



# **Supply Base Report: Effingham Pellets LLC**

## **Second Surveillance Audit**

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# Completed in accordance with the Supply Base Report Template Version 1.5

For further information on the SBP Framework and to view the full set of documentation see [www.sbp-cert.org](http://www.sbp-cert.org)

## *Document history*

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# Contents

- 1 Overview**
  - 2 Description of the Supply Base**
    - 2.1 General description
    - 2.2 Description of countries included in the Supply Base
    - 2.3 Actions taken to promote certification amongst feedstock supplier
    - 2.4 Quantification of the Supply Base
  - 3 Requirement for a Supply Base Evaluation**
  - 4 Supply Base Evaluation**
    - 4.1 Scope
    - 4.2 Justification
    - 4.3 Results of risk assessment and Supplier Verification Programme
    - 4.4 Conclusion
  - 5 Supply Base Evaluation process**
  - 6 Stakeholder consultation**
    - 6.1 Response to stakeholder comments
  - 7 Mitigation measures**
    - 7.1 Mitigation measures
    - 7.2 Monitoring and outcomes
  - 8 Detailed findings for indicators**
  - 9 Review of report**
    - 9.1 Peer review
    - 9.2 Public or additional reviews
  - 10 Approval of report**
- Annex 1: Detailed findings for Supply Base Evaluation indicators**
- Annex 2: Detailed findings for REDII**

# 1 Overview

**Producer name:** Effingham Pellets LLC

**Producer address:** 4905 Ingram Bypass, 29541 Effingham, United States

**SBP Certificate Code:** SBP-04-71

**Geographic position:** 34.090000, -79.650000

**Primary contact:** Thomas Brodie, +1 843 662 1483 x 233,thomas@cilumber.com

**Company website:** N/A

**Date report finalised:** N/A

**Close of last CB audit:** N/A

**Name of CB:** SCS Global Services

**SBP Standard(s) used:** SBP Standard 1: Feedstock Compliance Standard, SBP Standard 2: Verification of SBP-compliant Feedstock, SBP Standard 4: Chain of Custody, SBP Standard 5: Collection and Communication of Data Instruction

**Weblink to Standard(s) used:** <https://sbp-cert.org/documents/standards-documents/standards>

**SBP Endorsed Regional Risk Assessment:** Not applicable

**Weblink to SBR on Company website:** N/A

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations					
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance	Re-assessment
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 2 Description of the Supply Base

### 2.1 General description

**Feedstock types:** Tertiary

**Includes Supply Base evaluation (SBE):** Yes

**Includes REDII:** N/A

**Includes REDII SBE:** No

**Feedstock origin (countries):** United States

### 2.2 Description of countries included in the Supply Base

**Country:**United States

**Area/Region:** North Carolina, South Carolina

**Sub-Scope:** N/A

**Exclusions:** No

Effingham Pellets, LLC (EP) purchases tertiary feedstock in the form of pine shavings exclusively from an adjacent pine sawmill owned by one of the owners of this wood pellet facility and occasionally from two other pine sawmills nearby. The supply base includes forty-eight (48) counties (8,525,354 hectares) in North Carolina and South Carolina within the United States.

### 2.3 Actions taken to promote certification amongst feedstock supplier

EP is certified to the SFI Chain of Custody Standard (SCS-SFI/COC-008814). EP's primary supplier, CILCO, is certified to the SFI Forest Management Standard (NSF-SFI-FM-C0616436), the SFI Fiber Sourcing Standard (NSF-SFI-FS-C0616436) and the SFI Chain of Custody Standard (NSF-SFI-COC-C0616436). One of the two other residual suppliers is certified to the SFI Fiber Sourcing Standard (NSF-SFI-FS-C0079539).

CILCO continues to promote SFI and American Tree Farm certification through the distribution of landowner packets. These packets provide educational information on forest certification programs such as the American Tree Farm system. CILCO provides this information to landowners when timber is purchased

for the supplier's sawmill which provides all of the feedstock. In addition, CILCO requires logging operations to be conducted by loggers trained in accordance with the state training program as conducted by the SFI state implementation committee.

## 2.4 Quantification of the Supply Base

### Supply Base

- a. **Total Supply Base area (million ha):** 8.52
- b. **Tenure by type (million ha):**4.71 (Privately owned), 0.65 (Public)
- c. **Forest by type (million ha):**5.36 (Temperate)
- d. **Forest by management type (million ha):**3.94 (Managed natural), 1.42 (Plantation)
- e. **Certified forest by scheme (million ha):**0.20 (FSC), 1.06 (PEFC), 1.04 (SFI)

**Describe the harvesting type which best describes how your material is sourced:** Mix of the above

**Explanation:** Most thinnings are conducted in pine stands where 20-30% of merchantable trees are removed leaving the residual stand with the best trees evenly spaced throughout the harvest area. Clearcuts are completed in pine and hardwood stands that are 25-30 years old for pine and over 40 years old for hardwood stands.

**Was the forest in the Supply Base managed for a purpose other than for energy markets?** Yes - Majority

**Explanation:** Forests are harvested producing multiple products including pulpwood, small sawtimber, sawtimber and poles. These other forest products and their associated markets dictate what forests are harvested and when. The most recent USDA Forest Service Forest Inventory & Analysis (FIA) Timber Products Output (TPO) reported that in 2022 there was a total of 28.8 million greens tons of roundwood harvested within the EP supply base. EP uses 0.2% of the overall wood fiber harvested annually in its overall supply area.

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

**Explanation:** EP encourages reforestation through its landowner awareness programs.

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

**Explanation:** N/A

**What is the estimated amount of REDII-compliant sustainable feedstock that could be harvested annually in a Supply Base (estimated):** N/A

**Explanation:**N/A

### Feedstock

**Reporting period from:** 01 Jan 2023

**Reporting period to:** 31 Dec 2023

- a. **Total volume of Feedstock:** 1-200,000 tonnes
- b. **Volume of primary feedstock:** 0 N/A
- c. **List percentage of primary feedstock, by the following categories.**

- Certified to an SBP-approved Forest Management Scheme: N/A
  - Not certified to an SBP-approved Forest Management Scheme: N/A
- d. List of all the species in primary feedstock, including scientific name:**
- e. Is any of the feedstock used likely to have come from protected or threatened species? N/A**
- Name of species: N/A
  - Biomass proportion, by weight, that is likely to be composed of that species (%):
- f. Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):**
- g. Softwood (i.e. coniferous trees): specify proportion of biomass from (%):**
- h. Proportion of biomass composed of or derived from saw logs (%):**
- i. Specify the local regulations or industry standards that define saw logs: N/A**
- j. Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):**
- k. Volume of primary feedstock from primary forest: N/A**
- l. List percentage of primary feedstock from primary forest, by the following categories. Subdivide by SBP-approved Forest Management Schemes:**
- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: N/A
  - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: N/A
- m. Volume of secondary feedstock: 0 N/A**
- Physical form of the feedstock:
- n. Volume of tertiary feedstock: 1-200,000 tonnes**
- Physical form of the feedstock: Shavings
- o. Estimated amount of REDII-compliant sustainable feedstock that could be collected annually by the BP: N/A**

Proportion of feedstock sourced per type of claim during the reporting period				
Feedstock type	Sourced by using Supply Base Evaluation (SBE) %	FSC %	PEFC %	SFI %
Primary	0.00	0.00	0.00	0.00
Secondary	0.00	0.00	0.00	0.00
Tertiary	5.00	0.00	0.00	95.00
Other	0.00	0.00	0.00	0.00

### 3 Requirement for a Supply Base Evaluation

*Note: Annex 1 is generated by the system if the SBE is used without Region Risk Assessment(s). Annex 2 is generated if RED II SBE is in the scope.*

**Is Supply Base Evaluation (SBE) is completed? Yes**

The scope of the supply base evaluation of Effingham Pellets, LLC was to confirm adherence to all indicators of Principles 1 & 2 of SBP Framework Standard 1: Feedstock Compliance Standard. EP has implemented policies and procedures appropriate to the size and scale of its operations and no indicators were excluded. The supply base evaluation includes all tertiary feedstocks that are sourced from the 48 counties identified in North Carolina and South Carolina.

**Is REDII SBE completed? N/A**

N/A



## 4 Supply Base Evaluation

*Note: Annex 2 is generated if RED II is in the scope.*

### 4.1 Scope

**Feedstock types included in SBE:** Tertiary

**SBP-endorsed Regional Risk Assessments used:** Not applicable

**List of countries and regions included in the SBE:**

**Country:** United States

**Indicator with specified risk in the risk assessment used:**

**Specific risk description:**

N/A

### 4.2 Justification

The evaluation assessed each of the indicators within Principles 1 & 2 of SBP Framework Standard 1: Feedstock Compliance to determine adherence with each indicator. This assessment reviewed applicable laws and regulations and forestry best management practices, analysed high conservation areas within the supply base for their rareness and level of protection and assessed the economic impact of the company's presence in the supply base.

This review and analysis was completed using stated laws and regulations, published forestry best management practices, recognized research and data from the USDA Forest Service and conservation organizations such as the World Wildlife Fund, NatureServe, state forestry and wildlife agencies and other noted experts.

### 4.3 Results of risk assessment and Supplier Verification Programme

The results of the risk assessment indicate there is low risk to all indicators within Criteria 1 & 2 of SBP Framework Standard 1: Feedstock Compliance with the exception of indicators 2.1.2, 2.1.3, 2.2.3, 2.2.4 and 2.4.1. No additional supplier assessment programs were identified as needed

### 4.4 Conclusion

Based on the results of the supply base evaluation there is low risk to all indicators 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 are determined to be "specified risk" and will require mitigation measures to lower this identified risk.

This conclusion is based on the strong legal and regulatory system found within the supply base. 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 Forest Inventory & Analysis (FIA) data clearly shows the supply area's forests are growing more fiber and carbon stock than is being harvested. 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.

## 5 Supply Base Evaluation process

The Supply Base Evaluation was completed in partnership with Greener Options Inc., a sustainability consulting company specializing in sustainable forest certification.

EP's primary supplier, CILCO, has procurement personnel that monitor the overall fiber procurement operation for CILCO's pine sawmill, the source of the wood pellet mill's feedstock. Procurement personnel are South Carolina TOP Logger trained. Gary Boyd, Greener Options, Inc. is a SAF Certified Forester, a Georgia Registered Forester and an ISO 14001 Environmental Management Lead Auditor.

The supply base was determined based on tertiary feedstock suppliers to ensure the complete geography of the supply area. USDA Forest Service data based on this established supply base was used to verify forest growth and harvest levels, forest ownership and overall forest composition (species, age, stand structure). Ecosystem and biodiversity data from WWF, GreenPeace, World Resources Institute (WRI), Conservation International (CI), NatureServe and the various state natural heritage programs from within the supply base was also reviewed to determine potential high conversation value (HCV) areas and the level of protection for these HCVs.

Forest management regimes for the supply base were determined from information gathered from local forestry professionals and contractors within the region. Regional economic and forest health information was gathered from state forestry agencies and forestry associations.

EP's sole supplier, CILCO, requires the use of best management practices (BMPs), adherence to all laws and regulations and harvesting professional training as part of its contract with feedstock suppliers.

CILCO's procurement personnel use various field verification systems for their SFI certification systems

## **6 Stakeholder consultation**

A list of twenty two (22) local and regional stakeholders was identified for initial consultation. These stakeholders represent interests from local contractors and businesses, local governments, state forestry and wildlife agencies, conservation organizations such as the Nature Conservancy, state forestry associations, local forest landowner associations, US Forest Service and US Fish & Wildlife Service. One recognized indigenous peoples group, the Catawba tribe, was included in this list.

A letter was sent to the identified stakeholders notifying them the intent of Effingham Pellets, LLC to become SBP certified in January 2022 and asking for input on their thoughts on EP's business practices and their impact on sustainable forestry in their area. Feedback was requested during the certification process via letter, email and/or telephone. All feedback will be reviewed and responses provided upon request. A summary of the feedback will be added, as received, below in Section 6.1.

### **6.1 Response to stakeholder comments**

# 7 Mitigation measures

## 7.1 Mitigation measures

**Country:**

United States

**Specified risk indicator:**

**Specific risk description:**

N/A

**Mitigation measure:**

Indicator 2.1.3

1. Gary Boyd, Greener Options Inc., will train EP personal on forestland conversion including the the issues, trends and perceived threats.

Recommended mitigation measures will also be discussed.

EP will work with its sole supplier, CILCO, to work with its sub-suppliers who source wood fiber from the identified counties to educate the suppliers, their loggers and landowners on the social benefits of keeping forests as forests, and the value enhancing alternatives to conversion and opportunities for the maintenance of forests. This education and outreach measure will be documented using Secondary Supplier Audit Checklists

Indicator 2.1.2

Cape Fear Arch CBA

1. Gary Boyd, Greener Options Inc., will train EP personal on the critical biodiversity area including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.

2. EP will work with its sole supplier, CILCO, to work with its sub-suppliers who source wood fiber from this area to educate their suppliers, their loggers and landowners on the conservation values of Cape Fear Arch biodiversity associated with pocosins, threats from incompatible forest management, and opportunities for conservation through management that enhances biodiversity and reduces or eliminates these threats while recognizing the importance of hydrology for maintenance and enhancement of pocosins. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.

Late Successional Bottomland Hardwoods (LSBH)

1. EP only purchases southern pine (*Pinus taeda*, *Pinus elliottii*, *Pinus palustris*, *Pinus serotina*, *Pinus echinata*). These species are not commercially found in this HCV.

2. Gary Boyd, Greener Options Inc., will train EP personal on this HCV including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.

3. EP will work with its sole supplier, CILCO, to work with its sub-suppliers who source wood fiber from this forest type to educate the suppliers, their loggers and landowners and communicate the social benefits & values of LSBH, threats from forest management activities & related loss of values, and opportunities for

conservation through management that restores or maintains LSBH and reduces or eliminates these threats. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.

#### Native Longleaf Pine Systems (NLPS)

1. Gary Boyd, Greener Options Inc., will train EP personal on this HCV including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.
2. EP will work with its sole supplier, CILCO, to work with its sub-suppliers who source wood fiber from this forest type to communicate and educate suppliers, their loggers and landowners on the social benefits and values of NLPS, threats from forest management and related loss of values, and opportunities for conservation through management that restores or maintains NLPS and reduces or eliminates these threats. Communications should recognize the importance of the forest understory and fire to NLPS. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.

#### Critical Ecosystem Partnership Fund – North America Coastal Plain

1. This vast designation includes all the other HCVs described within this risk assessment at a more site specific scale.
2. There is a strong system of protection (effective protected areas and legislation) in place within the BP's defined supply area that ensures survival of this HCV.

#### WWF Global 200 Ecoregion - Southeastern Coniferous & Broadleaf Forests

##### Indicator 2.2.3

#### Cape Fear Arch CBA

1. Gary Boyd, Greener Options Inc., will train EP personal on the critical biodiversity area including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.
2. EP will work with its sole supplier, CILCO, to work with its sub-suppliers who source wood fiber from this area to educate their suppliers, their loggers and landowners on the conservation values of Cape Fear Arch biodiversity associated with pocosins, threats from incompatible forest management, and opportunities for conservation through management that enhances biodiversity and reduces or eliminates these threats while recognizing the importance of hydrology for maintenance and enhancement of pocosins. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.

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#### Native Longleaf Pine Systems (NLPS)

1. Gary Boyd, Greener Options Inc., will train EP personal on this HCV including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.
2. EP will work with its sole supplier, CILCO, to work with its sub-suppliers who source wood fiber from this forest type to communicate and educate suppliers, their loggers and landowners on the social benefits and values of NLPS, threats from forest management and related loss of values, and opportunities for conservation through management that restores or maintains NLPS and reduces or eliminates these threats. Communications should recognize the importance of the forest understory and fire to NLPS. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.

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2. There is a strong system of protection (effective protected areas and legislation) in place within the BP's defined supply area that ensures survival of this HCV.

#### WWF Global 200 Ecoregion - Southeastern Coniferous & Broadleaf Forests

1. The Southeastern mixed forests (NA0413)

WWF has declared more than 99% of this ecoregion having been converted. The remaining examples of this HCV are known to occur on protected lands.

#### Indicator 2.2.4

#### Cape Fear Arch CBA

1. Gary Boyd, Greener Options Inc., will train EP personal on the critical biodiversity area including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.
2. EP will work with its sole supplier, CILCO, to work with its sub-suppliers who source wood fiber from this area to educate their suppliers, their loggers and landowners on the conservation values of Cape Fear Arch biodiversity associated with pocosins, threats from incompatible forest management, and opportunities for conservation through management that enhances biodiversity and reduces or eliminates these threats while recognizing the importance of hydrology for maintenance and enhancement of pocosins. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.

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#### Native Longleaf Pine Systems (NLPS)

1. Gary Boyd, Greener Options Inc., will train EP personal on this HCV including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.
2. EP will work with its sole supplier, CILCO, to work with its sub-suppliers who source wood fiber from this forest type to communicate and educate suppliers, their loggers and landowners on the social benefits and values of NLPS, threats from forest management and related loss of values, and opportunities for conservation through management that restores or maintains NLPS and reduces or eliminates these threats. Communications should recognize the importance of the forest understory and fire to NLPS. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.

#### Critical Ecosystem Partnership Fund – North America Coastal Plain

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2. There is a strong system of protection (effective protected areas and legislation) in place within the BP's defined supply area that ensures survival of this HCV.

#### WWF Global 200 Ecoregion - Southeastern Coniferous & Broadleaf Forests

1. The Southeastern mixed forests (NA0413)

WWF has declared more than 99% of this ecoregion having been converted. The remaining examples of this HCV are known to occur on protected lands.

#### Indicator 2.4.1

#### Cape Fear Arch CBA

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#### Late Successional Bottomland Hardwoods (LSBH)

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#### Native Longleaf Pine Systems (NLPS)



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#### WWF Global 200 Ecoregion - Southeastern Coniferous & Broadleaf Forests

1. The Southeastern mixed forests (NA0413)

WWF has declared more than 99% of this ecoregion having been converted. The remaining examples of this HCV are known to occur on protected lands.

## **7.2 Monitoring and outcomes**

Effingham Pellets has reviewed these mitigation measures with Charles Ingram Lumber Co. INC., its primary supplier. The outcome that was concluded was that Charles Ingram Lumber Co. did not buy any material from HCV's areas. This was based on the evidence that the secondary supplier checklist didn't find any material that was sourced from HCV areas and that the material that comes from Ingram Lumber carries 100% SFI equivalent claim.

Effingham Pellets has also reviewed these mitigation measures with its other two residual suppliers it occasionally purchases feedstock. One of the two suppliers is also SFI Fiber Sourcing certified. The third supplier was audited and it was concluded that no feedstock was sourced from HCV areas.

## 8 Detailed findings for indicators

Detailed findings for each Indicator are given in Annex 1 in case the Regional Risk Assessment (RRA) is not used.

**Is RRA used?** No

## **9 Review of report**

### **9.1 Peer review**

N/A

### **9.2 Public or additional reviews**

N/A

# 10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	Gary Boyd	Consultant	01 Feb 2024
	Name	Title	Date
<p>The undersigned persons confirm that I/we are members of the organisation’s senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.</p>			

## Annex 1: Detailed findings for Supply Base Evaluation indicators

	Indicator
1.1.1	The BP Supply Base is defined and mapped.
Finding	Effingham Pellets, LLC's (EP) supply base is defined and mapped as part of the company's SBP Supply Base Risk Assessment. The map and list of states & counties are defined by the present and projected future needs of the facility and includes identified tertiary feedstock suppliers.
Means of Verification	Maps of EP's supply basin and list of states and counties included in the supply area located in EP-DOC-008 SBP Supply Base Risk Assessment.
Evidence Reviewed	EP-DOC-008 SBP Supply Base Risk Assessment
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
1.1.2	Feedstock can be traced back to the defined Supply Base.
Finding	Feedstock comes primarily from the BP's sister pine sawmill located adjacent to the wood pellet mill. Sawmill feedstock can be traced back to the defined Supply Base through scale ticket documentation and wood inventory records where each scale ticket defines the county and state that feedstock originates. The BP has occasionally purchase pine shavings from two other pine sawmills located nearby.
Means of Verification	<ul style="list-style-type: none"> <li>• Scale tickets</li> <li>• Communications with suppliers</li> </ul>

	<ul style="list-style-type: none"> <li>• CILCO-DOC-009 Harvest Inspection Checklist</li> </ul>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• Scale Tickets</li> <li>• Communications with suppliers</li> </ul> <p>CILCO-DOC-009 Harvest Inspection Checklist</p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
<b>1.1.3</b>	The feedstock input profile is described and categorised by the mix of inputs.
Finding	Projected annual consumption of feedstock is <200,000 tonnes. All feedstock will be pine shavings considered a pre-consumer tertiary feedstock.
Means of Verification	<ul style="list-style-type: none"> <li>• Scale tickets</li> </ul> <p>Wood inventory system</p>
Evidence Reviewed	<p>Scale Tickets</p> <p>Wood inventory system</p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
--	-----------

1.2.1	The BP has implemented appropriate control systems and procedures to ensure that legality of ownership and land use can be demonstrated for the Supply Base.
Finding	<p>Effingham Pellets, LLC (EP) referenced FSC's NATIONAL RISK ASSESSMENT FOR THE CONTERMINOUS UNITED STATES OF AMERICA (FSC-NRA-USA V1-0) as part of its risk assessment. The national assessment has determined Controlled Wood Category 1: Illegally harvested wood to be "low risk".</p> <p>There are appropriate control systems and procedures to ensure that legality of ownership and land use can be demonstrated for the Supply Base. Illegal harvesting in the supply base is prohibited by state laws. Evidence indicates that major violations are prosecuted and legal liability is enforced. There is no evidence suggesting that</p> <p>illegal logging is a wide scale problem in the United States (US). Commonly used terms for violations in US are timber theft, tree poaching and unlawful logging. Thefts do occur, however the share of illegal felling in hardwoods is much smaller than 1% according to a study conducted by American Hardwood Export Council. It is logical to conclude that similarly illegal logging is not a major problem for softwoods in US. Further, legality of ownership and land use is enforced through Company procedures and contractual agreements by suppliers.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• Federal and state laws</li> <li>• Purchase Log Agreements</li> <li>• Base Logging Contracts</li> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA-USA V1-0)</li> </ul> <p>EP-DOC-008 SBP Supply Base Risk Assessment</p>
Evidence Reviewed	<ul style="list-style-type: none"> <li>· Log Purchase Agreements &amp; Base Logging Contracts – contain clauses concerning the legality of ownership of the feedstock to be purchased</li> <li>· EP-POL-001 Sustainable Forestry Policy - requires that all applicable laws and regulations are followed</li> <li>· EP-PROC-001 Chain of Custody Procedures - requires legal ownership of feedstock received</li> <li>· EP-DOC-007 SFI Due Diligence Risk Assessment - states illegal harvesting of feedstock is LOW risk</li> </ul>

	<ul style="list-style-type: none"> <li>· EP-DOC-008 SBP Supply Base Risk Assessment - states illegal harvesting of feedstock is LOW risk and includes a summary of laws &amp; regulations addressing illegal logging and wood theft.</li> </ul> <p><i>North Carolina Laws</i></p> <ul style="list-style-type: none"> <li>· N.C. GEN. STAT. § 1-539“awards double damages for a timber trespass that occurs <i>without the consent and permission of the bona fide owner or an act of arson</i> if a defendant willfully and intentionally set on fire, or cause to be set on fire" timber on the land of another.”</li> <li>· N.C. GEN STAT. § 14-128“considers anyone committing a <i>willful</i> timber trespass guilty of a Class 1 misdemeanor, provided the offender is not an officer, agent, or employee of the Department of Transportation who committed the act within a right-of-way or easement of the Department of Transportation.”</li> </ul> <p>N.C. GEN. STAT. § 1-487“requires that when a title to timberland is contested, either party is not to harvest timber until ownership is determined by court action.</p> <p><i>South Carolina Laws</i></p> <ul style="list-style-type: none"> <li>· S.C. CODE ANN. 1976 § 16-11-580 “if the value of stolen forest products is \$5,000 or more, a defendant is fined at the discretion of the court or imprisoned for not more than ten years.” This code also allows for seizure and forfeiture of all property used in the timber theft.</li> <li>· S.C. CODE ANN. 1976 § 16-13-177 “imposes the forfeiture of property used in a timber trespass if more than \$5,000 of timber is taken.”</li> </ul>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	<b>Indicator</b>
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<p><b>1.3.1</b></p>	<p>The BP has implemented appropriate control systems and procedures to ensure that feedstock is legally harvested and supplied and is in compliance with EUTR legality requirements.</p>
<p>Finding</p>	<p>Effingham Pellets, LLC referenced FSC's NATIONAL RISK ASSESSMENT FOR THE CONTERMINOUS UNITED STATES OF AMERICA (FSC-NRA-USA V1-0) as part of its risk assessment. The national assessment has determined Controlled Wood Category 1: Illegally harvested wood to be "low risk".</p> <p>There are appropriate control systems and procedures to ensure that legality of ownership and land use can be demonstrated for the Supply Base. Illegal harvesting in the supply base is prohibited by state laws.</p> <p>Evidence indicates that major violations are prosecuted and legal liability is enforced.</p> <p>There is no evidence suggesting that illegal logging is a wide scale problem in the United States (US). Commonly used terms for violations in US are timber theft, tree poaching and unlawful logging. Thefts do occur, however the share of illegal felling in hardwoods is much smaller than 1% according to a study conducted by American Hardwood Export Council. It is logical to conclude that similarly illegal logging is not a major problem for softwoods in US. Further, legality of ownership and land use is enforced through Company procedures and contractual representations by suppliers.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• Federal and state laws</li> <li>• Purchase Log Agreements</li> </ul> <p>Base Logging Contracts</p> <ul style="list-style-type: none"> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</li> </ul> <p>EP-DOC-008 SBP Supply Base Risk Assessment</p> <p>EP-POL-001 Sustainable Forestry Policy</p> <p>EP-PROC-001 Chain of Custody Procedures</p>

	<p>EP-DOC-007 SFI Due Diligence Risk Assessment</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• Log Purchase Agreements &amp; Base Logging Contracts – contain clauses concerning the legality of ownership of the feedstock to be purchased</li>   <li>• EP-POL-001 Sustainable Forestry Policy - requires that all applicable laws and regulations are followed</li>   <li>• EP-PROC-001 Chain of Custody Procedures - requires legal ownership of feedstock received</li>   <li>• EP-DOC-007 SFI Due Diligence Risk Assessment - states illegal harvesting of feedstock is LOW risk</li>   <li>• EP-DOC-008 SBP Supply Base Risk Assessment - states illegal harvesting of feedstock is LOW risk and includes a summary of laws &amp; regulations addressing illegal logging and wood theft.</li> </ul> <p>· Federal and state laws</p> <p><i>North Carolina Laws</i></p> <ul style="list-style-type: none"> <li>· N.C. GEN. STAT. § 1-539“awards double damages for a timber trespass that occurs <i>without the consent and permission of the bona fide owner or an act of arson</i> if a defendant willfully and intentionally set on fire, or cause to be set on fire" timber on the land of another.”</li>   <li>· N.C. GEN STAT. § 14-128“considers anyone committing a <i>willful</i> timber trespass guilty of a Class 1 misdemeanor, provided the offender is not an officer, agent, or employee of the Department of Transportation who committed the act within a right-of-way or easement of the Department of Transportation.”</li>   <li>· N.C. GEN. STAT. § 1-487“requires that when a title to timberland is contested, either party is not to harvest timber until ownership is determined by court action.</li> </ul>

	<p><i>South Carolina Laws</i></p> <ul style="list-style-type: none"> <li>· S.C. CODE ANN. 1976 § 16-11-580 “if the value of stolen forest products is \$5,000 or more, a defendant is fined at the discretion of the court or imprisoned for not more than ten years.” This code also allows for seizure and forfeiture of all property used in the timber theft.</li> <li>· S.C. CODE ANN. 1976 § 16-13-177 “imposes the forfeiture of property used in a timber trespass if more than \$5,000 of timber is taken.”</li> </ul>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
1.4.1	The BP has implemented appropriate control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date.
Finding	<p>Effingham Pellets, LLC’s (EP) primary supplier, Charles Ingram Lumber Company (CILCO) has implemented appropriate control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date. Severance taxes are not paid for timber in SC, but an ad valorem tax is paid. NC does have severance taxes on timber. Log Purchase Agreements stipulate that the landowner is responsible for paying taxes. EP is only responsible for reporting volumes removed quarterly to the Tax Commissioner for the county of harvest.</p> <p>In addition, the SFI Chain of Custody Standard requires the certificate holder to ensure it knows where feedstocks originate and ensure wood is legally sourced. EP-PROC- 001 Chain of Custody Procedures documents the workflow to ensure feedstock are legally and sustainably sourced.</p> <p>EP-DOC-008 SBP Supply Base Risk Assessment is reviewed annually to ensure EF is aware of changes. The analysis includes a review of the existence of appropriate laws to ensure the payment of relevant fees and taxes. EF-DOC-008 SBP Supply Base Risk Assessment also contains the work done to determine if illegal logging and timber theft</p>

	<p>are a risk in the supply area. This document uses many if the same sources as the FSC US CWNRA. Both conclude illegal logging is a low risk in EP's supply area.</p> <p>Lastly, the SFI Fiber Sourcing Standard requires a certificate holder to comply with all applicable federal, provincial and local laws and regulations. EP's primary supplier, CILCO, is SFI Fiber Sourcing certified and has procedures to meet these requirements. One of the other two residual suppliers that occasionally have provided pine shavings is also SFI Fiber Sourcing certified.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• Log Purchase Agreements</li> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</li> </ul> <p>EP-DOC-008 SBP Supply Base Risk Assessment</p> <p>Quarterly tax reporting</p> <p>Tax reporting to County Tax Commissioners</p>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• Tax reporting to County Tax Commissioners</li> </ul> <p>Quarterly tax reporting</p> <p>EP-DOC-008 SBP Supply Base Risk Assessment</p> <p>National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</p> <p>Log Purchase Agreements</p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
1.5.1	The BP has implemented appropriate control systems and procedures to verify that feedstock is supplied in compliance with the requirements of CITES.
Finding	Effingham Pellets, LLC (EP) has implemented appropriate control systems and procedures to verify that feedstock is supplied in compliance with the requirements of CITES. Based on review of the CITES list it is determined that there are no species used in EP's operations that are included in the CITES list.
Means of Verification	List of species used by EP and CITES list located in EP-DOC-007 SFI Due Diligence Risk Assessment
Evidence Reviewed	EP-DOC-007 SFI Due Diligence Risk Assessment
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
1.6.1	The BP has implemented appropriate control systems and procedures to ensure that feedstock is not sourced from areas where there are violations of traditional or civil rights.
Finding	<p>Effingham Pellets, LLC's (EP) Sustainable Forestry Policy states it will abide by all laws and regulations, including those laws associated with traditional and civil rights.</p> <p>EP referenced FSC's NATIONAL RISK ASSESSMENT FOR THE CONTERMINOUS UNITED STATES OF AMERICA (FSC-NRA-USA V1-0) as part of its risk assessment</p> <p>The national assessment has determined Controlled Wood Category 2: Wood harvested in violation of traditional and human rights to be "low risk".</p> <p>Harvesting in the supply basin presents a low risk of violation of traditional, civil and collective rights based on the following factors: (1) There is no UN Security Council ban</p>

	<p>on timber exports from the country concerned; (2) The country or district is not designated a source of conflict timber (e.g. USAID Type 1 conflict timber); (3) There are recognized and equitable processes in place to resolve conflicts of substantial magnitude pertaining to traditional rights including use rights, cultural interests or traditional cultural identity in the district concerned; and (4) While ILO Convention has not been ratified in the USA, there are laws enacted that cover the spirit of ILO Convention 169 and there is no evidence of violation of the ILO Convention 169 on Indigenous and Tribal Peoples taking place in the forest areas in the district concerned.</p> <p>There is one Federally recognized tribe of Native Americans located within the EP's supply area. The Catawba Tribe is located in the northern most edge of the supply area. The Catawba Tribe was contacted as part of EP's stakeholder consultation and no response has been received to date.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• Log Purchase Agreements and Base Logging Contracts - include provisions to respect laws, which includes discrimination and fair labour</li> <li>• EP-DOC-008 SBP Supply Base Risk Assessment - contains a list of applicable Federal &amp; State Laws, as well as ILO Conventions that the US has ratified</li> </ul> <p>A review of the Bureau of Indian Affairs website verifies that there are is one federally recognized tribe located within EP's supply area – Catawba Tribe</p> <p>National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</p> <p>EP-POL-001 Sustainable Forestry Policy</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</li> </ul> <p>Bureau of Indian Affairs <a href="https://www.bia.gov/bia">https://www.bia.gov/bia</a></p>

Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.1.1	The BP has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation value in the Supply Base are identified and mapped.
Finding	<p>EP-DOC-008 SBP Supply Base Risk Assessment identified and mapped the presence or absence of the following high conservation value areas within EP's supply base.</p> <p>The National Risk Assessment for the Conterminous United States of America (US NRA) was the basis for the identification and mapping of areas with high conservation value (HCV). The US NRA consulted with and applied recommendations from over 200 conservation groups and databases including, but not limited to, Protected Areas Database of the United States (PAD-US), International Union for the Conservation of Nature (IUCN), The Nature Conservancy, NatureServe, &amp; USFS Inventoried Roadless Areas to map these HCVs.</p> <p>In addition to the US NRA, the BP used World Wildlife Fund (WWF) eco-regions, Critical Ecosystem Partnership Fund biodiversity hotspots, IUCN Centres for Plant Diversity, Alliance for Zero Extinction and GreenPeace Intact Forests to identify and map HCV areas.</p> <p>EP determined its supply area based on the origin of tertiary feedstock received. EP has one primary supplier, Charles Ingram Lumber Company (CILCO). Their supply area has been identified and mapped of high conservation value areas (HCVs). These more detailed HCV maps utilize the conservation measures from the US NRA where HCVs of "specified risk" have been identified in addition to other HCV designations mentioned above. The other two residual suppliers that occasionally have provided pine shavings have provided their lists of states and counties where their wood originates. These counties were added to EP's supply area and EP-DOC-0008 SBP Supply Base Risk Assessment was revised.</p> <p>The HCV maps are used in conjunction with the EP's Secondary Supplier Audit Checklist to annually review each supplier's supply area, areas of "specified risk" that are identified in their supply areas and mitigation measures being implemented to reduce "specified</p>

	risk” to “low risk”. EP-DOC-0008 SBP Supply Base Risk Assessment identifies and maps HCVs with “specified risk” designations
Means of Verification	<ul style="list-style-type: none"> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> </ul> <p>EP-DOC-011 Secondary Supplier Audit Checklist</p> <p>National Risk Assessment for the Conterminous United States of America (FSC- NRA-USA V1-0)</p>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> </ul> <p>National Risk Assessment for the Conterminous United States of America (FSC- NRA-USA V1-0)</p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
<b>2.1.2</b>	The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.
Finding	Effingham Pellets, LLC’s (EP) SFI Due Diligence and SBP Supply Base Risk Assessments assessed the potential threats to forests and other areas with high conservation values from forest management activities within the supply area. These risk assessments using FSC’s National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) and other reputable conservation initiatives identified and mapped the presence or absence of the following high conservation value areas (HCVs) within the company’s supply base.



The following HCVs have been identified and mapped within EP's supply area and are assessed below. HCVs identified and assessed as "specified risk" will include describe measures to mitigate risks to a "low risk" level.

The National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) has identified the following HCVs that are located within EP's supply area.

- HCV1: Species Diversity oCape Fear Arch CBA
- HCV3: Rare Ecosystems

oLate Successional Bottomland Hardwoods oNative Longleaf Pine Systems

Within the EP's supply area there are other HCVs associated from the high conservation value assessment frameworks identified below.

- Alliance for Zero Extinction (AZE) – There are no AZE sites identified with the EP defined supply area.

- IUCN Centre for Plant Diversity (CPD) – There are no CPD sites identified within the EP defined supply area.

- Critical Ecosystem Partnership Fund – North American Coastal Plain was added to the Biodiversity Hotspot list in 2016. The North American Coastal Plain reaches from a small section of northern Mexico along the Gulf of Mexico and up the East Coast to southeastern Massachusetts. Despite the 1,816 endemic plant species and the 1.13 million square kilometers of area, the hotspot has a low level of geographic variety and an unusually low level of elevation change when compared to the other hotspots, leading the scientific community to assume it would be less biodiverse. This vast designation includes all the other HCVs described within this risk assessment at a more site specific scale.

GreenPeace Intact Forest - There are no Greenpeace Intact Forest sites identified within the EP defined supply area.

- World Wildlife Fund (WWF), Global 200 Ecoregion - Southeastern Coniferous & Broadleaf Forests (# 75 in the WWF Global 200)

The WWF's Global 200 Ecoregions build a framework for describing the most important areas of biodiversity on the planet. The Global 200 encompass almost 50% of life on earth. These 200 areas are places that conservation groups target and discuss with forest products companies about the loss of global, forest biodiversity.

Almost all of the counties located in the EP defined supply area are in the Southeastern Coniferous & Broadleaf Forests which has a conservation status of endangered/critical. It is significant at a global scale, but this global ecoregion (#75) is subdivided into two smaller endangered/critical terrestrial ecoregions. These scaled- down subdivisions have significance at the national level.

- The Southeastern mixed forests (NA0413)

- The Southeastern conifer forests (NA0529)

1. The Southeastern conifer forests (NA0529) is the second terrestrial ecoregion that makes up the global ecoregion # 75. The northern half of the EP wood basin overlaps this ecoregion. The ecoregion extends from the Savannah River in Georgia across the coastal plain to the eastern parishes of Louisiana and south into Florida in the vicinity of Lake Okeechobee.

This ecoregion is equated with the longleaf pine ecosystem that once spanned a significant portion of the coastal plain. It was dominated by a longleaf pine overstory and an exceptionally diverse array of plants in the understory and especially in the herbaceous layer. The entire ecology of this region was driven by fire which maintained a longleaf pine dominance in the overstory. Many species of birds, reptiles, and amphibians adapted to this environment as well. The red-cockaded woodpecker, gopher tortoise, indigo snake, and flatwoods salamander are some of the more threatened, regulated, and managed of those taxa.

Fire was eventually suppressed in this ecosystem as it was in many of the other regions in the southeast. Due to commercial and private development, conversion to agriculture and the planting of loblolly pine in the area, the longleaf pine flatwoods have been reduced to less than 1% of its original size. However, there are several places where the natural habitat is being maintained and fire is still allowed into the systems. Most of the conservation sites that remain can be found on national forests, military bases, and state

	<p>parks. Thanks to organizations like the Longleaf Alliance, private landowners are being given federal incentives to plant longleaf on their property and maintain those stands for many decades to come. As a result of education and conservation planning, there has been an increase in longleaf plantations over the past decade with an increase in newly planted acres every year within the ecoregion.</p> <p>Protected Areas – The USGS Protected Areas database of the United States (PAD- US) is America’s official national inventory of U.S. terrestrial and marine protected areas that are dedicated to the preservation of biological diversity and to other natural, recreation and cultural uses, managed for these purposes through legal or other effective means. This database inventories protected areas that include fee lands to conservation easements on federal, state, local and private lands. Approximately 12% of the EP supply area is considered protected.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• EP-DOC-007 SFI Due Diligence Risk Assessment</li> <li>• EP-DOC-008 SBP Supply Base Risk assessment</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> </ul> <p>Training records</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</li> <li>• Alliance of Zero Extinction (AZE) <a href="https://zeroextinction.org">https://zeroextinction.org</a></li> <li>• IUCN Centre for Plant Diversity (CPD)</li> </ul> <p><a href="https://www.biodiversitya-z.org/content/centres-of-plant-diversity-cpd.pdf">https://www.biodiversitya-z.org/content/centres-of-plant-diversity-cpd.pdf</a></p> <ul style="list-style-type: none"> <li>• GreenPeace Intact Forests <a href="https://intactforests.org/index.html">https://intactforests.org/index.html</a></li> <li>• World Wildlife Fund (WWF)</li> </ul> <p><a href="https://www.worldwildlife.org/publications/global-200">https://www.worldwildlife.org/publications/global-200</a></p> <ul style="list-style-type: none"> <li>• USGS Protected Areas database of the United States (PAD-US) <a href="https://www.usgs.gov/programs/gap-analysis-project/science/protected-areas">https://www.usgs.gov/programs/gap-analysis-project/science/protected-areas</a></li> </ul>

	<ul style="list-style-type: none"> <li>• EP-DOC-007 SFI Due Diligence Risk Assessment</li> <li>• EP-DOC-008 SBP Supply Base Risk assessment</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> </ul> <p>Training records</p>
Risk Rating	Specified Risk
Comment or Mitigation Measure	<p>Cape Fear Arch CBA</p> <p>1. Gary Boyd, Greener Options Inc., will train EP personal on the critical biodiversity area including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.</p> <p>EP will work with its suppliers to work with their sub-suppliers who source wood fiber from this area to educate their suppliers, their loggers and landowners on the conservation values of Cape Fear Arch biodiversity associated with pocosins, threats from incompatible forest management, and opportunities for conservation through management that enhances biodiversity and reduces or eliminates these threats while recognizing the importance of hydrology for maintenance and enhancement of pocosins. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.</p> <p>Late Successional Bottomland Hardwoods (LSBH)</p> <p>1. EP only purchases southern pine (<i>Pinus taeda</i>, <i>Pinus elliottii</i>, <i>Pinus palustris</i>, <i>Pinus serotina</i>, <i>Pinus echinata</i>). These species are not commercially found in this HCV.</p> <p>2. Gary Boyd, Greener Options Inc., will train EP personal on this HCV including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.</p> <p>3. EP will work with its suppliers to work with their sub-suppliers who source wood fiber from this forest type to educate the suppliers, their loggers and landowners and communicate the social benefits &amp; values of LSBH, threats from forest management activities &amp; related loss of values, and opportunities for conservation through management that restores or maintains LSBH and reduces or eliminates these threats.</p>

	<p>This education and outreach measure will be documented using Secondary Supplier Audit Checklists.</p> <p>Native Longleaf Pine Systems (NLPS)</p> <ol style="list-style-type: none"> <li>1. Gary Boyd, Greener Options Inc., will train EP personal on this HCV including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.</li> <li>2. EP will work with its suppliers to work with their sub-suppliers who source wood fiber from this forest type to communicate and educate suppliers, their loggers and landowners on the social benefits and values of NLPS, threats from forest management and related loss of values, and opportunities for conservation through management that restores or maintains NLPS and reduces or eliminates these threats. Communications should recognize the importance of the forest understory and fire to NLPS. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.</li> </ol> <p>Critical Ecosystem Partnership Fund – North America Coastal Plain</p> <ol style="list-style-type: none"> <li>1. This vast designation includes all the other HCVs described within this risk assessment at a more site specific scale.</li> <li>2. There is a strong system of protection (effective protected areas and legislation) in place within the BP’s defined supply area that ensures survival of this HCV.</li> </ol> <p>WWF Global 200 Ecoregion - Southeastern Coniferous &amp; Broadleaf Forests 1.The Southeastern mixed forests (NA0413)</p> <p>a)WWF has declared more than 99% of this ecoregion having been converted. The remaining examples of this HCV are known to occur on protected lands.</p>
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	Indicator
<b>2.1.3</b>	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.

Finding	Effingham Pellets, LLC's (EP) SBP Supply Base Risk Assessment assessed the threat of feedstock being sourced from forests converted to production plantation forest or non-forest lands after January 2008 within the supply area. This risk assessment used FSC's National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) and USDA Forest Service Forest Inventory and Analysis (FIA) data. While the FSC NRA identified 5 counties within the EP's supply area as areas where there is a risk greater than "low" receiving forest materials from forest conversions
Means of Verification	<ul style="list-style-type: none"> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA-USA V1-0)</li> </ul> <p>EP-DOC-011 Secondary Supplier Audit Checklist</p>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA-USA V1-0)</li> </ul> <p>EP-DOC-011 Secondary Supplier Audit Checklist</p>
Risk Rating	Specified Risk
Comment or Mitigation Measure	<p>1. Gary Boyd, Greener Options Inc., will train EP personal on forestland conversion including the the issues, trends and perceived threats. Recommended mitigation measures will also be discussed.</p> <p>EP will work with its suppliers to work with their sub-suppliers who source wood fiber from the identified counties to educate the suppliers, their loggers and landowners on the social benefits of keeping forests as forests, and the value enhancing alternatives to conversion and opportunities for the maintenance of forests. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.</p>

	Indicator
<b>2.10.1</b>	Genetically modified trees are not used.
Finding	EP referenced FSC's NATIONAL RISK ASSESSMENT FOR THE CONTERMINOUS UNITED STATES OF AMERICA (FSC-NRA-USA V1-0) as part of its risk assessment. The national assessment has determined Controlled Wood Category 5: Wood from

	forests in which genetically modified trees are planted to be “low risk”. EP completed a SBP Supply Base Risk Assessment which assessed the level of risk GMO trees are available for operational use. The Risk Assessment states there are no operational GMO forests or stands in the United States.
Means of Verification	EP-DOC-008 SBP Supply Base Risk Assessment  National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)
Evidence Reviewed	• EP-DOC-008 SBP Supply Base Risk Assessment  National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
<b>2.2.1</b>	The BP has implemented appropriate control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them.
Finding	<p>Effingham Pellets, LLC’s primary supplier, Charles Ingram Lumber Company (CILCO) has implemented procedures meeting this standard that verify feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them. EP and CILCO requires environmental assessments of harvest areas, harvest planning to minimize impacts, the implementation of best management practices (BMPs) and the use of qualified logging professionals.</p> <p>To ensure these standards are met, Log Purchase Agreements and Base Logging Contracts require all feedstock sub-suppliers to harvest fiber in compliance with state BMPs and to maintain SFI State Implementation Committee (SIC) logger training requirements to control the impact on the forests.</p> <p>CILCO is SFI Fiber Sourcing certified (NSF-SFI-FS-C0616436) and maintains a verifiable monitoring program for BMP compliance. CILCO inspects harvesting operations of</p>

	<p>suppliers for BMP compliance. All company owned and stumpage harvest tracts are monitored weekly. At least 10% of all Gatewood tracts are monitored throughout the year.</p> <p>One of the other two residual suppliers occasionally used is also SFI Fiber Sourcing certified.</p> <p>In addition state forestry agencies conduct BMP compliance checks randomly or upon request by stakeholders. Most recent state BMP compliance reports for North Carolina to be 85% (2016) and South Carolina to be 96% (2020) compliant</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> <li>• CILCO-DOC-009 Harvest Inspection Checklist</li> <li>• SFI Database (Charles Ingram Lumber Company - NSF-SFI-FS-C0616436)</li> <li>• SC TOP Logger Program</li> <li>• NC PRO Logger Logger Program</li> <li>• SC Forestry Commission BMP Compliance Report (2019-2020)</li> <li>• NC Forest Service BMP Compliance Report, 2012-2016 (2019)</li> <li>• SC Forestry BMP Manual</li> </ul> <p>NC Forestry BMP Manual</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> </ul>



	<ul style="list-style-type: none"> <li>• CILCO-DOC-009 Harvest Inspection Checklist</li>   <li>• SFI Database (Charles Ingram Lumber Company - NSF-SFI-FS-C0616436)  <a href="https://sfidatabase.org">https://sfidatabase.org</a></li> <li>• SC TOP Program   <a href="https://www.scforestry.org/top-forestry-programs.htm">https://www.scforestry.org/top-forestry-programs.htm</a></li>   <li>• NC ProLogger Program <a href="https://www.ncforestry.org/prologger">https://www.ncforestry.org/prologger</a></li> <li>• Forestry BMPs in SC, Compliance &amp; Monitoring Report (2019-2020)   <a href="https://dc.statelibrary.sc.gov/bitstream/handle/10827/35482/SCFC_Forestry_BMPs_in_SC_2019-2020.pdf?sequence=1&amp;isAllowed=y">https://dc.statelibrary.sc.gov/bitstream/handle/10827/35482/SCFC_Forestry_BMPs_in_SC_2019-2020.pdf?sequence=1&amp;isAllowed=y</a></li>   <li>• An assessment of Forestry BMPs in NC (2012-2016)   <a href="https://www.ncforests-service.gov/water_quality/pdf/BMP_Assessment_Report_2012-2016.pdf">https://www.ncforests-service.gov/water_quality/pdf/BMP_Assessment_Report_2012-2016.pdf</a></li>   <li>• SC's Best Mnagement Practices for Forestry <a href="https://www.state.sc.us/forest/menvir.htm">https://www.state.sc.us/forest/menvir.htm</a></li> <li>• NC Forestry BMP Manual   <a href="https://www.ncforests-service.gov/publications/WQ0107/BMP_manual.pdf">https://www.ncforests-service.gov/publications/WQ0107/BMP_manual.pdf</a></li> </ul>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.2.2	<p>The BP has implemented appropriate control systems and procedures for verifying that feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b)</p>
Finding	<p>Effingham Pellets, LLC's (EP) primary supplier, Charles Ingram Lumber Company (CILCO) is certified to the Sustainable Forestry Initiative (SFI) Fiber Sourcing Standard (NSF-SFI-FS-C0616436) and has implemented procedures meeting this standard that verify feedstock is sourced from forests where management maintains or improves soil quality. SFI Fiber Sourcing requires environmental assessments of harvest areas, harvest planning to minimize impacts, the implementation of best management practices (BMPs) and the use of qualified logging professionals.</p> <p>To ensure these standards are met, Log Purchase Agreements &amp; Base Logging Contracts require all feedstock suppliers to harvest fiber in compliance with state BMPs and to maintain SFI State Implementation Committee (SIC) logger training requirements to control the impact on the forests. EP and CILCO annually accesses state SIC logger training databases to verify logger training status and conducts BMP compliance checks to verify supplier compliance with BMPs for feedstock.</p> <p>One of the other two residual suppliers occasionally used is also SFI Fiber Sourcing certified.</p> <p>In addition state forestry agencies conduct BMP compliance checks randomly or upon request by stakeholders. Most recent state BMP compliance reports for North Carolina to be 85% (2016) and South Carolina to be 96% (2020) compliant.</p> <p>Soil maps covering the supply basin are available as a resource to suppliers to assist in planning fiber harvest in a way that does not harm soil quality.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> <li>• CILCO-DOC-009 Harvest Inspection Checklist</li> <li>• SFI Database (Charles Ingram Lumber Company - NSF-SFI-FS-C0616436)</li> <li>• SC TOP Logger Program</li> </ul>

	<ul style="list-style-type: none"> <li>• NC PRO Logger Logger Program</li> <li>• SC Forestry Commission BMP Compliance Report (2019-2020)</li> </ul> <p>NC Forest Service BMP Compliance Report, 2012-2016 (2019)</p> <ul style="list-style-type: none"> <li>• SC Forestry BMP Manual</li> </ul> <p>NC Forestry BMP Manual</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> <li>• CILCO-DOC-009 Harvest Inspection Checklist</li> <li>• SFSFI Database (Charles Ingram Lumber Company - NSF-SFI-FS-C0616436) <a href="https://sfidatabase.org">https://sfidatabase.org</a></li> <li>• SC TOP Program  <a href="https://www.scforestry.org/top-forestry-programs.htm">https://www.scforestry.org/top-forestry-programs.htm</a></li> <li>• NC ProLogger Program <a href="https://www.ncforestry.org/prologger">https://www.ncforestry.org/prologger</a></li> <li>• Forestry BMPs in SC, Compliance &amp; Monitoring Report (2019-2020)  <a href="https://dc.statelibrary.sc.gov/bitstream/handle/10827/35482/SCFC_Forestry_BMPs_in_SC_2019-2020.pdf?sequence=1&amp;isAllowed=y">https://dc.statelibrary.sc.gov/bitstream/handle/10827/35482/SCFC_Forestry_BMPs_in_SC_2019-2020.pdf?sequence=1&amp;isAllowed=y</a></li> <li>• An assessment of Forestry BMPs in NC (2012-2016)</li> </ul>

	<p><a href="https://www.ncforestsERVICE.gov/water_quality/pdf/BMP_Assessment_Report_2012-2016.pdf">https://www.ncforestsERVICE.gov/water_quality/pdf/BMP_Assessment_Report_2012-2016.pdf</a></p> <ul style="list-style-type: none"> <li>• SC's Best Management Practices for Forestry <a href="https://www.state.sc.us/forest/menvir.htm">https://www.state.sc.us/forest/menvir.htm</a></li> <li>• NC Forestry BMP Manual <a href="https://www.ncforestsERVICE.gov/publications/WQ0107/BMP_manual.pdf">https://www.ncforestsERVICE.gov/publications/WQ0107/BMP_manual.pdf</a></li> <li>• USGS Soils Map Database  <a href="https://websoilsurvey.nrcs.usda.gov/app/WebSoilSurvey.aspx">https://websoilsurvey.nrcs.usda.gov/app/WebSoilSurvey.aspx</a></li> </ul>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
<b>2.2.3</b>	The BP has implemented appropriate control systems and procedures to ensure that key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).
Finding	<p>Effingham Pellets, LLC's (EP) SFI Due Diligence and SBP Supply Base Risk Assessments assessed the potential threats to forests and other areas with high conservation values from forest management activities within the supply area. These risk assessments using FSC's National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) and other reputable conservation initiatives identified and mapped the presence or absence of the following high conservation value areas (HCVs) within the company's supply base.</p> <p>The following HCVs have been identified and mapped within EP's supply area and are assessed below. HCVs identified and assessed as "specified risk" will include describe measures to mitigate risks to a "low risk" level.</p> <p>The National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) has identified the following HCVs that are located within EP's supply area.</p>

- HCV1: Species Diversity oCape Fear Arch CBA

- HCV3: Rare Ecosystems

- oLate Successional Bottomland Hardwoods oNative Longleaf Pine Systems

Within the EP's supply area there are other HCVs associated from the high conservation value assessment frameworks identified below.

- Alliance for Zero Extinction (AZE) – There are no AZE sites identified with the EP defined supply area.

- IUCN Centre for Plant Diversity (CPD) – There are no CPD sites identified within the EP defined supply area.

- Critical Ecosystem Partnership Fund – North American Coastal Plain was added to the Biodiversity Hotspot list in 2016. The North American Coastal Plain reaches from a small section of northern Mexico along the Gulf of Mexico and up the East Coast to southeastern Massachusetts. Despite the 1,816 endemic plant species and the 1.13 million square kilometers of area, the hotspot has a low level of geographic variety and an unusually low level of elevation change when compared to the other hotspots, leading the scientific community to assume it would be less biodiverse. This vast designation includes all the other HCVs described within this risk assessment at a more site specific scale.

GreenPeace Intact Forest - There are no Greenpeace Intact Forest sites identified within the EP defined supply area

- World Wildlife Fund (WWF), Global 200 Ecoregion - Southeastern Coniferous & Broadleaf Forests (# 75 in the WWF Global 200)

The WWF's Global 200 Ecoregions build a framework for describing the most important areas of biodiversity on the planet. The Global 200 encompass almost 50% of life on earth. These 200 areas are places that conservation groups target and discuss with forest products companies about the loss of global, forest biodiversity.

Almost all of the counties located in the EP defined supply area are in the Southeastern Coniferous & Broadleaf Forests which has a conservation status of endangered/critical. It is significant at a global scale, but this global ecoregion (#75) is subdivided into two smaller endangered/critical terrestrial ecoregions. These scaled-down subdivisions have significance at the national level.

- The Southeastern mixed forests (NA0413)

- The Southeastern conifer forests (NA0529)

1. The Southeastern conifer forests (NA0529) is the second terrestrial ecoregion that makes up the global ecoregion # 75. The northern half of the EP wood basin overlaps this ecoregion. The ecoregion extends from the Savannah River in Georgia across the coastal plain to the eastern parishes of Louisiana and south into Florida in the vicinity of Lake Okeechobee.

This ecoregion is equated with the longleaf pine ecosystem that once spanned a significant portion of the coastal plain. It was dominated by a longleaf pine overstory and an exceptionally diverse array of plants in the understory and especially in the herbaceous layer. The entire ecology of this region was driven by fire which maintained a longleaf pine dominance in the overstory. Many species of birds, reptiles, and amphibians adapted to this environment as well. The red-cockaded woodpecker, gopher tortoise, indigo snake, and flatwoods salamander are some of the more threatened, regulated, and managed of those taxa.

Fire was eventually suppressed in this ecosystem as it was in many of the other regions in the southeast. Due to commercial and private development, conversion to agriculture and the planting of loblolly pine in the area, the longleaf pine flatwoods have been reduced to less than 1% of its original size. However, there are several places where the natural habitat is being maintained and fire is still allowed into the systems. Most of the conservation sites that remain can be found on national forests, military bases, and state parks. Thanks to organizations like the Longleaf Alliance, private landowners are being given federal incentives to plant longleaf on their property and maintain those stands for many decades to come. As a result of education and conservation planning, there has been an increase in longleaf plantations over the past decade with an increase in newly planted acres every year within the ecoregion.

Protected Areas – The USGS Protected Areas database of the United States (PAD- US) is America's official national inventory of U.S. terrestrial and marine protected areas that

	<p>are dedicated to the preservation of biological diversity and to other natural, recreation and cultural uses, managed for these purposes through legal or other effective means. This database inventories protected areas that include fee lands to conservation easements on federal, state, local and private lands. Approximately 12% of the EP supply area is considered protected.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• EP-DOC-007 SFI Due Diligence Risk Assessment</li> <li>• EP-DOC-008 SBP Supply Base Risk assessment</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> </ul> <p>Training records</p> <p>National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</li> <li>• Alliance of Zero Extinction (AZE) <a href="https://zeroextinction.org">https://zeroextinction.org</a></li> <li>• IUCN Centre for Plant Diversity (CPD)</li> </ul> <p><a href="https://www.biodiversitya-z.org/content/centres-of-plant-diversity-cpd.pdf">https://www.biodiversitya-z.org/content/centres-of-plant-diversity-cpd.pdf</a></p> <ul style="list-style-type: none"> <li>• GreenPeace Intact Forests <a href="https://intactforests.org/index.html">https://intactforests.org/index.html</a></li> <li>• World Wildlife Fund (WWF)</li> </ul> <p><a href="https://www.worldwildlife.org/publications/global-200">https://www.worldwildlife.org/publications/global-200</a></p> <ul style="list-style-type: none"> <li>• USGS Protected Areas database of the United States (PAD-US) <a href="https://www.usgs.gov/programs/gap-analysis-project/science/protected-areas">https://www.usgs.gov/programs/gap-analysis-project/science/protected-areas</a></li> <li>• EP-DOC-007 SFI Due Diligence Risk Assessment</li> <li>• EP-DOC-008 SBP Supply Base Risk assessment</li> </ul>

	<ul style="list-style-type: none"> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> </ul> <p>Training records</p>
Risk Rating	Specified Risk
Comment or Mitigation Measure	<p>Cape Fear Arch CBA</p> <p>1. Gary Boyd, Greener Options Inc., will train EP personal on the critical biodiversity area including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.</p> <p>EP will work with its suppliers to work with their sub-suppliers who source wood fiber from this area to educate their suppliers, their loggers and landowners on the conservation values of Cape Fear Arch biodiversity associated with pocosins, threats from incompatible forest management, and opportunities for conservation through management that enhances biodiversity and reduces or eliminates these threats while recognizing the importance of hydrology for maintenance and enhancement of pocosins. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.</p> <p>Late Successional Bottomland Hardwoods (LSBH)</p> <p>1. EP only purchases southern pine (<i>Pinus taeda</i>, <i>Pinus elliottii</i>, <i>Pinus palustris</i>, <i>Pinus serotina</i>, <i>Pinus echinata</i>). These species are not commercially found in this HCV.</p> <p>2. Gary Boyd, Greener Options Inc., will train EP personal on this HCV including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.</p> <p>3. EP will work with its suppliers to work with their sub-suppliers who source wood fiber from this forest type to educate the suppliers, their loggers and landowners and communicate the social benefits &amp; values of LSBH, threats from forest management activities &amp; related loss of values, and opportunities for conservation through management that restores or maintains LSBH and reduces or eliminates these threats. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.</p>



	<p>Native Longleaf Pine Systems (NLPS)</p> <p>1. Gary Boyd, Greener Options Inc., will train EP personal on this HCV including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.</p> <p>2. EP will work with its suppliers to work with their sub-suppliers who source wood fiber from this forest type to communicate and educate suppliers, their loggers and landowners on the social benefits and values of NLPS, threats from forest management and related loss of values, and opportunities for conservation through management that restores or maintains NLPS and reduces or eliminates these threats. Communications should recognize the importance of the forest understory and fire to NLPS. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.</p> <p>Critical Ecosystem Partnership Fund – North America Coastal Plain</p> <p>1. This vast designation includes all the other HCVs described within this risk assessment at a more site specific scale.</p> <p>2. There is a strong system of protection (effective protected areas and legislation) in place within the BP’s defined supply area that ensures survival of this HCV.</p> <p>WWF Global 200 Ecoregion - Southeastern Coniferous &amp; Broadleaf Forests 1.The Southeastern mixed forests (NA0413)</p> <p>b)WWF has declared more than 99% of this ecoregion having been converted. The remaining examples of this HCV are known to occur on protected lands.</p>
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	Indicator
2.2.4	The BP has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).
Finding	Effingham Pellets, LLC’s (EP) SFI Due Diligence and SBP Supply Base Risk Assessments assessed the potential threats to forests and other areas with high conservation values from forest management activities within the supply area. These risk assessments using FSC’s National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) and other reputable conservation initiatives identified

and mapped the presence or absence of the following high conservation value areas (HCVs) within the company's supply base.

The following HCVs have been identified and mapped within EP's supply area and are assessed below. HCVs identified and assessed as "specified risk" will include describe measures to mitigate risks to a "low risk" level.

The National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) has identified the following HCVs that are located within EP's supply area.

- HCV1: Species Diversity oCape Fear Arch CBA
- HCV3: Rare Ecosystems

oLate Successional Bottomland Hardwoods oNative Longleaf Pine Systems

Within the EP's supply area there are other HCVs associated from the high conservation value assessment frameworks identified below.

- Alliance for Zero Extinction (AZE) – There are no AZE sites identified with the EP defined supply area.

- IUCN Centre for Plant Diversity (CPD) – There are no CPD sites identified within the EP defined supply area.

- Critical Ecosystem Partnership Fund – North American Coastal Plain was added to the Biodiversity Hotspot list in 2016. The North American Coastal Plain reaches from a small section of northern Mexico along the Gulf of Mexico and up the East Coast to southeastern Massachusetts. Despite the 1,816 endemic plant species and the 1.13 million square kilometers of area, the hotspot has a low level of geographic variety and an unusually low level of elevation change when compared to the other hotspots, leading the scientific community to assume it would be less biodiverse. This vast designation includes all the other HCVs described within this risk assessment at a more site specific scale.

- GreenPeace Intact Forest - There are no Greenpeace Intact Forest sites identified within the EP defined supply area.

World Wildlife Fund (WWF), Global 200 Ecoregion - Southeastern Coniferous & Broadleaf Forests (# 75 in the WWF Global 200)

The WWF's Global 200 Ecoregions build a framework for describing the most important areas of biodiversity on the planet.

The Global 200 encompass almost 50% of life on earth. These 200 areas are places that conservation groups target and discuss with forest products companies about the loss of global, forest biodiversity.

Almost all of the counties located in the EP defined supply area are in the Southeastern Coniferous & Broadleaf Forests which has a conservation status of endangered/critical. It is significant at a global scale, but this global ecoregion (#75) is subdivided into two smaller endangered/critical terrestrial ecoregions. These scaled- down subdivisions have significance at the national level.

- The Southeastern mixed forests (NA0413)
- The Southeastern conifer forests (NA0529)

1. The Southeastern conifer forests (NA0529) is the second terrestrial ecoregion that makes up the global ecoregion # 75. The northern half of the EP wood basin overlaps this ecoregion. The ecoregion extends from the Savannah River in Georgia across the coastal plain to the eastern parishes of Louisiana and south into Florida in the vicinity of Lake Okeechobee.

This ecoregion is equated with the longleaf pine ecosystem that once spanned a significant portion of the coastal plain. It was dominated by a longleaf pine overstory and an exceptionally diverse array of plants in the understory and especially in the herbaceous layer. The entire ecology of this region was driven by fire which maintained a longleaf pine dominance in the overstory. Many species of birds, reptiles, and amphibians adapted to this environment as well. The red-cockaded woodpecker, gopher tortoise, indigo snake, and flatwoods salamander are some of the more threatened, regulated, and managed of those taxa.

Fire was eventually suppressed in this ecosystem as it was in many of the other regions in the southeast. Due to commercial and private development, conversion to agriculture and the planting of loblolly pine in the area, the longleaf pine flatwoods have been reduced to less than 1% of its original size. However, there are several places where the natural habitat is being maintained and fire is still allowed into the systems. Most of the conservation sites that remain can be found on national forests, military bases, and state parks. Thanks to organizations like the Longleaf Alliance, private landowners are being

	<p>given federal incentives to plant longleaf on their property and maintain those stands for many decades to come. As a result of education and conservation planning, there has been an increase in longleaf plantations over the past decade with an increase in newly planted acres every year within the ecoregion.</p> <p>Protected Areas – The USGS Protected Areas database of the United States (PAD- US) is America’s official national inventory of U.S. terrestrial and marine protected areas that are dedicated to the preservation of biological diversity and to other natural, recreation and cultural uses, managed for these purposes through legal or other effective means. This database inventories protected areas that include fee lands to conservation easements on federal, state, local and private lands. Approximately 12% of the EP supply area is considered protected.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• EP-DOC-007 SFI Due Diligence Risk Assessment</li> <li>• EP-DOC-008 SBP Supply Base Risk assessment</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> </ul> <p>Training records</p> <p>National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</li> <li>• Alliance of Zero Extinction (AZE) <a href="https://zeroextinction.org">https://zeroextinction.org</a></li> <li>• IUCN Centre for Plant Diversity (CPD)</li> </ul> <p><a href="https://www.biodiversitya-z.org/content/centres-of-plant-diversity-cpd.pdf">https://www.biodiversitya-z.org/content/centres-of-plant-diversity-cpd.pdf</a></p> <ul style="list-style-type: none"> <li>• GreenPeace Intact Forests <a href="https://intactforests.org/index.html">https://intactforests.org/index.html</a></li> <li>• World Wildlife Fund (WWF)</li> </ul> <p><a href="https://www.worldwildlife.org/publications/global-200">https://www.worldwildlife.org/publications/global-200</a></p>

	<ul style="list-style-type: none"> <li>• USGS Protected Areas database of the United States (PAD-US) <a href="https://www.usgs.gov/programs/gap-analysis-project/science/protected-areas">https://www.usgs.gov/programs/gap-analysis-project/science/protected-areas</a></li> <li>• EP-DOC-007 SFI Due Diligence Risk Assessment</li> <li>• EP-DOC-008 SBP Supply Base Risk assessment</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> </ul> <p>Training records</p>
Risk Rating	Specified Risk
Comment or Mitigation Measure	<p>Cape Fear Arch CBA</p> <p>1. Gary Boyd, Greener Options Inc., will train EP personal on the critical biodiversity area including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.</p> <p>EP will work with its suppliers to work with their sub-suppliers who source wood fiber from this area to educate their suppliers, their loggers and landowners on the conservation values of Cape Fear Arch biodiversity associated with pocosins, threats from incompatible forest management, and opportunities for conservation through management that enhances biodiversity and reduces or eliminates these threats while recognizing the importance of hydrology for maintenance and enhancement of pocosins. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.</p> <p>Late Successional Bottomland Hardwoods (LSBH)</p> <p>1. EP only purchases southern pine (<i>Pinus taeda</i>, <i>Pinus elliottii</i>, <i>Pinus palustris</i>, <i>Pinus serotina</i>, <i>Pinus echinata</i>). These species are not commercially found in this HCV.</p> <p>2. Gary Boyd, Greener Options Inc., will train EP personal on this HCV including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.</p> <p>3. EP will work with its suppliers to work with their sub-suppliers who source wood fiber from this forest type to educate the suppliers, their loggers and landowners and communicate the social benefits &amp; values of LSBH, threats from forest management</p>

activities & related loss of values, and opportunities for conservation through management that restores or maintains LSBH and reduces or eliminates these threats. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.

#### Native Longleaf Pine Systems (NLPS)

1. Gary Boyd, Greener Options Inc., will train EP personal on this HCV including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.

2. EP will work with its suppliers to work with their sub-suppliers who source wood fiber from this forest type to communicate and educate suppliers, their loggers and landowners on the social benefits and values of NLPS, threats from forest management and related loss of values, and opportunities for conservation through management that restores or maintains NLPS and reduces or eliminates these threats. Communications should recognize the importance of the forest understory and fire to NLPS. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.

#### Critical Ecosystem Partnership Fund – North America Coastal Plain

1. This vast designation includes all the other HCVs described within this risk assessment at a more site specific scale.

2. There is a strong system of protection (effective protected areas and legislation) in place within the BP's defined supply area that ensures survival of this HCV.

#### WWF Global 200 Ecoregion - Southeastern Coniferous & Broadleaf Forests 1.The Southeastern mixed forests (NA0413)

a)WWF has declared more than 99% of this ecoregion having been converted. The remaining examples of this HCV are known to occur on protected lands.

**Indicator**

<p><b>2.2.5</b></p>	<p>The BP has implemented appropriate control systems and procedures for verifying that the process of residue removal minimises harm to ecosystems.</p>
<p>Finding</p>	<p>Effingham Pellets, LLC's (EP) primary supplier, Charles Ingram Lumber Company (CILCO) is certified to the Sustainable Forestry Initiative (SFI) Fiber Sourcing Standard (NSF-SFI-FS-C0616436) and has implemented procedures meeting this standard that verify the process of residue removal minimises harm to ecosystems. SFI Fiber Sourcing requires the implementation of best management practices (BMPs) and the use of qualified logging professionals. State BMP manuals in NC &amp; SC recommend scattering tops, limbs and other logging debris across harvest areas in skid trails and on temporary landings to minimize soil erosion.</p> <p>To ensure these standards are met, Log Purchase Agreements &amp; Base Logging Contracts require all feedstock suppliers to harvest fiber in compliance with state BMPs and to maintain SFI State Implementation Committee (SIC) logger training requirements to control the impact on the forests. Harvest Inspection Checklists are used to record wood utilization. EP and CILCO annually accesses state SIC logger training databases to verify logger training status and conducts BMP compliance checks to verify supplier compliance with BMPs for feedstock.</p> <p>In addition state forestry agencies conduct BMP compliance checks randomly or upon request by stakeholders. Most recent state BMP compliance reports for North Carolina to be 85% (2016) and South Carolina to be 96% (2020) compliant.</p> <p>EP has also distributed "Forest Biomass Retention and Harvesting Guidelines for the Southeast" from the Forest Guild to its suppliers as a tool to ensure biomass removal minimizes the harm to ecosystems.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> <li>• CILCO-DOC-009 Harvest Inspection Checklist</li> <li>• SFI Database (Charles Ingram Lumber Company - NSF-SFI-FS-C0616436)</li> <li>• SC TOP Logger Program</li> <li>• NC PRO Logger Logger Program</li> </ul>

	<ul style="list-style-type: none"> <li>• SC Forestry Commission BMP Compliance Report (2019-2020)</li> <li>• NC Forest Service BMP Compliance Report, 2012-2016 (2019)</li> <li>• SC Forestry BMP Manual</li> </ul> <p>NC Forestry BMP Manual</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> <li>• CILCO-DOC-009 Harvest Inspection Checklist</li> </ul> <p>SFI Database (Charles Ingram Lumber Company - NSF-SFI-FS-C0616436)  <a href="https://sfidatabase.org">https://sfidatabase.org</a></p> <ul style="list-style-type: none"> <li>• SC TOP Program</li> </ul> <p><a href="https://www.scforestry.org/top-forestry-programs.htm">https://www.scforestry.org/top-forestry-programs.htm</a></p> <ul style="list-style-type: none"> <li>• NC ProLogger Program <a href="https://www.ncforestry.org/prologger">https://www.ncforestry.org/prologger</a></li> <li>• Forestry BMPs in SC, Compliance &amp; Monitoring Report (2019-2020)</li> </ul> <p><a href="https://dc.statelibrary.sc.gov/bitstream/handle/10827/35482/SCFC_Forestry_BMPs_in_SC_2019-2020.pdf?sequence=1&amp;isAllowed=y">https://dc.statelibrary.sc.gov/bitstream/handle/10827/35482/SCFC_Forestry_BMPs_in_SC_2019-2020.pdf?sequence=1&amp;isAllowed=y</a></p> <ul style="list-style-type: none"> <li>• An assessment of Forestry BMPs in NC (2012-2016)</li> </ul> <p><a href="https://www.ncforestservice.gov/water_quality/pdf/BMP_Assessment_Report_2012-2016.pdf">https://www.ncforestservice.gov/water_quality/pdf/BMP_Assessment_Report_2012-2016.pdf</a></p>



	<ul style="list-style-type: none"> <li>• SC's Best Mngement Practices for Forestry <a href="https://www.state.sc.us/forest/menvir.htm">https://www.state.sc.us/forest/menvir.htm</a></li> <li>• NC Forestry BMP Manual <a href="https://www.ncforestsERVICE.gov/publications/WQ0107/BMP_manual.pdf">https://www.ncforestsERVICE.gov/publications/WQ0107/BMP_manual.pdf</a></li> <li>• "Forest Biomass Retention and Harvesting Guidelines for the Southeast" (Forest Guild):  <a href="https://foreststewardsguild.org/wp-content/uploads/2019/05/FG_Biomass_Guidelines_SE.pdf">https://foreststewardsguild.org/wp-content/uploads/2019/05/FG_Biomass_Guidelines_SE.pdf</a></li> </ul>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
<b>2.2.6</b>	The BP has implemented appropriate control systems and procedures to verify that negative impacts on ground water, surface water and water downstream from forest management are minimised (CPET S5b).
Finding	<p>State and Federal laws, such as the Clean Water Act, are in place to protect the waters of the United States. Access to these laws is available to EP personnel. State Forestry Commissions, working with state Environmental Protection Divisions are charged with the enforcement of these state and federal laws. In addition, state forestry best management practices (BMPs) have been developed to provide guidance in water quality protection. The state forestry agencies also conduct BMP compliance checks throughout the year and publicly report their findings.</p> <p>Effingham Pellets, LLC's (EP) primary supplier, Charles Ingram Lumber Company (CILCO) is certified to the Sustainable Forestry Initiative (SFI) Fiber Sourcing Standard and has implemented procedures meeting this standard that verify that negative impacts on ground water, surface water and water downstream from forest management are minimised . SFI Fiber Sourcing requires the implementation of BMPs and the use of qualified logging professionals.</p> <p>To ensure these standards are met, Log Purchase Agreements &amp; Base Logging Contracts require all feedstock suppliers to harvest fiber in compliance with state BMPs and to maintain SFI State Implementation Committee (SIC) logger training requirements to control the impact on the forests. EP and CILCO annually accesses state SIC logger training databases to verify logger training status and conducts BMP compliance checks to verify supplier compliance with BMPs for feedstock.</p>

	<p>In addition state forestry agencies conduct BMP compliance checks randomly or upon request by stakeholders. Most recent state BMP compliance reports for North Carolina to be 85% (2016) and South Carolina to be 96% (2020) compliant.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> <li>• CILCO-DOC-009 Harvest Inspection Checklist</li> <li>• SFI Database (Charles Ingram Lumber Company - NSF-SFI-FS-C0616436)</li> <li>• SC TOP Logger Program</li> <li>• NC PRO Logger Logger Program</li> <li>• SC Forestry Commission BMP Compliance Report (2019-2020)</li> <li>• NC Forest Service BMP Compliance Report, 2012-2016 (2019)</li> <li>• SC Forestry BMP Manual</li> </ul> <p>NC Forestry BMP Manual</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> <li>• CILCO-DOC-009 Harvest Inspection Checklist</li> <li>• SFI Database (Charles Ingram Lumber Company - NSF-SFI-FS-C0616436) <a href="https://sfidatabase.org">https://sfidatabase.org</a></li> </ul>

	<ul style="list-style-type: none"> <li>• SC TOP Program</li> </ul> <p><a href="https://www.scforestry.org/top-forestry-programs.htm">https://www.scforestry.org/top-forestry-programs.htm</a></p> <p>NC ProLogger Program</p> <p><a href="https://www.ncforestry.org/prologger">https://www.ncforestry.org/prologger</a></p> <ul style="list-style-type: none"> <li>• Forestry BMPs in SC, Compliance &amp; Monitoring Report (2019-2020)</li> </ul> <p><a href="https://dc.statelibrary.sc.gov/bitstream/handle/10827/35482/SCFC_Forestry_BMPs_in_SC_2019-2020.pdf?sequence=1&amp;isAllowed=y">https://dc.statelibrary.sc.gov/bitstream/handle/10827/35482/SCFC_Forestry_BMPs_in_SC_2019-2020.pdf?sequence=1&amp;isAllowed=y</a></p> <ul style="list-style-type: none"> <li>• An assessment of Forestry BMPs in NC (2012-2016)</li> </ul> <p><a href="https://www.ncforests-service.gov/water_quality/pdf/BMP_Assessment_Report_2012-2016.pdf">https://www.ncforests-service.gov/water_quality/pdf/BMP_Assessment_Report_2012-2016.pdf</a></p> <ul style="list-style-type: none"> <li>• SC's Best Mnagement Practices for Forestry <a href="https://www.state.sc.us/forest/menvir.htm">https://www.state.sc.us/forest/menvir.htm</a></li> <li>• NC Forestry BMP Manual</li> </ul> <p><a href="https://www.ncforests-service.gov/publications/WQ0107/BMP_manual.pdf">https://www.ncforests-service.gov/publications/WQ0107/BMP_manual.pdf</a></p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	<b>Indicator</b>
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2.2.7	The BP has implemented appropriate control systems and procedures for verifying that air quality is not adversely affected by forest management activities.
Finding	<p>The only potential adverse impact to air quality from forest management activities is prescribed burning. Permits or authorizations for prescribed burning are required in NC &amp; SC. While EP does not conduct forest management activities that directly impacts air quality, EP working with its sole supplier, Charles Ingram Lumber company (CILCO) actively promote the use of prescribed burning to forest landowners as a sustainable forestry activity through CILCO's SFI Fiber Sourcing certification. EP and CILCO actively educate forest landowners about sustainable forestry by providing educational materials developed for forest landowners.</p> <p>State forest assessment reports state forest activities such as prescribed burning have mixed impacts on the forests. While smoke from prescribed burning can lower air quality temporarily, the lack of burning has a direct negative impact of longleaf pine and other fire tolerant species within EP's supply basin.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• CILCO-PROC-001 SFI Fiber Sourcing Procedures</li> </ul> <p>EP-DOC-008 SBP Supply Base Risk Assessment</p> <p>State Forest Action Plans</p>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• CILCO-PROC-001 SFI Fiber Sourcing Procedures</li> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> <li>• NC Forest Service - Online Burning Permit System <a href="https://www.ncforestservice.gov/burn_permits/burn_permits_main.htm">https://www.ncforestservice.gov/burn_permits/burn_permits_main.htm</a></li> <li>• SC Forestry Commission - Outdoor Burning: Information, Regulations, and Assistance  <a href="https://www.state.sc.us/forest/fireburn.htm">https://www.state.sc.us/forest/fireburn.htm</a></li> <li>• NC Forest Action Plan <a href="https://www.ncforestactionplan.com/index.htm">https://www.ncforestactionplan.com/index.htm</a></li> <li>• SC Forest Action Plan  <a href="https://www.state.sc.us/forest/pubs/forestactionplan2020-30.pdf">https://www.state.sc.us/forest/pubs/forestactionplan2020-30.pdf</a></li> </ul>
Risk Rating	Low Risk

Comment or Mitigation Measure	Not Applicable
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	Indicator
2.2.8	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).
Finding	<p>While EP does not conduct forest management activities which use forest chemicals , EP working with its primary supplier, Charles Ingram Lumber company (CILCO) actively promote the use of Integrated Pest Management to forest landowners as a sustainable forestry activity through CILCO's SFI Fiber Sourcing certification. EP &amp; CILCO actively educate forest landowners about sustainable forestry by providing educational materials developed for landowners.</p> <p>The use of chemicals is regulated by the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). FIFRA is a federal regulation that governs the registration, distribution, sale, and use of pesticides in the United States. States have regulations that further support FIFRA and provide requirements for the use of licensed applicators to comply with federal EPA regulations.</p>
Means of Verification	<p>Federal and state pesticide use laws and regulations are reviewed annually by accessing associated websites.</p> <p>CILCO-PROC-001 SFI Fiber Sourcing Procedures</p>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• CILCO-PROC-001 SFI Fiber Sourcing Procedures</li> <li>• SFI Database (Charles Ingram Lumber Company - NSF-SFI-FS-C0616436) <a href="https://sfidatabase.org">https://sfidatabase.org</a></li> <li>• Federal Insecticide, Fungicide and Rodenticide Act  <a href="https://www.epa.gov/laws-regulations/summary-federal-insecticide-fungicide-and-rodenticide-act">https://www.epa.gov/laws-regulations/summary-federal-insecticide-fungicide-and-rodenticide-act</a></li> <li>• North Carolina Pesticide Law of 1971 <a href="https://www.ncagr.gov/SPCAP/pesticides/Authorit.htm">https://www.ncagr.gov/SPCAP/pesticides/Authorit.htm</a></li> <li>• South Carolina Pesticide Control Act</li> </ul>

	<a href="https://www.scstatehouse.gov/code/t46c013.php">https://www.scstatehouse.gov/code/t46c013.php</a>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.2.9	The BP has implemented appropriate control systems and procedures for verifying that methods of waste disposal minimise negative impacts on forest ecosystems (CPET S5d).
Finding	<p>State and Federal laws, such as the CERCLA, are in place to protect from oil spills and hazardous substance releases. Access to these laws is available to EP personnel &amp; suppliers.</p> <p>EP procedures require suppliers to maintain SFI training which includes modules addressing proper waste disposal. Log Purchase Agreements and Base Logging Contracts have clauses requiring adherence to federal, state and local laws and state BMPs. Company BMP compliance checks also record the existence of trash or oil spills on forest lands.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• State and Federal laws</li> <li>• State BMPs</li> </ul> <p>Log Purchase Agreements and Base Logging Contracts</p> <ul style="list-style-type: none"> <li>• Master Logger Training records</li> </ul> <p>BMP compliance checks</p> <p>EP-POL-001 Sustainable Forestry Policy</p> <ul style="list-style-type: none"> <li>• CILCO-PROC-001 SFI Fiber Sourcing Procedures</li> </ul>

	<ul style="list-style-type: none"> <li>• Log Purchase Agreements and Base Logging Contracts</li> </ul> <p>CILCO-DOC-009 Harvest inspection Checklists</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• Federal law</li> </ul> <p>oCERCLA - 42 US Code Chapter 103:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.epa.gov/agriculture/lcla.html">http://www.epa.gov/agriculture/lcla.html</a></li> </ul> <ul style="list-style-type: none"> <li>• Forestry BMPs in SC, Compliance &amp; Monitoring Report (2019-2020)</li> </ul> <p><a href="https://dc.statelibrary.sc.gov/bitstream/handle/10827/35482/SCFC_Forestry_BMPs_in_SC_2019-2020.pdf?sequence=1&amp;isAllowed=y">https://dc.statelibrary.sc.gov/bitstream/handle/10827/35482/SCFC_Forestry_BMPs_in_SC_2019-2020.pdf?sequence=1&amp;isAllowed=y</a></p> <ul style="list-style-type: none"> <li>• An assessment of Forestry BMPs in NC (2012-2016)</li> </ul> <p><a href="https://www.ncforests-service.gov/water_quality/pdf/BMP_Assessment_Report_2012-2016.pdf">https://www.ncforests-service.gov/water_quality/pdf/BMP_Assessment_Report_2012-2016.pdf</a></p> <ul style="list-style-type: none"> <li>• SC's Best Mngement Practices for Forestry <a href="https://www.state.sc.us/forest/menvir.htm">https://www.state.sc.us/forest/menvir.htm</a></li> <li>• NC Forestry BMP Manual <a href="https://www.ncforests-service.gov/publications/WQ0107/BMP_manual.pdf">https://www.ncforests-service.gov/publications/WQ0107/BMP_manual.pdf</a></li> <li>• EP-POL-001 Sustainable Forestry Policy</li> </ul> <ul style="list-style-type: none"> <li>• CILCO-PROC-001 SFI Fiber Sourcing Procedures</li> </ul> <ul style="list-style-type: none"> <li>• Log Purchase Agreements and Base Logging Contracts</li> </ul>

	CILCO-DOC-009 Harvest inspection Checklists
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.3.1	Analysis shows that feedstock harvesting does not exceed the long-term production capacity of the forest, avoids significant negative impacts on forest productivity and ensures long-term economic viability. Harvest levels are justified by inventory and growth data.
Finding	Harvest levels for the supply base in NC & SC do not exceed growth according to USDA Forest Service forest inventory data. Forest Service removals, growth and mortality records for the most current years (NC-2022 & SC-2021) show a positive average rate of growth to removals (and mortality) at 1.34 for all wood.  State-wide data shows the growth-to-removals (and mortality) ratio were 1.52 (NC) and 1.31 (SC).
Means of Verification	USDA Forest Service FIA data
Evidence Reviewed	<ul style="list-style-type: none"> <li>• USDA Forest Service Forest Inventory Analysis Data <a href="https://apps.fs.usda.gov/Evalidator/evaluator.jsp">https://apps.fs.usda.gov/Evalidator/evaluator.jsp</a></li> <li>• Forests of North Carolina, 2020</li> <li>• <a href="https://public.tableau.com/views/FIA_OneClick_V1_2/StateSelection?:showVizHome=no">https://public.tableau.com/views/FIA_OneClick_V1_2/StateSelection?:showVizHome=no</a></li> <li>• Forests of South Carolina, 2020  <a href="https://public.tableau.com/views/FIA_OneClick_V1_2/StateSelection?:showVizHome=no">https://public.tableau.com/views/FIA_OneClick_V1_2/StateSelection?:showVizHome=no</a></li> </ul>
Risk Rating	Low Risk



Comment or Mitigation Measure	Not Applicable
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	Indicator
2.3.2	Adequate training is provided for all personnel, including employees and contractors (CPET S6d).
Finding	EP's policy requires all professional wood producers delivering wood to complete SFI Implementation Committee approved logger training to achieve SFI Logger Education "trained" status. EP's primary supplier's, Charles Ingram Lumber Company (CILCO) procedures provide guidance on who should be trained and how to check training records. EP's fiber procurement staff is also Master Logger trained.
Means of Verification	<ul style="list-style-type: none"> <li>• Master Logger Training records</li> </ul> <p>Company training records</p> <p>EP-POL-001 Sustainable Forestry Policy</p> <ul style="list-style-type: none"> <li>• CILCO-PROC-001 SFI Fiber Sourcing Procedures</li> </ul>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• SC TOP Program</li> </ul> <p><a href="https://www.scforestry.org/top-forestry-programs.htm">https://www.scforestry.org/top-forestry-programs.htm</a></p> <p>NC ProLogger Program</p> <p><a href="https://www.ncforestry.org/prologger">https://www.ncforestry.org/prologger</a></p> <ul style="list-style-type: none"> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• CILCO-PROC-001 SFI Fiber Sourcing Procedures</li> </ul> <p>EP Training Records</p>

Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.3.3	Analysis shows that feedstock harvesting and biomass production positively contribute to the local economy, including employment.
Finding	<p>In addition to the approximately 10 jobs associated with the pellet mill, EP has created another market for wood residuals. This additional market only adds to a forest products industry that is a leading industry and employer in NC and SC.</p> <p>According to recent economic studies, forestry directly contributed \$21.6 billion in industry output in North Carolina (2019). The NC forest sector employed over 73,600 people. The forest sector continued to be the top employer among manufacturing sectors in NC. Total economic contribution of forestry for the state of South Carolina is just over \$21 billion (2017). Direct effect employment was just over 35,000 jobs and total effect employment was over 84,000 jobs.</p>
Means of Verification	<ul style="list-style-type: none"> <li>Economic studies</li> </ul>
Evidence Reviewed	<ul style="list-style-type: none"> <li>Economic Contributions of the Forest Sector in North Carolina, 2019</li> </ul> <p><a href="https://www.ncforestservice.gov/Managing_your_forest/pdf/Economic_Contributions_of_the_Forest_Sector_in_NC_2019.pdf">https://www.ncforestservice.gov/Managing_your_forest/pdf/Economic_Contributions_of_the_Forest_Sector_in_NC_2019.pdf</a></p> <p>Economic Contribution Analysis of SC's Forestry Sector, 2017  <a href="https://www.state.sc.us/forest/economicimpactstudy2017.pdf">https://www.state.sc.us/forest/economicimpactstudy2017.pdf</a></p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.4.1	<p>The BP 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).</p>
Finding	<p>Effingham Pellets, LLC's (EP) SFI Due Diligence and SBP Supply Base Risk Assessments assessed the potential threats to forests and other areas with high conservation values from forest management activities within the supply area. These risk assessments using FSC's National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) and other reputable conservation initiatives identified and mapped the presence or absence of the following high conservation value areas (HCVs) within the company's supply base.</p> <p>The following HCVs have been identified and mapped within EP's supply area and are assessed below. HCVs identified and assessed as "specified risk" will include describe measures to mitigate risks to a "low risk" level.</p> <p>The National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) has identified the following HCVs that are located within EP's supply area.</p> <ul style="list-style-type: none"> <li>• HCV1: Species Diversity oCape Fear Arch CBA</li> <li>• HCV3: Rare Ecosystems</li> </ul> <p>oLate Successional Bottomland Hardwoods oNative Longleaf Pine Systems</p> <p>Within the EP's supply area there are other HCVs associated from the high conservation value assessment frameworks identified below.</p> <ul style="list-style-type: none"> <li>• Alliance for Zero Extinction (AZE) – There are no AZE sites identified with the EP defined supply area.</li> <li>• IUCN Centre for Plant Diversity (CPD) – There are no CPD sites identified within the EP defined supply area.</li> </ul> <p>Critical Ecosystem Partnership Fund – North American Coastal Plain was added to the Biodiversity Hotspot list in 2016. The North American Coastal Plain reaches from a small section of northern Mexico along the Gulf of Mexico and up the East Coast to</p>

southeastern Massachusetts. Despite the 1,816 endemic plant species and the 1.13 million square kilometers of area, the hotspot has a low level of geographic variety and an unusually low level of elevation change when compared to the other hotspots, leading the scientific community to assume it would be less biodiverse. This vast designation includes all the other HCVs described within this risk assessment at a more site specific scale.

- GreenPeace Intact Forest - There are no Greenpeace Intact Forest sites identified within the EP defined supply area.

- World Wildlife Fund (WWF), Global 200 Ecoregion - Southeastern Coniferous & Broadleaf Forests (# 75 in the WWF Global 200)

The WWF's Global 200 Ecoregions build a framework for describing the most important areas of biodiversity on the planet. The Global 200 encompass almost 50% of life on earth. These 200 areas are places that conservation groups target and discuss with forest products companies about the loss of global, forest biodiversity.

Almost all of the counties located in the EP defined supply area are in the Southeastern Coniferous & Broadleaf Forests which has a conservation status of endangered/critical. It is significant at a global scale, but this global ecoregion (#75) is subdivided into two smaller endangered/critical terrestrial ecoregions. These scaled- down subdivisions have significance at the national level.

- The Southeastern mixed forests (NA0413)

- The Southeastern conifer forests (NA0529)

1. The Southeastern conifer forests (NA0529) is the second terrestrial ecoregion that makes up the global ecoregion # 75. The northern half of the EP wood basin overlaps this ecoregion. The ecoregion extends from the Savannah River in Georgia across the coastal plain to the eastern parishes of Louisiana and south into Florida in the vicinity of Lake Okeechobee.

This ecoregion is equated with the longleaf pine ecosystem that once spanned a significant portion of the coastal plain. It was dominated by a longleaf pine overstory and an exceptionally diverse array of plants in the understory and especially in the herbaceous layer. The entire ecology of this region was driven by fire which maintained a longleaf pine dominance in the overstory. Many species of birds, reptiles, and amphibians adapted to this environment as well. The red-cockaded woodpecker, gopher

	<p>tortoise, indigo snake, and flatwoods salamander are some of the more threatened, regulated, and managed of those taxa.</p> <p>Fire was eventually suppressed in this ecosystem as it was in many of the other regions in the southeast. Due to commercial and private development, conversion to agriculture and the planting of loblolly pine in the area, the longleaf pine flatwoods have been reduced to less than 1% of its original size. However, there are several places where the natural habitat is being maintained and fire is still allowed into the systems. Most of the conservation sites that remain can be found on national forests, military bases, and state parks. Thanks to organizations like the Longleaf Alliance, private landowners are being given federal incentives to plant longleaf on their property and maintain those stands for many decades to come. As a result of education and conservation planning, there has been an increase in longleaf plantations over the past decade with an increase in newly planted acres every year within the ecoregion.</p> <p>Protected Areas – The USGS Protected Areas database of the United States (PAD- US) is America’s official national inventory of U.S. terrestrial and marine protected areas that are dedicated to the preservation of biological diversity and to other natural, recreation and cultural uses, managed for these purposes through legal or other effective means. This database inventories protected areas that include fee lands to conservation easements on federal, state, local and private lands. Approximately 12% of the EP supply area is considered protected.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• EP-DOC-007 SFI Due Diligence Risk Assessment</li> <li>• EP-DOC-008 SBP Supply Base Risk assessment</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> </ul> <p>Training records</p> <p>National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</p> <p>Agencies websites.</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</li> <li>• Alliance of Zero Extinction (AZE) <a href="https://zeroextinction.org">https://zeroextinction.org</a></li> </ul>

	<ul style="list-style-type: none"> <li>• IUCN Centre for Plant Diversity (CPD)</li> </ul> <p><a href="https://www.biodiversitya-z.org/content/centres-of-plant-diversity-cpd.pdf">https://www.biodiversitya-z.org/content/centres-of-plant-diversity-cpd.pdf</a></p> <ul style="list-style-type: none"> <li>• GreenPeace Intact Forests <a href="https://intactforests.org/index.html">https://intactforests.org/index.html</a></li> <li>• World Wildlife Fund (WWF)</li> </ul> <p><a href="https://www.worldwildlife.org/publications/global-200">https://www.worldwildlife.org/publications/global-200</a></p> <ul style="list-style-type: none"> <li>• USGS Protected Areas database of the United States (PAD-US) <a href="https://www.usgs.gov/programs/gap-analysis-project/science/protected-areas">https://www.usgs.gov/programs/gap-analysis-project/science/protected-areas</a></li> <li>• EP-DOC-007 SFI Due Diligence Risk Assessment</li> <li>• EP-DOC-008 SBP Supply Base Risk assessment</li> <li>• EP-DOC-011 Secondary Supplier Audit Checklist</li> </ul> <p>Training records</p>
Risk Rating	Specified Risk
Comment or Mitigation Measure	<p>Cape Fear Arch CBA</p> <p>1. Gary Boyd, Greener Options Inc., will train EP personal on the critical biodiversity area including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.</p> <p>EP will work with its suppliers to work with their sub-suppliers who source wood fiber from this area to educate their suppliers, their loggers and landowners on the conservation values of Cape Fear Arch biodiversity associated with pocosins, threats from incompatible forest management, and opportunities for conservation through management that enhances biodiversity and reduces or eliminates these threats while recognizing the importance of hydrology for maintenance and enhancement of pocosins. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.</p>

#### Late Successional Bottomland Hardwoods (LSBH)

1. EP only purchases southern pine (*Pinus taeda*, *Pinus elliottii*, *Pinus palustris*, *Pinus serotina*, *Pinus echinata*). These species are not commercially found in this HCV.
2. Gary Boyd, Greener Options Inc., will train EP personal on this HCV including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.
3. EP will work with its suppliers to work with their sub-suppliers who source wood fiber from this forest type to educate the suppliers, their loggers and landowners and communicate the social benefits & values of LSBH, threats from forest management activities & related loss of values, and opportunities for conservation through management that restores or maintains LSBH and reduces or eliminates these threats. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.

#### Native Longleaf Pine Systems (NLPS)

1. Gary Boyd, Greener Options Inc., will train EP personal on this HCV including the description of the habitat and perceived threats. Recommended mitigation measures will also be discussed.
2. EP will work with its suppliers to work with their sub-suppliers who source wood fiber from this forest type to communicate and educate suppliers, their loggers and landowners on the social benefits and values of NLPS, threats from forest management and related loss of values, and opportunities for conservation through management that restores or maintains NLPS and reduces or eliminates these threats. Communications should recognize the importance of the forest understory and fire to NLPS. This education and outreach measure will be documented using Secondary Supplier Audit Checklists.

#### Critical Ecosystem Partnership Fund – North America Coastal Plain

1. This vast designation includes all the other HCVs described within this risk assessment at a more site specific scale.

	<p>2. There is a strong system of protection (effective protected areas and legislation) in place within the BP's defined supply area that ensures survival of this HCV.</p> <p>WWF Global 200 Ecoregion - Southeastern Coniferous &amp; Broadleaf Forests 1. The Southeastern mixed forests (NA0413)</p> <p>a) WWF has declared more than 99% of this ecoregion having been converted. The remaining examples of this HCV are known to occur on protected lands.</p>
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	Indicator
<b>2.4.2</b>	<p>The BP has implemented appropriate control systems and procedures for verifying that natural processes, such as fires, pests and diseases are managed appropriately (CPET S7b).</p>
Finding	<p>While EP does not conduct forest management activities that manage fires, pests and diseases, EP working with its primary supplier, Charles Ingram Lumber company (CILCO) actively promote the use of prescribed burning and other integrated pest management activities to forest landowners as a sustainable forestry activity through CILCO's SFI Fiber Sourcing certification. EP &amp; CILCO actively educate forest landowners about sustainable forestry by providing educational materials developed for landowners.</p> <p>EP and CILCO work with state forestry agencies, as needed, to address issues of forest health.</p> <p>The NC Forest Service reported 2,801 wildfires in 2021 burning 8,422 acres. In the past 10 years, three nonnative invasive species were detected in NC for the first time: laurel wilt in 2011 (now in 12 counties in the southeastern part of the state); thousand cankers disease of walnuts in 2012 (remains in only one county); and, emerald ash borer in 2013 (61 counties in NC). Pests such as hemlock woolly adelgid and gypsy moth have impacted forests in the state for more than 20 years. Others, such as spotted lanternfly and Asian longhorned beetle, have been found in adjacent states and are being monitored closely in North Carolina. The southern pine beetle (SPB) has historically been North Carolina's most significant forest insect pest. From 1999 through 2002, SPB killed at least \$84 million worth of timber in North Carolina. Since then, beetle activity has been relatively low. In 2017 and 2018, however, activity picked up on federal, state and private lands, then began to subside in 2019. In 2020, only one small spot of activity was reported on private lands in the western part of the state.</p>



	The SC Forestry Commission recorded 1,089 wildfires that burned 6,231.5 acres of forestland and grassland during the fiscal year. Prescribed burning for forestry, wildlife & agriculture accounted for 8,995 burns covering 342,644 acres. In FY2019-2020, losses due to the Southern Pine Beetle (SPB) were minimal. Emerald ash borer has been found in seven SC counties. Cogongrass, a non-native federally regulated noxious weed, has been detected in 13 SC counties.
Means of Verification	State forestry agency reports.  CILCO-PROC-001 SFI Fiber Sourcing Procedures
Evidence Reviewed	<ul style="list-style-type: none"> <li>• CILCO-PROC-001 SFI Fiber Sourcing Procedures</li> <li>• NC Forest Service Wildfire and Acreage Statistics: 19280Present <a href="https://www.ncforests-service.gov/fire_control/wildfire_statistics.htm">https://www.ncforests-service.gov/fire_control/wildfire_statistics.htm</a></li> <li>NC Forest Service Forest Health Notes (January 2021)  <a href="https://www.ncforests-service.gov/forest_health/pdf/FHN/FHN-2020FHACCOMPLISHMENTS.pdf">https://www.ncforests-service.gov/forest_health/pdf/FHN/FHN-2020FHACCOMPLISHMENTS.pdf</a></li> <li>SC Forestry Commission FY2019-2020 Annual Report <a href="https://www.state.sc.us/forest/reports/scfcannualreport2020.pdf">https://www.state.sc.us/forest/reports/scfcannualreport2020.pdf</a></li> </ul>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
<b>2.4.3</b>	The BP has implemented appropriate control systems and procedures for verifying that there is adequate protection of the forest from unauthorised activities, such as illegal logging, mining and encroachment (CPET S7c).
Finding	<p>EP referenced FSC's National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) as part of its risk assessment. The national assessment has determined Controlled Wood Category 1: Illegally harvested wood to be "low risk".</p> <p>There are appropriate control systems and procedures to ensure that legality of ownership and land use can be demonstrated for the Supply Base. Illegal harvesting in</p>

the supply base is prohibited by state laws. The state laws addressing illegal logging and wood theft are as follows:

#### North Carolina Laws

N.C. GEN. STAT. § 1-539“awards double damages for a timber trespass that occurs without the consent and permission of the bona fide owner or an act of arson if a defendant willfully and intentionally set on fire, or cause to be set on fire" timber on the land of another.”

N.C. GEN STAT. § 14-128“considers anyone committing a willful timber trespass guilty of a Class 1 misdemeanor, provided the offender is not an officer, agent, or employee of the Department of Transportation who committed the act within a right-of- way or easement of the Department of Transportation.”

N.C. GEN. STAT. § 1-487“requires that when a title to timberland is contested, either party is not to harvest timber until ownership is determined by court action.”

#### South Carolina Laws

S.C. CODE ANN. 1976 § 16-11-580 “if the value of stolen forest products is \$5,000 or more, a defendant is fined at the discretion of the court, or imprisoned for not more than ten years.” This code also allows for seizure and forfeiture of all property used in the timber theft.

S.C. CODE ANN. 1976 § 16-13-177 “imposes the forfeiture of property used in a timber trespass if more than \$5,000 of timber is taken.”

In most states the timber buyers and/or harvesting companies have to be licensed in order to conduct their business. Evidence indicates that major violations are prosecuted and legal liability is enforced. There is no evidence suggesting that illegal logging is a wide scale problem in the United States (US). Commonly used terms for violations in US are timber theft, tree poaching and unlawful logging. Thefts do occur, however the share of illegal felling in hardwoods is much smaller than 1% according to a study conducted by American Hardwood Export Council. It is logical to conclude that similarly illegal logging is not a major problem for softwoods in US. Further, legality of ownership and land use is enforced through Company procedures and contractual agreements by suppliers.

<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• State laws</li> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA-USA V1-0)</li> </ul> <p>Log Purchase Agreements and Base Logging Contracts</p> <p>EP-PROC-001 Chain of Custody Procedures</p> <p>EP-DOC-008 SFI Due Diligence Risk Assessment</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-PROC-001 Chain of Custody Procedures</li> <li>• EP-DOC-008 SFI Due Diligence Risk Assessment</li> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA-USA V1-0)</li> <li>• Log Purchase Agreements and Base Logging Contracts</li> </ul> <p>State laws</p>
<p>Risk Rating</p>	<p>Low Risk</p>
<p>Comment or Mitigation Measure</p>	<p>Not Applicable</p>

	Indicator
2.5.1	<p>The BP has implemented appropriate control systems and procedures for verifying that legal, customary and traditional tenure and use rights of indigenous people and local communities related to the forest, are identified, documented and respected (CPET S9).</p>
Finding	<p>There are appropriate control systems and procedures to verify that legal, customary and traditional tenure and use rights of indigenous people and local communities related to the forest are identified, documented and respected for the EP's supply area.</p> <p>According to EP's SBP Supply Base Risk Assessment there is low risk in verifying that legal, customary and traditional tenure and use rights of indigenous people and local communities related to the forest are identified, documented and respected. Below are the justifications for this low risk designation.</p> <ul style="list-style-type: none"> <li>• There are no U.N. Security Council bans on timber exports from the United States;</li> <li>• USAID does not designate districts as source of conflict timber;</li> <li>• There is no evidence of child labor or violation of ILO Fundamental Principles and Rights at work taking place in forest areas in the district concerned;</li> <li>• There are recognized and equitable processes in place to resolve conflicts of substantial magnitude pertaining to traditional rights including use rights, cultural interests or traditional cultural identity in the district concerned;</li> <li>• There is no evidence of violation of the ILO Convention 169 in the US.</li> </ul> <p>Native Americans are protected by federal law rather than state law according to the Nonintercourse Act of 1790. The Indian Removal Act of 1830 was intended to promote the voluntary removal of Native Americans out of the US Territory peacefully through treaties and land sales.</p>

	The Catawba Tribe is the only federally recognized tribe located within EP's supply area. The tribe's chief was included in the company's stakeholder consultation and a letter was sent to him in January 2022. To date, no response has been received.
Means of Verification	<ul style="list-style-type: none"> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> </ul> <p>Stakeholder Consultation</p> <p>Bureau of Indian Affairs <a href="https://www.bia.gov/">https://www.bia.gov/</a></p>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• No feedback fro Stakeholder Consultation</li> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> </ul> <p>Bureau of Indian Affairs <a href="https://www.bia.gov/">https://www.bia.gov/</a></p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
<b>2.5.2</b>	The BP has implemented appropriate control systems and procedures for verifying that production of feedstock does not endanger food, water supply or subsistence means of communities, where the use of this specific feedstock or water is essential for the fulfillment of basic needs.
Finding	<p>EP has a policy and procedures in place to provide support and guidance on how employees and suppliers meet Best Management Practices (BMPs) in the harvest of fiber for the mill thus verifying the production of feedstock does not endanger food, water supply or subsistence means of communities, where the use of this specific feedstock or water is essential for the fulfilment of basic needs. Log Purchase Agreements and Base Logging Contracts have clauses requiring adherence to state BMPs. Procedures are in place to monitor BMP compliance on tracts delivering fiber directly from the forest.</p> <p>EP reaches out to local and regional stakeholders who may have specific needs from the forestlands within their community. Stakeholder consultation was conducted in January 2022 with these stakeholders. To date no responses have been received.</p>

	Feedback from these stakeholder consultations will be addressed as needed
Means of Verification	<ul style="list-style-type: none"> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-PROC-001 Chain of Custody Procedures</li> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• CILCO-DOC-009 Harvest Inspection Checklists</li> </ul> <p>Stakeholder consultation feedback and follow-up</p>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• CILCO-DOC-009 Harvest Inspection Checklists</li> <li>• EP-DOC-009 SBP Stakeholder List</li> </ul> <p>EP-DOC-010 SBP Stakeholder Letter</p> <p>EP-PROC-001 Chain of Custody Procedures</p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.6.1	The BP has implemented appropriate control systems and procedures for verifying that appropriate mechanisms are in place for resolving grievances and disputes, including

	<p>those relating to tenure and use rights, to forest management practices and to work conditions.</p>
<p>Finding</p>	<p>EP has complaint mechanisms in place as part of its chain of custody and due diligence procedures. Both procedures provide guidance on when and how EP responds to grievances and complaints. No complaints or grievances have been received to date.</p> <p>The United States has a robust legal system with established laws &amp; regulations protecting tenure and use rights, forest management practices and work conditions. One such federal administration, OSHA, ensures workers have a safe work environment. OSHA has a complaint process where workers can submit complaints to have their workplace inspected.</p> <p>Globally, the United States is recognized as having high quality governance and regulatory quality. In 2020, the United States ranked 88.68 for Rule of Law and 91.04 for Regulatory Quality in the Worldwide Governance Indicators by the World Bank.</p> <p>EP has implemented the National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) which has determined Controlled Wood Category 1: Illegally harvested wood &amp; Category 2: Wood harvested in violation of traditional and human rights to be “low risk”. EP-DOC-008 SBP Supply Area Risk Assessment supports these low risk assessments through the listing of various applicable laws showcasing the rule of law and public agency governance.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• EP-PROC-001 Chain of Custody Procedures</li> <li>• EP-PROC-002 SBP Procedures</li> <li>• EP-DOC-008 SBP Supply Area Risk Assessment</li> <li>• EP-DOC-012 Due Diligence System Concern Report</li> <li>• EP-DOC-013 Due Diligence System Concern Log</li> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA-USA V1-0)</li> </ul> <p>Occupational Safety and Health Administration (OSHA) <a href="https://www.osha.gov/">https://www.osha.gov/</a></p>

Evidence Reviewed	<ul style="list-style-type: none"> <li>• EP-PROC-001 Chain of Custody Procedures</li> <li>• EP-PROC-002 SBP Procedures</li> <li>• EP-DOC-008 SBP Supply Area Risk Assessment</li> <li>• EP-DOC-012 Due Diligence System Concern Report</li> <li>• EP-DOC-013 Due Diligence System Concern Log</li> </ul> <p>National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) Occupational Safety and Health Administration (OSHA) <a href="https://www.osha.gov/">https://www.osha.gov/</a></p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.7.1	The BP has implemented appropriate control systems and procedures for verifying that Freedom of Association and the effective recognition of the right to collective bargaining are respected.
Finding	<p>EP recognizes the right to collective bargaining and the Freedom of Association. EP is SFI Chain of Custody certified which requires the company to comply with social laws. EP has a publicly available sustainable forestry policy that affirms its commitment to comply with labor, health &amp; safety, and other social laws.</p> <p>Federal laws in the United States codified in both the National Labor Relations Act of 1935 and OSHA protect workers' rights to collective bargaining. NC &amp; SC are Right to Work states. Further, compliance with social laws is enforced through contractual representations by suppliers.</p>
Means of Verification	



	<ul style="list-style-type: none"> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-PROC-001 Chain of Custody Procedures</li> <li>• Federal Laws summarized in EP-DOC-008 SBP Supply Base Risk Assessment</li> </ul> <p>log Purchase Agreements and Base Logging Contracts</p> <p>National labor laws</p>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-PROC-001 Chain of Custody Procedures</li> <li>• EP-PROC-002 SBP Procedures</li> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• National Labor Relations Act: <a href="http://www.nlr.gov/resources/national-labor-relations-act">http://www.nlr.gov/resources/national-labor-relations-act</a></li> <li>29 CFR 2200.22: <a href="https://www.law.cornell.edu/cfr/text/29/2200.22">https://www.law.cornell.edu/cfr/text/29/2200.22</a></li> <li>EP-DOC-008 SBP Supply Base Risk Assessment</li> </ul>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.7.2	The BP has implemented appropriate control systems and procedures for verifying that feedstock is not supplied using any form of compulsory labour.
Finding	The United States Federal Constitution 13th Amendment provides “Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their

	<p>jurisdiction". Benefiting from compulsory labor in the United States is a federal crime punishable by up to 20 years in prison.</p> <p>EP is SFI Chain of Custody certified which requires the company to comply with social laws. The BP has a publicly available sustainable forestry policy that affirms its commitment to comply with labor, health &amp; safety, and other social laws. Further, compliance with labor laws is enforced through contractual representations by suppliers.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• Company employment policies</li> <li>• Employee interviews</li> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-PROC-001 Chain of Custody Procedures</li> <li>• Federal Laws summarized in EP-DOC-008 SBP Supply Base Risk Assessment</li> </ul> <p>Log Purchase Agreements and Base Logging Contract</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-PROC-001 Chain of Custody Procedures</li> <li>• EP-PROC-002 SBP Procedures</li> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• Employment Posters</li> <li>• Amendment XIII of the United States Constitution:  <a href="https://www.law.cornell.edu/constitution/amendmentxiii">https://www.law.cornell.edu/constitution/amendmentxiii</a></li> <li>18 US Code 1589: <a href="https://www.law.cornell.edu/uscode/text/18/1589">https://www.law.cornell.edu/uscode/text/18/1589</a></li> </ul>

	EP-DOC-008 SBP Supply Base Risk Assessment
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.7.3	The BP has implemented appropriate control systems and procedures to verify that feedstock is not supplied using child labour.
Finding	State and Federal laws, such as the Equal Employment Opportunity and OSHA, are in place to prohibit child labour. The BP is PEFC Chain of Custody certified which requires the company to comply with labour laws against child labour. The BP has a publicly available sustainable forestry policy that affirms its commitment to comply with labor, health & safety, and other social laws. Further, compliance with labour laws is enforced through contractual representations by suppliers.
Means of Verification	<ul style="list-style-type: none"> <li>• Review of Company employment policies</li> <li>• Employee interviews</li> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-PROC-001 Chain of Custody Procedures</li> <li>• Federal Laws summarized in EP-DOC-008 SBP Supply Base Risk Assessment</li> </ul> <p>Log Purchase Agreements and Base Logging Contracts</p> <p>EP-PROC-002 SBP Procedures</p>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-PROC-001 Chain of Custody Procedures</li> </ul>

	<ul style="list-style-type: none"> <li>• EP-PROC-002 SBP Procedures</li> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• Employment Posters / Handbook</li> <li>• US Federal Child Labor Laws: <a href="http://www.dol.gov/whd/childlabor.htm">http://www.dol.gov/whd/childlabor.htm</a></li> <li>• NC Child Labor Law</li> </ul> <p><a href="https://www.labor.nc.gov/workplace-rights/youth-employment-rules">https://www.labor.nc.gov/workplace-rights/youth-employment-rules</a></p> <p>SC Child Labor Law <a href="https://llr.sc.gov/wage/childlabor.aspx">https://llr.sc.gov/wage/childlabor.aspx</a></p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.7.4	The BP has implemented appropriate control systems and procedures for verifying that feedstock is not supplied using labour which is discriminated against in respect of employment and occupation.
Finding	State and Federal laws, such as the Equal Employment Opportunity and OSHA, are in place to provide rights to workers. EP is SFI Chain of Custody certified which requires the company to comply with labour laws including discrimination. EP has a publicly available sustainable forestry policy that affirms its commitment to comply with labor, health & safety, and other social laws. Further, compliance with labour laws is enforced through contractual representations by suppliers
Means of Verification	<ul style="list-style-type: none"> <li>• Employee interviews</li> <li>• Federal laws summarized in EP-DOC-008 SBP Supply Base Risk Assessment</li> </ul>

	<ul style="list-style-type: none"> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-PROC-001 Chain of Custody Procedures</li> </ul> <p>Log Purchase Agreements and Base Logging Contracts</p> <p>EP-PROC-002 SBP Procedures</p>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-PROC-001 Chain of Custody Procedures</li> <li>• EP-PROC-002 SBP Procedures</li> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• Employment Posters / Handbook</li> <li>• US Code 1311: <a href="https://www.law.cornell.edu/uscode/text/2/1311">https://www.law.cornell.edu/uscode/text/2/1311</a></li> </ul> <p>Equal Pay Act of 1963: <a href="http://www.eeoc.gov/laws/statutes/epa.cfm">http://www.eeoc.gov/laws/statutes/epa.cfm</a></p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.7.5	The BP has implemented appropriate control systems and procedures for verifying that feedstock is supplied using labour where the pay and employment conditions are fair and meet, or exceed, minimum requirements.

Finding	<p>State and Federal laws, such as the Equal Employment Opportunity and OSHA, are in place to ensure pay and employment conditions are fair. EP is SFI Chain of Custody certified which requires the company to comply with labour laws. EP has a publicly available sustainable forestry policy that affirms its commitment to comply with labour, health &amp; safety, and other social laws. Further, compliance with labour laws is enforced through contractual representations by suppliers.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• Employee interviews</li> <li>• Federal laws summarized in EP-DOC-008 SBP Supply Base Risk Assessment</li> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-PROC-001 Chain of Custody Procedures</li> </ul> <p>Log Purchase Agreements and Base Logging Contracts</p> <p>EP-PROC-002 SBP Procedures</p>
Evidence Reviewed	<ul style="list-style-type: none"> <li>• EP-POL-001 Sustainable Forestry Policy</li> <li>• EP-PROC-001 Chain of Custody Procedures</li> <li>• EP-PROC-002 SBP Procedures</li> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> <li>• Log Purchase Agreements and Base Logging Contracts</li> </ul> <p>Employment Posters / Handbook</p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
2.8.1	<p>The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).</p>
Finding	<p>State and Federal laws, such as OSHA to ensure worker health and safety in the work place. The BP has policies on workers' health and safety. The BP has a health and safety program that is managed by dedicated personnel. This program includes the use of personal protective equipment and safety meetings.</p> <p>The BP's Supplier agreements and logging contracts contain requirements of adhering to laws and regulations including worker health and safety. The BP requires their suppliers, sub-suppliers and loggers to maintain SFI State Implementation Committee (SIC) logger training. This training educates loggers on safety. The BP has access to SIC logger training databases to verify logger training.</p> <p>The United States has a robust legal system with established laws &amp; regulations protecting tenure &amp; use rights, forest management practices &amp; work conditions. One such federal administration, OSHA, ensures workers have a safe work environment. OSHA has a complaint process where workers can submit complaints to have their workplace inspected.</p> <p>Globally, the United States is recognized as having high quality governance and regulatory quality. In 2020, the United States ranked 88.68 for Rule of Law and 91.04 for Regulatory Quality in the Worldwide Governance Indicators by the World Bank.</p> <p>The BP has implemented the National Risk Assessment for the Conterminous United States of America (FSC-NRA-USA V1-0) which has determined Controlled Wood Category 1: Illegally harvested wood &amp; Category 2: Wood harvested in violation of traditional and human rights to be "low risk". The BP's SBP Supply Base Risk Assessment supports these low risk assessments through the listing of various applicable laws showcasing the rule of law and public agency governance.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• Training records</li> <li>• Laws &amp; regulations summarized in EP-DOC-008 SBP Supply Base Risk Assessment</li> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• Logger training through the State SIC Logger Training databases</li> </ul>

	Employee interviews
Evidence Reviewed	<ul style="list-style-type: none"> <li>• Company Safety Manual</li> <li>• Safety Training records</li> <li>• Safety Inspections</li> <li>• Log Purchase Agreements and Base Logging Contracts</li> <li>• State SIC Logger Training databases</li> <li>• National Risk Assessment for the Conterminous United States of America (FSC- NRA- USA V1-0)</li> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> </ul> <p>Occupational Safety and Health Administration (OSHA) <a href="https://www.osha.gov/">https://www.osha.gov/</a></p>
Risk Rating	Low Risk
Comment or Mitigation Measure	Not Applicable

	Indicator
<b>2.9.1</b>	Feedstock is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.
Finding	SBP identifies wetlands and peatlands as areas containing high carbon stocks. SBP Framework Standard 1 defines wetlands as “land that is covered with or saturated by water, permanently or for a significant part of the year. These should remain as wetlands; that is biomass production should not result in drainage of previously undrained soil.” SBP defines peatland as “Land where compacted deposits of partially decomposed organic debris accumulate to a depth greater than 30 cm (1 foot), usually saturated with water.” SPB Framework Standard 1 also states “Peatland: This should remain as



	<p>peatland unless evidence is provided that the production of feedstock does not involve drainage of previously undrained soil.”</p> <p>Because the USA has a strong legal framework, the draining of wetlands has been prohibited since 1977 as part of Section 404 of the Clean Water Act. Furthermore, ditching, draining, or filling in of wetlands requires a permit from the State and even when a permit is granted these activities cannot change the hydrologic condition or overall drainage or flow patterns of the wetlands or forest lands immediately adjacent to wetlands.</p> <p>EP’s feedstock is exclusively residual material generated from southern yellow pine sawmills. Pine logs harvested for these sawmill do not originate from high carbon stock areas. While the company’s risk assessment using the Natural Resources Conservation Service (NRCS) Rapid Carbon Assessment (RaCA ) map has identified high carbon stock areas within its supply area, which include relatively small areas along the eastern coastal plain near river bottoms, these areas are protected and highly regulated and/or do not typically support southern pine management.</p> <p>Lastly, USDA Forest Service FIA data on carbon storage for the EP’s supply area was determined to be 14.67 million short tons for the most recent years in NC (2018) &amp; SC (2017). This accounts for a 6.53% increase in the 9 years.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> <li>• NRCS website</li> </ul> <p><a href="https://www.nrcs.usda.gov/wps/portal/nrcs/detail/soils/survey/?cid=nrcs142p2_054164">https://www.nrcs.usda.gov/wps/portal/nrcs/detail/soils/survey/?cid=nrcs142p2_054164</a></p> <p>USDA Forest Service FIA data</p> <p>EP-DOC-008 SBP Supply Base Risk Assessment</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> </ul> <p>Carbon Reports from Forest Data Inventory Online from the USDA Forest Service website</p> <p>NRCS website- <a href="https://www.nrcs.usda.gov/wps/portal/nrcs/detail/soils/survey/?cid=nrcs142p2_054164">https://www.nrcs.usda.gov/wps/portal/nrcs/detail/soils/survey/?cid=nrcs142p2_054164</a></p>
<p>Risk Rating</p>	<p>Low Risk</p>

Comment or Mitigation Measure	Not Applicable
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	Indicator
2.9.2	Analysis demonstrates that feedstock harvesting does not diminish the capability of the forest to act as an effective sink or store of carbon over the long term.
Finding	<p>SBP identifies wetlands and peatlands as areas containing high carbon stocks. SBP Framework Standard 1 defines wetlands as “land that is covered with or saturated by water, permanently or for a significant part of the year. These should remain as wetlands; that is biomass production should not result in drainage of previously undrained soil.” SBP defines peatland as “Land where compacted deposits of partially decomposed organic debris accumulate to a depth greater than 30 cm (1 foot), usually saturated with water.” SPB Framework Standard 1 also states “Peatland: This should remain as peatland unless evidence is provided that the production of feedstock does not involve drainage of previously undrained soil.”</p> <p>Because the USA has a strong legal framework, the draining of wetlands has been prohibited since 1977 as part of Section 404 of the Clean Water Act. Furthermore, ditching, draining, or filling in of wetlands requires a permit from the State and even when a permit is granted these activities cannot change the hydrologic condition or overall drainage or flow patterns of the wetlands or forest lands immediately adjacent to wetlands.</p> <p>EP’s feedstock is exclusively residual material generated from a southern yellow pine sawmills. Pine logs harvested for these sawmills do not originate from high carbon stock areas. While the company’s risk assessment using the Natural Resources Conservation Service (NRCS) Rapid Carbon Assessment (RaCA ) map has identified high carbon stock areas within its supply area, which include relatively small areas along the eastern coastal plain near river bottoms, these areas are protected and highly regulated and/or do not typically support southern pine management.</p> <p>Lastly, USDA Forest Service FIA data on carbon storage for the EP’s supply area was determined to be 14.67 million short tons for the most recent years in NC (2018) &amp; SC (2017). This accounts for a 6.53% increase in the 9 years.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• NRCS website</li> </ul> <p><a href="https://www.nrcs.usda.gov/wps/portal/nrcs/detail/soils/survey/?cid=nrcs142p2_054164">https://www.nrcs.usda.gov/wps/portal/nrcs/detail/soils/survey/?cid=nrcs142p2_054164</a></p>

	<p>USDA Forest Service FIA data</p> <p>EP-DOC-008 SBP Supply Base Risk Assessment</p>
<p>Evidence Reviewed</p>	<ul style="list-style-type: none"> <li>• EP-DOC-008 SBP Supply Base Risk Assessment</li> </ul> <p>Carbon Reports from Forest Data Inventory Online from the USDA Forest Service website</p> <p>NRCS website-  <a href="https://www.nrcs.usda.gov/wps/portal/nrcs/detail/soils/survey/?cid=nrcs142p2_054164">https://www.nrcs.usda.gov/wps/portal/nrcs/detail/soils/survey/?cid=nrcs142p2_054164</a></p>
<p>Risk Rating</p>	<p>Low Risk</p>
<p>Comment or Mitigation Measure</p>	<p>Not Applicable</p>

**Annex 2: Detailed findings for REDII**  
**Section 1. RED II Supply Base Evaluation**

N/A

## **Section 2. RED II detailed findings for secondary and tertiary feedstock**

### **10.1 Verification and monitoring of suppliers**

N/A

### **10.2 Feedstock inspection and classification upon receipt**

N/A

### **10.3 Supplier audit for secondary and tertiary feedstock**

N/A