

Control Union
Certifications B.V.
Evaluation of Nahunta
Pellets, LLC Compliance
with the SBP
Framework: Public
Summary Report



Completed in accordance with the CB Public Summary Report Template Version 1.0

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

Document history

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1 Overview

CB Name and contact: Control Union Certifications B.V.
 Primary contact for SBP: Mr. L. Verwijst
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 Report completion date: 04/Mar/2016
 Report authors: Mr. K. Jongste (Lead Auditor)
 Mr. M. Ferrucci (Technical Expert)
 Mr. J. Bastiaanse (Peer review)
 Mr. L. Verwijst (Certifier)

Certificate Holder: Nahunta Pellets, LLC
 15333 Highway 82
 Nahunta, GA

Producer contact for SBP: Mr. A. Farris, PMP
afarris@epelletsgroup.com

Certified Supply Base: Nahunta Pellets, LLC
 SBP Certificate Code: SBP-03-01
 Date of certificate issue: 06/Jul/2016
 Date of certificate expiry: 05/Jul/2021

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
☒	☐	☐	☐	☐

2 Scope of the evaluation and SBP certificate

The scope is in line with the application form and the scope mentioned on the certificate.

The following SBP standards are applicable: Standard 1, Standard 2, Standard 4 and Standard 5

Scope: The production of wood pellets with primary and secondary feedstock purchased from hundred eighteen (118) counties (15,324,665 hectares) in Alabama (3 counties), Georgia (78 counties) and Florida (37 counties) within the United States.

3 Specific objective

The specific objective of this Main evaluation was to confirm that Nahunta Pellets, LLC management system is capable of ensuring that all requirements of the specified SBP Standards are implemented across the entire scope of certification.

4 SBP Standards utilised

4.1 SBP Standards utilised

Nahunta Pellets, LLC is an SBP applicant organization with the following SBP standards in the scope of the Main audit:

<i>SBP Standard 1: Feedstock Compliance Standard</i> <i>Version 1.0: published 26 March 2015</i>
<i>SBP Standard 2: Verification of SBP-compliant Feedstock</i> <i>Version 1.0: published 26 March 2015</i>
<i>SBP Standard 4: Chain of Custody</i> <i>Version 1.0: published 26 March 2015</i>
<i>SBP Standard 5: Collection and Communication of Data</i> <i>Version 1.0: published 26 March 2015</i>

4.2 SBP-endorsed Regional Risk Assessment

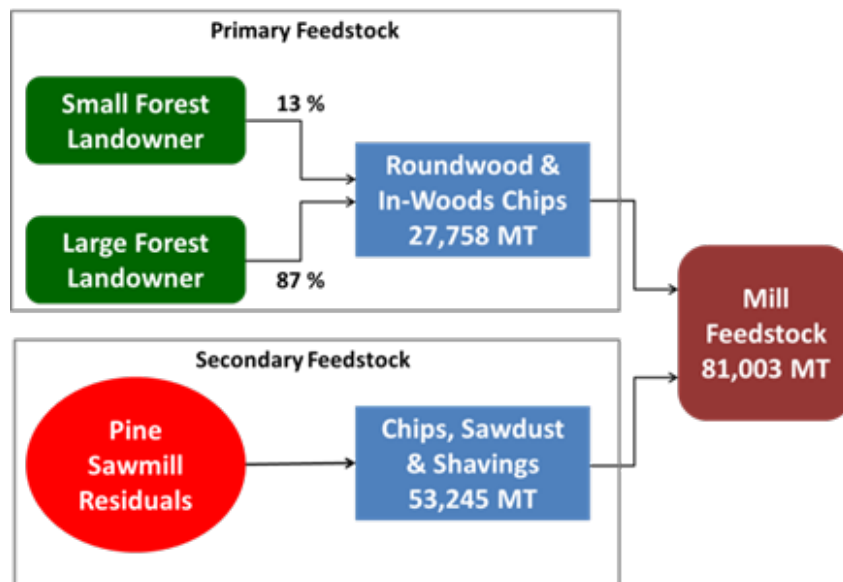
Not applicable

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

1. Summary of the company

The Nahunta Pellets LLC (NP) site of E-Pellets LLC, was originally a wood briquette plant and has been converted to a wood pellets plant in 2012. They have upgraded the system to be able to process also round wood and wet chips. The Nahunta Pellets plant has now a theoretical capacity of 150 000 MT with 6 Bliss pellets presses. Boiler fuel is used to fuel the furnace of the dryer.



NP purchases pine round wood and in-woods chips as its primary feedstock. Secondary feedstock is received in the form of pine residual chips, pine sawdust and pine shavings.

Primary species for these pine forests include Loblolly Pine (*Pinus taeda*), Slash Pine (*Pinus elliotii*) and Longleaf Pine (*Pinus palustris*).

Nahunta Pellets is ENPlus, GGL, PEFC Chain of Custody certified and FSC Chain of Custody/Controlled Wood certified.

The pellets are transported by trucks to Logistec at the port of Brunswick where the pellets are stored ready to be shipped by sea.

Logistec USA Inc. is contracted for the receiving, storage, and vessel loading of export pellets. Located in Brunswick, GA USA (225 Newcastle Street Brunswick, GA 31520). The pellets are stored in covered warehouses. Nahunta leases 3 completely separated warehouses: T3 (7500 MT capacity), T1 (5500 MT capacity) and T2 (2000 MT capacity). Nahunta rents warehouse T2 to Fram Renewable Fuels, since they lost warehouse space in a fire.

5.2 Description of Biomass Producer's Supply Base

NP purchases primary and secondary feedstock from hundred eighteen (118) counties (15,324,665 hectares) in Alabama (3 counties), Georgia (78 counties) and Florida (37 counties) within the United States. Forests are the predominant land use in this supply base (67%). Pine forests comprise the largest forest type (49%) of the supply area's forest followed by hardwood forests (38%). The pine/oak forest comprises 10% of the supply area's forest type while about 3% of the forest is considered non-stocked. About 62% of the supply area's forests are managed as natural forests (6,419,069 hectares) while the remaining 38% of the supply area's forests are artificially regenerated (3,918,395 hectares).

NP purchases its primary feedstock in the form of round wood and in-woods chips from primarily large landowners. Large landowners provide about 87% of the primary feedstock while small private landowners provide the remaining 13%. No primary feedstock originates from public lands.

The supply base was determined based on primary and secondary feedstock suppliers to ensure the complete geography of the supply area.

For more details see the Supply Base Report:

[http://www.epelletsgroup.com/files/1714/5672/9569/Nahunta_Pellets - Supply Base Report 12-09-15.pdf](http://www.epelletsgroup.com/files/1714/5672/9569/Nahunta_Pellets_-_Supply_Base_Report_12-09-15.pdf)

5.3 Detailed description of Supply Base

Conclusion of the Supply base:

Based on the results of the supply base evaluation there is low risk to all indicators within Principles 1 & 2 of SBP Framework Standard 1: Feedstock Compliance. This conclusion is based on the strong legal and regulatory system found within the supply base (NP-DOC-008 FSC Controlled Wood Risk Assessment / NP-DOC-008a PEFC Due Diligence Risk Assessment). Federal, state and local laws regulations are in place to address a wide range of indicators including, but not limited to, illegal harvesting, water quality, rare and endangered species, worker health and safety, labour rights and air quality. In addition to these laws and regulations, voluntary state forestry best management practices (BMPs) are in place to provide guidance to forest landowners and contractors on how to sustainably manage forests. The company has made these voluntary guidelines mandatory through contract language requiring the use of all BMPs.

Analysis using USDA Forest Service FIA data clearly shows the supply area's forests are growing more fiber and carbon stock than is being harvested. The company's supply base shows growth to harvest & mortality at a positive 1.14 for softwood. Carbon stocks in the supply base increased 1.54% from the end of 2007 to 2013. To further support these findings, volume growth in Georgia was 1.5 times greater than volume removal in 2013, with softwood growth being 1.3 times greater and hardwood growth 1.9 times greater. This data along with economic impact studies indicate this company is a key part of the area's economy providing employment opportunities at the manufacturing site as well as throughout the supply area.

For more details see the Supply Base Report:

[http://www.epelletsgroup.com/files/1714/5672/9569/Nahunta_Pellets - Supply Base Report 12-09-15.pdf](http://www.epelletsgroup.com/files/1714/5672/9569/Nahunta_Pellets_-_Supply_Base_Report_12-09-15.pdf)

5.4 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 15,324,665 ha
- b. Tenure by type (ha): Privately owned (8,589,788 ha) / Public (1,747,675 ha)
- c. Forest by type (ha): Temperate (10,337,463 ha)
- Forest by management type (ha): Plantation (3,918,395 ha) / Managed Natural (6,119,360 ha) / Natural (299,709 ha)
- d. Certified forest by scheme (ha): SFI (1,819,987 ha - total) (GA - 973,479 ha; FL - 826,508 ha; AL - 20,000 ha) / ATF (93,454 ha - total) (GA - 34,685 ha; FL - state-wide 35,748 ha; AL - 23,021 ha) / FSC (15,127 ha – total & GA only)

Feedstock

- e. Total volume of Feedstock: 81,002.89 tonnes
- f. Volume of primary feedstock: 27,757.70 tonnes
- g. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes
 - Large forest holdings certified to an SBP-approved Forest Management Schemes 87%
 - Large forest holdings not certified to an SBP-approved Forest Management Schemes 0%
 - Small forest holdings certified to an SBP-approved Forest Management Schemes 0%
 - Small forest holdings not certified to an SBP-approved Forest Management Schemes 13%
- h. All species in primary feedstock, including scientific name
 - Loblolly Pine (*Pinus taeda*)
 - Longleaf Pine (*Pinus palustris*)
 - Slash Pine (*Pinus elliotii*)
 - Miscellaneous Species:
 - Pond Pine (*Pinus serotina*)
 - American beech (*Fagus grandifolia*)
 - Ash (*Fraxinus* spp)
 - Basswood, American (*Tilia americana*)
 - Black cherry (*Prunus serotina*)
 - Black walnut (*Juglans nigra*)
 - Blackgum (*Nyssa sylvatica*)
 - Boxelder (*Acer negundo*)
 - Buckeye (*Aesculus* spp)
 - Eastern cottonwood (*Populus deltoides*)
 - Elm (*Ulmus* spp)
 - Hackberry (*Celtis occidentalis*)
 - Hickory (*Carya* spp)

Locust (Robinia spp)
Maple (Acer spp)
Oak (Quercus spp)
Persimmon (Diospyros virginiana)
Red maple (Acer rubrum)
Red mulberry (Morus rubra)
Red oak (Quercus rubra)
River birch (Betula nigra)
Sassafras (Sassafras albidum)
Sourwood (Oxydendrum arboreum)
Sugarberry (Celtis laevigata)
Sweetgum (Liquidambar styraciflua)
Sycamore (Platanus occidentalis)
Water oak (Quercus nigra)
White oak (Quercus alba)
Yellow-poplar (Liriodendron tulipifera)

i. Volume of primary feedstock from primary forest: 0 tonnes

j. 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%

k. Volume of secondary feedstock: Pine chip mill chips 50,060.49 tonnes

Pine sawdust 2,015.96 tonnes

Pine shavings 1,168.74 tonnes

l. Volume of tertiary feedstock: 0 tonnes

Note: a quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report. See http://www.epelletsgroup.com/files/1714/5672/9569/Nahunta_Pellets_-_Supply_Base_Report_12-09-15.pdf

5.5 Chain of Custody system

Nahunta Pellets is only receiving SBP compliant and SBP controlled raw materials. Therefore no segregation of raw material is needed. The readymade pellets are transported from temporary silo storage at the plant to external storage at the port. The port storage warehouses are separated dedicated for pellets for this producer only. Loading of the vessels is under supervision of third party cargo inspection company making sure there is no contamination or mixing during transshipping.

6 Evaluation process

6.1 Timing of evaluation activities

Activity	Date	Executed by
Preparation	26-10-2015 (telephone discussion, on scope)	Koen Jongste (Lead Auditor)
Desktop review	27-10-2015 (stakeholders), 17-11-2015 (SBR), 19-11-2015 (half a day), 26-11-2015 (half a day)	Koen Jongste, Mike Ferrucci
Head office audit	30-11-2015, 01-12-2015 (half a day) , 02-12-2015 (half a day)	Koen Jongste, Mike Ferrucci
Supplier audit	01-12-2015 (half a day site visit) , 02-12-2015 (half a day site visit)	Koen Jongste, Mike Ferrucci
Field audits	30-11-2015, 01-12-2015 (half a day site visit) , 02-12-2015 (half a day site visit) and 08-12-2015 (port).	Koen Jongste, Mike Ferrucci
GHG paper audit and evidence review.	17-12-2015, 30-12-15:	Koen Jongste (GHG / evidence review) Mike Ferrucci (evidence review)

Names and affiliations of people interviewed

Name:	Affiliation:
Mr. J. Fortner	General Manager of Nahunta Pellets
Mr. A. Farris	Project Manager of Epellets
Mr. J. Aldridge	Lab technician of Sega Biofuels
Ms. M. Carter	Administration of Sega Biofuels.
Mr. L. Bennett	Operator Sega Biofuels
Mr. L. Fudge	Langdale Forest Products
Mr. J. Barrett	Langdale Forest Products
Mr. B. Rampey	Renewable Energy Innovation
Mr. G.P. Boyd	Greener Options Inc.-Sustainability Consulting
Mr. R.A. Willard	Chief of Marketing & Utilization Georgia Forestry Commission (Stakeholder)
Mr. M. Elliott	Georgia Natural Heritage Program (Stakeholder)
Mr. D. Proctor	Operations Manager of Logistec
Mr. W. Johnson	Warehouse foreman of Logistec

6.2 Description of evaluation activities

The following activities were performed:

Evaluation step	Audited	Method used
Preparation	SBR, Stakeholders, Scope	Email, documents, telephone
Main audit	BP site visit, random check suppliers visit and forest inspections, External storage and harbour facility.	Visual inspection, Interview, documents, records
Re-evaluation	Documented evidence to solve the NC	Email, documents, telephone

See also above 6.1. First SBP audit performed.

6.3 Process for consultation with stakeholders

Several stakeholders of the stakeholder groups below were identified and contacted directly by Control Union Certifications B.V.:

- committee or working group developing forestry standards
- the State forest service or equivalent
- Regional NGOs that are involved or have an interest in social or environmental aspects of forest management, either at national or sub-national level, in the locality of the SB to be evaluated
- Representatives of indigenous peoples and local communities involved or interested in forest management, either at national or sub-national level, in the locality of the SB to be evaluated
- Representatives of forest workers
- Representatives of forest harvesting industry/forest owners associations;
- Forest research and education institutions; and
- Forest industries and associations.

The 36 identified stakeholders received a letter from Control Union Certifications (CUC) explaining that CUC was going to perform a SBP Main audit and that the stakeholders were invited to react and to provide relevant information. Three stakeholders reacted within the given timeline with positive remarks and two people were called by phone to get additional information.

7 Results

7.1 Main strengths and weaknesses

Below an overview of the Main strengths and weaknesses identified during this main assessment.

Strength	The company has a clear understanding of the pellet and local wood market.
	The company has a robust documented management system
	Show dedication to understand and implement the requirements of certification systems
Weakness	The consultant initially set up the system without involving the staff in the development of the system, The documentation of the system is sufficient, but there is a risk that the incorporation and implementation of the system into the day to day activities is not optimal. The NC's as stated below also pointout this issue. Also the risk remains that the staff working with the system has not been trained during the development of the system and may lack certification system specific knowledge. The NC's found below also of their PEFC system may indicate this.

7.2 Rigour of Supply Base Evaluation

The Supply base evaluation was found to have been performed well by an external consultant experienced in risk assessments for controlled wood systems in amongst others the South East USA, and the scope was adequate for the specific characteristics of the Supply Base and management systems is in place However some mitigating measures to be performed according the supply base evaluation were initially not performed.

7.3 Compilation of data on Greenhouse Gas emissions

Data were clearly compiled and registered by the company according to the standard requirements. Some data were initially missing and feedstock was not correctly classified. Also they have now started collecting more detailed information and recordkeeping on specific requirements for the greenhouse data (for example land preparation and harvesting to roadside).

7.4 Competency of involved personnel

The Supply Base Evaluation has been performed by an external local forestry expert consultant. The external consultant experienced in risk assessments for controlled wood systems in a.o. the South East USA (see the SBP for details). There was initially insufficient training in SBP specific knowledge for the staff which was identified and improved. Additional training was provided. The main responsible person involved with fibre sourcing and responsible for mitigating measures described in the SBE is a trained and experienced forester.

The main staff member involved with the SB and the fibre sourcing is also a trained and experienced forester.

7.5 Stakeholder feedback

Only positive input was received by stakeholders. Follow-up by Control Union Certifications was not necessary.

One stakeholder responded to support the SBP certification of NP, remarking that the timber industry provides a large number of direct and indirect jobs in the region and NP is a major employer. They also remarked that most of the area is covered by pine forest and sustainability is a major concern ensuring the suppliers to follow good forest management practices to guarantee forest productiveness of many generations to come.

One stakeholder responded that NP like other pellet producers in the Georgia catchment, enjoy the benefit of a resource that is growing 30% more wood fibre than is consumed. The stakeholder also stated that labour and forest practices in Georgia are governed by both State and Federal Law and have no concerns related to sustainability practices nor the impact that NP will have on the forest resource or greater environment. The stakeholder also indicated that they are available to answering any appropriate questions on this subject.

One stakeholder responded that they did not have direct knowledge of NP “forest management practices and all other related activities” but they had some important information about forestry in Georgia possibly useful in the evaluation process:

- Georgia’s forests are being sustainably managed to meet the numerous needs of our state today – averaging over 40% annual growth over removals. In addition, Georgia’s forest area has remained stable over the past fifty-years at about 24 million acres – the largest commercial forest in the U.S.,|
- Georgia’s forest industry provides \$28.9 billion in total economic activity and provides jobs for 135,732 workers. The wood pellet industry in Georgia is an important contributor to the economy of our state. Georgia’s wood pellet mill portfolio has grown from zero mills in 2007 to ten mills in 2015. The wood pellet industry provides new markets for small diameter trees and helps “keep working forests in forests”.
- Feedstock’s for wood pellet mills are plentiful in Georgia. In addition to the state’s standing forest inventory, nearly 350 million cubic feet of wood and bark by-products are produced annually at Georgia’s primary forestry mills. Furthermore, over 9 million dry tons of logging residues are produced annually in the state.
- These are just a few of the positive attributes that Georgia’s forests provide to our citizens and our forest industry – including the wood pellet industry.

They also indicated that they are available to answering any appropriate questions on this subject.

7.6 Preconditions

Mitigating measures relating education, training and awareness in the supply base that had not yet been initiated. Suppliers were not able to sign a contract stating they would never convert forest lands as additional safety, which has been solved by changing to an awareness and monitoring program. Initially insufficient training in SBP specific knowledge was identified by the staff for correctly work the system. Additional training was followed. SBR needs to be publicly available. Some SBP procedures were not worked out and documented and correct differentiation between SBP controlled and SBP compliant was not mentioned. No Alabama stakeholders were initially involved in the stakeholder process. Some data like land preparation and harvesting to roadside data was initially missing and feedstock not correctly classified. All the above preconditions were settled prior to issuance of the certificate.

8 Review of Biomass Producer's Risk Assessments

The risk assessment has been performed with the use of a local technical expert.

Determining the risk rating the likely impact of a non-compliance together with the probability of that non-compliance arising was used.

Table 1. 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 Biomass Producer's mitigation measures

No mitigation measures were needed according to the SBR to decrease the risks, since all risk were identified low initially. In compliance with the SBR standard the initial risk assessment may already include mitigating procedures, which was the case at NP.

10 Non-conformities and observations

Minor non-conformity:

- ☐ it is a temporary lapse, or
- ☐ it is unusual/non-systematic, or
- ☐ the impacts of the non-conformity are limited in their temporal and spatial scale, and
- ☐ it does not result in a fundamental failure to achieve the objective of the relevant SBP Criterion or another applicable certification requirement.

Minor non-conformities shall be corrected within one (1) year (under exceptional circumstances within two (2) years).

Major non-conformity:

A non-compliance shall be considered major if, either alone or in combination with further non-conformities, it results in, or is likely to result in a fundamental failure:

- ☐ to achieve the objective of the relevant requirement of the relevant SBP Criterion, or
- ☐ in a significant part of the applied management system.

The cumulative impact of a number of minor NCs may represent a fundamental failure or total breakdown of a system and thus constitute a major NC.

Fundamental failure is indicated by non-conformity which:

- ☐ continues over a long period of time, or
- ☐ is repeated or systematic, or
- ☐ affects a wide area and/or causes significant damage, or
- ☐ is indicated by the absence or a total breakdown of a system, or
- ☐ is not corrected or adequately responded to by the client once identified, or
- ☐ Is likely to impact upon the credibility of the SBP trademarks, or
- ☐ is likely to impact upon the integrity of the affected SBP-certified products

Major non-conformities shall be corrected within three (3) months (under exceptional circumstances within six (6) months).

The occurrence of five (5) or more major non-conformities in one surveillance audit shall be considered as a total breakdown of the certificate holder's management system and in those cases the certificate shall be suspended.

NC No:	2015-1
Date:	02-12-15
Major or Minor:	Major (closed)
Reference to standard:	Standard 1: Indicator 2.2.5
Standard requirement:	The BP has implemented appropriate control systems and procedures for verifying that the process of residue removal minimizes harm to ecosystems.
Evidence of non-compliance:	SBR states under 2.2.5 'Procedures are in place to monitor BMP compliance on tracts delivering fiber directly from the forest.' 'distribute "Forest Biomass Retention and Harvesting Guidelines for the Southeast" from the Forest Guild to be used as a tool to ensure biomass removal minimizes the harm to ecosystems.' SBP Procedures states under 1.2.5 Components of a Supply Base Evaluation: 'The evaluation assessed the company's systems and procedures that have been implemented to meet SBP Standards to ensure that all indicators are low risk. These systems and procedures include:' '2) NP monitors BMP compliance through NP-DOC-009 BMP Compliance Checklist' And 'during interview it was confirmed that the forest biomass retention is an item checked in our BMP Compliance Checklist' Non Compliance raised: Checklist NP-DOC-009 BMP Compliance Checklist said to be used for this purpose does not include biomass retention check item. Since this is described as a mitigating risk procedure not being implemented correctly could mean it has become an unspecified risk.
Corrective measure:	Update 30-12-15: Biomass guidelines and monitoring of implementation are now described in the "NP-PROC-001 Fiber Sourcing Procedures (12-22-15) v6 solving the NC (closed)

NC No:	2015-02
Date:	02-12-15
Major or Minor:	Major (closed)
Reference to standard:	Standard 1: Indicator 2.2.5
Standard requirement:	The BP has implemented appropriate control systems and procedures for verifying that the process of residue removal minimizes harm to ecosystems.
Evidence of non-compliance:	SBR states under 2.2.5 'Procedures are in place to monitor BMP compliance on tracts delivering fiber directly from the forest.' 'distribute "Forest Biomass Retention and Harvesting Guidelines for the Southeast" from the Forest Guild to be used as a tool to ensure biomass removal minimizes the harm to ecosystems.' Non Compliance raised: "Forest Biomass Retention and Harvesting Guidelines for the Southeast" from the Forest Guild said to be used as a tool to ensure biomass removal minimizes the harm to ecosystems and decrease the risk has not been send out. Since this is described as a mitigating risk procedure not being implemented correctly could mean it has become an unspecified risk
Corrective measure:	Update 30-12-15: Simple criteria for retaining biomass are now in place and suppliers are trained; these are consistent with the best available practical guidance, from the Forest Guild (closed)

NC No:	2015-03
Date:	02-12-15
Major or Minor:	Minor (closed)
Reference to standard:	Standard 1: Indicator 2.3.2
Standard requirement:	Adequate training is provided for all personnel, including employees and contractors (CPET S6d).
Evidence of non-compliance:	Adequate training is not yet provided for all personnel, including employees and contractors for the relevant chapter. The complicated guideline 'The Forest Biomass Retention and Harvesting Guidelines for the Southeast' as said to be used as a tool to ensure biomass removal minimizes the harm to ecosystems and decrease the risk of standard 1 Indicator 2.2.5
Corrective measure:	Update 30-12-15: The biomass criteria are on the "BMP Compliance Checklist" and Training has been conducted for contractors. (closed)

NC No:	2015-04
Date:	02-12-15
Major or Minor:	Major (closed)
Reference to standard:	Standard 1: Indicator 2.1.3
Standard requirement:	The BP has implemented appropriate control systems and procedures for verifying that feedstock is not sourced from forests converted to production plantation forest or non-forest lands after January 2008.
Evidence of non-compliance:	According to the SBR: Company fiber supply agreement prohibits suppliers from knowingly supplying fiber that is sourced from lands that were converted to production plantation forest or non-forest lands after January 2008. The Section XIII of the supplier agreement used to mitigate the risk of sourcing from lands that were converted is completely or partly crossed out for several suppliers (Ridgeway, Blue Linx, Gilman, Langdale). This means the risk is not mitigated by the use of the fiber supply agreement as was suggested in the SBR under indicator 2.1.3
Corrective measure:	Following documents updated: 1) E-Pellets_- _Risk_Assessment__Summary_- _HUB Approved 2015.pdf 2)New Contracts Gilman, BlueLinx, Ridgeway and Langdale .pdf 3)Nahunta Pellets - Supply Base Report - Annex 1 (03-04-16) .pdf 4)NP-DOC-015 Secondary Supplier Audit Checklist v4 5) NP-PROC-004 SBP Procedures (02-23-16) v4.doc 5 controlled wood indicators reviewed during the Secondary Supplier Audit and noted the findings on the NP-DOC-015 checklist. (closed)

NC No:	2015-05
Date:	02-12-15
Major or Minor:	Major (closed)
Reference to standard:	Standard 1: Indicator 2.2.8, Indicator 2.4.1, Indicator 2.4.2
Standard requirement:	The BP has implemented appropriate control systems and procedures for verifying that there is controlled and appropriate use of chemicals, and that Integrated pest management (IPM) is implemented wherever possible in forest management activities (CPET S5c)
Evidence of non-compliance:	According to the SBR: 'Company actively promotes the use of Integrated Pest Management to forest landowners as a sustainable forestry activity through various outreach programs.' (2.2.8) and 'The Company actively educates forest landowners about sustainable forestry through various outreach activities' (2.4.1 and 2.4.2) with reference to 'Records of outreach activities'. No such "records of the outreach activities" were available.
Corrective measure:	The following documents are updated: - Training record integrated pest control sustainable forest practices 27-1-16 Robert Varnedoe - Training record integrated pest control sustainable forest practices 28-1-16 Trevor Fortner First records of outreach activity of two landowners are documented, solving the NC. (closed)

NC No:	2015-06
Date:	02-12-15
Major or Minor:	Major (closed)
Reference to standard:	Standard 1: Indicator 2.3.2; Standard 4: Indicator 5.1.2 (FSC-STD-40-004 V2-1: chapter 1.2.2; PEFC ST 2002:2013 chapter 8.5.1)
Standard requirement:	Adequate training is provided for all personnel, including employees and contractors (CPET S6d). Standard 4: Indicator 5.1.2: The legal owner shall implement all aspects of the SBP-approved CoC system requirements for the SBP feedstock and biomass. Where there is a conflict between the requirements in the SBP-approved CoC system requirements and those specified in the SBP standards, the SBP standards shall have precedence: - FSC-STD-40-004 V2-1: chapter 1.2.2 The organization shall define the personnel responsible for each procedure, together with the qualifications and/or training measures required for its implementation. - PEFC ST 2002:2013 chapter 8.5.1 Human resources/personnel The organization shall ensure and demonstrate that all personnel performing activities affecting the implementation and maintenance of the chain of custody are competent on the basis of appropriate training, education, skills and experience.
Evidence of non-compliance:	During interview there was a clear indication that the SBP system was still loose on the organization and not completely implemented. For example some information was still known to the consultant only. Training had been received only on procedures and not on the SBP (implementation) itself. This gave some confusion for example on the status of SBP material.
Corrective measure:	Evidence rev 4.NP-DOC-003 Training Record (10-15-14) v1.docx 5. Nahunta Pellets - Supply Base Report (11-23-15) v2 6. Nahunta Pellets - Supply Base Report - Annex 1 (11-13-15) 7. SBP training 12-10-15.pdf 8. SBP-Framework-key-concepts-March-2015.pdf 9. SBP-Introduction-0315.pdf Records sent show that also general SBP training has been conducted based on the SBP training slides on the website. Interviews and communication gave a clear impression of sufficient understanding of SBP solving the raised NC.(closed)

NC No:	2015-07
Date:	02-12-15
Major or Minor:	Minor (closed)
Reference to standard:	Standard 1: Instruction Note 1A: item 4.3, Standard 2: Indicator 13.4, Standard 2: Instruction Note 2B: item 1.3
Standard requirement:	Standard 1: Instruction Note 1A: item 4.3 The BP will contact relevant stakeholders in the country or region concerned, one month prior to the Supply Base Evaluation. Standard 2: Indicator 13.4 Relevant stakeholders shall be informed of the SBE at least one month prior to the end of the evaluation. Stakeholders shall be provided with adequate information as a basis for informed comment, but may not be provided with sensitive or commercially confidential information. Standard 2: Instruction Note 2B: item 1.3 Interested stakeholders shall be notified at least one month in advance of the end of the SBE, and shall be provided with opportunities for engagement in management planning and monitoring processes likely to impact on their interests.
Evidence of non-compliance:	The initial letter was send 5 weeks prior to the audit, but the latest (version 3) of the stakeholder letter was sent only 15 days prior to the audit. (Minor)
Corrective measure:	17-12-15 Update: Since NC 2015-11) was also identified "No Alabama stakeholders were included in the consultation" Additional letters to Alabama stakeholders (Alabama Forestry Commission, Alabama Forestry Association, The Nature Conservancy - AL Chapter, Auburn University School of Forestry & Wildlife Sciences, The Longleaf Alliance, Blue Ox Forestry) have been sent on 4-12-15. As a precondition to solve NC 2015-11 the SBE shall be reviewed again after 04-01-15 also solving this NC (NC no 2015-07) (closed)

NC No:	2015-08
Date:	02-12-15
Major or Minor:	Major (closed)
Reference to standard:	Standard 2 Indicator 7.1; Standard 2 Instruction Note 2C; Standard 5 Indicator 8.1
Standard requirement:	Standard 2 Indicator 7.1: The BP shall prepare a Supply Base Report (SBR) which shall be made readily accessible on the BP's website. Commercially sensitive and confidential information may be excluded from the SBR. Standard 2 Instruction Note 2C1.1: The BP shall prepare a SBR which is publicly available and includes a summary of any SBE. Standard 5 Indicator 8.1: Each BP is required to publish a publicly available Supply Base Report (SBR).
Evidence of non-compliance:	The final SBR shall be made readily accessible on the BP's website. This is a precondition and therefore registered as a Major NC.
Corrective measure:	SBR has been posted on the website solving this NC: http://epelletsgroup.com/files/3214/5397/4744/Nahunta_Pellets_-_Supply_Base_Report_11-23-15_v2.pdf (closed)

NC No:	2015-09
Date:	02-12-15
Major or Minor:	Major (closed)
Reference to standard:	Standard 2: Indicator 15.3
Standard requirement:	Standard 2: Indicator 15.3 The BP management system shall document all necessary procedures
Evidence of non-compliance:	Paragraph 4.6.3 of the NP NP-PROC-004 SBP Procedures (11-11-15) v1.doc was not worked out and only contained the principles as stated in the SBP standards. Update (17-12-15): the procedures are now worked out and included in the new document NP-PROC-004 SBP Procedures (12-09-15) v2.doc solving the NC (closed).
Corrective measure:	Update (17-12-15): the procedures are now worked out and included in the new document NP-PROC-004 SBP Procedures (12-09-15) v2.doc solving the NC (closed).

NC No:	2015-10
Date:	02-12-15
Major or Minor:	Minor (closed)
Reference to standard:	Standard 2: Indicator 19.3
Standard requirement:	Standard 2: Indicator 19.3 The following list suggests additional options to support a robust and credible SBR process. It is neither exhaustive nor normative: • Prior to finalization, the draft SBR should be peer reviewed by an independent and competent party
Evidence of non-compliance:	By mention of a peer review by the experts people who actually drafted the SBP and did the SBE may claim to be more robust by the mention of this peer review (Minor)
Corrective measure:	17-12-15 In the new draft SBR (11-23-15) the reference to the experts who actually performed de SBE under the chapter peer review has been deleted. (closed).

NC No:	2015-11
Date:	02-12-15
Major or Minor:	Major (closed)
Reference to standard:	Standard 2: Instruction Note 2B: item 1.1
Standard requirement:	Standard 2: Instruction Note 2B: item 1.1 The BP shall proactively and transparently engage affected stakeholders in its SBE planning and monitoring processes, proportionate to the scale, intensity and risk of management activities. It shall engage interested stakeholders on request
Evidence of non-compliance:	No Alabama stakeholders were included in the consultation. 17-12-15 Update: Letters to Alabama stakeholders (Alabama Forestry Commission, Alabama Forestry Association, The Nature Conservancy - AL Chapter, Auburn University School of Forestry & Wildlife Sciences, The Longleaf Alliance, Blue Ox Forestry) have been sent on 4-12-15. (Partly closed). This means on 04-01-16 the SBE can be completed including any additional stakeholders concern or information. Any new concerns or items in the SBR need to be reevaluated by CUC (Precondition).
Corrective measure:	17-12-15 Update: Letters to Alabama stakeholders (Alabama Forestry Commission, Alabama Forestry Association, The Nature Conservancy - AL Chapter, Auburn University School of Forestry & Wildlife Sciences, The Longleaf Alliance, Blue Ox Forestry) have been send on 4-12-15. (Partly closed). This means on 04-01-16 the SBE can be completed including any addition stakeholders concern or information. No reaction was received from these additional stakeholders, solving the precondition. (closed)

NC No:	2015-12
Date:	02-12-15
Major or Minor:	Major (closed)
Reference to standard:	Standard 4: Indicator 5.2.2, Standard 4: Indicator 5.2.3
Standard requirement:	Standard 4: Indicator 5.2.2: Only the following feedstock inputs shall be considered to be Controlled Feedstock. • Feedstock received with an SBP-approved -controlled feedstock systems claim. • Feedstock sourced within the scope of the BP's own SBP-approved controlled feedstock system certification, for example, non-certified feedstock sourced in compliance with the FSC® Standard for Company Evaluation of FSC® Controlled Wood, FSC-STD-40-005. Standard 4: Indicator 5.2.2 Only the following feedstock inputs shall be considered to be SBP-compliant feedstock • Feedstock received with an SBP-approved Forest Management Scheme Claim or SBP-approved recycled claim. • Feedstock sourced from within the BP's defined Supply Base (SB) and for which a valid Supply Base Evaluation (SBE) has determined that all the indicators in the SBP Feedstock Compliant Standard are low risk. • Feedstock sourced within the scope of the BP's own SBP-approved Chain of Custody (CoC) System certification, for example, non-certified reclaimed feedstock sourced in compliance with FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC. • Post-consumer tertiary feedstock sourced following the requirements of Instruction Note 4A, SBP tertiary feedstock requirements.
Evidence of non-compliance:	During the verification of the NP SBP procedures v1 and interviews it was unclear what would be considered SBP-compliant and SBP-controlled biomass. And how raw materials would be allocated.
Corrective measure:	Update 17-12-15: New Chain of custody procedures v5 and SBP procedures v2 have been revised to add clear definitions of SBP-compliant biomass and SBP-controlled biomass. Interviews and communication also indicated understanding the difference between SBP controlled and SBP compliant materials to solve the NC. (closed)

NC No:	2015-13
Date:	02-12-15
Major or Minor:	Major (closed):
Reference to standard:	Standard 2 indicator: 5.4.1
Standard requirement:	Standard 2: 5.4.1 Biomass supplied with an SBP claim shall, in addition to meeting the requirements specified in the SBP-approved CoC system being implemented, be supplied with the following information: a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product – this must correspond to the description of the product given in the input and output records d) The quantity of the products sold with specific batch data
Evidence of non-compliance:	Layout of the SBP claim could not be shown.
Corrective measure:	17-12-15 Update: NP-PROC-002 Chain of Custody (12-09-15) v5 has been revised to address SBP claims. The referred NP-PROC-004 SBP Procedures (12-09-15) v2 contains the procedure prescribing all the required information shall be on the SBP claim. (closed)

NC No:	2015-14
Date:	02-12-15
Major or Minor:	Major (closed):
Reference to standard:	Standard 5 indicator: 7.1; Instruction Document 5A: Collection and Communication of Data Indicator 3.1.1
Standard requirement:	Standard 5: 7.1 The BP shall categorise the feedstock into one or more Product Groups. Details of the product groups are found in Instruction Document 5A: Collection and Communication of Data Instruction Document 5A: Collection and Communication of Data Indicator 3.1.1 Feedstock shall be classified according to the following categories. Both the EC and UK feedstock type are required.
Evidence of non-compliance:	Feed stock was not classified (Grouping) in 2015 SBP GHG AF v1. Update 02-12-15: the new version 2015 SBP GHG AF v3 has the grouping as described solving the NC (closed)
Corrective measure:	Update 02-12-15: the new version 2015 SBP GHG AF v3 has the grouping as described solving the NC (closed)

NC No:	2015-15
Date:	02-12-15
Major or Minor:	Major (closed)
Reference to standard:	Standard 5: Indicator 3.3.1, Standard 5: Indicator 3.4.1, 3.4.2, 3.4.3, Standard 5: Indicator 3.5.1, 3.5.2, Standard 5: Indicator 5.2.1, 5.2.2
Standard requirement:	Standard 5: 3.3.1 Where forest products, rather than residues, are used, the BP shall calculate the total energy used for soil preparation, planting, forest management methods (such as short rotation forestry) and harvesting of forest products. The energy used in chipping (if applicable) is reported separately Standard 5: 3.4.1 Where forest products, rather than residues, are used, the BP shall provide the necessary data to calculate the energy embedded in the fertilizer used for forest products. Standard 5: 3.4.2 The total amount of fertiliser applied to the relevant area during the rotation period shall be reported in kg fertiliser/t harvested wood (taking into account the total amount of wood harvested during the rotation period). Each type of fertiliser shall be reported separately, e.g. N, P2O5 and K2O. It is not necessary to report other types of fertiliser and other components of fertilisers. Standard 5: 3.4.3 To enable calculation of input fertiliser as kg (ingredient) / ha, the average harvested wood / ha shall be recorded
Standard requirement: (continued)	Standard 5: 3.5.1 Where forest products, rather than residues, are used, the BP shall provide the necessary data to calculate the energy embedded in pesticides used on forest products. This is the pesticide used in the forest throughout the reporting period and shall be reported in kg active substance/t harvested wood (taking into account the total amount of wood harvested during the rotation period). The concentration of the active substance shall be taken into account in the calculation. Standard 5: 3.5.2 To enable calculation of input pesticides as kg (ingredient) / ha, the average harvested wood/ha shall be recorded. Standard 5: 5.2.1 The legal owner shall report the fuel and power used at the different storage, handling and transshipment locations within the scope of its certification. Energy usage includes that from sources including vehicles, fans and conveying, loading or stacking systems. Diesel use is reported in litres/t biomass, electricity use in kWh/t biomass. Standard 5: 5.2.2 The legal owner should provide an annual overview of the quantity of biomass handled by the facilities involved, as well as the annual fuel and/or power use of those facilities. Supporting material shall include: fuel invoices, power invoices, meter readings and fuel logbooks. The operator shall calculate the specific consumption during the reference period. 5.2.3 Where a detailed overview of the consumption is not available, the legal owner shall justify the use of alternative data, such as utilising hourly fuel/power use of the equipment involved and the relevant operating hours, to the auditor

Evidence of non-compliance:	GHG registration not finalized: Data Total energy used for soil preparation, Planting, fertilizer and pesticide use is missing as well as the fuel and power used at the different storages, handling and transshipment
Corrective measure:	SEGA Power Consumption.xlsx 2015 SBP GHG AF v4.xlsx are updated GHG data is now complete (closed)

NC No:	2015-16
Date:	02-12-15
Major or Minor:	Major (closed):
Reference to standard:	Standard 4 indicator: 5.2.4
Standard requirement:	5.2.4 When feedstock or biomass is received with an SBP-approved Chain of Custody (CoC) Systems partial claim (for example a % claim) the BP shall calculate the proportion of the feedstock or biomass that is SBP-compliant feedstock and the corresponding proportion that is Controlled feedstock in-line with the SBP approved CoC system being implemented by the BP to determine output claims.
Evidence of non-compliance:	Material received from Rayonier SFI certified forest (via wood dealer Tarland & Timber) was although received without a PEFC certified claim counted as PEFC certified material in the SFI percentage registration. This could be seen an issue for the PEFC/SFI certification. But since feedstock received with an SBP-approved Forest Management Scheme Claim could be counted as SBP compliant feedstock it is important that this registration is correct and therefore to be considered within the scope of this SBP audit. Update 08-12-15: registration corrected solving the NC (closed)
Corrective measure:	Nahunta pellets certified OEFC_SFI Percentage and FSC credits .xlsx Update 08-12-15: registration corrected solving the NC (closed)

11 Certification decision

The management system, procedures, and techniques of Nahunta Pellets, LLC have been assessed by CUC according to the standard(s) described in chapter 4.1 of this summary. In the opinion of the lead auditor (Koen Jongse):

☒ Nahunta Pellets, LLC is in conformity with the certification requirements and a certificate should be issued.

Date of certification: 06/Jul/2016

Expiry date of certificate: 05/Jul/2021

Once certified, Nahunta Pellets, LLC will be audited at least annually to monitor its continued conformity with all applicable certification requirements. Nahunta Pellets, LLC will also be required to fulfil all the corrective actions (if applicable) within the given timeframes, as mentioned in section 9.

12 Surveillance updates

This was a Main Audit, a surveillance up-date is not yet applicable.