

SBP

Sustainable Biomass Partnership

Supply Base Report: Westervelt Renewable Energy, LLC

Second 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 location: 1400 Jack Warner Pkwy, N.E., Tuscaloosa, AL 35404 (office)
 6777 Highway 17 South, Aliceville, AL 35442 (production)
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: <http://www.westerveltenergy.com>
Date report finalised: 01/Apr/2017 (second surveillance audit)
Close of last CB audit: 21/Apr/2016 (first surveillance audit)
Name of CB: NSF
Translations from English: As appropriate
SBP Standard(s) used: Standard #1 Version 1.0 March 2015
 Standard #2 Version 1.0 March 2015
 Standard #4 Version 1.0 March 2015
 Standard #5 Version 1.0 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"/>	<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

Westervelt's wood pellet production facility is located in the Southeast U.S. in Pickens County near Aliceville, Alabama. The facility is less than ten miles from the Mississippi state line and is adjacent to the Tennessee-Tombigbee Waterway in an economically depressed rural area where forestry and agriculture (e.g. crops, cattle) are prevalent and are the primary sources of income. Much of the forest land in this area is privately owned. Known as the Black Belt Prairie Region, the area is characterized by weathered rolling plains containing various hardwood and mixed hardwood/pine forests. A map of the procurement region is included in the Supply Base Evaluation and Risk Assessment.

The Risk Assessment includes all territory within the boundaries of Alabama and Mississippi; however, 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 utilizing similar 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 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.

Westervelt's harvesting activity for pellet production is similar to other industries in the region, although on a somewhat smaller scale than harvesting which occurs for sawmills, pulp & paper, and other forest industry uses. Westervelt provides an outlet for primary feedstock residues from forests and wood industry residues that would otherwise be difficult to accommodate in the area surrounding the facility.

To produce pellets Westervelt utilizes 100% softwood (including *pinus taeda*, *pinus elliotti*, *pinus echinata*, *pinus palustris*, and *pinus virginiana*) and does not accept any hardwood. The primary input is round wood from thinnings in addition to forest residuals (e.g. tops, limbs, non-merchantable wood) from final harvest tracts. The facility supplements this material with sawmill residues (e.g. chips, shavings, sawdust) and does not utilize any construction, demolition or post-consumer derived feedstock. Bark generated on-site is supplemented by third party fuel to dry the feedstock prior to pelletizing, and is sourced from sawmills and chip mills from a variety of wood species.

Westervelt does not utilize feedstock from any CITES species. It is recognized that longleaf pine (*Pinus palustris*), which is identified in the IUCN Redlist, is located within the procurement area and has the potential to be used (see Westervelt Renewable Energy, LLC Statement on Longleaf Pine dated April 1, 2016). A list of commonly sourced species is contained in the full Supply Base Evaluation and Risk Assessment as an appendix.

The company utilizes contract logging crews, the majority of which work exclusively for Westervelt. The logging crews are responsible for harvesting and transportation of raw material to the facility, all of which is delivered 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 third party landowners. Company owned wood originates from FSC and SFI certified forests, but only a portion of third party forest land carries some type of forest level certification.

Approximately 40%-59% of the feedstock inputs are from Certified Forests recognized by SBP as compliant feedstock; ~80%-100% of sawdust is from a certified forest; ~80%-100% of sawmill residues (not including sawdust) are from a certified forest; 100% of all feedstock inputs meet requirements for controlled wood; 100% of feedstocks are SBP Compliant; 0% of inputs are from non-compliant feedstock; 0% of inputs are primary feedstock from a primary forest; 0% of inputs are from tertiary wood. A Supply Base Evaluation and Risk Assessment originally conducted for the 2015 certification audit was reviewed in preparation for this surveillance audit.

Existing certifications applicable to the areas within the scope of the Supply Base Evaluation and Risk Assessment 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)*; Sustainable Forest Initiative Forest Management* and Fiber Sourcing (SFI 2015-2019); and SFI Chain of Custody Standard. 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. All wood pellet outputs are classified as SBP-compliant Biomass.

* Applies to Westervelt owned lands and not to third party-owned lands.

2.2 Actions taken to promote certification amongst feedstock supplier

All Westervelt forest management holdings within Alabama and Mississippi are dual FSC and SFI Certified by an independent and accredited Certification Body. 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.

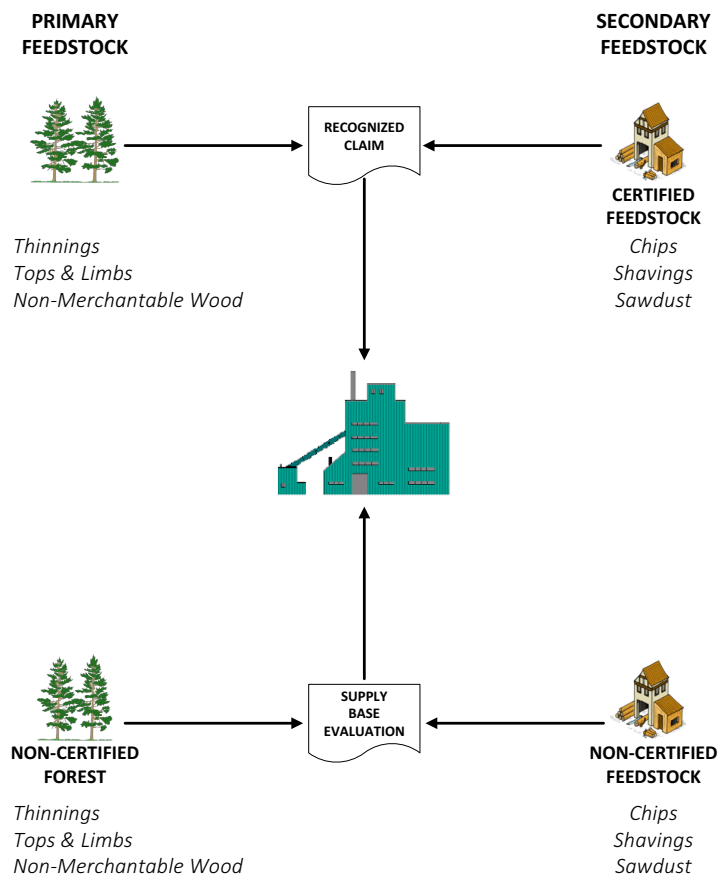
Westervelt is an active member of SFI Implementation Committees that promote forest certification and provide technical information to landowners addressing water quality BMPs, reforestation, visual quality protection, efficient utilization, protection of wildlife and biodiversity, control of invasive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

2.3 Final harvest sampling programme

The expected rotation length for softwood in WRE’s catchment is <40 years which is below the Standard threshold (required only for final fellings) for a final harvest sampling program.

2.4 Flow diagram of feedstock inputs showing feedstock type

Westervelt utilizes 100% softwood and does not accept any hardwood. The primary materials are round wood from thinnings, forest residuals (low grade, storm salvage, tops and branches) from final harvest tracts, and industry residues (e.g. chips, shavings, sawdust). The facility does not utilize any construction, demolition or post-consumer derived feedstock.



2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 8,012,775 ha MS
9,307,769 ha AL
- b. Tenure by type (ha): 560,894 ha Private Industrial MS
651,543 ha Private Industrial AL
6,490,347 ha Private Non-Industrial MS
8,097,759 ha Private Non-Industrial AL
961,533 ha (3.564mil ac) Public MS
558,466 ha (1.38mil ac) Public AL
- c. Forest by type (ha): 17,320,545 ha Temperate Forest
- d. Forest by management type (ha): 2,483,960 ha Planted MS
2,885,408 ha Planted AL
5,528,815 ha Managed Natural MS
6,422,361 ha Managed Natural AL
- e. Certified forest by scheme (ha): 768,902 ha ATFS MS
1,250,833 ha ATFS AL
195,851 ha FSC MS
226,207 ha FSC AL
779,232 ha SFI MS
1,169,488 ha SFI AL

Feedstock

- f. Total volume of feedstock: 400,000-600,000 green metric tons
- g. Volume of primary feedstock: 400,000-600,000 green 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 20%-39%
 - Large forest holdings not certified to an SBP-approved Forest Management Schemes 60%-79%
 - 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 60%-79%
- i. List all species in primary feedstock, including scientific name:

- Loblolly Pine (Pinus taeda)
- Shortleaf Pine (Pinus echinata)
- Slash Pine (Pinus elliotti)
- Virginia Pine (Pinus Virginiana)
- j. Volume of primary feedstock from primary forest: None
- 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% residues
- m. Volume of tertiary feedstock: 0%-19%

Justification for Banding

Feedstock purchases are commercially sensitive and disclosure of specific volumes places Westervelt at a competitive disadvantage when negotiating raw material contracts and can be materially harmful to our business operations.

3 Requirement for a Supply Base Evaluation

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

Certified company owned forests and certified feedstocks from Westervelt's sawmill represent less than 50% of the fiber purchased by the facility. Most of the non-company owned forests in the supply basin are not certified which dictates the need for a SBE. The SBE will serve to demonstrate the sustainability and legality of all fiber delivered to the facility.

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 utilized by the Westervelt facility. All inputs are currently from thinnings and residual waste material that would otherwise be left in the field, along with industry residual chips and sawdust 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 originating within the supply base are considered SBP-compliant Feedstocks.

5 Supply Base Evaluation Process

After evaluating the required competencies to achieve objectives of the SBE, Westervelt selected and appointed an evaluation team to develop the initial SBP Program and Procedures, including conducting the Supply Base Evaluation & Risk Assessment. Team members and their qualifications are:

Scott Berg

Berg, Principal at 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/>

Sam Hopkins

Hopkins is the (now retired) EMS/SFI/CPI Manager for the Natural Resources Division of the Westervelt Company and has 40 years of experience in forest inventory, scheduling, and research & development. He has a BS in Forestry from the University of the South (Sewanee) and a Masters of Forest Science from the Yale School of Forestry and Environmental Studies. For the last ten years he was responsible for sustainable forestry certifications and environmental processes (EMS) at Westervelt. His primary focus was the company's certifications in SFI, FSC, PEFC forest and chain of custody standards.

Clint Woods

Woods is the Fiber Procurement Manager for Westervelt Renewable energy, LLC and Chain of Custody and Controlled Wood Coordinator for The Westervelt Company. He has a BS in Forest Management from Mississippi State University, is a Registered Forester, Professional Logging Manager, and is experienced in developing FSC Chain of Custody and Controlled Wood Procedures. He has 14 years of procurement experience in the Westervelt supply base area.

Mike Williams

Williams is Project Director, Business Development at The Westervelt Company. He has a BS from Morehead State University, completed the Advanced Management Program at Duke University, holds a Certificate of Process Mastery from Hammer & Company, and is a certified Six Sigma Black Belt. He has over 30 years of forest products industry experience with expertise in project development, strategy & planning, process management, procurement, quality systems & analysis, and supply chain logistics. He also has biomass project development experience, participated in the SBP working group during development of the standard, and is a member of the SBP Stakeholder Consultation Committee.

Jonathan Lowery

Lowery is Forest Sustainability & Policy Manager for the Forest Resources Division of the Westervelt Company and has over 15 years experience in forest inventory and scheduling. He has a BS in Forestry from Mississippi State and is a Registered Professional Forester. He is responsible for the company's certifications in SFI, FSC, PEFC forest management standards. While not part of the original team, Lowery replaced Sam Hopkins upon his retirement.

6 Stakeholder Consultation

The initial Stakeholder Consultation Procedure (WRE-SBP-DP-04) included correspondence to relevant 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 was 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.

Note: Additional stakeholder consultations were conducted by the CB and by SBP; Westervelt is unaware of results of the SBP-conducted consultation.

6.1 Response to stakeholder comments

WESTERVELT 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 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 results of the assessment indicated low risk for all indicators and is consistent with findings from the company’s third-party consultant and is also confirmed by findings from the company’s FSC 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	
2.3.3		X	
2.4.1		X	
2.4.2		X	
2.4.3		X	
2.5.1		X	
2.5.2		X	
2.6.1		X	
2.7.1		X	
2.7.2		X	
2.7.3		X	
2.7.4		X	
2.7.5		X	
2.8.1		X	
2.9.1		X	
2.9.2		X	
2.10.1		X	

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

The 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

Not applicable.

8.3 Conclusions from the Supplier Verification Programme

Not applicable.

9 Mitigation Measures

9.1 Mitigation measures

Westervelt's Standard Operating Procedures are designed to address potential areas of concern and are regularly reviewed for effectiveness. Internal and independent audits of our processes confirm that these institutionalized procedures are effective, and we have yet to identify areas of Specified or Unspecified Risk requiring standalone mitigation measures. Each indicator is reviewed annually to identify potential gaps and implement corrective measures.

9.2 Monitoring and outcomes

As explained in Section 5 above, Westervelt implements a comprehensive sampling and monitoring program. Westervelt documents the location of all tracts before harvesting takes place. The Section, Township, and Range is recorded for each tract including the tract name and contract number. Westervelt issues an ID Card and Tract Card for each load for company wood. Each delivered load has to have Card and contract. Westervelt staff audit a minimum of 10% of outside contract wood and 100% of internal wood. Westervelt staff also verify by questionnaire, they check on BMPs, confirm that no conversion of forestland is taking place and address other monitoring items on its Harvest Inspection Report. A letter is sent to each Supplier after the operation is completed identifying any Corrective Actions and noting good practices.

10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in Annex 1.

11 Review of Report

11.1 Peer review

A Readiness Review (for the initial certification audit) was conducted with the accredited Certification Body (NSF) and witnessed by a SBP representative. Over 45 letters were sent to potential stakeholders. The accredited Certification Body has assigned two auditors to conduct an independent audit of the SBP Program. The Certification Body was also required to conduct an independent consultation with potential stakeholders. Additionally, the Certification Body's assessment is subject to independent third-party review.

Independent auditors conduct annual surveillance audits of the Westervelt SFI, PEFC, and FSC certification programs. SBP intends to convene a Technical Review Panel to review the audit findings.

Westervelt believes that sufficient independent reviews of its Program and Procedures has taken place and that an additional Peer Review is not warranted or required.

11.2 Public or additional reviews

See the summary response to Section 11.1 above.

12 Approval of Report

INITIAL CERTIFICATION AUDIT REPORT

Approval of Supply Base Report by senior management			
Report Prepared by:	Mr. R. Scott Berg	President, R.S. Berg & Associates, Inc.	30 Jan 2015 (initial report)
<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	19 Feb 2015
Report approved by:	Mr. Steve Metz	Plant Manager Westervelt Renewable Energy, LLC	19 Feb 2015
Report approved by:	M. Mike Williams	Project Director, Business Development The Westervelt Company	19 Feb 2015
Report approved by:	Mr. Clint Woods	Procurement Manager Westervelt Renewable Energy, LLC	19 Feb 2015
Report approved by:	Mr. Sam Hopkins	EMS, SFI, CPI Manager, The Westervelt Company	19 Feb 2015

FIRST SURVEILLANCE AUDIT REPORT

Approval of Supply Base Report by senior management			
Report Prepared by:	Mr. R. Scott Berg	President, R.S. Berg & Associates, Inc.	30 Jan 2015 (initial report)
<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	15 Apr 2016
Report approved by:	Mr. Mike Williams	Project Director, Business Development The Westervelt Company	15 Apr 2016
Report approved by:	Mr. Clint Woods	Procurement Manager, Westervelt Renewable Energy, LLC	15 Apr 2016
Report approved by:	Mr. Jonathan Lowery	Forest Sustainability & Policy Manager, The Westervelt Company	15 Apr 2016

SECOND SURVEILLANCE AUDIT REPORT

Approval of Supply Base Report by senior management			
Report Prepared by:	Mr. R. Scott Berg	President, R.S. Berg & Associates, Inc.	30 Jan 2015 (initial report)
<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:	Mr. Joe Patton	President, Westervelt Renewable Energy, LLC	9 Mar 2017
Report approved by:	Mr. Mike Williams	Project Director, Business Development The Westervelt Company	9 Mar 2017
Report approved by:	Mr. Clint Woods	Procurement Manager, Westervelt Renewable Energy, LLC	9 Mar 2017
Report approved by:	Mr. Jonathan Lowery	Forest Sustainability & Policy Manager, The Westervelt Company	9 Mar 2017

13 Updates

13.1 Significant changes in the Supply Base

The boundaries of our previously identified supply base have not changed and are consistent with our initial Supply Base Evaluation. Within the supply base we reviewed multiple evidence sources to ensure that changes did not occur, including but not limited to, BMP compliance, HCV areas, land use conversion, traditional & civil rights, illegal logging, and other controversial sources. The review included state and federal agency sources in addition to third party data sources from environmental and standards setting organizations. This was verified by our internal audit process in addition to a third party audit initiated by the company's Board of Directors.

13.2 Effectiveness of previous mitigation measures

As indicated in Section 9.1, Westervelt's Standard Operating Procedures are designed to address potential areas of concern and are regularly reviewed for effectiveness. Internal and independent audits of our processes confirm that these institutionalized procedures are effective, and we have yet to identify areas of Specified or Unspecified Risk requiring standalone mitigation measures. Each indicator is reviewed annually to identify potential gaps and implement corrective measures.

13.3 New risk ratings and mitigation measures

None identified.

13.4 Actual figures for feedstock over the previous 12 months

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

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

13.5 Projected figures for feedstock over the next 12 months

Total Volume of Feedstock: 0 – 200,000 metric tons

Primary Feedstock: 0 – 200,000 metric tons

Annex 1: Detailed Findings for Supply Base Evaluation Indicators

	Indicator
1.1.1	The Biomass Producer’s Supply Base is defined and mapped.
Finding	All wood fiber sourced by Westervelt originates from the conifer forests of the States of Alabama and Mississippi. Each tract and ownership of origin of wood material is contained on electronic maps and/or in tract files. Westervelt maintains the legal description including the Section, Township and Range of harvested tracts. A drop pin is noted in a GIS database for all tracts.
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 maintains records of payments and receipts. Wood receipts originate from loggers, dealers and other land owners. Title to the wood changes as it is received at the pellet mill. These documents and records provide objective evidence for all suppliers.
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	The majority of wood inputs are from early thinnings (12-15 years) of softwood planted forests, supplemented by industry residuals. The roundwood age classes are underutilized and the Westervelt pellet mill provides the primary demand for this resource. No hardwoods, old growth forests and or conversion sources are utilized and no final harvest occurs. The mill does not purchase from tracts where conversion is planned or from tracts where the landowner does not intent to return to forest use.
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 Biomass Producer has implemented appropriate control systems and procedures to ensure that legality of ownership and land use can be demonstrated for the Supply Base.
Finding	Westervelt requires contracts, wood receipts and other documentation verifying legal ownership of incoming wood. Westervelt requires suppliers to identify wood inputs and their specific location using a formal SFI Declaration (ZZ-2014SFI Memo-Declaration). 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).
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 BP has implemented appropriate control systems and procedures to ensure that feedstock is legally harvested and supplied and is in compliance with EUTR legality requirements.
Finding	Westervelt conducted a comprehensive risk assessment for its wood supply areas and concluded Low Risk for “Illegally Harvested Wood.” 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). Additional findings of the Controlled Wood Risk Assessment include: 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.

	<p>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> <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). Westervelt personnel have inspected numerous websites to verify legality of its sourcing.</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 Biomass Producer has implemented appropriate control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date.
Finding	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. Consuming facilities are required by law to collect severance tax for each delivery. Taxes are assessed at the county level and are submitted to the state collection agency quarterly. Westervelt requires a formal Annual Wood Purchase Agreement with all suppliers containing all legal and contractual requirements including payment of taxes and royalties.
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 Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is supplied in compliance with the requirements of CITES.
Finding	Westervelt's FSC/PEFC/SFI Controlled Wood /Due Diligence System Risk Assessments address the requirements of CITES (WF-COC-DP-03). Tree species common to the supply base are included in the Species List (WRE-SBP-DOC-01). Only softwood

	species are used and no wood originates outside the States of Alabama and Mississippi. No CITES Listed Tree Species are found within the wood and fiber procurement areas/Districts of Origin. The mill has issued a formal policy on the use of longleaf pine which appears in the IUCN Redlist.
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 Biomass Producer has implemented appropriate control systems and procedures to ensure that feedstock is not sourced from areas where there are violations of traditional or civil rights.
Finding	Westervelt has adopted a formal policy addressing traditional and civil rights (Z1-2014 Westervelt Fiber Supply Policy). Westervelt 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). Review of numerous websites to validate compliance.
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 Biomass Producer has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped.
Finding	All protected areas are noted in Westervelt’s GIS system and are derived from the national GAP database containing state and federally protected parks, reserves, refuges, wilderness areas, etc. Westervelt uses Guidance on HCVs provided by the High Conservation Value Network and Natural Heritage databases from Alabama and Mississippi are utilized to identify HCV occurrences. Each tract from which wood originates is checked for relationships with protected areas. High Conservation Value Forests are addressed in the FSC/PEFC/SFI Controlled Wood/Due Diligence System Risk Assessment (WF-COC-DP-03).
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 Biomass Producer has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.
Finding	Westervelt has implemented logger training, internal audits of select harvest tracts, and risk assessments to ensure compliance. High Conservation Value Forests are addressed in the FSC/PEFC/SFI Controlled Wood/Due Diligence System Risk Assessment (WF-COC-DP-03).
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 Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not sourced from forests converted to production plantation forest or non-forest lands after January 2008.
Finding	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 Alabama and Mississippi. 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. Current mill 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.
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 Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them.
Finding	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. SFI Indicator 2.1.4 requires Program Participants to define their fiber sourcing policies in writing and make them available to wood producers. 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.
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 Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b).
Finding	See requirement 2.2.1 above. 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. Virtually all wood in the supply area is harvested by trained loggers; Westervelt requires the use of trained loggers in contracts and other agreements. Indicator 2.1.2 requires written agreements for the purchase of raw material include provisions requiring use of BMPs by loggers and suppliers. Best Management Practices are also required by SFI address the protection of soils from erosion, compaction and disturbance. BMP compliance is consistently higher than 95%. See SFI Fiber Sourcing Program and BMP Monitoring Reports. www.stateforesters.org/news-events/blog/southern-group-state-foresters-releases-2012-implementation-forestry-best ; www.ncasi.org/publications/detail.aspx?id=3204
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

	Indicator
2.2.3	The Biomass Producer has implemented appropriate control systems and procedures to ensure that key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).
Finding	The SFI Fiber Sourcing Standard requires procurement organizations to address the conversation 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. 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. 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. The <u>Endangered Species Protection Program</u> , State and Federal Versions; 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
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 Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).
Finding	The SFI Fiber Sourcing Standard requires procurement organizations to address the conversation 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. 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. Copies of tract inspections are provided to the logger and landowner in an effort to promote improvement of practices. 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: Alabama: http://teaming.com/sites/default/files/Alabama%20Wildlife%20Action%20Plan.pdf

	<p>Mississippi: http://teaming.com/sites/default/files/Summary%20of%20Mississippi%20Wildlife%20Action%20Plan.pdf 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); 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. Mississippi Partners for Fish and Wildlife Program (MPFW), Mississippi Wildlife Heritage Fund, Mississippi Partners for Fish and Wildlife Program (MPFW). 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 (I PPC) (1979 Revised Text) (Rome, Italy, 1979), Convention on the Conservation of Migratory Species of Wild Animals (Bonn, Germany, 23 Jun 1979)</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
2.2.5	The Biomass Producer has implemented appropriate control systems and procedures for verifying that the process of residue removal minimises harm to ecosystems.
Finding	<p>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. 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. 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. SFI Performance Measure 2.2 requires BMP Monitoring across the wood and fiber supply area. Institute compendium of biomass harvesting research; Soil and Water Resources; Conservation Act (RCA); Clean Water Act; Web Soil Survey; 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 Biomass Producer has implemented appropriate control systems and procedures to verify that negative impacts on ground water, surface water and water downstream from forest management are minimised (CPET S5b).
Finding	State BMP programs described under requirement 2.2.1 adequately address the protection of water quality. 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. The SFI Standard certification includes a review of "available regulatory action information" (SFI Performance Measure 4.1). 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). 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: Alabama: http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf Mississippi: http://www.mfc.ms.gov/pdf/mgt/wq/entire_bmp_2008-7-24.pdf
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 Biomass Producer has implemented appropriate control systems and procedures for verifying that air quality is not adversely affected by forest management activities.
Finding	The only potential adverse impact to air quality would be from prescribed burning. Permits or authorization are required in Alabama and Mississippi. Air quality and smoke management are reported to be factors in limiting the ability to apply prescribed fire. Prescribed fire is regulated, for example, by the following State Forestry Commissions: Alabama: http://www.forestry.state.al.us/BurnPermitLaw.aspx?bv=1&s=1 Mississippi: http://www.fwrc.msstate.edu/pubs/burning.pdf

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
2.2.8	The Biomass Producer has implemented appropriate control systems and procedures for verifying that there is controlled and appropriate use of chemicals, and that Integrated Pest Management (IPM) is implemented wherever possible in forest management activities (CPET S5c).
Finding	Chemicals applied commercially are strictly regulated, with trained, licensed applicators. See EPA website for regulation of forest chemicals under FIFRA. U. S. Environmental Protection Agency home page; U. S. Environmental Protection Agency’s Office of Water home page; 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: Alabama: http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf Mississippi: http://www.mfc.ms.gov/pdf/mgt/wq/entire_bmp_2008-7-24.pdf 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. Pest management programs are administered by the State Forestry Agencies/Commissions. Alabama: http://www.forestry.state.al.us/ Mississippi: http://www.mfc.ms.gov/forest-health.php
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 Biomass Producer has implemented appropriate control systems and procedures for verifying that methods of waste disposal minimise negative impacts on forest ecosystems (CPET S5d).
Finding	Westervelt monitors removal of trash and other garbage through its BMP Monitoring Reports required by the SFI Standard, Performance Measure 2.2. State BMPs require the removal of garbage. Alabama: http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf ; Mississippi: http://www.mfc.ms.gov/pdf/mgt/wq/entire_bmp_2008-7-24.pdf

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	Analysis shows that feedstock harvesting does not exceed the long-term production capacity of the forest, avoids significant negative impacts on forest productivity and ensures long-term economic viability. Harvest levels are justified by inventory and growth data.
Finding	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. 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. State FIA Updates and Fact Sheets are available on-line: 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); Mississippi: http://www.srs.fs.fed.us/pubs/su/su_srs063.pdf (Average annual net growth may be increasing, continuing the trend from 2006)
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	Westervelt conducts in-depth internal SFI training for all responsible staff. 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. 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). Westervelt encourages its indirect Wood Producers to encourage their contractors to attend SFI Training (Sustainable Forestry Management System). Training records for Forestry and Wood Procurement

	staff are maintained and are available upon request.
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	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. 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. Alabama: http://www.aces.edu/impact/ag/ ; Mississippi: http://msucares.com/forestry/economics/important.html
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

	Indicator
2.4.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that the health, vitality and other services provided by forest ecosystems are maintained or improved (CPET S7a).
Finding	Strong demand for wood products provides landowners an incentive to keep their lands in forest production. 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). 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. Westervelt has reviewed the Alabama and Mississippi Statewide Forest Resource Assessments and supports the State Action Plans addressing forest health.

	Alabama: http://www.forestry.alabama.gov/AlabamaForestActionPlan.aspx?bv=2&s=3 Mississippi: http://www.mfc.ms.gov/pdf/forest_assessment/ms_assessment_resource_strategy_2010.pdf ; The Southern Forest Futures Project, USDA; Longleaf Restoration Program sponsored by The Longleaf Alliance
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 Biomass Producer has implemented appropriate control systems and procedures for verifying that natural processes, such as fires, pests and diseases are managed appropriately (CPET S7b).
Finding	Increased wood utilization directly results in a reduction in fires, pests and diseases. 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 Alabama and Mississippi Forestry Associations whose missions are to ensure the sustainable management of the State's forest resources. Alabama: http://www.forestry.state.al.us/ ; Mississippi: http://www.mfc.ms.gov/ ; Interagency Fire Prevention Strategy, 2000 Southern Wildfire Prevention Strategy State of America's Forest Report, SAF; Southern Forest Futures Report, USDA NRCS Integrated Pest Management program
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 Biomass Producer has implemented appropriate control systems and procedures for verifying that there is adequate protection of the forest from unauthorised activities, such as illegal logging, mining and encroachment (CPETS7c).
Finding	Westervelt's SFI Fiber Supply Policy and Procedures address security, legality and vandalism (Z1-2014 Westervelt Fiber Supply Policy). BMP Monitoring Reports address legality and unauthorized activities. Both AL and MS Forestry commissions have law enforcement divisions that address illegal trespass, timber theft and forest arson. State BMPs monitoring show very high levels (95%+) 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 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
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 Biomass Producer has implemented appropriate control systems and procedures for verifying that legal, customary and traditional tenure and use rights of indigenous people and local communities related to the forest are identified, documented and respected (CPET S9).
Finding	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). The Westervelt Controlled Wood/Due Diligence System Risk Assessment concludes that: "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." 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 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.)
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 Biomass Producer has implemented appropriate control systems and procedures for verifying that production of feedstock does not endanger food, water supply or subsistence means of communities, where the use of this specific feedstock or water is essential for the fulfilment of basic needs.

Finding	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 show very high levels (95%+) 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 Dept of Interior, Federal Subsistence Management Program, State of America's Forest, SAF
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	The Biomass Producer has implemented appropriate control systems and procedures for verifying that appropriate mechanisms are in place for resolving grievances and disputes, including those relating to tenure and use rights, to forest management practices and to work conditions.
Finding	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. Westervelt supports the SFI Implementation Committee efforts to address concerns about apparent nonconforming practices (SFI 7.3.1). 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). Westervelt has a formal Complaints Procedure for addressing public concerns (WF-DP-11).The Controlled Wood Procedure (WF-COC-DP-02) contains a public complaints procedure addressing mechanisms for resolving disputes. 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 file a complaint with OSHA by calling 1-800-321-OSHA (6742), online via eCompliant Form, 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. 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.). No valid complaints have been received.
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

	Indicator
2.7.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that Freedom of Association and the effective recognition of the right to collective bargaining are respected.
Finding	SFI/FSC/PEFC Certificates provide objective evidence of conformance addressing Freedom of Association. 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. 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. The National Labor Relations Act; The Fair Labor Standards Act (FLSA); 18 U.S. Code § 1589 - Forced labor; Westervelt EEO Policy
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 Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not supplied using any form of compulsory labour.
Finding	SFI/FSC/PEFC Certificates provide objective evidence of conformance addressing the elimination of compulsory labor. Westervelt has conducted a Controlled Wood/Due Diligence System Risk Assessment covering this issue and concluded that: "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." 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 Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is not supplied using child labour.
Finding	Westervelt has completed a Controlled Wood/Due Diligence System Risk Assessment that covers this issue: "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.” 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
2.7.4	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not supplied using labour which is discriminated against in respect of employment and occupation.
Finding	SFI/FSC/PEFC Certificates provide objective evidence of elimination of discrimination. SFI Performance Measure 4.2 requires compliance with applicable social laws at all levels. Westervelt has completed a Controlled Wood/Due Diligence System Risk Assessment that concludes: “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, 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 Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is supplied using labour where the pay and employment conditions are fair and meet, or exceed, minimum requirements.
Finding	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/ . Interviews with company and contractor employees did not identify any issues.
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
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	Indicator
2.8.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).
Finding	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	<p>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 Forest Soils, Charles H. (Hobie) Perry and Michael C. Amacher</p>
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