

SBP

Sustainable Biomass Program

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

Second Surveillance Audit

www.sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 1.2

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

Document history

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1 Overview

CB Name and contact: SCS Global Services 2000 Powell St. Ste. 600 Emeryville CA 94706 USA

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

Current report completion date: 12/Jun/2018

Report authors: Norman Boatwright (team auditor), Tucker Watts (technical expert) & Sebastian Häfele (SBP lead auditor)

Name of the Company: Enviva Pellets Greenwood, LLC

Company contact for SBP: Don Grant Don.Grant@envivabiomass.com

Certified Supply Base: Select counties in US states Georgia, North Carolina and South Carolina.

SBP Certificate Code: SBP-04-25

Date of certificate issue: 30/Nov/2016

Date of certificate expiry: 29/Nov/2021

This report relates to the Second Surveillance Audit

2 Scope of the evaluation and SBP certificate

This certificate covers the production of wood pellets and rail transport to the port of Wilmington, North Carolina. It also covers a Supply Base Evaluation for the sourcing of feedstock from select counties in Georgia, North Carolina and the entire state of South Carolina in the US.

3 Specific objective

The specific objective of this evaluation was to confirm that Enviva Pellets Greenwood, LLC's (formerly Colombo Energy Inc.) management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The following SBP critical control points were identified and audited:

- Procurement of fiber and documentation of origin, receiving: The procurement procedures were reviewed and procurement staff was interviewed at this SBP critical control point. Furthermore, a review has been done of a sample of records related to procurement, such as trip tickets and supplier contracts. Field visits also verified the procurement policies and procedures
- Feedstock storage and processing: The storage and processing has been assessed through an on-site walkthrough of the mill. Furthermore, the
- Volume accounting and invoicing. Volume accounting is implemented for SBP via a PEFC accounting system which has been audited as part of a PEFC COC audit in parallel to the SBP audit
- Biomass storage, handling and trans-shipment is handled at the port of Wilmington.
- Energy and GHG data collection. This critical control point has been assessed through the evaluation to SBP Standard 5. Data reported by the BP has been verified through sampling of records such as energy supplier invoices and internal databases as well as interview with respective staff.

4 SBP Standards utilised

4.1 SBP Standards utilised

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

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

4.2 SBP-endorsed Regional Risk Assessment

Not applicable

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

The Biomass Producer (BP) receives wood fibre as roundwood from thinnings or clear-cuts at their pellet mill located in Greenwood, South Carolina. The Company sources pine roundwood from selected counties in South Carolina and Georgia. The procurement organization consists of a procurement manager and procurement forester.

5.2 Description of Company's Supply Base

Greenwood purchases primary and secondary feedstock from hundred fifty (150) counties containing 12,271,715 hectares of forest. States or portions of states include; 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).

Greenwood purchases its primary feedstock in the form of roundwood and in-woods chips from suppliers who purchase standing timber from landowners. Private forest landowners account for 86% of the forestland within the wood basin. Federal lands account for a little more than 10% with the remainder (<4%) owned by state and local governments. Tracts owned by small landowners will provide about 75% of the primary feedstock while large private landowners will provide the remaining 25%. Primary feedstock from public lands may occur but should be de-minimus.

5.3 Detailed description of Supply Base

A few summary statistics of the supply base are presented below. For a more detailed description of the supply base, please refer to the supply base report.

- Total Supply Base area (ha): 12,271,715 ha
- Tenure by type (ha): Privately owned (10,545,375 ha) / Public - Federal (1,267,575 ha) / Public - State (283,822 ha) / Public - Local (174,943 ha)
- Forest by type (ha): Temperate
- Forest by management type (ha): Plantation (2,678,685 ha) / Managed Natural (9,320,629 ha) / Natural (272,101 ha)
- 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 pellets are weighed and unloaded at the port.

6 Evaluation process

6.1 Timing of evaluation activities

Item	Date and time	Location	Participants
SBP opening meeting and audit of BP against SBP Standard 5	May 1, 2018, 1pm-3pm EDT	Remote via web conference	Auditee: Kim Cezafsky Emily Ulrich Kenneth Leach Don Grant SCS: Sebastian Häfele
STD 1 & 4, field visits of 9 tracts:	May 9, 2018 1 pm-5pm	Greenwood, SC facility	Auditee: Kenneth Leach Don Grant Jim Brown Supplier representatives SCS: Norman Boatwright
STD 1 & 2	May 14, 2018 8am - 5pm	Remote via web conference	Auditee Don Grant SCS: Tucker Watts
Closing meeting	May 18, 2018 3:45-4:05pm EDT	Remote via phone	Auditee: Don Grant SCS: Sebastian Häfele

6.2 Description of evaluation activities

Evaluation activities covered a review of procedures and records, including the SBE, SBR, SAR, Static Biomass Profiling Datasheet (SBPD), DTS, records such as trip tickets, supplier contracts, maps, invoices, etc. Audit activities also included an on-site visit to the pellet mill and visits to FMUs of the BP's suppliers, including reviews of the forms the Company uses to verify DOO and HCV. Interviews were held with personnel involved in the BP's SBP system and also representatives of the BP's suppliers.

6.3 Process for consultation with stakeholders

No stakeholder consultation has been conducted by the Biomass Producer or SCS Global Services

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. Enviva Greenwood operates a strong data collection, analysis, and reporting system for feedstock and greenhouse gas emissions. For weaknesses and opportunities for improvement, please refer to section 10.

7.2 Rigour of Supply Base Evaluation

The Supply Base Evaluation was completed in partnership with Greener Options Inc. and Biological Integrity LLC. The Supply Base was determined based on the defined procurement area of primary and secondary suppliers. Data was collect internally based on specific tracts harvested by primary suppliers. Secondary suppliers provided information of harvesting practices for the defining of their supply base. The combining of these supply bases resulted in the geographic area for the company's Supply Base. An extensive analysis of the area was conducted using data collected from USDA Forest Service, WWF, Greenpeace, World Resources Institute, Conservation International, and NatureServe. Specific details were gained from local forestry professionals, contractors, state forestry agencies, and forestry associations. Rigor of the Supply Base Evaluation was adequate for the defining of indicators to be "Low Risk" and "Specified Risk". Additional analysis was done to develop mitigations measures for moving the "Specified Risk" Indicators to "Low Risk".

7.3 Collection and Communication of Data

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

7.4 Competency of involved personnel

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. The Manager of Sustainability and Sustainability Analyst are well versed in all requirements regarding data collection and reporting, and

manage comprehensive databases with clearly laid out tables and calculations. All records required during the audit were readily available.

7.5 Stakeholder feedback

No stakeholder comments have been received by the BP or SCS.

7.6 Preconditions

None

8 Review of Company’s Risk Assessments

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

Risk was assessed through interviews, local knowledge and experience, and a review of websites maintained by state agencies, federal agencies, and NGOs.

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

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

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

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


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

9 Review of Company's mitigation measures

Mitigation includes controls stated in contracts, implemented in training, and monitored for compliance. Master Wood Products Purchase Agreement requires fiber to be sourced from areas where proposed forestry activity does not threaten high conservation values. Suppliers provide specific tract information on the "Track and Trace Requirements" about the origin of the primary feedstock. Training is required for primary feedstock suppliers and their loggers to maintain Qualified Logging Professional status. As part of the training, primary feedstock suppliers and loggers receive training on high conservation value areas and the habitats/ecosystems where these areas are located. Monitoring is conducted through the Track and Trace System, and by state and federal agencies. Monitoring through the Track and Trace System is conducted on a maximum of 5% of the tracts or a total of 24 tracts annually. Secondary feedstock suppliers are audited annually to ensure their supply base is within the District of Origin, and to determine if the supplier has had any BMP or regulatory violations, and determine if the wood could originate from high conservation value areas. Federal and state agencies monitor BMP activity and conservation of high conservation value areas.

Witnessed signed contracts by all suppliers, data for Track and Trace System, compliance with training requirements in state training databases for all suppliers, and various forms for the monitoring of primary and secondary suppliers. A total of 27 field sites were sampled for primary suppliers with no issues identified. Verification of secondary suppliers was completed with no issues identified.

10 Non-conformities and observations

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

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

NC number 1	NC Grading: Observation
Standard & Requirement:	ID 5C 2.2.1
Description of Non-conformance and Related Evidence:	
The organization has specified the Production Batch ID in the Static Biomass Profiling Datasheet, instead of the SDI. The SDI is inferable from the PBid, so there is no risk of the wrong SDI being passed on to customers.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	The SBPD was revised and now includes the SDI. Observation has been addressed appropriately.
Findings for Evaluation of Evidence:	The SBPD was revised and now includes the SDI. Observation has been addressed appropriately.
NC Status:	Closed

NC number 2	NC Grading: Minor
Standard & Requirement:	SBP ST5 ID 5B 3.1.1
Description of Non-conformance and Related Evidence:	
Some information is missing in the SAR or does not reflect the actual data as reported on invoices to the BP. The organization did not specify transport distances for feedstock transport for feedstock input category #2 in the SAR. The missing information is: Types of vehicle used Maximum distance Average distance Average load per vehicle The data is recorded by the BP and available in	

<p>their master energy data spreadsheet, but hasn't been included in the SAR. For electricity use, a wrong number has been reported. This number is higher than the actual consumption. The number reported was from an invoice on December 2016 consumption and not consumption incurred during 2017.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Revised SAR
Findings for Evaluation of Evidence:	Missing information about second feedstock category were added in SAR. The Master spreadsheet has been updated to include the actual consumption in December 2017. Updated calculations were presented and SAR has been revised. CAR is closed.
NC Status:	Closed

NC number 3	NC Grading: Observation
Standard & Requirement:	SBP ST 5, 6.2
Description of Non-conformance and Related Evidence:	
<p>For natural gas, the process it is used in has not been stated in the first row of the table, but in the same table under "Step of the process/machinery using natural gas". Biofuel 1 & 2 calculation: the values are slightly different, as the organizations calculations overstate the value slightly. This marginal error is not expected to significantly affect any downstream GHG calculations and does thus not constitute a nonconformity.</p>	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	Revised SAR
Findings for Evaluation of Evidence:	The SAR has been revised: it is indicated for which process NG is used. Calculations for Biofuel I and II have been revised and represent the values reported for these energy carriers. Observation addressed appropriately.
NC Status:	Closed

NC number 4	NC Grading: Observation
Standard & Requirement:	SBP Standard 1, 2.7

Description of Non-conformance and Related Evidence:	
<p>The SBP procedures state that roundwood, chips, dust, and shavings will be used as feedstock for the production of pellets at the Enviva-Greenwood Plant. Currently, only roundwood is being used. Prior to the use of other feedstock, the SBE should be expanded to include additional information for Criteria sourced from outside the supply base area of roundwood. For some of the Criteria requiring state and county information the information provided in the SBE is not complete.</p>	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	
NC Status:	Open

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Ciara McCarthy
Date of decision:	24/10/2018
Other comments:	<i>Click or tap here to enter text.</i>