summary of Field Inspection Form Data and maintained for future reference.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply and the logging crews concerned. WP checks that logging crews are Pro-Logger certified and implement BMPs for the removal of residues without harming ecosystems. Field Inspections can be carried out to verify the implementation of BMPs with respect to removal of residues. This information is compiled and monitored in the General Suppliers List spreadsheet. Field Inspections could be carried out if required.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Summary of Field Inspection Form Data;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
<b>2.2.6</b>	The Biomass Producer has implemented appropriate control systems and procedures to verify that negative impacts on ground water, surface water and water downstream from forest management are minimised (CPET S5b).
Finding	<p>WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting. Suppliers are also required to use trained loggers under the Texas Pro-logger program. WP carries out field inspections utilizing its Field Inspection Form to evaluate different aspects of environmental performance including issues such as sedimentation, establishment of buffer zones along water bodies and streams (Streamside Management Zones or SMZ) and disposal of chemicals and fuel, to assess impact to water resources. Records of operators' performance are compiled in the Summary of Field Inspection Form Data and maintained for future reference.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply and the logging crews. WP checks that logging crews are Pro-Logger certified and implement BMPs related to the protection of water resources (minimizing sedimentation, pollution and establishment of buffer zones around SMZ. Field Inspections can be carried out to verify the implementation of the corresponding BMPs.</p>

	This information is compiled and monitored in the General Suppliers List spreadsheet. Field Inspections could be carried out if required.
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Summary of Field Inspection Form Data;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>

	Indicator
<b>2.2.7</b>	The Biomass Producer has implemented appropriate control systems and procedures for verifying that air quality is not adversely affected by forest management activities.
Finding	<p>WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program.</p> <p>For Primary Suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs (design of skid trails, slope, water crossings, Streamside Management Zones, etc.). With respect to compliance with air quality regulations (The Clean Air Act), there is a Prescribed Burns Program and a Prescribed Burns Board that regulates these activities and certifies Prescribed Burn Managers. A Prescribed Burn Plan is required, and the Texas Forest Service must be notified confirming the date of the prescribed burn. Records of the evaluation of operators are compiled in the Summary of Field Inspection Form Data and maintained for future reference.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply and the logging crews. WP checks that logging crews are Pro-Logger certified and implement BMPs related to the protection of air quality and appropriately managed prescribed burns. Field Inspections can be carried out to verify the implementation of the corresponding BMPs. This information is compiled and monitored in the General Suppliers List spreadsheet. Field Inspections could be carried out if required.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• <a href="http://www.texasagriculture.gov/Home/ProductionAgriculture/PrescribedBurnProgram.aspx">http://www.texasagriculture.gov/Home/ProductionAgriculture/PrescribedBurnProgram.aspx</a>;</li> <li>• Procurement Procedures;</li> <li>• Summary of Field Inspection Form Data;</li> <li>• Suppliers Evaluation.</li> </ul>

Evidence Reviewed	All Means of Verification were reviewed.		
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b>	<input type="checkbox"/> <b>Specified Risk RA</b>	<input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
2.2.8	The Biomass Producer has implemented appropriate control systems and procedures for verifying that there is controlled and appropriate use of chemicals, and that Integrated Pest Management (IPM) is implemented wherever possible in forest management activities (CPET S5c).
Finding	<p>WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest and sign a Supplier Declaration. Suppliers are also required to use trained loggers under the Texas Pro-logger program. Texas BMPs include a section on the utilization of chemicals for silviculture.</p> <p>For Primary Suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs (appropriate use of chemicals). WP utilizes its Field Inspection Form to evaluate different aspects of environmental performance related to the use and proper disposal of chemical and fuels. Consistent with the BMPs. Records of operators' performance are compiled in the Summary of Field Inspection Form Data and maintained for future reference.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply and the logging crews. WP checks that logging crews are Pro-Logger certified and implement BMP related to the appropriate use of chemicals including Integrated Pest Management systems. Field Inspections can be carried out to verify the implementation of the corresponding BMPs. This information is compiled and monitored in the General Suppliers List spreadsheet. Field Inspections could be carried out if required.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Summary of Field Inspection Form Data;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>



	Indicator
2.2.9	The Biomass Producer has implemented appropriate control systems and procedures for verifying that methods of waste disposal minimise negative impacts on forest ecosystems (CPET S5d).
Finding	<p>WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest and sign a Supplier Declaration. Suppliers are also required to use trained loggers under the Texas Pro-logger program.</p> <p>For Primary Suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs (waste disposal). WP carries out field inspections utilizing its Field Inspection Form to evaluate different aspects of environmental performance related to the use and proper disposal of chemicals, fuels, and waste, consistent with the BMPs. Records of operators' performance are compiled in the Summary of Field Inspection Form Data and maintained for future reference.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply and the logging crews. WP checks that logging crews are Pro-Logger certified and implement BMPs related to the appropriate use of methods of waste disposal. Field Inspections can be carried out to verify the implementation of the corresponding BMPs. This information is compiled and monitored in the General Suppliers List spreadsheet. Field Inspections could be carried out if required.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Summary of Field Inspection Form Data;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <span style="margin-left: 150px;"><input type="checkbox"/> <b>Specified Risk at RA</b></span> <span style="margin-left: 150px;"><input type="checkbox"/> <b>Unspecified Risk</b></span>

	Indicator
2.3.1	Analysis shows that feedstock harvesting does not exceed the long-term production capacity of the forest, avoids significant negative impacts on forest productivity and ensures long-term economic viability. Harvest levels are justified by inventory and growth data.
Finding	At the macro level, productivity for softwood is increasing. Recent Forest Inventory and Analysis (FIA) for East Texas shows a net growth of softwood (i.e. growth is greater than removals and mortality combined). In addition, a growth and drain study was performed for WP with similar results. See Resource Update FS-151, Forests of East Texas, 2016

	<p>published by the USDA April 2018. See also the “Growth and Drain Forecast for German Pellets” document provided by NAPCO.</p> <p>Field inspections are conducted and recorded, and the information will be maintained and used by WP to evaluate the performance of logging crews. The Field Inspection evaluates compliance with laws and regulations, implementation of BMPs, protection of High Conservation Values, and level of stocking (in stands that were thinned). As per Procurement Procedures, WP develops a sampling plan based on the level of risk for the counties, harvesting schedule, upcoming contracts with landowners and/or Suppliers, and tracts where wood was purchased in the past.</p> <p>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 of origin and harvesting sites to ensure they are within the Supply base. Field Inspections could be carried out if required.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• Forest Inventory Analysis – Resource update FS-151;</li> <li>• Growth and Drain Forecast for German Pellets document provided by NAPCO.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
<b>2.3.2</b>	Adequate training is provided for all personnel, including employees and contractors (CPET S6d).
Finding	<p>WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use loggers trained under the Texas Pro-logger program. WP monitors and evaluates Supplier performance through field inspections. WP carries out field inspections utilizing the Field Inspection Form to evaluate the level of training of harvesting crews and ensure that their Pro-logger certification and training is up-to-date. WP maintains records of the evaluations for future reference.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin and the logging crews. WP checks that logging crews are Pro-Logger certified. Field Inspections could be carried out if required.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Summary of Field Inspection Form Data;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.

Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b>	<input type="checkbox"/> <b>Specified Risk at RA</b>	<input type="checkbox"/> <b>Unspecified Risk</b>
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	Indicator
2.3.3	Analysis shows that feedstock harvesting, and biomass production positively contribute to the local economy, including employment.
Finding	<p>Recent State Assessments on the “Economic Impact of the Texas Forest Sector, 2015”, conclude that the forests of Texas contribute a number of economic and societal benefits such as manufacturing, employment, recreation, aesthetics, and environmental protection.</p> <p>Highlights of the 2015 Report include:</p> <ul style="list-style-type: none"> <li>• The Texas forest sector directly contributed \$18.3 billion of industry output to the Texas economy, employing over 66,000 people with a payroll of \$3.7 billion;</li> <li>• Including direct, indirect, and induced effects, the Texas forest sector had a total economic contribution of \$32.5 billion in industry output, supporting more than 144,500 jobs with \$8.4 billion in labor income;</li> <li>• On average, every dollar generated in the Texas forest sector contributed an additional 77 cents to the rest of the Texas economy;</li> <li>• Every job created in the forest sector resulted in another 1.19 jobs in the state;</li> <li>• Texas forest landowners received estimated stumpage revenue totaling \$316.4 million.</li> </ul>
Means of Verification	Economic Impact of the Texas Forest Sector, 2015. Available at <a href="http://tfsfrd.tamu.edu/economicimpacts/Texas%20Flyer/EconomicImpact2015.pdf">http://tfsfrd.tamu.edu/economicimpacts/Texas%20Flyer/EconomicImpact2015.pdf</a>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
2.4.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that the health, vitality and other services provided by forest ecosystems are maintained or improved (CPET S7a).
Finding	It is the responsibility of the US Forest Service and State Forest Services to conduct research into forest health. Results are available online with many tips and assistance to landowners in terms of implementing integrated pest management strategies. In many instances the procurement of low-quality woody material contributes to reducing

	<p>environmental impacts and enhancing the productivity of forests providing revenues to fund site preparation and reforestation. Thinning allow landowners to increase the future value of their timber and increase productivity of the forest itself.</p> <p>The Texas Forest Service has incentives and cost sharing programs in place to promote continued forest health, such as the Southern Pine Beetle Prevention Cost Share Program.</p> <p>In addition, WP conducts field inspections. For Primary Suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs (prevention of soil erosion, and of impacts on water resources, implementation of adequate SMZ, appropriate use of chemicals and disposal of waste, etc.). Records of the evaluation of operators are maintained for future reference.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin and the logging crews. WP checks that logging crews are Pro-Logger certified. Field Inspections could be carried out if required.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• Texas Forest Service website (<a href="http://texasforestinfo.tamu.edu/">http://texasforestinfo.tamu.edu/</a>).</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
2.4.2	The Biomass Producer has implemented appropriate control systems and procedures for verifying that natural processes, such as fires, pests and diseases are managed appropriately (CPET S7b).
Finding	<p>WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. WP monitors and evaluates Supplier performance through field inspections.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin and the logging crews. WP checks that logging crews are Pro-Logger certified. Field Inspections could be carried out if required. The Texas Forest Service (TSF) provides information to landowners related to strategies for integrated pest management (IPM) and technical support through county extension agents to landowners who report pest related issues. The TSF delivers the Southern Pine Beetle Prevention Cost Share Program, that provides technical and financial assistance to landowners to implement preventative measures such as thinning, to minimize the likelihood of potential</p>

	<p>infestation. In terms of vegetation management, the TSF provides advice for brush management, and technical support through extension county agents. Regarding fire, there is a Prescribed Burns Program in Texas and a Prescribed Burns Board that certifies and regulates the activities of Prescribed Burn Managers. A Prescribed Burn Plan is required, and the Texas Forest Service must be notified confirming the date of the prescribed burn.</p> <p>Texas A&amp;M University has a website dedicated to disseminating research and advice on integrated pest management.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• <a href="https://tfsweb.tamu.edu/Content/Landing.aspx?id=19780">https://tfsweb.tamu.edu/Content/Landing.aspx?id=19780</a>;</li> <li>• <a href="https://tfsweb.tamu.edu/SouthernPineBeetlePreventionCostShareProgram/">https://tfsweb.tamu.edu/SouthernPineBeetlePreventionCostShareProgram/</a>;</li> <li>• <a href="https://ipm.tamu.edu/">https://ipm.tamu.edu/</a>;</li> <li>• Summary of Field Inspection Form Data;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>

	Indicator
<b>2.4.3</b>	The Biomass Producer has implemented appropriate control systems and procedures for verifying that there is adequate protection of the forest from unauthorised activities, such as illegal logging, mining and encroachment (CPETS7c).
Finding	<p>WP has included the FSC US-NRA as part of its risk assessment. This assessment points out that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity, making the risk of sourcing wood originating from illegal logging, or other illegal activities, negligible.</p> <p>WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program.</p> <p>For Primary Suppliers, WP monitors and evaluates Supplier performance and verifies the origin of the wood, through field inspections utilizing its Field Inspection Form and through the Bill of Sale. Records of the evaluation are maintained for future reference.</p> <p>As Secondary Suppliers are required to identify the forest tract of origin, WP can also conduct Field Inspections if required.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> </ul>

	<ul style="list-style-type: none"> <li>• Summary of Field Inspection Form Data;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>

	Indicator
<b>2.5.1</b>	The Biomass Producer has implemented appropriate control systems and procedures for verifying that legal, customary and traditional tenure and use rights of indigenous people and local communities related to the forest are identified, documented and respected (CPET S9).
Finding	<p>WP has included the FSC US-NRA as part of its risk assessment. The FSC US NRA found that the forest sector in the United States is not associated with violent armed conflict or violations of traditional and civil rights. Labour rights are respected including rights as specified in ILO fundamental Principles and Rights at work, and the rights of Indigenous and Traditional Peoples, resulting in a low risk designation for this category. WP has also developed a Policy on Respect for the Rights of Local Communities and Indigenous Peoples. WP as a company is committed to respecting the legal, customary, and traditional tenure and use rights of indigenous peoples and local communities related to the forest and ensuring that forest management in the company' Supply Base does not impact on these rights, inasmuch as WP can exert any influence to this effect. As part of its approach to procurement, the company seeks to identify and document such rights, and to evaluate whether examples of such rights are being duly respected. If it cannot be ascertained that rights, where they have been identified and documented, are being respected, then WP will not procure fiber from forest management activities that may be contributing to any such impacts.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• FSC US National Risk Assessment</li> <li>• WP's Policy on Respect for the Rights of Local Communities</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>

	Indicator
<b>2.5.2</b>	The Biomass Producer has implemented appropriate control systems and procedures for verifying that production of feedstock does not endanger food, water supply or subsistence means of communities, where the use of this specific feedstock or water is essential for the fulfilment of basic needs.

Finding	<p>The US is an industrial nation in which there are no peoples, or groups, dependent on a specific site or resource for basic human needs.</p> <p>WP has included the FSC US-NRA as part of its risk assessment. The FSC US NRA found that in terms of water supply, headwaters and watershed are adequately protected by State BMPs as they relate to forestry activities. The US has strong regulations (such as the Clean Water Act) and enforcement capacity, resulting in a low risk designation for this indicator.</p> <p>WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. For Primary Suppliers, WP monitors and evaluates Supplier performance in the implementation of BMPs, including buffer zones for streams (Stream Management Zones, or SMZs) utilizing the Field Inspection Form put in place as part of Procurement Procedures. Records of the evaluation are maintained for future reference.</p> <p>As Secondary Suppliers are required to identify the forest tract/s of origin, WP can also conduct Field Inspections if required.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• FSC US National Risk Assessment</li> <li>• WP's Procurement Policy and Procedures;</li> <li>• Texas Forest Service website (<a href="http://texasforestinfo.tamu.edu/">http://texasforestinfo.tamu.edu/</a>)</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
<b>2.6.1</b>	<p>The Biomass Producer has implemented appropriate control systems and procedures for verifying that appropriate mechanisms are in place for resolving grievances and disputes, including those relating to tenure and use rights, to forest management practices and to work conditions.</p>
Finding	<p>WP holds a Program for the Endorsement of Forest Certification (PEFC) Chain of Custody certificate with the corresponding Due Diligence System in place to ensure that raw material inputs are at least controlled sources (under PEFC certification requirements).</p> <p>WP has a Grievance Procedure as part of its PEFC Chain of Custody documented management system.</p> <p>In terms of work conditions, in the US, Federal and State legislation regarding worker health and safety is monitored by the Occupational Safety and Health Administration (OSHA) which provides good protection and strong recourse if safety protocols are breached. WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest.</p>

	<p>The FSC US NRA found that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity and that most private landowners own small family forests that average 10 hectares (25 acres).</p> <p>Numerous legal processes are available to landowners to resolve disputes involving proper title and/or the unauthorized taking or sale of timber property.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• WP's Procurement Policy and Procedures;</li> <li>• FSC US NRA.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
<b>2.7.1</b>	<p>The Biomass Producer has implemented appropriate control systems and procedures for verifying that Freedom of Association and the effective recognition of the right to collective bargaining are respected.</p>
Finding	<p>U.S. law clearly specifies rights to collective bargaining and freedom of association. The United States ratified ILO C150 – Labor Administration Convention securing the rights of worker organization and collective bargaining.</p> <p>The FSC US NRA found that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity.</p> <p>WP requires that its Suppliers of raw material adhere to all applicable laws and regulations.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• WP's Procurement Policy and Procedures;</li> <li>• FSC US National Risk Assessment;</li> <li>• United States Department of Labor; (<a href="https://www.dol.gov/general/aboutdol/majorlaws">https://www.dol.gov/general/aboutdol/majorlaws</a>).</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>



	Indicator
2.7.2	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not supplied using any form of compulsory labour.
Finding	<p>The United States has comprehensive laws prohibiting the use of compulsory labor or violating citizen’s rights. The Department of Labor enforces compliance with labor laws. WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. In addition.</p> <p>For Primary Suppliers, WP can verify Supplier’s logging crews. Secondary Suppliers are required to sign a Supplier Declaration Form identifying forest tracts and logging crews. WP checks that logging crews are Pro-Logger certified. This provides some level of assurance that work is not compulsory or coerced. As forest tracts and crews are identified WP can also conduct Field Inspections.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• WP’s Procurement Policy and Procedures;</li> <li>• United States Department of Labor: (<a href="https://www.dol.gov/general/aboutdol/majorlaws">https://www.dol.gov/general/aboutdol/majorlaws</a>).</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
2.7.3	The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is not supplied using child labour.
Finding	<p>The United States has comprehensive laws prohibiting the use of child labor or violating citizen’s rights. The Department of Labor enforces compliance with labor laws. WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting.</p> <p>For Primary Suppliers, WP monitors can verify Supplier’s logging crews. Secondary Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of using child labour. In addition, as logging crews and logging sites are identified WP can conduct Field Inspections.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• WP’s Procurement Policy and Procedures;</li> <li>• United States Department of Labor; (<a href="https://www.dol.gov/general/aboutdol/majorlaws">https://www.dol.gov/general/aboutdol/majorlaws</a>).</li> </ul>

Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
2.7.4	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not supplied using labour which is discriminated against in respect of employment and occupation.
Finding	<p>The United States has comprehensive laws prohibiting the discrimination or violating citizen's rights. The Department of Labor enforces compliance with labor laws. WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting operations.</p> <p>For Primary Suppliers, WP monitors can verify Supplier's logging crews. Secondary Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of using labour that is discriminated against. In addition, as logging crews and logging sites are identified, WP can conduct Field Inspections.</p>
Means of Verification	<ul style="list-style-type: none"> <li>PEFC Chain of Custody and Due Diligence System;</li> <li>WP's Procurement Policy and Procedures;</li> <li>United States Department of Labor:  <a href="https://www.dol.gov/general/aboutdol/majorlaws">https://www.dol.gov/general/aboutdol/majorlaws</a>.                     </li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
2.7.5	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is supplied using labour where the pay and employment conditions are fair and meet, or exceed, minimum requirements.
Finding	The United States has comprehensive laws ensuring fair employment conditions. US law clearly specifies rights to collective bargaining and freedom of association. The United States ratified ILO C150 – Labor Administration Convention securing the rights of worker organization and collective bargaining. The Department of Labor enforces compliance with labor laws.

	WP requires that its Suppliers of raw material adhere to all applicable laws and regulations. For Primary Suppliers, WP monitors can verify Supplier’s logging crews. Secondary Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of using unfair wages and work conditions. In addition, as logging crews and logging sites are identified, WP can conduct Field Inspections.
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• WP’s Procurement Policy and Procedures;</li> <li>• United States Department of Labor: (<a href="https://www.dol.gov/general/aboutdol/majorlaws">https://www.dol.gov/general/aboutdol/majorlaws</a>).</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
<b>2.8.1</b>	The Biomass Producer has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).
Finding	<p>The US Occupational Health and Safety Organization is responsible for implementing, monitoring and enforcing worker health and safety laws and regulations. WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. For Primary Suppliers, WP monitors and evaluates Supplier performance in the implementation of BMPs, including proper use of Personal Protective Equipment (PPE) and other safety precautions. Records of the evaluation are maintained for future reference.</p> <p>Secondary Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of using inadequate health and safety practices. In addition, as logging crews and logging sites are identified, WP can conduct Field Inspections..</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• WP’s Procurement Policy and Procedures;</li> <li>• Federal and State web sites.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
2.9.1	Biomass is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.
Finding	WP implements its Procurement Procedures to ensure that areas such as wetlands and peats are not impacted by forest operations. WP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. For Primary Suppliers, WP monitors and evaluates Supplier performance in the implementation of BMPs, including buffer zones for wetlands and streams (SMZ) utilizing the Field Inspection Form. Records of the evaluation are maintained for future reference. Secondary Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of affecting areas with high carbon stocks such as wetlands and peatlands. In addition, as logging crews and logging sites are identified, WP can conduct Field Inspections..
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• WP’s Procurement Policy and Procedures;</li> <li>• Texas Forest Service website (<a href="http://texasforestinfo.tamu.edu/">http://texasforestinfo.tamu.edu/</a>).</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>

	Indicator
2.9.2	Analysis demonstrates that feedstock harvesting does not diminish the capability of the forest to act as an effective sink or store of carbon over the long term.
Finding	Growing forests are efficient at capturing and storing atmospheric carbon. The harvest of forest resources from such stands provides a mechanism for capturing and utilizing stored carbon. Recent Forest Inventory and Analysis (FIA) for East Texas shows a net growth of softwood (i.e. growth is greater than removals and mortality combined). In addition, a growth and drain study was performed for WP with similar results. [See Resource Update FS-151, Forests of East Texas, 2016 published by the USDA April 2018. See also the “Growth and Drain Forecast for German Pellets” document provided by NAPCO.]
Means of Verification	All Means of Verification were reviewed.
Evidence Reviewed	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• WP’s Procurement Policy and Procedures;</li> <li>• Forest Inventory Analysis – Resource update FS-151;</li> <li>• Growth and Drain Forecast for German Pellets document provided by NAPCO.</li> </ul>

Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b>	<input type="checkbox"/> <b>Specified Risk</b>	<input type="checkbox"/> <b>Unspecified Risk at RA</b>
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	Indicator
<b>2.10.1</b>	Genetically modified trees are not used.
Finding	WP does not purchase genetically modified trees and there are no genetically modified trees of the species purchased by WP available.
Means of Verification	<ul style="list-style-type: none"> <li>PEFC Chain of Custody and Due Diligence System;</li> <li>WP Procurement Policy and Procedures.</li> </ul>
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>