

SBP

Sustainable Biomass Partnership

Supply Base Report: Westervelt Renewable Energy, LLC

First Surveillance Audit

www.sustainablebiomasspartnership.org



Completed in accordance with the Supply Base Report Template Version 1.2

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

Document history

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1 Overview

Producer name: Westervelt Renewable Energy, LLC
Producer office location: 1400 Jack Warner Pkwy, N.E., Tuscaloosa, AL 35404
Production location: 6777 Highway 17 South, Aliceville, AL 35442
Geographic position: Latitude: 33° 4'24.28" N
 Longitude: 88° 14'30.37" W
Primary contact: Mike Williams
 1400 Jack Warner Pkwy, N.E., Tuscaloosa, AL, 35404
 (P) 205-562-5670
 (F) 205-562-5310
mwilliams@westervelt.com
Company website: www.westerveltenergy.com
Date report finalised: 13/Jun/2015
Close of last CB audit: Closing Meeting – 24/Apr/2015
 Final Data Request Received – 20/May/2015
Name of CB: NSF Sustainability P.O Box 130140 789 N. Dixboro Road
 Ann Arbor, MI 48105
Translations from English: Not Applicable
SBP Standard(s) used: STDs 1, 2, 4, and 5 v1-0 March 2015
Weblink to Standard(s) used: <http://www.sustainablebiomasspartnership.org/documents>
SBP Endorsed Regional Risk Assessment: Not Applicable
Weblink to SBE on Company website: <http://www.westerveltenergy.com/sustainability>

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 type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

Westervelt Renewable Energy's Aliceville wood pellet production plant (BP) is located in Pickens County in Southwest, Alabama, approximately five miles from the Mississippi state line. The facility is adjacent to the Tennessee-Tombigbee Waterway in a rural area where forestry and agriculture (e.g. crops, cattle) are prevalent and are the primary sources of income. Known as the Black Belt Prairie Region, the area is characterized by weathered rolling plains containing various hardwood and mixed hardwood/pine forests. Maps of the procurement areas are included in the Supply Base Evaluation (SBE) and Risk Assessment (RA) as an Appendix.

While the Risk Assessment includes all territory within the boundaries of Alabama and Mississippi, the catchment area is significantly smaller and extends approximately 100 highway miles from the site. There are a limited number of facilities in the area which utilize the same materials as Westervelt Renewable Energy; the closest being a pulp mill located approximately 35 miles away.

The pulp mill purchases thinnings that are a minimum of 16 years old while Westervelt's first thinnings are typically in the 12-15 year old age range. As noted by the State of Alabama Forestry Commission during the Stakeholder Consultation process, the haul radius for the Westervelt plant has an unbalanced growth-to-drain ratio (more grown than is being consumed) that could result in stand mortality if this facility were not in operation.

To produce pellets Westervelt utilizes 100% softwood, primarily southern yellow pine, and does not accept any hardwood. The primary input is round wood from first thinnings along with forest residuals (e.g. tops, limbs, non-merchantable wood) from final harvest tracts. Additionally, the plant supplements this material with sawmill residues (e.g. chips, shavings, sawdust). The facility does not utilize any construction, demolition or post-consumer derived feedstock.

The plant utilizes on-site generated bark which is supplemented by external fuel to dry the southern yellow pine feedstock prior to pelletizing. The external bark is sourced from sawmills and chip mills and comes from a variety of wood species.

The company utilizes contract logging crews, the majority of which work exclusively for Westervelt. The company also utilizes wood suppliers which also contract directly with loggers. The logging crews are responsible for transporting raw material to the facility via truck. Sawmill residues are also delivered to the facility by truck.

Westervelt is a large landowner in the region, however; only a portion of company wood is utilized at the facility and the remainder is purchased from external land owners. All company owned wood originates from FSC and SFI certified land, but only a portion of external land carries some type of certification. Approximately 40%-59% of the inputs are traceable back to a Certified Forest as recognized by the SBP as compliant feedstock, and this figure will vary throughout the year. A Supply Base Evaluation and Risk Assessment has been conducted over the entire wood supply area.

Existing certifications include: PEFC ST 2002:2013 Chain of Custody Forest Based Products; FSC Mixed and FSC Controlled Wood Chain of Custody; FSC-US Forest Management Standard (v1.0); 2015 Sustainable Forest Initiative Standards and Rules: Sections 2 (forest management), 3 (fiber sourcing), and 4 (chain of custody). These certifications help to ensure a Low Risk of sourcing controversial or uncontrolled wood fiber. The company's existing Standard Operating Procedures constitute Control/Mitigation Measures and contribute to the finding of Low Risk. Thus, all wood pellet outputs are considered SBP-compliant Biomass.

Westervelt does not utilize feedstock from any CITES species within the procurement region. A list of commonly sourced species is contained in the full Supply Base Evaluation and Risk Assessment as an appendix.

2.2 Actions taken to promote certification amongst feedstock supplier

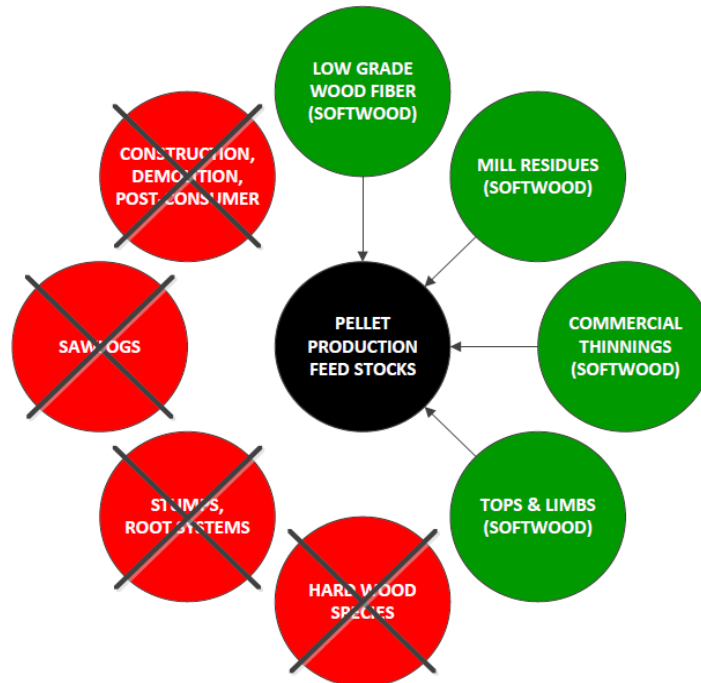
All of the Westervelt forest management holdings are both FSC and SFI Certified by an independent and accredited Certification Body (NSF-ISR). The SFI Fiber Sourcing Standard requires Westervelt to promote forest management certification across its wood and fiber supply base. Formal correspondence is sent to direct purchased stumpage landowners urging them to pursue forest certification on their lands. Additional correspondence is sent to indirect wood producers urging them to promote forest management certification with landowners that they source from.

Westervelt is an active member of the SFI Implementation Committees in Alabama and Mississippi. These committees promote forest certification and provide technical information to landowners addressing water quality BMPs, reforestation, visual quality protection, efficient utilization, protection of wildlife and biodiversity, control of invasive species and the identification and protection of forests of exceptional conservation value.

2.3 Final harvest sampling programme

Westervelt conducts Harvest Inspections on all company and purchased stumpage tracts to ensure that BMPs are implemented, the loggers have been trained under the SFI Logger Training Programs and are also trained to ensure regulatory compliance. The company also conducts Harvest Inspections on a sample tracts harvested by wood suppliers. Corrective Action is documented on the Inspection Forms. The results of the monitoring program are reviewed and reported to management as part of the annual management review program.

2.4 Flow diagram of feedstock inputs showing feedstock type



2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha):
 - 8,012,775 ha Mississippi
 - 9,307,769 ha Alabama
- b. Tenure by type (ha):
 - 560,894 ha Private Industrial Mississippi
 - 651,543 ha Private Industrial Alabama
 - 6,490,347 ha Private Non-Industrial Mississippi
 - 8,097,759 ha Private Non-Industrial Alabama
 - 961,533 ha (3.564mil ac) Public Mississippi
 - 558,466 ha (1.38mil ac) Public Alabama
- c. Forest by type (ha):
 - 17,320,545 ha Temperate Forest
- d. Forest by management type (ha):
 - 2,483,960 ha Planted Mississippi
 - 2,885,408 ha Planted Alabama
 - 5,528,815 ha Managed Natural Mississippi
 - 6,422,361 ha Managed Natural Alabama
- e. Certified forest by scheme (ha):
 - 768,902 ha ATFS Mississippi
 - 1,250,833 ha ATFS Alabama
 - 195,851 ha FSC Mississippi
 - 226,207 ha FSC Alabama

779,232 ha SFI Mississippi

1,169,488 ha SFI Alabama

Feedstock

f. Total volume of feedstock: 400,000-600,000 metric tons

g. Volume of primary feedstock: 400,000-600,000 metric tons

h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes

- Large forest holdings certified to an SBP-approved Forest Management Schemes
49%-59%
- Large forest holdings not certified to an SBP-approved Forest Management Schemes
0%-19%
- Small forest holdings certified to an SBP-approved Forest Management Schemes
0%-19%
- Small forest holdings not certified to an SBP-approved Forest Management Schemes
40%-59%

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

Loblolly Pine (Pinus taeda)
Longleaf Pine (Pinus palustris)
Shortleaf Pine (Pinus echinata)
Slash Pine (Pinus elliotti)

j. Volume of primary feedstock from primary forest: 400,000-600,000 ha

k. List percentage of primary feedstock from primary forest (i), by the following categories. Subdivide by SBP-approved Forest Management Schemes

- Primary feedstock from primary forest certified to an SBP-approved Forest Management Schemes
0%-19%
- Primary feedstock from primary forest not certified to an SBP-approved Forest Management Schemes
0%-19%

l. Volume of secondary feedstock: 0%-19% metric tons of SFI certified residual chips

0%-19% metric tons of non-certified chips

m. Volume of tertiary feedstock: N/A

Justification for Banding

It is the policy of Westervelt Renewable Energy to maintain strict data confidentiality for its raw material supply chain. We recognize the need to disclose certain information (“commercially sensitive information”) to qualified third parties during the performance of audits to allow for verification of raw material types, sources, volumes and other relevant information necessary to demonstrate compliance with third-party standards. Westervelt’s release of commercially sensitive information is covered by confidentiality and/or non-disclosure clauses which prohibit the information from being released publicly without the written permission of Westervelt.

Public disclosure of commercially sensitive information places Westervelt at a competitive disadvantage and can be materially harmful to our business operations. When combined with commercially available data from non-Westervelt sources it would be possible to reverse engineer the supply chain and determine raw material & operational costs, specific sources of wood fiber supply, and would place us at a competitive and economic disadvantage in our dealings with subcontractors, suppliers, and customers. Furthermore, existing or potential competitors’ use of this information could be detrimental to our commercial operations.

3 Requirement for a Supply Base Evaluation

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

Approximately 40%-59% of the inputs are traceable back to a Certified Forest as recognized by the SBP as compliant feedstock. A Supply Base Evaluation (SBE) and Risk Assessment has been conducted encompassing the entire wood supply area.

4 Supply Base Evaluation

4.1 Scope

While the SBE & Risk Assessment includes all territory within the boundaries of Alabama and Mississippi, the catchment area is significantly smaller and extends approximately 100 highway miles from the site. There are a limited number of facilities in the area which utilize the same materials as Westervelt Renewable Energy, LLC.

4.2 Justification

The Supply Base Evaluation & Risk Assessment address each of the SBP Indicators as contained in Standard # 1. Westervelt did not attempt to modify or adapt the Indicators. Many of the Indicators are similar to the requirements contained in the SFI, FSC, and PEFC Standards. The evidence of conformance to the Indicators in Standard # 1 was drawn from existing Indicators and Evidence Manuals and Procedures to demonstrate conformance to the other certification standards, which SBP relies upon and does not attempt to duplicate.

Additional objective evidence of conformance was drawn from State BMP monitoring, forest inventory & analysis statistics, state wide resource assessments, wildlife action plans and other publicly available sources of information.

The existing Documents and Procedures provide the bulk of the evidence contained in the Supply Base Evaluation and Risk Assessment.

4.3 Results of Risk Assessment

The Risk Assessment considered all of the Standard Operating Procedures (SOPs) previously implemented by Westervelt. The SOPs constitute existing control or mitigation measures approved and certified by independent Certification Bodies to meet the rigorous requirements of the FSC, SFI, and PEFC Standards. The finding of Low Risk of the Supply Base Evaluation & Risk Assessment is consistent with the findings of the FSC Controlled Wood and PEFC Due Diligence System & Risk Assessment.

4.4 Results of Supplier Verification Programme

By virtue of the finding of Low Risk to the SBP Standard # 1 Indicators, the Low Risk finding of the FSC Controlled Wood Risk Assessment and the Low Risk finding of the PEFC Due Diligence System & Risk Assessment; a Supplier Verification Program (SVP) was not necessary or required. Therefore, this Section is not applicable (NA).

4.5 Conclusion

The Supply Base Evaluation & Risk Assessment concluded Low Risk for all SBP Indicators based upon the Standard Operating Procedures (SOPs) of Westervelt. The Supply Base Evaluation drew on the more than 5 year history and record of conformance to Forest Management, Chain of Custody, and Controlled Wood and certifications from FSC, SFI, and PEFC.

The States of Mississippi and Alabama document high levels of BMP compliance and have strong legal and regulatory systems in place to ensure legality. Westervelt requires all of its loggers to be trained. All contracts with suppliers and landowners require compliance with laws and regulations as well as State Best Management Practices. Feedback from the Stakeholder Consultation process was positive and reinforced the finding that there is an overabundance of wood fiber in the age classes of trees that are used by the Westervelt facility. All inputs are currently from thinnings and residual waste material that would otherwise be left in the field. A de minimis quantity (0%-19%) is from residual chips from primary manufacturing facilities.

Approximately 40%-59% of the feedstocks are from Certified Forests, recognized as SBP-compliant Primary Feedstocks. All non-certified sources are Low Risk for all Standard # 1 Indicators. Thus, all inputs are considered SBP-compliant Feedstocks.

5 Supply Base Evaluation Process

Westervelt Renewable Energy, LLC retained R.S. Berg & Associates, Inc. to help prepare the SBP Program and Procedures, including conducting the Supply Base Evaluation & Risk Assessment. R.S. Berg & Associates, Inc. provided consulting assistance in developing the original Westervelt SFI Fiber Sourcing, SFI Forest Management, SFI Chain of Custody, PEFC Chain of Custody/Due Diligence Systems, FSC Forest Management Standard, and FSC Chain of Custody and Controlled Wood Standards Program. R.S. Berg & Associates, Inc. has provided consulting assistance to over two hundred and sixty (260) forestry organizations in North America and has conducted over forty (40) independent and internal audits to the FSC, SFI and American Tree Farm System Standards. Resume, Client List and other information is available at the following website: <http://www.rsbergassoc.com/>

Westervelt implements a comprehensive sampling and monitoring program. Westervelt documents the location of all tracts before harvesting takes place. The latitude & longitude is recorded for each tract including the name and address of the landowner. Westervelt issues an ID Card and Tract Card for each load of wood. Each delivered load is required to have a Card and contract. Westervelt staff audit a minimum of 10% of the tracts harvested by wood suppliers and 100% the tracts harvested from company land or from tracts purchased by the Westervelt Wood Procurement Group. Westervelt staff also verify by questionnaire, check BMPs, and confirm that no conversion of forestland is taking place. A letter is sent to each wood supplier/producer that is audited identifying any Corrective Actions and noting good practices.

6 Stakeholder Consultation

A Stakeholder Consultation Procedure (WRE-SBP-DP-04) was developed that included correspondence to interested stakeholders. A list of relevant Stakeholders was developed based upon several criteria including: the geographic scope of the Supply Base, stakeholders from past FSC/PEFC/SFI audits and consultations, relevant federal and state natural resource agencies, private conservation organizations, hunt clubs, indigenous peoples, universities, advocacy organizations, as well as local government officials. Approximately forty seven (47) letters were sent as of 12/15/2014. A Summary of Stakeholder input was prepared documenting input and responses by Westervelt.

It should be noted that the Westervelt Renewable Energy, LLC SBP Stakeholder Consultation is the first one to be conducted in the U.S. The SBP website contains a Draft of the Standards, and because the Standards are not well known or understood in the U.S., Westervelt did not expect to receive a large number of comments or feedback, in spite of the fact that a large number of letters (47) were sent to potentially interested stakeholders.

A follow up Stakeholder Consultation Process was undertaken by NSF. Forty-eight (48) emails were forwarded to the stakeholders identified by Westervelt on January 23, 2015. The email content introduced NSF as the Certification Body, outlined the SBP audit process and requested feedback regarding the following: how biomass harvesting and utilization programs may positively or negatively affect their organization, their interest in sustainable resource management, whether they had any questions regarding efforts to ensure legality and sustainability and whether they felt any comments made to Westervelt during the initial consultation process were adequately addressed.

NSF received two (2) responses, both with no concerns.

6.1 Response to stakeholder comments.

Westervelt initial consultation:

Public Comment #1:

From a state agency stand point, The Westervelt Facility, is a positive step in the right direction to maintain and increase forest health in overcrowded pine stands that are contained within the haul radius of this facility. Wood utilization from thinning and residual logging residue helps maintain stand vigor, helps in fuel reduction for wildfires and reduces the possibility of insect infestations. Past FIA data has proven that the haul radius for this facility has an unbalanced growth to drain ratio that could result in stand mortality if this facility were not in operation. From a landowner's view point, this facility gives hope to the private nonindustrial forest landowner that there is reason to plant and manage pine stands for future income. Without this hope these same landowners might find no economic reason to retain this land as forest thus increasing the possibility of forest fragmentation, the greatest threat to southern forest and clean water.

Westervelt Response:

Westervelt takes no exception to this feedback.

Public Comment #2:

Good afternoon. I was forwarded the information below regarding the assessment of your biomass feedstocks as a sustainable resource for the production of wood pellets for the overseas market. The 25x'25 Alliance (www.25x25.org) and the SAFER Alliance (<http://saferalliance1.wordpress.com/>) are very supportive of the use of biomass for bioenergy purposes – domestic or international.

Can you please include me on future stakeholder outreach emails and correspondence?

As an FYI, I have attached our 25x'25 Bioenergy Policy Principles and our Wood to Energy Initiative Talking Point documents for your review.

Westervelt Response:

Westervelt takes no exception to this feedback. It should be noted that our initial request for comment was forwarded to Mr. Bailey by a person (name unknown) on our stakeholder contact list.

NSF's follow up consultation:

Public Comment #1: Received January 23, 2015 from the same individual as Comment #2 above.

We submitted no comments, thus we have no concerns of comments being addressed. All FYI for your audit.

NSF's Response:

Thank you for your response.

Public Comment #2: Received February 2, 2015 from the same individual as Comment #1 above.

I have no reason to believe Westervelt's operation will be nothing but positive for the SBP. Westervelt is a leader in forest industry and especially in Alabama and in the Pickens County, AL. wood basket. This facility is needed in the area to relieve the oversupply of standing material. I provided them a growth to drain ratio derived from current FIA data that shows this overabundance for a 60 mile radius to include Mississippi. This mill will increase forest health for years to come. I know of no reason that would preclude them from being certified at this time.

NSF's Response:

Thank you for your response.

7 Overview of Initial Assessment of Risk

The Risk Assessment considered all of the Standard Operating Procedures (SOPs) previously implemented by Westervelt. The SOPs constitute existing control or mitigation measures approved and certified by independent Certification Bodies to meet the rigorous requirements of the FSC, SFI, and PEFC Standards. The finding of Low Risk of the Supply Base Evaluation & Risk Assessment is consistent with the findings of the FSC Controlled Wood and PEFC Due Diligence System & Risk Assessment.

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	
2.2.4		X	
2.2.5		X	
2.2.6		X	
2.2.7		X	
2.2.8		X	
2.2.9		X	
2.3.1		X	
2.3.2		X	

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
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	
2.8.1		X	
2.9.1		X	
2.9.2		X	
2.10.1		X	

2.3.3		X	
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8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

The results of the Supply Base Evaluation and Risk Assessment addressing the requirements in Standard # 1 were all Low Risk. As such, no Supplier Verification Program (SVP) is necessary or required. Supplier verification is already underway as part of the Standard Operating Procedures (SOPs) that are implemented by Westervelt as part of its SFI, PEFC, and FSC sustainable forestry programs.

8.2 Site visits

The Westervelt Company Company Land Field Notes

Sites visited by Tucker Watts February 24-25, 2015

Westervelt employees interviewed

Brad Gibson – Harvest Coordinator
Clint Woods – Procurement Manager
Tim Snider – Scaler

Company Tracts

CIA 14121 – 30 Acre Clearcut – Painted SMZ. Retention of oak trees. Flagged powerlines. Road re-routed along powerline. Merchandise to 7 local markets. No issues in wet areas. In Westervelt Lodge area (limited harvesting season). Avoided creeks. No issues identified. Chuck Muscgrove AL #265.

CIA 14125 – 51 Acre Clearcut – Marketed to 6 markets. No issues with SMZ. RMZ along access road. Replaced bridge. Trucks cross bridge empty and loaded do not cross bridge. No issues identified. Chuck Muscgrove AL #265.

Documents Reviewed

Timber Sale Plan – Form of items to be discussed with logger during pre-logging conference. Elements include Location, Access, Boundaries, Sensitive Areas, Stand Level Wildlife Habitat, Exotic Species Present, Biodiversity, Endangered Species, Ecological Impacts, Ecological Comments, SMZ's, Comments, Estimated Volume.

Delivery Card – Contains delivery information for timber – Date, Location, Tract #, Compartment, Contractor, FSC Claim, FSC Certification #, Bar code.

Timber Harvest Inspection Report – See notes above for each tract.

Sites visited by Norman Boatwright April 21, 2015

Westervelt employees interviewed

Curt Collins – GIS/Information Systems
Jamie McKinnon – Harvest Scheduling
Sam Hopkins – Manager Sustainable Forestry
Harry Labhart – Silviculture Coordinator
Jonathan Lowery – Harvest Scheduling/Sustainability Manager
Mark Key – Operations Manager
Keith Armstrong – Harvest Coordinator
Larry Ford – Columbianna Silviculture Planner
Andrew Gilpin – BMP Close-Out Forester
Josh Hixon – Demopolis Silviculture Planer

Harvesting on Company Tracts

2040072 – 77 Acre Clearcut – Good single tree and snag retention. Water bars and turnouts on haul road. Logger = BHL. Inc. Site sheared in February. No issues identified.

2040007 – 122 Acre 1st thin with chipper – Operator select with good residual stocking and few skins. Water bars and rock on haul road. Logger = Baseline Forestry Services. No issues identified.

2030051 – 37 Acre 1st thin with chipper – Operator select with good residual stocking and few skins. Water bars and rock on haul road. Logger = Baseline Forestry Services. No issues identified.

2040072 – 122 Acre Active Clearcut – Good single tree and snag retention. Loggers interviewed were Carl and Weitzel Moore – both trained. Logger closing out skid trails. No issues identified.

2150044 – 82 Acre Clearcut –. Water bars and turnouts on haul road. Logger = BHL. Inc. Site sheared in February. No issues identified. Bedded on contour in February 2015.

Documents Reviewed

Timber Sale Plan – Form of items to be discussed with logger during pre-logging conference. Elements include Location, Access, Boundaries, Sensitive Areas, Stand Level Wildlife Habitat, Exotic Species Present, Biodiversity, Endangered Species, Ecological Impacts, Ecological Comments, SMZ's, Comments, Estimated Volume.

BMP Close Out – BMP Inspection/Work Request and BMP/Work Request/Inspection Summary

Timber Harvest Inspection Report – See notes above for each tract.

Thin Metrics Scorecard – Evaluate logger to: Thin prescription, Tree Quality Selection, Corridors, Completing thin RX plan and Decks.

Site Prep and Planting on Company Tracts

2040033 – 82 Acre herbicide application and planting – Aerial application of 20 oz. Arsenal #4 and 4.5 oz. Oust Extra/ac. Initial stocking count indicated 577 properly planted trees/ac. No issues identified.

2150029 – 173 Acre herbicide application and planting – Aerial application of 20 oz. Arsenal #4 and 4 oz. Oust Extra/ac. Initial stocking count indicated 661 properly planted trees/ac. No issues identified.

2150079 – Containerized Longleaf planting with 672 properly planted tpa. Very good survival.

Documents Reviewed

Spray Sheet – Date and time, wind speed and direction, chemical rates, operator and GPS spray map.

Regeneration Tract Log – Date, species, temp, wind, total tpa and properly planted tpa.

Special Sites on Company Tracts

Ford Bubbling Spring – Discovered by Larry Ford. Boundary marked in red paint and posted with Westervelt Special Site signs. Confirmed it's noted in the GIS. Will not do any site prep in adjacent clearcut stand and will let it regenerate naturally to a pine/hardwood type.

Large Sink Hole – Discovered during the 1st thin. Boundary marked in red paint and posted with Westervelt Special Site signs. Confirmed it's noted in the GIS.

The Westervelt Company

Fiber Procurement Field Notes

Sites visited by Tucker Watts February 24-25, 2015

Westervelt employees interviewed

Brad Gibson – Harvest Coordinator

Clint Woods – Procurement Manager

Tim Snider – Scaler

Company Tracts

CIA 14121 – 30 Acre Clearcut – Painted SMZ. Retention of oak trees. Flagged powerlines. Road re-routed along powerline. Merchandise to 7 local markets. No issues in wet areas. In Westervelt Lodge area (limited harvesting season). Avoided creeks. No issues identified. Chuck Muscgrove AL #265.

CIA 14125 – 51 Acre Clearcut – Marketed to 6 markets. No issues with SMZ. RMZ along access road. Replaced bridge. Trucks cross bridge empty and loaded do not cross bridge. No issues identified. Chuck Muscgrove AL #265.

Documents Reviewed

Timber Sale Plan – Form of items to be discussed with logger during pre-logging conference. Elements include Location, Access, Boundaries, Sensitive Areas, Stand Level Wildlife Habitat, Exotic Species Present, Biodiversity, Endangered Species, Ecological Impacts, Ecological Comments, SMZ's, Comments, Estimated Volume.

Delivery Card – Contains delivery information for timber – Date, Location, Tract #, Compartment, Contractor, FSC Claim, FSC Certification #, Bar code.

Timber Harvest Inspection Report – See notes above for each tract.

Contract – Not Audited Tracts

A1161 – Yarbro ST – 1st Thinning – Minor rutting along road. Tops used to stabilize skid trails. Minimal damage to residual stand. No issues identified.

A1227 – Fason – Includes Clearcut, 1st Thinning, 2nd Thinning – No damage to roads. Aesthetic buffer along road. Minimal damage to residual stand. Good utilization. No issues identified.

Documents Reviewed

Wood Order for Wood Purchase Agreement – Paragraph #5 – Requires compliance with State Forestry Best Management Practices and SFI, specifically including state sponsored logger education. Paragraph #7 – 100% of the timber is 100% vegetable material and is not obtained from land with high biodiversity value, high carbon stock nor peat land.

Questionnaire and Declaration – Information requested is provided. On one tract the Section, Township, Range was not provided. Procurement Manager had received information from contractor for location of tract. Form is new and is being implemented. In some cases a follow-up phone call is made to clarify information.

Audited Tracts

A1055 – Lewis LTC – Clearcut - Rutting in skid trails. Crossings have not been removed. Water is flowing through crossings. No sedimentation issues. Rutting and crossings are documented on Timber Harvest Inspection Report. Findings correspond with Timber Harvest Inspection Report. Tornado has knocked down and broken trees in SMZ following timber sale. Logger has received a letter stating findings. Logger was new to business. He has not hauled more stumps to The Westervelt Company. Lewis Lumber Company is taking logger training classes.

A252 – Stripling – 1st Thinning – AMZ along road. Rows do not come to road. Minimal damage to residual stand. High BA maintained (100). No issues identified. Todd Stripling AL #98086.

A1094 - Irby – 1 & 2nd Thinning – Minimal damage to residual stand. No issues identified. Philip Evans Logging, Philip Evans MS #6100.

Documents Reviewed

Wood Order for Wood Purchase Agreement – Paragraph #5 – Requires compliance with State Forestry Best Management Practices and SFI, specifically including state sponsored logger education. Paragraph #7 – 100% of the timber is 100% vegetable material and is not obtained from land with high biodiversity value, high carbon stock nor peat land.

Questionnaire and Declaration – Information requested is provided. On one tract the Section, Township, Range was not provided. Procurement Manager had received information from contractor for location of tract. Form is new and is being implemented. In some cases a follow-up phone call is made to clarify information.

Memo to Wood Suppliers (Used prior to Questionnaire and Declaration) – Information requested is provided.

Self-declaration Statement (Used prior to Questionnaire and Declaration) – Information requested is provided.

Timber Harvest Inspection Report – See notes above for each tract.

Letter to Logger with Findings – Description of audit findings, necessary actions, and improvements.

Purchase Tracts

CET 14409 – 90 Acre Clearcut – Flagged SMZ. Water bars on roads. Gulleys and drainage protected with buffer. No issues identified. Wayne Wyatt AL #95127, Johnny Kynards AL #95124.

COT 13404 – 100 Acre Clearcut – Active Sale. SMZs left around pond and stream. Roads well maintained. No issues around set. No issues identified. Hutchins AL #98379.

Documents Reviewed

Timber Sale Plan – Form of items to be discussed with logger during pre-logging conference. Elements include Description of Sale Area, Access Roads, Stream Crossings, Sale Boundary, Sensitive Areas/Situations, Aesthetic Buffers, SMZ, Sensitive Zones, and Cutting Rx.

Memo to Landowner – Encourage landowner to reforest, certify land, use state trained logger, and follow BMPs.

Letter to Landowner – State commitment to SFI and sustainable forestry, and encourage landowners to practice sustainable forestry, reforestation, and follow BMPs.

Timber Deed (Timber Conveyance) – Includes compliance with laws, State Forestry Best Management Practices, and protection of T&E species.

Timber Harvest Inspection Report – See notes above for each tract.

Sites visited by Norman Boatwright April 21-22, 2015

Westervelt employees interviewed

Curt Collins – GIS/Information Systems
Jamie McKinnon – Harvest Scheduling
Sam Hopkins – Manager Sustainable Forestry
Harry Labhart – Silviculture Coordinator
Jonathan Lowery – Harvest Scheduling/Sustainability Manager
Mark Key – Operations Manager
Keith Armstrong – Harvest Coordinator
Larry Ford – Columbiana Silviculture Planner
Andrew Gilpin – BMP Close-Out Forester
Josh Hixon – Demopolis Silviculture Planer

Contract Loggers Interviewed

Wayne Wyatt and Carl and Weitzel Moore

Wood Suppliers Interviewed

Brad Farley and Jason Adams

Landowners/Consultants Interviewed

Tony Logan and Bernie Mitchell

Harvesting on Company Tracts

2040072 – 77 Acre Clearcut – Good single tree and snag retention. Water bars and turnouts on haul road. Logger = BHL. Inc. Site sheared in February. No issues identified.

2040007 – 122 Acre 1st thin with chipper – Operator select with good residual stocking and few skins. Water bars and rock on haul road. Logger = Baseline Forestry Services. No issues identified.

2030051 – 37 Acre 1st thin with chipper – Operator select with good residual stocking and few skins. Water bars and rock on haul road. Logger = Baseline Forestry Services. No issues identified.

2040072 – 122 Acre Active Clearcut – Good single tree and snag retention. Loggers interviewed were Carl and Weitzel Moore – both trained. Logger closing out skid trails. No issues identified.

2150044 – 82 Acre Clearcut – Water bars and turnouts on haul road. Logger = BHL Inc. Site sheared in February. No issues identified. Bedded on contour in February 2015.

Documents Reviewed

Timber Sale Plan – Form of items to be discussed with logger during pre-logging conference. Elements include Location, Access, Boundaries, Sensitive Areas, Stand Level Wildlife Habitat, Exotic Species Present, Biodiversity, Endangered Species, Ecological Impacts, Ecological Comments, SMZ's, Comments, Estimated Volume.

BMP Close Out – BMP Inspection/Work Request and BMP/Work Request/Inspection Summary

Timber Harvest Inspection Report – See notes above for each tract.

Thin Metrics Scorecard – Evaluate logger to: Thin prescription, Tree Quality Selection, Corridors, Completing thin RX plan and Decks.

Purchase Tracts

11-14-14 – 57 Acre clearcut January 2015. Logger = Wyatt Timber. Flat site with no issues.

4200-15 – 95 acre marked 2nd thin with SMZ. Active sale with few skins and no issues.

Gentry – 2nd thin operator select with and int x'ing that was cleaned out well. Few skins and good residual stocking with no issues.

8.3 Conclusions from the Supplier Verification Programme

The results of the Supply Base Evaluation and Risk Assessment addressing the requirements in Standard # 1 were all Low Risk. As such, no Supplier Verification Program (SVP) is necessary or required. Supplier verification is already underway as part of the Standard Operating Procedures (SOPs) that are implemented by Westervelt as part of its SFI, PEFC, and FSC sustainable forestry programs.

Site visits did not identify any issues and confirm the findings of the Supply Base Evaluation and Risk Assessment.

9 Mitigation Measures

9.1 Mitigation measures

NA: The results of the Supply Base Evaluation and Risk Assessment addressing the requirements in Standard # 1 were all Low Risk. As such, no Mitigation Measures are necessary or required.

Site visits did not identify any issues and confirm the findings of the Supply Base Evaluation and Risk Assessment.

9.2 Monitoring and outcomes

NA: See 9.1.

10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in Annex 1.

11 Review of Report

11.1 Peer review

This report was generated by the consultant Scott Berg and reviewed by the Westervelt employees identified in Section 12. It was also reviewed and approved by Norman Boatwright, NSF Lead Auditor and Mike Ferrucci, NSF Certification Board Reviewer.

11.2 Public or additional reviews

No additional reviews were conducted.

12 Approval of Original Report

Approval of Supply Base Report by senior management			
Report Prepared by:	R. Scott Berg	President, R.S. Berg & Associates, Inc.	1/30/2015
	Name	Title	Date
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.			
Report approved by:	Ms. Alicia Cramer	President, Westervelt Renewable Energy, LLC	Signature on File
	Name	Title	Date
Report approved by:	Mr. Steve Metz	Plant Manager, Westervelt Renewable Energy, LLC	Signature on File
	Name	Title	Date
Report approved by:	Mr. Mike Williams	Project Director, Business Development The Westervelt Company	Signature on File
	Name	Title	Date
Report approved by:	Mr. Clint Woods	Procurement Manager, Westervelt Renewable Energy, LLC	Signature on File
	Name	Title	Date
Report approved by:	Mr. Sam Hopkins	EMS, SFI, CPI Manager, The Westervelt Company	Signature on File
	Name	Title	Date

13 Approval of Revised Report

Approval of Supply Base Report by Senior Management			
<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:	Ms. Alicia Cramer	President, Westervelt Renewable Energy, LLC	Signature on File
Report Approved by:	Mr. Mike Williams	Project Director, Business Development The Westervelt Company	Signature on File
Report Approved by:	Mr. Clint Woods	Procurement Manager, Westervelt Renewable Energy, LLC	Signature on File
Report Approved by:	Mr. Jonathan Lowery	Sustainability Manager, The Westervelt Company	Signature on File

14 Updates

14.1 Significant changes in the Supply Base

There have been no changes to the supply base.

14.2 Effectiveness of previous mitigation measures

All previously identified mitigation measures were deemed to remain effective based on an internal document review and internal audit.

14.3 New risk ratings and mitigation measures

All previously identified mitigation measures were deemed to remain effective based on an internal document review and internal audit.

14.4 Actual values of feedstock over the previous 12 months

Total Volume of Feedstock: 400,000 – 600,000 metric tons

Primary Feedstock: 400,000 – 600,000 metric tons

14.5 Projected values of feedstock over the next 12 months

Total Volume of Feedstock: 400,000 – 600,000 metric tons

Primary Feedstock: 400,000 – 600,000 metric tons

Annex 1: Detailed Findings for Supply Base Evaluation Indicators

Westervelt Renewable Energy's Aliceville wood pellet production plant (BP) is located in Pickens County in Southwest, Alabama, approximately five miles from the Mississippi state line. The facility is adjacent to the Tennessee-Tombigbee Waterway in a rural area where forestry and agriculture (e.g. crops, cattle) are prevalent land uses and are the primary sources of income to local workers. Known as the Black Belt Prairie Region, the area is characterized by weathered rolling plains containing various hardwood and mixed hardwood/pine forests.

While the SBE & Risk Assessment includes all territory within the boundaries of Alabama and Mississippi, the catchment area is significantly smaller and extends approximately 100 highway miles from the site of the pellet mill. There are a limited number of other manufacturing facilities in the area which utilize the same materials as Westervelt Renewable Energy; the closest being a pulp mill located approximately 35 miles away. The pulp mill only purchases thinnings that are a minimum of 16 years old while Westervelt's first thinnings are typically in the 12-15 year old age range. As noted by the State of Alabama Forestry Commission during the initial Stakeholder Consultation process, the haul radius for the Westervelt plant has an unbalanced growth-to-drain ratio (more grown than is being consumed) that could result in stand mortality if this facility were not in operation and able to utilize the excess inventory.

To produce pellets Westervelt utilizes 100% softwood, primarily southern yellow pine, and does not accept any hardwood. Thus, there are no hardwood associated environmental issues involving streamsides and riverine systems. The primary input is round wood from first thinnings along with forest residuals (e.g. tops, limbs, non-merchantable wood) from final harvest tracts. Additionally, the pellet mill supplements the inputs from thinnings with sawmill residues (e.g. chips, shavings, sawdust). The facility does not utilize any construction, demolition or post-consumer derived feedstock or any pre- or post-consumer recycled content.

The pellet mill utilizes on-site generated bark which is supplemented by external boiler fuel to dry the softwood feedstock prior to pelletizing. The external bark is sourced as a residual waste material from sawmills and chip mills and comes from a variety of wood species.

The company utilizes contract logging crews, the majority of which work exclusively for Westervelt. The logging crews are responsible for transporting raw material to the facility via truck. Westervelt requires all logging contractors to complete State of Alabama and Mississippi logger training programs and be considered "Qualified Logging Professionals." Sawmill residues are also delivered to the facility by truck.

Westervelt is a large landowner in the region, however; only a portion of company wood is utilized at the facility and the remainder is purchased from external land owners. All company owned wood is FSC and SFI forest management certified, but only a portion of external land carries some type of certification. Because less than 70% of the facility's total feed stocks are from SBP approved Forest Management Schemes, a Supply Base Evaluation (SBE) is required and was conducted across the entire wood supply base.

Existing certifications include: Sustainable Biomass Partnership Framework Version 1.0; GGL01: Chain of Custody and Processing Standards; PEFC ST 2002:2013 Chain of Custody Forest Based Products; FSC Mixed and FSC Controlled Wood Chain of Custody; FSC-US Forest Management Standard (v1.0); Sustainable Forest Initiative (SFI: [2015-2019]); SFI Chain of Custody Standard. The management systems, monitoring, and control measures associated with achieving conformance to the above Standards represent Standard Operating Procedures (SOP) for the organization. These existing SOPs are sufficient to achieve certification and to demonstrate "Low Risk" for the legality and sustainability requirements of the SBP Standards.

	Indicator
1.1.1	The BP Supply Base is defined and mapped.
Finding	<p>All wood fiber sourced by Westervelt originates from the conifer forests of the States of Alabama and Mississippi.</p> <p>Electronic and hardcopy maps of the Wood Procurement Areas are maintained. Each tract and ownership of origin of wood material is contained on electronic maps and/or in tract files, available upon request.</p> <p>Westervelt maintains the legal description including the Section, Township and Range of harvested tracts. A drop pin is placed on a GIS database for this section.</p> <p>The Supply Base is defined as part of demonstrating conformance to the following Sustainability Standards:</p> <ul style="list-style-type: none"> -SFI Fiber Sourcing -SFI Chain of Custody -PEFC Chain of Custody and Due Diligence System -FSC Chain of Custody -FSC Controlled Wood -Green Gold Label
Means of Verification	Contracts, electronic receipt records, ad valorem tax payment records. Site visits to select tracts. Demonstrated knowledge of supply base by wood flow personnel.
Evidence Reviewed	Catchment area map.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
1.1.2	Feedstock can be traced back to the defined Supply Base.
Finding	Westervelt maintains formal contracts and keeps records of payments and receipts. Wood receipts come from loggers, dealers and other land owners. Title to the wood is exchanged as it is delivered at the pellet mill. These documents and records

	<p>provide objective evidence of all suppliers.</p> <p>PEFC, SFI and FSC Chain of Custody and Controlled Wood requirements address the need to define the “Districts of Origin” and conduct periodic monitoring of the supply base.</p> <p>Refer to FSC/PEFC/SFI Controlled Wood/Due Diligence System Risk Assessment for the identification of supply base (WRE-COC-DP-03).</p> <p>Westervelt requires suppliers to identify wood inputs and their specific location using a formal SFI Declaration (ZZ-2014SFIMemo-Declaration).</p>
Means of Verification	Electronic receipt records, ad valorem tax payment records. Feedstocks received are consistent with the Supply Base.
Evidence Reviewed	Chain of Custody procedures, wood receipt records, payment records, ad valorem tax payment records.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
1.1.3	The feedstock input profile is described and categorised by the mix of inputs.
Finding	<p>All feedstocks are defined as Primary inputs directly from the forest and Secondary residual inputs from other Primary manufacturing operations. The mix of feedstock inputs are described as "Categories of Origin" in the Chain of Custody Procedures (WF-DP-01).</p> <p>Feedstock categories are recorded for each tract as coming from thinnings or from salvage operations.</p> <p>Material categories are also identified for purposes of Chain of Custody tracking in the Product Group Lists (WRE-SBP-DP-06). Species of trees that are sourced are documented in the Controlled Wood/Due Diligence System Risk Assessment (WF-COC-DP-03).</p> <p>The majority of wood inputs are from early thinnings (12-15 years) of softwood planted forests. These age classes are underutilized and the Westervelt pellet mill provides the only demand for this resource. No hardwoods, no old growth forests and no conversion sources are utilized and no final harvest occurs</p>
Means of Verification	Electronic receipt records; ad valorem tax payment records.
Evidence Reviewed	Contracts, wood receipt records, payment records, ad valorem tax payment records, policy & procedures.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
1.2.1	The BP has control systems and procedures to ensure that legality of ownership and

	land use can be demonstrated for the Supply Base
Finding	<p>Westervelt requires contracts, wood receipts and other documentation verifying legal ownership of incoming wood.</p> <p>Westervelt requires suppliers to identify wood inputs and their specific location using a formal SFI Declaration (ZZ-2014SFIMemo-Declaration).</p> <p>Westervelt has conducted an FSC/PEFC/SFI Controlled Wood/Due Diligence System risk assessment for all of its procurement areas/Districts of Origin (WF-COC-DP-03).</p> <p>SFI Fiber Sourcing Standard, Performance Measure 4.1 requires Program Participants to comply with applicable laws and regulations and take steps to avoid illegal logging. Indicator 4.1.4 requires an assessment of the risk of sourcing material from illegal logging and Indicator 4.1.5 requires a program to address any significant risks identified under 4.1.4.</p> <p>The Certification Body (CB) has independently certified the Westervelt Risk Assessment finding that all sources of supply are "Low/Negligible Risk" for Legality and the other controversial/uncontrolled categories of the FSC and PEFC Standards.</p> <p>The World Bank has awarded the U.S. a Global Governance Index rating that exceeds 90% for Regulatory Quality. See the Global Governance Index for the United States: (http://info.worldbank.org/governance/wgi/sc_chart.asp)</p> <p>The "Assessment of Lawful Harvesting & Sustainability of US Hardwood Exports" (AHEC Legality Study) available at: http://www.ahec-europe.org/ concluded that:</p> <p>"We come to the conclusion that wood procured in the study area can be considered Low Risk to threat to legality. This conclusion is based on the determination that there is no reported systematic illegal logging, as we interpret the term, reported in the study area and regulatory processes in the study area have been found to be highly effective."</p>
Means of Verification	Contracts, ownership records for company-owned lands.
Evidence Reviewed	Contracts, declaration forms, Chain of Custody procedures.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
1.3.1	The Biomass Producer has control systems and procedures to ensure that feedstock legally harvested and supplied and is in compliance with EUTR legality requirements.
Finding	<p>Westervelt conducted a comprehensive risk assessment for its wood supply areas and concluded Low Risk for “Illegally Harvested Wood.”</p> <p>Copies of the FSC/PEFC/SFI Controlled Wood Procedures (DP-02) and Risk Assessment (DP-03) are available for review. A Public Summary of the Risk Assessment was made available to FSC and its Global Risk Registry (WF-COC-DP-03).</p> <p>Additional findings of the Controlled Wood Risk Assessment include:</p> <ol style="list-style-type: none"> 1. Law enforcement in the Districts of Origin is active and aggressive. 2. There is evidence within the district that demonstrates the legality of harvests and wood purchases that includes robust and effective systems for granting licenses and harvest permits. 3. There is little or no evidence or reporting of illegal harvesting in the district of origin. 4. There is a low perception of corruption related to the granting or issuing of harvesting permits and other areas of law enforcement related to harvesting and wood trade. <p>The most common U.S. Federal Laws and Regulations can be found at one or more of the following websites:</p> <p>U.S. Fish & Wildlife Service - http://www.fws.gov/ U.S. F&WS Endangered Species – http://endangered.fws.gov/ National Wetlands Inventory Center – http://wetlands.fws.gov/ U.S. Environmental Protection Agency – http://www.epa.gov/ U.S. Environmental Protection Agency Region 4 - http://www.epa.gov/region10/ U.S. EPA/Wetlands – http://www.epa.gov/OWOW/wetlands/ U.S Army Corps of Engineers – http://www.usace.army.mil/ Federal Register – http://www.access.gpo.gov/nara/cfr/cfr-table-search.html U.S.D.A. Forest Service - http://www.fs.fed.us/ U.S.D.A. Forest Service – Southern Research Station - http://www.srs.fs.usda.gov/index.htm</p> <p>The States of Alabama and Mississippi also have extensive laws and regulations to protect water quality and provide natural areas for the protection of native biodiversity. Those State laws and regulations are accessible through the state agency websites including: (State Forestry & Conservation Laws).</p> <p>Westervelt personnel have inspected numerous websites to verify legality of its sourcing, including:</p> <ul style="list-style-type: none"> Illegal Logging and Global Wood Markets, Seneca Creek Assoc. & WRI A Nationwide Survey of Timber Trespass Legislation, Hicks, Timothy, Master of Forestry Thesis March 2005 PSU School of Forest Resources Illegal Logging Portal The Royal Institute of International Affairs: www.illegal-logging.org World Bank: www.worldbank.org/wbi/governance/data Environmental Investigation Agency: www.eia-international.org Global Witness: www.globalwitness.org UK Government’s Department for International Development (DFID)

	<p>EU FLEGT process: http://ec.europa.eu/comm/development/body/theme/forest/initiative/index_en.htm Transparency international index: www.transparency.org Corruption perceptions: WWF www.panda.org ELDIS: www.eldis.org CITES: www.cites.org.</p>
Means of Verification	Confirmation of the existence of suppliers on the mill's supplier list. Verification that stated species are available in the sourcing area. Search for state level records indicating non-compliance. Demonstration of relevant knowledge by wood flow personnel.
Evidence Reviewed	Contracts, declaration forms, Chain of Custody procedures, state records, personnel Interviews, internal BMP audit results.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
1.4.1	The BP has 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>Wood Receipts and payment records demonstrate payment of fees and taxes. These documents are confidential and proprietary, but are available to the CB during annual audits and upon request. Each wood using facility is required to collect severance tax for each delivery. These severance taxes are accounted for by county and are submitted to the state collection agency quarterly.</p> <p>Westervelt requires a formal Annual Wood Purchase Agreement with all suppliers containing all legal and contractual requirements.</p> <p>Westervelt writes a Wood Order that is tract- specific that addresses payment of taxes and royalties.</p>
Means of Verification	Ad-valorem tax payment records and contracts.
Evidence Reviewed	Contract, ad-valorem tax payment records, Chain of Custody procedures.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

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

Finding	<p>Westervelt has conducted FSC/PEFC/SFI Controlled Wood /Due Diligence System Risk Assessments that address the requirements of CITES (WF-COC-DP-03).</p> <p>The species of trees that are common to the supply base are included in the Species List (WRE-SBP-DOC-01). Only softwood thinnings are used from the forest.</p> <p>No wood is imported from outside the States of Alabama and Mississippi. No CITES Listed Tree Species are found within the wood and fiber procurement areas/Districts of Origin.</p> <p>See the CITES website: http://www.unep-wcmc.org/cites-listed-trees_501.html</p> <p>Amendment to the Convention on Trade in Endangered Species of Wild Fauna and Flora (Art.XI) (Bonn, Germany 23 June 1979)</p>
Means of Verification	Field inspection, interviews with wood flow personnel to ensure understanding of requirements, receipt records.
Evidence Reviewed	Policies & procedures, internal BMP audit results.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
1.6.1	The BP has control systems and procedures to ensure that feedstock is not sourced from areas where there are violations of traditional or civil rights.
Finding	<p>Westervelt has adopted a formal policy addressing traditional and civil rights (Z1-2014 Westervelt Fiber Supply Policy).</p> <p>Westervelt has conducted an FSC/PEFC/SFI Controlled Wood/Due Diligence System Risk Assessment that addresses the violation of traditional and civil rights issues (WF-COC-DP-03). The findings from the Risk Assessment include:</p> <p>“Based upon the risk assessment and evaluation of available information, there is a “low risk” that any wood that is sourced into Westervelt’s facility is in violation of traditional, civil and indigenous peoples’ rights.”</p> <p>See the referenced websites:</p> <p>American Indian Religious Freedom Act of 1978 (amended 1994) Indian Child Welfare Act of 1978 Indian Citizenship Act of 1924 Indian Self-Determination and Education Assistance Act of 1975 Native American Languages Act of 1990 Tribal Law and Order Act of 2010 ILO Convention 169 www.un.org/esa/africa/UNNews_Africa/timber.htm www.globalwitness.org www.naturalresources.org/minerals/CD/docs/other/N0262179.pdf www.usaid.gov/hum_response/oti/pubs/vol1synth.pdf</p>

Means of Verification	Written procedures and evidence of understanding by key operations personnel. Lack of third-party complaints.
Evidence Reviewed	Contracts, internal audit results, federal and state laws.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.1.1	The BP has control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped.
Finding	<p>High Conservation Value Forests are addressed in the FSC/PEFC/SFI Controlled Wood/Due Diligence System Risk Assessment (WF-COC-DP-03).</p> <p>All protected areas are mapped in the Westervelt’s GIS system. These areas are downloaded from the national GAP database which contains state and federally protected parks, reserves, refuges, wilderness areas among other designations. These protected are also referenced by the IUCN classification. Each tract from which wood is sourced is entered in the system and checked for relationships with protected areas.</p> <p>Certification to the SFI Fiber Sourcing Standard demonstrates conformance to five related requirements:</p> <p>Performance Measure 1.1: Promote the conservation of biological diversity through procurement programs. Indicator 1.1.1: Promote biological diversity using appropriate State Wildlife Action Plans, State Forest Action Plans, conducting landscape assessments, etc. Indicator 1.1.2: Program to address Forests with Exceptional Conservation Value in harvests of purchased stumpage. Performance Measure 4.1: Comply with applicable forestry and related environmental laws and regulations. Performance Measure 5.1: Provide support for forestry research. Performance Measure 5.3: Broaden the awareness of climate change impacts on forests, wildlife and biological diversity. Performance Measure 7.2: Support and promote mechanisms for public outreach, education and involvement in sustainable forest management.</p> <p>* Please refer to Westervelt Renewable Energy, LLC Statement on Longleaf Pine available upon request.</p> <p>Westervelt has concluded in its FSC/PEFC/SFI Controlled Wood/Due Diligence System Risk Assessment that:</p> <p>“Based upon the evaluation of the District of Origin that are within the wood and fiber supply area of the manufacturing facilities, Westervelt Renewable Energy, LLC has concluded that there is “low risk” that forest management activities associated with supplying wood and fiber to its facility threatens eco-regionally significant high Environmental and cultural values.”</p> <p>Westervelt uses Guidance on HCVs provided by the High Conservation Value</p>

	<p>Network. Natural Heritage databases from Alabama and Mississippi are utilized to identify HCV occurrences.</p> <p>Both Alabama and Mississippi's State Forestry Commissions perform field audits of harvesting jobs to verify the implementation of BMP's. The results of these audits are made public and both states boast BMP implementation scores of greater than 90%. Westervelt also audits at least 10% of its contract wood to verify the effectiveness of BMP implementation, and the findings of the audits are reviewed with the wood suppliers and during Westervelt's annual management review. These steps help to insure that there is low risk of sourcing fiber that may negatively affect the high conservation value of any rivers and streams where Westervelt sources fiber.</p> <p>The Global Forest Registry website designates an unspecified risk for the Southeastern Conifer and Broadleaf Forests which is found in the Southeastern United States. This eco-region is known for its Longleaf Pine Forests which the Global Forest Registry determined could be compromised by forest management activities. The Gopher Tortoise, Red Cockaded Woodpecker, and the Eastern Indigo Snake use the Longleaf Pine Forest habitat and could also be harmed by certain forest management activities.</p> <p>Westervelt uses control measures when sourcing fiber for its facilities that protect the high conservation value of the Southeastern Conifer and Broadleaf Forests and the rare, threatened, and endangered species that may dwell in them. Questionnaires are sent out to wood suppliers for every tract harvested that question the species of pine harvested and the method of harvesting. Also training packets are sent out to train suppliers on High Conservation Value Forests. The training packet describes the different high conservation value areas in Westervelt's supply base and the RTE species that may dwell in the area. The packet also describes ways that Westervelt expects BMP's to be implemented to not harm these ecosystems or the RTE species that may live in them. A decision tree for procurement of fiber coming from a potential High Conservation Forests is below. This decision tree is used in conjunction with the questionnaire that is sent out to gather information on the tract that is being harvested. Finally a BMP implementation auditing program is used to ensure the protection of the Longleaf Pine Forest and the RTE species that may live in them. By taking these steps above, when sourcing fiber from a potential HCV area there is a low risk of harming the ecosystem and the rare, threatened, or endangered species that may use them.</p> <p>http://www.fws.maps.arcgis.com http://www.hcvnetwork.org/ http://www.worldwildlife.org/science/ecoregions.cfm https://www.biodiv.org/world/parties.asp https://www.biodiv.org/reports/list.aspx?type=for http://www.globalforestregistry.org/map</p>
Means of Verification	GIS maps, personnel interviews, veracity of third party GIS reference data, review of company logger questionnaires and training materials.
Evidence Reviewed	Company GIS system with HCV overlays.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.1.2	The BP has 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>High Conservation Value Forests are addressed in the FSC/PEFC/SFI Controlled Wood/Due Diligence System Risk Assessment (WF-COC-DP-03). The CB approved Risk Assessment concludes "Low Risk."</p> <p>Westervelt has concluded in its FSC/PEFC/SFI Controlled Wood/Due Diligence System Risk Assessment that:</p> <p>"Based upon the evaluation of the District of Origin that are within the wood and fiber supply area of the manufacturing facilities, Westervelt Renewable Energy, LLC has concluded that there is "low risk" that forest management activities associated with supplying wood and fiber to its facility threatens eco-regionally significant high Environmental and cultural values."</p> <p>High risk aquatic species are often difficult to identify. We assume species protection is provided on every stream. The WWF Global 200 has determined that aquatic habitats in SE US rivers and streams are at risk. If adequate BMP's are installed during harvesting this risk is mitigated. Our contracts require the use of BMP's and our due diligence involves systematic checking for BMP compliance. State forestry commissions also monitor BMP compliance. BMP compliance rates for Alabama are 97%.</p> <p>Global Forest Registry, in a recent update, identified a majority of Alabama and Mississippi as unspecified risk for Southeastern Conifer and Broadleaf Forests. Through our due diligence system the risk is mitigated.</p> <p>http://gapanalysis.usgs.gov/padus/ http://www.fws.maps.arcgis.com http://stateforesters.org/regional-state</p>
Means of Verification	Maps, staff interviews, field inspection results, risk assessment reports.
Evidence Reviewed	Field inspection results, third party environmental audit results, internal BMP inspections results, maps containing HCV overlays, information packets provided to loggers when operating near HCV areas.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.1.3	The BP has 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>Westervelt has concluded in its FSC/PEFC/SFI Controlled Wood Risk Assessment/Due Diligence System that:</p> <p>"Based upon the analysis of all available information and the evaluation of the Eco-</p>

	<p>regions from which its wood and fiber originates, Westervelt has determined that there is “low risk” that the organization’s wood procurement contributes to a significant rate of loss of “natural forests and other natural wooded ecosystems” (WF-COC-DP-02).</p> <p>Westervelt uses the definition of "plantations" as contained in the FSC U.S. Forest Management Standard for purposes of its FSC and other certification programs. Plantation Principle # 10 is not applicable to Westervelt. Intensively managed plantation involving exotic species, clones and heavy use of forest chemicals are not being harvested by Westervelt in the U.S. States of Alabama and Mississippi.</p> <p>Westervelt's FSC and PEFC Chain of Custody Procedures (WF-DP-01) contain the process by which conversion of forests to non-forest land uses can be documented and avoided.</p> <p>Current policy is to not accept wood from tracts undergoing planned conversion to other land uses (Z1-2014 Westervelt Fiber Supply Policy). No forested tracts have knowingly been converted.</p> <p>http://www.globalforestwatch.org/map http://www.srs.fs.usda.gov/futures/summaryreport</p>
Means of Verification	Landowner/logger questionnaires, site visits to previously harvested tracts.
Evidence Reviewed	Internal procedures.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.2.1	The BP has 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 minimize them.
Finding	<p>The SFI Fiber Sourcing Standard certification provides evidence of logger training, use and promotion of forestry “Best Management Practices” and monitoring of the use of these procurement practices.</p> <p>SFI Indicator 2.1.4 requires Program Participants to define their fiber sourcing policies in writing and make them available to wood producers.</p> <p>SFI Performance Measure 2.2 requires that Westervelt annually conduct and use BMP monitoring information to maintain high rates of conformance to best management practices and to identify areas for improved performance.</p> <p>SFI Indicator 7.1.5 requires Program Participants to encourage forest landowners to participate in forest management certification programs.</p> <p>Each State Forestry Agency/Commission conducts periodic BMP implementation monitoring. BMP compliance has been documented to be 95% or better for both Alabama and Mississippi.</p> <p>Alabama: http://www.forestry.state.al.us/bmpmon.aspx?bv=2&s=1</p>

	<p>Mississippi: http://www.mfc.ms.gov/pdf/Mgt/WQ/2014_BMP_%20Implementation_Survey_V5.pdf http://www.fws.maps.arcgis.com</p> <p>High levels of logger training and BMP compliance provide sufficient objective evidence of Low Risk. The FSC/PEFC/SFI Controlled Wood Procedures requires periodic monitoring (WF-COC-DP-02).</p>
Means of Verification	Contracts, best management practices, harvest site audits, state BMP audit results.
Evidence Reviewed	Contracts, field inspection results, third party environmental audit results, internal BMP inspections results, maps containing HCV overlays, information packets provided to loggers when operating near HCV areas.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.2.2	The BP has control systems and procedures for verifying that feedstock is sourced from forests where management maintains or improves soil quality. (CPET S5b)
Finding	<p>See requirement 2.2.1 above.</p> <p>SFI Performance Measure 2.1 requires Program Participants to clearly define and implement policies to ensure that fiber sourcing activities do not compromise adherence to the principles of sustainable forestry. Indicator 2.1.1 requires harvests of purchased stumpage to comply with BMPS.</p> <p>Virtually all wood in the supply area is harvested by trained loggers; Westervelt requires the use of trained loggers in contracts and other agreements.</p> <p>Indicator 2.1.2 requires written agreements for the purchase of raw material include provisions requiring use of BMPS. Compliance with BMPs is required in contracts with loggers and suppliers.</p> <p>Best Management Practices that are also required by SFI address the protection of soils from erosion, compaction and disturbance. BMP compliance is consistently higher than 95%.</p> <p>See SFI Fiber Sourcing Program and BMP Monitoring Reports.</p> <p>http://www.stateforesters.org/news-events/blog/southern-group-state-foresters-releases-2012-implementation-forestry-best</p> <p>http://www.ncasi.org/publications/detail.aspx?id=3204</p>
Means of Verification	State BMP results, supply agreements, employee interviews company monitoring records.
Evidence Reviewed	Contracts, internal policies & procedures, field audits.

Risk Rating	<input checked="" type="checkbox"/> Low Risk	<input type="checkbox"/> Specified Risk	<input type="checkbox"/> Unspecified Risk at RA
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	Indicator
2.2.3	The BP has control systems and procedures to ensure that there are key ecosystems and habitats which are conserved or set aside in their natural state. (CPET S8b)
Finding	<p>The SFI Fiber Sourcing Standard requires procurement organizations to address the conservation of biodiversity (SFI 1.1.1) and a Program to protect Forests with Exceptional Conservation Value on purchased stumpage (SFI 1.1.2). These Programs are contained in the Westervelt Sustainable Forestry Management System.</p> <p>The FSC/SFI/PEFC Chain of Custody Program contains a Controlled Wood Procedure (WF-DP-02) and Supplier Correspondence Procedure (WF-DP-05) addressing conservation of High Conservation Value Forests.</p> <p>The US Protected Area Database contains information about protected lands that was published in April 2009: (http://protectedlands.net/padus/). This "GAP" database is used in the procurement process to map and check the location of each tract supplying wood to the facility and make sure it is not protected. Correct tract location is verified for the tracts sampled in the Due Diligence System.</p> <p>The <u>Endangered Species Protection Program</u>, State and Federal Versions</p> <p>Examples of Federal Legislation and Programs: Clean Water Act (section 404 for wetland protection) requires permit for permanent fill placed into wetlands, Standards Grants Program, Forest Resource Development Program (FRDP), The Landowner Incentive Program (LIP), North American Wetland Conservation Act Grants (NAWCA), The Conservation Reserve Program (CRP), Environmental Quality Incentives Program (EQIP), Healthy Forest Reserve, The Wetlands Reserve Program (WRP), The Wildlife Habitat Incentives Program (WHIP), Mississippi Partners for Fish and Wildlife Program (MPFW), The Army Compatible Use Buffer Program (ACUB), USFWS Safe Harbor program, Convention on Nature Protection</p>
Means of Verification	Maps, company procedures, employee interviews.
Evidence Reviewed	State BMP results, internal BMP audit results, contracts, internal policies & procedures.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.2.4	The BP has control systems and procedures to ensure that biodiversity is protected. (CPET S5b)

<p style="text-align: center;">Finding</p>	<p>The SFI Fiber Sourcing Standard requires procurement organizations to address the conservation of biodiversity (SFI 1.1.1) and a Program to protect Forests with Exceptional Conservation Value on purchased stumpage (SFI 1.1.2). These Programs are contained in the Sustainable Forestry Management System.</p> <p>The FSC/SFI/PEFC Chain of Custody Program contains a Controlled Wood Procedure (WF-COC-DP-02) and Supplier Correspondence Procedure (WF-DP-05) addressing conservation of High Conservation Value Forests.</p> <p>Copies of tract inspections are provided to the logger and landowner in an effort to promote improvement of practices.</p> <p>Westervelt cooperates in implementing the State Wildlife Action Plans that are focused on wildlife species and habitats that have declined and need concerted effort by Federal and State agencies, conservation organizations and the private sector. The Wildlife Action Plans can be found at:</p> <p>Alabama: http://teaming.com/sites/default/files/Alabama%20Wildlife%20Action%20Plan.pdf</p> <p>Mississippi: http://teaming.com/sites/default/files/Summary%20of%20Mississippi%20Wildlife%20Action%20Plan.pdf</p> <p>Federal: Forest Resource Development Program (FRDP), The Landowner Incentive Program (LIP), North American Wetland Conservation Act Grants (NAWCA),The Conservation Reserve Program (CRP),Environmental QualityIncentives Program(EQIP), , Healthy Forest Reserve, The Wetlands Reserve Program (WRP), The Wildlife Habitat Incentives Program (WHIP), The Army Compatible Use Buffer Program (ACUB), USFWS Safe Harbor program, Convention on Nature Protection and Resource Conservation & Recovery Act (RCRA) (1976, 1984), Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, commonly known as "Superfund") (1980, 1986) and Migratory Bird Treaty Act (1918, 2006)</p> <p>State: The Mississippi Scenic Streams Stewardship Program (SSSP) and SGCN dependent on forest communities (See Appendices III, IV and V), The State Wildlife Grants Program (SWG),MISSISSIPPI'S FOREST LEGACY PROGRAM, The Mississippi Natural Heritage Program (MNHP), CHAPTER 4: EXISTING CONSERVATION PROGRAMS FOR FOREST RESOURCES.</p> <p>Mississippi Partners for Fish and Wildlife Program (MPFW), Mississippi Wildlife Heritage Fund, Mississippi Partners for Fish and Wildlife Program (MPFW).</p> <p>Treaties and conventions: Convention on Nature Protection and Wild Life Preservation in the Western Hemisphere (Washington, DC, 1940), Convention on Wetlands of International Importance Especially as Waterfowl Habitat (Ramsar, Iran, 2 Feb 1971), Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (Washington DC, 1973), International Plant Protection Convention (IPPC) (1979 Revised Text) (Rome, Italy, 1979), Convention on the Conservation of Migratory Species of Wild Animals (Bonn, Germany, 23 Jun 1979)</p>
<p>Means of Verification</p>	<p>State BMP results, supply agreements, BMP inspection results, interviews with employees.</p>
<p>Evidence Reviewed</p>	<p>State BMP results, internal BMP audit results, SFI Fiber Sourcing, contracts, third party environmental audits.</p>
<p>Risk Rating</p>	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>

	Indicator
2.2.5	The BP has control systems and procedures for verifying that the process of residue removal minimizes harm to ecosystems.
Finding	<p>The SFI Fiber Sourcing Standard addresses minimizing impacts to ecosystems. Performance Measure 2.1 requires Program Participants to clearly define and implement policies to ensure that facility inventories and fiber sourcing activities do not compromise adherence to the principles of sustainable forestry.</p> <p>SFI Indicator 2.1.2 requires written agreements for the purchase of raw material sourced directly from the forest including provisions requiring the use of best management practices.</p> <p>Biomass Harvesting BMP's for the SE US (developed by the Forest Guild) are used by Westervelt's harvesting operations. Branches and foliage are normally left or redistributed across the tract.</p> <p>SFI Performance Measure 2.2 requires BMP Monitoring across the wood and fiber supply area.</p> <p>Institute compendium of biomass harvesting research Soil and Water Resources Conservation Act (RCA) Clean Water Act Web Soil Survey</p> <p>USDA National Report on Sustainable Forests—2010 Pg II-121 Habitat Conservation Plans, Annual Funding of Awards & Status Report</p>
Means of Verification	State BMP results, supply agreements, BMP inspection results, interviews with employees.
Evidence Reviewed	State BMP results, internal BMP audit results, SFI Fiber Sourcing, contracts, third party environmental audits.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.2.6	The BP has control systems and procedures to verify that negative impacts on ground water, surface water and water downstream from forest management are minimized. (CPET S5b)
Finding	<p>State BMP programs described under requirement 2.2.1 adequately address the protection of water quality.</p> <p>All of the states included in the Westervelt Supply Base have active and aggressive programs for the protection of water quality. BMP Compliance statistics are available on-line.</p> <p>The SFI Standard certification includes a review of “available regulatory action</p>

	<p>information” (SFI Performance Measure 4.1).</p> <p>A recent Technical Bulletin 966 (September, 2009) issued by the National Council for Air and Stream Improvement (NCASI) has reported high levels of compliance with water quality laws and BMP requirements across the U.S: http://www.ncasi.org/Publications/Detail.aspx?id=3204</p> <p>State BMP Manuals address the application of chemicals and prescribe best practices to avoid water quality impacts. The State BMP Manuals for forestry are contained below:</p> <p>Alabama: http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf</p> <p>Mississippi: http://www.mfc.ms.gov/pdf/mgt/wq/entire_bmp_2008-7-24.pdf</p>
Means of Verification	State BMP results, supply agreements, BMP inspection results, interviews with employees.
Evidence Reviewed	Contract, internal BMP audits, third party environmental audits, internal policies & procedures.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.2.7	The BP has control systems and procedures for verifying that air quality is not adversely affected by forest management activities.
Finding	<p>The only potential adverse impact to air quality would be from prescribed burning. Permits or authorization are required in Alabama and Mississippi.</p> <p>Air quality and smoke management are reported to be factors in limiting the ability to apply prescribed fire.</p> <p>Prescribed fire is regulated, for example, by the following State Forestry Commissions:</p> <p>Alabama: http://www.forestry.state.al.us/BurnPermitLaw.aspx?bv=1&s=1</p> <p>Mississippi: http://www.fwrc.msstate.edu/pubs/burning.pdf</p>
Means of Verification	BMP results, supply agreements, employee interviews, evidence of citations from state agencies.
Evidence Reviewed	Contracts, internal BMP audits, third party environmental audits, internal policies & procedures, state agency records.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
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2.2.8	The BP has 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>Chemicals applied commercially are strictly regulated, with trained, licensed applicators. See EPA website for regulation of forest chemicals under FIFRA.</p> <p>U. S. Environmental Protection Agency home page</p> <p>U. S. Environmental Protection Agency's Office of Water home page</p> <p>State BMP Manuals address the application of chemicals and prescribe best practices to avoid water quality impacts. The State BMP Manuals for forestry are contained below:</p> <p>Alabama: http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf</p> <p>Mississippi: http://www.mfc.ms.gov/pdf/mgt/wq/entire_bmp_2008-7-24.pdf</p> <p>Westervelt contributes to IPM through its utilization of low value and low quality softwood that would otherwise contribute to insect and disease problems. The Alabama Forestry Commission provided stakeholder feedback supporting the utilization of the excess inventory of younger softwood age classes.</p> <p>Pest management programs are administered by the State Forestry Agencies/Commissions.</p> <p>Alabama: http://www.forestry.state.al.us/</p> <p>Mississippi: http://www.mfc.ms.gov/forest-health.php</p>
Means of Verification	Existing legislation, state BMP results, supply contracts, BMP inspections results, employee interviews.
Evidence Reviewed	Contracts, internal policies & procedures, field audits.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.2.9	The BP has control systems and procedures for verifying that methods of waste disposal minimize negative impacts on forest ecosystems. (CPET S5d)
Finding	<p>Westervelt monitors removal of trash and other garbage through its BMP Monitoring Reports required by the SFI Standard, Performance Measure 2.2.</p> <p>State BMPs require the removal of garbage.</p> <p>Alabama: http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf</p> <p>Mississippi: http://www.mfc.ms.gov/pdf/mgt/wq/entire_bmp_2008-7-24.pdf</p>
Means of Verification	Supply agreements, BMPs, monitoring results.

Evidence Reviewed	Contracts, internal policies & procedures, internal BMP audits, third party environmental audits.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.3.1	Calculations show 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	<p>Westervelt’s procurement of wood material contributes to reducing Environmental impacts and enhancing the productivity of forests. Markets for low valued wood products allow for more efficient site preparation and reforestation.</p> <p>The latest forest inventory data for the States of Alabama and Mississippi indicate that softwood and hardwood inventories are increasing. The Alabama Forestry Commission provided stakeholder feedback supporting the utilization of the excess inventory of younger softwood age classes.</p> <p>State FIA Updates and Fact Sheets are available on-line:</p> <p>Alabama: http://www.srs.fs.usda.gov/pubs/su/su_srs042.pdf (Total volume of all growing-stock trees rose 154 percent between 1953 and 2010)</p> <p>Mississippi: http://www.srs.fs.fed.us/pubs/su/su_srs063.pdf (Average annual net growth may be increasing, continuing the trend from 2006)</p>
Means of Verification	Public data, harvesting and growth records.
Evidence Reviewed	Company growth & harvest model, FIA growth-to-drain-data.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.3.2	Adequate training is provided for all personnel, including employees and contractors (CPET S6d).
Finding	<p>Westervelt conducts in-depth internal SFI training for all responsible staff.</p> <p>Westervelt requires logging contractors to be SFI trained to be eligible to work for the Company (Z1-2014 Westervelt Fiber Supply Policy). 100% of logging contractors are considered Qualified Logging Professionals.</p> <p>SFI Performance Measure 6.1 requires a written statement of commitment to the SFI Standard and written contracts for the use of qualified logging professionals which includes continuous education for all Professional Logging Managers (AL) and Master Loggers (MS).</p> <p>Westervelt encourages its indirect Wood Producers to encourage their contractors to attend SFI Training (Sustainable Forestry Management System).</p> <p>Training records for Forestry and Wood Procurement staff are maintained and are available upon request.</p>
Means of Verification	Attendance records from EMS meeting, verification of company training events, verification of training provided to third parties.
Evidence Reviewed	Online logger training database, company training records of internal and external personnel, contract, internal policies & procedures, field audits.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.3.3	Analysis shows that feedstock harvesting and biomass production positively contribute to the local economy, including employment.
Finding	<p>Harvesting for low valued biomass fuel makes a significant contribution to employment by loggers, harvesters and processors and income to landowners. Local harvesting contractors are always used. Improved utilization results in other economic benefits to landowners in reducing site preparation costs and making reforestation more affordable.</p> <p>The economic contribution of forestry to the States of Alabama and Mississippi economies is substantial. Forestry is either # 1 or #2 in the State in terms of economic impact.</p> <p>Alabama: http://www.aces.edu/impact/ag/</p> <p>Mississippi: http://msucares.com/forestry/economics/important.html</p>
Means of Verification	Interviews with employees; examples of local financial impacts.
Evidence Reviewed	Ad-valorem tax payment records, employment data, records showing assistance provided to local agencies (i.e. fire departments, chamber of commerce, etc.).

Risk Rating	<input checked="" type="checkbox"/> Low Risk	<input type="checkbox"/> Specified Risk	<input type="checkbox"/> Unspecified Risk at RA
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	Indicator
2.4.1	The BP has control systems and procedures for verifying that the health, vitality and other services provided by forest ecosystems are maintained or improved. (CPET S7a)
Finding	<p>Strong demand for wood products provides landowners an incentive to keep their lands in forest production.</p> <p>Westervelt participates in the SFI Implementation Committees that contribute to the health and vitality of the forest resource as required by the SFI Fiber Sourcing Standard. The SICs produce information for distribution to forest landowners about sustainable forestry (Sustainable Forestry Management System).</p> <p>The latest forest inventory data for the States of Alabama and Mississippi indicate that softwood and hardwood inventories are increasing. The Alabama Forestry Commission provided stakeholder feedback supporting the utilization of the excess inventory of younger softwood age classes.</p> <p>Westervelt has reviewed the Alabama and Mississippi Statewide Forest Resource Assessments and supports the State Action Plans addressing forest health.</p> <p>Alabama: http://www.forestry.alabama.gov/AlabamaForestActionPlan.aspx?bv=2&s=3</p> <p>Mississippi: http://www.mfc.ms.gov/pdf/forest_assessment/ms_assessment_resource_strategy_2010.pdf</p> <p>The Southern Forest Futures Project, USDA</p> <p>Longleaf Restoration Program sponsored by The Longleaf Alliance</p>
Means of Verification	Supply contracts, regional BMP results, state forestry websites, USFS websites.
Evidence Reviewed	Forestry Commission data, FIA data.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.4.2	The BP has control systems and procedures for verifying that natural processes, such as fires, pests and diseases are managed appropriately. (CPET S7b)
Finding	<p>Increased wood utilization directly results in a reduction in fires, pests and diseases.</p> <p>Westervelt works with the Alabama and Mississippi Forestry Commissions to monitor and manage to prevent forest fires, pest and diseases. Westervelt also is active in the</p>

	<p>Alabama and Mississippi Forestry Associations whose missions are to ensure the sustainable management of the State's forest resources.</p> <p>Alabama: http://www.forestry.state.al.us/</p> <p>Mississippi: http://www.mfc.ms.gov/</p> <p>Interagency Fire Prevention Strategy, 2000 Southern Wildfire Prevention Strategy State of America's Forest Report, SAF Southern Forest Futures Report, USDA</p> <p>NRCS Integrated Pest Management program</p>
Means of Verification	Monitoring results, regional data.
Evidence Reviewed	Supply contracts, regional BMP results, state forestry websites, USFS websites, internal BMP audits, third party environmental audits.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.4.3	The BP has control systems and procedures for verifying that there is adequate protection of the forest from unauthorized activities, such as illegal logging, mining and encroachment. (CPET S7c)
Finding	<p>Westervelt's SFI Fiber Supply Policy and Procedures address security, legality and vandalism (Z1-2014 Westervelt Fiber Supply Policy).</p> <p>BMP Monitoring Reports address legality and unauthorized activities.</p> <p>Both AL and MS Forestry commissions have law enforcement divisions that address illegal trespass, timber theft and forest arson.</p> <p>State BMPs monitoring show very high levels (95%+) compliance.</p> <p>Alabama: http://www.adem.state.al.us/programs/water/forestry.cnt</p> <p>Mississippi: http://www.mfc.ms.gov/pdf/Mgt/WQ/2014_BMP_%20Implementation_Survey_V5.pdf</p> <p>Illegal Logging and Global Wood Markets, Seneca Creek Assoc. & WRI</p> <p>A Nationwide Survey of Timber Trespass Legislation, Hicks, Timothy, Master of Forestry Thesis March 2005 PSU School of Forest Resources</p> <p>Illegal Logging Portal</p>
Means of Verification	Maps, BP records, interviews with employees.

Evidence Reviewed	Internal audits, state Forestry Commission data, State BMP results.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.5.1	The BP has control systems and procedures for verifying that legal, customary and traditional tenure and use rights of indigenous peoples and local communities related to the forest are identified, documented and respected. (CPET S9)
Finding	<p>SFI/FSC/PEFC Chain of Custody Certificates provide sufficient objective evidence of conformance to the Indicator. There are no identified indigenous peoples with legal use rights within the wood and fiber supply areas (WF-COC-DP-02/03).</p> <p>The Westervelt Controlled Wood/Due Diligence System Risk Assessment concludes that:</p> <p>“There are recognized and equitable processes in place to resolve conflicts of substantial magnitude pertaining to traditional rights including use rights, cultural interests or traditional cultural identity in the district concerned.”</p> <p>Major Uses of Land in the US, 2007, Economic Research Service Forestry and African American Land Retention, US Endowment for Forestry and Communities. Announcement of U.S. Support for the United Nations Declaration on the Rights of Indigenous Peoples</p> <p>State of America's Forest, SAF National Historic Preservation Act of 1966 (today embodied in 16 U.S.C. 461 et seq.) National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.)</p>
Means of Verification	Company records; interviews.
Evidence Reviewed	Federal & state law, internal policies & procedures, field audits, stakeholder outreach.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.5.2	The BP has 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 fulfillment of basic needs.
Finding	SFI/FSC/PEFC Certificates provide sufficient objective evidence of conformance to the Indicator. No subsistence level communities are present across the supply base where the use of the wood feedstock is essential to fulfill basic needs. State BMPs monitoring

	<p>show very high levels (95%+) compliance.</p> <p>Alabama: http://www.adem.state.al.us/programs/water/forestry.cnt ;</p> <p>Mississippi: http://www.mfc.ms.gov/pdf/Mgt/WQ/2014_BMP_%20Implementation_Survey_V5.pdf</p>
Means of Verification	BMP records; interviews.
Evidence Reviewed	Federal & state law, internal policies & procedures, field audits, stakeholder outreach, third party environmental audits, internal BMP audits.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.6.1	<p>The BP has 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>SFI/FSC/PEFC Chain of Custody and Controlled Wood Certificates provide objective evidence of conformance related to having systems in place to resolve grievances and disputes.</p> <p>Westervelt supports the SFI Implementation Committee efforts to address concerns about apparent nonconforming practices (SFI 7.3.1).</p> <p>Westervelt has a formal process for receiving and responding to public inquiries, particularly those that potentially relate to practices that appear to be inconsistent with the SFI requirements (SFI 7.3.2).</p> <p>Westervelt has a formal Complaints Procedure for addressing public concerns (WF-DP-11).</p> <p>The Controlled Wood Procedure (WF-COC-DP-02) contains a public complaints procedure addressing mechanisms for resolving disputes.</p> <p>Workers may file a complaint to have OSHA inspect their workplace if they believe that their employer is not following OSHA standards or that there are serious hazards. Employees can <u>file a complaint</u> with OSHA by calling 1-800-321-OSHA (6742), online via <u>eCompliant Form</u>, or by printing the complaint form and mailing or faxing it to your local OSHA area office. Complaints that are signed by an employee are more likely to result in an inspection.</p> <p>National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). OSHA Forest Industry National Historic Preservation Act of 1966 (today embodied in 16 U.S.C. 461 et seq.)</p>
Means of Verification	Review records for indication of complaints; interviews with employees.
Evidence Reviewed	Internal policies & procedures, field audits, stakeholder outreach.

Risk Rating	<input checked="" type="checkbox"/> Low Risk	<input type="checkbox"/> Specified Risk	<input type="checkbox"/> Unspecified Risk at RA
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	Indicator
2.7.1	The BP has control systems and procedures for verifying that Freedom of Association and the effective recognition of the right to collective bargaining are respected.
Finding	<p>SFI/FSC/PEFC Certificates provide objective evidence of conformance addressing Freedom of Association.</p> <p>The FSC Self-Declaration Policy addresses the ILO Principles (WF-DOC-02). The FSC ILO Policy recognizes the preeminence of U.S. and State laws and regulations in meeting the intent of the ILO Core Conventions.</p> <p>U.S. law clearly specifies rights to collective bargaining and freedom of association. Supply Contracts specify compliance with applicable U.S. and state labor laws and regulations.</p> <p>The National Labor Relations Act</p> <p>The Fair Labor Standards Act (FLSA)</p> <p>18 U.S. Code § 1589 - Forced labor Westervelt EEO Policy</p>
Means of Verification	Contract language, state & federal data sources, Controlled Wood Risk Assessment.
Evidence Reviewed	Interviews with internal & external employees, contracts, field audits, internal policies & procedures.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.7.2	The BP has control systems and procedures for verifying that all forms of compulsory labor have been eliminated.
Finding	<p>SFI/FSC/PEFC Certificates provide objective evidence of conformance addressing the elimination of compulsory labor.</p> <p>Westervelt has conducted a Controlled Wood/Due Diligence System Risk Assessment covering this issue and concluded that:</p> <p>“There is no evidence of child labor or violation of ILO Fundamental Principles and Rights at work taking place in forest areas in the district concerned.”</p>

	See 2.7.1 above.
Means of Verification	Interviews with company employees.
Evidence Reviewed	Interviews with internal & external employees, contracts, field audits, internal policies & procedures.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.7.3	The BP has control systems and procedures to verify that child labor has been abolished.
Finding	<p>SFI/FSC/PEFC Certificates provide objective evidence addressing child labor.</p> <p>Westervelt has completed a Controlled Wood/Due Diligence System Risk Assessment that covers this issue:</p> <p>“There is no evidence of child labor or violation of ILO Fundamental Principles and Rights at work taking place in forest areas in the district concerned.”</p> <p>See 2.7.1 above.</p>
Means of Verification	Interviews with company employees.
Evidence Reviewed	Interviews with internal & external employees, contracts, field audits, internal policies & procedures.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.7.4	The BP has control systems and procedures for verifying that discrimination in respect of employment and occupation is eliminated.
Finding	<p>SFI/FSC/PEFC Certificates provide objective evidence of elimination of discrimination.</p> <p>SFI Performance Measure 4.2 requires compliance with applicable social laws at all levels.</p> <p>Westervelt has completed a Controlled Wood/Due Diligence System Risk Assessment that concludes:</p> <p>“Based upon the risk assessment and evaluation of available information, there is a “low risk” that any wood that is sourced into Westervelt’s facilities is in violation of traditional,</p>

	civil and indigenous peoples' rights.”
Means of Verification	Interviews with company employees.
Evidence Reviewed	Interviews with internal & external employees, contracts, field audits, internal policies & procedures.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.7.5	The BP has control systems and procedures for verifying that pay and employment conditions are fair and meet, or exceed, minimum requirements.
Finding	Westervelt contracts with dealers and brokers to harvest wood for use in wood fuels. Contractors can attest to the fact that pay and employment conditions meet or exceed minimum requirements. The Annual Purchase Agreement specifies contract conditions. Refer to the Fair Labor Law website: http://www.flcdatcenter.com/
Means of Verification	Review of purchase agreements; interviews with company and contractor employees.
Evidence Reviewed	Interviews with internal & external employees, contracts, field audits, internal policies & procedures.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.8.1	The BP has control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers.
Finding	Westervelt's Annual Purchase Agreement provisions address worker compensation insurance coverage. SFI/FSC/PEFC Certificates provide objective evidence of conformance with health and safety laws and regulations. Refer to the OSHA Logging Safety website: https://www.osha.gov/SLTC/logging/ OSHA 1910.266 & eTOOL
Means of Verification	Review of purchase agreements; existing certifications; government websites; harvest site visits.

Evidence Reviewed	OSHA logs, interviews with internal & external employees, contracts, field audits, internal policies & procedures, third party audits.		
Risk Rating	<input checked="" type="checkbox"/> Low Risk	<input type="checkbox"/> Specified Risk	<input type="checkbox"/> Unspecified Risk at RA

	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	Westervelt’s wood procurement activities do not result in significant impacts on resources, do not drain wetlands and are considered “normal silviculture” under the Federal Clean Water Act. Thinning of overstocked softwood planted forests has no significant long term impacts on forest carbon stocks.
Means of Verification	Harvesting maps & records; evidence of harvesting in wetlands or peatlands which would require further investigation. Existence of a strong legal framework in the region.
Evidence Reviewed	Company harvest plan, external data, contracts, supplier engagement.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	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	State BMPs monitoring show very high levels (95%+) of BMP compliance. Alabama: http://www.adem.state.al.us/programs/water/forestry.cnt Mississippi: http://www.mfc.ms.gov/pdf/Mgt/WQ/2014_BMP_%20Implementation_Survey_V5.pdf Research is available that demonstrates that forest management in the U.S. does not diminish the capability of the forest to serve as sinks. Forests are shown to serve as a carbon sink and offset 13% of carbon emissions from the burning of fossil fuel. See U.S. Forest Service website: http://www.fs.usda.gov/ccrc/topics/forest-carbon Research addressing harvest impacts on soil carbon storage in temperate forests indicates that there are no significant impacts on mineral soils and their capacity to serve as carbon sinks. See Forest Ecology and Management research article: http://www.nrs.fs.fed.us/pubs/jrnl/2010/nrs_2010_nave_001.pdf The Southern Forest Futures Project: technical report. Gen. Tech. Rep. SRS-178., Southern Research Station

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Means of Verification	Publicly available state BMP results; FIA carbon stock data; third party reports.
Evidence Reviewed	State BMP results, internal BMP audit results, FIA data.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

	Indicator
2.10.1	Genetically modified trees are not used.
Finding	The FSC/PEFC/SFI Controlled Wood/Due Diligence System Risk Assessment confirms that GMOs are not used (WF-COC-DP-03). Westervelt did not find its wood supply areas on any lists contained in the FAO preliminary review of biotechnology in forestry: http://www.fao.org/docrep/008/ae574e/AE574E00.HTM .
Means of Verification	Third-party data, strong legal framework in region, company records.
Evidence Reviewed	Company policies & procedures, interviews with employees.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA