



SCS Global Services Evaluation of Pinnacle Renewable Energy (Demopolis Mill) Compliance with the SBP Framework: Public Summary Report

Main (Initial) 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: Theodore Brauer, tbrauer@scsglobalservices.com

Current report completion date: 01/Mar/2021

Report authors: Shannon Wilks

Name of the Company: Pinnacle Renewable Energy (Demopolis Mill)

Company contact for SBP: Joseph Aquino:250-562-5562 ext.2220; joseph.aquino@pinnaclepellet.com

Certified Supply Base: AL, MS, GA, SC, NC, TN, AR, LA and designated counties in FL, TX, MO, KY all within USA

SBP Certificate Code: SBP-04-60

Date of certificate issue: 27/May/2021

Date of certificate expiry: 26/May/2026

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

The certificate covers the manufacture and transport of wood pellets to the port of Mobile, Alabama USA for storage, aggregation and vessel loading. It also covers a Supply Base Evaluation for the sourcing of feedstock from the states of Alabama, Mississippi, Louisiana, Arkansas, Texas, South Carolina, North Carolina, Georgia, Florida, Tennessee, Kentucky and Missouri all within the USA and the communication of dynamic batch sustainability data.

The scope of this main evaluation audit included a review of procedures, documentation, records and databases to ensure the organization's management system is appropriate for ensuring conformance to SBP Standards 1, 2, 4, and 5. Other audit methods used were virtual walkthrough of pellet mill with Timestamped/GPS photos, interview with 3rd party barge transportation company and secondary/tertiary feedstock suppliers and interviews with relevant staff. The evaluation included a review of documentation such as the Supply Base Report including the Risk Assessment, Due Diligence System and SAR, among others.

3 Specific objective

The specific objective of this evaluation audit was to confirm the Biomass Producer's management system is within compliance with all requirements of SBP Standards 1: Feedstock Compliance Standard, 2: Verification of SBP-compliant Feedstock, 4: Chain of Custody, and 5: Collection and Communication of Data (including communication of Dynamic Batch Sustainability Data) are within conformance across the entire scope of certification. This was achieved by remote review of risk assessments, procedures, GHG and other data. The review also included remote observation of BP facility with GPS/Timestamped photos. Interviews with key personnel and stakeholders were also conducted remotely by Microsoft Teams and Ring Central virtual meetings.

The following critical control points were identified and evaluated as noted: BP Demopolis facility is currently within the construction phase and no purchases or shipments of finished products had been conducted at time of evaluation audit. BP maintains a detailed set of procedures and management system that was utilized to ensure compliance to all SBP requirements. Actual feedstock records, characteristics, management systems, energy consumption and production data is based on proxy values from BP facility within same geographic area with similar facility parameters.

*Feedstock procurement: All feedstock delivered to the mill is tracked in a centralized system. Four feedstock types were identified within BP LIMS (wood accounting system). Feedstock purchases are received by truck only and require purchase agreements with compliance to all regulations.

*Storage and processing: Feedstock will be stored on-site, hammered, dried and pelletized. The conversion factors observed allocate feedstock into pellets are reasonable and based on actual values at BP proxy facility.

*Volume Accounting: The procedures detail the process to properly maintain the volume credit spreadsheet, with provisions for subtracting certified product sold and for carrying only the past 12 months of credits, in accordance with PEFC standards. BP is certified to PEFC Chain of Custody Standards under a multi-site certificate.

*Outgoing transactions: Invoices will be issued to customers with SBP claim and recorded in DTS as required once facility is operational and certification to SBP standards with access to DTS system is approved. Review of information from BP proxy facility confirmed proper records are maintained, transactions recorded and knowledge of requirements by trained personnel were demonstrated.

*Energy data collection and reporting: BP maintains a very detailed and efficient system for recording required data, energy consumption and conversion into proper units of measure as required by Standard 5. Detailed review confirmed trained personnel are knowledgeable of requirements, maintain management system with required infrastructure.

4 SBP Standards utilised

4.1 SBP Standards utilised

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

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

4.2 SBP-endorsed Regional Risk Assessment

Not Applicable

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Pinnacle Renewable Energy (TSX: PL) is one of the world's leading manufacturers and distributors of industrial wood pellets, which are used by large-scale thermal power generators as a greener alternative to produce reliable baseload renewable power. Pinnacle has entered into long-term take-or-pay contracts with customers in the UK, Europe and Asia that represent 99% of its production capacity through 2026. The Company operates eight industrial wood pellet production facilities in western Canada and one in Alabama, with two additional facilities under construction in Alberta and Alabama. Pinnacle's Canadian production facilities are all located on major rail lines allowing for efficient rail transport to one of two shipping terminals on the B.C. coast: Pinnacle's wholly-owned Westview terminal in Prince Rupert, and the Fibreco Terminal at the Port of Vancouver. The Company's Alabama production facility utilizes shipping facilities on the U.S. Gulf Coast. Pinnacle takes pride in its industry leading health and safety practices

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, Missouri, and 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. No primary feedstock is currently planned at the Demopolis facility.

5.3 Detailed description of Supply Base

The supply base area includes 183,951,715 acres/74,442,684 Ha. Private ownership accounts for 82% and public ownership (Federal and State) accounts for the remaining 18%. Forest certification accounts for the following percentages: American Tree Farm System® 6.2%, Sustainable Forstry Initiative® 11.2% and Forest Stewardship Council® 2.1% with the bulk of land (80.5%) not certified to any forest certification scheme. The vast majority of forests in the supply area are managed according to state forestry best management practices (BMPs). Overall BMP compliance is monitored by each state: AL 98.2% (2016), FL 99.6% (2017), GA 93.17% (2017), NC 85% (2016), SC 95.5% (2016), MS 95% (2019), LA 89% (2015), AR 93% (2018), KY 74% (2015), MO Data not available, TN 88% (2017), TX 94% (2015). Primary species planned for use include loblolly pine (*Pinus taeda*), slash pine (*Pinus elliotii*), shortleaf pine (*Pinus echinata*) and longleaf pine (*Pinus palustris*). None of these species are listed on the CITES list. Longleaf pine is on the IUCN Red List and is classified as endangered. Presence of HCV is identified and documented within various government and non-government databases.

5.4 Chain of Custody system

Alabama Pellets, LLC-Demopolis Division has implemented documented Chain of Custody (COC) procedures to determine feedstock compliance to SBP requirements. The organization is certified to PEFC™ Chain of Custody Standard. Feedstock will be tracked from the origin, through the pellet mill, and to the port. Feedstock will be delivered in trucks. After pelletizing the finished products will be loaded into barges and transported to the Port of Mobile, AL for aggregation, vessel loading and sale to customers. The legal point of sale will be determined based on individual customers and is planned for FOB Port of Mobile or CIF Customer facility. BP maintains internal systems to gather and control information related to feedstock such as supplier name, scale tickets, fiber type, certification (if applicable), and origin. The internal systems are utilized to track output volumes and documentation is maintained within credit table based on PEFC requirements. Trademark/logo use is controlled by Pinnacle Resource management as identified in procedures and no use of trademarks was observed or planned.

6 Evaluation process

6.1 Timing of evaluation activities

As a third-party certification body, SCS is permitted to explain its findings and clarify the requirements of standards. However, SCS is prohibited from providing prescriptive advice or consultancy as part of an evaluation in conjunction with certification services.

I.

Organization Name	Alabama Pellets, LLC.-Demopolis Division	
Primary Contact	Joseph Aquino Director of Sustainability	
Phone Number	250-562-5562 ext. 2220	
Address	970 Industrial Park Drive Demopolis, AL 36732	
Start Date	February 23, 2021	
Start Time of Opening Meeting	10:00 AM Central 8:00 AM Pacific	
Names of Sites to be Audited	[mandatory if more than one site audited] <input checked="" type="checkbox"/> N/A, only one site certified	

II.

Lead Auditor Name	Shannon Wilks	
Auditor Phone	903-278-7766 Dswilks1234@gmail.com ;	
ICT Connection		

III.

Information Communication Technology (ICT)	The review of documents, interview with Biomass Producer (BP) personnel and review of Port operations will be conducted through the use of Microsoft Teams information communication tool (ICT) and/or photographs/videos provided by the Biomass Producer. The pictures and/or videos need to be taken very close to the audit, preferably on the day(s) of the audit. Photos / videos need to feature a time stamp and be geo-tagged, i.e. include GPS data to verify location. All media provided by the certificate holder needs to allow the auditor to cover the entire scope of the certificate. <i>(Instructions emailed in separate attachment)</i>
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IV.

Audit Scope	Evaluation assessment of organization against: <ul style="list-style-type: none"> • SBP Standards 1, 2, 4, and 5
Scope of Certificate	<p>SBP: (Proposed)</p> <p>The certificate covers the manufacture and transport of wood pellets to the port of Mobile, Alabama USA for storage, aggregation and vessel loading. It also covers a Supply Base Evaluation for the sourcing of feedstock from the states of Alabama, Mississippi, Louisiana, Arkansas, Texas, South Carolina, North Carolina, Georgia, Florida, Tennessee, Kentucky and Missouri all within the USA and the communication of dynamic batch sustainability data.</p>
Status of Certificate	<i>Pending approval of Evaluation Audit</i>

V.

Audit Preparation	<p>The following documents should be made available prior to or during the audit:</p> <p>Be sure to have all documents available electronically for us to share through email or a communication tool such as GoToMeeting, Skype, Zoom, MS Teams, or other video chat application.</p> <p>SBP Requirements:</p> <ul style="list-style-type: none"> ■ Copy of SBP approved Chain of Custody certificate ■ Findings from last CoC audit and preferably recent audit report ■ Documented Chain of Custody procedures including SBP ST4 requirements ■ Occupational Health and Safety procedures and records of training ■ Policy on internal corruption rules (ex: employees taking bribes, etc.) ■ Description of the physical product (see Instruction Document 5B, 4.2) ■ Supplier list ■ Record of staff training on SBP procedures ■ Records of purchases, production, and sales (or invoice mockups if no purchases/ sales) ■ Records of invoices from energy providers (electricity, diesel, propane, etc.) ■ (NOTE: please inform your auditor if you expect to need more than 15 minutes to gather relevant records at the time of the audit) ■ Outsourcing list and/or agreements (where relevant) ■ SREG and or SAR (where relevant) ■ Means to pass along relevant GHG data ■ Will require access to online Data Transfer System (DTS) at audit ■ Supply Base Evaluation
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	<ul style="list-style-type: none"> ■ Supply Base Report ■ Supply Base Report Annex 1
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VI.

Site Name or Location:	Alabama Pellets, LLC.-Demopolis Division	
Date and Time of Audit:	February 23-25, 2021; 10:00 AM (All Times listed in Central Zone unless otherwise denoted)	
Audit Activity	Items to Review / Actions	Approx. Start Time
Day 1 Opening meeting	Introductions, auditor review of audit scope, audit plan and intro/update to SBP and SCS standards and protocols, client description of organization.	February 23, 2021 10:00 AM
Review of previous nonconformities (if applicable)	Review of evidence of corrective actions taken by organization since previous audit (records, documents, pictures, etc.) Not Applicable-Evaluation Audit	N/A
SBP Review of SBP Checklists (STD 1,2,4 & 5)	Review of SBP Checklists for Standards 1, 2, 4 & 5 with Alabama Pellets, LLC-Demopolis Division personnel. Review of Supply Base Report, Supply Base Report Annex 1 and SAR.	10:30 AM
	Lunch	12:30 PM
Staff interviews	Use of ICT to conduct interviews with appropriate number and diversity of staff to assess knowledge of SBP procedures related to their position. <ul style="list-style-type: none"> • EHS Manager • Human Resource Manager 	1:30 PM
Secondary/Tertiary Supplier Interviews (Conducted via Phone)	Desk Interviews with three (3) Raw Material Secondary Feedstock Vendors: (Estimated at 20 minutes/call) <ul style="list-style-type: none"> • Farley's Forest Products (1) • Smith Companies (3) • Biewer-Newton (2) 	2:30 PM
Daily Summary and Review	Convene with all relevant staff to summarize day's audit findings and discuss next day's agenda.	4:00 PM
Day 2 SBP ST 5, ID5A, ID5B, ID5C & ID5E	Use of ICT: Review of GHG data collection, SAR, SREG (if applicable) and interviews with relevant staff.	February 24, 2021 10:00 AM

	Lunch	12:30 PM
Review of Pellet Operations	Use of ICT: Review of Demopolis Pellets, LLC. operations, interviews with appropriate personnel and review of GHG data (if applicable), storage, aggregation and loading process. Review of data validation, inbound/outbound procedures and methods of accounting and management system.	1:30 PM
Review of Port Operations	Use of ICT: Review of port of Mobile operations, interviews with appropriate personnel and review of GHG data (if applicable), storage, aggregation and loading process. Review of data validation, inbound/outbound procedures and methods of accounting and management system.	3:00 PM
Daily Summary and Review	Convene with all relevant staff to summarize day's audit findings and discuss next day's agenda.	4:00 PM
Day 3 SBP Auditor Review of SBP Checklists (STD 1,2,4 & 5)	Auditor review of SBP Checklists for Standards 1, 2, 4 & 5 (Conducted Offline)	February 25, 2021 8:00 AM
Auditor review of notes and preparation for closing meeting	Auditor review of notes and preparation for closing meeting.	3:00 PM
Closing meeting and review of findings	Use of ICT: Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps.	4:00 PM
End		

6.2 Description of evaluation activities

The remote Evaluation Audit was conducted over the course of 3 days and included an audit of the Supply Base Evaluation, Documented Management System, Collection and Communication of Greenhouse Gas data, virtual site tour, interviews with BP personnel, barge operator and secondary suppliers. Three (3) randomly selected secondary/tertiary suppliers were selected based on SCS Global Services scoping data.

Audit methods consisted of review of documentation, studies, assessments, surveys, websites, and staff interviews. The virtual site tour was conducted by GPS/Time Stamped photos taken on February 18, 2021. BP was evaluated by review of documentation, monitoring results, observations, and interviews. Significant time was spent on the Supply Base Report, Chain of Custody System, Documented Management System and Greenhouse Gases.

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. SCS conducted a stakeholder consultation prior to the audit date. No comments were received or came to the attention of SCS or the auditor.

7 Results

7.1 Main strengths and weaknesses

The main strengths of Alabama Pellets, LLC.-Demopolis Division includes an effective management system, knowledgeable personnel and greenhouse gas record keeping controls. Personnel involved in the SBP program are knowledgeable and demonstrated understanding of SBP procedures. Biomass Producer maintains an effective program to monitor origin of feedstock for all suppliers of secondary/tertiary feedstock. Review of Sustainability Policy communicates the commitment of Biomass Producer to source feedstock sustainably. Secondary Supplier Questionnaires and feedstock purchase contracts were utilized to ensure the origin of feedstock was within Supply Base. The weaknesses are described in section 10.

7.2 Rigour of Supply Base Evaluation

The supply base was determined based on secondary feedstock suppliers to ensure the complete geography of the supply area. Credible third-party resources were utilized to identify, confirm and reduce all risk ratings to low. Resources include Worldwide Governance Indicators, US Endangered Species Act, US Fish and Wildlife Service, US Forest Service, USFS FIA data, FSC US National Risk Assessment, International Labor Organization, US Constitution, US Protected Area Database (PADUS), IUCN, World Wildlife Fund, State Forest Action Plans, Forest Stewardship Program, State BMP Manuals and other verifiable credible sources. Forest ownership, critical ecosystems, biodiversity, protected habitats and species, forest management regimes, economic impacts, Indigenous rights and implementation rates of Best Management Practices were reviewed effectively.

Alabama Pellets, LLC.-Demopolis Division feedstock suppliers will be visited at least annually to confirm their supply base and the species they purchase for their operations based on interviews and review of procedures. Monitoring will be conducted and a program is defined for the review and continual improvement for the requirements within SBP and PEFC Standards.

7.3 Collection and Communication of Data

Biomass Producer maintains detailed records of all greenhouse gas data records electronically. Management system is utilized for efficiency as BP has total of 10 facilities. The records are maintained by the central office sustainability group and were observed during the remote audit. Electrical energy use was invoiced by month and will require adjustment to match the reporting periods for beginning and end of period. Final meters have not been installed due to construction, facility manager indicates two (2) meters planned. Other energy use such as diesel, gasoline and natural gas does not appear to require adjustments but final determination will be determined after facility is operational. Records of feedstock, volumes and distances are maintained by organization.

7.4 Competency of involved personnel

The Supply Base Evaluation was completed by experienced Pinnacle Renewable Energy personnel and reviewed by 3rd party consultant, Greener Options, Inc. Pinnacle personnel were knowledgeable of requirements, maintained detailed records/procedures and demonstrated during the audit their competence to SBP requirements.

Gary Boyd, Greener Options Inc. is a Society of American Foresters (SAF) Certified Forester, a Georgia Registered Forester and an ISO 14001 Environmental Management Lead Auditor. He is also a lead auditor and conducts audits to the FSC, SFI and Programme for the Endorsement of Forest Certification (PEFC) chain of custody, controlled wood, fiber sourcing and forest management standards. He had more than 35 years of experience in the forestry profession.

7.5 Stakeholder feedback

One response from the evaluation stakeholder consultation was received. Response was positive and no reply required by the Biomass Producer. Auditor is not aware of any responses to SCS Global Services stakeholder consultation.

7.6 Preconditions

Not Applicable

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.

The results of the Supply Base Evaluation determined a low risk to all indicators within the SBP Framework Standard 1 Feedstock Compliance except for indicators 2.1.2, 2.1.3, 2.2.3, 2.2.4 and 2.4.1, which were determined as "specified risk". Risk ratings were determined by review of SBE, SBR and other supporting evidence such as SBP procedures, High Conservation Value Risk Assessment, Secondary Supplier Audit Checklist and Due Diligence Annual Summary.

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

Indicator	Risk rating (Low or Specified)		Indicator	Risk rating (Low or Specified)	
	Producer	CB		Producer	CB
1.1.1	Low	Low	2.3.3	Low	Low
1.1.2	Low	Low	2.4.1	Specified	Specified
1.1.3	Low	Low	2.4.2	Low	Low
1.2.1	Low	Low	2.4.3	Low	Low
1.3.1	Low	Low	2.5.1	Low	Low
1.4.1	Low	Low	2.5.2	Low	Low
1.5.1	Low	Low	2.6.1	Low	Low
1.6.1	Low	Low	2.7.1	Low	Low
2.1.1	Low	Low	2.7.2	Low	Low
2.1.2	Specified	Specified	2.7.3	Low	Low
2.1.3	Specified	Specified	2.7.4	Low	Low
2.2.1	Low	Low	2.7.5	Low	Low
2.2.2	Low	Low	2.8.1	Low	Low
2.2.3	Specified	Specified	2.9.1	Low	Low
2.2.4	Specified	Specified	2.9.2	Low	Low
2.2.5	Low	Low	2.10.1	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			

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

2.1.2: The Biomass Producer has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.

Mitigation: The BP implements a supplier mapping and communication program to monitor the activities of its suppliers across the supply area. The supplier mapping and communication program is applicable to secondary feedstocks as primary feedstocks are tracked by location prior to purchasing. The BP collects the following information using the secondary supplier questionnaire:

- General supplier information including location of mill
- Certification status
- How they collect and track their timber procurement activities – scale tickets, severance taxes
- BMP monitoring of procurement activities
- BMP violations in the review period
- Awareness of land conversion in their sourcing area
- Awareness of HCV's in their sourcing area
- General procurement practices – timber types, species, quality
- Complete counties where timber was sourced for the review period

The BP uses this information, particularly the county list, it collects from suppliers to determine the extent of the supply base area. If the supply base area exceeds the previous years area, the BP will include the new area during the next assessment period. The BP checks for overlaps with HCV areas to determine where there is overlap. A detailed package is compiled for each supplier to inform them of the findings.

The educational packages provided to each supplier allows them to make better informed procurement decisions. Through sharing of this data, the information becomes more widely known to all actors in the supply chain, effectively increasing the awareness of sensitive areas in the supply base.

Over time, the BP can use the information received from its suppliers to develop a risk matrix of their suppliers to determine if any suppliers or sourcing areas require any additional mitigations or interventions.

The information provided by the secondary suppliers are reviewed annually and verified by third party auditors to ensure they are complete and correct. The annual information collection and verification exercise reviews the mitigations effectiveness. Any deficiencies are uncovered and new methodologies are developed to close any uncovered gaps. This system is robust, replicable and reviewed annually and revised if necessary. It requires concerted effort by both the BP and its suppliers and will strengthen over time.

In conclusion, the mitigation measure is effective at identifying where all feedstock is sourced back to the concession of harvest. It is also effective at identifying which suppliers are at risk of non-compliance with an HCV area management strategy. The mitigation process identifies which forest management practices are effective at addressing the HCV concern and is communicated to the suppliers. The information provided by the supplier is verified for correctness and completeness during annual review audits.

2.1.3: The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not sourced from forests converted to plantation forest or non-forest lands after January 2008.

Mitigation: The BP implements a supplier mapping and communication program to monitor the activities of its suppliers across the supply area. The supplier mapping and communication program is applicable to secondary feedstocks as primary feedstocks are tracked by location prior to purchasing. The BP collects the following information using the secondary supplier questionnaire:

- General supplier information including location of mill
- Certification status
- How they collect and track their timber procurement activities – scale tickets, severance taxes
- BMP monitoring of procurement activities
- BMP violations in the review period
- Awareness of land conversion in their sourcing area
- Awareness of HCV's in their sourcing area
- General procurement practices – timber types, species, quality
- Complete counties where timber was sourced for the review period

The BP uses this information, particularly the county list, it collects from suppliers to determine the extent of the supply base area. If the supply base area exceeds the previous years area, the BP will include the new area during the next assessment period. The BP checks for overlaps with HCV areas to determine where there is overlap. A detailed package is compiled for each supplier to inform them of the findings.

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2.2.3: The Biomass Producer has implemented appropriate control systems and procedures to ensure that key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).

Mitigation: The BP implements a supplier mapping and communication program to monitor the activities of its suppliers across the supply area. The supplier mapping and communication program is applicable to secondary feedstocks as primary feedstocks are tracked by location prior to purchasing. The BP collects the following information using the secondary supplier questionnaire:

- General supplier information including location of mill

- Certification status
- How they collect and track their timber procurement activities – scale tickets, severance taxes
- BMP monitoring of procurement activities
- BMP violations in the review period
- Awareness of land conversion in their sourcing area
- Awareness of HCV's in their sourcing area
- General procurement practices – timber types, species, quality
- Complete counties where timber was sourced for the review period

The BP uses this information, particularly the county list, it collects from suppliers to determine the extent of the supply base area. If the supply base area exceeds the previous years area, the BP will include the new area during the next assessment period. The BP checks for overlaps with HCV areas to determine where there is overlap. A detailed package is compiled for each supplier to inform them of the findings.

The educational packages provided to each supplier allows them to make better informed procurement decisions. Through sharing of this data, the information becomes more widely known to all actors in the supply chain, effectively increasing the awareness of sensitive areas in the supply base.

Over time, the BP can use the information received from its suppliers to develop a risk matrix of their suppliers to determine if any suppliers or sourcing areas require any additional mitigations or interventions.

The information provided by the secondary suppliers are reviewed annually and verified by third party auditors to ensure they are complete and correct. The annual information collection and verification exercise reviews the mitigations effectiveness. Any deficiencies are uncovered and new methodologies are developed to close any uncovered gaps. This system is robust, replicable and reviewed annually and revised if necessary. It requires concerted effort by both the BP and its suppliers and will strengthen over time.

In conclusion, the mitigation measure is effective at identifying where all feedstock is sourced back to the concession of harvest. It is also effective at identifying which suppliers are at risk of non-compliance with an HCV area management strategy. The mitigation process identifies which forest management practices are effective at addressing the HCV concern and is communicated to the suppliers. The information provided by the supplier is verified for correctness and completeness during annual review audits.

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

Mitigation: The BP implements a supplier mapping and communication program to monitor the activities of its suppliers across the supply area. The supplier mapping and communication program is applicable to secondary feedstocks as primary feedstocks are tracked by location prior to purchasing. The BP collects the following information using the secondary supplier questionnaire:

- General supplier information including location of mill
- Certification status
- How they collect and track their timber procurement activities – scale tickets, severance taxes
- BMP monitoring of procurement activities
- BMP violations in the review period
- Awareness of land conversion in their sourcing area
- Awareness of HCV's in their sourcing area
- General procurement practices – timber types, species, quality
- Complete counties where timber was sourced for the review period

The BP uses this information, particularly the county list, it collects from suppliers to determine the extent of the supply base area. If the supply base area exceeds the previous years area, the BP will include the new area during the next assessment period. The BP checks for overlaps with HCV areas to determine where there is overlap. A detailed package is compiled for each supplier to inform them of the findings.

The educational packages provided to each supplier allows them to make better informed procurement decisions. Through sharing of this data, the information becomes more widely known to all actors in the supply chain, effectively increasing the awareness of sensitive areas in the supply base.

Over time, the BP can use the information received from its suppliers to develop a risk matrix of their suppliers to determine if any suppliers or sourcing areas require any additional mitigations or interventions.

The information provided by the secondary suppliers are reviewed annually and verified by third party auditors to ensure they are complete and correct. The annual information collection and verification exercise reviews the mitigations effectiveness. Any deficiencies are uncovered and new methodologies are developed to close any uncovered gaps. This system is robust, replicable and reviewed annually and revised if necessary. It requires concerted effort by both the BP and its suppliers and will strengthen over time.

In conclusion, the mitigation measure is effective at identifying where all feedstock is sourced back to the concession of harvest. It is also effective at identifying which suppliers are at risk of non-compliance with an HCV area management strategy. The mitigation process identifies which forest management practices are effective at addressing the HCV concern and is communicated to the suppliers. The information provided by the supplier is verified for correctness and completeness during annual review audits.

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).

Mitigation: The BP implements a supplier mapping and communication program to monitor the activities of its suppliers across the supply area. The supplier mapping and communication program is applicable to secondary feedstocks as primary feedstocks are tracked by location prior to purchasing. The BP collects the following information using the secondary supplier questionnaire:

- General supplier information including location of mill
- Certification status
- How they collect and track their timber procurement activities – scale tickets, severance taxes
- BMP monitoring of procurement activities
- BMP violations in the review period
- Awareness of land conversion in their sourcing area
- Awareness of HCV's in their sourcing area
- General procurement practices – timber types, species, quality
- Complete counties where timber was sourced for the review period

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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.*

No non-conformances or observations were identified during the evaluation audit.

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:	19/May/2021
Other comments:	<i>Click or tap here to enter text.</i>