

# SCS Global Services Evaluation of MRE Jasper, LLC Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

[www.sbp-cert.org](http://www.sbp-cert.org)



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

*For further information on the SBP Framework and to view the full set of documentation see  
[www.sbp-cert.org](http://www.sbp-cert.org)*

### *Document history*

*Version 1.0: published 26 March 2015*

*Version 1.1: published 30 January 2018*

*Version 1.2: published 4 April 2018*

*Version 1.3: published 10 May 2018*

*Version 1.4: published 16 August 2018*

*© Copyright The Sustainable Biomass Program Limited 2018*

# Table of Contents

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

# 1 Overview

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

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

Current report completion date: 05/Nov/2019

Report authors: Tucker Watts, David White

Name of the Company: MRE Jasper, LLC, 1580 Industrial Blvd., Jasper, TN 37347 USA

Company contact for SBP: Ray Fairman, 218-608-2640, RFairman@MoheganRenewables.com

Certified Supply Base: The supply base for the pellet mill and its suppliers includes 908 counties/Cities/parishes (122,971,174 hectares) in states AL, AR, FL, GA, KY, LA, MS, NC, OH, OK, SC, TN, TX, VA, WV within the United States.

SBP Certificate Code: SBP-04-48

Date of certificate issue: 18/Nov/2019

Date of certificate expiry: 17/Nov/2024

This report relates to the Main (Initial) Audit

## 2 Scope of the evaluation and SBP certificate

The scope of this surveillance audit included a review of procedures, documentation, records and databases to ensure the organization's management system is appropriate to ensuring conformance to SBP Standards 1, 2, 4, and 5. Other audit methods used were field audits, site walkthrough of pellet mill and interviews with relevant staff, port representative and supplier representatives. The evaluation included a review of documentation such as the Supply Base Report including the Risk Assessment, due diligence systems, supplier contracts and SAR, among others. The certificate scope includes production and distribution of wood pellets, at the mill in Jasper, TN and transportation to the port of Guntersville, AL. It also covers a Supply Base Evaluation for the sourcing of feedstock from counties in the states of AL, AR, FL, GA, KY, LA, MS, NC, OH, OK, SC, TN, TX, VA, WV. The scope does not include any storage or trans-shipment sites.

### 3 Specific objective

The specific objective of this evaluation was to confirm that the BP's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification. The following SBP critical control points were assessed.:

Procurement of feedstock. Assessed through supplier documentation with feedstock properties (trip/ scale tickets) and incoming loads database

Accounting of materials: review of material accounting records, credit ledgers for tracking of volumes, feedstock types and claims, spreadsheets with total volume of pellets produced, staff awareness assessed through interviews.

Collection assessment information: review of energy databases and calculations and SAR \* SBPD

Supply Base Evaluation and mitigation measures: assessed through review of SBR, SBR Annex I, interviews with procurement staff, suppliers and procedures

## 4 SBP Standards utilised

### 4.1 SBP Standards utilised

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

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

### 4.2 SBP-endorsed Regional Risk Assessment

Not applicable

# 5 Description of Company, Supply Base and Forest Management

## 5.1 Description of Company

Mohegan Renewable Energy operates the Jasper Plant (MREJ) located in Jasper, Tennessee, USA. Mohegan Renewable Energy - Jasper (MREJ) purchases secondary & tertiary feedstock in the form of hardwood and softwood chips, sawdust and shavings through its sixteen (16) secondary & tertiary feedstock suppliers and forty-six (46) sub-suppliers.

## 5.2 Description of Company’s Supply Base

The supply base for the pellet mill and its suppliers includes 908 counties/Cities/parishes (122,971,174 hectares) in the following states within the United States.

AL	67	GA	159	MS	82	OK	6	TX	4
AR	62	KY	120	NC	100	SC	46	VA	130
FL	10	LA	32	OH	12	TN	95	WV	55

The suppliers identified were located using GIS technology. Their estimated supply area was determined through interviews to establish the counties they source from or a stated maximum haul radius was established for each supplier. The accumulation of these feedstock supplier areas was then used to identify the origin of wood fiber by states and counties from which MREJ purchases wood fiber.

## 5.3 Detailed description of Supply Base

Forests are the predominant land use in this supply base (62%). Hardwood forests comprise the largest forest type (56.5%) of the supply area’s forestland followed by softwood forests (32.9%). The pine/oak forest comprises 9.6% of the supply area’s forestland while about 1% of the forestland is considered non-stocked. About 79% of the supply area’s forests are managed as natural forests while the remaining 21% of the supply area’s forests are artificially regenerated.

The forest products industry is a very large part of the area’s economy and is one of the top industries within the states MREJ receives fiber. As an example, the forest industry generates \$18.5 billion in AL (2016), \$21.3 billion in GA (2017), \$12.79 billion in MS (2014), \$24.3 billion in TN (2015), and \$17 billion in VA (2016) annually.

MREJ uses hardwood and pine chips, sawdust and shavings. Primary species used include loblolly pine (*Pinus taeda*), oak (*Quercus* spp.), Maple (*Acre* spp.), and many other hardwood species. None of these species are listed on the CITES list. Longleaf pine is on the IUCN Red List and is classified as endangered.

Pine forests are typically managed on an even-aged basis with a rotation age of 35 to 45 years. During this rotation the pine stand may be thinned one or two times during the middle of the rotation with a final harvest completing the rotation. Most pine forests are artificially regenerated with pine seedlings planted to defined stand densities. Chemical and/or mechanical site preparation is typically used to manage the less desirable hardwood species and herbaceous species at stand establishment. Chemical treatments are minimal or below label rates; do not kill all competing species and last about two years so the pine seedlings can



become established. Fertilizers are not normally applied to these forests due to cost. Some private investment groups (REITS, TIMOs) may apply fertilizers on forests which are more intensively managed. These intensively managed pine forests represent a very small percentage of the overall pine forests in the supply basin.

Hardwood forests can be managed either as even-aged or uneven-aged stands. Most hardwood stands are 50 to 60 years when harvested if managed as an even-aged stand. No site preparation or fertilizers are used on hardwood forests.

The vast majority of forests in the MREJ supply area are managed according to state forestry best management practices (BMPs). Overall BMP compliance reported for the various states within the supply base are:

State	Reprt Year	BMP Comp	State	Reprt Year	BMP Comp	State	Reprt Year	BMP Comp	State	Reprt Year	BMP Comp	State	Reprt Year	BMP Comp
AL	2016	98.2%	GA	2017	93.2%	MS	2016	96.1%	OK	2013	95%	TX	2018	93.8%
AR	2018	93%	KY	2013	74%	NC	2016	85%	SC	2016	97.0%	VA	2016	91.1%
FL	2017	99.6%	LA	2015	95.8%	OH	2010	84%	TN	2017	88.5%	WV	2013	94.5%

Sustainable forestry certification is present in MREJ's supply base. Based on state-wide reporting approximately 9% of the forestland is certified (SFI - 7%; FSC - 2% and ATF - <1%). No FSC certified fiber has been purchased to date.

## 5.4 Chain of Custody system

Mohegan Renewable Energy has an adequate management system and documented procedures to determine feedstock compliance to SBP requirements. Mohegan Renewable Energy Jasper Plant (MREJ) is certified to the FSC® Chain of Custody Standard. The organization uses its FSC Chain of Custody certificate as a base for its SBP certificate. All wood, both secondary, and tertiary feedstock, is tracked from the district of origin, through the pellet mill, and to the Port of Guntersville. Mohegan Renewable Energy - Jasper (MREJ) purchases secondary & tertiary feedstock in the form of hardwood and softwood shavings and sawdust. Feedstock is brought in via trucks to the mill. The feedstock types received are shavings, and sawdust. After pelletizing the material is loaded onto trucks that transport it to the port of Guntersville, AL where the pellets are loaded into barges. Then barges are then transported to the Port of Mobile, Alabama for storage. The pellets will be later loaded onto a ship.

The legal point of sale is at the loading of the barge at the Port of Guntersville.

Mohegan Renewable Energy uses a database to gather and control information related to feedstock such as supplier name, logger, scale tickets, fibre type, certification, and district of origin. This database can appropriately track output volumes. Trademark/logo is not used.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

<b>Wednesday, July 17, 2019</b>	
Port of Guntersville visit (Conducted in conjunction with Crossville Plant Audit)	8:30 AM
Return to Crossville Plant	10:30 AM

<b>Thursday, July 18, 2019</b>	
Opening meeting	8:30 AM
Review of CoC procedures, products, material accounting, and SBP STD 4	9:00 AM
Review of material balances and records	9:30 AM
Verification of calculations	10:00 AM
Evaluation of trademarks	10:30 AM
End	

<b>Site Name or Location:</b>	Conference Call for Chain of Custody (Standard 4) and GHG (Standard 5)	
<b>Date and Time of Audit:</b>	October 21, 2019 @ 3:00 PM	
<b>Audit Activity</b>	<b>Items to Review / Actions</b>	<b>Approx. Start Time</b>
Review of GHG	Documentation review for compliance with Standard 5	3:00 PM
Closing meeting preparation	Auditors takes time to consolidate notes and review audit findings for presentation at closing meeting	5:00 PM
Closing meeting and review of findings	Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps	5:20 PM

<b>Site Name or Location:</b>	Jasper Site	
<b>Date and Time of Audit:</b>	October 30, 2019, 8:30 am	
<b>Audit Activity</b>	<b>Items to Review / Actions</b>	<b>Approx. Start Time</b>
SBP STD 1	Complete SBE/SBP STD #1; Review areas of Specified Risk and Plans for Mitigation. Review Supplier Visits, Site Visits, Scale House observations and collection of scale ticket data.	8:00 AM
SBP STD 2	Complete SBR/SBP STD #2	11:00 AM
Walkthrough of facility	Review of physical inputs and outputs, material receipt, processing, storage, credit account (if applicable), sale, and overall control	2:00 PM

Staff interviews	Interviews with appropriate number and diversity of staff to assess knowledge of CoC procedures related to their position	3:00 PM
Closing meeting preparation	Auditor takes time to consolidate notes and review audit findings for presentation at closing meeting	4:00 PM
Closing meeting and review of findings	Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps	4:30 PM
End		

<b>Friday, November 1, 2019</b>	
Final Review SAR	2 hours

## 6.2 Description of evaluation activities

### **Evaluation Audit:**

The on-site Audit included an audit of the GHG, Supply Base Evaluation, Documented Management System, and Chain of Custody. Additional time was spend reviewing the GHG and Chain of Custody off-site. Audit methods consisted of review of documentation, studies, assessments, surveys, websites, emails, databases, invoices, and staff interviews. The site tour and visits were evaluated by review of documentation, monitoring results, observations, and interviews. Scoping by SCS indicated that a total of 3 secondary suppliers should be interviewed during the audit. Representative sampling was used for the selection of suppliers to sample. A tertiary supplier of Pine dust was interviewed. Two suppliers of Pine shavings were interviewed. Critical control points were witnessed in all areas.

## 6.3 Process for consultation with stakeholders

Stakeholder Consultation by the CB: SCS relies on its Master Stakeholder List, which contains stakeholders that are identified by type, e.g. ENGO, Government/regulatory, Educational/Academic, Industry, Indigenous/Aboriginal/Tribal, etc... This list is categorized by country and state/province at the very least, and for this consultation was filtered to omit any stakeholders that were not geographically relevant to the certificate-holder/applicant’s supply base. SCS conducted a stakeholder consultation prior to the audit date. No comments were received or came to the attention of SCS or the auditor.

## 7 Results

### 7.1 Main strengths and weaknesses

Mohegan Renewable Resources manages an efficient energy and greenhouse gas collection system and adequately archives documentation and records such as invoices to support data reporting. The employees involved in the SBP program at Mohegan Renewable Resources Jasper Plant are very knowledgeable and understand their duties and how they relate to SBP. Mohegan Renewable Resources also maintains an effective tracking program for all suppliers of primary and secondary feedstock. Suppliers share a strong commitment to sustainability. Many are certified or in the process of being certified to a forestry standard.

The weaknesses are described in section 10.

### 7.2 Rigour of Supply Base Evaluation

Rigor of the Supply Base Evaluation was sufficient to document the findings of low risk and mitigate specified risk to low risk. Use of documented reports and assessments, in combination with local experts, personal knowledge, and stakeholder comments provided a multi-faceted approach for evaluation of each Indicator. The scope statement adequately describes the characteristics of the Supply Base and management systems.

### 7.3 Collection and Communication of Data

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

The Plant Manager and consultant are well versed in all requirements regarding data collection and reporting, and manage comprehensive databases with clearly laid out tables and calculations. All records required during the audit were readily available and the numbers and calculations as reported in the SAR are conclusive and replicable.

### 7.4 Competency of involved personnel

Mohegan Renewable Resources Mississippi LLC's in-house fiber procurement group has local forestry experience and knowledge of ecological and social values associated with the supply base, applicable laws and regulations, business management practices, operation of suppliers, and the local forest resource. The fiber procurement group has many years of experience working in the supply base. A consultant has been used to develop and implement the FSC and SBP System. Their consultant has a extensive background in certification system and resource assessments.

Mohegan Renewable Resources' management and control systems for SBP are the same as those used to meet the FSC CoC. Key personnel tasked with implementing and maintaining the management and control systems relating to SBP compliance are well trained and competent. Mohegan Renewable Resources' assigned management with appropriate skills and competency to implement and execute the management and control systems relating to SBP compliance. Management interviewed during the assessment were found to be knowledgeable of the SBP requirements.

## 7.5 Stakeholder feedback

No stakeholder feedback received.

## 7.6 Preconditions

Preconditional major nonconformities were identified during the audit and have been closed before the finalization of this report.

## 8 Review of Company’s Risk Assessments

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

SCS assessed risk for the Indicators by evaluating comments received during the stakeholder consultation conducted by both SCS and DBI, reviewing the means of verification DBI developed, interviews with relevant staff, and conducting on-site field audits of forest suppliers.

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

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

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

2.3.1	Low	Low
2.3.2	Low	Low

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

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

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

## 9 Review of Company's mitigation measures

### Cape FearArch CBA

1. MREJ has contracted with Greener Options, Inc. to assist in the development and implementation of MREJ's certification programs. Greener Options, Inc. working with Biological Integrity, LLC attended the three FSC US Controlled Wood Regional meeting held in 2018. Mark Hughes, PhD, owner of Biological Integrity, LLC attended the Southeast Region meeting on July 31, 2018 in Atlanta, GA. Hughes actively participated in the discussion of mitigating measures for the HCVs during this meeting.

Gary Boyd, owner of Greener Options, Inc. has reviewed the FSC US Controlled Wood Regional Meeting final report findings with MREJ specifically on recommended mitigation measures for the Cape Fear Arch CBA.

2. MREJ will work with suppliers who source wood fiber from this area to education the suppliers, their loggers and landowners on the conservation values of Cape Fear Arch biodiversity associated with pocosins, threats from incompatible forest management, and opportunities for conservation through management that enhances biodiversity and reduces or eliminates these threats while recognizing the importance of hydrology for maintenance and enhancement of pocosins. This education and outreach measure will be documented using MREJ-DOC-012 Secondary Supplier Audit Checklists.
3. MREJ will engage with and/or provide monetary or in-kind resources to the Cape Fear Arch Conservation Collaboration and/or the Longleaf Alliance that are supporting or promoting programs/projects to develop new or augment existing programs that will identify and conserve pocosins and native longleaf pine systems within areas of the specified risk area and the MREJ's supply area, with a particular focus on increasing and improving implementation of management practices that will conserve pocosin and longleaf pine biodiversity.

### Central Appalachians CBA

1. MREJ has contracted with Greener Options, Inc. to assist in the development and implementation of MREJ's certification programs. Greener Options, Inc. working with Biological Integrity, LLC attended the three FSC US Controlled Wood Regional meeting held in 2018. Gary Boyd attended the Appalachian Region meeting on July 19, 2018 in Asheville, NC. Boyd actively participated in the discussion of mitigating measures for the HCVs during this meeting.

Gary Boyd, Greener Options, Inc. and Mark Hughes, PhD, Biological Integrity, LLC have reviewed the FSC US Controlled Wood Regional Meeting final report findings with MREJ specifically on recommended mitigation measures for the Central Appalachian CBA.

2. MREJ will work with suppliers who source wood fiber from this area to educate the suppliers, their loggers and landowners on the conservation values of aquatic biodiversity, threats from poorly implemented forest management activities, and opportunities for conservation through management practices that reduce or eliminate these threats, including but not limited to forest management activities



on steep slopes, and practices that will prevent siltation. This education and outreach measure will be documented using MREJ-DOC-012 Secondary Supplier Audit Checklists.

3. MREJ will engage with and/or provide monetary or in-kind resources to conservation partnerships, organizations or similar entities that are supporting or promoting programs/projects to develop new or augment existing programs within the specified risk area and the MREJ's supply area that will: a) result in increased and improved implementation of BMPs with a focus on aquatic biodiversity conservation; and/or b) result in increased access to incentive programs for landowners who restore, maintain or enhance forests in a way that will conserve aquatic biodiversity.

#### Cheoah Bald Salamander

1. MREJ has contracted with Greener Options, Inc. to assist in the development and implementation of MREJ's certification programs. Greener Options, Inc. working with Biological Integrity, LLC attended the three FSC US Controlled Wood Regional meeting held in 2018. Gary Boyd, Greener Options, Inc. attended the Appalachian Region meeting on July 19, 2018 in Ashville, NC. Boyd actively participated in the discussion of mitigating measures for the HCVs during this meeting.

Gary Boyd, Greener Options, Inc., and Mark Hughes, Biological Integrity, LLC have reviewed the FSC US Controlled Wood Regional Meeting final report findings with MREJ specifically on recommended mitigation measures for the CBS.

2. MREJ will work with suppliers who source wood fiber from this area to educate the suppliers, their loggers and landowners on conservation values of CBS, potential threats from forest management activities and opportunities for conservation through management that maintains, enhances, or restores CBS populations and reduces or eliminates potential threats.

#### Dusky Gopher Frog

1. MREJ has contracted with Greener Options, Inc. to assist in the development and implementation of MREJ's certification programs. Greener Options, Inc. working with Biological Integrity, LLC attended the three FSC US Controlled Wood Regional meeting held in 2018. Mark Hughes, PhD, owner of Biological Integrity, LLC attended the Southeast Region meeting on July 31, 2018 in Atlanta, GA. Hughes actively participated in the discussion of mitigating measures for the HCVs during this meeting.

Gary Boyd, Greener Options, Inc., and Mark Hughes, Biological Integrity, LLC have reviewed the FSC US Controlled Wood Regional Meeting final report findings with MREC specifically on recommended mitigation measures for the DGF.

2. MREJ will work with suppliers who source wood fiber from this area to educate the suppliers, their loggers and landowners on conservation values of DGF, potential threats from forest management activities and opportunities for conservation through management that maintains, enhances, or restores DGF populations and reduces or eliminates potential threats.
3. MREJ is developing and implementing a procurement policy for those suppliers who source wood fiber directly from the forest in this area that reflects the above stated education & outreach mitigation measure and clearly states the requirement that the landowner/forester/logger at the source forest will not supply materials from forests where DGFs are threatened as a result of the forest management

activities that produced the forest materials. This policy will include a description of the forest type in which DGF populations occur, potential threats to DGF from forest management activities and the kinds of activities that would maintain or enhance DGF populations in the specified risk area.

#### Florida Panhandle CBA

1. MREJ has contracted with Greener Options, Inc. to assist in the development and implementation of MREJ's certification programs. Greener Options, Inc. working with Biological Integrity, LLC attended the three FSC US Controlled Wood Regional meeting held in 2018. Mark Hughes, PhD, owner of Biological Integrity, LLC attended the Southeast Region meeting on July 31, 2018 in Atlanta, GA. Hughes actively participated in the discussion of mitigating measures for the HCVs during this meeting.

Gary Boyd, Greener Options, Inc., and Mark Hughes, Biological Integrity, LLC have reviewed the FSC US Controlled Wood Regional Meeting final report findings with MREC specifically on recommended mitigation measures for the Southern Appalachian CBA.

2. MREJ will work with suppliers who source wood fiber from this area to educate the suppliers, their loggers and landowners on the conservation values of aquatic biodiversity and Native Longleaf Pine Systems, threats from poorly implemented forest management activities, and opportunities for conservation through management practices that reduce or eliminate these threats, including but not limited to forest management activities on steep slopes, and practices that will prevent siltation. This education and outreach measure will be documented using MREJ-DOC-012 Secondary Supplier Audit Checklists.

#### Patch-nosed Salamander

1. MREJ has contracted with Greener Options, Inc. to assist in the development and implementation of MREJ's certification programs. Greener Options, Inc. working with Biological Integrity, LLC attended the three FSC US Controlled Wood Regional meeting held in 2018. Gary Boyd, Greener Options, Inc. attended the Appalachian Region meeting on July 19, 2018 in Ashville, NC. Boyd actively participated in the discussion of mitigating measures for the HCVs during this meeting.

Gary Boyd, Greener Options, Inc., and Mark Hughes, Biological Integrity, LLC have reviewed the FSC US Controlled Wood Regional Meeting final report findings with MREJ specifically on recommended mitigation measures for the PNS.

2. MREJ will work with suppliers who source wood fiber from this area to educate the suppliers, their loggers and landowners on conservation values of PNS, potential threats from forest management activities and opportunities for conservation through management that maintains, enhances, or restores PNS populations and reduces or eliminates potential threats.

#### Southern Appalachian CBA

1. MREJ has contracted with Greener Options, Inc. to assist in the development and implementation of MREJ's certification programs. Greener Options, Inc. working with Biological Integrity, LLC attended the three FSC US Controlled Wood Regional meeting held in 2018. Mark Hughes, PhD, owner of Biological Integrity, LLC attended the Southeast Region meeting on July 31, 2018 in Atlanta, GA. Hughes actively participated in the discussion of mitigating measures for the HCVs during this meeting.

Gary Boyd, Greener Options, Inc., and Mark Hughes, Biological Integrity, LLC have reviewed the FSC US Controlled Wood Regional Meeting final report findings with MREC specifically on recommended mitigation measures for the Southern Appalachian CBA.

2. MREJ will work with suppliers who source wood fiber from this area to educate the suppliers, their loggers and landowners on the conservation values of aquatic biodiversity, threats from poorly implemented forest management activities, and opportunities for conservation through management practices that reduce or eliminate these threats, including but not limited to forest management activities on steep slopes, and practices that will prevent siltation. This education and outreach measure will be documented using MREJ-DOC-012 Secondary Supplier Audit Checklists.
3. MREJ will engage with and/or provide monetary or in-kind resources to conservation partnerships, organizations or similar entities that are supporting or promoting programs/projects to develop new or augment existing programs within the specified risk area and the MREJ's supply area that will: a) result in increased and improved implementation of BMPs with a focus on aquatic biodiversity conservation; and/or b) result in increased access to incentive programs for landowners who restore, maintain or enhance forests in a way that will conserve aquatic biodiversity.

### Late Successional Bottomland Hardwoods

1. MREJ has contracted with Greener Options, Inc. to assist in the development and implementation of MREJ's certification programs. Greener Options, Inc. working with Biological Integrity, LLC attended the three FSC US Controlled Wood Regional meeting held in 2018. Gary Boyd attended the Appalachian Region meeting on July 19, 2018 in Asheville, NC. Boyd actively participated in the discussion of mitigating measures for the HCVs during this meeting.

Gary Boyd, Greener Options, Inc. and Mark Hughes, PhD, Biological Integrity, LLC have reviewed the FSC US Controlled Wood Regional Meeting final report findings with MREC specifically on recommended mitigation measures for Late Successional Bottomland Hardwoods (LSBH).

2. MREJ will work with suppliers who source wood fiber from these forest types to educate the suppliers, their loggers and landowners and communicate the social benefits & values of LSBH, threats from forest management activities & related loss of values, and opportunities for conservation through management that restores or maintains LSBH and reduces or eliminates these threats. This education and outreach measure will be documented using MREJ-DOC-012 Secondary Supplier Audit Checklists.
3. Engage with and/or provide monetary or in-kind resources to conservation organizations or similar entities that are facilitating active, on-the-ground implementation of management activities to restore or maintain existing examples of LSBH, with a goal of long-term conservation of this forest type within the specified risk area and MREJ's supply area.

### Mesophytic Cove Sites

1. MREJ has contracted with Greener Options, Inc. to assist in the development and implementation of MREJ's certification programs. Greener Options, Inc. working with Biological Integrity, LLC attended the three FSC US Controlled Wood Regional meeting held in 2018. Gary Boyd attended the Appalachian

Region meeting on July 19, 2018 in Asheville, NC. Boyd actively participated in the discussion of mitigating measures for the HCVs during this meeting.

Gary Boyd, Greener Options, Inc. and Mark Hughes, PhD, Biological Integrity, LLC have reviewed the FSC US Controlled Wood Regional Meeting final report findings with MREJ specifically on recommended mitigation measures for the Southern Appalachian CBA.

2. MREJ will work with suppliers who source wood fiber from these forest types to educate the suppliers, their loggers and landowners and communicate the social benefits and values of Mesophytic Cove Sites, how to identify them in the field, threats from incompatible forest management activities, and opportunities for conservation through management that enhances these sites and reduces or eliminates these threats. This education and outreach measure will be documented using MREC-DOC-012 Secondary Supplier Audit Checklists.

#### Natural Longleaf Pine Systems

1. MREJ has contracted with Greener Options, Inc. to assist in the development and implementation of MREJ's certification programs. Greener Options, Inc. working with Biological Integrity, LLC attended the three FSC US Controlled Wood Regional meeting held in 2018. Gary Boyd attended the Appalachian Region meeting on July 19, 2018 in Asheville, NC. Boyd actively participated in the discussion of mitigating measures for the HCVs during this meeting.

Gary Boyd, Greener Options, Inc. and Mark Hughes, PhD, Biological Integrity, LLC have reviewed the FSC US Controlled Wood Regional Meeting final report findings with MREC specifically on recommended mitigation measures for the NLPS.

2. MREJ will work with suppliers who source wood fiber from these areas to communicate and educate suppliers, their loggers and landowners on the social benefits and values of NLPS, threats from forest management and related loss of values, and opportunities for conservation through management that restores or maintains NLPS and reduces or eliminates these threats. Communications should recognize the importance of the forest understory and fire to NLPS. This education and outreach measure will be documented using MREJ-DOC-012 Secondary Supplier Audit Checklists.
3. MREJ will engage with and/or provide monetary or in-kind resources to conservation organizations such as the Longleaf Alliance that are facilitating active, on-the-ground implementation of management activities to restore or maintain existing examples of NLPS, with a goal of long-term conservation of this system within the specified risk area and the MREJ's supply area.

#### Forestland Conversion

1. The Company is developing and implementing binding written agreements with its applicable feedstock suppliers that:
  - 1) mitigate the risk that material supplied originates from forest areas converted into plantation or non-forest use; or
  - 2) assure that if some conversion has occurred, that material supplied originates from limited and legal sources of conversion (e.g., conversion that results in conservation benefits, publicly approved changes in zoning in urban areas, etc.) and does not come from sources where the conversion threatens High Conservation Values.

2. The Company has committed to improving the education and awareness of this ecoregion through the representation of company at FSC Controlled Wood Regional Meetings held in 2018. Information from these regional meetings on forestland conversion was reviewed by company personnel.
3. The Company reviews this educational information with its suppliers who source wood fiber from these counties to educate the suppliers, their loggers and landowners on the social benefits of keeping forests as forests, and the value enhancing alternatives to conversion and opportunities for the maintenance of forests. This education and outreach measure will be documented using MREC-DOC-012 Secondary Supplier Audit Checklists.
4. The Company will also maintain membership in the Tennessee Forestry Association to keep abreast of forestry issues within the Company's supply area. Below are some sources of information used to educate suppliers and their loggers, and landowners of forest conservation.

IUCN Centres for Plant Diversity (CPD)

NA24 - Piedmont granitic rock outcrops

1. It is unlikely that commercial timber harvesting will occur on these granite rock outcrop sites.  
  
MREJ will work with suppliers who source wood fiber from these areas to educate the suppliers, their loggers and landowners on the conservation values of granite rock outcrops and the rare plants that may occur on these sites. Emphasis will be placed on educating suppliers not to use these areas as loading decks or landings for timber harvesting operations. This education and outreach measure will be documented using MREJ-DOC-012 Secondary Supplier Audit Checklists.

NA25 – Eastern Serpentine flora

1. It is unlikely that commercial timber harvesting will occur on these serpentine soils.  
  
MREJ will work with suppliers who source wood fiber from these areas to educate the suppliers, their loggers and landowners on the conservation values of the rare plants that may occur on these sites. Emphasis will be placed on educating suppliers not to use these areas as loading decks or landings for timber harvesting operations. This education and outreach measure will be documented using MREJ-DOC-012 Secondary Supplier Audit Checklists.

GreenPeace Intact Forest

1. There is a strong system of protection (effective protected areas and legislation) in place within the MREJ district of origin that ensures survival of this intact forest.
2. No wood is harvested out of the described National Wilderness Area which is managed by the Department of Interior. If wood is harvested from the surrounding forests described above, The Department of Interior or the Georgia Forestry Commission conducts environment impact studies and oversees all timber harvesting on these forests within the HCV providing complete protection of the site.

World Wildlife Fund (WWF), Global 200 Ecoregions

Appalachian Mixed Mesophytic Forests (NA0402)

1. This ecoregion is within the Central and Southern Appalachian CBAs. The mitigation measures described for the Central and Southern Appalachian CBAs will also be used for this site.

Southeastern mixed forests (NA0413) and the Southeastern conifer forests (NA0529)

1. WWF has declared more than 99% of this ecoregion having been converted. The remaining examples within this ecoregion are known to occur on protected lands.

Southeastern conifer forests (NA0529)

1. This ecoregion is within the Native Longleaf Pine Systems (NLPS) area. The mitigation measures described for NLPS will also be used for this site.

Protected Areas Database of the United States

MREJ will work with suppliers who source wood fiber from these areas to educate the suppliers, their loggers and landowners on the importance of protected areas and their conservation values.

Effectiveness of mitigation measures will be reviewed annually through a review of risk in identified areas and any changes and through annual supplier audits. The BP plans to review results of partnerships developed and implemented with conservation organizations.

## 10 Non-conformities and observations

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

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

<b>NC number 1</b>	<b>NC Grading:</b> Major
<b>Standard &amp; Requirement:</b>	Standard 5, 7.1
<b>Description of Non-conformance and Related Evidence:</b>	
SAR was not complete prior to audit. Feedstock groups and data in SAR and feedstock percentages and groups reported are inconsistent across the SAR, SBPD and SBR. SAR - Secondary and Tertiary feedstock combined into on Feedstock Type at 100%. SBPD – Secondary Feedstock – 20%; Tertiary Feedstock – 80% SBR - Secondary and Tertiary feedstock	
<b>Timeline for Conformance:</b>	Prior to (re)certification
<b>Evidence Provided by Company to close NC:</b>	SAR has been completed and reviewed, Inconsistencies in the feedstock product groups have been addressed also in the SBR.
<b>Findings for Evaluation of Evidence:</b>	The revised SAR and SBR were reviewed for consistency. Feedstock definitions are consistent across these documents.
<b>NC Status:</b>	Closed

<b>NC number 2</b>	<b>NC Grading:</b> Observation
<b>Standard &amp; Requirement:</b>	SBP Standard 1, 2.7
<b>Description of Non-conformance and Related Evidence:</b>	
The evidence presented is not consistent with the means of verification. Means of verification presented for criterion 2.5.2 only include the organizations management system, while the evidence reviewed also includes third party sources such as Best Management practices and Logger training programs. The means of verification do not state that such sources have been reviewed. The evidence presented is linked to the MoV such as that the evidence is a concrete example of an MoV e.g. BMP is an MoV and evidence would be the concrete BMP for the state of Georgia. For criterion 2.4.1 the MoV listed only contain the organization’s own management system, though the evidence cited shows that more means of verification have been used. Criterion 2.3.2: MoV do not include third party resources such as logger training programs. Criterion 2.1.1: The description of the finding includes sources of information that are not listed in the MoV or evidence section. Examples include Critical Ecosystem Partnership Fund biodiversity, WWF ecoregions, etc. 2.1.2: WRI, GFF Frontier Forests, WWF are mentioned in findings, but not in MoV and evidence. MoV do not include FSC US NRA and MREC-DOC-0052.2.1, 2.2.2: several	

pieces of evidence are not listed in the MoV, such as professional logger databases, BMPs, USGS soil map database, etc.	
<b>Timeline for Conformance:</b>	Other Response is optional
<b>Evidence Provided by Company to close NC:</b>	
<b>Findings for Evaluation of Evidence:</b>	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
<b>NC Status:</b>	Open

<b>NC number 2</b>	<b>NC Grading: Major</b>
<b>Standard &amp; Requirement:</b>	SBP Standard 2, 16.3
<b>Description of Non-conformance and Related Evidence:</b>	
<p>The organization has not included a plan to evaluate mitigation measures as to their effectiveness. Mitigation measures describe the actions that are going to be implemented, but there is no indication of how the BP wants to verify that: •Mitigation measures are implemented correctly•Mitigation measures are effective in reducing the specified risk to low risk. The BP states in SBR Annex I that supplier outreach and education will be documented in secondary supplier audit checklists, but it does not indicate how often these audits happen and if they include field verification and what happens in case suppliers cannot adequately implement mitigation measures. The BP intends to provide monetary or in-kind resources to conservation organizations. This in itself is a good measure, but here it is not clear how the outcome is monitored and how this mitigation measure is evaluated to be effective. This is not sufficiently described in both SBR and SBR Annex I</p>	
<b>Timeline for Conformance:</b>	Prior to (re)certification
<b>Evidence Provided by Company to close NC:</b>	A revised SBR and SBR Annex I was submitted.
<b>Findings for Evaluation of Evidence:</b>	The revised SBR now lays out a clear plan to verify the effectiveness of mitigation measures for all specified risks in the supply base.
<b>NC Status:</b>	Closed



## 11 Certification decision

<b>Based on the auditor’s recommendation and the Certification Body’s quality review, the following certification decision is taken:</b>	
<b>Certification decision:</b>	Certification approved
<b>Certification decision by (name of the person):</b>	Sebastian Häfele
<b>Date of decision:</b>	12/Nov/2019
<b>Other comments:</b>	<i>Click or tap here to enter text.</i>