



SCS Global Services Evaluation of Alabama Pellets - Aliceville Compliance with the SBP Framework: Public Summary Report

Re-assessment

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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*

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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, mschwartz@scsglobalservices.com

Current report completion date: 14/Dec/2020

Report authors: Ciara McCarthy

Name of the Company: Alabama Pellets - Aliceville

Company contact for SBP: Joseph Aquino

Certified Supply Base: Alabama, Mississippi, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee and select counties from Missouri, Texas, and Florida.

SBP Certificate Code: SBP-04-13

Date of certificate issue: 21/Sep/2015

Date of certificate expiry: 20/Mar/2021

This report relates to the Re-assessment

2 Scope of the evaluation and SBP certificate

This certificate covers the manufacture, transport to the port of Mobile, AL and trading of wood pellets. It also includes a supply base evaluation for sourcing of primary feedstock from Alabama and Mississippi and secondary feedstock from Alabama, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee and select counties from Missouri, Texas, and Florida. The scope of the certificate does include Supply Base Evaluation. It does include the communication of dynamic batch sustainability data.

3 Specific objective

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

The following critical control points were identified and evaluated:

Processes for procurement and processing, transport and storage

The overall system in Pinnacle procurement, production and sales process include several critical control points. The feedstock is received from several different suppliers and is stored in the warehouse. The material is weighed on the truck scaled and a load slip is issued which includes supplier name, address, origin, type of feedstock and quantity.

Volume accounting method

the volumes are recorded on the inventory spreadsheets and for PEFC certification, PEFC credit table has been developed.

Documentation of transactions

The DTS is used for any SPB related transactions and all transactions are recorded in DTS.

Energy data collection and reporting

The Energy data is recorded on GHG spreadsheet. Auditor reviewed GHG spreadsheet, DTS, PEFC ledger and load slips to ensure material is tracked throughout critical control points.

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

N/A

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

The wood pellet production facility (BP) is located in the Southeast U.S. in Pickens County near Aliceville, Alabama. The facility is approximately ten miles from the Mississippi state line and is adjacent to the Tennessee-Tombigbee Waterway in a rural area where forestry and agriculture (e.g. crops, cattle) are prevalent and are the primary sources of income. Much of the forest land in this area is privately owned. Known as the Black Belt Prairie Region, the area is characterized by weathered rolling plains containing various hardwood and mixed hardwood/pine forests.

5.2 Description of Company's Supply Base

The supply base area for secondary feedstock includes Alabama, Mississippi, Georgia, South Carolina, North Carolina, Tennessee, Arkansas, and Louisiana in addition to certain counties in Florida, Texas, and Missouri, Kentucky. The origin of primary softwood feedstock is limited to Alabama and Mississippi mainly due to haul distance constraints. The majority of feedstock is generated within approximately 120 miles of the plant; however, the supply base area includes the supply basins for secondary feedstock suppliers.

There are three broad categories of land ownership in the US:

- Federal Lands – approx. 33%
- Private lands – approx. 60%
- State, public agencies and Indigenous Lands – approx.. 7%

The following ownership structure is taken from the FSC US Controlled Wood Risk Assessment and is a good description of ownership structure in the BP's supply base.

Federal land ownership:

- The Bureau of Land Management, managing the “public lands” (100 million hectares, mostly not forested land, but including the commercially valuable forests of the O & C lands in western Oregon)
- The US Forest Service, managing the national forests and grasslands and some special reserved lands; by far the largest seller of legal timber from federal lands (78 million hectares, including non-forest lands and lands reserved from commercial harvest)
- The US Fish and Wildlife Service, managing the national wildlife refuges (35 million hectares, with the largest of its holdings in Alaska)
- The National Park Service, managing national parks, monuments, historic sites, etc. (32 million hectares, also with the majority of its holdings in Alaska)
- The Department of Defence, managing military reservations (7 million hectares)

State, Public Agencies and Indigenous Lands:

- State and local laws govern the classification and management of lands held by state and local governments (about 18 million hectares of potential timberlands).
- Typically, state or local land management agencies, such as forestry commissions or parks departments, manage these lands.
- Local governments keep land tenure records. In some states, the courts keep the records. In some, the recorder is an administrative office of a local government.
- Local or state governments handle business registration, and state governments handle creation of corporations and other legal persons. A business incorporated in one state but operating in several states may have to register as a “foreign” corporation and designate a local agent in each state. In some states, businesses must also register with the state taxing authority.

Private Land Ownership:

- For privately owned lands, state and local laws and institutions largely govern tenure.
- State laws govern the sale or transfer of rights to land, the rights of property owners and occupants, and the recording of interests and rights to land.
- The general laws for contracts and property transactions govern most transfers of rights to manage and harvest on private lands. These are largely state laws. A private landowner will typically enter into a contract with a logger allowing the logger to harvest timber.
- Private lands may be leased long-term for timber production, but it’s actually more common for private landowners to lease their lands for hunting and recreation, reserving for themselves the right to sell or harvest timber.

Supply Base Regions

1. Alabama	2. Louisiana
3. Mississippi	4. Florida
5. Georgia	6. South Carolina
7. North Carolina	8. Texas
9. Arkansas	10. Tennessee
11. Kentucky	

Feedstock Procurement

BP purchases secondary residuals from various sawmills in Alabama and Mississippi. Primary feedstock is sourced from tracts in Alabama and Mississippi. Only softwood species are utilized for primary feedstock, no hardwood species are utilized. A gradual increase in the availability of residual material is underway throughout the region and coincides with increased housing starts.

5.3 Detailed description of Supply Base

- Total PWAL volume of Feedstock: 486,371.92 st**
- Total volume of primary feedstock: 1831.58 st**
- List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes.

d. PWAL:

- Primary feedstock certified to an SBP-approved Forest Management Schemes – **0%**
- Primary feedstock not certified to an SBP-approved Forest Management Schemes – **100%**

e. List all species in primary feedstock, including scientific name

1. Loblolly Pine (*Pinus taeda*)
2. Shortleaf Pine (*Pinus echinata*)
3. Slash Pine (*Pinus elliotti*)
4. Virginia Pine (*Pinus Virginiana*)
5. Longleaf Pine (*Pinus palustris*)

f. Volume of primary feedstock from primary forest – 0 st

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

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

h. Total volume of secondary feedstock: 484,540.34 st

i. Origin: AL, MS, LA, AR, TX, SC, NC, GA, FL, TN, KY, MO

j. Type: Sawmill residuals, sawdust, bark, shavings, chips

5.4 Chain of Custody system

Joseph Aquino, Head of Sustainability, is the person responsible for implementing the PEFC Chain of Custody system and also manages the organizations SBP management system. The organization operates the percentage based method for controlling PEFC claims based on volume credits.

All wood fibre is tracked through the process from the District of Origin through the mill to the final bill of sale. Pinnacle uses a database to gather and control information related to the feedstock such as supplier name, scale tickets, fibre type, certification, and district of origin. Pinnacle has appropriate control mechanisms to calculate output volumes, claims and trademark/logo approval. Additionally, Pinnacle conducts an annual Management Review of the commitments, programs and procedures to evaluate the overall effectiveness of the SBP management system.

The organizations PEFC management system and procedures were previously evaluated by another certification body and no open nonconformities exist. The organization has detailed and comprehensive procedures and databases to cover the necessary requirements regarding the SBP-approved Chain of Custody system.

6 Evaluation process

6.1 Timing of evaluation activities

The full scope of the certificate was evaluated through a virtual audit due to the COVID-19 Pandemic. The total audit time was approximately 40h. See below for a detailed description of evaluation activities:

Site Name or Location: Alabama Pellets	
Date and Time of Audit: 20 th May 2020	
Audit Activity	Items to Review / Actions
Document review	Individual review of records
Opening meeting	Introductions, auditor review of audit scope, audit plan and intro/update to SBP, FSC, and SCS standards and protocols, client description of organization (1pm ET start)
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)
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
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
Walkthrough of facility	Review of physical inputs and outputs, material receipt, processing, storage, credit account (if applicable), sale, and overall control. Verify GHG inventory.
Verification of calculations and transactions	Auditor-selected sample and verification of calculations for conversion factors, percentage claims, and credit accounts, as applicable, review of DTS transactions
SBP ST 5, ID5A, ID5B, & ID5C	Review of GHG data collection (1pm ET start)
Port storage facility	Review of inputs and outputs, material receipt, processing, storage, credit account, sales, GHG inventory verification, interview with port manager.
Review of nonconformities	<ul style="list-style-type: none"> ▪ Review open nonconformities. ▪ General discussion of nonconformities.
Site Visits	<ul style="list-style-type: none"> ▪ Conducted on 11th December 2020
Closing meeting preparation	Auditor takes time to consolidate notes and review audit findings for presentation at closing meeting
Closing meeting and review of findings	Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps

6.2 Description of evaluation activities

Evaluation activities included document review and staff interviews. The following documents were available and reviewed during the audit:

- Copy of PEFC Chain of Custody certificate & last CoC audit report
- Documented Chain of Custody procedures
- Occupational Health and Safety procedures and records of training
- Policy on internal corruption rules (ex: employees taking bribes, etc.)
- Product groups/Feedstock types - description of the physical product
- Supplier list
- Supplier contracts
- Supply Base Report (SBR)
- Supply Base Evaluation (SBE)
- Supply Base description/map
- Records of complaints
- Stakeholder list
- Stakeholder notification records, comments and responses
- Risk assessments / DDS
- Record of staff training on SBP procedures
- Records of purchases, production, and sales (or invoice mockups if no purchases/ sales)
- SAR
- Energy and transport data
- Access to online Data Transfer System (DTS) at audit

6.3 Description of evaluation activities

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 would be filtered to omit any stakeholders that are not geographically relevant to the certificate holder/applicant's supply base. A stakeholder notification would be 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 taken into account. No SHC was conducted for this audit.

6.4 Process for consultation with stakeholders

SCS Conducted Stakeholder Consultation:

Geographical area(s): The geographical area for the stakeholder consultation is the same as the supply areas identified in the company's Supply Base. This stakeholder consultation included Alabama, Mississippi, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee and select counties from Missouri, Texas, and Florida.

List of Stakeholders invited: 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. 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 area(s). Relevant FSC Network Partners were also included in the invitation process.

SCS launched their stakeholder consultation for the Evaluation audit of the Westervelt Renewable Energy facility on November 27, 2017 from SCS's Emeryville office to stakeholders. Stakeholders had the opportunity to present their points of view to the auditor(s) in confidence.

SCS received two comments regarding Westervelt's procurement operations / supply. Both were positive in nature. SCS Global Services acknowledged receipt and thanked the stakeholders for their responses. No other action was necessary.

Attached is the actual notification for PWAL. They were selected to geographical relevance to PWAL's supply base:

“This email is being sent to you because SCS Global Services (SCS) has identified you as a potential stakeholder able to provide relevant comments regarding The Westervelt Company's fiber sourcing program as a Biomass Producer (BP) within the Sustainable Biomass Program (SBP) framework.

Background – About SBP

SBP was formed in 2013 by European utilities that are using biomass, mostly in the form of wood pellets or chips, in large thermal generating plants. Biomass-fired power and heat generation is seen as an important technology for achieving the EU's 2020 renewable energy targets and EU member states are adopting their own national approaches to ensuring that the biomass used is legally and sustainably sourced.

SBP's objective is to develop the tools necessary to demonstrate that, as a minimum, solid biomass used for energy production meets these national requirements. The SBP Framework is designed as a clear statement of principles, standards and processes necessary to demonstrate such compliance. Wherever possible, the Framework takes into account and builds on existing regulatory mechanisms and on voluntary certification standards already applied to other forest product streams or to other biomass sources.

The SBP Framework provides a means to collect data describing the nature of the feedstock as well as data to be employed in the regulatory calculations of greenhouse gas (GHG) savings from its use. It also provides a means to demonstrate that risks to forest carbon stocks are managed and that forests' carbon sequestration capability is maintained.

Collectively, the six SBP Standards represent a certification framework, or scheme, against which organizations can be assessed for compliance by independent third-party Certification Bodies (CBs) such as SCS. An organization that satisfactorily demonstrates compliance receives a certificate and is entitled to make SBP claims in relation to its biomass.

Notification

SBP does not require that certification bodies such as SCS consult stakeholders during the annual surveillance audits of BP's. However, this BP is expanding their supply base, so the upcoming audit represents SCS' first chance to engage with stakeholders in a specific geographic region in order to verify that the BP's management systems are working effectively and consistently across their entire supply base.

Attached is their Supply Base Evaluation (SBE) for your consideration.

Consultation

With this email, SCS encourages interested stakeholders to submit relevant information and/or comments regarding the BP's forest management and fiber sourcing/procurement operations, in order to evaluate the BP's compliance with SBP requirements. SCS will:

- review and record all submissions
- evaluate relevant submissions
- document actions taken in relation to relevant submissions, and
- document its conclusions regarding compliance of the BP with the Standards.

If you have any questions/concerns regarding this notification, please email us back and we will follow up with you accordingly.

If you are not interested in participating or providing any comments for this organization, then you do not need to do anything at all in response to this email.

If you would like to be permanently removed from our stakeholder list (and thus not receive any future notifications in regards to this, or any other company), please reply with 'remove'.

Best regards,"

7 Results

7.1 Main strengths and weaknesses

The organization is cooperative, extremely well organized, and has an effective management system in place to ensure all SBP requirements are met. The organization has implemented an excellent control system to determine the origin of all input material. All personnel involved in the SBP process are competent and received adequate training to perform their functions.

For weaknesses, see the non-conformity and observation section of the report below.

7.2 Rigour of Supply Base Evaluation

N/A

7.3 Collection and Communication of Data

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. All data is collected and verified by the certification manager and the project manager. All data submission was supported with verifiable evidence and all records were available for review during the audit.

7.4 Competency of involved personnel

Pinnacle's fibre procurement team are registered professional foresters with local forestry experience and knowledge of ecological and social values associated with the supply base, applicable laws and regulations, business management practices, operation of suppliers, and the local forest resource. Pinnacle assigned management with appropriate skills and competency to implement and execute the management and control systems relating to SBP compliance. Management interviewed during the assessment were found to be knowledgeable of the SBP requirements.

7.5 Stakeholder feedback

No stakeholder feedback was received. No other comments from stakeholders came to the attention of SCS and the audit team.

7.6 Preconditions

None.

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.

Field verification and documentation review

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

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Specified	Specified
2.1.3	Specified	Specified
2.2.1	Specified	Specified
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	Specified	Specified
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

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

The measures and monitoring responses below represent actions taken by the BP or on behalf of the BP by BP-affiliate (Westervelt).

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.

Risk Designation: "Specified Risk"

In the absence of measures implemented by the BP, this indicator is considered Specified Risk based on FSC (FSC US Controlled Wood National Risk Assessment V1-0 D3-0) risk designations within the supply area. Specifically, high conservation values are threatened by management activities (Category 3) in some areas, and wood from forests is being converted to plantations or non-forest use in some areas (Category 4).

Mitigation Measures:

We utilize legally binding contracts to identify expectations and requirements. Contracts provide for logger education, logger certification where appropriate, adherence to BMP requirements, and awareness of high conservation value and risk areas. We provide HCV training packets to primary and secondary suppliers, which combined with the state BMP's provide a thorough overview of HCV areas in the supply base. We identify the supply chain, determine the risk profile within the supply base, review supplier records, conduct announced and unannounced audits, review third party assessments, and conduct site audits where appropriate. For primary sources, appropriate measures are implemented at the forest unit and for secondary sources they are implemented at the saw mill. Furthermore, we have a functional Environmental Management System, Environmental Policy, Fiber Supply Policy, and conduct internal and third party audits to ensure compliance. In addition, we employ registered foresters, forest rangers, certified wildlife biologists, and forest biometricians in support of our processes. We also sponsor public research and promote sustainable management of forest through participation in SFI State Implementation Committees.

Monitoring:

- Annual supplier questionnaires to primary and secondary suppliers, which details the counties where wood is sourced from.
- Conduct annual sawmill audits of a sample of secondary suppliers to confirm that information provided in the questionnaire is accurate and verifiable.
- Conduct BMP audits on a sample of primary and secondary feedstock suppliers to ensure BMP compliance.
- Require signed contracts with suppliers ensuring HCV's are appropriately managed.
- Conduct field inspections on a sample of primary feedstock tracts to monitor HCV and other land values.
- Map all known HCV sites and ensures all procured feedstock areas do not overlap with HCV areas.

The monitoring efforts provide assurance that feedstock suppliers adhere to the requirements of the standard and demonstrate the BP's commitment to ensuring compliance.

Conclusion:

Based on the mitigation measures described herein (including the contents of Annex I – Exhibit E Risk Mitigation, this indicator can be considered “Low Risk”.

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.

Risk Designation: “Specified Risk”

In the absence of measures implemented by the BP, this indicator is considered Specified Risk based on FSC (FSC US Controlled Wood National Risk Assessment V1-0 D3-0) risk designations within the supply area. Specifically, wood from forests is being converted to plantations or non-forest use in some areas (Category 4).

Mitigation Measures:

We do not source from forests converted to production plantation forest or non-forest lands after January 2008, nor do we allow our suppliers to source from these areas under the terms of legally binding contracts. Our FSC and PEFC Chain of Custody Procedures (WF-DP-01) identify the process by which conversion of forests to non-forest land uses can be documented and avoided. We, along with our suppliers, are legally obligated to adhere to all state and federal environmental protection programs which can apply when conversion occurs. We utilize a number of resources such as Global Forest Watch, National Land Cover Dataset, etc. to check for conversion.

Monitoring:

- Annual supplier questionnaires to primary and secondary suppliers, which details the counties where wood is sourced from.
- Conduct annual sawmill audits of a sample of secondary suppliers to confirm that information provided in the questionnaire is accurate and verifiable.
- Conduct BMP audits on a sample of primary and secondary feedstock suppliers to ensure BMP compliance.
- Require signed contracts with suppliers ensuring land conversion is not done.
- Conduct field inspections on a sample of primary feedstock tracts to monitor silviculture practices
- Map all known HCV sites and ensures all procured feedstock areas do not overlap with HCV areas.

The monitoring efforts provide assurance that feedstock suppliers adhere to the requirements of the standard and demonstrate the BP’s commitment to ensuring compliance.

Conclusion:

Based on the mitigation measures described herein (including the contents of Annex I – Exhibit E Risk Mitigation, this indicator can be considered “Low Risk”.

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.

Risk Designation: “Specified Risk”

This indicator was listed as low risk in the FSC controlled wood risk assessment (FSC US Controlled Wood National Risk Assessment V1-0 D3-0). It was identified during last surveillance audit there was insufficient

publicly available evidence to consider this indicator low risk, particularly in relation to secondary feedstock. As a result, the BP has included additional control measures to ensure the risk designation can be considered low risk after the implementation of mitigation measures.

Mitigation Measures:

We utilize legally binding contracts to identify expectations and requirements. Contracts provide for logger education, logger certification where appropriate, adherence to BMP requirements, and awareness of high conservation value and risk areas. We identify the supply chain, determine the risk profile within the supply base, review supplier records, conduct announced and unannounced audits, review third party assessments, and conduct site audits where appropriate. For primary sources, appropriate measures are implemented at the forest unit and for secondary sources they are implemented at the saw mill. Furthermore, we have a functional Environmental Management System, Environmental Policy, Fiber Supply Policy, and conduct internal and third party audits to ensure compliance. In addition, we employ registered foresters, forest rangers, certified wildlife biologists, and forest biometricians in support of our processes. We also sponsor public research and promote sustainable management of forest through participation in SFI State Implementation Committees.

Monitoring:

- Annual supplier questionnaires to primary and secondary suppliers, which details the counties where wood is sourced from.
- Conduct annual sawmill audits of a sample of secondary suppliers to confirm that information provided in the questionnaire is accurate and verifiable.
- Conduct BMP audits on a sample of primary and secondary feedstock suppliers to ensure BMP compliance.
- Require signed contracts with suppliers ensuring HCV's are appropriately managed.
- Conduct field inspections on a sample of primary feedstock tracts to monitor HCV and other land values.
- Map all known HCV sites and ensures all procured feedstock areas do not overlap with HCV areas.

The monitoring efforts provide assurance that feedstock suppliers adhere to the requirements of the standard and demonstrate the BP's commitment to ensuring compliance.

Conclusion:

Based on the mitigation measures described herein (including the contents of Annex I – Exhibit E Risk Mitigation, this indicator can be considered “Low Risk”.

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).

Risk Designation: “Specified Risk”

In the absence of measures implemented by the BP, this indicator is considered Specified Risk based on FSC (FSC US Controlled Wood National Risk Assessment V1-0 D3-0) risk designations within the supply area. Specifically, high conservation values are threatened by management activities (Category 3) in some areas, and wood from forests is being converted to plantations or non-forest use in some areas (Category 4).

Mitigation Measures:

We utilize legally binding contracts to identify expectations and requirements. Contracts provide for logger education, logger certification where appropriate, adherence to BMP requirements, and awareness of high conservation value and risk areas. We identify the supply chain, determine the risk profile within the supply base, review supplier records, conduct announced and unannounced audits, review third party assessments,

and conduct site audits where appropriate. For primary sources, appropriate measures are implemented at the forest unit and for secondary sources they are implemented at the saw mill. Furthermore, we have a functional Environmental Management System, Environmental Policy, Fiber Supply Policy, and conduct internal and third party audits to ensure compliance. In addition, we employ registered foresters, forest rangers, certified wildlife biologists, and forest biometricians in support of our processes. We also sponsor public research and promote sustainable management of forest through participation in SFI State Implementation Committees.

Monitoring:

- Annual supplier questionnaires to primary and secondary suppliers, which details the counties where wood is sourced from.
- Conduct annual sawmill audits of a sample of secondary suppliers to confirm that information provided in the questionnaire is accurate and verifiable.
- Conduct BMP audits on a sample of primary and secondary feedstock suppliers to ensure BMP compliance.
- Require signed contracts with suppliers ensuring HCV's are appropriately managed.
- Conduct field inspections on a sample of primary feedstock tracts to monitor HCV and other land values.
- Map all known HCV sites and ensures all procured feedstock areas do not overlap with HCV areas.

The monitoring efforts provide assurance that feedstock suppliers adhere to the requirements of the standard and demonstrate the BP's commitment to ensuring compliance.

Conclusion:

Based on the mitigation measures described herein (including the contents of Annex I – Exhibit E Risk Mitigation, this indicator can be considered “Low Risk”.

Indicator 2.2.4

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

Risk Designation: “Specified Risk”

In the absence of measures implemented by the BP, this indicator is considered Specified Risk based on FSC (FSC US Controlled Wood National Risk Assessment V1-0 D3-0) risk designations within the supply area. Specifically, high conservation values are threatened by management activities (Category 3) in some areas, and wood from forests is being converted to plantations or non-forest use in some areas (Category 4).

Mitigation Measures:

We utilize legally binding contracts to identify expectations and requirements. Contracts provide for logger education, logger certification where appropriate, adherence to BMP requirements, and awareness of high conservation value and risk areas. We identify the supply chain, determine the risk profile within the supply base, review supplier records, conduct announced and unannounced audits, review third party assessments, and conduct site audits where appropriate. For primary sources, appropriate measures are implemented at the forest unit and for secondary sources they are implemented at the saw mill. Furthermore, we have a functional Environmental Management System, Environmental Policy, Fiber Supply Policy, and conduct internal and third party audits to ensure compliance. In addition, we employ registered foresters, forest rangers, certified wildlife biologists, and forest biometricians in support of our processes. We also sponsor public research and promote sustainable management of forest through participation in SFI State Implementation Committees.

Monitoring:

- Annual supplier questionnaires to primary and secondary suppliers, which details the counties where wood is sourced from.
- Conduct annual sawmill audits of a sample of secondary suppliers to confirm that information provided in the questionnaire is accurate and verifiable.
- Conduct BMP audits on a sample of primary and secondary feedstock suppliers to ensure BMP compliance.
- Require signed contracts with suppliers ensuring HCV's are appropriately managed.
- Conduct field inspections on a sample of primary feedstock tracts to monitor HCV and other land values.
- Map all known HCV sites and ensures all procured feedstock areas do not overlap with HCV areas.

The monitoring efforts provide assurance that feedstock suppliers adhere to the requirements of the standard and demonstrate the BP's commitment to ensuring compliance.

Conclusion:

Based on the mitigation measures described herein (including the contents of Annex I – Exhibit E Risk Mitigation, the risk associated with [TBD] can be considered “Low Risk”.

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).

Risk Designation: “Specified Risk”

In the absence of measures implemented by the BP, this indicator is considered Specified Risk based on FSC (FSC US Controlled Wood National Risk Assessment V1-0 D3-0) risk designations within the supply area. Specifically, high conservation values are threatened by management activities (Category 3) in some areas, and wood from forests is being converted to plantations or non-forest use in some areas (Category 4).

Mitigation Measures:

We utilize legally binding contracts to identify expectations and requirements. Contracts provide for logger education, logger certification where appropriate, adherence to BMP requirements, and awareness of high conservation value and risk areas. We identify the supply chain, determine the risk profile within the supply base, review supplier records, conduct announced and unannounced audits, review third party assessments, and conduct site audits where appropriate. For primary sources, appropriate measures are implemented at the forest unit and for secondary sources they are implemented at the saw mill. Furthermore, we have a functional Environmental Management System, Environmental Policy, Fiber Supply Policy, and conduct internal and third party audits to ensure compliance. In addition, we employ registered foresters, forest rangers, certified wildlife biologists, and forest biometricians in support of our processes. We also sponsor public research and promote sustainable management of forest through participation in SFI State Implementation Committees.

Monitoring:

- Annual supplier questionnaires to primary and secondary suppliers, which details the counties where wood is sourced from.
- Conduct annual sawmill audits of a sample of secondary suppliers to confirm that information provided in the questionnaire is accurate and verifiable.
- Conduct BMP audits on a sample of primary and secondary feedstock suppliers to ensure BMP compliance.
- Require signed contracts with suppliers ensuring HCV's are appropriately managed.

- Conduct field inspections on a sample of primary feedstock tracts to monitor HCV and other land values.
- Map all known HCV sites and ensures all procured feedstock areas do not overlap with HCV areas.

The monitoring efforts provide assurance that feedstock suppliers adhere to the requirements of the standard and demonstrate the BP's commitment to ensuring compliance.

Conclusion:

Based on the mitigation measures described herein (including the contents of Annex I – Exhibit E Risk Mitigation, this indicator can be considered “Low Risk”.

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.

NC number 2020.1	NC Grading: Major
Standard & Requirement:	SBP Framework Standard 2 clause 7.3, IN-2C 4.1, IN-2C 5.2
Description of Non-conformance and Related Evidence:	
SBR Annex 1 has not been updated to the latest version of the template and still refers to the incorrect company name.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Up-to-date template with correct company name and updated supply base sent to Theodore Brauer 3.10.2021
Findings for Evaluation of Evidence:	Reviewed the updated SBR Annex I, the organization has used the correct template. This CAR is closed.
NC Status:	Closed

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 not approved
Certification decision by (name of the person):	Theodore Brauer
Date of decision:	02/Feb/2021
Other comments:	<i>Click or tap here to enter text.</i>