

NSF International
Evaluation of Colombo
Energy Inc. Compliance
with the SBP
Framework: Public
Summary Report
First Surveillance Audit

www.sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 1.0

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

Document history

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1 Overview

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Primary contact for SBP: Norman Boatwright, nboatwright12@gmail.com , 843.229.1851

Report completion date: 18/Aug/2017

Report authors: Norman Boatwright, LA and Tina Sentner, GHG Auditor

Certificate Holder: Colombo Energy, Inc. 200 Colombo Drive, Greenwood, SC 29646

Producer contact for SBP: Ken Leach 864-554-0358 ken.leach@thenavigatorcompany.com

Certified Supply Base: Selected Counties in Georgia and North and South Carolina

SBP Certificate Code: SBP-02-14

Date of certificate issue: 30/Nov/16

Date of certificate expiry: 29/Nov/21

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

The manufacture of wood pellets and rail transport to the port of Wilmington, North Carolina, including Standards 1, 2, 4 and 5 for the Greenwood, SC facility. The SBP Standard certification number is SBP-02-14.

3 Specific objective

The specific objective of this evaluation was to confirm that Colombo Energy's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

4 SBP Standards utilised

4.1 SBP Standards utilised

- Standard 1: Feedstock Compliance Standard, Version 1.0, March 2015
- Standard 2: Verification of SBP-Compliant Feedstock, Version 1.0, March 2015
- Standard 4: Chain of Custody, Version 1.0, March 2015
- Standard 5: Collection and Documentation of Data. Version 1.0 March 2015

These documents can be reviewed at: <http://www.sustainablebiomasspartnership.org/documents/standards-documents/standards>.

4.2 SBP-endorsed Regional Risk Assessment

Not applicable.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

The Company supplies wood fiber to pellet mill located in Greenwood, South Carolina. The Company has sourced pine Roundwood from selected Counties in South Carolina and Georgia.. The procurement organization consists of a procurement manager and procurement forester.

Inputs:

The Company has been in start-up mode since the certification audit and expects to reach full capacity sometime in 2017. CE purchased its primary feedstock in the form of roundwood between November 21, 2016 and March 21, 2017. Private forest landowners accounted for 95% of the forestland while Federal lands accounted for the remaining 5%. No hardwood roundwood was purchased as primary feedstock. Sustainable forestry certification is present in CE's supply basin with 13% of purchases coming from SFI or ATFS FM certified sources in the period of this review.

Outputs:

SBP Compliant Biomass and EUTR Compliant Biomass

5.2 Description of Biomass Producer's Supply Base

Once the facility is fully online, CE may purchase primary and secondary feedstock from one hundred fifty (150) counties (18,728,363 hectares) in Georgia (58 counties), North Carolina (46 counties) and the entire state of South Carolina (46 counties) within the United States. Forests are the predominant land use in this supply base (66%). Hardwood forests comprise the largest forest type (50%) of the supply area's forest followed by pine forests (38%). The pine/oak forest comprises 11% of the supply area's forest type while about 1% of the forest is considered non-stocked. About 78% of the supply area's forests are managed as natural forests (9,592,730 hectares) while the remaining 22% of the supply area's forests are artificially regenerated (2,678,685 hectares).

CE has purchased primary feedstock in the form of pine Roundwood. Approximately 13% of the input material was sourced from an SBP accepted forest management certification scheme.

http://thenavigatorcompany.com/content/download/5845/90095/version/1/file/Colombo_Energy_Supply_Base+Report.pdf

5.3 Detailed description of Supply Base

- a. Total Supply Base area (ha): 18,728,363 ha
- b. Tenure by type (ha): Privately owned (10,545,075 ha) / Public - Federal (1,267,575 ha) / Public - State (283,822 ha) / Public - Local (174,943 ha)
- c. Forest by type (ha): Temperate (12,271,415 ha)

- d. Forest by management type (ha): Plantation (2,678,685 ha) / Managed Natural (9,320,629 ha) / Natural (272,101 ha)
- e. Certified forest by scheme (ha): SFI (438,542 ha) / FSC (130,226 ha) / ATFS (125,182 ha)

5.4 Chain of Custody system

The Company is FSC/PEFC Chain of Custody certified and has used the management and control systems required for these CoC certifications to implement the SBP program. The CoC certificate is a single site. Pellets are manufactured at the facility and railed to a port in Wilmington, NC. Ownership of the pellets transfers to another entity when the rail cars are unloaded at the port.

6 Evaluation process

6.1 Timing of evaluation activities

Date	Location/Method	Activity	Participants
5-May-17	Planning call	Set audit date & develop audit plan - 1 hour	Norman Boatwright and Ken Leach
May 9-11, 2017	Surveillance audit to Standards 1, 2, 4 and 5	Greenwood, SC - 16 hours	Norman Boatwright and Ken Leach
June 8 through August 11	Email & phone calls	GHG data verification follow up and report completion - 12 hours	Mark Lutz & Ken Leach
October 20, 2017	Office	Finalize report - 4 hours	Boatwright

6.2 Description of evaluation activities

NSF initiated the SBP audit process with a planning call to confirm the scope of the audit, determine whether any changes had occurred in the Company’s policies and procedures and set the audit dates. NSF then prepared a detailed audit plan and conducted the SBP Surveillance Audit of conformance to the SBP Standards with focus on the SBE/SBR and chain of custody requirements. A report was prepared and final approval was done by an independent Certification Board Member assigned by NSF. Follow-up or Surveillance Audits are required by the SBP Standards. The next Surveillance Audit is scheduled for the May 2018.

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

During the audit NSF reviewed a sample of the written documentation assembled to provide objective evidence of SBP Conformance. NSF also selected field sites for inspection based upon the risk of environmental impact, likelihood of occurrence, special features, and other criteria outlined in the NSF SBP SOP. NSF also selected and interviewed stakeholders such as contract loggers, wood suppliers and other interested parties, and interviewed employees within the organization to confirm that the SBP Standard was understood and actively implemented.

The possible findings of the audit included Full Conformance, Major Non-conformance, Minor Non-conformance and Opportunities for Improvement. No non-conformities were identified during the evaluation.

6.3 Process for consultation with stakeholders

Stakeholders were not engaged as this is a surveillance audit and no SBP related complaints were identified.

7 Results

7.1 Main strengths and weaknesses

The Company is certified to the FSC/PEFC Chain of Custody Standards, the FSC Controlled Wood and PEFC Controlled Sourcing Standards and the SFI Fiber Sourcing Standard. Accordingly, it has developed and refined its procedures to enable it to track fiber from the district of origin and throughout the supply system and manufacturing process.

Strengths include the ability to track residual material back to the source mill. The Company's defined supply basin extends well beyond the normally accepted haul radii for its residual supplier mills to ensure the district of origin of the fiber is within the supply basin. The Company has exhibited a strong corporate commitment to source fiber sustainably.

The audit did not identify any weaknesses.

7.2 Rigour of Supply Base Evaluation

The Company has conducted a rigorous Supply Base Evaluation. Risk was designated low for all but one core indicator and mitigation measures are in place. The Company has basically built mitigation measures into its procedures and fiber sourcing programs.

In addition, the Company has chosen to define the geographical scope of the SBE to extend well beyond the normally accepted haul radii for its residual supplier mills to ensure the district of origin of the fiber is within the supply basin.

7.3 Compilation of data on Greenhouse Gas emissions

The Company's GHG data is complete and accurate. Many of the data requests required by Standard 5 at the time of the audit were unclear and not well defined. These issues were discussed during the GHG audit and several additional data requests/clarifications were requested by the GHG auditor. These requests were promptly met by the Company.

7.4 Competency of involved personnel

The SBE was performed by Gary Boyd, a well-known Forestry Program Certification Consultant, in consultation with key Company employees. Gary attended an SBP training session.

The Company's management and control systems for SBP are the same as those used to meet the PEFC/FSC Chain of Custody, FSC Controlled Wood and the SFI Fiber Sourcing requirements. Key personnel tasked with implementing the Company's management and control systems relating to SBP compliance are well trained and competent, with strengths in markets, silviculture, management, harvesting, and conservation issues. Their knowledge of SBP requirements is strong. This is a new standard, so any relevant experience is limited to the pre-existing CoC and Controlled Wood standards.

7.5 Stakeholder feedback

A list of thirty-five (35) local and regional stakeholders was identified for consultation. These stakeholders represent interests from local contractors and businesses, local governments, state forestry and wildlife agencies, conservation organizations such as the Nature Conservancy, state forestry associations, local forest landowner associations, US Forest Service and US Fish & Wildlife Service.

A letter was sent to the identified stakeholders notifying them the intent of the Company to become SBP certified and asking for input on their thoughts on the Company's business practices and their impact on sustainable forestry in their area. Feedback was requested during the certification process via letter, email and/or telephone. All feedback will be reviewed and responses provided. The Company received three (3) positive responses.

NSF also sent a letter to the same stakeholders requesting input as to whether the stakeholders felt their concerns had been adequately addressed by the BP and received no responses.

7.6 Preconditions

The Readiness Review identified two (2) issues:

- SBPSV1, Standard 1, Section 6 CIs 2.1.3, 2.2.3, 2.2.4 and 2.2.5. The Company designated low risk of potential impact to forests with high conservation values, key ecosystems and biodiversity and cited the high use of forestry Best Management Practices during harvest operations as the key evidence. BMP use does protect aquatic habitat but they are not designed to protect terrestrial habitat. The Company responded by revising its risk assessment to better describe the mitigation measures used to move the risk finding too low.
- SBPSV1, Standard 5, Instruction Document 1A, Section 7 CI 7.1. The Company did not designate which categories it will use. The Company responded by creating the document CE-DOC-017 SBP Feedstock Summary by Product Group to correctly categorize feedstock type.

The GHG Auditor made several additional GHG data requests during and after the audit. These requests were answered promptly and no additional action was required.

8 Review of Biomass Producer’s Risk Assessments

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

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

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

9 Review of Biomass Producer's mitigation measures

The Risk Assessment considered all of the Standard Operating Procedures (SOPs) previously implemented by the Company as part of its FSC and PEFC Chain of Custody and Controlled Wood certifications. These SOPs constitute existing control or mitigation measures approved and certified by independent Certification Bodies to meet the rigorous requirements of the FSC, PEFC & GGL Standards to ensure legality and sustainability.

The Company initially identified Standard 1 Indicators 2.1.2, 2.2.3, 2.2.4 and 2.2.5 as unspecified risk and added additional mitigation measures to designate low risk. The Company is proactively implementing additional Mitigation Measures to include Policies and Control Measures to avoid potential impacts associated with the habitat types and activities described in the above referenced Indicators.

Mitigation measures include:

- The company's Master Wood Product Purchase Agreement (MWPPA) places the responsibility on fiber suppliers to ensure that fiber does not come from the five (5) unacceptable sources as stated in the FSC Control Wood Standard. One of these five unacceptable sources includes wood from high conservation value areas. This contractual requirement of the MWPPA (Exhibit G) is further supported by the supplier providing specific track information on the "Track and Trace Requirements" about the origin of the primary feedstock.
- The company's SFI Fiber Sourcing system (CE-PROC-001 SFI Fiber Sourcing Procedures) requires the company to conduct field inspections of primary feedstock. The sample intensity of this monitoring system requires 5% of all harvest tracts or a total of twenty-four (24) tracts to be inspected annually. This monitoring program verifies the origin of the primary feedstock, BMP compliance, wood utilization, and biomass retention. These compliance checks are recorded on CE-DOC-004 BMP Compliance Checklists.
- The company's SFI Fiber Sourcing system (CE-PROC-001 SFI Fiber Sourcing Procedures) also requires primary feedstock suppliers and their loggers to maintain their SFI SIC trained logger status. As part of this SFI training, loggers receive training on high conservation value areas and the habitats/ecosystems these areas are located.
- The company's CE-PROC-003 FSC Controlled Wood / PEFC Due Diligence procedures also record if the harvest tract meets any of the five unacceptable sources of FSC Controlled Wood for primary feedstock (CE-DOC-004 BMP Compliance Checklist). These procedures also require company personnel to audit secondary feedstock suppliers annually (CE-DOC-014 Secondary Supplier Audit Checklist) to verify their supply base is within the company's district of origin, to determine if the supplier has had any BMP or regulatory violation and to determine if the supplier has received any wood from high conservation value areas.
- Company policy (CE-POL-001 Fiber Procurement Policy) sets guidelines for woody biomass retention. These guidelines have been communicated with suppliers along with a copy of the Forest Guild's "Forest Biomass Retention and Harvesting Guidelines for the Southeast". Biomass retention is verified through the completion of CE-DOC-004 BMP Compliance Checklist as part of the Company's verification program.

10 Non-conformities and observations

No non-conformities or observations were issued. The Company has used its CoC and SFI Fiber Sourcing procedures and management systems to implement SBE in a very effective manner.

11 Certification decision

Based on the approval of the SBP audit report by NSF CB Reviewer Anne Marie Kittredge, Colombo Energy, Inc. has been certified by NSF as of 11 December 2017 as meeting the requirements of Sustainable Biomass Partnership (SBP) March 2015 Standards 1, 2, 4 and 5.

The expiration date of the certificate is 29/Nov/21.

12 Surveillance updates

12.1 Evaluation details

NSF initiated the SBP audit process with a planning call to confirm the scope of the audit, determine whether any changes had occurred in the Company's policies and procedures and set the audit dates. NSF then prepared a detailed audit plan and conducted the SBP Surveillance Audit of conformance to the SBP Standards with focus on the SBE/SBR and chain of custody requirements. A report was prepared and final approval was done by an independent Certification Board Member assigned by NSF. Follow-up or Surveillance Audits are required by the SBP Standards. The next Surveillance Audit is scheduled for the May 2018.

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During the audit NSF reviewed a sample of the written documentation assembled to provide objective evidence of SBP Conformance. NSF also selected field sites for inspection based upon the risk of environmental impact, likelihood of occurrence, special features, and other criteria outlined in the NSF SBP SOP. NSF also selected and interviewed stakeholders such as contract loggers, wood suppliers and other interested parties, and interviewed employees within the organization to confirm that the SBP Standard was understood and actively implemented.

The possible findings of the audit included Full Conformance, Major Non-conformance, Minor Non-conformance and Opportunities for Improvement. No non-conformities were identified during the evaluation.

12.2 Significant changes

None.

12.3 Follow-up on outstanding non-conformities

Non-conformities were not identified during the evaluation audit.

12.4 New non-conformities

None.

12.5 Stakeholder feedback

NA. Stakeholder consultation was not necessary as there were no changes to the supply basin.

12.6 Conditions for continuing certification

None.

12.7 Certification recommendation

Based on the approval of the SBP surveillance audit report by NSF CB Reviewer Anne Marie Kittredge, the Company has been approved for continuing certification by NSF as of 11 December 2017 as meeting the requirements of Sustainable Biomass Partnership (SBP) March 2015 Standards 1, 2, 4 and 5.