



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

First Surveillance Audit

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

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

Document history

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

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1 Overview

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

Primary contact for SBP: Maggie Schwartz; info@scsglobalservices.com

Current report completion date: 11/Jan/2021

Report authors: Kyle Meister

Name of the Company: Woodville Pellets, LLC; 164 County Road 1040, Woodville, TX 75979

Company contact for SBP: Mihkel Jugaste, mihkel.jugaste@graanulinvest.com

Certified Supply Base: Select counties in Texas and parishes in Louisiana.

SBP Certificate Code: SBP-04-40

Date of certificate issue: 22/Jul/2019

Date of certificate expiry: 21/Jul/2024

This report relates to the First Surveillance Audit

2 Scope of the evaluation and SBP certificate

This certificate covers the manufacture of pellets and transport to the port of Port Arthur, Texas. It also includes a supply base evaluation for sourcing of primary feedstock and secondary feedstock from 49 counties in Texas and 22 parishes in Louisiana. The scope does not include the communication of DynamicBatch Sustainability Data.

It also covers a Supply Base Evaluation for sourcing feedstock from: select counties in Texas and parishes in Louisiana, USA.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
The scope includes communication of Dynamic Batch Sustainability Data.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

As already stated on the cover page and the overview page, the evaluation was a/an:	<input type="checkbox"/> Evaluation audit	<input checked="" type="checkbox"/> Surveillance audit
	<input type="checkbox"/> Re-Evaluation audit	<input type="checkbox"/> Other: Describe
The scope of this audit included a review of procedures (e.g., data collection, chain of custody, Due Diligence System (DDS), etc.), documentation (e.g., risk assessments), records (e.g., supplier contracts, SAR), and databases to ensure the organization's management system is appropriate to ensuring conformance to applicable SBP Standards cited in section 4.1.		
Other audit methods that may have been used include field audits, inspection of production facilities (remotely and/or onsite), and interviews with relevant staff, supplier representatives and stakeholders/rightsholders.		

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented over scope of certification.

If applicable, the following *pre-audit activities* were conducted: pre-assessment; site visits N/A

The following Critical Control Points (CCPs) were identified and evaluated (edit list as appropriate and describe how the organization controls each point and how it was evaluated). Note that you may identify other CCPs for a particular client which you should also describe in the report:

CCP	Description, including how evaluated by SCS
Processes for procurement and processing, transport and storage	All wood delivered to the mill is tracked and verified through interviews and review of supplier agreements, supplier sales documentation, and field visits. Roundwood is processed into wood pellets by being chipped, dried, hammered, and extruded into pellets. Sawmill residual is hammered and pelletized. The conversion factors used to allocate the roundwood into pellets are reasonable.
Volume accounting method	The company's procedures detail the process to maintain the credit account, with provisions for subtracting certified product sold.
Documentation of transactions	Invoices are issued, and all outgoing transactions of SBP-certified biomass is recorded in the DTS
Energy data collection and reporting	The organization developed and maintains databases to record data values and calculate energy data as required by Standard 5 and keeps records that substantiate the data.

4 SBP Standards utilised

4.1 SBP Standards utilised

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

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

4.2 SBP-endorsed Regional Risk Assessment

- Name of SBP-endorsed Regional Risk Assessment:
- N/A, no SBP-endorsed Regional Risk Assessment.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Woodville Pellets LLC is a wood pellet manufacturer in Woodville, Texas, USA with a pellet storage and shipping terminal in Port Arthur, Texas. Woodville Pellets was purchased by Graanul Invest Group in June 2019.

The organisation is a legal entity located in: Texas, United States of America

The following descriptions and activities apply to the organisation:

Biomass activity	Feedstock sourced	Feedstock claims*	Relationship to other SBP-certified biomass producers/traders
<input checked="" type="checkbox"/> Pellet producer & trader <input type="checkbox"/> Stationary/ <input type="checkbox"/> Mobile <input type="checkbox"/> Woodchip producer & trader <input type="checkbox"/> Pellet trader <input type="checkbox"/> Woodchip trader	<input type="checkbox"/> NA, trader only <input checked="" type="checkbox"/> Primary <input checked="" type="checkbox"/> Secondary <input type="checkbox"/> Pre/ <input type="checkbox"/> Post-consumer tertiary	<input type="checkbox"/> NA, trader only <input type="checkbox"/> FSC 100%/Mix Credit <input type="checkbox"/> FSC Mix x% <input checked="" type="checkbox"/> 100% PEFC/Volume Credit <input checked="" type="checkbox"/> SFI <input checked="" type="checkbox"/> ATFS <input checked="" type="checkbox"/> Other PEFC (e.g., CSA): PEFC Controlled Sources	<input type="checkbox"/> NA, not linked via ownership and/or agreement to other SBP-certified entities; or <input checked="" type="checkbox"/> Organisation is linked to other SBP-certified entities via ownership or agreement: Refer to SBP database and the parent company's website .

*This refers to feedstock claims that the BP may receive per the scope of its Chain of Custody (COC) certificate(s) and not necessarily to claims actually received during the audit period. Equivalents to FSC Controlled Wood or PEFC Controlled Sources must also qualify per an SBE and/or RRA to qualify as SBP-compliant feedstock. See section 5.4 for more details.

Feedstock is sourced from the following regions by administrative unit:Country(ies)	USA
States/Provinces/Territories	Louisiana and Texas
Number of counties/parishes sourced from in case only a portion of an administrative unit is in the SB	Louisiana (22) and Texas (49)

5.2 Description of Company's Supply Base

All this information can be found in the BP's SBR, which can be found on the BP's SBP certificate page.

Brief description of the Supply Base within the regional context
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 Woodville mill. This means in practice a large proportion of Loblolly Pine (<i>Pinus taeda</i>), although minor amounts of Longleaf Pine (<i>Pinus palustris</i>),

Shortleaf Pine (<i>Pinus echinata</i>), and Slash Pine (<i>Pinus elliottii</i>) may be included in the species mix, as well as a very small amount of mixed hardwoods, both for pellet production and for fuel.
Description of how the producer sources feedstock
The BP sources primary and secondary feedstock from its sole supplier, NAPCO, who provides information regarding SFI/PEFC certification to all entities from which fiber is procured.
General description of the forest resources and forest management practices within the Supply Base
<p>Land use: Rural with forestry and agriculture as the primary land uses.</p> <p>Ownership status: 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.</p> <p>Socioeconomic conditions: Socioeconomic statistics on the states included in the supply base can be explored on the US Census Bureau's website (https://www.census.gov/quickfacts/fact/table/TX,LA,US/PST045219; viewed 10 December 2020) and from the US Bureau of Economic Analysis (https://apps.bea.gov/regional/bearfacts/; viewed 10 December 2020). For example, the regional economy is dominated by finance and related industries (e.g., insurance), retail trade, business services, education, healthcare, and government sectors. Forestry, agriculture, and manufacturing are nevertheless important parts of the regional economy, especially as they support several several of the industries previously mentioned. There are several sources of information on socioeconomic conditions that are not affiliated with government agencies, such as Investopedia, which maintains statistics on median income and unemployment by state (https://www.investopedia.com/median-income-by-state-5070640 and https://www.investopedia.com/unemployment-rate-by-state-4843541, respectively; both viewed 10 December 2020). Also, see links below under forest composition.</p> <p>Forest Composition: The pine species mentioned above are sourced as feedstock, though there are several other tree species in the supply base. More information on the composition of the forests of the US Southeast and socioeconomic trends is available from the USDA Forest Service:</p> <ol style="list-style-type: none"> 1. Ecosystem Provinces: https://www.fs.fed.us/land/ecosysmgmt/colorimagemap/ecoreg1_provinces.html 2. Silvics of North America: https://www.srs.fs.usda.gov/pubs/misc/ag_654/table_of_contents.htm; and 3. Fire Effects Information System: https://www.fs.usda.gov/rmrs/tools/fire-effects-information-system-feis and https://www.fs.fed.us/database/feis/pdfs/Little/aa_SupportingFiles/LittleMaps.html. 4. U.S. Forest Resource Facts and Historical Trends: https://www.fia.fs.fed.us/library/brochures/docs/2012/ForestFacts_1952-2012_English.pdf <p>Profile of adjacent lands: 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</p>

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

Link to BP’s Supply Base Report

Refer to SBP database entry: <https://sbp-cert.org/certificate-holders/woodville-pellets-llc-sbp-04-40>
Refer to BP’s webpage: https://woodvillepellets.com/files/public/Annex%20I_Supply-base-report-template-for-bps_annex-1_WP-March%202020.pdf

5.3 Detailed description of Supply Base

A quantitative description of the Supply Base can be found in the organisation’s Supply Base Report (SBR) file located on its entry page of the SBP Certificate Database. The following are summary statistics from the SBR (note: this information has come from SBP’s online reporting portal, which has some differences in content from the document version of the SBR. If stakeholders have a question or concern about this, they should contact SBP):

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/>

3.3 Feedstock inputs by feedstock type				
Feedstock	SBE (%)	FSC (%)	PEFC (%)	SFI (%)
Primary	0.00	0.00	55.00	0.00
Secondary	45.00	0.00	0.00	0.00
Tertiary	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00

3.4 Quantification of the Supply Base	
Total Supply Base area	16.01 (million ha)

Certified forest by scheme Amount (million ha)

Describe the harvesting type which best describes how your material was sourced

Mix of the above

Explanation

Combination of clearfelling and thinnings + supportive maintenance cuttings. As common for the regions forestry.

Was the forest in the Supply Base managed for a purpose other than for energy markets?

Yes - Majority

Explanation

For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling?

Yes - Majority

Explanation

Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation?

No

Explanation

Feedstock

Please provide information about your feedstock

Reporting period from

01-10-2019

Reporting period to

30-06-2020

Total volume of feedstock

400,000-600,000

Unit

tonnes

Volume of primary feedstock

200,000-400,000

Unit

tonnes

Primary feedstock certified by SBP-approved FM Scheme

20% - 39%

Primary feedstock not certified by SBP-approved FM Scheme

60% - 79%

Tree species in primary feedstock

Common name Tree Species

Loblolly Pine *Pinus taeda*

Longleaf Pine *Pinus palustris*

Shortleaf Pine *Pinus echinata*

Slash Pine *Pinus elliotii*

Oak *Quercus spp*

Hickory *Carya spp*

Sweetgum *Liquidambar styraciflua*

Red Maple *Acer rubrum*

<i>Is any of the feedstock used likely to have come from protected or threatened species?</i>	No
<i>Hardwood (i.e. broadleaf trees): specify proportion of biomass from</i>	0.00 (%)
<i>Softwood (i.e. coniferous trees): specify proportion of biomass from</i>	100.00 (%)
<i>Proportion of biomass composed of or derived from saw logs</i>	0.00 (%)
<i>Specify the local regulations or industry standards that define saw logs</i>	Sawmills definition closest to the harvest site.
<i>Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP</i>	
<i>Volume of primary feedstock from primary forest</i>	0
<i>Volume of secondary feedstock</i>	200,000-400,000
<i>Unit</i>	tonnes
<i>Secondary feedstock - physical form of the feedstock</i>	Chips Sawdust
<i>Volume of tertiary feedstock</i>	0

5.4 Chain of Custody system

As applicable, all material is subject to the organization's COC procedures for sourcing certified and non-certified material. The organization sources material from certified sources under its valid COC certificate(s) per the following systems: FSC PEFC and/or SFI.

As applicable, any non-certified sources have been evaluated under the BP's COC Due Diligence System (DDS) or Controlled Wood procedures, as well as an SBE and/or duly approved Regional Risk Assessment.

6 Evaluation process

6.1 Timing of evaluation activities

Auditor name:	Kyle Meister	Auditor role:	Lead auditor
Auditor name:	Rance Frye	Auditor role:	Technical expert

Supplier audits	Primary supplier FMUs visited: 4 Secondary/Tertiary supplier interviews: N/A
<i>Supplier sampling is determined using SBP sampling formulas described or cited in SBP Standard 3. Audit teams ensure to sample across the variety of forest ecosystems and/or feedstocks from which the organization sources, including by selecting different land ownership/management (e.g., small, public, private, etc.), harvesting types (thinning, final harvest), and feedstock type (primary, secondary, tertiary, hardwood, softwood, etc.).</i>	

A. Number of days spent on-site for evaluation:	3
B. Number of auditors participating in on-site evaluation:	1
C. Number of days spent by any technical experts (in addition to amount in line A):	1
D. Additional days spent on preparation, stakeholder consultation, and follow-up:	0
E. Total number of person days used in evaluation (A * B + C + D):	4.0

Site Name or Location:	Woodville Pellets, LLC	
Date and Time of Audit:	22 September 2020 (9 am EST): opening meeting, review of audit scopes, initial document/interview requests, selection of ICT, and scheduling of remote inspections for sites listed below. 11 January 2021 (9 am EST): review of audit scopes, any remaining interview/document reviews, and closing meeting	
Audit Activity	Items to Review / Actions	Approx. Time
Opening meeting	Introductions, auditor review of audit scope, audit plan and intro/update to SBP and SCS standards and protocols, client description of organization; overview of ST 1, 2, 4, and 5	90 min.
Review of previous nonconformities	Review of evidence of corrective actions taken by organization since previous audit (records, documents, pictures, etc.)	2.5 days – reviewed remotely 22 September – 21 December; Woodville staff to be available upon request for document/
Review of CoC/SBP procedures, products and material accounting	Written procedures, work instructions, feedstock description (see ID 5B section 4), product group list, accounting system (transfer, percentage or credit; physical separation, percentage method)	
Review of material balances and records	Auditor-selected sample of the following: material tracking system, summary of purchases and sales, invoices, shipping documents, training records, outsourcing agreements, other applicable SBP/CoC systems, procedures and records, tracebacks from certified outputs to eligible inputs	
Verification of calculations	Auditor-selected sample and verification of calculations for conversion factors, percentage claims, and credit accounts, as applicable	
SBP ST 5, ID5E	Review of GHG data collection, including SAR, DTS, GHG data collection and interviews with relevant staff	
Evaluation of trademarks	Review of auditor-selected sample of SBP and/or SCS on-product and/or promotional trademark uses; review of any on-site trademark uses such as banners, posters, entryway signs	

		record needs
Remote inspection of facility (24 September)	Review of physical inputs and outputs, material receipt, processing, storage, credit account (if applicable), sale, and overall control	60 min.
Staff interviews	Interviews with appropriate number and diversity of staff to assess knowledge of CoC procedures related to their position	Done remotely and/or as part of remote facility inspection
Closing meeting preparation	Auditor takes time to consolidate notes and review audit findings for presentation at closing meeting	60 min.
Closing meeting and review of findings (11 January 2021)	Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps	
On-Site Audit Requirements Primary Site Visits – 6 October 2020	SBP STD1-Primary harvest sites- four sites	1 work day
End		

6.2 Description of evaluation activities

Refer to the audit itinerary above. For all SBP evaluations, SCS collects evidence using a combination of direct observation, document and record review, and interviews with stakeholders and the organization's personnel & service providers. As reviewing all operations would be cost-prohibitive, SCS implements sampling techniques to ensure that all CCPs are assessed during evaluations. When relevant, other areas and locations are sampled during sequential audits to ensure that different aspects of the organization's control systems are evaluated.

Results of any pre-evaluation visits: N/A

6.3 Process for consultation with stakeholders

SCS relies on its Master Stakeholder List, which contains stakeholders that are identified by type, e.g. ENGO, Government/regulatory, Educational/Academic, Industry, Indigenous/Aboriginal/Tribal, etc.) This list is categorized by country and state/province at the very least, and for this consultation was filtered to omit any stakeholders that were not geographically relevant to the certificate holder/applicant's supply base. A stakeholder notification is sent out to all identified stakeholders after the BP's stakeholder consultation period has ended. Stakeholder comments that are received outside of regular stakeholder consultation periods are fully considered.

The following consultation activities occurred as a part of this audit:

- Consultation has been conducted by SCS Global Services.
- Consultation has been conducted by SCS Global Services, but interested parties did not respond to any communications and/or did not provide permission to include comments in the report.
- No consultation has been conducted by SCS Global Services.

7 Results

7.1 Main strengths and weaknesses

Strengths	Weaknesses
The BP maintains a strong assessment program for determining the risk of its suppliers and documents any known potential specified risks at the supplier level. The BP also maintains a strong system for gathering and reporting on GHG data.	Refer to section 10.

7.2 Rigour of Supply Base Evaluation

NA, no Supply Base Evaluation conducted.

Is the current definition of scope adequate for the specific characteristics of the Supply Base and management systems in place?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are the means of verification and evidence provided enough to support the risk conclusion?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are mitigation measures implemented for specified risk sufficient and adequate?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA, no mitigation measures necessary
Are the personnel involved in the development of the Supply Base Evaluation (SBE) knowledgeable in the required fields?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<i>Refer to Section 10 for any deficiencies noted in the SBE.</i>	

7.3 Collection and Communication of Data

The BP maintains a robust data collection and calculation system for reporting on production quantities and greenhouse gas emissions.

7.4 Competency of involved personnel

The Supply Base Evaluation was a joint effort of internal and external expertise. Persons involved are very competent for the development and on-going monitoring of the Supply Base Evaluation. The consultants are professionals that have a long history and expertise of working with standards and various supply bases around the world, as well as in groups and associations. Internal team members have been actively involved in the operation of the plant and procurement of the feedstocks. The consultant used for the SBE has performed many resource-based assessments of similar criteria for forest management systems.

7.5 Stakeholder feedback

No stakeholder comments were received before, during or after the evaluation.

The following comments were received as described in the table below:

Stakeholder Comment	SCS Response

7.6 Preconditions

No preconditions were issued.

Preconditions were issued, all of which the organization closed as described in the Major NCRs noted in Section 10.

8 Review of Company's Risk Assessments

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

N/A, no SBE conducted.

Refer to SBE risk ratings below. SCS assessed risk for the Indicators by evaluating MOV and evidence cutedin the SBE, and interviews with relevant staff and a sample of suppliers.

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

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

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

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

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

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

9 Review of Company's mitigation measures

- NA, no mitigation measures.
- The organization implements the following mitigation measures

SBE Country	United States
Specified risk indicator	2.1.1 The BP has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation value in the Supply Base are identified and mapped.
Mitigation measure	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.
Specific risk description	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

SBE Country	United States
Specified risk indicator	2.1.2 The BP 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	Mitigation measure: NAPCO as WP's sole supplier, sources primary material based either on the purchase of timber on the stump (with harvesting managed and/or

contracted by NAPCO), 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 of origin and conducting a verification audit under the Supplier Verification Program. WP 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' and Louisiana's BMPs, Health & Safety, proper training for logging crews (Pro-Logger certification in Texas, Master Logger in Louisiana) is carried out. In addition, all suppliers are required to sign a Supplier Declaration Form committing to meet WP's requirements. WP evaluates suppliers and keep records of their performance. Secondary Suppliers are required to identify the tracts of origin of their supply and internal audits of Bills of Sale are conducted.

Specific risk description

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

SBE Country

United States

Specified risk indicator

2.1.3 The BP 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 measure

Mitigation Measures: WP's Procurement Procedures require that primary suppliers provide a Bill of Sale that allows the identification of the forest tract for inspection purposes. Also, NAPCO sources primary material based either on the purchase of timber on the stump (with harvesting managed and/or contracted by NAPCO), or the purchase of volume offered for purchase as part of the off-take of a harvesting operation managed by another entity. In either scenario, the fiber consists of small-diameter and/or low-quality product, whether roundwood or residual material. 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. Secondary 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.

Specific risk description

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

SBE Country

United States

Specified risk indicator

2.2.3 The BP 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

Mitigation measure: All Primary 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. WP requires suppliers to comply with laws and regulations, to use trained logging crews and implement BMPs. In addition, WP verifies and evaluates suppliers through field inspections.

Specific risk description

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	
SBE Country	United States
Specified risk indicator	2.2.4 The BP has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).
Mitigation measure	<p>Mitigation measure: All Primary 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</p> <p>WP requires suppliers to comply with laws and regulations, to use trained logging crews and implement BMPs. In addition, WP verifies and evaluates suppliers through field inspections. Secondary 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.</p>
Specific risk description	The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).

Monitoring and outcomes	
7.1 Monitoring and outcomes	The internal audits and random sample audits to harvested tracks have not identified any violations in the reference period. The mitigation measures seem to have the desired impact on forest level.

10 Non-conformities and observations

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

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

2019

NC number 04	NC Grading: Minor
Standard & Requirement:	SBP, Standard 1, 2.7 indicator 2.9.1
Description of Non-conformance and Related Evidence:	
Analysis of carbon stocks before January 2008 has not been completed entirely for the Supply Base. The organization shows how it implements procedures to avoid sourcing from areas with high carbon feedstock, but an analysis is missing that shows that the BP does not source from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	The text of 2.9.1 has been modified: 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 carbon stocks in the supply area have been increasing. WP implements its Procurement Procedures to ensure that areas such as wetlands and peats are not impacted by forest operations. WP 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, WP 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, WP 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. Suppliers records are regularly audited to prove this. In addition, WP procures mainly pine, which does not come from bottomlands and wetlands. WP is planning to source hardwood in the future but currently has not.
Findings for Evaluation of Evidence:	The SBE explains how the BP avoids damage to potential existing areas with high carbon stock, but the analysis does not include an assessment of the dates. Refer to CAR 2020.4
NC Status:	Refer to CAR 2020.4

NC number 09	NC Grading: Minor
Standard & Requirement:	SBP, Standard 5, ID 5B 6.1.2; ID 5B, 5.1.4; ID 5B, 4.1.2; ID 5B, 5.1.4
Description of Non-conformance and Related Evidence:	
Minor discrepancies identified during the review of the SAR and associated evidence: a) Feedstock ID# 4 – corn starch data was not available/applicable in section A. No justification was provided as to why the data was not available. b) The ratio between maximal and average transport distance is over 1.5 for feedstock ID #1 (roundwood) and no justification was recorded in the SAR. c) The calculation of natural gas consumption has been incorrectly calculated in the SAR. Total fuel consumption was 257 MJ / mt pellets but the SAR (page 20) indicates 252 MJ/mt pellets. d) The total biofuel consumption was not recorded in the SAR. The data in the utility consumption report was correct, available and reviewed during the audit but not correctly recorded in the SAR. e) The organization calculated the incorrect electricity values for the total electricity consumption at Port Arthur. The organization used the meter reading difference instead of the actual usage. Consequently, the electricity data recorded in the SAR does not reflect the actual electricity usage at the port. The data in the utility report is correct but the calculation was incorrect. f) Diesel use was not calculated as MJ per metric tonne pellets	
Timeline for Conformance:	Other Before SAR and SBPD can be sent to approval.
Evidence Provided by Company to close NC:	Revised SAR
Findings for Evaluation of Evidence:	A revised SAR has been submitted and reviewed. Items 2,3,5, and 6 have been corrected. Item 1: Feedstock input group #4: corn starch is still included. Item 4: Biofuel use has not been reported for each biofuel type in metric tonnes biofuel per metric tonne pellets and MJ biofuel per metric tonne pellets. Since the last audit, ID 5B has been withdrawn.
NC Status:	Closed

2020

NC number 2020.1	NC Grading: Minor
Standard & Requirement:	ID5E 6.2.5, 6.2.6, and 6.5.3
Description of Non-conformance and Related Evidence:	

Per review of the natural gas invoice for June 2020, the date range is for 18 May – 18 June 2020. This results in 12 days missing from the total natural gas used. Per interviews with the BP, 12 days additional are on the October 2019 bill (18 September – 18 October), and the natural gas use is higher in September. The BP would rather report the totals for each bill and have the 12 days “cancel each other out”; however, this explanation is not provided in the SAR, table 3.4.1.

Evidence: SAR, section 3.4; utility invoices for natural gas for October 2019 and June 2020; and Energy Use Excel file

Timeline for Conformance:	Other Prior to finalisation of SAR
Evidence Provided by Company to close NC:	An explanation has been provided in the SAR to justify not prorating the days and reporting actual days. The two 12-day differences are justified since it provides actual figures, and the net loss/gain is 0 days.
Findings for Evaluation of Evidence:	Confirmed that the explanation is in the SAR.
NC Status:	Closed

NC number 2020.2	NC Grading: Minor
Standard & Requirement:	<i>ST 1, 1.1.1</i>
Description of Non-conformance and Related Evidence:	
Supply Base is defined and mapped in the BP’s SBR. However, the Supply Base map in the SBR does not include the Louisiana parishes.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 2020.3	NC Grading: Major
Standard & Requirement:	Interpretation Supply Base Report, Section 7: Clarification: Overview of Initial Assessment of Risk & SBP STD 2, Instruction Note 2C, 4.1; and ST 2.2.1, 2.2.2, 2.2.5, 2.2.6, 2.2.7, 2.2.8, 2.2.9, 2.3.1, 2.3.2, 2.4.1, 2.4.2, 2.5.2, 2.7.1, 2.7.2, 2.7.3, 2.7.4, 2.7.5, 2.8.1, 2.9.1, 2.9.2
Description of Non-conformance and Related Evidence:	
For 2.2.1, 2.2.2, 2.2.5, 2.2.6, 2.2.7, 2.2.8, 2.2.9, 2.3.1, 2.3.2, 2.4.1, 2.4.2, 2.5.2, 2.7.1, 2.7.2, 2.7.3, 2.7.4, 2.7.5, 2.8.1, 2.9.1, 2.9.2, and any other indicator for which the legal framework (including BMPs since these are used to demonstrate compliance to the Clean Water Act, among other laws & regulations) is a mechanism of assurance, contracts or other agreements are not cited as the primary mechanism of enforcement, which therefore allows the BP to conclude low risk. Logger training is also cited in the finding for 2.3.2 and is checked as a part of DDS, but the specific record checked is not cited in MOV/Evidence.	

The organization has not provided verifiable third-party resources or publications for several of these indicators in the means of verification and evidence section. For example, for 2.10.1 no sources outside of the BP's management system are cited, such as the FSC-US NRA, V1-0.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 2020.4	NC Grading: Major
Standard & Requirement:	SBP, Standard 1, 2.7 (all indicators 1.1.1-2.10.1 ; see also specific comments for 2.1.1, 2.1.2, 2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.9.1, 2.9.2)
Description of Non-conformance and Related Evidence:	
<p>The BP has not demonstrated sufficient means of verification for the following indicators of SBP-STD-1-V1-0:</p> <ul style="list-style-type: none"> • While MOV have been developed for all SBE indicators, Evidence has not been cited. While these may be the same in several circumstances, there is no known exemption in the SBP system. All indicators, 1.1.1-2.10.1, must be addressed; • 2.1.1 and 2.1.2 – Even though the FSC-US NRA contains numerous references to sources used to evaluate for the presence and protection/conservation status of Intact Forest Landscapes (IFLs; see https://www.globalforestwatch.org) in the US and that these same sources show that there are no IFLs within the BP's supply base, the BP has concluded that there are IFLs. Per FSC, Global Forest Watch is the primary source of data on IFLs and thus extends to SBP. SBP requires that BPs in the USA cite sources used to identify the presence and protection/conservation status of IFLs within the Supply Base; <ul style="list-style-type: none"> ○ Any justification for low risk at the initial stage must include a description of a protective framework through effective legislation, conservation programs, etc. Alternatively, it can be demonstrated by the BP how sourcing from these areas is avoided; ○ Note that evidence is not sufficient if only sources or protection frameworks are mentioned. A description of the effectiveness of legal frameworks or conservation programs is required; • 2.1.2, 2.2.1, 2.2.2, 2.2.3, 2.2.4, and possibly others – BMPs are cited in a general fashion as evidence of low risk. The specific BMP or BMPs must be referenced in each of these indicators and a description of how they help ensure low risk to the specific indicator is required. For example, how certain BMPs protect biodiversity must be described. • 2.9.1 and 2.9.2 - The assessment of feedstock from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks must specifically reference the 2008 cut-off date, and not just how the BP avoids sourcing from existing high carbon stock areas. <ul style="list-style-type: none"> ○ Not only must the present situation be assessed, but also the past to exclude sourcing from areas that may have been converted from carbon rich ecosystems such as wetland/peatland to ecosystems with less soil carbon (e.g., plantations). <p>Evidence: SBE</p>	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 2020.5	NC Grading: Minor
Standard & Requirement:	<i>ST 2, 12.2 and 12.3</i>
Description of Non-conformance and Related Evidence:	
<p>While the competencies of the personnel are described in the SBR, per a Major CAR issued by the accreditation body the following must be documented in procedures:</p> <ul style="list-style-type: none"> • 12.2: the determination of the competences required for achieving the objectives of the SBE, and how they are to be demonstrated or assessed; and • 12.3: the process for selecting and appointing an evaluation team with the required competences. <p>Evidence: Procurement policy, procurement procedure, SBR</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 2020.6	NC Grading: Minor
Standard & Requirement:	<i>IN-2C 5.2</i>
Description of Non-conformance and Related Evidence:	
<p>The list of counties/parishes cited as an annex to the SBR has not been submitted with the SBR. A partial list was verified in the Supplier Declaration Form.</p> <p>Evidence: SBR, supplier declaration form</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:

Certification decision:	Certification approved
Certification decision by (name of the person):	Theodore Brauer
Date of decision:	22/Jan/2021
Other comments:	Continued certification is approved. However, expansion of scope to include Louisiana in the supply area is not approved until all major non-conformities are closed.