

SBP

Sustainable Biomass Program

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

Scope Change Audit

www.sbp-cert.org



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

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

Document history

Version 1.0: published 26 March 2015

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Table of Contents

1	Overview
2	Scope of the evaluation and SBP certificate
3	Specific objective
4	SBP Standards utilised
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
5	Description of Company, Supply Base and Forest Management
5.1	Description of Company
5.2	Description of Company's Supply Base
5.3	Detailed description of Supply Base
5.4	Chain of Custody system
6	Evaluation process
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
7	Results
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Compilation of data on Greenhouse Gas emissions
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
8	Review of Company's Risk Assessments
9	Review of Company's mitigation measures
10	Non-conformities and observations
11	Certification recommendation

1 Overview

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

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

Current report completion date: 28/Jan/2019

Report authors: Sebastian Haefele & Theodore Brauer

Name of the Company: Enviva Pellets Cottondale LLC

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

Certified Supply Base: Primary and secondary feedstock for the Cottondale regional supply base includes Florida, Alabama, Georgia, Mississippi, South Carolina, and Tennessee.

SBP Certificate Code: SBP-04-04

Date of certificate issue: 06/Feb/2017

Date of certificate expiry: 05/Feb/2022

This report relates to the Scope Change Audit

2 Scope of the evaluation and SBP certificate

This certificate covers the production of wood pellets, for use in energy production, at Enviva Pellets Cottondale and transport to the Panama City Port Authority for storage, aggregation, vessel loading, and shipping. It also covers a Supply Base Evaluation for sourcing feedstock from US states of Florida, Alabama, Georgia, Mississippi, South Carolina, and Tennessee. The scope includes communication of Dynamic Batch Sustainability Data.

3 Specific objective

The object of this expansion of scope audit was to confirm:

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

4 SBP Standards utilised

4.1 SBP Standards utilised

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

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

4.2 SBP-endorsed Regional Risk Assessment

There is no approved RRA in North America.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Enviva Holdings, LP (“Enviva”) owns and operates six plants in the United States. In January 2015 Enviva acquired the Cottondale facility. The Cottondale facility first began production in April 2008 as Green Circle Bioenergy, Inc. Cottondale produces over 700,000 metric tons of pellets per year and employs 90 people, including technicians, engineers, and operators. The majority of feedstock is sourced as roundwood with additional woodchips (both wet and dry) also being purchased. Bark from the roundwood is used as energy in the dryer. Additional bark is purchased to fully power the dryer.

5.2 Description of Company's Supply Base

Enviva Holdings LP (“Enviva”) operates the Enviva Pellets Cottondale mill located in northwest Florida, USA. The supply base area for this facility includes counties from all or part of Alabama, Florida, Georgia, Mississippi, South Carolina, and Tennessee in the Southeast United States of America. Forest is the predominate land use in the supply area (67%) and include the following World Wildlife Fund (WWF) ecoregions; Appalachian Mixed Mesophytic Forests, Appalachian-Blue Ridge Forests, Central U.S. Hardwood Forests, Florida Sand Pine Scrub, Middle Atlantic Coastal Forest, Southeastern Conifer Forests, Southeastern Mixed Forests (WWF, 2018). The forest in the supply base consists primarily of southern yellow pine and mixed hardwood species. Forest species composition for each state within the supply base is described in Table 3 of the SBR (US Department of Agriculture Forest Service, 2014). Enviva provides a market for low grade wood produced during harvests of higher-value timber. Removals of both pine and hardwood for pellet production in the Southern region comprised only 2.7% of total harvest volume in 2017. Primary harvesting activity and wood consumption in the South is driven by saw-timber markets, with total removals for the pellet industry comprising only 0.1% of the total pine inventory and 0.08% of the total hardwood inventory. In 2017, pine pulpwood removals for the entire pellet industry accounted for 3.8% of total pine pulpwood removals for all wood product classifications (Table 4 of SBR). The primary feedstock is monitored through the Track & Trace monitoring program. During 2017, Enviva Cottondale received feedstocks from the following sources, by volume: 36% was made up of residues supplied by sawmills and wood industries; 26% was made up of hardwood and pine chips and roundwood from mixed oak-pine forests. These forests are managed for the production of pine sawtimber at low-intensities and contain a mixture of hardwood and pine trees. These forests are either planted in pine or naturally seeded from adjacent stands or seed trees, and little to no fertilizers or herbicides are applied to them throughout their life cycle. This establishes an overstory of straight, large-diameter pine trees with an understory of crooked, small-diameter hardwood trees that cannot be made into solid wood products; 31% was made up of hardwood and pine chips and roundwood from southern yellow pine forests. These are forests that were planted in pine and either managed moderately with minimal effort to prevent hardwood trees from growing in the understory, or more intensively to suppress significant understory growth, thereby increasing the forest's growth rate and yield. These forests are generally thinned 1-2 times throughout their growth cycle, meaning that certain trees are removed to reduce density in the forest and create additional room for the remaining trees to grow to sawtimber size and quality. These thinned trees are sold to low-grade consumers like Enviva; 6% was made up of hardwood and pine chips and roundwood from upland hardwood forests. These are low-intensity managed hardwood forests that are naturally seeded with an overstory of large-diameter oak, poplar, and hickory hardwood trees and a significant understory of small-diameter maple, oak, and sweetgum hardwood trees; and 2% was made up of hardwood and pine roundwood from bottomland hardwood forests. These are hardwood forests in lowland areas and floodplains containing mostly large-diameter oak, gum, and cypress sawtimber trees with smaller, crooked hardwood trees growing underneath. When the forest is harvested, the stems of sawtimber trees are sold to sawmills that make higher-grade solid wood products like furniture. The tops and branches of sawtimber trees and the crooked hardwood trees from below cannot be made into solid wood products but need to be removed from the site so the next generation of the forest can begin growing. These harvest byproducts are sold to consumer of lower-grade wood like Enviva.

5.3 Detailed description of Supply Base

The catchment area for Cottondale contains 33.6 million hectares of forested land. The annual growth to drain ratio of the supply base is 1.57:1 for all species, 1.86:1 for hardwood, and 1.50:1 for pine (US Department of Agriculture Forest Service, 2018). A positive growth to drain ratio indicates that forest growth exceeds harvest removals. In the Gulf region of the U.S. South, total pine inventory has increased by an average of 2.3% annually between 2000 and 2017 (Table 1 of SBR). Since 2000, US Forest Service Forest Inventory Analysis (FIA) data indicates an increase in forest area in the states covered included in the Cottondale supply base area (US Department of Agriculture Forest Service, 2018) (Table 2 of SBR). A quantitative description of the Supply Base can be found in Enviva Cottondale's Supply Base Report (SBR).

5.4 Chain of Custody system

Enviva has implemented documented Chain of Custody (COC) procedures to determine feedstock compliance to SBP requirements. The organization uses its PEFC and SFI COC certificates as the base for its SBP control system. All wood, both primary and secondary feedstock, is tracked from the district of origin, through the pellet mill, and to the port. Feedstock is brought in via trucks to the mill. The feedstock is segregated by type; woodchips/ sawdust, roundwood, and bark (used in the dryer). After pelletizing the material is loaded onto a train and transported to the Panama City Port Authority to be loaded onto a ship. Although the legal point of sale is at the loading of the ship, GHG information is gathered until point of delivery to the customer. Enviva uses a database to gather and control information related to feedstock such as supplier name, logger, scale tickets, fibre type, certification, and district of origin. This database can appropriately track output volumes. Trademark/logo use is controlled from the Enviva Head Office and will not be used by Enviva Cottondale.

6 Evaluation process

6.1 Timing of evaluation activities

Audit Activity	Items to Review / Actions	Date & time (EST)
Opening meeting	Introductions, auditor review of audit scope, audit plan and intro/update to SBP and SCS standards and protocols, client description of organization	January 25, 2019 11 am
Review of ST 5 ID-5D: procedures, staff interviews, material balances and records. DTS. For all seven mills	Auditor-selected sample of the following: material tracking system, summary of purchases and sales, invoices, shipping documents, training records, and records, tracebacks from certified outputs to eligible inputs. Interviews with appropriate number and diversity of staff to assess knowledge of CoC procedures related to their position.	11:20
Break		2:00 pm
Cont'd Review of ST 5 ID-5D.	idem	2:20-5:30
End of day 1		
Closing meeting preparation	Auditors take time to consolidate notes and review audit findings for presentation at closing meeting	January 28, 2019 3:45pm
Closing meeting and review of findings	Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps	4:00-4:30
End of audit		

Participants:

- Kim Cesafsky – Enviva
- Shawn Cook – Enviva
- Theodore Brauer – SCS Global Services
- Sebastian Hafele – SCS Global Services

6.2 Description of evaluation activities

The remote expansion of scope audit Audit was conducted to include instruction document 5D.

Audit methods consisted of review of documentation, studies, assessments, surveys, websites, and staff interviews.

6.3 Process for consultation with stakeholders

N/A – expansion of scope audit.

7 Results

7.1 Main strengths and weaknesses

The main strengths of the Enviva Cottondale include an effective greenhouse gas record keeping system. The employees involved in the SBP program at Enviva Cottondale are very knowledgeable and understand their duties and how they relate to SBP. Enviva also maintains an effective tracking program for all suppliers of primary and secondary feedstock. The weaknesses are described in section 10.

7.2 Rigour of Supply Base Evaluation

N/A – expansion of scope to ID-5D

7.3 Collection and Communication of Data

Enviva Pellets Cottondale has a sophisticated excel database where all Greenhouse Gas data is compiled. All compilation is conducted by one individual at Enviva who keeps the data for each pellet mill under the Enviva umbrella separate from the other pellet mills. For Enviva Pellets Cottondale, most energy use is invoiced by the month and requires no adjustment to match the reporting period, however, electricity is billed approximately 10 days offset from the reporting period and a conversion factor is applied.

7.4 Competency of involved personnel

The SBE was completed by Enviva's inhouse fiber procurement group who has local forestry experience and knowledge of ecological and social values associated with the supply base, applicable laws and regulations, business management practices, operation of suppliers, and the local forest resource. Enviva's management and control systems for SBP are the same as those used to meet the SFI/PEFC CoC, which have been in place since 2012. Key personnel tasked with implementing and maintaining the management and control systems relating to SBP compliance are well trained and competent. Enviva assigned management with appropriate skills and competency to implement and execute the management and control systems relating to SBP compliance. Management interviewed during the assessment were found to be knowledgeable of the SBP requirements.

7.5 Stakeholder feedback

N/A – expansion of scope to ID-5D

7.6 Preconditions

NA – no preconditions

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.

The initial risk assessment determined that all indicators are Low Risk for all areas from which the BP procures biomass. The risk ratings were determined by reviewing the SBE along with supporting evidence such as the company policy requires, Chain of Custody Procedures, FSC Controlled Wood / PEFC Due Diligence Risk Assessment, fiber supply agreements and verification through field visits to the forest. There are no sub-scopes.

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	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

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

2.3.1	Low	Low
2.3.2	Low	Low

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

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

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

9 Review of Company's mitigation measures

NA – no mitigation measures required.

10 Non-conformities and observations

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

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

NC number 1	NC Grading: Minor
Standard & Requirement:	Standard 5, ID-5D Section 2.1
Description of Non-conformance and Related Evidence:	
The credit roll-off was offset by 6 months due to an isolated editing mistake. The credits were retired after 6 months instead of 12 months.	
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:	Credit ledger, tracking 2018
Findings for Evaluation of Evidence:	Roll off tab in credit ledger corrected.
NC Status:	Closed

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certificate approved.
Certification decision by (name of the person):	Ciara McCarthy
Date of decision:	12 th February 2019
Other comments:	<i>Click or tap here to enter text.</i>