



SCS Global Services Evaluation of Mohegan Renewable Energy - Crossville, 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: 12/Nov/2020

Report authors: Kyle Meister

Name of the Company: Mohegan Renewable Energy Crossville Plant, 79 Greenway Drive, Crossville, AL 35962, United States

Company contact for SBP: Gerry Amenta; gamenta@MoheganRenewables.com

Certified Supply Base: Two hundred fifteen (215) counties (27,779,472 hectares) in Alabama (57 counties), Georgia (64 counties), Mississippi (25 counties) and Tennessee (69 counties) within the United States.

SBP Certificate Code: SBP-04-49

Date of certificate issue: 20/Nov/2019

Date of certificate expiry: 19/Nov/2024

This report relates to the First Surveillance Audit

2 Scope of the evaluation and SBP certificate

The scope of this surveillance audit included a review of procedures, documentation, records and databases to ensure the organization's management system is appropriate to ensuring conformance to SBP Standards 1, 2, 4, and 5. Other audit methods used were remote inspection of pellet mill and interviews with relevant staff, and supplier representatives. The evaluation included a review of documentation such as the Supply Base Report including the Supply Base Evaluation, due diligence systems, supplier contracts, and SAR, among others. The certificate scope includes production and distribution of wood pellets based at the mill in Crossville, AL and transportation to the port of Guntersville, AL. The ownership of SBP-certified pellets is passed on to the BP's customer upon loading the barge. The scope includes a supply base evaluation for Alabama (57 counties), Georgia (64 counties), Mississippi (25 counties) and Tennessee (69 counties) within the United States. The scope does not include any storage or trans-shipment sites. The scope includes dynamica batch sustainability data.

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 | Assessed through supplier documentation with feedstock properties (trip/ scale tickets), incoming loads database, and credit account; interviews with suppliers; and remote inspection of the pellet mill. Supply Base Evaluation and mitigation measures: assessed through review of SBR, SBR Annex I, interviews with procurement staff, suppliers and procedures |
| Volume accounting method | Review of material accounting records; credit ledgers for tracking of volumes and feedstock types and claims; spreadsheets with total volume of pellets produced; and staff awareness assessed through interviews. |
| Documentation of transactions | Review of DTS reports to confirm transactions sold with an SBP claim. |
| Energy data collection and reporting | Review of utility invoices, production databases, SAR, and SAR summary Excel file with compilation of production and utility data and calculations. |

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

Mohegan Renewable Energy - Crossville (MREC) purchases secondary feedstock with an FSC Controlled Wood claim in the form of hardwood and softwood chips and sawdust through its sole supplier, DeKalb Forest Products. DeKalb Forest Products purchases hardwood directly from the forest and chips this wood at its wood yard/chip mill about 0.25 miles from the MREC pellet mill. DeKalb also purchases pine & hardwood residuals from about 20 secondary facilities in Alabama, Georgia and Tennessee.

The organisation is a legal entity located in: Crossville, Alabama, USA

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 Woodchip producer & trader <input type="checkbox"/> Pellet trader <input type="checkbox"/> Woodchip trader | <input type="checkbox"/> NA, trader only <input 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 checked="" type="checkbox"/> FSC Controlled Wood <input type="checkbox"/> FSC Mix x% <input type="checkbox"/> 100% PEFC/Volume Credit <input type="checkbox"/> SFI <input type="checkbox"/> ATFS <input type="checkbox"/> Other PEFC (e.g., CSA): | <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: 2 other pellet producers and 1 trader certificate under Mohegan Renewable Energy |

*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 | Alabama, Georgia, Mississippi, and Tennessee |
| Number of counties sourced from in case only a portion of an administrative unit is in the SB | Alabama (57 counties), Georgia (64 counties), Mississippi (25 counties) and Tennessee (69 counties) |

5.2 Description of Company's Supply Base

| Brief description of the Supply Base within the regional context |
|---|
| <p>Description of how the producer sources feedstock</p> <p>Mohegan Renewable Energy – Crossville (MREC) purchases secondary feedstock in the form of hardwood and softwood chips and sawdust through its sole supplier, DeKalb Forest Products. DeKalb Forest Products purchases hardwood directly from the forest and chips this wood at its wood yard/chip mill about 0.25 miles from the MREC pellet mill. DeKalb also purchases pine & hardwood residual chips, sawdust and shavings for about 20 secondary sawmills in Alabama, Georgia and Tennessee. The supply base for the pellet mill and its secondary suppliers includes two hundred fifteen (215) counties</p> |

(27,779,472 hectares) in Alabama (57 counties), Georgia (64 counties), Mississippi (25 counties) and Tennessee (69 counties) within the United States. The suppliers and sub-suppliers identified were located using GIS technology. Their estimated supply area was determined through interviews to establish the counties they source from, a stated maximum haul radius or a sixty (60) mile delivery radius was established for each supplier. The accumulation of these feedstock supplier areas was then used to identify the origin of wood fiber by states and counties from which MREC purchases wood fiber.

General description of the forest resources and forest management practices within the Supply Base

Land use: Forests are the predominant land use in this supply base (64%). Hardwood forests comprise the largest forest type (54.1%) of the supply area's forestland followed by pine forests (34.2%). The pine/oak forest comprises 11.2% of the supply area's forestland while about 0.5% of the forestland is considered non-stocked. About 77% of the supply area's forests are managed as natural forests while the remaining 23% of the supply area's forests are artificially regenerated.

Ownership status: Forestland ownership in the supply area is mainly private.

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/AL,GA,MS,TN,US/PST045219>; viewed 2 November 2020) and from the US Bureau of Economic Analysis (<https://apps.bea.gov/regional/bearfacts/>; viewed 2 November 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 2 November 2020). Also, see links below under forest composition.

Forest Composition:

| Species List | |
|---|--|
| Loblolly Pine (<i>Pinus taeda</i>) | Hickory (<i>Carya spp</i>) |
| Longleaf Pine (<i>Pinus palustris</i>) | Locust (<i>Robinia spp</i>) |
| Sand Pine (<i>Pinus clausa</i>) | Maple (<i>Acer spp</i>) |
| Shortleaf Pine (<i>Pinus echinata</i>) | Oak (<i>Quercus spp</i>) |
| Slash Pine (<i>Pinus elliottii</i>) | Persimmon (<i>Diospyros virginiana</i>) |
| Virginia Pine (<i>Pinus virginiana</i>) | Red maple (<i>Acer rubrum</i>) |
| American beech (<i>Fagus grandifolia</i>) | Red mulberry (<i>Morus rubra</i>) |
| Ash (<i>Fraxinus spp</i>) | Red oak (<i>Quercus rubra</i>) |
| Basswood, American (<i>Tilia americana</i>) | River birch (<i>Betula nigra</i>) |
| Black cherry (<i>Prunus serotina</i>) | Sassafras (<i>Sassafras albidum</i>) |
| Black walnut (<i>Juglans nigra</i>) | Sourwood (<i>Oxydendrum arboreum</i>) |
| Blackgum (<i>Nyssa sylvatica</i>) | Sugarberry (<i>Celtis laevigata</i>) |
| Boxelder (<i>Acer negundo</i>) | Sweetgum (<i>Liquidambar styraciflua</i>) |
| Buckeye (<i>Aesculus spp</i>) | Sycamore (<i>Platanus occidentalis</i>) |
| Eastern cottonwood (<i>Populus deltoides</i>) | Water oak (<i>Quercus nigra</i>) |
| Elm (<i>Ulmus spp</i>) | White oak (<i>Quercus alba</i>) |
| Hackberry (<i>Celtis occidentalis</i>) | Yellow-poplar (<i>Liriodendron tulipifera</i>) |

More information on the composition of the forests of the US Southeast and socioeconomic trends is available from the USDA Forest Service:

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

Profile of adjacent lands: Pine forests are typically managed on an even-aged basis with a rotation age of 30 to 40 years. During this rotation the pine stand may be thinned one or two times during the middle of the rotation with a final harvest completing the rotation. Most pine forests are artificially regenerated with pine seedlings planted to defined stand densities. Chemical and/or mechanical site preparation is typically used to manage the less desirable hardwood species and herbaceous species at stand establishment. Chemical treatments are minimal or below label rates; do not kill all competing species and last about two years so the pine seedlings can become established. Fertilizers are not normally applied to these forests due to cost. Some private investment groups (REITS, TIMOs) may apply fertilizers on forests which are more intensively managed. These intensively managed pine forests represent a very small percentage of the overall pine forests in the supply basin. Hardwood forests can be managed either as even-aged or uneven-aged stands. Most hardwood stands are 40 to 50 years when harvested if managed as an even-aged stand. No site preparation or fertilizers are used on hardwood forests. Most forests in the MREC supply area are managed according to state forestry best management practices (BMPs). Overall BMP compliance reported for the various states within the supply base are: AL – 98.2% (2016); GA - 93.17% (2017); MS – 96.1% (2016) and TN - 88.5% (2017).

Link to BP’s Supply Base Report

The SBR can be found on the SBP certificate database: <https://sbp-cert.org/certificate-holders/mre-crossville-llc-sbp-04-49>

SBR can also be found the BP's webpage: <https://www.moheganrenewables.com>

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:

Supply Base

- a. Total Supply Base area (ha): 27,779,472 ha
- b. Tenure by type (ha): 15,880,705 ha (privately owned) / 1,936,882 ha (public)
- c. Forest by type (ha): Temperate 17,817,589 ha
- d. Forest by management type (ha): 4,083,998 ha (plantation) / 13,434,373 ha (managed natural) / 328,356 ha (natural)
- e. Certified forest by scheme (ha):

| Cert Hectares by Standard by State | | | | | |
|------------------------------------|-----------|---------|---------|---------|-----------|
| | AL | GA | MS | TN | Total |
| ATF | 22,312 | 26,923 | 10,050 | 10,455 | 69,740 |
| FSC | 271,512 | 33,023 | 250,868 | 40,645 | 596,047 |
| SFI | 1,179,130 | 939,249 | 852,984 | 173,874 | 3,145,237 |
| | | | | | 3,811,024 |

Feedstock

- f. Total volume of Feedstock: tonnes or m3 - 0 – 200,000 tonnes*
- g. Volume of primary feedstock: tonnes or m3 – 0 tonnes
- h. List percentage of primary feedstock (g), by the following categories. - Certified to an SBP-approved Forest Management Scheme – Not Applicable
- Not certified to an SBP-approved Forest Management Scheme – Not Applicable
- i. Forest Management Schemes: - Certified to an SBP-approved Forest Management Scheme – Not Applicable
- Not certified to an SBP-approved Forest Management Scheme – Not Applicable
- k. Volume of primary feedstock from primary forest - 0
- l. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes: - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme – 0%
- Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme – 0%
- m. Volume of secondary feedstock: specify origin and type - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*.

| | | | |
|--------------|---------|--------------|--------|
| Pine chips | 40%-59% | Hdwd chips | 0%-19% |
| Pine sawdust | 20%-39% | Hdwd sawdust | 0%-19% |

You can find more information in the BP's supply base report.

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 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 |
|----------------------|--------------|----------------------|--------------|

| | |
|--|---|
| Supplier audits | Primary supplier FMUs visited: N/A Secondary/Tertiary supplier interviews: 1 |
| <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): | 0 |
| D. Additional days spent on preparation, stakeholder consultation, and follow-up: | 0.5 |
| E. Total number of person days used in evaluation (A * B + C + D): | 3.5 |

| | | |
|--|--|---------------------------|
| Date and Time of Audit: | Opening Meeting: 11 September 2020 @ 9:00am EST; and Closing Meeting: 12 November 2020 @ 3:00pm | |
| Audit Activity | Items to Review / Actions | Approx. Start Time |
| 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 | 2 hrs. |
| Review of previous nonconformities | Review of evidence of corrective actions taken by organization since previous audit (records, documents, pictures, etc.) | |
| 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) | 6 hrs. |
| 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 | |
| Supplier interview(s) | Approx. 15 min./supplier | 15 min. |
| SBP ST 5, ID5E | Review of GHG data collection | 12 hrs. |
| Evaluation of trademarks | Review of auditor-selected sample of SBP/FSC/PEFC and/or SCS on-product and/or promotional trademark uses; review of any on-site trademark uses such as banners, posters, entryway signs | |
| Remote inspection of facility | Review of physical inputs and outputs, material receipt, processing, storage, credit account (if applicable), sale, and overall control | 2 hrs. |

| | | |
|--|--|-------|
| Staff interviews | Interviews with appropriate number and diversity of staff to assess knowledge of procedures related to their position | |
| Closing meeting preparation | Auditor takes time to consolidate notes and review audit findings for presentation at closing meeting | 1 hr. |
| Closing meeting and review of findings | Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps | 1 hr. |
| 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. No stakeholder comments were received during or after the audit period.

7 Results

7.1 Main strengths and weaknesses

| Strengths | Weaknesses |
|---|-----------------------------|
| <p>The BP manages an efficient energy and greenhouse gas collection system, and adequately archives documentation and records such as invoices to support data reporting. Employees involved in the SBP program are knowledgeable of standard requirements. The BP also maintains an effective tracking program for all feedstock suppliers. The sole supplier shares a strong commitment to sustainability and is FSC COC certified, including to FSC-STD-40-005 requirements that largely parallel SBP's SBE.</p> | <p>Refer to section 10.</p> |

7.2 Rigour of Supply Base Evaluation

NA, no Supply Base Evaluation conducted.

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

7.3 Collection and Communication of Data

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

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

7.4 Competency of involved personnel

The BP's in-house fiber procurement group has local forestry experience and knowledge of ecological and social values associated with the supply base, applicable laws and regulations, business management

practices, operation of suppliers, and the local forest resource. The fiber procurement group has many years of experience working in the supply base. A consultant has assisted with the development of their certification systems. Their consultant has extensive experience with system development, implementation, and management.

BP's management and control systems for SBP are the same as those used to meet FSC COC, and have been in place since 2018. Key personnel tasked with implementing and maintaining management and control systems relating to SBP compliance are well trained and competent. BP's 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 SBP requirements.

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:

7.6 Preconditions

- No preconditions were issued.
- Preconditions were issued, which remain *open* as described in the Major NCRs noted in section 10.
- 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 | Low | 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 |

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

| | | |
|-------|-----|-----|
| 2.3.2 | Low | Low |
|-------|-----|-----|

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

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

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

9 Review of Company’s mitigation measures

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

| Indicator | Mitigation measure(s) | Monitoring of mitigation measure(s)* |
|-----------|-----------------------|--------------------------------------|
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**Monitoring must be conducted by the first annual surveillance. For main evaluations, the organization at least should have a monitoring plan.*

Click or tap here identify any mitigation measures taken to address specified risks. Describe how the Company monitored the mitigation measures and whether the measures were shown to be effective in addressing 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.

2019

| NC number 4 | NC Grading: Observation |
|---|---|
| Standard & Requirement: | SBP Standard 1, 2.7 |
| Description of Non-conformance and Related Evidence: | |
| <p>The evidence presented is not consistent with the means of verification. Means of verification presented for criterion 2.5.2 only include the organizations management system, while the evidence reviewed also includes third party sources such as Best Management practices and Logger training programs. The means of verification do not state that such sources have been reviewed. The evidence presented is linked to the MoV such as that the evidence is a concrete example of an MoV e.g. BMP is an MoV and evidence would be the concrete BMP for the state of Georgia. For criterion 2.4.1 the MoV listed only contain the organization’s own management system, though the evidence cited shows that more means of verification have been used. Criterion 2.3.2: MoV do not include third party resources such as logger training programs. Criterion 2.1.1: The description of the finding includes sources of information that are not listed in the MoV or evidence section. Examples include Critical Ecosystem Partnership Fund biodiversity, WWF ecoregions, etc.2.1.2: WRI, GFF Frontier Forests, WWF are mentioned in findings, but not in MoV and evidence. Mov do not include FSC US NRA and MREC-DOC-0052.2.1, 2.2.2: several pieces of evidence are not listed in the MoV, such as professional logger databases, BMPs, USGS soil map database, etc.</p> | |
| Timeline for Conformance: | Other Response is optional |
| Evidence Provided by Company to close NC: | The SBE was updated in September 2020. |
| Findings for Evaluation of Evidence: | Confirmed that edits were made to the SBE to address these items. |
| NC Status: | Closed |

2020

| NC number 2020.1 | NC Grading: Major |
|------------------------------------|---------------------------|
| Standard & Requirement: | SBP ST 1, 2.9.1 and 2.9.2 |

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| Description of Non-conformance and Related Evidence: | |
| Per a Major CAR from the accreditation body, 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. 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). Evidence: SBE, 2.9.1 and 2.9.2 | |
| Timeline for Conformance: | 3 months from the report finalisation |
| Evidence Provided by Company to close NC: | MRE has revised indicators 2.9.1 & 2.9.2 within Annex 1 |
| Findings for Evaluation of Evidence: | Per review of the updated SBE, 2.9.1 and 2.9.2, the BP now includes an analysis of high carbon stock soils in the supply base and how the existing legal framework makes it unprofitable to alter these soils for forestry purposes currently. Wetlands and peatlands are recognized as areas of high carbon stocks. While there are wetlands in the sourcing area, these are strongly protected by legislation to remain as wetlands. The Clean Water Act (CWA), enacted in 1972, dictates that no change can be made to the hydrology of wetlands without the permission of the Army Corps of Engineers, who oversee and implement CWA legislation. This legislation effectively halted the conversion of wetlands for forestry purposes. Therefore, the risk of sourcing fibre originated from areas which contained high carbon stock wetlands in January of 2008 but no longer support the same wetland system (and associated carbon storage capacity) is low. |
| NC Status: | Closed |

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| NC number 2020.2 | NC Grading: Minor |
| Standard & Requirement: | ID 5E, 4.1.9: For stationary BPs (e.g. Pellet Mills) at least one SDI has been defined for the end of the BP's factory gate. |
| Description of Non-conformance and Related Evidence: | |
| Per review of section 4 of the SAR, the BP has not defined at least one SDI for the end of the BP's factory gate. Evidence: SAR | |
| Timeline for Conformance: | Other Prior to finalization of SAR |
| Evidence Provided by Company to close NC: | Review of section 4.1 of the SAR, SDI included for factory gate. |
| Findings for Evaluation of Evidence: | Review of section 4.1 of the updated SAR |
| NC Status: | Closed |

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| NC number 2020.3 | NC Grading: Minor |
| Standard & Requirement: | ID 5E, 6.5.1: The BP shall operate a management system including logbooks or electronic code/card systems to allocate the use of fossil fuel to processing or transport. |
| Description of Non-conformance and Related Evidence: | |

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| <p>For the month of March 2020, per review of the 3.4 Airgas tab in the SAR Summary Excel file, there is a missing data entry for invoice from 3/4/20. This would add 96 lbs (22.64 gal) to the monthly propane usage for March 2020.</p> <p>Evidence: Fossil fuel invoices, SAR summary Excel file.</p> | |
| Timeline for Conformance: | Other Prior to finalization of SAR |
| Evidence Provided by Company to close NC: | The discrepancy is mis-labelling the Excel database for two invoices, one of which I called March and one I called April, when they should have been reversed. No change to total spend, no change to the split of costs by month, so I don't think anything really needs to change, other than to point out that in total the data is correct, we just need to change tab 3.4 Airgas of the Crossville Excel to change the description of two invoices between the months, but it doesn't really change anything. The March Airgas invoices total what we had in the Excel database, as does April, there are just two invoices that were booked in April for the same dollar amount, one of which was related to March activity and I mis-labeled which of the two invoices was March. No change to SAR, just a tiny tweak to the Crossville database which has been done. |
| Findings for Evaluation of Evidence: | Through review of the updated supporting Excel file, the quantity reported matches the invoice number reported for 4/27/20. The actual invoice states 3/4/20. Through interviews with staff, the date in the Excel file corresponds to the date processed in the accounting system. |
| NC Status: | Closed |

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| NC number 2020.4 | NC Grading: Major |
| Standard & Requirement: | <i>SBP ST 2, 16.3 and 16.4; 18.4</i> |
| Description of Non-conformance and Related Evidence: | |
| <p>The BP has not presented evidence of implementation of its plan to monitor the effectiveness of the mitigation measures at least annually in the SBR. It is therefore not yet possible to determine if mitigation measures have been effective in managing risk.</p> <p>Evidence: SBR, 9.2</p> | |
| Timeline for Conformance: | 3 months from the report finalisation |
| Evidence Provided by Company to close NC: | NCR 2020.5 – MRE has revised section 9.b within the SBR and has adopted new processes to close NC |
| Findings for Evaluation of Evidence: | Reviewed SBR, 9.2, which now includes evidence of implementation of monitoring activities. There is one mitigation measure related to establishing conservation partnerships that has established one partnership, but the establishment of another is still in progress per review of monitoring results and interviews with staff. |
| NC Status: | Closed |

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|---|--------------------------|
| NC number 2020.5 | NC Grading: Major |
| Standard & Requirement: | <i>SBP ST 1, 2.1.1</i> |
| Description of Non-conformance and Related Evidence: | |

In the SBR, the BP concludes low risk for the Crossville, Quitman, and Jasper mill for ST 1 indicator 2.1.1. However, in the SBE, these were determined to have low risk as the FSC-US NRA, V1-0 includes maps of HCVs and the BP has access to more refined mapping of HCVs in the supply base. The final low risk conclusion is correct, but 2.1.1 must automatically be specified risk in the Southeastern USA per an interpretation by SBP.

Evidence: SBE, 2.1.1 (see also SBR, section 7)

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| Timeline for Conformance: | 3 months from the report finalisation |
| Evidence Provided by Company to close NC: | NCR 2020.5 – Review indicator 2.1.1 within Annex 1 and section 7 (Table 1) within the SBR. |
| Findings for Evaluation of Evidence: | The updates to the SBE were reviewed. 2.1.1 now concludes specified risks and mitigation measures are described. |
| 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:

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| Certification decision: | Certification approved |
| Certification decision by (name of the person): | Theodore Brauer |
| Date of decision: | 22/Jan/2021 |
| Other comments: | <i>Click or tap here to enter text.</i> |