



Supply Base Report: Huntsville Pellets LLC

First Surveillance Audit

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Completed in accordance with the Supply Base Report Template Version 1.3

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

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1 Overview

Producer name: Huntsville Pellets LLC (“HP”)
Producer location: 1405 Southwood Dr., Huntsville, Texas 77340, USA
Geographic position: 30.6808260 North latitude / -95.4972669 West longitude
Primary contact: Mr. Todd G. Bush, CM Biomass
Company website: [N/A]
Date report finalised: 01/Nov/2019
Close of last CB audit: NA
Name of CB: SCS Global Services
Translations from English: NA
SBP Standard(s) used: Standard 1 version 1.0, Standard 2 version 1.0
Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/>
SBP-Endorsed Regional Risk Assessment: Not applicable
Weblink to SBE on Company website: [N/A]

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

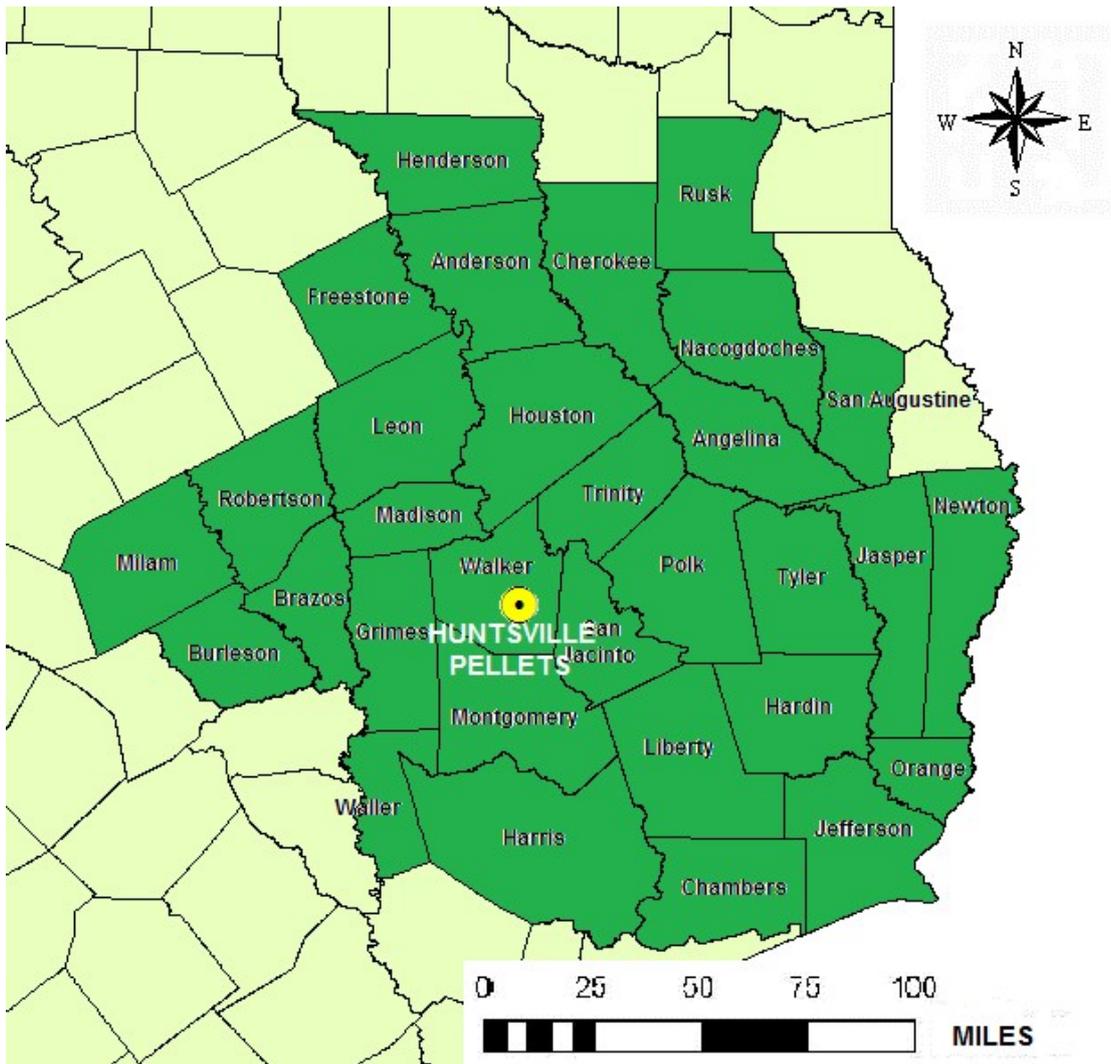
2 Description of the Supply Base

2.1 General description

HP operates a pellet mill located in the town of Huntsville, Texas. Huntsville is situated in East Texas, in a rural area with both agriculture and forestry present on the landscape. The mill began operation on 9 January 2020. It has a name-plate capacity of approximately 40,000 metric tons per annum. Huntsville is located in a region with an active forest products industry, and in addition to primary sources of raw material (i.e. forest harvesting), there are secondary sources of fiber locally available to the mill, such as sawmill residuals. It is anticipated that 100% of the pellet mill's supply will originate in just one source; Steely Lumber, a sawmill and one of two owners of the new pellet mill. The present Supply Base Evaluation is therefore based on the fiber basket from which the Steely Lumber sawmill (hereafter 'Steely') draws. The only raw material to be supplied to the pellet mill is dry shavings from the sawmill. **However, the procurement of residual material from secondary and tertiary suppliers may occur in the future, again conducted by Steely's procurement staff**

HP has determined its roundwood Supply Base to consist of 31 counties in East Texas, with the vast majority of fiber originating within a 100-mile radius from Huntsville, within Texas. **However, this supply base is extended to the other pine-timber producing counties of Texas and the parishes of west Louisiana to account for the procurement of sawmill and millwork residuals. The new list of counties and parishes can be found on the [Procurement Counties List](#)**

Figure 1. HP's Roundwood Supply Base – based on the fiber basket of the mill's sole supplier, Steely Lumber



The greater part of the forested landbase upon which the mill draws consists of pine plantations, rather than natural forestry operations, and Southern Yellow Pine as an industry-accepted group of species is the primary (if not exclusive) source of fiber for the mill. This means in practice a very large proportion of Loblolly Pine (*Pinus taeda*), although minor amounts of Shortleaf Pine (*Pinus echinata*), and Slash Pine (*Pinus elliotii*) may be included in the species mix, as well as a very small amount of Longleaf Pine (*Pinus palustris*).

In terms of tenure, the vast majority of forestry operations in the region are located on private land, whether in the holdings of large corporate entities (principally TIMOs, or Timber Investment Management Organizations), or Non-Industrial Private Forests (NIPFs), the latter often being family-owned.

Forestry practices in the region are dictated to a great extent by the management priorities of landowners, whether (for example) there is a focus on hunting, and provision of habitat for game species, or primary emphasis on timber production. Forestry is the responsibility of the States of Texas and Louisiana, although there is Federal oversight particularly in the area of Rare, Threatened, and Endangered species (US Fish and Wildlife Service), and navigable waters (Environmental Protection Agency). The Texas Forest Service and Louisiana Agricultural Extension Service provide support to landowners through tax incentives or cost-sharing for

conservation projects and also by providing access to forest management decision-making tools (thinning scheduler, timber investment calculator), and other resources publicly available on their website.¹

Forest harvesting in the region is almost entirely mechanized at this juncture, certainly for industrial operations (as opposed to manual harvesting using a chainsaw), and silviculture is typically based on evenaged systems of plantation management, with several interventions culminating in a final harvest and subsequent reforestation, with supplementary planting (artificial regeneration) a common practice.

The conservation of forest soils and water resources, as well as wildlife values including nesting sites and the like are protected by both federal and state-level legislation in the US.

Management regimes that go

'beyond compliance' are promoted by voluntary certification systems present in the region, such as the

Sustainable Forestry Initiative® (SFI), American Tree Farm System® (ATFS), and the Forest Stewardship Council® (FSC®); the former two are by far the most prevalent. Best Management Practices, or BMPs, even in the absence of third-party certification, are promoted by SFI State Level Implementation Committee (SIC) training, as well as by state-level forestry bodies; the Texas Pro Logger and Louisiana Master Logger Programs is a key element.

The Texas Forest Service (TFS) and the Louisiana Department of Agriculture and Forestry (LDAF) provides assistance and incentives to landowners to manage their properties for the protection of Threatened and Endangered (T&E) species. These programs range from simply providing landowners with technical assistance to take action on their property to improve and/or protect habitat, to financial and tax incentives to implement conservation plans. The TFS and LDAF has developed guidelines for the protection of habitat (available on TFS and LDAF websites). Most of the activities for landowners in forested landscapes focus on leaving buffer zones around identified T&E habitat, protecting late successional bottomland woodlands and natural regeneration, restoring Longleaf pine, and implementing prescribed burning with professional support, etc. These activities can be part of a conservation plan and be eligible for financial support or tax incentives.²

Company Overview

Huntsville Pellets LLC (known throughout this document as HP) operates a pellet mill located in Huntsville, Texas. The pellet plant is situated directly adjacent to the Steely Lumber sawmill operation. The plant will initially produce approximately 40,000 metric tons of pellets, which will be transported by truck to be loaded onto ships at ports on the Gulf of Mexico (primarily Houston). HP has a contract with Steely to conduct all direct procurement activities. Steely's owners manage around 16,000 acres of timberland, from which fiber is sourced by the in-house

1

<http://tfsfrd.tamu.edu/tdss/>

2 <http://tfsweb.tamu.edu/wildlifemanagement/non-game/>

Louisiana Department of Agriculture and Forestry: <http://www.ldaf.state.la.us/forestry/>

procurement team. The company also purchases roundwood directly from landowners for delivery into the sawmill, and executes contracts with gatewood supplier. Steely is currently seeking PEFC Chain of Custody certification, to enable the company to pass along valid certification claims to HP, where applicable.

HP has a number of SFI-certified landowners within its procurement basin, and several large landowners included in group tree farm programs are also located in the region. These landowners are expected to provide a considerable portion of roundwood to the pellet mill, via Steely.

Forest Resources

East Texas is the principal forest region in Texas extending from Bowie and Red River counties in northeast Texas to Jefferson, Harris, and Waller counties in southeast Texas. There are 12.1 million acres of forestland of which 11.9 million acres are classified as productive timberland, and produce nearly all of the state's commercial timber.³

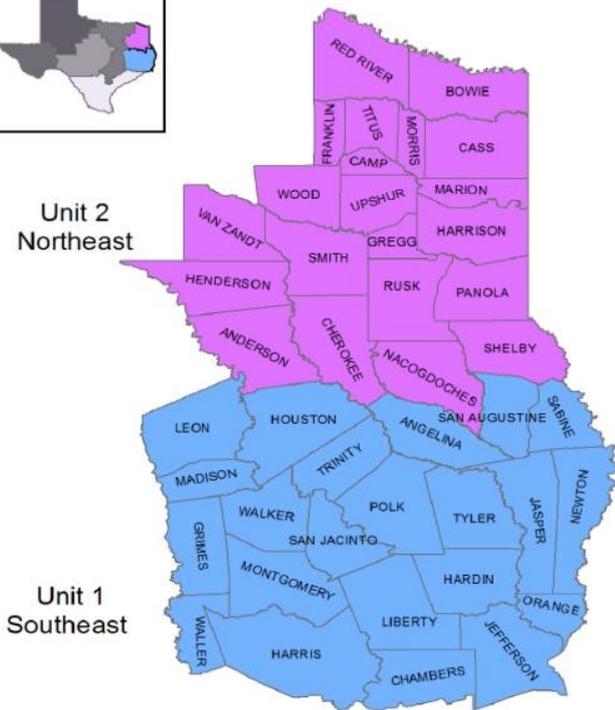
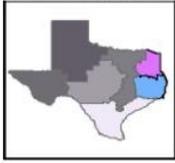
Ninety-two percent of East Texas timberland is owned by approximately 210,000 private individuals, families, partnerships, corporations, forest-products companies, and timber investment groups. The remaining 8 percent is owned by federal, state, and local governments.

Figure 2. Counties in East Texas⁴

³ Texas Almanac – Forest Resources.
<https://texasalmanac.com/topics/environment/forest-resources>

⁴ 4 Source: United States Department of Agriculture (USDA) – Forest Service. 2018. Forests of East Texas 2016. Resource Update FS 151

Forest Area



Loblolly-shortleaf pine is the most dominant forest-type group on timberland covering 5.4 million acres, about

45% of the timberland in East Texas (see fig. 3 above) and 52% of all artificially regenerated areas (about 2.8 million acres). About 26% (3.1 million acres) of the timberland area was artificially regenerated, with softwood forest types being more heavily represented.

Figure 3. Distribution of Timberland by Forest Type Group in East Texas⁵

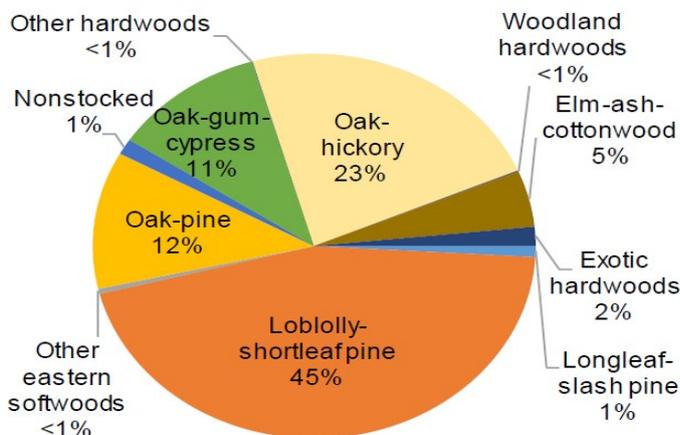
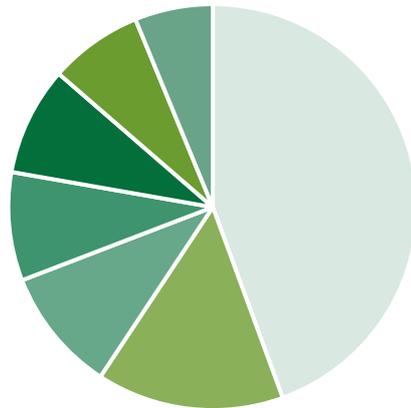


Figure 3—Distribution of timberland by forest-type group, east Texas, 2016. Total area = 11.9 million acres.

Forest Covert Types in Louisiana



- Loblolly/Shortleaf pine
- Sweetgum
- Longleaf and Slash Pines
- Other Red Oaks
- Other Eastern Soft Hardwoods
- Cypress
- Tupelo and Black Gum

Growth - Drain Ratio

From 2015 to 2016 the growth of softwoods and hardwoods increased, however mortality rates and removals also increased impacting the net growth and net change, to varying degrees. In the case of softwoods, the mortality has increased each of the ⁵ years to 2018. This resulted in reduced net growth (growth less mortality) as well as reduced net change (net growth less removals). Despite the reduction in net change, the growth-drain ratio is still positive for softwoods. At the macro level, productivity for softwood is increasing. Recent Forest Inventory and Analysis (FIA) for East Texas and Louisiana shows a net growth of softwood (i.e. growth is greater than removals and mortality combined)⁶. A recent Resource Update confirms that there is net growth in the forests of East Texas and Louisiana ^{10,11}, as illustrated in the Figure below:

⁵ United States Department of Agriculture (USDA) – Forest Service. 2018. Forests of East Texas 2016. Resource Update FS-151.

⁶ United States Department of Agriculture (USDA) – Forest Service. 2018. Forests of East Texas 2016. Resource Update FS-151.

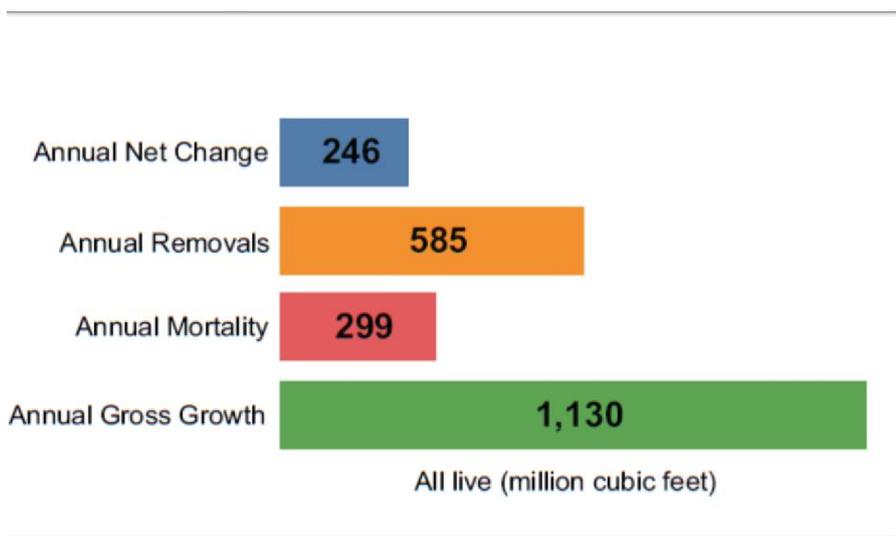
¹⁰ Forest Inventory Analysis – Resource update FS-117;

¹¹ FIA State Fact Sheet-Louisiana

Figure 4. Annual Net Change in cubic feet 2018-2019 ⁷

In conclusion, there is net growth of the main species group (softwood, i.e. Southern Yellow Pine) utilized by HP.

Figure 5. Net Growth, Removals and Mortality of softwood and hardwood species⁸

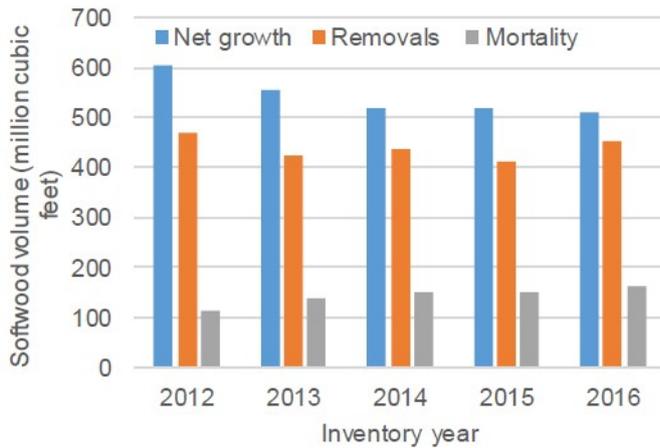


⁷ USDA Forest Service. 2019. Forests of Texas, 2018. Resource Update FS-223. Asheville, NC: U.S. Department of Agriculture, Forest Service. 2p.

⁸ United States Department of Agriculture (USDA) – Forest Service. 2018. Forests of East Texas 2016. Resource Update FS-151

¹⁰ Forest Inventory Analysis – Resource update FS-117;

¹¹ FIA State Fact Sheet-Louisiana



Forest Management Practices

Texas forests include 2.6 million acres of pine plantations, 62% of which are on industrially-managed land, 34% on non-industrial private land, and 4% on public land. Louisiana forests contain approximately 3.2 million acres of pine plantations. Approximately 62% of forestland in Louisiana is owned by nonindustrial private landowners. Industry owns approximately 29%, with the rest in public ownership. Typically, pine plantations are planted at a density of 622 trees/acre. In order to maximize return on investment and as a control measure for the Southern Pine Beetle, thinning (a partial harvest of trees) is carried out when trees achieve 6 inches diameter at breast height (dbh) and are about 40 feet tall. Usually southern pines are thinned between the ages of 12-15 years with a final cut approximately at age 25 or more. This regime allows for a better return on investment by producing pulpwood from thinning, and high quality sawlogs or veneer at final cut⁹.

In terms of actual harvest operations, the Texas Forestry Association in conjunction with the Texas Forest

Service has published the Texas Forestry Best Management Practices (BMPs). The Texas Forestry Association runs a training program for loggers called the Pro-Logger Program and issues a certificate to those who complete the training. Training includes coverage of basic silviculture, and health and safety, as well as the Forestry BMPs, such as harvest design, road construction, installation of culverts, Streamside Management Zones (SMZs), etc. Louisiana BMPs are published by the Louisiana Department of Agriculture and Forestry in conjunction with the Louisiana Department of Environmental Quality, the Louisiana Forestry Association, and the Louisiana Logging Council. The Louisiana Forestry Association is responsible for conducting logger training in the state, issuing Master Logger certification to those trained in the same items as Texas.

HP (via Steely) sources raw material from southern pine plantations in accordance with its purchasing policy and procedures. The company gives preference, where possible, to the purchase of woody raw material coming from forest tracts that are independently certified under internationally-recognized sustainability standards (FSC[®] and SFI[®] Forest Management standards). For non-certified woody raw material, both Steely and HP are in the process of

⁹ Ronal Billings. Texas Forest Service. Thinning Workshop 2008: Thinning Pine Plantations: Why, When and How.

obtaining PEFC chain of Custody certified, and operate Due Diligence Systems to avoid procuring fiber from controversial sources.

The FSC US National Risk Assessment

In the United States, a National Risk Assessment (US-NRA) consistent with the FSC Controlled Wood

Standard has been carried out. On April 5th, 2019, the FSC US NRA received final approval.¹⁰ In this

context, HP has adopted the results of this Risk Assessment for use as a coarse filter in screening of supply chain risk in its Supply Base, i.e. through its sole source of procurement, namely Steely Lumber.

The FSC US National Risk Assessment (NRA) covers the following categories of risk:

- ☐ Illegally harvested wood;
- ☐ Wood harvested in violation of traditional and human rights;
- ☐ Wood from forests where high conservation values are threatened by management activities;
- ☐ Wood from forests being converted to plantations or non-forest use; and
- ☐ Wood from forests in which genetically modified trees are planted.

The US-NRA makes risk designations for each of these categories. HP applies these results to its Supply

Base. It should be noted that the US-NRA provides good baseline information, yet the supply chain Due Diligence is not restricted to the use of the US-NRA; other resources have been drawn upon, as deemed necessary to provide an adequate level of detail, and at an appropriate scale.

Rare, Threatened, and Endangered Species (RTE), and Vulnerable

Ecosystems The FSC US-NRA Specified Risk designations that affect HP's

Supply Base include:

- ☐ Category 3 - High Conservation Values:
 - ☐ Houston Toad Critical Habitat (HCV1);
 - ☐ Late Successional Bottomland Hardwood Areas (HCV3);
 - ☐ Native Longleaf Pine Systems (HCV3).
- ☐ Category 4 - Conversion to non-forest use or plantations: There are two counties in Texas that have been identified by the US-NRA process as being at risk for conversion: Liberty and Montgomery counties.

¹⁰ FSC US website: <https://us.fsc.org/en-us/certification/controlled-wood/fsc-us-controlled-wood-national-riskassessment-us-nra>

In addition to the results of the FSC US-NRA, the SBE makes use of additional data from a number of sources to further refine the identification of biodiversity and other values at the landscape level, and to facilitate the mitigation of potential impacts of fiber procurement on these. The main source of information used is the US Fish & Wildlife Service' Endangered Species database, including the Information for Planning and Conservation (IPaC) tool. Each county within HP's SBE was scanned to identify RTE critical habitat. Through the scan it was determined that six counties had critical habitat for endangered species. The SBE process also identified ten counties where there is habitat for Red Cockaded Woodpecker, an endangered species that favours natural, mature pine stands. Finally, and as determined by the FSC US NRA, there are two counties where there is risk of conversion. This information is documented in HP's "SBP-SB – County Risk Level Assessment" and corresponding map. Hence, there is a risk that some of the woody raw material may come from tracts in Texas with a specified-risk designation. HP implements procedures to ensure that all woody raw material comes from forest tracts assessed as low-risk for all categories. HP's "Operating Checklist for Raw Material Purchases" includes the mitigation measures taken by HP to reduce the risk when purchasing raw material from counties with critical habitat for endangered species. This means that the woody raw material comes from counties assessed as low-risk in the SBE or that through a desk audit to screen all purchases and a field verification it can be determined that a specific tract does not threaten the values identified. **There are no critical habitat designations for any parishes in Louisiana, but every parish in the procurement area has habitat for the Red-cockaded woodpecker with the exception of Lincoln, Red River and Caldwell. Nine parishes have habitat for the Louisiana Pine Snake, another species associated with open pine stands, and 16 have habitat for the northern long-eared bat.**

Regional Socio-Economic Conditions¹¹

Texas has more than 63.4 million acres of forests and East Texas accounts for just 19.4% (12.3 million acres) of this total. However, in terms of productive timberlands Texas has only 14.3 million acres and East Texas accounts for 85% of this area. The forest sector is an important contributor to the regional economy and is ranked in the top 10 manufacturing sectors in Texas. Texas has the largest forest sector of all 13 southern states in terms of total employment, economic output, and labor income between 2004 and 2009. The value of harvested timber ranked ninth among Texas top agricultural commodities in 2015. The Texas forest sector includes the following sub-industries: forestry, logging, primary solid wood products, secondary solid wood products, primary paper and paperboard products, and secondary paper and paperboard products. The Texas forest sector contributed \$36.7 billion in industry output to the state economy in 2017. Value-added was \$14.9 billion, 40 percent of the total industry output. The Texas forest sector generated 168,194 jobs and created \$9.6 billion in labor income in the same period.

A report on the economic impact of the forestry sector on Louisiana (2014-2017) found the following:

¹¹ This section was prepared based on the following document and statistics: Parajuli, R., R. Zehnder, and A

Burl Carraway. 2017. Economic Impact of the Texas Forest Sector 2015. Sustainable Forestry Department, College Station, Texas A&M Forest Service & Texas A&M Forest Service. 2019 Impact of Texas Forest Sector 2019 (2017 data).

- The Louisiana forest sector directly contributed \$11 billion of industry output to the Louisiana economy, employing over 45,000 people in 2016
- There are over 13,000 manufacturing jobs in Louisiana, with a payroll of \$886 million in 2016;
- Logging contractors and their employees earned more than \$539 million, and landowners received \$493 million in 2016

More details can be found at <https://www.lsuagcenter.com/MCMS/RelatedFiles/%7B458DFE45-F304-4BA2-84AF-6FEE6E6A8B5A%7D/Pub3367-G-AllDistrict-proof1.pdf>

Figure 5. Direct and Total Economic Contributions of the Texas Forest Sector

	Industry Output (million \$)	Value Added (million \$)	Employment (jobs)	Labor Income (million \$)
Direct Impact				
Forestry	103.01	76.62	2,156	35.07
Logging	220.85	129.09	4,334	83.80
Primary solid wood products	2,492.82	601.70	6,739	416.89
Secondary solid wood products	6,328.19	2,073.98	36,321	1,777.35
Primary paper and paperboard products	2,595.29	595.18	3,131	348.00
Secondary paper and paperboard products	7,142.62	1,717.01	14,820	1,129.48
Total	18,882.77	5,193.57	67,501	3,790.59
Total Impact				
Forestry	182.60	127.22	2,990	70.43
Logging	432.91	248.92	6,550	157.44
Primary solid wood products	5,193.68	2,080.55	23,143	1,291.23
Secondary solid wood products	12,821.01	5,631.16	73,572	3,933.52
Primary paper and paperboard products	5,311.17	2,094.43	17,483	1,224.38
Secondary paper and paperboard products	12,769.75	4,787.97	44,457	2,956.00
Total	36,711.12	14,970.24	168,194	9,633.00
SAM Multiplier				
Forestry	1.77	1.66	1.39	2.01
Logging	1.96	1.93	1.51	1.88
Primary solid wood products	2.08	3.46	3.43	3.10
Secondary solid wood products	2.03	2.72	2.03	2.21
Primary paper and paperboard products	2.05	3.52	5.58	3.52
Secondary paper and paperboard products	1.79	2.79	3.00	2.62
Total	1.94	2.88	2.49	2.54

Table 1. Impacts from Forest Related Sectors on Employment, Income, Output, and Value-Added in Louisiana's Congressional Districts (2012). Number of Jobs % of State Income (\$) % of State Output (\$) % of State Value-Added (\$) % of State Direct Impact from Forest-Related Sectors:

Forestry Services 548.00 0.02 82,937,026.77 0.07 140,122,784.84 0.03 74,661,417.83 0.04

Logging 2,575.00 0.10 145,646,437.72 0.13 256,248,193.97 0.05 73,975,103.56 0.03

Solid Wood Products 6,610.00 0.26 356,282,558.92 0.32 975,084,473.28 0.20 370,083,221.14 0.17

Pulp and Paper 8,077.00 0.31 797,613,731.15 0.72 2,863,619,090.16 0.58 1,411,617,802.54 0.66

Wood Furniture 1,327.00 0.05 50,624,290.45 0.05 122,392,086.63 0.02 42,862,382.49 0.02

Subtotal 19,637.00 0.76 1,433,104,045.00 1.29 6,968,823,494.00 1.40 2,316,868,888.21 1.09

Indirect and Induced Impacts on Sectors: Forestry Sector 3,824.00 0.15 204,673,113.33 0.18 687,858,111.63 0.14 167,876,264.11 0.08

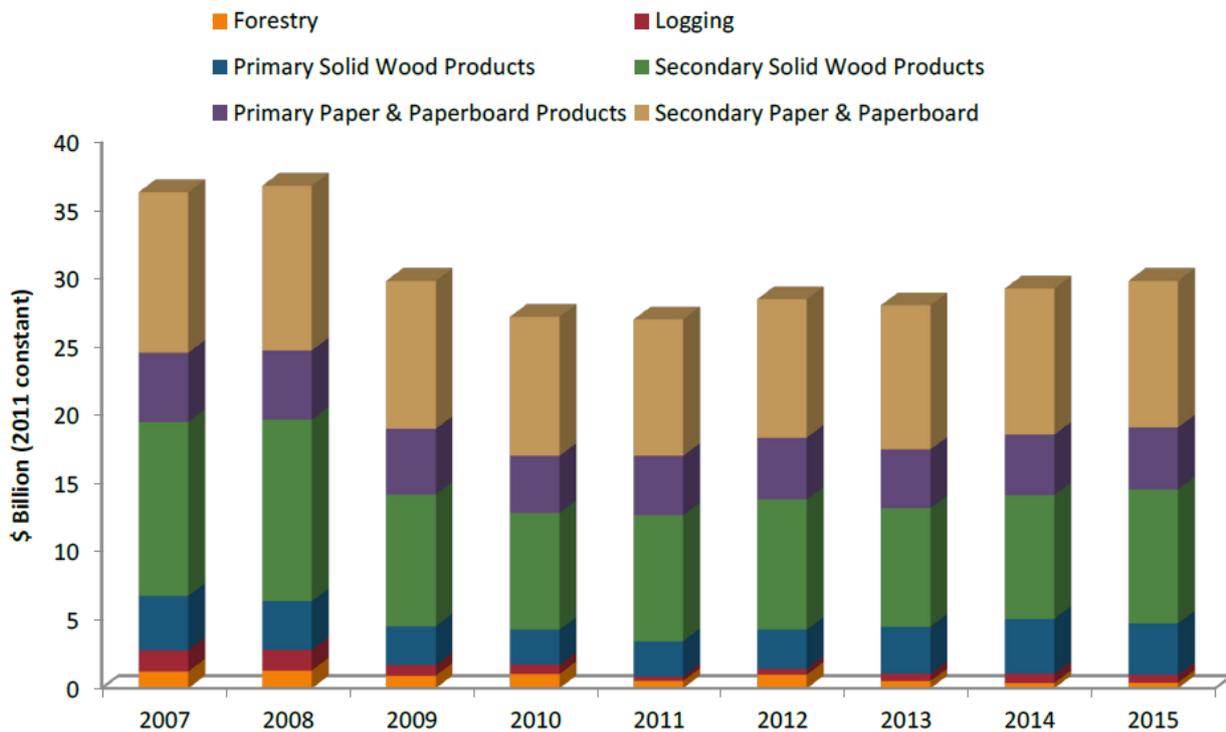
Non-Forestry 22,200.00 0.86 1,031,863,810.07 0.93 3,204,629,521.98 0.64 1,721,935,383.16 0.81

Subtotal 26,024.00 1.01 1,236,554,692.55 1.12 3,892,487,633.62 0.78 1,889,811,647.28 0.89

Total Impact 45,661.00 1.77 2,669,658,738 2.41

10,861,311,127.62 2.18 4,206,680,535.49 1.98 Rest of State 2,541,171.04 98.23
 108,195,766,149.34 97.59 486,502,348,832.19 97.82 208,651,209,441.19 98.02 Total in State
 2,586,832.04 100.00 110,865,424,886.88 100.00 497,363,659,959.81 100.00
 212,857,889,976.68 100.00 Glossary: Number of jobs: number of full and part-time employment
 in the chosen industries and those created in the rest of the economy by the chosen industries.
 Income: includes wages, salaries, and benefits of employees as well as income for self-employed
 individuals.

Figure 6. Total Economic Output by Sub-industry 2007-2015



The largest outputs were from secondary forest products (wood windows/doors and mill work, wood containers, wood buildings, other wood products, furniture, paperboard containers, coated and treated paper and packaging materials, etc.). Most of the secondary forest products manufacturing facilities are located in North Central Texas. Nearly three-quarters of all forestry and logging industries and the majority of the primary forest products industries reside in East Texas.

In terms of ownership, family forest landowners account for about 53% of all timberland. In the last decade a new trend emerged whereby timberlands held by corporations that owned wood processing facilities have been transferred, to entities that do not own wood processing facilities such as TIMOs (Timberland Investment Management Organizations) and REITs (Real Estate Investment Trusts). These corporations account for 24% of timberland in East Texas. Other private ownership classes (i.e. non-industrial corporate excluding TIMOs and REITs, unincorporated, Native American, and non-governmental organizations) account for slightly more than 15% of all timberland. About eight% of timberland is publicly-owned.

HP's Feedstock

HP purchases only one type of raw material from Steely; dry shavings. Steely, meanwhile, purchases exclusively roundwood (sawlogs), **although Steely is now to purchasing residual material from local sawmills, pallet plants, or other millwork facilities.** Steely has long-standing business relationship and contracts with a number of suppliers, above and beyond the timberlands that are owned by Steely itself. Steely, as the sole supplier of woody raw material to the pellet mill, operates (acting on HP's behalf) in strict compliance with HP's Procurement Policy and Procedures. HP is in the process of obtaining PEFC CoC certification, and therefore is required to operate a Due Diligence System (DDS); the same applies to Steely, in turn, as a PEFC CoC-certified entity.

The table below illustrates the expected mix of products, once the pellet mill is commissioned, anticipated to occur in the near future..

Feedstock	Biomass %	Certification	Sustainability %	Legal %	List of Species in raw material
Sawmill residue (timber processing residue)	100%	N/A	100%	100%	See below

Species mix:

Loblolly pine (*Pinus taeda*), Shortleaf pine (*Pinus echinata*), Slash pine (*Pinus elliotti*), and Longleaf pine (*Pinus palustris*).

Commitment to Responsible Sourcing

HP's Procurement Policy is designed to ensure that the forest product process residues (just shavings, initially, but likely other inputs such as sawdust, off-cuts and chips in the medium- to long-term) utilized in the manufacturing process at the mill are sourced from forests where actual and potential environmental, social

and economic impacts are taken into consideration. The company's intent is to manage and mitigate any potential negative impacts to the greatest extent possible, based on the risk-based evaluation of what these impacts may be. HP, through its purchasing practices, aims to encourage and contribute (albeit indirectly, given that all supply flows through the Steely sawmill) to the sustainable management of the forested landbase from which raw material is sourced. HP will operate as a PEFC-certified entity, and as such operate a Due Diligence System (DDS) for the procurement of woody raw material. In addition, Steely, the pellet mill's supplier, will also be PEFC-certified, and also operate a DDS for fiber procurement.

Any and all activity related to the purchase of raw material must be consistent with HP's Procurement Policy and its Guiding Criteria, and this is reflected in the company's internal documentation.

2.2 Actions taken to promote certification amongst feedstock supplier

Steely, as exclusive fiber procurement entity for the HP mill, provides information regarding SFI certification to all entities from whom fiber is procured.

2.3 Final harvest sampling programme

Primary suppliers (i.e. of roundwood) that enter into an agreement with Steely for the supply of fiber are subject to an inspection program utilizing HP's Field Inspection Form. A final harvest sampling program will be undertaken to determine the proportion of final felling which ends up in biomass compared to other end uses.

HP will furthermore monitor the proportion of clear-felled tracts which ultimately are reforested, as far as is reasonably possible.

2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

Insert flow diagram.

2.5 Quantification of the Supply Base

Supply Base

a. Total area of HP's Supply Base (in hectares): 7,166,324 ha (the surface area of all counties).

b. Forest Tenure by type (ha): (for East Texas):

Type of Ownership	Hectares	Percentage
Private	4,420,867	91.8%
Federal	298,577	6.2%
State	52,973	1.1%
County/Municipal	43,342	0.9%
Total	4,815,759	100%

c. Forest by type (ha):

Forest type	Hectares
Pine	2,215,249
Oak-hickory	1,107,625

Oak-pine	577,891
Oak-gum-cypress	529,733
Elm-ash, cottonwood	240,788
others	144473
Total	4,815,759

d. Forest by management type (ha): plantation/managed natural:
52% of pine stands (1,157,400 hectares) are managed under a plantation regime. The rest of the pineproducing areas are managed under a natural regeneration regime.

e. Certified forest by scheme (ha): (e.g. hectares of FSC or PEFC-certified forest).

An estimated 50% of raw material was to come from PEFC/SFI certified forests, but that percent was not achieved so far in 2020.

Feedstock

- a. Total volume of Feedstock: 27,114.12 short tonnes between 9 Jan. 2020 and 1 November 2020
- b. Volume of primary feedstock: 27,114.12
- c. List percentage of primary feedstock
 - Certified to an SBP-approved Forest Management Scheme-13.4%
 - Not certified to an SBP-approved Forest Management Scheme-86.6%
- d. List all species in primary feedstock, including scientific name: Loblolly pine (*Pinus taeda*)
- e. Volume of primary feedstock from primary forest-18,703.71 short tonnes
- f. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme-N/A
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme-18,703.71
- g. Volume of secondary feedstock: specify origin and type – 8,523.31: Area sawmill residual shavings (*Pinus spp*)
- h. Volume of tertiary feedstock: specify origin and composition - 0

* Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands for (f) and (g) are:

1. 0 – 200,000 tonnes or m³

2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³
5. 800,000 – 1,000,000 tonnes or m³
6. >1,000, 000 tonnes or m³

Bands for (h), (l) and (m) are:

1. 0%-19%
2. 20%-39%
3. 40%-59%
4. 60%-79%
5. 80%-100%

NB: Percentage values to be calculated as rounded-up integers.

3 Requirement for a Supply Base Evaluation

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

In the absence of an SBP-endorsed Regional Risk Assessment for the southeast US, it was determined that an SBE should be completed. In a context of relatively low availability of fiber originating in third-party certified Forest Management Units (FMUs), the completion of an SBE is a key tool in supply chain risk mitigation.

4 Supply Base Evaluation

4.1 Scope

HP has obtained PEFC Chain of Custody certification and operates a Due Diligence System (DDS) as per PEFC requirements. This provides the necessary level of confidence needed to claim all of its feedstock is SBP-Controlled at a minimum. HP has completed a Supply Base Evaluation (SBE) to ensure that a sufficient volume of woody raw material is SBP-compliant. While HP's direct fiber supply includes only secondary feedstock (shavings from the company's sole supplier, the Steely Lumber sawmill), HP's SBE includes primary and secondary feedstock and no indicator was excluded. The company's policies and procedures are designed to ensure that the primary forest material (roundwood, principally sawlogs) and process residues (shavings, and subsequently likely to include other inputs such as sawdust, off-cuts and chips) utilized in the manufacturing process at the mill are SBP-Compliant or SBP-Controlled. The definitions of legal and sustainable as used in Standard 1 have been reviewed and met, as substantiated in the SBE (See Annex 1).

Because there is no SBP-approved risk assessment in the US, HP developed a set of Locally Applicable Verifiers (LAVs), which include a number of references to publicly-available sources, and programs to monitor primary suppliers to Steely (field inspections, reconciliation and verification of data). Details on LAVs are included in the sections below.

4.2 Justification

Since only a certain proportion of feedstock is sourced from SBP-approved certification programs, HP conducted an SBE to meet its goals of delivering SBP-Compliant products. Indicators were not modified but specific verifiers were added (See Annex 1). In developing LAVs, HP took into consideration the results of the FSC US Controlled Wood National Risk Assessment, as well as applicable laws and regulations, US Fish and Wildlife's Endangered Species information, the Texas Forest Service and Louisiana Department of Agriculture and Forestry Best Management Practices (BMPs), and other sources, to determine risk and/or mitigation measures.

4.3 Results of Risk Assessment

All criteria were evaluated and while some criteria were determined to be specified-risk, through the implementation of mitigation measures (screening of purchases through a desk study and field inspection under the Supplier Verification Program), all criteria were determined to be low-risk.

4.4 Results of Supplier Verification Programme

Field-testing of procurement screening was initially guided by RFS, HP's consultant on SBP implementation. A new Field Inspection Form was developed, to be used during visits to primary suppliers conducted. Field Inspection Forms are kept on file and the results of the inspections are included in the General Suppliers List spreadsheet. Steely has a pre-existing system in place for conducting field inspections; the roll-out of SBP-compliant procedures has slightly modified the information scrutinized and recorded through such inspections.

4.5 Conclusion

HP has completed an SBE that was modified in 2020 to add additional counties in Texas and parishes in Louisiana. The modified version was sent out for public consultation on 14 August 2020. HP has implemented a PEFC Chain of Custody certification that includes the requirement to operate a DDS, or Due Diligence System. Through the ongoing implementation of the SBE, the monitoring of suppliers, the use of supplier declarations and with backstopping from the high level of law enforcement (and legal compliance) existing in Texas, HP is confident that it will be able to supply SBP compliant products to its clients.

5 Supply Base Evaluation Process

The Supply Base Evaluation (SBE) process for HP was performed by Responsible Forestry Solutions (RFS), an international forestry consulting company established in 2005, as part of work undertaken to support the implementation of SBP certification for the Huntsville Pellets mill. The SBE was modified by Natural Resource Systems, LLC (NRSLLC), a forest certification and wildlife management consulting firm established in 2002. NRSLLC is owned by Mr. Richard Boitnott

RFS' core expertise centres on sustainable forestry, FSC/PEFC forest management certification, Chain of Custody, and the verification of the Legal Origin/Compliance of forest products. RFS has substantial experience in using forestry supply chain auditing tools to verify conformity with global best practice benchmarks such as FSC/PEFC certification, Controlled Wood and other risk-based approaches, High Conservation Value assessment, and Due Diligence Systems, and provide assurance to clients. RFS is managed by its two founding partners and Principals; Nick Moss Gillespie and Marcelo Levy, and utilizes a wide network of associates in North America and further afield. RFS' Principals are both experienced Lead Assessors (qualified with SGS) for: FSC/PEFC Forest Management certification, Chain of Custody (FSC/SFI/PEFC systems) including Controlled Wood FM/CoC, and Legality Verification (Legal Origin / Legal Compliance) of wood products, as well as ISO14001, and GHG Emissions Verification. Most recently, RFS has embarked on the implementation of a sustainable procurement system on behalf of a major US power generator, working on a project in the US southeast. The firm has also successfully completed the implementation of SBP certification for a wood pellet mill, also located in Texas. RFS undertakes both deskbased and in-field assignments, providing expert feedback on risk analysis, and recommending process improvements where necessary, to help to minimize supply-chain risk.

Stakeholder consultation with relevant parties will be undertaken in November-December 2019, by RFS, on behalf of HP. It was undertaken again by NRSLLC in August 2020 to scope in additional counties in Texas and parishes in Louisiana

In the United States, a National Risk Assessment (US-NRA) consistent with the current FSC Controlled Wood Standard has been carried out. On April 5th, 2019, the FSC US NRA received final approval.¹² In this context, HP has adopted the results of this Risk Assessment for use as a coarse filter in the screening of supply chain risk in its Supply Base.

The FSC US National Risk Assessment (NRA) covers the following categories of risk:

- ☐ Illegally harvested wood;
- ☐ Wood harvested in violation of traditional and human rights;
- ☐ Wood from forests where high conservation values are threatened by management activities; ☐ Wood from forests being converted to plantations or

¹² FSC US website: <https://us.fsc.org/en-us/certification/controlled-wood/fsc-us-controlled-wood-national-riskassessment-us-nra>

non-forest use; and ☐ Wood from forests in which genetically modified trees are planted.

The US-NRA makes risk designations for each of these categories, and HP applies these results to its Supply Base. It should be noted that the US-NRA provides good baseline information, yet supply chain due diligence is not restricted to the use of the US-NRA; other resources have been drawn upon, as deemed necessary.

Based on the results and outputs of the US-NRA, it was determined that HP's Supply Base is low risk for the following (FSC) Controlled Wood Categories:

- ☐ Category 1- Illegally Harvested Wood: Legal Timber may come from forests on Public Lands (e.g. State Forests), or Private Lands. The US-NRA points out that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity is in place. State Forest Services have the capacity to engage private landowners and provide training resources for forest management. Texas has a Bill of Sale law¹³ that requires every load of wood coming from the forest to be accompanied by documentation identifying its origin. Receiving mills are not allowed to accept incoming material that is not accompanied by a Bill of Sale. Hence the low-risk designation for illegal harvesting.
- ☐ Category 2 – Wood Harvested in violation of Traditional and Human Rights: The forest sector is not associated with violent armed conflict, labour rights are respected (including rights as specified in ILO fundamental Principles and Rights at work), and the rights of Indigenous and Traditional Peoples are upheld, resulting in a low risk designation for this category (US-NRA);
- ☐ Category 5 – Wood from Forests in which genetically modified trees are planted: The US-NRA reached a low-risk designation. In addition, none of the tree species used by HP are commercially available as genetically modified organisms, so the likelihood of procuring genetically modified trees is negligible at this point.

The Specified Risk designations that affect HP's Supply Base include:

- ☐ Category 3 - High Conservation Values:
 - ☐ Houston Toad Critical Habitat (HCV1);
 - ☐ Late Successional Bottomland Hardwood Areas (HCV3); ☐ Native Longleaf Pine Systems (HCV3).
- ☐ Category 4 - Conversion to non-forest use or plantations: There are two counties in Texas that have been identified by the US-NRA process as being at risk for conversion: Liberty and Montgomery counties.

In addition to the results of the FSC US-NRA, the SBE makes use of additional data from a number of sources to further refine the identification of biodiversity and other values at the landscape level, and to facilitate the mitigation of potential impacts of fiber procurement on these. The sources scrutinized include:

¹³ Texas Natural Resources Code 151.001 Effective since 2001.

NatureServe datasets; CEPF Biodiversity Hotspots; The Nature Conservancy's Priority Conservation Areas; searches on the IUCN Red List of Threatened Species; and on the US Fish & Wildlife Service' Endangered Species database, including the Information for Planning and Conservation (IPaC) tool. RFS utilized IPaC to search for presence of Rare, Threatened or Endangered species and their critical habitat in each of the counties within HP's supply base. NatureServe datasets were also reviewed and the list of endangered species in each county was confirmed. NatureServe has a mapping tool by county, but the maps do not identify critical habitat within the county. The IPaC application also provides maps which include known critical habitat for RTE species, making the maps more useful for planning forest operations and identifying critical areas. Six counties were found to have critical habitat for endangered species, and another 14 counties have habitat suitable for Red Cockaded Woodpecker. Wood purchased from these counties will be further inspected through the Supplier Verification Program. HP has also developed and implemented an "Operating Checklist for Raw Material Purchases". This procedure outlines how to screen all purchases, determine the level of risk, and whether Field Inspections are required. HP implements these procedures to ensure that all woody raw material comes from forest tracts assessed as low-risk for all categories. This means either that the woody raw material comes from counties assessed as low-risk in the SBE, or that through field verification it can be determined that a specific tract (Forest Management Unit, or FMU) does not threaten the values identified.

6 Stakeholder Consultation

Another stakeholder consultation was conducted by NRSLLC on behalf of HP to scope in additional counties in Texas and parishes in Louisiana.

6.1 Response to stakeholder comments

The following were contacted along with their comments:

Louisiana Forestry Association: Positive input. Glad to see more outlets for wood

The Nature Conservancy of Louisiana: No comment

The Louisiana Department of Agriculture and Forestry: No comment

The Louisiana Department of Wildlife and Fisheries: Positive feedback. Saw no issues

The Louisiana Department of Natural Resources: No comment

7 Overview of Initial Assessment of Risk

HP has obtained PEFC Chain of Custody certification, which is a key component in demonstrating compliance with SBP certification requirements. The company’s operations are located in Texas, where there is a strong regulatory framework and effective legal compliance, across the board. HP has implemented a management system that builds on global best practice in terms of forest product supply chain due diligence, starting from PEFC requirements, but including elements of other certification systems, such as the FSC Controlled Wood standards, and the FSC’ National Risk Assessment process currently being completed worldwide. All of the company’s procurement of wood fiber is performed by one of the parent companies, Steely Lumber, an entity with very extensive experience of working with both TIMOs and other corporate landowners, as well as Non-Industrial Private Forestland owners throughout the region. There is some fiber available that originates in operations certified to international third-party voluntary standards, such as SFI Forest Management standards, or the American Tree Farm System. HP has furthermore contracted with Responsible Forestry Solutions, a consulting company with extensive experience in the use of High Conservation Value (HCV) assessment to evaluate the potential risk of impacts of fiber procurement on HCVs present in the fiber basket of the mill. Mitigation measures will be deployed as required, as detailed elsewhere in this report.

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	
2.3.1		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	

2.2.6		X	
2.2.7		X	
2.2.8		X	
2.2.9		X	

2.9.2		X	
2.10.1		X	

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

The Supplier Verification Program focuses on field visits to tracts within counties with a “Specified-Risk” designation. The key to the SVP is to verify that the values identified as potentially present for the specific county/ies are not affected by actual forestry operations, notably harvesting. This means that operators are aware of said values and how to identify them in the field; BMPs are implemented to mitigate any potential damage to those values; and that Health and Safety Requirements are met. HP develops a sampling plan based on the level of risk for the counties, harvesting schedule, upcoming contracts with landowners and/or suppliers, and tracts where wood was purchased in the past.

Suppliers must provide information regarding:

- ☐ Workers qualifications, licenses and certificates as required;
- ☐ Records of accidents/incidents;
- ☐ Appropriate insurance coverage; ☐ Health & Safety training records.

Using the Field Inspection Form, the field visit must verify and record the following:

- ☐ There is evidence of legal ownership of the forest tract (Bill of Sale, contract, or equivalent); ☐ Type of harvesting carried out (thinning, clearcut);
- ☐ Any values observed;
- ☐ Classification of streams and other water bodies;
- ☐ BMPs are used (e.g. SMZs meet width requirements with good retention, skid trails are properly located, stream crossings are minimized, no evidence of spills, etc.);
- ☐ Health and Safety requirements are met in active operations (required Personal Protective Equipment, spill kits, First Aid kits, fire extinguishers, appropriate communication devices, etc.);
- ☐ Values identified for the particular tract are not threatened (i.e. Threatened or Endangered Species or other HCVs identified);
- ☐ The forest tract is to be maintained as a forest tract and not converted to non-forest use;
- ☐ In the event that natural Longleaf Pine stands are harvested, these operations are part of thinning and/or stand improvement practices.

8.2 Site visits

Site visits were completed (on a sampling basis) prior to the external audit by HP’s SBP-accredited Certification Body. The use of the Field Inspection Form was confirmed and

calibrated, and the results of these audits included in the General Suppliers' List spreadsheet. All these documents are to be kept on file and available for review by the Certification Body.

8.3 Conclusions from the Supplier Verification Programme

A total of 12 tracts were identified in specified risk counties. Each were examined using IPaC to determine if the actual tract location threatened HCVs or T&E species. None were found to threaten either. The supplier verification program has proven to be quite effective in ensuring the protection of HCVFs and T&E species.

9 Mitigation Measures

9.1 Mitigation measures

Five indicators were identified that had specified risk, requiring mitigation measures. These measures are laid out below. Their implementation resulted in arrival at a 'low-risk' designation for all five indicators.

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.

Mitigation measure: In order to lower the risk, a desk audit and if necessary the Supplier Verification Program will be used to verify that values identified as potentially present are not harmed by forest operations. The Desk Audit screens all purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess against risk for conversion or to natural southern yellow pine stands which are also suitable habitat for the Red Cockaded Woodpecker.

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.

Mitigation measure: Steely, as HP's sole supplier, sources primary material based either on the purchase of timber on the stump or the purchase of volume offered for purchase as part of the off-take of a harvesting operation managed by another entity. In this scenario, there are no difficulties in identifying the tract (FMU) of origin and conducting a verification audit under the Supplier Verification Program. Steely's fiber procurement staff, on behalf of HP, performs a Desk Audit of all tracts from which purchases may originate to assess the risk to the values identified. If necessary, a field visit focusing on the implementation of Texas' BMPs, Health & Safety, proper training for logging crews (Pro-Logger certification in Texas) is carried out. In addition, all suppliers are required to sign a Supplier Declaration Form committing to meet HP's requirements. HP evaluates suppliers and keep records of their performance. Suppliers are required to identify the tracts of origin of their supply and internal audits of Bills of Sale are conducted.

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.

Mitigation Measures: HP's Procurement Procedures require that primary suppliers provide a Bill of Sale that allows the identification of the forest tract for inspection purposes. During the Desk Audit, all purchases are scrutinized to assess risk of conversion (amongst others). The

study includes criteria such as age and type of the forest and type of harvesting method, to determine risk of conversion and the potential need to carry out field inspections. Field inspections are carried out as part of a Supplier Verification Program, used in Specified Risk counties to re-categorize suppliers' risk profile, where possible, through mitigation measures. Suppliers are required to identify the tracts of origin of their supply and internal audits of Bills of Sale are conducted to assess the risk of conversion based on the profile of the forest tracts.

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).

Mitigation measure: All Suppliers are subject to a desk audit where values of concern can be identified in relation to the specific tract using the US Fish and Wildlife Service's IPaC tool or by checking the Texas Forest Service website identifying habitats of concern for the Federal T&E species list. The Desk Audit screens all purchases against the results of the SBE. Counties with known critical habitats for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess against risk for conversion or risk to natural southern yellow pine stands which are also suitable habitat for the Red Cockaded Woodpecker

HP requires suppliers to comply with laws and regulations, to use trained logging crews and implement BMPs. In addition, HP verifies and evaluates suppliers through field inspections, as necessary.

Indicator 2.2.4: The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).

Mitigation measure: All Suppliers are subject to a desk audit where values of concern can be identified in relation to the specific tract using the US Fish and Wildlife Service's IPaC tool, or by checking the Texas Forest Service website identifying habitats of concern for the Federal T&E species list. The Desk Audit screens all purchases against the results of the SBE. Counties with known critical habitats for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess against risk for conversion or risk to natural southern yellow pine stands which are also suitable habitat for the Red Cockaded Woodpecker

HP requires suppliers to comply with laws and regulations, to use trained logging crews and implement BMPs. In addition, HP verifies and evaluates suppliers through field inspections. Suppliers are required to identify the tracts of origin of their supply and internal audits of Bills of Sale are conducted to assess the risk to biodiversity based on the profile of the forest tracts.

9.2 Monitoring and outcomes

Indicator	Mitigation Measures	Monitoring
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2.1.2	<p>A total of 12 tracts were reviewed using IPaC to determine if the tract was in the proximity of HCVPs or T&E species. Four of the 12 were located on U.S. Forest Service property in the proximity of red-cockaded woodpeckers. The USFS had harvest timing restrictions by contractual obligation to protect nesting birds. Steely used loggers trained in accordance with the Texas Pro-Logger program, which includes information on the protection of red-cockaded woodpeckers</p>	<p>The harvest sites were inspected by both Steely and the USFS. Both inspections are recorded on inspection forms, Steely's on its Field Inspection Form. An examination of the Field Inspection Form and the USFS inspection forms provide evidence of compliance with the protection requirements for the red-cockaded woodpecker</p>
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No other indicators with specified risk required any mitigation measures

10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in Annex 1.

11 Review of Report

11.1 Peer review

If an external peer review of this report was done prior to finalisation, describe the process that was followed and the competency of the parties involved.

11.2 Public or additional reviews

If another type of external review was done prior to finalisation of this report (e.g. publication for comments by stakeholders, NGOs, or other independent third parties), describe the process here.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Natural Resource Systems, LLC 	President	23 November 2020
	Name	Title	Date
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	[name]	[title]	[date]
	Name	Title	Date
Report approved by:	[name]	[title]	[date]
	Name	Title	Date
Report approved by:	[name]	[title]	[date]
	Name	Title	Date

13 Updates

Note: Updates should be provided in the form of additional pages, either published separately or added to the original public summary report.

13.1 Significant changes in the Supply Base

Additional counties in Texas were added to the supply base to cover the procurement of shavings from area sawmills. In addition, portions of western Louisiana were added to the supply base to accommodate the potential procurement of shavings from a sawmill in that state. The new counties in Texas and parishes in Louisiana were added to the PEFC DDS. The new county/parish list is shown below.

13.2 Effectiveness of previous mitigation measures

No mitigation measures were needed. No harvest site had any risk of conversion or to any T&E species of species of concern

13.3 New risk ratings and mitigation measures

There has been no change in risk ratings for any indicator and no new mitigation measures required

13.4 Actual figures for feedstock over the previous 12 months

A total of 27,114.12 short tonnes of shavings were used by Huntsville Pellets from January 9th, 2020 to November 1, 2020. Of that amount, 3,654.578 came from SFI certified forests. The remaining shavings came in as PEFC Controlled material under HP's CoC program.

13.5 Projected figures for feedstock over the next 12 months

It is anticipated approximately 32,500 short tonnes of feedstock will be provided over the next 12 months

- * Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands are:

1. 0 – 200,000 tonnes or m³

2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³
5. 800,000 – 1,000,000 tonnes or m³
6. >1,000, 000 tonnes or m³

14 Appendix – HP County List

#	Texas Counties	LA. Parish
1	Anderson	Allen
2	Angelina	Beauregard
3	Bowie	Bienville
4	Brazos	Evangeline
5	Camp	Natchitoches
6	Cass	Rapides
7	Chambers	Sabine
8	Cherokee	Vernon
9	Freestone	Webster
10	Grimes	Caddo
11	Hardin	Desoto
12	Harris	Red River
13	Harrison	Grant
14	Henderson	Calcasieu
15	Houston	LaSalle
16	Jasper	Caldwell
17	Jefferson	Claiborne
18	Liberty	Lincoln
19	Madison	Jackson
20	Marion	Union
21	Montgomery	Ouachita
22	Nacogdoches	Winn
23	Newton	
24	Orange	
25	Panola	
26	Polk	
27	Rusk	
28	Sabine	
29	San Augustine	
30	San Jacinto	
31	San Patricio	
32	Shelby	
33	Smith	
34	Trinty	
35	Tyler	
36	Upshur	
37	Van Zandt	
38	Walker	
39	Waller	
40	Wood	

Annex 1: Detailed Findings for Supply Base Evaluation Indicators

	Indicator
1.1.1	The Biomass Producer's Supply Base is defined and mapped.
Finding	Huntsville Pellets LLC (hereafter known as 'HP') has determined its roundwood Supply Base to consist of 31 counties in East Texas, with the vast majority of fiber originating within approximately a 100-mile radius from Huntsville, and within Texas. This is established and mapped in HP's Procurement Procedures. The area is expanded to the other pine-timber producing counties of Texas and the parishes of west Louisiana to account for the procurement of residual material from area sawmills in both states. However, the purchase of roundwood still consists of 31 counties within a 100 mile radius of Huntsville. A list of all counties included in the Supply Base was prepared, for risk assessment purposes, and to establish better control of fiber supply.
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit
Evidence Reviewed	HP's: <ul style="list-style-type: none"> • Procurement Policy; • Procurement Procedures; • Communication with suppliers; • Procurement counties included in the company's Supply Base; • Bills of Sale; • Contract with the company's sole supplier, Steely Lumber (sawmill).
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
1.1.2	Feedstock can be traced back to the defined Supply Base.
Finding	HP's Procurement Procedures require that all Suppliers provide a declaration that the wood originates from counties within HP's Supply Base; the list of counties/ parishes is provided to Suppliers for this purpose. HP conducts a desk audit of all potential purchases to ensure that wood originates from the Supply Base, and as the first step in the risk assessment of a particular purchase. In addition, by law, Primary Suppliers must provide a Bill of Sale that accompanies the load of wood. The Bill of Sale includes information on the forest tract of origin and therefore allows the load to be traced back to the forest. HP records this information in the General Suppliers List spreadsheet.

Means of Verification	All evidence was reviewed during the PEFC CoC internal audit		
Evidence Reviewed	HP's: <ul style="list-style-type: none"> • Procurement Policy; • Procurement Procedures; • Communication with suppliers; • Procurement counties included in the company's Supply Base; • Bills of Sale; • Contract with the company's sole supplier, Steely Lumber (sawmill). 		
Risk Rating	<input checked="" type="checkbox"/> Low Risk	<input type="checkbox"/> Specified Risk	<input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A		

	Indicator		
1.1.3	The feedstock input profile is described and categorised by the mix of inputs.		
Finding	<p>HP tracks purchased raw woody material by product type (shavings only at the present time, but will include sawdust, wood chips, off-cuts, etc.), as described in the company's PEFC Chain of Custody Procedures Manual. HP records all purchases in its General Suppliers List spreadsheet. The information collected enables the development of a feedstock input profile (plantation or natural stand, age class, species, type of harvesting (final cut or thinning, etc.). This information is assessed during the Desk Audit described in HP's Operating Checklist for Raw Material Purchase prior to finalizing the purchase. HP only purchases pine species for the manufacturing of pellets. Wood fiber information from the Bill of Sale is entered into HP's information system when loads are received at the scalehouse. HP's wood accounting system links each delivery to a contract, which identifies the supplier, certification status, and chain of custody number if the supplier is certified.</p>		
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit		
Evidence Reviewed	HP's: <ul style="list-style-type: none"> • Procurement Policy; • Procurement Procedures; • Suppliers Declaration Form; • Operating Checklist for Raw Material Purchases; • PEFC Chain of Custody and Due Diligence System; • Bills of Sale; • Contracts with Suppliers 		
Risk Rating	<input checked="" type="checkbox"/> Low Risk	<input type="checkbox"/> Specified Risk	<input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A		

	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	<p>HP has incorporated the FSC US-NRA as part of its risk assessment. This assessment points out that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity, making the risk of sourcing wood originating from illegal access to forestlands negligible. In addition, and in order to confirm the origin of wood in the marketplace, Both Texas and Louisiana have Bill of Sale Laws¹⁴ that requires every load of wood coming from the forest to be accompanied by documentation identifying its origin. Receiving mills are not allowed to accept incoming material that is not accompanied by a Bill of Sale.</p> <p>HP's Procurement Procedures require that a Bill of Sale accompany every load received from Primary Suppliers. The Bill of Sale includes information on the ownership of the forest tract of origin. As part of the controls in place, HP reviews Bills of Sale on a sampling basis to ensure that proper contracts are in place and the tract of origin and ownership are known and legal.</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit
Evidence Reviewed	<p>. HP's:</p> <ul style="list-style-type: none"> • FSC-NRA-USA V1-0; • Procurement Policy; • Procurement Procedures; • Suppliers Declaration Form; • Operating Checklist for Raw Material Purchases; • Bill of Sale; • List of certified Suppliers.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	HP is implementing Program for the Endorsement of Forest Certification (PEFC) Chain of Custody certification with the corresponding Due Diligence System in place to ensure the raw material input is at least controlled sources (under PEFC certification requirements).

¹⁴ Texas Natural Resources Code 151.001 Effective since 2001

	<p>Furthermore, HP has included the FSC US-NRA as part of its risk assessment. This assessment points out that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity, making the risk of sourcing wood originating from illegal access to forestlands or illegal activities, negligible.</p> <p>In addition, a review of the following websites confirms that HP's Supply Base, situated in the US, is part of a low-risk jurisdiction for illegal logging and corruption:</p> <ul style="list-style-type: none"> • www.illegal-logging.info; • www.eia-international.org; • www.transparency.org. <p>As required in HP's Procurement Policy and Procedures, the company conducts Desk-Audits prior to any purchase for the purpose of ensuring the legal origin of the wood. Primary and Secondary Suppliers must sign a Supplier Declaration Form identifying the forest tract of origin. Primary Suppliers have to provide the Bill of Sale that identifies the tract of origin and ownership. In addition, field inspections of the forests harvested are carried out on a sampling basis. Secondary supplies must sign a supplier declaration form that they will not procure wood from any of the 5 controversial sources identified by FSC. The one supplier in Louisiana is SFI certified, providing some assurance its material does not come from controversial sources</p>
Means of Verification	All evidence was reviewed. Websites were verified and other documents were checked during the PEFC CoC internal audit
Evidence Reviewed	<ul style="list-style-type: none"> • FSC-NRA-USA V1-0 • Procurement Policy; • Procurement Procedures; • Suppliers Declaration Form; • Operating Checklist for Raw Material Purchases; • PEFC Chain of Custody and Due Diligence System; • Bills of Sale; • www.illegal-logging.info; • www.eia-international.org; • www.transparency.org; • List of Suppliers.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	HP has included use of the FSC US-NRA as part of its risk assessment. This assessment points out that the United States has comprehensive laws regulating forest management and good enforcement capacity, making the risk of sourcing wood originating from illegal access to forestlands or illegal activities negligible.

	<p>In addition, a review of the following websites confirms that the US in general and HP's Supply Base in particular is a low-risk jurisdiction for illegal logging and corruption:</p> <ul style="list-style-type: none"> • www.illegal-logging.info; • www.eia-international.org; • www.transparency.org. <p>As required in HP's Procurement Policy and Procedures, the company conducts Desk-Audits prior to any purchase. Primary and Secondary Suppliers must sign a Supplier Declaration Form identifying the forest tract of origin. Primary Suppliers have to provide the Bill of Sale that includes the name and ownership of the tract as well as of the logging contractor who is required to pay stumpage on timber purchases. The Bills of Sale from Primary Suppliers must accompany every load and are kept on file by HP.</p>
Means of Verification	All evidence was reviewed. Websites were verified and other documents were checked during the PEFC CoC internal audit
Evidence Reviewed	<ul style="list-style-type: none"> • FSC-NRA-USA V1-0; • Procurement Policy; • Procurement Procedures; • PEFC Chain of Custody and Due Diligence System; • www.illegal-logging.info; • www.eia-international.org; • www.transparency.org; • List of Suppliers.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>HP is implementing Program for the Endorsement of Forest Certification (PEFC) Chain of Custody certificate with the corresponding Due Diligence System in place, which facilitates the control of origin of fiber inputs, and helps ensure that feedstock is verified in compliance with the requirements of CITES. The DDS has been updated to include other pine-timber producing counties of Texas to accommodate the procurement of residual material from area sawmills, and the parishes of west Louisiana as HP intends to procure shavings from a mill in Louisiana.</p> <p>The Desk Audit described in the Operating Checklist for Raw Material Purchases requires the Procurement Manager to identify county of origin and assess risk based on a review of the SBE Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife's IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&E species are also available in the database.</p>

	<p>The Procurement Manager can therefore determine the level of risk and require conducting site inspection in line with HP's Supplier Verification Program. As per the Operating Checklist for Raw Material Purchases, the Procurement Manager reviews the result of the risk assessment that includes the identification of Threatened and Endangered Species (T&E) in the Supply Base utilizing the information in the U.S. Fish and Wildlife Service's database. The U.S. Fish and Wildlife Service is responsible for the implementation and enforcing of CITES at the national level.</p> <p>None of the species used by HP in its pellet mill are on the CITES list.</p>
Means of Verification	All evidence was reviewed. The use of the county level risk assessment was reviewed during the PEFC CoC internal audit
Evidence Reviewed	<ul style="list-style-type: none"> • Procurement Policy; • Procurement Procedures; • Operating Checklist for Raw Material Purchases; • PEFC Chain of Custody and Due Diligence System; • County Risk Assessment for RTE species' critical habitat
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
1.6.1	<p>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.</p>
Finding	<p>The FSC-NRA-USA V1-0, which is incorporated in HP's approach to risk assessment, found that the forest sector in the United States is not associated with violent armed conflict or violations of traditional and civil rights. Labour rights are respected including rights as specified in ILO (International Labour Organization) fundamental Principles and Rights at work, and the rights of Indigenous and Traditional Peoples, resulting in a low risk designation for this category.</p> <p>HP has also developed a Policy on Respect for the Rights of Local Communities and Indigenous Peoples. HP as a company is committed to respecting the legal, customary, and traditional tenure and use rights of indigenous peoples and local communities related to the forest, ensuring that forest management in the company' supply base does not impact on these rights, inasmuch as HP can exert any influence to this effect. As part of its approach to procurement, the company seeks to identify and document such rights, and to evaluate whether examples of such rights are being duly respected. If it cannot be ascertained that rights, where they have been identified and documented, are being respected, then HP will not procure fiber from forest management activities that may be contributing to any such impacts.</p>
Means of Verification	All evidence was reviewed.

Evidence Reviewed	<ul style="list-style-type: none"> • FSC-NRA-USA V1-0; • Procurement Policy; • HP's Policy on Respect for the Rights of Local Communities
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.1.1	<p>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.</p>
Finding	<p>HP is PEFC Chain of Custody certified and has a Due Diligence System in place to ensure that all raw material is at least controlled sources under the PEFC standards. The DDS has been updated to include other pine-timber producing counties of Texas to accommodate the procurement of residual material from area sawmills, and the parishes of west Louisiana as HP intends to procure shavings from a mill in Louisiana.</p> <p>HP has included the FSC US-National Risk Assessment (NRA) as part of its risk assessment. HP also uses data obtained from the US Fish and Wildlife Service's Endangered Species database and their Information for Planning and Consultation tool (IPaC). The IPaC tool allows HP or Steely staff to search the Endangered Species database by county, and it provides maps of known critical habitat of all endangered species.</p> <p>The North American Coastal Plain has been identified as a biodiversity hotspot, primarily due to the lack of control burning's impact on ecosystem function. HP is not associated with this activity as part of its wood procurement activities. The FSC US NRA has identified critical habitat for the Houston Toad as HCV1, and Late Successional Bottomland Hardwood Areas, and Native Longleaf Pine Systems as HCV3.</p> <p>In order to refine the work done in the FSC-NRA-USA V1-0, HP has conducted its own risk assessment using the US Fish and Wildlife's Endangered Species database's IPaC tool to determine the presence of T&E species in each county and provide maps of known location of critical habitat. As a result, six counties within the Supply Base have been flagged as including critical habitat for endangered species. The database provides maps of known locations of critical habitat within the county/ies in question.</p> <p>The risk assessment also identified the presence of the Red-Cockaded Woodpecker in Texas and Louisiana. Critical habitat for this species is restricted to mature natural southern pine stands. This information is documented in HP's "County-level risk assessment" and corresponding map.</p> <p>A review of the Intact Forests Landscapes map shows that the relatively large and intact</p>

	forest areas within the Supply Base can be found within State or National Forests, Parks or Wildlife Management Areas.
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including the use of the county level risk assessment
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • FSC-NRA-USA V1-0 • Procurement Policy; • Procurement Procedures; • Operating Checklist for Raw Material Purchases; • http://www.intactforests.org/world.webmap.html; • County-level Risk Assessment for RTE species' critical habitat.
Risk Rating	<input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	<p>The Desk Audit described in the Operating Checklist for Raw Material Purchases requires the Procurement Manager to identify the county of origin of all potential purchases and assess risk based on a review of the SBE Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife's IPaC tool to determine and map the presence of critical habitat of endangered or threatened species in each county. The Desk Audit screens all potential purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat in relation to the location of the forest tract/s in question. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess risk to natural southern pine stands which are also suitable habitat for the Red Cockaded Woodpecker (an endangered species), The Desk Audit also determines the need for field inspections.</p> <p>Through the use of these tools, the SBE resulted in the identification of critical habitat for endangered species and the presence of natural stands of southern yellow pine.</p> <p>Suppliers are required to sign a Supplier Declaration Form and identify the tract/s of origin of their supply. They are required to allow reviews of their Bills of Sale to identify counties and harvesting sites in relation to identified values.</p>

	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	<p>In order to refine the work done in the FSC-NRA-USA V1-0, HP has conducted its own risk assessment using the US Fish and Wildlife's Endangered Species database's IPaC tool to determine the presence of T&E species in each county and provide maps of known location of critical habitat. As a result, six counties within the Supply Base have been flagged as including critical habitat for endangered species. The database provides maps of known locations of critical habitat within the county/ies in question.</p> <p>The risk assessment also found the presence of the red-cockaded woodpecker in ten counties.</p> <p>A Desk Audit screens all potential purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on</p>

	<p>location of critical habitat and location of the forest tract. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess risk to natural southern pine stands which are also suitable habitat for the Red Cockaded Woodpecker (an endangered species). The Desk Audit also determines the need for field inspections. For purchases determined to be high risk through the Desk Audit process, a field inspection is conducted prior to confirming the purchase. under the Supplier Verification Program to verify that values identified are not harmed by forest operations, that logging crews have the proper training (Pro-Logger certified in Texas) and that BMPs are implemented.</p> <p>For all purchases from Primary Suppliers, Field Inspections are carried out as part of a monitoring effort on a sampling basis, prioritizing by the level of risk.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, HP is PEFC CoC certified and many of its secondary suppliers are also PEFC CoC/SFI certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. While HP is not in a position to require the use of trained loggers by its secondary suppliers, it strongly encourages them to do so. In addition, area paper and sawmills are SFI certified, requiring the use of trained loggers</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including the use of the county level risk assessment.
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • FSC-NRA-USA V1-0; • Procurement Policy; • Procurement Procedures; • Operating Checklist for Raw Material Purchases • Use of the IPaC tool; • County Risk Assessment for RTE species' critical habitat; • Field Inspection Form Data; • http://www.intactforests.org/world.webmap.html
Risk Rating	<input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	<p>The Desk Audit described in the Operating Checklist for Raw Material Purchases requires the Procurement Manager to identify county of origin and assess risk based on a review of the SBE Report. The SBE Risk Assessment methodology includes the use of the US Fish and Wildlife's IPaC tool to determine the presence of critical habitat of endangered or threatened species in each county. Maps with known locations of critical habitat for T&E species are also available in the database.</p> <p>HP purchases raw material from Primary Suppliers through Steely. There are no difficulties in identifying the tract of origin and assessing risk through the Desk Audit and conducting a Field Inspection under the Supplier Verification Program if required.</p> <p>Counties with known critical habitat for endangered species are scrutinized based on location of critical habitat in relation to the location of the forest tract or tracts. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural</p>

	<p>or plantation) to assess risk to natural southern pine stands which are also suitable habitat for the Red Cockaded Woodpecker (an endangered species). The Desk Audit also determines the need for field inspections. For purchases determined to be high risk at the Desk Audit stage, a field inspection is conducted prior to confirming the purchase, under the Supplier Verification Program, to verify that values identified are not harmed by forest operations, that logging crews have the proper training (Pro-Logger certified in Texas) and that BMPs are implemented. The one secondary suppliers in Louisiana is SFI certified, which requires the use of trained loggers</p> <p>For all purchases from Primary Suppliers Field Inspections are carried out as part of a monitoring effort on a sampling basis, prioritizing by the level of risk.</p> <p>HP evaluates suppliers and keep records of their performance. Most major suppliers are SFI/PEFC certified with an associated DDS. Desk audits of non-certified Secondary Suppliers are carried out to sample county of origin, contracts with landowners, credentials of logging crews, etc. This information is recorded in the Field Inspection Form and kept on file. The results of the Field Inspections are compiled in the Field Inspection Form Data spreadsheet to monitor and evaluate performance.</p> <p>Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply. They are required to allow reviews of their Bills of Sale to identify counties and harvesting sites in relation to identified values. This information is compiled and monitored in the General Suppliers List spreadsheet.</p>
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	Indicator
2.1.3	<p>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.</p>
Finding	<p>The FSC-NRA-USA V1-0 has found that two counties (Liberty and Montgomery) within the Supply Base have specified risk for land conversion.</p> <p>HP is PEFC Chain of Custody certified and has a Due Diligence System in place to ensure that all raw material is at least controlled sources (under PEFC standards) and does not originate from forests converted to plantations or non-forest lands after January 2008, as required under this indicator. HP implements its Procurement Policy and Procedures for the purchase of woody raw material. Information concerning cover type and type of harvest is collected to ensure HP complies with the requirement of the Standard. A Desk Audit is conducted prior to confirming any purchase in order to assess the level of risk for conversion.</p> <p>HP purchases raw material from Primary Suppliers through Steely. In this situation, there are no difficulties in identifying the tract of origin and conducting a verification audit under the Supplier Verification Program. HP evaluates Suppliers and keeps records of their performance. Identifying the forest tract of origin for Secondary Suppliers is difficult, but most major Secondary Suppliers are also SFI/PEFC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. The one secondary supplier in Louisiana is SFI certified, providing some assurance its material does not come from controversial sources.</p>

Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • FSC-NRA-USA V1-0; • Procurement Policy; • Procurement Procedures; • HP's data from Suppliers and desk audit
Evidence Reviewed	All evidence was reviewed during the PEFC CoC internal audit, including implementation of the desk audit
Risk Rating	<input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	<p>HP's Procurement Procedures require that Primary Suppliers provide a Bill of Sale (that identifies the forest of origin) and a signed Supplier Declaration, For Primary Suppliers field inspections can be carried out and evidence of plans of keeping the tract as a forest are required and evaluated (e.g. investments in site preparation, reforestation, etc.). A Desk Audit is conducted prior to any purchase in order to determine the level of risk for conversion. In addition to identifying critical habitat for endangered species the Desk Audit assess information from potential Suppliers regarding the age class of the pine stand, the type of operation (thinning or final cut) to assess the level of risk for conversion. HP also requires a signed Supplier Declaration that includes a commitment to keep the forest as such. HP will also conduct Field Inspections of past forest operations based on the risk for conversion.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form that identifies the tracts of origin of their supply and their commitment to avoid purchasing from forests converted to plantations. This information is compiled and monitored in the General Suppliers List spreadsheet.</p>

	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	<p>HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. HP purchases raw material from Primary Suppliers through Steely. In this situation, there are no difficulties in identifying the tract of origin and conducting a field inspection under the Supplier Verification Program to assess the performance of the logging crew in terms of BMPs for planning, for laying out skid trails, and proper handling of Streamside Management Zones (SMZ). HP evaluates Suppliers and logging crews and keeps records of their performance for future reference. HP utilizes its Field Inspection Form to evaluate different aspects of environmental, and safety performance. Records are compiled in the Field Inspection Form Data spreadsheet and maintained for future reference.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply, and logging crews. HP checks that logging crews are certified (Pro-Logger in Texas) to ensure they operate according to Texas BMPs. The one secondary supplier in Louisiana is SFI certified, which requires the use of trained</p>

	loggers and adherence to BMPs. Based on the level of risk assessed during the Desk Audit, HP may choose to conduct a Field Inspection of tracts supplying these Secondary Suppliers. This information is compiled and monitored in the General Suppliers List spreadsheet.
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including completion of the field inspection form
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • General Suppliers List; • Field Inspection Form Data
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk RA <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>HP requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting operations. Suppliers are also required to use trained loggers under the Texas Pro-logger program. HP monitors and evaluates Supplier performance through field inspections.</p> <p>For Primary Suppliers, the identification of the forest tract is simple (either through stumpage paid by Steely, or through the Bill of Sale); field inspections are carried out to assess implementation of the BMPs. HP utilizes the Field Inspection Form developed for this purpose to evaluate different aspects of environmental performance including issues such as rutting, sedimentation, and the establishment of buffer zones along water bodies and streams (Streamside Management Zones or SMZ) in order to assess soil quality. Records of operators' performance are maintained for future reference. This information is compiled and monitored in the General Suppliers List spreadsheet.</p> <p>Identifying the forest tract of origin for Secondary Suppliers is difficult, but most major Secondary Suppliers are also SFI/PEFC CoC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. The one secondary supplier in Louisiana is SFI certified, providing some assurance its material does not come from controversial sources.</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including completion of the field inspection form
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • General Suppliers List; • Field Inspection Form Data

Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>The North American Coastal Plain has been identified as a biodiversity hotspot and more specifically the FSC-NRA-USA V1-0 has identified critical habitat for the Houston Toad as HCV1, and Late Successional Bottomland Hardwood Areas, and Native Longleaf Pine Systems as HCV3.</p> <p>In order to refine the work done in the FSC-NRA-USA V1-0, HP has conducted its own risk assessment using the US Fish and Wildlife’s Endangered Species database and the IPaC tool to determine the presence of T&E species in each county and provides maps of known location of critical habitat. As a result, there are a number of Texas counties and Louisiana parishes within the Supply Base were identified as containing critical habitat for endangered species. The database provides maps of known locations of critical habitat within the county.</p> <p>The risk assessment also found the presence of the red-cockaded woodpecker in counties in Texas and parishes in Louisiana.</p> <p>The Desk Audit described in the Operating Checklist for Raw Material Purchases requires the Procurement Manager to identify county of origin and assess risk based on a review of the SBE Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife’s IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&E species are also available in the database. The list of at-risk counties/parishes are provided to secondary suppliers when they sign their supplier declaration form</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including use of IPaC and the county level risk assessment
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • FSC-NRA-USA V1-0; • Procurement Policy; • Procurement Procedures; • Operating Checklist for Raw Material Purchases; • Demonstration of review using IPaC; • County Risk Assessment for RTE species’ critical habitat; • General Suppliers List.
Risk Rating	<input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	The Desk Audit described in the Operational Checklist for Raw Material Purchases requires the Procurement Manager to identify county of origin and assess risk based on a

	<p>review of the Supply Base Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife’s IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&E species are also available in the database.</p> <p>A Desk Audit screens all potential purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess risk to natural southern pine stands which are also suitable habitat for the Red Cockaded Woodpecker (an endangered species), The Desk Audit also determines the need for field inspections. For purchases determined as high risk through the Desk Audit a Field Inspection is conducted prior to confirming the purchase under the Supplier Verification Program.</p> <p>HP purchases raw material from Primary Suppliers through Steely. There are no difficulties in identifying the tract of origin and conducting the Desk Audit first and if required, a Field Inspection under the Supplier Verification Program. Field inspections are carried out to confirm that the operations do not threaten identified values and that BMPs are implemented. HP utilizes the Field Inspection Form to evaluate different aspects of environmental performance including issues such as identification of nests and appropriate buffer zones around identified values to address wildlife habitat issues. HP evaluates Suppliers and keep records of their performance in the Summary of Field Inspection Form Data spreadsheet, for future reference. Most major secondary suppliers are SFI/PEFC CoC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. The one secondary supplier in Louisiana is SFI certified, providing some assurance its material does not come from controversial sources.</p>
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	Indicator
2.2.4	The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).
Finding	<p>The FSC-US NRA identified biodiversity concerns both in terms of T&E species and ecosystems such as the Houston Toad, Late Successional Bottomland Hardwoods and natural Longleaf Pine stands respectively.</p> <p>In order to refine the work done in the FSC-NRA-USA V1-0, HP has conducted its own risk assessment using the US Fish and Wildlife’s Endangered Species database’s IPaC tool to determine the presence of T&E species in each county and provide maps of known location of critical habitat. As a result, six counties within the Supply Base have been flagged as including critical habitat for endangered species. The database provides maps of known locations of critical habitat within the county/ies in question.</p> <p>The risk assessment also found the presence of the Red Cockaded Woodpecker in counties in Texas and parishes in Louisiana.</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including use of IPaC and the county level risk assessment
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • FSC-NRA-USA V1-0; • Procurement Policy;

	<ul style="list-style-type: none"> • Procurement Procedures; • Demonstration of review using IPaC; • County Risk Assessment for RTE species' critical habitat.
Risk Rating	<input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	<p>The Desk Audit described in the Operating Checklist for Raw Material Purchases requires the Procurement Manager to identify county of origin and assesses risk based on a review of the SBE Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife's IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&E species are also available in the database.</p> <p>A Desk Audit screens all potential purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess risk to natural southern pine stands which are also suitable habitat for the Red Cockaded Woodpecker (an endangered species), The Desk Audit also determines the need for field inspections. For purchases determined as high risk in the Desk Audit a Field Inspection is conducted prior to confirming the purchase under the Supplier Verification Program.</p> <p>For Primary Suppliers, the identification of the forest tract is simple (either through stumpage paid by Steely, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs (design of skid trails, slope, water crossings, Streamside Management Zones, etc.). Field inspections are carried out to assess implementation of the BMPs. HP utilizes the Field Inspection Form to evaluate different aspects of environmental performance including issues such as identification of nests and appropriate buffer zones around identified values to address wildlife habitat issues. Records of the evaluation of operators are maintained for future reference. Most major secondary suppliers are SFI/PEFC CoC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. The one secondary supplier in Louisiana is SFI certified, providing some assurance its material does not come from controversial sources.</p>

	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>HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. The one secondary supplier in Louisiana is SFI certified, which requires the use of trained loggers</p> <p>For Primary Suppliers, the identification of the forest tract is simple (either through stumpage paid by Steely, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs to reduce impact to soil, water resources, and the remaining standing timber by removal of forest residues. HP has developed and implemented a Field Inspection Form to evaluate different aspects of environmental</p>

	performance and assess damage to remaining trees. Records of the evaluation of operators are compiled in the Summary of Field Inspection Form Data and maintained for future reference. Most major secondary suppliers are SFI/PEFC CoC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. The one secondary supplier in Louisiana is SFI certified, providing some assurance its material does not come from controversial sources.
Means of Verification	. All evidence was reviewed during the PEFC CoC internal audit
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting. Suppliers are also required to use trained loggers under the Texas Pro-logger program and Louisiana Master Logger Programs . HP carries out field inspections utilizing its Field Inspection Form to evaluate different aspects of environmental performance including issues such as sedimentation, establishment of buffer zones along water bodies and streams (Streamside Management Zones or SMZ) and disposal of chemicals and fuel, to assess impact to water resources. Records of operators' performance are compiled in the Summary of Field Inspection Form Data and maintained for future reference.
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including the summary of field inspection data
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program.</p> <p>For Primary Suppliers, the identification of the forest tract is simple (either through stumpage paid by Steely, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs (design of skid trails, slope, water crossings, Streamside Management Zones, etc.). With respect to compliance with air quality regulations (The Clean Air Act), there is a Prescribed Burns Program and a Prescribed Burns Board that regulates these activities and certifies Prescribed Burn Managers. A Prescribed Burn Plan is required, and the Texas Forest Service must be notified confirming the date of the prescribed burn in Texas. Records of the evaluation of operators are compiled in the Summary of Field Inspection Form Data and maintained for future reference.</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including the summary of field inspection data
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; http://www.texasagriculture.gov/Home/ProductionAgriculture/PrescribedBurnProgram.aspx; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest and sign a Supplier Declaration. Suppliers are also required to use trained loggers under the Texas Pro-logger program. The one secondary supplier in Louisiana is SFI certified, which requires the use of trained loggers and adherence to BMPs. Texas and Louisiana BMPs include a section on the utilization of chemicals for silviculture.</p> <p>For Primary Suppliers, the identification of the forest tract is simple (either through stumpage paid by Steely, or through the Bill of Sale); field inspections are carried out to</p>

	assess implementation of the BMPs (appropriate use of chemicals). HP utilizes its Field Inspection Form to evaluate different aspects of environmental performance related to the use and proper disposal of chemical and fuels. Consistent with the BMPs. Records of operators' performance are compiled in the Summary of Field Inspection Form Data and maintained for future reference.
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including the summary of field inspection data
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest and sign a Supplier Declaration. Suppliers are also required to use trained loggers under the Texas Pro-logger program.</p> <p>For Primary Suppliers, the identification of the forest tract is simple (either through stumpage paid by Steely, or through the Bill of Sale); field inspections are carried out to assess implementation of the BMPs (waste disposal). HP carries out field inspections utilizing its Field Inspection Form to evaluate different aspects of environmental performance related to the use and proper disposal of chemicals, fuels, and waste, consistent with the BMPs. Records of operators' performance are compiled in the Summary of Field Inspection Form Data and maintained for future reference. Most major secondary suppliers are SFI/PEFC CoC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. The one secondary supplier in Louisiana is SFI certified, which requires adherence to BMPs</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including the summary of field inspection data
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

Comment or Mitigation Measure	N/A
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	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	<p>At the macro level, productivity for softwood is increasing. Recent Forest Inventory and Analysis (FIA) for East Texas and Louisiana shows a net growth of softwood (i.e. growth is greater than removals and mortality combined). In addition, a growth and drain study was performed for HP with similar results. See Resource Update FS-151, Forests of East Texas, 2016 published by the USDA April 2018, and the USDA Forest Service. 2019. Forests of Texas, 2018. Resource Update FS-223. Asheville, NC: U.S. Department of Agriculture, Forest Service. 2p.</p> <p>Overall forest inventory stocks in Louisiana have increased from 2011 through 2016 per the FIA state fact sheet. The Resource Update FS-117, Forests of Louisiana, 2014 also shows an increase in forest inventory from 2005-2014.</p> <p>Field inspections are conducted and recorded, and the information will be maintained and used by HP to evaluate the performance of logging crews. The Field Inspection evaluates compliance with laws and regulations, implementation of BMPs, protection of High Conservation Values, and level of stocking (in stands that were thinned). As per Procurement Procedures, HP develops a sampling plan based on the level of risk for the counties, harvesting schedule, upcoming contracts with landowners and/or Suppliers, and tracts where wood was purchased in the past.</p>
Means of Verification	Review of FIA data
Evidence Reviewed	<ul style="list-style-type: none"> • Forest Inventory Analysis – Resource update FS-151; • Forest Inventory Analysis – Resource update FS-117; • FIA State Fact Sheet-Louisiana • USDA Forest Service. 2019. Forests of Texas, 2018. Resource Update FS-223. Asheville, NC: U.S. Department of Agriculture, Forest Service. 2p.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.3.2	Adequate training is provided for all personnel, including employees and contractors (CPET S6d).

Finding	HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use loggers trained under the Texas Pro-logger program. HP monitors and evaluates Supplier performance through field inspections. HP carries out field inspections utilizing the Field Inspection Form to evaluate the level of training of harvesting crews and ensure that their Pro-logger certification and training is up-to-date. HP maintains records of the evaluations for future reference.
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including the summary of field inspection data
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.3.3	Analysis shows that feedstock harvesting and biomass production positively contribute to the local economy, including employment.
Finding	<p>Recent State Assessments on the “Economic Impact of the Texas Forest Sector, 2015”, and the 2019 Impact of the Texas Forest Sector (2017 data), conclude that the forests of Texas contribute a number of economic and societal benefits such as manufacturing, employment, recreation, aesthetics, and environmental protection.</p> <p>Highlights of these two Reports include:</p> <ul style="list-style-type: none"> • The Texas forest sector directly contributed \$18.8 billion of industry output to the Texas economy, employing over 67,500 people with a payroll of \$3.8 billion; • Including direct, indirect, and induced effects, the Texas forest sector had a total economic contribution of \$36.7 billion in industry output, supporting more than 168,194 jobs with \$9.6 billion in labor income; • On average, every dollar generated in the Texas forest sector contributed an additional 77 cents to the rest of the Texas economy; • Every job created in the forest sector resulted in another 1.19 jobs in the state; • Texas forest landowners received estimated stumpage revenue totaling \$316.4 million. <p style="color: red;">A report on the economic impact of the forestry sector on Louisiana (2014-2017) found the following:</p> <ul style="list-style-type: none"> <li style="color: red;">• The Louisiana forest sector directly contributed \$11 billion of industry output to the Louisiana economy, employing over 45,000 people in 2016

	<ul style="list-style-type: none"> • There are over 13,000 manufacturing jobs in Louisiana, with a payroll of \$886 million in 2016; • Logging contractors and their employees earned more than \$539 million, and landowners received \$493 million in 2016
Means of Verification	Review of websites
Evidence Reviewed	<p>Economic Impact of the Texas Forest Sector, 2015. Available at http://tfsfrd.tamu.edu/economicimpacts/Texas%20Flyer/EconomicImpact2015.pdf Texas A&M Forest Service. 2019 Impact of Texas Forest Sector 2019 (2017 data).</p> <p>Economic impact of the Forestry Sector on Louisiana available at: https://cpb-us-e1.wpmucdn.com/wordpressua.uark.edu/dist/9/350/files/2018/03/LA-2017-Fact-Sheet-Forest-Facts-at-a-Glance-1m0dp79.pdf</p>
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>It is the responsibility of the US Forest Service and State Forest Services to conduct research into forest health. Results are available online with many tips and assistance to landowners in terms of implementing integrated pest management strategies. In many instances the procurement of low-quality woody material contributes to reducing environmental impacts and enhancing the productivity of forests providing revenues to fund site preparation and reforestation. Thinning allow landowners to increase the future value of their timber and increase productivity of the forest itself.</p> <p>The Texas Forest Service has incentives and cost sharing programs in place to promote continued forest health, such as the Southern Pine Beetle Prevention Cost Share Program.</p> <p>Louisiana has programs to address threats from wildfire and also conducts Southern Pine Beetle surveys.</p> <p>In addition, HP conducts field inspections. For Primary Suppliers, the identification of the forest tract is simple (either through stumpage paid by Steely, or through the Bill of Sale); field inspections are carried out to assess implementation of the BMPs (prevention of soil erosion, and of impacts on water resources, implementation of adequate SMZ, appropriate use of chemicals and disposal of waste, etc.). Records of the evaluation of operators are maintained for future reference.</p>

Means of Verification	Review of websites
Evidence Reviewed	<ul style="list-style-type: none"> • Texas Forest Service website (http://texasforestinfo.tamu.edu/). • Louisiana Department of Agriculture and Forestry: http://www.ldaf.state.la.us/forestry/
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. HP monitors and evaluates Supplier performance through field inspections. The Texas Forest Service (TSF) provides information to landowners related to strategies for integrated pest management (IPM) and technical support through county extension agents to landowners who report pest related issues. The TSF delivers the Southern Pine Beetle Prevention Cost Share Program, that provides technical and financial assistance to landowners to implement preventative measures such as thinning, to minimize the likelihood of potential infestation. In terms of vegetation management, the TSF provides advice for brush management, and technical support through extension county agents.</p> <p>Regarding fire, there are Prescribed Burns Programs in Texas and Louisiana. A Prescribed Burn Plan is required, and the Texas Forest Service must be notified confirming the date of the prescribed burn.</p> <p>Texas A&M University has a website dedicated to disseminating research and advice on integrated pest management. The Louisiana State University Agricultural Center publishes information on management of tree pests on its website.</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including the summary of field inspection data. Websites were also verified
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • https://tfsweb.tamu.edu/Content/Landing.aspx?id=19780; • https://tfsweb.tamu.edu/SouthernPineBeetlePreventionCostShareProgram/; • https://ipm.tamu.edu/; • Summary of Field Inspection Form Data; • Suppliers Evaluation.

	<ul style="list-style-type: none"> • https://www.lsuagcenter.com/
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>HP has included the FSC US-NRA as part of its risk assessment. This assessment points out that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity, making the risk of sourcing wood originating from illegal logging, or other illegal activities, negligible.</p> <p>HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. The one secondary supplier in Louisiana is SFI certified, providing some assurance that material does not come from illegal logging and unauthorized mining and encroachment</p> <p>For Primary Suppliers, HP monitors and evaluates Supplier performance and verifies the origin of the wood, through field inspections utilizing its Field Inspection Form and through the Bill of Sale. Records of the evaluation are maintained for future reference.</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including the summary of field inspection data
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	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	HP has included the FSC US-NRA as part of its risk assessment. The FSC-NRA-USA V1-0 found that the forest sector in the United States is not associated with violent armed

	<p>conflict or violations of traditional and civil rights. Labour rights are respected including rights as specified in ILO fundamental Principles and Rights at work, and the rights of Indigenous and Traditional Peoples, resulting in a low risk designation for this category. HP has also developed a Policy on Respect for the Rights of Local Communities and Indigenous Peoples. HP as a company is committed to respecting the legal, customary, and traditional tenure and use rights of indigenous peoples and local communities related to the forest and ensuring that forest management in the company' Supply Base does not impact on these rights, inasmuch as HP can exert any influence to this effect. As part of its approach to procurement, the company seeks to identify and document such rights, and to evaluate whether examples of such rights are being duly respected. If it cannot be ascertained that rights, where they have been identified and documented, are being respected, then HP will not procure fiber from forest management activities that may be contributing to any such impacts.</p>
Means of Verification	All evidence reviewed
Evidence Reviewed	<ul style="list-style-type: none"> • FSC-NRA-USA V1-0 • HP's Policy on Respect for the Rights of Local Communities
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
2.5.2	<p>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.</p>
Finding	<p>The US is an industrial nation in which there are no peoples, or groups, dependent on a specific site or resource for basic human needs.</p> <p>HP has included the FSC US-NRA as part of its risk assessment. The FSC-NRA-USA V1-0 found that in terms of water supply, headwaters and watershed are adequately protected by State BMPs as they relate to forestry activities. The US has strong regulations (such as the Clean Water Act) and enforcement capacity, resulting in a low risk designation for this indicator.</p> <p>HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. The one secondary supplier in Louisiana is SFI certified, which requires adherence to BMPs and the protection of historic uses. For Primary Suppliers, HP monitors and evaluates Supplier performance in the implementation of BMPs, including buffer zones for streams (Stream Management Zones, or SMZs) utilizing the Field Inspection Form put in place as part of Procurement Procedures. Records of the evaluation are maintained for future reference.</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, and the website verified

Evidence Reviewed	<ul style="list-style-type: none"> • FSC-NRA-USA V1-0 • HP's Procurement Policy and Procedures; • Texas Forest Service website (http://texasforestinfo.tamu.edu/)
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>HP holds a Program for the Endorsement of Forest Certification (PEFC) Chain of Custody certificate with the corresponding Due Diligence System in place to ensure that raw material inputs are at least controlled sources (under PEFC certification requirements).</p> <p>HP has a Grievance Procedure as part of its PEFC Chain of Custody documented management system.</p> <p>In terms of work conditions, in the US, Federal and State legislation regarding worker health and safety is monitored by the Occupational Safety and Health Administration (OSHA) which provides good protection and strong recourse if safety protocols are breached. HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest.</p> <p>The FSC-NRA-USA V1-0 found that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity and that most private landowners own small family forests that average 10 hectares (25 acres). Numerous legal processes are available to landowners to resolve disputes involving proper title and/or the unauthorized taking or sale of timber property.</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • FSC-NRA-USA V1-0.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA

Comment or Mitigation Measure	N/A
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	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	<p>U.S. law clearly specifies rights to collective bargaining and freedom of association. The United States ratified ILO C150 – Labor Administration Convention securing the rights of worker organization and collective bargaining.</p> <p>The FSC-NRA-USA V1-0 found that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity.</p> <p>HP requires that its Suppliers of raw material adhere to all applicable laws and regulations.</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, and the website verified
Evidence Reviewed	<ul style="list-style-type: none"> • HP’s Procurement Policy and Procedures; • FSC-NRA-USA V1-0; • United States Department of Labor; (https://www.dol.gov/general/aboutdol/majorlaws).
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>The United States has comprehensive laws prohibiting the use of compulsory labor or violating citizen’s rights. The Department of Labor enforces compliance with labor laws. HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. In addition.</p> <p>For Primary Suppliers, HP can verify Supplier’s logging crews. As forest tracts and crews are identified HP can also conduct Field Inspections. The identification of each tract is more difficult for secondary suppliers. However, most major secondary suppliers are SFI/PEFC CoC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. The one secondary supplier in Louisiana is SFI certified, providing some assurance its material does not come from controversial sources.</p>

Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, and the website verified
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • United States Department of Labor: https://www.dol.gov/general/aboutdol/majorlaws.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>The United States has comprehensive laws prohibiting the use of child labor or violating citizen's rights. The Department of Labor enforces compliance with labor laws. HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting.</p> <p>For Primary Suppliers, HP monitors can verify Supplier's logging crews. Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of using child labour. In addition, as logging crews and logging sites are identified HP can conduct Field Inspections.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, HP purchases residual material from Secondary Suppliers, some of whom are SFI/PEFC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. The one secondary supplier in Louisiana is SFI certified, providing some assurance material is procured lawfully</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, and the website verified
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • United States Department of Labor; https://www.dol.gov/general/aboutdol/majorlaws.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>The United States has comprehensive laws prohibiting the discrimination or violating citizen's rights. The Department of Labor enforces compliance with labor laws. HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting operations.</p> <p>For Primary Suppliers, HP monitors can verify Supplier's logging crews. Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of using labour that is discriminated against. In addition, as logging crews and logging sites are identified, HP can conduct Field Inspections.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, HP purchases residual material from Secondary Suppliers, some of whom are SFI/PEFC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. The one secondary supplier in Louisiana is SFI certified, providing some assurance material is procured lawfully</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, and the website verified
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • United States Department of Labor: (https://www.dol.gov/general/aboutdol/majorlaws).
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	The United States has comprehensive laws ensuring fair employment conditions. US law clearly specifies rights to collective bargaining and freedom of association. The United States ratified ILO C150 – Labor Administration Convention securing the rights of worker organization and collective bargaining. The Department of Labor enforces compliance with labor laws.

	<p>HP requires that its Suppliers of raw material adhere to all applicable laws and regulations. For Primary Suppliers, HP monitors can verify Supplier's logging crews. Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of using unfair wages and work conditions. In addition, as logging crews and logging sites are identified, HP can conduct Field Inspections.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, HP purchases residual material from Secondary Suppliers, some of whom are SFI/PEFC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. The one secondary supplier in Louisiana is SFI certified, providing some assurance material is procured lawfully</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, and the website verified
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • United States Department of Labor: https://www.dol.gov/general/aboutdol/majorlaws).
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>The US Occupational Health and Safety Organization is responsible for implementing, monitoring and enforcing worker health and safety laws and regulations. HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. For Primary Suppliers, HP monitors and evaluates Supplier performance in the implementation of BMPs, including proper use of Personal Protective Equipment (PPE) and other safety precautions. Records of the evaluation are maintained for future reference.</p> <p>Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of using inadequate health and safety practices. In addition, as logging crews and logging sites are identified, HP can conduct Field Inspections.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, HP purchases residual material from Secondary Suppliers, some of whom are SFI/PEFC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. The one secondary supplier in Louisiana is SFI certified, providing some assurance material is procured</p>

	lawfully
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • Federal and State web sites.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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	<p>Above ground biomass in live trees from 2006 through 2019 increased by 112,622,318,284.6230 dry pounds according to the FIA difference calculator for Texas, indicating carbon stocks have been increasing, not decreasing. The difference calculator for Louisiana only goes back to 2009, but that data shows above ground biomass from 2009 through 2017 increased by 170,738,597,962.6920 dry pounds in Louisiana, again indicating carbon stocks have been increasing. The Forest Inventory Analysis-Resource Update FS-117 shows 2005-2014 results. This data shows inventory between 2005 and 2014 increased in Louisiana by 54,489,120 dry tons, again indicating carbons stocks in the supply area have been increasing.</p> <p>HP implements its Procurement Procedures to ensure that areas such as wetlands and peats are not impacted by forest operations. HP requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger or Louisiana Master logger programs. For Primary Suppliers, HP monitors and evaluates supplier performance in the implementation of BMPs, including buffer zones for wetlands and streams (SMZ) utilizing the Field Inspection Form. Records of the evaluation are maintained for future reference. For Secondary Suppliers, the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, HP purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC. This form includes a list of counties/parishes with risks to T&E species and hardwood bottomlands. Suppliers declare they are not procuring wood from areas where hardwood bottomlands are identified as at-risk. In addition, HP procures only pine, which does not come from bottomlands and wetlands</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including a review of the FIA data provided
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • Texas Forest Service website (http://texasforestinfo.tamu.edu/).

	<ul style="list-style-type: none"> • https://apps.fs.usda.gov/Evalidator/diftesterPost.jsp • Forest Inventory Analysis-Resource update FS-117
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	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>Growing forests are efficient at capturing and storing atmospheric carbon. The harvest of forest resources from such stands provides a mechanism for capturing and utilizing stored carbon. Recent Forest Inventory and Analysis (FIA) for East Texas and Louisiana shows a net growth of softwood (i.e. growth is greater than removals and mortality combined), although there is a net decrease in hardwood growing stock. [See Resource Update FS-151, Forests of East Texas, 2016 published by the USDA April 2018, and Resource Update FS-117. For Primary Suppliers, HP monitors and evaluates supplier performance in the implementation of BMPs, including the design of skid trails, buffer zones for wetlands and streams (SMZ) minimizing impacts to soil and water resources. Records of the evaluations carried out are maintained for future reference.</p> <p>For Secondary Suppliers, the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, HP purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS, or who have signed a supplier declaration that they will not procure wood from any of the 5 controversial sources identified by FSC.</p>
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit, including a review of the FIA data provided
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • Texas Forest Service website (http://texasforestinfo.tamu.edu/). • https://apps.fs.usda.gov/Evalidator/diftesterPost.jsp • Forest Inventory Analysis-Resource update FS-117
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	N/A

	Indicator
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2.10.1	Genetically modified trees are not used.
Finding	HP does not purchase genetically modified trees and there are no genetically modified trees of the species purchased by HP available.
Means of Verification	All evidence was reviewed during the PEFC CoC internal audit
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP Procurement Policy and Procedures
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	