



# Supply Base Report: US Biomass

Main (Initial) Audit

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# Completed in accordance with the Supply Base Report Template Version 1.3

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

## *Document history*

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# 1 Overview

*On the first page include the following information:*

Producer name: US Biomass

Producer location: 4802 S-24-96, Ninety Six, SC 29666

Geographic position: N 34.171694, W81.998892

Primary contact: Scott Bland, COO, US Biomass, [Scott@usbiomass.com](mailto:Scott@usbiomass.com) 803.960.2709

Company website: under development

Date report finalised: [Date of approval by senior management; format DD/MMM/YYYY]

Close of last CB audit: TBD

Name of CB: SCS Global

Translations from English: NA

SBP Standard(s) used: [e.g. Standard 1 version 1.0, Standard 2 version 1.1]

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

SBP Endorsed Regional Risk Assessment: Not applicable

Weblink to SBE on Company website: under development

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

## 2 Description of the Supply Base

### 2.1 General description

*Provide a general description of the supply base within the regional context including country of harvest. Include a comparison of the scale of harvesting compared to other forest based industries in the region. Provide a general description of the forest resources (land use and ownership status, socio-economic conditions, forest composition, profile of adjacent lands).*

*The description must include a description of the forestry management practices or land management practices used and the presence of any CITES or IUCN species.*

*Include an overview of the proportions of SBP feedstock product groups (Controlled Feedstock, SBP-compliant Primary Feedstock, SBP-compliant Secondary Feedstock, SBP-compliant Tertiary Feedstock, SBP non-compliant Feedstock) showing the proportions of each which are certified and uncertified. Provide an indication of the number of suppliers for each SBP feedstock product group. Include species mix.*

US Biomass's wood pellet production plant is located in South Carolina, USA. The plant sources from a largely rural area where forestry and agriculture (e.g. forests, crops, cattle) are prevalent and are the primary sources of income for workers and the local communities. The forests consist of various pine, hardwood and mixed hardwood/pine forests in the Piedmont, South Atlantic Coastal Plain, and Mid-Atlantic Coastal Plain region.

The SBE and RA include portions of the states of South Carolina, North Carolina, and Georgia. US Biomass' pellet mill are an important market for low grade and low valued wood products. Utilized as wood pellets, this otherwise low valued and marginal material contributes to the increased use of renewable energy and serves to mitigate greenhouse gas emissions. In 2017, the pellet market in the US utilized less than 3% of the of the overall forest products market compared to US pulp mills, sawmills and other wood processing facilities.

#### Scale of Harvesting

As mentioned above, pine and hardwood pulpwood removals for export pellet facilities are a small fraction of overall wood fiber removals and overall forest inventory in the Atlantic region, US South.

- The fiber supply area contains 15,245,416 acres of forestland, of which over 98% is available for harvest (classified in FIA data as "timberland" which removes "Reserved Forestland" and "Other").
- Harvesting in 2018 removed 1,085,054,300 cubic feet bole volume (of trees at least 5 inches d.b.h./d.r.c.), representing 73.3% of growth.
- In South Carolina (this state provides nearly all of the fiber to the mill, and nearly all of the state is within the fiber supply area) and average of 516,731 acres of forest land are treated (harvest, thinning, etc.) annually, based on FIA data over the past 5-10 years. This represents about 4% of the state's forestland, indicating widespread, regular harvesting. This is consistent with the scope and scale of harvesting and milling infrastructure in the supply area.
- In 2014, export pellet mills in the Atlantic region purchased 2.3 million tons of hardwood pulpwood, which is 0.4% of the overall hardwood pulpwood inventory in the region. Within the region, low value hardwood products that were used for export pellet production comprised 15.23% of the total hardwood harvest. (USIPA, Wood Supply and Market Trends in the US South 1995 – 2015)

- 90% or more of the US Biomass supply comes from secondary/tertiary sawmills or wood processing industries. These suppliers purchase high value forest products to manufacture lumber and higher end products. The residual by-products from these operations are used in pellet manufacturing.
- The pellet mill expects to consume approximately 30,000 tons of green wood per year for export pellets. FIA data for the 66-county supply area indicates net growth (deducts mortality and other losses) of 1,479,798,639 cubic feet annually, of which 1,085,054,300 cubic feet are harvested. Thus, the company's export energy pellets represent 0.135% of the growth volume or 0.184% of the harvest volume in the supply area.

US Biomass also provides direct employment by providing jobs for approximately 15 employees, as well as using local contractors, transportation, logging and other business related spending that contributes to local prosperity. A general rule of thumb is that for every direct job in the forest industry, 3 additional jobs are supported.

Forests are the predominant land use in this supply base. Pine forests comprise the largest forest type (46.4%) of the supply area's forest followed by Oak/Hickory (22.7%), Oak / gum / cypress (13.8%) and Oak/Pine (11.7%). About 74% of the supply area's forests are managed as natural forests (11.3 million acres) while the remaining 26% of the supply area's forests are artificially regenerated (3.95 million acres).

Private landowners hold 86% of the forest area in the South; two-thirds of this area is owned by families or individuals. The average size of family forestry holding is 29 acres. Ongoing parcellation through estate division and urbanization will alter forest management in the South. Much forestland owned by timber products companies was divested between 1998 to 2008 and transitioned into TIMOs and REITs. These acres continue to be managed as forest plantations for investment purposes and can be a large driver in timber markets. (<https://www.srs.fs.usda.gov/futures/technical-report/06.html#types>)

Pine forests are typically managed on an even-aged basis with a rotation age of 25 to 30 years. During this rotation, the pine stand may be thinned one or two times. The first thinning often occurs during the middle of the rotation with a final harvest completing the rotation. Most pine forests are artificially regenerated with pine seedlings planted by hand or machine to defined stand densities. Chemical and/or mechanical site preparation is typically used to manage the less desirable hardwood species and herbaceous species at stand establishment. Chemical treatments are minimal or below label rates; do not kill all competing species and last about two years so the pine seedlings can become established. Fertilizers are not normally applied to these forests due to costs. Some private investment groups (REITS, TIMOs) may apply fertilizers on forests which are more intensively managed. These intensively managed pine forests represent a very small percentage of the overall pine forests in the supply basin.

Hardwood forests can be managed either as even-aged or uneven-aged stands. Most hardwood stands are 40 to 50 years when harvested if managed as an even-aged stand. No site preparation or fertilizers are used on hardwood forests.

As previously stated, pine forests dominate the majority of the forests within the supply area. Primary species for these pine forests include loblolly pine (*Pinus taeda*) and slash pine (*Pinus elliottii*). Primary species for the hardwood forests include oak (*Quercus* spp), sweetgum (*Liquidambar styraciflua*), maple (*Acer* spp), sycamore (*Platanus occidentalis*) and blackgum (*Nyssa sylvatica*). No species purchased at the facilities are listed on the CITES list. Longleaf pine (*Pinus palustris*) was recently added to the IUCN Red List as decreasing. US Biomass Renewable Fuels supports the reforestation and management of longleaf pine in their partnership with the Longleaf Alliance. In 2018 the Longleaf Alliance and its partners established and maintained 1,886,289 acres of longleaf pine.

## Feedstock Profile

US Biomass utilizes both hardwood and softwood sawmill and wood processing residuals and wood from chipping low-value trees in the forest. The residual sawdust is generated by 2 or 3 primary sawmills located in South Carolina. The plant does not use any construction, demolition or post-consumer derived feedstock but may use pre-consumer tertiary feedstock. The roundwood is sourced from a single logger-supplier.

The plant is expected to have these feedstock characteristics: **greater than 90%** residuals from sawmills and wood processing facilities and **less than 10%** from in woods logging. The species mix is 95% or more pine and the remainder will be hardwood species.

All wood into the US Biomass mills is FSC Controlled Wood or FSC controlled material that is eligible for the FSC Controlled Wood claim. Sustainable forestry certification is present in the Company's supply basin with the primary certification programs being the Sustainable Forestry Initiative (SFI) and the American Tree Farm System (ATFS). SFI certified forests belong primarily to industrial landowners, TIMOs and REITs (see Section 2.5 for breakdown of acres by state). Most small, private forest landowners who make up the majority of forest ownership have no forest certification but if they do, are certified to the American Tree Farm System (ATFS). Potential certified content is generally less than 10% of the incoming feedstock. No certified claims are expected to be made on incoming feedstock.

US Biomass does not own forest land and are not engaged in forest management activities. All primary, secondary and tertiary feedstock is supplied to the pellet mills by indirect wood producers such as sawmills and other wood processing facilities or brokers, dealers and loggers. Thus, US Biomass is considered an Indirect and Secondary Producer that can indirectly influence forest management but cannot control how the forests are managed and how they are harvested. Land management and harvesting decisions are made by private family and industrial forest owners, in the context of U.S. Federal and State laws, regulations and State administered Best Management Practices for water quality and beneficial use protection.

The States of South Carolina, North Carolina, and Georgia have large and well-funded State Forestry Commissions that administer a comprehensive set of programs including: landowner outreach and extension, forest inventory and analysis, forest fire and pest prevention, BMP implementation and monitoring, smoke management planning and scheduling, forest resource and wildlife assessments and action plans, and other forest sustainability programs.

US Biomass's influence is through policies, supply contracts and periodic monitoring of suppliers. The use of forest residuals, sawmill and converting facility residuals provide an important market for low valued wood products that improves forest health conditions, minimizes fuels that contribute to wildfire, reduces site preparation costs, facilitates prompt reforestation and establishment of forest cover and provides the landowner with an economic incentive to keep their land in forest production.

The SBE focuses on the potential wood supply area of its wood suppliers and its residual sawdust suppliers. All wood material is sourced according to the Forest Stewardship Council (FSC) Chain of Custody & Controlled Wood Standards and are considered an "SBP-approved Controlled Feedstock." The additional SBE evaluation addresses each of the Biomass Feedstock Indicators, documents the Objective Evidence of Conformance, and assigns each Indicator with the appropriate "Risk" rating.

US Biomass has not modified or adjusted the Indicators contained in Standard # 1. The verifiers or evidence of conformance have been developed to meet the requirements of Federal and State laws, State BMPs, and



the requirements of the FSC Standards. The verifiers contained in the SBE represent objective evidence of conformance that have been audited by independent Certification Bodies accredited to conduct audits to the above Standards. Independent audits have involved stakeholder consultations and have provided feedback that the verifiers are appropriate and acceptable evidence of conformance to the FSC and SBP Standards.

Existing certifications include FSC Chain of Custody and Controlled Wood Standards. These certifications help to ensure "Low Risk" of sourcing controversial or uncontrolled wood and fiber. The company's existing Standard Operating Procedures (SOPs) constitute an ongoing management system that is supplemented by "Mitigation Measures" where risks have been identified. Thus, all wood pellet outputs are considered "SBP-compliant Biomass" and "EUTR-compliant Biomass."

## 2.2 Actions taken to promote certification amongst feedstock supplier

US Biomass's wood and fiber inputs are sourced from indirect suppliers with the exception of in-woods chips. All wood and fiber material are sourced according to the FSC/PEFC Chain of Custody and Controlled Wood Standards and is considered at least "controlled material," which provides evidence that it is low risk of illegality and unsustainability.

Formal correspondence is sent to the suppliers with a Supply Agreement specifying conditions and Mitigation Measures to ensure compliance with all applicable laws and regulations, implementation of water quality BMPs, use of trained loggers and protection of High Conservation Values.

US Biomass or one or more of its principals is a member of the South Carolina Forestry Association, the SC SFI State Implementation Committee (SIC), and the Longleaf Alliance. These organizations have long supported or been major players in certification. Many support logger training provide ongoing logger education.

## 2.3 Final harvest sampling programme

*Provide a description of the process and results from the sampling programme undertaken to determine the proportion of final fellings which ends up in biomass compared to other end uses. This is only applicable for final fellings (not thinnings) from stands with an expected rotation length of more than 40 years.*

Note that pine harvested in the USB supply base is on a rotation of less than 40 years and thus the final harvest sampling is not applicable.

Regarding hardwood, USB accepts a small percentage of hardwood in-woods chips as feedstock. These **mostly** in-woods chips originate from hardwood trees that are less than 40 years old or are clean up (tops, limbs, scrubwood) in preparation for planting after a site has been harvested.

## 2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

## 2.5 Quantification of the Supply Base

Provide metrics for the Supply Base including the following. Where estimates are provided these shall be justified.

### Supply Base

- a. Total Supply Base area (ha): 6,169,735 cumulative area of all forest types within SB
- b. Tenure by type (ha): **5,455,917 ha Private Land**  
**713,818 Public Agencies**

#### Forest land

<u>State</u>	<u>Total ha</u>	<u>Private ha</u>	<u>Public ha</u>
Georgia	1,095,128	945,108	150,019
North Carolina	560,802	510,701	50,100
South Carolina	4,513,805	513,699	4,000,107
total	6,169,735	5,455,917	713,818

- c. Forest by type (ha): boreal = none/temperate = 6,169,735 /tropical=none
- d. Forest by management type (ha): plantation 1,599,245/ managed natural 4,570,490
- e. Certified forest by scheme (ha): 111,000 hectares of FSC-certified forest

### Feedstock

- f. Total volume of Feedstock: 30,000 tonnes
- g. Volume of primary feedstock: 3,000 tonnes
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
  - 0 to 1% Certified to an SBP-approved Forest Management Scheme
  - 99 to 100% Not certified to an SBP-approved Forest Management Scheme
- i. List all species in primary feedstock, including scientific name

Primary Species: Loblolly Pine (*Pinus taeda*)

Miscellaneous Species, conifers:

Longleaf Pine (*Pinus palustris*) Sand Pine (*Pinus clausa*) Shortleaf Pine (*Pinus echinata*) Virginia Pine (*Pinus virginiana*)

Miscellaneous Species, hardwoods:

American beech (*Fagus grandifolia*) Ash (*Fraxinus* spp) Basswood, American (*Tilia americana*) Black cherry (*Prunus serotina*) Black walnut (*Juglans nigra*) Blackgum (*Nyssa sylvatica*) Boxelder (*Acer negundo*) Buckeye (*Aesculus* spp) Eastern cottonwood (*Populus deltoides*) Elm (*Ulmus* spp) Hackberry (*Celtis occidentalis*) Miscellaneous Species (con't): Hickory (*Carya* spp) Locust (*Robinia* spp) Maple (*Acer* spp) Oak (*Quercus* spp) Persimmon (*Diospyros virginiana*) Red maple (*Acer rubrum*) Red mulberry (*Morus rubra*) Red

oak (*Quercus rubra*) River birch (*Betula nigra*) Sassafras (*Sassafras albidum*) Sourwood (*Oxydendrum arboreum*) Sugarberry (*Greenwoodtia laevigata*) Sweetgum (*Liquidambar styraciflua*) Sycamore (*Platanus occidentalis*) Water oak (*Quercus nigra*) White oak (*Quercus alba*) Yellow-poplar (*Liriodendron tulipifera*)

j. Volume of primary feedstock from primary forest: 3,000 tons +- \*

\*Disclosure of the exact volume figures would reveal commercially sensitive information that may allow competitors to gain a competitive advantage. Feedstock volumes and mix of feedstock into mills are confidential and not public knowledge.

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

- 0 tons Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme
- 3,000 tons Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme

l. Volume of secondary feedstock: specify origin and type – 27,000 tons sawmill chips

m. Volume of tertiary feedstock: 0 tons

Forest by type (ha):     **2,872,197 ha Temperate Pine**  
                                   **718,815 ha Temperate Oak-Pine**  
                                   **1,397,998 ha Temperate Oak-Hickory**  
                                   **852,512 ha Oak / gum / cypress group**

**Forest land type by major group (acres)**

<u>State</u>	<u>Pine</u>	<u>Oak-Pine</u>	<u>Oak-Hickory</u>	<u>Oak / gum / cypress</u>
Georgia	1,319,210	291,177	477,561	477,058
North Carolina	523,918	175,363	516,222	70,161
South Carolina	5,254,070	1,309,653	2,460,669	1,559,337
<b>Total</b>	<b>7,097,198</b>	<b>1,776,193</b>	<b>3,454,452</b>	<b>2,106,556</b>

Forest by management type 1,599,245 ha Planted Forest (25.9%)

4,570,490 ha Managed Natural Forest

### 3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
X	<input type="checkbox"/>

US Biomass completed a SBE because there currently is no SBP-endorsed Regional Risk Assessment (RRA) in the United States.

## 4 Supply Base Evaluation

### 4.1 Scope

U.S. Biomass has implemented policies and procedures appropriate to the size and scale of its operations and no indicators were excluded. The definitions of legal and sustainable as used in Standard 1 have been reviewed and met as substantiated in the supply base evaluations. Evidence to support is offered at the supply base level. The supply base evaluation includes all primary and secondary feedstocks that are sourced from counties in all or part of Georgia, North Carolina and South Carolina (see Maps of the Supply Area at the end of this report).

U.S. Biomass developed a set of locally applicable verifiers (LAVs), which include a number of publicly available sources, in addition to the internal monitoring already described. The scope included an evaluation of all the legal and sustainability criteria found in SBP Standard 1: Feedstock Compliance Standard. U.S. Biomass did not modify any indicators.

### 4.2 Justification

Only a small proportion of feedstocks could or might be sourced from SBP-approved certification programs, therefore U.S. Biomass completed a SBE to be able to differentiate between SBP-compliant and SBP controlled sources when feedstocks are not supply under an approved forest management certificate. U.S. Biomass used the process developed by SBP as outlined in SBP Standard 2: Verification of SBP-compliant Feedstock. The use of the FSC US CWNRA as a basis is founded in SBP's guidance document, Assessment of risk, means of verification and mitigation measures in the southeast US as is the use of other third-party sources of information listed in this document.

### 4.3 Results of Risk Assessment

Each criterion was evaluated and measured against U.S. Biomass's existing forest certification and chain of custody programs and the listed LAV's. Information from the FSC US CWNRA was used as a baseline to determine if areas of high conservation value, biodiversity and conversion exist in U.S. Biomass's supply base area.

Additionally, U.S. Biomass has owners with long experience in the region, and works with local partners including some in the pellet industry. A certification consultant was employed to assist with the risk assessment. Based on this work and local knowledge U.S. Biomass determined a rating of "low risk" for each indicator with the exception of and.

Summary of Indicators with Specified Risk Ratings

Indicator	Risk Assessment	Management System
2.1.2 The Biomass Producer has implemented appropriate control systems and procedures to identify and address potential	The FSC U.S. National Risk Assessment identified two types of conservation value risk in the Supply Area, and provides a framework for mitigating these risks: Late Successional Bottomland Hardwoods, and Native Longleaf Pine Systems.	USB used the FSC US CWNRA as a basis to identify and map forested areas of high conservation value, areas of high biodiversity and species or concern. The FSC analysis indicates risks are only for subtypes which are not common to rare in

threats to forests and other areas with high conservation values from forest management activities.		the supply area. Further USB does not use much hardwood, and the vast majority of pine is Loblolly Pine, not Longleaf Pine. Residual suppliers must be SFI Fiber Sourcing certified, with a sampling program to assess impact risk. As mitigation USB has provided support to the Longleaf Alliance and to the Forest Stewards Guild for education activities, for longleaf and hardwood issues respectively.
2.1.3 The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not sourced from forests converted to production plantation forest or non-forest lands after January 2008.	The FSC U.S. Controlled Wood National Risk Assessment identified conversion to non-forest as a specified risk in four counties in USB's sourcing area: Columbia County, Georgia; Jasper, Lancaster, and York Counties, South Carolina; and Cabarrus, Chatham, and Mecklenburg Counties, North Carolina. The risk assessment indicates low risk for all other portions of the supply area.	Mitigation is in place despite the very low probability of impacting the specified types of risk. USB has provided information to suppliers about the benefits of keeping forests as forests. USB has also communicated to suppliers that conversion sources must be avoided. Document review supplemented by inspections are used to assess effectiveness of program.
2.2.3 The Biomass Producer has implemented appropriate control systems and procedures to ensure that key ecosystems and habitats are conserved or set aside in their natural state.	The supply area has an extensive network of protected areas, including public lands. All three states of the supply area implement long-standing forest conservation and wildlife management programs, guided by assessments and strategies that are regularly updated. Thus there are limited needs for additional protection for key ecosystems and habitats, with two having been identified by the FSC Risk Assessment in the company's supply area : Late Successional Bottomland Hardwoods, and Native Longleaf Pine Systems. USB does not use much hardwood, and the vast majority of pine is Loblolly Pine, not Longleaf Pine.	Analysis identified two uncommon (in the supply area) ecosystems and habitats which should be protected from development and damaging resource extraction, but which are quite unlikely to be impacted by USB. As mitigation USB has provided support to the Longleaf Alliance and to the Forest Stewards Guild for education activities, for longleaf and hardwood issues respectively. Direct harvest sites are reviewed by a forester to ensure that the FSC-designated specified risk systems are not impacted.
2.2.4	The FSC U.S. National Risk Assessment identified two types of conservation value risk in the Supply Area, and provides a framework for mitigating these risks: Late Successional Bottomland Hardwoods, and Native Longleaf Pine Systems. Other biodiversity protections are linked to legal protections of endangered species, as well as widespread adoption of biodiversity protections through third-party certification. There is substantial evidence of low risk of not meeting this indicator, except as indicated for two types that are not common in the supply area and unlikely to be	US Biomass sources more than 90% of their wood inputs from sawmill residuals, all or mostly from SFI-certified organizations, and thus subject to biodiversity protections. Document review supplemented by inspections as needed are used to assess effectiveness of residual (sawmill) supplier's programs for environmental management.  Under 10% of sourced wood is from harvesting that brings wood chips directly from the forest. For these sites a forester reviews heritage database to ensure that

	<p>impacted by harvests supplying material to USB. For both identified risks the FSC analysis restricts its concerns to subtypes which are not common in the supply area. Further USB 95%+ of pine is Loblolly Pine, not Longleaf Pine. USB has minimal likelihood of directly impacting the identified risks, and sawmill suppliers are likewise unlikely to as well.</p>	<p>the site has no RTE species or HCVF concerns, or to develop protection measures if there are conservation concerns. A verification sampling program is in place for field review of a sample of direct-supplier (in-woods chipping) sites.</p> <p>As mitigation, USB has provided support to the Longleaf Alliance and to the Forest Stewards Guild for education activities, for longleaf and hardwood issues respectively.</p>
<p>2.4.1 The Biomass Producer has implemented appropriate control systems and procedures for verifying that the health, vitality and other services provided by forest ecosystems are maintained or improved (CPET S7a).</p>	<p>USB understands and contributes to the superb national and regional context for maintaining and improving forest ecosystem health and values. The FSC/PEFC DDS ensure that the company identifies and mitigates any risk of negative impacts. The FSC US Controlled Wood Risk Assessment has identified two ecosystems that appear within DBI's catchment, Late Successional Bottomland Hardwoods, and Native Longleaf Pine Systems, that have been designated as "Specified Risk". These systems are components that in part reflect the overall health and vitality of the forest. This designation gives rise to mitigations as stated in 2.1.2 above, mitigations to which are included below.</p>	<p>US Biomass sources more than 90% of their wood inputs from sawmill residuals, all or mostly from SFI-certified organizations, and thus subject to biodiversity protections. Document review supplemented by inspections as needed are used to assess effectiveness of residual (sawmill) supplier's programs for environmental management.</p> <p>Under 10% of sourced wood is from harvesting that brings wood chips directly from the forest. For these sites a forester reviews heritage database to ensure that the site has no RTE species or HCVF concerns, or to develop protection measures if there are conservation concerns. A verification sampling program is in place for field review of a sample of direct-supplier (in-woods chipping) sites.</p> <p>As mitigation, USB has provided support to the Longleaf Alliance and to the Forest Stewards Guild for education activities, for longleaf and hardwood issues respectively.</p>

## 4.4 Results of Supplier Verification Programme

No indicators were defined as unspecified risk so therefore a Supplier Verification Program is not required

## 4.5 Conclusion

There is "low risk" for most indicators of the SBP Standard 1 based on the evidence provided of sound forestry practices, existing effective legislation and diligent procurement processes that guide industry and landowners on the sustainable management of forests. In the supply area forest inventories and carbon

stocks are increasing, forest cover is stable, and the resource-based economy benefits from the activities of US Biomass and other pellet producers.

For the indicators where “specified risk” has been concluded, mitigating actions derived from multi-stakeholder processes will be implemented and monitored for effectiveness. The core activities are support for outreach done by conservation organizations and disseminating information through the supply chain.

With careful implementation of the company’s program, cooperation with stable partners, limited procurement of wood directly from the forests, and implementation of mitigation measures where required, the raw material supply and resulting production of pellets meets the requirements for “SBP-compliant” pellets.



## 5 Supply Base Evaluation Process

USB retained the services of Michael Ferrucci, Senior Consultant, R.S. Berg & Associates, Inc. to develop the Supply Base Evaluation and most portions of the Supply Base Report. Mr. Ferrucci provides Consulting services throughout the U.S. (principally in the east and south) in Forest Certification, including SBP, SFI, PEFC and FSC Forestry, Chain of Custody and Controlled Wood. He has written over twenty risk assessments, and has developed over forty-five Due Dilligence Systems. He also was involved in the development of the FSC U.S. National Risk Assessment, particularly in the development of mitigation options and control measures. He is also trained as an SBP auditor, and has experience auditing SBP programs in several states, as well as in the development of aspects of several other SBP programs.

Mr. Ferrucci has 42 years of forestry experience. His expertise is in sustainable forest management planning; in certification of forests as sustainably managed; in chain of custody certification; in risk management in forestry supply chains; and in the ecology, silviculture, and management of mixed species forests, with an emphasis on regeneration and management of native hardwood species. Mike has conducted or participated in assessments of forest management operations throughout the United States, with field experience in 37 states and 4 countries.

Mike has been a member of the Society of American Foresters for over 40 years. He has a Bachelor of Science Degree in Forestry from the University of Maine and a Master of Forestry Degree from the Yale School of Forestry and Environmental Studies, where he taught forestry courses for 25 years from 1996 through 2020.

As part of the supply base evaluation USB contacted numerous, varied stakeholders. Their comments will be incorporated into the evalution at the end of the comment period.

Many published resources were used to develop the SBE. The most significant was the FSC U.S. National Risk Assessment, including maps, guidance, and supporting information. Information from the USDA Forest Service, Forest Inventory and Analysis program was also used. Additionally, information from Environmental NGOs regading specified risks was used. Finally, the SBE includes personal knowledge gained from many years work in the region by the consultant and by two of the four owner-partners of US Biomass.

A verification process is in place to verify aspects of the proposed mitigation work. This process is detailed in the “Means of Verification” boxes in the SBE, as well as in the “Comment or Mitigation Measure” boxes for those indicators where there was risk identified.

A summary of the Supplier Verification Program (SVP) follows:

1. SVP Sampling: Verification of Residual suppliers: All residual suppliers will be visited annually (pre-audit, due to covid, an off-site interview was conducted) to review compliance with the requirements. This 100% sample will be supplemented by field visits to sub-supplier sites for at least 25% of the suppliers each year. Initially there are only two suppliers, so each supplier will have sub-supplier field sites reviewed every two years.  
Residual suppliers are very similar and have been grouped. Sample size is based on the consistency imposed by the requirement for SFI Fiber Sourcing Certification.
2. Direct suppliers (less then 10% of inputs, and initially none) must use trained loggers, follow BMPs, and submit proposed harvest sites in advance for review by a forester employed by US Biomass.
3. Verification of Direct suppliers: The Management Representative or their designee selects and visits a sample of direct-supplier sites consisting of 25% of the sites up to 4 sites sample annually. The supplier sites shall be representative of the all sites based on size, characteristics, geography and

other factors over the course of the year. Inspections are documented on a checklist. The operations of Direct suppliers are consistent, particularly since there is only one such supplier. A separate sampling program was designed for direct suppliers, with the 25% sample based on consistency imposed by USB requirements and advance remote review of each site.

Only a portion of the SVP can be done prior to the award of certification. Those aspects include supplier interviews and confirmation of certified status of residual suppliers. The conclusion is that the SVP is an effective and workable approach to managing risk and to managing any risks identified.

USB has committed to ongoing field site inspections on a sample basis. These can begin when operations commence.

## 6 Stakeholder Consultation

*Give a general description of the process of Stakeholder Consultation, including stakeholders contacted and method of communication.*

Stakeholder consultation was done via email, with phone and email addresses provided for comments. 33 people representing a range of backgrounds were contacted, including people and/or organizations with economic, ecological, and social interests. A cover letter explained the process, including the methods to provide input. The Supply Base Report and the Supply Base Evaluation (Annex 1) were included in the email.

### 6.1 Response to stakeholder comments

*Provide a summary of all stakeholder comments received and how the comments were taken into consideration in the SBE process. To be completed at the conclusion of the 30-day stakeholder consultation process; stakeholders will not be identified unless they give permission to be named.*

*Comment 1:*

*Response 1:*

*Comment 2:*

*Response 2:*

## 7 Overview of Initial Assessment of Risk

Briefly describe the results of the Risk Assessment. This represents the initial evaluation of risk done prior to the SVP and prior to any mitigation measures.

This section provides an opportunity to detail how the BP's management system is effective in reducing risk.

List the result for each Indicator in Table 1.

Where multiple sub-scopes are involved, prepare a separate overview table for each sub-scope showing the initial risk ratings for each Indicator.

Table 1. Overview of results from the risk assessment of all Indicators (prior to SVP)

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
1.1.1		X	
1.1.2		X	
1.1.3		X	
1.2.1		X	
1.3.1		X	
1.4.1		X	
1.5.1		X	
1.6.1		X	
2.1.1		X	
2.1.2	X		
2.1.3	X		
2.2.1		X	
2.2.2		X	
2.2.3	X		
2.2.4	X		
2.2.5		X	
2.2.6		X	
2.2.7		X	
2.2.8		X	
2.2.9		X	

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
2.3.1		X	
2.3.2		X	
2.3.3		X	
2.4.1	X		
2.4.2		X	
2.4.3		X	
2.5.1		X	
2.5.2		X	
2.6.1		X	
2.7.1		X	
2.7.2		X	
2.7.3		X	
2.7.4		X	
2.7.5		X	
2.8.1		X	
2.9.1		X	
2.9.2		X	
2.10.1		X	

# 8 Supplier Verification Programme

## 8.1 Description of the Supplier Verification Programme

Supplier verification of material received without certified content claims (likely all material will be received without such claims), both in advance of certification and on an ongoing basis, has these key components:

4. Residual suppliers and Direct suppliers sign written agreements that specify requirements to provide wood fiber to US Biomass
5. Residual suppliers (90% or more of inputs) must maintain Sustainable Forestry Initiative® Fiber Sourcing certification.
6. Verification of Residual suppliers: All residual suppliers will be visited annually (pre-audit, due to covid, an off-site interview was conducted) to review compliance with the requirements. This 100% sample will be supplemented by field visits to sub-supplier sites for at least 25% of the suppliers each year. Initially there are only two suppliers, so each supplier will have sub-supplier field sites reviewed every two years.  
Residual suppliers are very similar and have been grouped. Sample size is based on the consistency imposed by the requirement for SFI Fiber Sourcing Certification.
7. Direct suppliers (less than 10% of inputs, and initially none) must use trained loggers, follow BMPs, and submit proposed harvest sites in advance for review by a forester employed by US Biomass.
8. Verification of Direct suppliers: The Management Representative or their designee selects and visits a sample of direct-supplier sites consisting of 25% of the sites up to 4 sites sample annually. The supplier sites shall be representative of the all sites based on size, characteristics, geography and other factors over the course of the year. Inspections are documented on a checklist.  
The operations of Direct suppliers are consistent, particularly since there is only one such supplier. A separate sampling program was designed for direct suppliers, with the 25% sample based on consistency imposed by USB requirements and advance remote review of each site.
9. The SVP is reviewed annually as part of the internal audit, and then reviewed with the management/ownership team.

The work done to develop the SBE and to develop the FSC/PEFC programs included interviews with suppliers who indicated a willingness to comply with the requirements of SBP and of the FSC/PEFC programs, and who provided information used to develop the SBR and SBE.

## 8.2 Site visits

*Describe any field assessments of Indicators.* Field visits, described in points 3 and 5 in Section 8.1 above, will be conducted by or in conjunction with a forester retained or employed by USB. Checklists in place to ensure that the essential data is obtained and recorded. Inspections are primarily designed to assess issues related to five SBP indicators with specified risk: 2.1.2, 2.1.3, 2.2.3, 2.2.4, and 2.4.1. The low-risk designations for other SBP indicators that relate to forest sustainability can be reviewed as needed during the verification program.

## 8.3 Conclusions from the Supplier Verification Programme

*Summarise conclusions from the SVP.*

Only a portion of the SVP can be done prior to the award of certification. Those aspects include supplier interviews and confirmation of certified status of residual suppliers. The conclusion is that the SVP is an effective and workable approach to managing risk and to managing any risks identified.

USB has committed to ongoing field site inspections on a sample basis. These can begin when operations commence.

## 9 Mitigation Measures

### 9.1 Mitigation measures

*Describe any mitigation measures taken to address specified risks associated with Indicators.*

### 9.2 Monitoring and outcomes

*Describe how the Indicators are being monitoring and what the outcomes are (if known) from that monitoring.*

# 10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in Annex 1.



# 11 Review of Report

## 11.1 Peer review

The supply base evaluation will be reviewed annually and revised to include credible new information and internally generated information developed through US Biomass' programs and processes. There was no peer review of this report. Annually SCS Global (third-party audit firm) will review this supply base report and supply base evaluation to ensure it meets SBP requirements.

## 11.2 Public or additional reviews

Annually SCS Global (third-party audit firm) will review this supply base report and supply base evaluation to ensure it meets SBP requirements.

## 12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	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>			
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date

# 13 Updates

Note: Updates should be provided in the form of additional pages, either published separately or added to the original public summary report.

## 13.1 Significant changes in the Supply Base

*Provide a description of any significant changes to the supply base.*

## 13.2 Effectiveness of previous mitigation measures

*For each mitigation measure identified during the evaluation, give a detailed account of whether the measures were shown to be effective or not.*

## 13.3 New risk ratings and mitigation measures

*Provide an update of risk ratings for all relevant Indicators.*

## 13.4 Actual figures for feedstock over the previous 12 months

*Using the categories in Section 2.5 'Quantification of the Supply Base' (above), give an update on the actual figures for the previous 12 month period. Volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m<sup>3</sup> if a compelling justification is provided\* NA, not operating.*

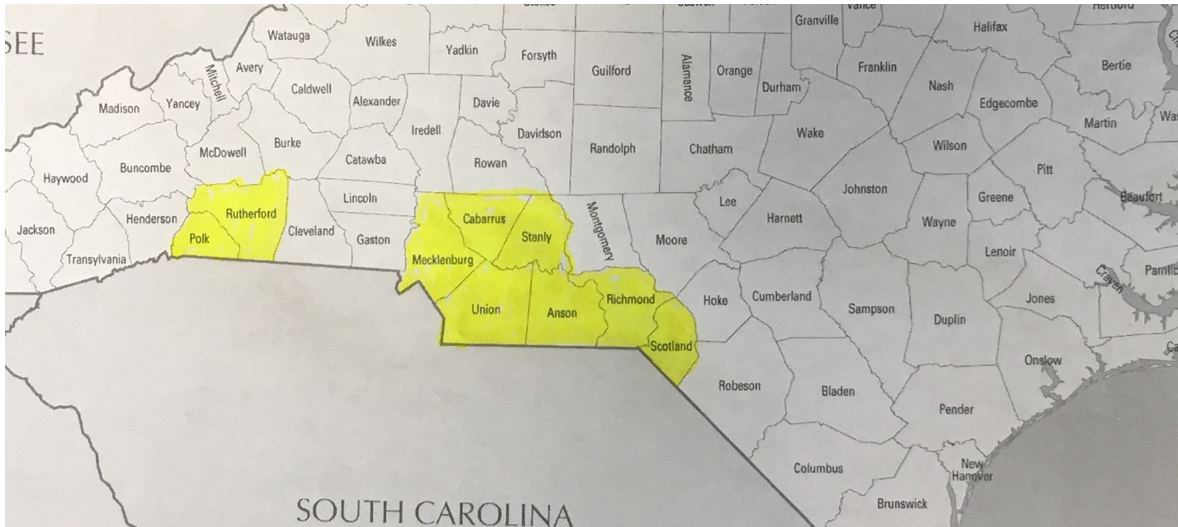
## 13.5 Projected figures for feedstock over the next 12 months

*Using the categories in Section 2.5 'Quantification of the Supply Base' (above), give an updated projection for the coming 12 month period. Volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m<sup>3</sup> if a compelling justification is provided\**

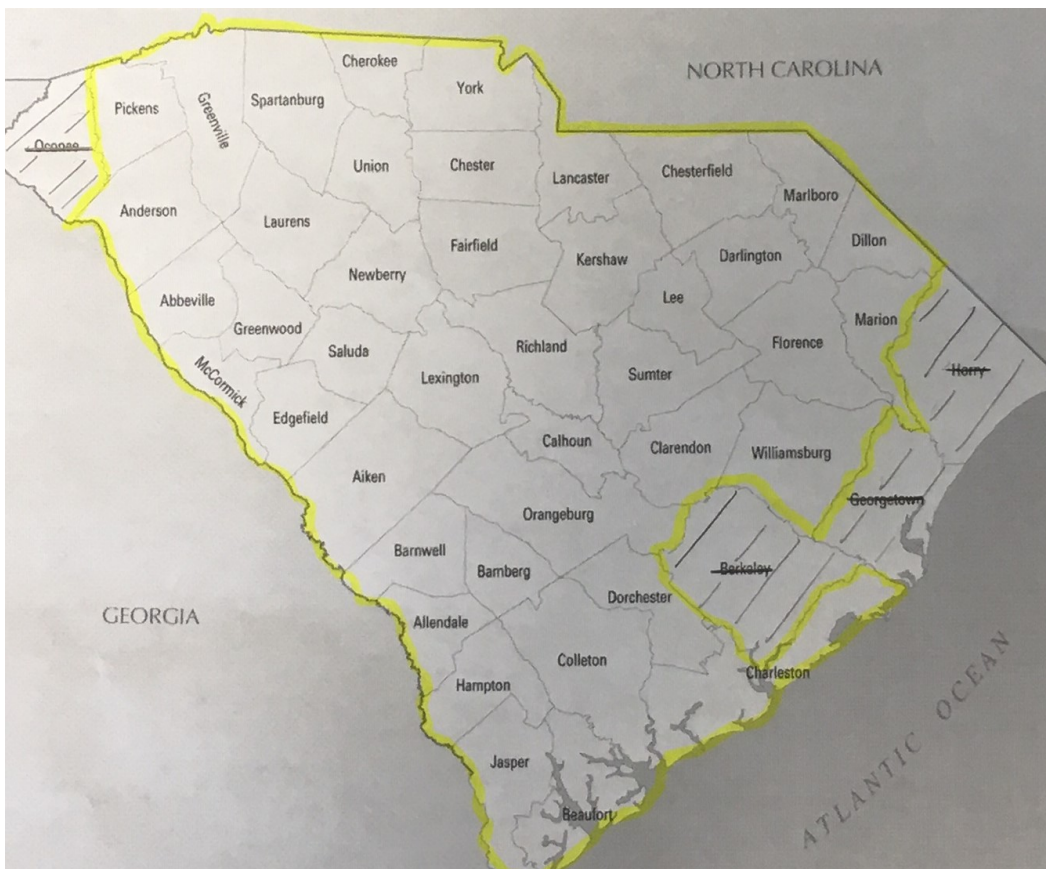
- a. Total volume of Feedstock: 30,000 tons
- b. Volume of primary feedstock: 3,000 tons in-woods chipping of low-quality material (harvest residues)
- c. Volume of secondary feedstock: 27,000 tons sawmill chips

# Supply Area Maps

## North Carolina



## South Carolina



# Georgia

