

# Supply Base Report Template for Biomass Producers: Annex 1



## Version 1.1 January 2019

*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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# Annex 1: Detailed Findings for Supply Base Evaluation Indicators

	Indicator
1.1.1	The Biomass Producer's Supply Base is defined and mapped.
Finding	TPI has defined the mill's Supply Base (SB) as all the counties in Texas that are within a 150-mile radius from the Woodville Pellet Mill. This is established and mapped in TPI's Procurement Procedures and is based on the maximum economically-viable hauling distance for Secondary Suppliers. A list of all counties was prepared, for risk assessment purposes, and to establish better control of fiber supply.
Means of Verification	TPI's: <ul style="list-style-type: none"> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• List of Texas counties encompassed within 150-mile radius of the Woodville mill;</li> <li>• Bills of Sale;</li> <li>• Contracts with Suppliers.</li> </ul>
Evidence Reviewed	[Reference to the actual evidence reviewed, e.g. specific maps or documents.]
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
1.1.2	Feedstock can be traced back to the defined Supply Base.
Finding	TPI's Procurement Procedures require that all suppliers provide a declaration that the wood originates from counties within TPI's Supply Base; the list of counties is provided to suppliers for this purpose.  In addition, by law, Primary Suppliers have to provide a Bill of Sale that accompanies the load of wood. The Bill of sale includes information on the forest tract of origin and therefore allows the load to be traced back to the forest tract. Secondary Suppliers provide a declaration that material is sourced from within the Supply Base. Most major Secondary Suppliers are also SFI/PEFC certified with an associated DDS. The Supply Base was developed to include maximum hauling distances for Secondary Suppliers.
Means of Verification	TPI's: <ul style="list-style-type: none"> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Bills of Sale;</li> <li>• Contract with Suppliers.</li> </ul>

Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>1.1.3</b>	The feedstock input profile is described and categorised by the mix of inputs.
Finding	TPI tracks purchased raw woody material by product type (roundwood, wood chips, residuals, etc.), as described in TPI’s PEFC Chain of Custody Procedures Manual. TPI only purchases pine species for the manufacturing of pellets. Wood fiber information from the Bill of Sale is entered into TPI’s information system when loads are received at the scalehouse. TPI’s wood accounting system links each delivery to a contract, which identifies the supplier, certification status, and chain of custody number if the supplier is certified.
Means of Verification	TPI’s: <ul style="list-style-type: none"> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Bills of Sale;</li> <li>• Contracts with Suppliers.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>1.2.1</b>	The Biomass Producer has implemented appropriate control systems and procedures to ensure that legality of ownership and land use can be demonstrated for the Supply Base.
Finding	TPI has incorporated the FSC US-NRA as part of its risk assessment. This assessment points out that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity, making the risk of sourcing wood originating

	<p>from illegal access to forestlands negligible. In addition, and in order to confirm the origin of wood in the marketplace, Texas has a Bill of Sale Law<sup>1</sup> that requires every load of wood coming from the forest to be accompanied by documentation identifying its origin. Receiving mills are not allowed to accept incoming material that is not accompanied by a Bill of Sale.</p> <p>TPI's Procurement Procedures require that a Bill of Sale accompany every load received from primary suppliers. The Bill of Sale includes information on the ownership of the forest tract of origin. For secondary producers, a declaration is required and most of the larger Secondary Suppliers are also certified to an approved certification scheme.</p>
Means of Verification	<p>TPI's:</p> <ul style="list-style-type: none"> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Bill of Sale;</li> <li>• List of certified suppliers.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>1.3.1</b>	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.
Finding	<p>TPI holds a Program for the Endorsement of Forest Certification (PEFC) Chain of Custody certificate with the corresponding Due Diligence System in place to ensure the raw material input is at least controlled sources (under PEFC certification requirements). Furthermore, TPI has included the FSC US-NRA as part of its risk assessment. This assessment points out that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity, making the risk of sourcing wood originating from illegal access to forestlands or illegal activities, negligible. In addition, a review of the following websites confirms that TPI's Supply Base, situated in the US, is part of a low-risk jurisdiction for illegal logging and corruption:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.illegal-logging.info">www.illegal-logging.info</a>;</li> <li>• <a href="http://www.eia-international.org">www.eia-international.org</a>;</li> </ul>

<sup>1</sup> Texas Natural Resources Code 151.001 Effective since 2001

	<ul style="list-style-type: none"> <li>• <a href="http://www.transparency.org">www.transparency.org</a>.</li> </ul> <p>As required in TPI's Procurement Policy and Procedures, the company conducts desk-based studies prior to any purchase and field inspections of the forests harvested on a sampling basis for primary suppliers. Most Secondary Suppliers are certified to an SBP-approved certification system, so all wood is at least controlled sources, if not PEFC-certified.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• FSC US Draft National Risk Assessment</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Bills of Sale;</li> <li>• <a href="http://www.illegal-logging.info">www.illegal-logging.info</a>;</li> <li>• <a href="http://www.eia-international.org">www.eia-international.org</a>;</li> <li>• <a href="http://www.transparency.org">www.transparency.org</a>;</li> <li>• List of Suppliers.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>1.4.1</b>	The Biomass Producer 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>TPI has included use of the FSC US-NRA as part of its risk assessment. This assessment points out that the United States has comprehensive laws regulating forest management and good enforcement capacity, making the risk of sourcing wood originating from illegal access to forestlands or illegal activities negligible.</p> <p>In addition, a review of the following websites confirms that the US in general and TPI's Supply Base in particular is a low-risk jurisdiction for illegal logging and corruption:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.illegal-logging.info">www.illegal-logging.info</a>;</li> <li>• <a href="http://www.eia-international.org">www.eia-international.org</a>;</li> <li>• <a href="http://www.transparency.org">www.transparency.org</a>.</li> </ul> <p>As required in TPI's Procurement Policy and Procedures, the company conducts desk-based studies prior to any purchase, and field inspections of the forests harvested on a sampling basis for primary suppliers. Most Secondary Suppliers are certified to an SBP-approved certification system, so all wood is at least controlled sources, if not PEFC-certified. TPI conducts desk audits on non-certified suppliers to review contracts with</p>

	landowners on a sampling basis.
Means of Verification	<ul style="list-style-type: none"> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• <a href="http://www.illegal-logging.info">www.illegal-logging.info</a>;</li> <li>• <a href="http://www.eia-international.org">www.eia-international.org</a>;</li> <li>• <a href="http://www.transparency.org">www.transparency.org</a>;</li> <li>• List of Suppliers.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation measure	

	Indicator
<b>1.5.1</b>	The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is supplied in compliance with the requirements of CITES.
Finding	<p>TPI holds a Program for the Endorsement of Forest Certification (PEFC) Chain of Custody certificate with the corresponding Due Diligence System in place, which facilitates the control of origin of fiber inputs, and helps ensure that feedstock is verified in compliance with the requirements of CITES.</p> <p>The Desk Study described in the Procurement Policy requires the Procurement Manager to identify county of origin and assesses risk based on a review of the SBE Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife’s IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&amp;E species are also available in the database.</p> <p>The Procurement manager can therefore determine the level of risk and require conducting site inspection in line with TPI’s Supplier Verification Program. As per the Procurement Policy, The Procurement manager reviews the result of the risk assessment that includes the identification of Threatened and Endangered Species (T&amp;E) in the Supply Base utilizing the information in the U.S. Fish and Wildlife Service’s database. The U.S. Fish and Wildlife Service is responsible for the implementation and enforcing of CITES at the national level.</p> <p>None of the species used by TPI in its pellet mill are on the CITES list.</p>

Means of Verification	<ul style="list-style-type: none"> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• County Risk Assessment for RTE species' critical habitat.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>1.6.1</b>	The Biomass Producer 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>The FSC US NRA, which is incorporated in TPI's approach to risk assessment, found that the forest sector in the United States is not associated with violent armed conflict or violations of traditional and civil rights. Labour rights are respected including rights as specified in ILO (International Labour Organization) fundamental Principles and Rights at work, and the rights of Indigenous and Traditional Peoples, resulting in a low risk designation for this category.</p> <p>TPI has also developed a Policy on Respect for the Rights of Local Communities and Indigenous Peoples. TPI as a company is committed to respecting the legal, customary, and traditional tenure and use rights of indigenous peoples and local communities related to the forest, ensuring that forest management in the company' supply base does not impact on these rights, inasmuch as TPI can exert any influence to this effect. As part of its approach to procurement, the company seeks to identify and document such rights, and to evaluate whether examples of such rights are being duly respected. If it cannot be ascertained that rights, where they have been identified and documented, are being respected, then TPI will not procure fiber from forest management activities that may be contributing to any such impacts.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• TPI's Policy on Respect for the Rights of Local Communities.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>
Comment or Mitigation Measure	

	Indicator
2.1.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped.
Finding	<p>TPI is PEFC Chain of Custody certified and has a Due Diligence System in place to ensure that all raw material is at least controlled sources under the PEFC standards.</p> <p>TPI has also included the FSC US-National Risk Assessment (NRA) as part of its risk assessment. TPI also uses data obtained from the Critical Ecosystems Partnership Fund, the US Fish and Wildlife Service.</p> <p>The North American Coastal Plain has been identified as a biodiversity hotspot and more specifically the FSC US NRA has identified critical habitat for the Houston Toad as HCV1, and Late Successional Bottomland Hardwood Areas, and Native Longleaf Pine Systems as HCV3.</p> <p>In order to refine the work done in the FSC US NRA, TPI has conducted its own risk assessment using the US Fish and Wildlife’s Endangered Species database’s IPaC tool to determine the presence of T&amp;E species in each county and provide maps of known location of critical habitat. As a result, two counties within the Supply Base have been flagged as including critical habitat for Houston Toad and for the Texas Golden Gladecress (a flowering plant). The database provides maps of known locations of critical habitat within the county/ies in question.</p> <p>The risk assessment also identified the presence of the red-cockaded woodpecker. However, critical habitat for this species is restricted to mature natural southern pine stands, which are not the focus of fiber-sourcing for a pellet mill. Primarily low-grade logging residues and small diameter logs go into pellet production.</p> <p>A review of the Intact Forests Landscapes map shows that the relatively large and intact forest areas within the Supply Base can be found within State or National Forests, Parks or Wildlife Management Areas.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• FSC US Draft National Risk Assessment</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• <a href="http://www.intactforests.org/world.webmap.html">http://www.intactforests.org/world.webmap.html</a>;</li> <li>• County-level Risk Assessment for RTE species’ critical habitat.</li> </ul>
Evidence Reviewed	

Risk Rating	<input type="checkbox"/> <b>Low Risk</b> <input checked="" type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	<p>The Desk Study described in the Procurement Policy requires the Procurement Manager to identify county of origin and assess risk based on a review of the SBE Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife’s IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&amp;E species are also available in the database.</p> <p>Inspections of harvesting/thinning operations are conducted under the Supplier Verification Program to verify that values identified are not harmed by forest operations, that logging crews have the proper training (Pro-Logger certified in Texas) and that BMPs are implemented.</p> <p>Inspections of harvesting/thinning operations, as part of a monitoring effort on a sampling basis or according to the level of risk, are conducted under the Supplier Verification Program.</p>

	Indicator
2.1.2	The Biomass Producer has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.
Finding	<p>In order to refine the work done in the FSC US NRA, TPI has conducted its own risk assessment using the US Fish and Wildlife’s Endangered Species database’s IPaC tool to determine the presence of T&amp;E species in each county and provide maps of known location of critical habitat. As a result, two counties within the Supply Base have been flagged as including critical habitat for Houston Toad and for the Texas Golden Gladecress (a flowering plant). The database provides maps of known locations of critical habitat within the county/ies in question.</p> <p>The risk assessment also found the presence of the red-cockaded woodpecker. However, critical habitat for this species is restricted to mature natural southern pine stands, which are not the focus of fiber-sourcing for a pellet mill – primarily low-grade logging residues and small diameter logs go into pellet production.</p> <p>Inspections of harvesting/thinning operations are conducted under the Supplier Verification Program to verify that values identified are not harmed by forest operations, that logging crews have the proper training (Pro-Logger certified in Texas) and that BMPs are implemented.</p> <p>Inspections of harvesting/thinning operations, as part of a monitoring effort on a sampling basis or according to the level of risk, are conducted under the Supplier Verification Program.</p>

	A review of the Intact Forests Landscapes map shows that the relatively large and intact forest areas within the Supply Base can be found within State or National Forests, Parks or Wildlife Management Areas.
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Demonstration of review using IPaC;</li> <li>• County Risk Assessment for RTE species' critical habitat;</li> <li>• <a href="http://www.intactforests.org/world.webmap.html">http://www.intactforests.org/world.webmap.html</a>.</li> </ul>
Evidence Reviewed	
Risk Rating	<input type="checkbox"/> <b>Low Risk</b> <input checked="" type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	<p>The Desk Study described in the Procurement Policy requires the Procurement Manager to identify county of origin and assesses risk based on a review of the SBE Report. The SBE Risk Assessment methodology includes the use of the US Fish and Wildlife's IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&amp;E species are also available in the database.</p> <p>TPI purchases raw material from primary suppliers by paying stumpage through NAPCO. In this instance, there are no difficulties in identifying the tract of origin and conducting a verification audit under the Supplier Verification Program. TPI evaluates suppliers and keep records of their performance. For Secondary Suppliers knowing the tract of origin is more complicated but TPI implements its PEFC Chain of Custody Procedures and associated DDS. Most major Secondary Suppliers are also SFI/PEFC certified with an associated DDS. Desk audits of non-certified Secondary Suppliers are carried out to sample county of origin, contracts with landowners, credentials of logging crews, etc.</p>

	Indicator
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.
Finding	<p>The FSC US NRA has found that two counties (Liberty and Montgomery) within the Supply Base have specified risk for land conversion.</p> <p>TPI is PEFC Chain of Custody certified and has a Due Diligence System in place to ensure that all raw material is at least controlled sources (under PEFC standards) and does not originate from forests converted to plantations or non-forest lands after January</p>

	<p>2008, as required under this indicator. TPI implements its Procurement Policy and Procedures for the purchase of woody raw material. Information concerning cover type and type of harvest is collected to ensure TPI complies with the requirement of the Standard.</p> <p>TPI purchases raw material from primary suppliers by paying stumpage through NAPCO. In this situation, there are no difficulties in identifying the tract of origin and conducting a verification audit under the Supplier Verification Program. TPI evaluates suppliers and keeps records of their performance. Identifying the forest tract of origin for Secondary Suppliers is difficult, but most major Secondary Suppliers are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• TPI's data from suppliers and desk audit.</li> </ul>
Evidence Reviewed	
Risk Rating	<input type="checkbox"/> <b>Low Risk</b> <input checked="" type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	<p>TPI's Procurement Procedures require that primary suppliers provide a Bill of Sale (that identifies the forest of origin) and a signed Supplier Declaration. In addition, field inspections are carried out as part of a Supplier Verification Program, used in Specified Risk counties to re-categorize suppliers' risk profile, where possible, through mitigation measures. Most major Secondary Suppliers are also SFI/PEFC certified with an associated DDS.</p>

	Indicator
2.2.1	<p>The Biomass Producer 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.</p>
Finding	<p>TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. TPI purchases raw material from primary suppliers by paying stumpage through NAPCO. In this situation, there are no difficulties in identifying the tract of origin and conducting a field inspection under the Supplier Verification Program. TPI evaluates suppliers and logging crews and keeps records of their performance for future reference. TPI utilizes its Field Inspection Form to evaluate different aspects of environmental, and safety performance. Records are maintained for future reference.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI is PEFC certified and</p>

	purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• TPI's Procurement Policy and Procedures.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>
Comment or Mitigation Measure	

	Indicator
<b>2.2.2</b>	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b).
Finding	<p>TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting operations. Suppliers are also required to use trained loggers under the Texas Pro-logger program. TPI monitors and evaluates supplier performance through field inspections.</p> <p>For primary suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs. TPI utilizes the Field Inspection Form developed for this purpose to evaluate different aspects of environmental performance including issues such as rutting, sedimentation, and the establishment of buffer zones along water bodies and streams (Streamside Management Zones or SMZ) in order to assess soil quality. Records of operators' performance are maintained for future reference.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>
Comment or Mitigation Measure	

	Indicator
2.2.3	The Biomass Producer has implemented appropriate control systems and procedures to ensure that key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).
Finding	<p>The North American Coastal Plain has been identified as a biodiversity hotspot and more specifically the FSC US NRA has identified critical habitat for the Houston Toad as HCV1, and Late Successional Bottomland Hardwood Areas, and Native Longleaf Pine Systems as HCV3.</p> <p>In order to refine the work done in the FSC US NRA, TPI has conducted its own risk assessment using the US Fish and Wildlife’s Endangered Species database and the IPaC tool to determine the presence of T&amp;E species in each county and provides maps of known location of critical habitat. As a result, two counties within the Supply Base were identified as containing critical habitat for Houston Toad and for the Texas Golden Gladecress (a flowering plant). The database provides maps of known locations of critical habitat within the county.</p> <p>The risk assessment also found the presence of the red-cockaded woodpecker. However, critical habitat for this species is restricted to mature natural southern pine stands. However, critical habitat for this species is restricted to mature natural southern pine stands, which are not the focus of fiber-sourcing for a pellet mill; primarily low-grade logging residues and small diameter logs go into pellet production.</p> <p>The Desk Study described in the Procurement Policy requires the Procurement Manager to identify county of origin and assess risk based on a review of the SBE Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife’s IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&amp;E species are also available in the database.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Demonstration of review using IPaC;</li> <li>• County Risk Assessment for RTE species’ critical habitat.</li> </ul>
Evidence Reviewed	

Risk Rating	<input type="checkbox"/> <b>Low Risk</b> <input checked="" type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	<p>The Desk Study described in the Procurement Policy requires the Procurement Manager to identify county of origin and assess risk based on a review of the SBE Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife’s IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&amp;E species are also available in the database.</p> <p>TPI purchases raw material from primary suppliers by paying stumpage through NAPCO. In this situation, there are no difficulties in identifying the tract of origin and conducting a verification audit under the Supplier Verification Program. Field inspections are carried out to confirm the implementation of BMPs. TPI utilizes the Field Inspection Form to evaluate different aspects of environmental performance including issues such as identification of nests and appropriate buffer zones around identified values to address wildlife habitat issues. TPI evaluates suppliers and keep records of their performance, for future reference. For Secondary Suppliers the identification of the forest tract is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>

	Indicator
<b>2.2.4</b>	The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).
Finding	<p>The FSC-US NRA identified biodiversity concerns both in terms of T&amp;E species and ecosystems such as the Houston Toad, Late Successional Bottomland Hardwoods and natural Longleaf Pine stands respectively.</p> <p>In order to refine the work done in the FSC US NRA, TPI has conducted its own risk assessment using the US Fish and Wildlife’s Endangered Species database’s IPaC tool to determine the presence of T&amp;E species in each county and provide maps of known location of critical habitat. As a result, two counties within the Supply Base have been flagged as including critical habitat for Houston Toad and for the Texas Golden Gladecress (a flowering plant). The database provides maps of known locations of critical habitat within the county/ies in question.</p> <p>The risk assessment also found the presence of the red-cockaded woodpecker. However, critical habitat for this species is restricted to mature natural southern pine stands, which are not the focus of fiber-sourcing for a pellet mill – primarily low-grade logging residues and small diameter logs go into pellet production.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• FSC US Draft National Risk Assessment;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> </ul>

	<ul style="list-style-type: none"> <li>• Demonstration of review using IPaC;</li> <li>• County Risk Assessment for RTE species' critical habitat.</li> </ul>
Evidence Reviewed	
Risk Rating	<input type="checkbox"/> <b>Low Risk</b> <input checked="" type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	<p>The Desk Study described in the Procurement Policy requires the Procurement Manager to identify county of origin and assesses risk based on a review of the SBE Report. The SBE Risk Assessment includes the use of the US Fish and Wildlife's IPaC tool to determine the presence of endangered or threatened species in each county. Maps with known locations of critical habitat for T&amp;E species are also available in the database.</p> <p>For primary suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs (design of skid trails, slope, water crossings, Streamside Management Zones, etc.). Field inspections are carried out to assess implementation of the BMPs. TPI utilizes the Field Inspection Form to evaluate different aspects of environmental performance including issues such as identification of nests and appropriate buffer zones around identified values to address wildlife habitat issues. Records of the evaluation of operators are maintained for future reference.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>

	Indicator
2.2.5	The Biomass Producer has implemented appropriate control systems and procedures for verifying that the process of residue removal minimises harm to ecosystems.
Finding	<p>TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program.</p> <p>For Primary Suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs to reduce impact to soil, water resources, and the remaining standing timber by removal of forest residues. TPI has developed and implemented a Field Inspection Form to evaluate different aspects of environmental performance and assess damage to remaining trees. Records of the evaluation of operators are maintained for future reference.</p>

	For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>2.2.6</b>	The Biomass Producer 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	TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting. Suppliers are also required to use trained loggers under the Texas Pro-logger program. TPI carries out field inspections utilizing its Field Inspection Form to evaluate different aspects of environmental performance including issues such as sedimentation, establishment of buffer zones along water bodies and streams (Streamside Management Zones or SMZ) and disposal of chemicals and fuel, to assess impact to water resources. Records of operators' performance are maintained for future reference. For Secondary Suppliers, TPI implements its PEFC Chain of Custody Procedures and associated DDS. Most major Secondary Suppliers are also SFI/PEFC certified with an associated DDS.
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>
Comment or Mitigation Measure	

	Indicator
2.2.7	The Biomass Producer has implemented appropriate control systems and procedures for verifying that air quality is not adversely affected by forest management activities.
Finding	<p>TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program.</p> <p>For Primary Suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs (design of skid trails, slope, water crossings, Streamside Management Zones, etc.). With respect to compliance with air quality regulations (The Clean Air Act), there is a Prescribed Burns Program and a Prescribed Burns Board that regulates these activities and certifies Prescribed Burn Managers. A Prescribed Burn Plan is required, and the Texas Forest Service must be notified confirming the date of the prescribed burn. Records of the evaluation of operators are maintained for future reference.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy; <a href="http://www.texasagriculture.gov/Home/ProductionAgriculture/PrescribedBurnProgram.aspx">http://www.texasagriculture.gov/Home/ProductionAgriculture/PrescribedBurnProgram.aspx</a>;</li> <li>• Procurement Procedures;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
2.2.8	The Biomass Producer 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>TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest and sign a Supplier Declaration. Suppliers are also required to use trained loggers under the Texas Pro-logger program. Texas BMPs include a section on the utilization of chemicals for silviculture.</p> <p>For primary suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs (appropriate use of chemicals). TPI utilizes its Field Inspection Form to evaluate different aspects of environmental performance related to the use and proper disposal of chemical and fuels. Consistent with the BMPs. Records of operators' performance are maintained for future reference.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>
Comment or Mitigation Measure	

	Indicator
2.2.9	The Biomass Producer has implemented appropriate control systems and procedures for verifying that methods of waste disposal minimise negative impacts on forest ecosystems (CPET S5d).
Finding	<p>TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest and sign a Supplier Declaration. Suppliers are also required to use trained loggers under the Texas Pro-logger program.</p> <p>For primary suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to</p>

	<p>assess implementation of the BMPs (waste disposal). TPI carries out field inspections utilizing its Field Inspection Form to evaluate different aspects of environmental performance related to the use and proper disposal of chemicals, fuels, and waste, consistent with the BMPs. Records of operators' performance are maintained for future reference.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>
Comment or Mitigation Measure	

	Indicator
2.3.1	<p>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.</p>
Finding	<p>At the macro level, productivity for softwood is increasing. Recent Forest Inventory and Analysis (FIA) for East Texas shows a net growth of softwood (i.e. growth is greater than removals and mortality combined). In addition, a growth and drain study was performed for TPI with similar results. See Resource Update FS-151, Forests of East Texas, 2016 published by the USDA April 2018. See also the "Growth and Drain Forecast for German Pellets" document provided by NAPCO.</p> <p>Field inspections are conducted and recorded, and the information will be maintained and used by TPI to evaluate the performance of logging crews. The Field Inspection evaluates compliance with laws and regulations, implementation of BMPs, protection of High Conservation Values, and level of stocking (in stands that were thinned). As per Procurement Procedures, TPI develops a sampling plan based on the level of risk for the counties, harvesting schedule, upcoming contracts with landowners and/or suppliers, and tracts where wood was purchased in the past.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated</p>

	DDS.
Means of Verification	<ul style="list-style-type: none"> <li>• Forest Inventory Analysis – Resource update FS-151;</li> <li>• Growth and Drain Forecast for German Pellets document provided by NAPCO.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>2.3.2</b>	Adequate training is provided for all personnel, including employees and contractors (CPET S6d).
Finding	<p>TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use loggers trained under the Texas Pro-logger program. TPI monitors and evaluates supplier performance through field inspections. TPI carries out field inspections utilizing the Field Inspection Form to evaluate the level of training of harvesting crews and ensure that their Pro-logger certification and training is up-to-date. TPI maintains records of the evaluations for future reference.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>
Comment or Mitigation Measure	

	Indicator
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2.3.3	Analysis shows that feedstock harvesting, and biomass production positively contribute to the local economy, including employment.
Finding	<p>Recent State Assessments on the “Economic Impact of the Texas Forest Sector, 2015”, conclude that the forests of Texas contribute a number of economic and societal benefits such as manufacturing, employment, recreation, aesthetics, and environmental protection.</p> <p>Highlights of the 2015 Report include:</p> <ul style="list-style-type: none"> <li>• The Texas forest sector directly contributed \$18.3 billion of industry output to the Texas economy, employing over 66,000 people with a payroll of \$3.7 billion;</li> <li>• Including direct, indirect, and induced effects, the Texas forest sector had a total economic contribution of \$32.5 billion in industry output, supporting more than 144,500 jobs with \$8.4 billion in labor income;</li> <li>• On average, every dollar generated in the Texas forest sector contributed an additional 77 cents to the rest of the Texas economy;</li> <li>• Every job created in the forest sector resulted in another 1.19 jobs in the state;</li> <li>• Texas forest landowners received estimated stumpage revenue totaling \$316.4 million.</li> </ul>
Means of Verification	Economic Impact of the Texas Forest Sector, 2015. Available at <a href="http://tfsfrd.tamu.edu/economicimpacts/Texas%20Flyer/EconomicImpact2015.pdf">http://tfsfrd.tamu.edu/economicimpacts/Texas%20Flyer/EconomicImpact2015.pdf</a>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
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).
Finding	<p>It is the responsibility of the US Forest Service and State Forest Services to conduct research into forest health. Results are available online with many tips and assistance to landowners in terms of implementing integrated pest management strategies. In many instances the procurement of low-quality woody material contributes to reducing environmental impacts and enhancing the productivity of forests providing revenues to fund site preparation and reforestation. Thinning allow landowners to increase the future value of their timber and increase productivity of the forest itself.</p> <p>The Texas Forest Service has incentives and cost sharing programs in place to promote</p>

	<p>continued forest health, such as the Southern Pine Beetle Prevention Cost Share Program.</p> <p>In addition, TPI conducts field inspections. For Primary Suppliers, where the identification of the forest tract is simple (either through stumpage paid by NAPCO, or through the Bill of Sale), field inspections are carried out to assess implementation of the BMPs (prevention of soil erosion, and of impacts on water resources, implementation of adequate SMZ, appropriate use of chemicals and disposal of waste, etc.). Records of the evaluation of operators are maintained for future reference.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>Texas Forest Service website (<a href="http://texasforestinfo.tamu.edu/">http://texasforestinfo.tamu.edu/</a>).</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>2.4.2</b>	The Biomass Producer has implemented appropriate control systems and procedures for verifying that natural processes, such as fires, pests and diseases are managed appropriately (CPET S7b).
Finding	<p>TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. TPI monitors and evaluates supplier performance through field inspections.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p> <p>The Texas Forest Service (TSF) provides information to landowners related to strategies for integrated pest management (IPM) and technical support through county extension agents to landowners who report pest related issues. The TSF delivers the Southern Pine Beetle Prevention Cost Share Program, that provides technical and financial assistance to</p>

	<p>landowners to implement preventative measures such as thinning, to minimize the likelihood of potential infestation. In terms of vegetation management, the TSF provides advice for brush management, and technical support through extension county agents. Regarding fire, there is a Prescribed Burns Program in Texas and a Prescribed Burns Board that certifies and regulates the activities of Prescribed Burn Managers. A Prescribed Burn Plan is required, and the Texas Forest Service must be notified confirming the date of the prescribed burn.</p> <p>Texas A&amp;M University has a website dedicated to disseminating research and advice on integrated pest management.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• <a href="https://tfsweb.tamu.edu/Content/Landing.aspx?id=19780">https://tfsweb.tamu.edu/Content/Landing.aspx?id=19780</a>;</li> <li>• <a href="https://tfsweb.tamu.edu/SouthernPineBeetlePreventionCostShareProgram/">https://tfsweb.tamu.edu/SouthernPineBeetlePreventionCostShareProgram/</a>;</li> <li>• <a href="https://ipm.tamu.edu/">https://ipm.tamu.edu/</a>;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>
Comment or Mitigation Measure	

	Indicator
2.4.3	<p>The Biomass Producer 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 (CPETS7c).</p>
Finding	<p>TPI has included the FSC US-NRA as part of its risk assessment. This assessment points out that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity, making the risk of sourcing wood originating from illegal logging, or other illegal activities, negligible.</p> <p>TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program.</p> <p>For Primary Suppliers, TPI monitors and evaluates supplier performance and verifies the origin of the wood, through field inspections utilizing its Field Inspection Form and through the Bill of Sale. Records of the evaluation are maintained for future reference.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual</p>

	material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• Procurement Policy;</li> <li>• Procurement Procedures;</li> <li>• Suppliers Evaluation.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>
Comment or Mitigation Measure	

	Indicator
<b>2.5.1</b>	The Biomass Producer 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).
Finding	TPI has included the FSC US-NRA as part of its risk assessment. The FSC US NRA found that the forest sector in the United States is not associated with violent armed conflict or violations of traditional and civil rights. Labour rights are respected including rights as specified in ILO fundamental Principles and Rights at work, and the rights of Indigenous and Traditional Peoples, resulting in a low risk designation for this category. TPI has also developed a Policy on Respect for the Rights of Local Communities and Indigenous Peoples. TPI as a company is committed to respecting the legal, customary, and traditional tenure and use rights of indigenous peoples and local communities related to the forest and ensuring that forest management in the company' Supply Base does not impact on these rights, inasmuch as TPI can exert any influence to this effect. As part of its approach to procurement, the company seeks to identify and document such rights, and to evaluate whether examples of such rights are being duly respected. If it cannot be ascertained that rights, where they have been identified and documented, are being respected, then TPI will not procure fiber from forest management activities that may be contributing to any such impacts.
Means of Verification	<ul style="list-style-type: none"> <li>• FSC US National Risk Assessment</li> <li>• TPI's Policy on Respect for the Rights of Local Communities</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk at RA</b> <input type="checkbox"/> <b>Unspecified Risk</b>
Comment or Mitigation Measure	

	Indicator
2.5.2	The Biomass Producer 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 fulfilment of basic needs.
Finding	<p>The US is an industrial nation in which there are no peoples, or groups, dependent on a specific site or resource for basic human needs.</p> <p>TPI has included the FSC US-NRA as part of its risk assessment. The FSC US NRA found that in terms of water supply, headwaters and watershed are adequately protected by State BMPs as they relate to forestry activities. The US has strong regulations (such as the Clean Water Act) and enforcement capacity, resulting in a low risk designation for this indicator.</p> <p>TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. For Primary Suppliers, TPI monitors and evaluates supplier performance in the implementation of BMPs, including buffer zones for streams (Stream Management Zones, or SMZs) utilizing the Field Inspection Form put in place as part of Procurement Procedures. Records of the evaluation are maintained for future reference.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• FSC US National Risk Assessment</li> <li>• TPI's Procurement Policy and Procedures;</li> <li>• Texas Forest Service website (<a href="http://texasforestinfo.tamu.edu/">http://texasforestinfo.tamu.edu/</a>)</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
2.6.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that appropriate mechanisms are in place for resolving grievances and disputes, including those relating to tenure and use rights, to forest management practices and to

	work conditions.
Finding	<p>TPI holds a Program for the Endorsement of Forest Certification (PEFC) Chain of Custody certificate with the corresponding Due Diligence System in place to ensure that raw material inputs are at least controlled sources (under PEFC certification requirements).</p> <p>TPI has a Grievance Procedure as part of its PEFC Chain of Custody documented management system.</p> <p>In terms of work conditions, in the US, Federal and State legislation regarding worker health and safety is monitored by the Occupational Safety and Health Administration (OSHA) which provides good protection and strong recourse if safety protocols are breached. TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest.</p> <p>The FSC US NRA found that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity and that most private landowners own small family forests that average 10 hectares (25 acres).</p> <p>Numerous legal processes are available to landowners to resolve disputes involving proper title and/or the unauthorized taking or sale of timber property.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• TPI's Procurement Policy and Procedures;</li> <li>• FSC US NRA.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
2.7.1	The Biomass Producer 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>U.S. law clearly specifies rights to collective bargaining and freedom of association. The United States ratified ILO C150 – Labor Administration Convention securing the rights of worker organization and collective bargaining.</p> <p>The FSC US NRA found that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity.</p> <p>TPI requires that its suppliers of raw material adhere to all applicable laws and</p>

	regulations.
Means of Verification	<ul style="list-style-type: none"> <li>• TPI's Procurement Policy and Procedures;</li> <li>• FSC US National Risk Assessment;</li> <li>• United States Department of Labor; (<a href="https://www.dol.gov/general/aboutdol/majorlaws">https://www.dol.gov/general/aboutdol/majorlaws</a>).</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>2.7.2</b>	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not supplied using any form of compulsory labour.
Finding	<p>The United States has comprehensive laws prohibiting the use of compulsory labor or violating citizen's rights. The Department of Labor enforces compliance with labor laws. TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. In addition.</p> <p>For Primary Suppliers, TPI can verify supplier's logging crews. For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• TPI's Procurement Policy and Procedures;</li> <li>• United States Department of Labor (<a href="https://www.dol.gov/general/aboutdol/majorlaws">https://www.dol.gov/general/aboutdol/majorlaws</a>).</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
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2.7.3	The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is not supplied using child labour.
Finding	<p>The United States has comprehensive laws prohibiting the use of child labor or violating citizen's rights. The Department of Labor enforces compliance with labor laws. TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting.</p> <p>For Primary Suppliers, TPI monitors can verify supplier's logging crews. For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• TPI's Procurement Policy and Procedures;</li> <li>• United States Department of Labor; (<a href="https://www.dol.gov/general/aboutdol/majorlaws">https://www.dol.gov/general/aboutdol/majorlaws</a>).</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
2.7.4	The Biomass Producer 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	<p>The United States has comprehensive laws prohibiting the discrimination or violating citizen's rights. The Department of Labor enforces compliance with labor laws. TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting operations.</p> <p>For Primary Suppliers, TPI monitors can verify supplier's logging crews. For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• TPI's Procurement Policy and Procedures;</li> <li>• United States Department of Labor; (<a href="https://www.dol.gov/general/aboutdol/majorlaws">https://www.dol.gov/general/aboutdol/majorlaws</a>).</li> </ul>

Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>2.7.5</b>	The Biomass Producer 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>The United States has comprehensive laws ensuring fair employment conditions. US law clearly specifies rights to collective bargaining and freedom of association. The United States ratified ILO C150 – Labor Administration Convention securing the rights of worker organization and collective bargaining. The Department of Labor enforces compliance with labor laws.</p> <p>TPI requires that its suppliers of raw material adhere to all applicable laws and regulations. For Primary Suppliers, TPI monitors can verify supplier’s logging crews. For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• TPI’s Procurement Policy and Procedures;</li> <li>• United States Department of Labor; (<a href="https://www.dol.gov/general/aboutdol/majorlaws">https://www.dol.gov/general/aboutdol/majorlaws</a>).</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>2.8.1</b>	The Biomass Producer 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).

Finding	<p>The US Occupational Health and Safety Organization is responsible for implementing, monitoring and enforcing worker health and safety laws and regulations. TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. For Primary Suppliers, TPI monitors and evaluates supplier performance in the implementation of BMPs, including proper use of Personal Protective Equipment (PPE) and other safety precautions. Records of the evaluation are maintained for future reference.</p> <p>For Secondary Suppliers the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• TPI's Procurement Policy and Procedures;</li> <li>• Federal and State web sites.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>2.9.1</b>	Biomass is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.
Finding	<p>TPI implements its Procurement Procedures to ensure that areas such as wetlands and peats are not impacted by forest operations. TPI requires that its suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. Suppliers are also required to use trained loggers under the Texas Pro-logger program. For Primary Suppliers, TPI monitors and evaluates supplier performance in the implementation of BMPs, including buffer zones for wetlands and streams (SMZ) utilizing the Field Inspection Form. Records of the evaluation are maintained for future reference. For Secondary Suppliers, the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated</p>

	DDS.
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• TPI's Procurement Policy and Procedures;</li> <li>• Texas Forest Service website (<a href="http://texasforestinfo.tamu.edu/">http://texasforestinfo.tamu.edu/</a>).</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>2.9.2</b>	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>Growing forests are efficient at capturing and storing atmospheric carbon. The harvest of forest resources from such stands provides a mechanism for capturing and utilizing stored carbon. Recent Forest Inventory and Analysis (FIA) for East Texas shows a net growth of softwood (i.e. growth is greater than removals and mortality combined). In addition, a growth and drain study was performed for TPI with similar results. [See Resource Update FS-151, Forests of East Texas, 2016 published by the USDA April 2018. See also the "Growth and Drain Forecast for German Pellets" document provided by NAPCO.]</p> <p>For Primary Suppliers, TPI monitors and evaluates supplier performance in the implementation of BMPs, including the design of skid trails, buffer zones for wetlands and streams (SMZ) minimizing impacts to soil and water resources. Records of the evaluations carried out are maintained for future reference.</p> <p>For Secondary Suppliers, the identification of the forest tract and the evaluation of the performance of the harvesting crews is more difficult. However, TPI purchases residual material from Secondary Suppliers that are also SFI/PEFC certified with an associated DDS.</p>
Means of Verification	
Evidence Reviewed	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• TPI's Procurement Policy and Procedures;</li> <li>• Forest Inventory Analysis – Resource update FS-151;</li> <li>• Growth and Drain Forecast for German Pellets document provided by NAPCO.</li> </ul>
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	

	Indicator
<b>2.10.1</b>	Genetically modified trees are not used.
Finding	TPI does not purchase genetically modified trees and there are no genetically modified trees of the species purchased by TPI available.
Means of Verification	<ul style="list-style-type: none"> <li>• PEFC Chain of Custody and Due Diligence System;</li> <li>• TPI Procurement Policy and Procedures.</li> </ul>
Evidence Reviewed	
Risk Rating	<input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>
Comment or Mitigation Measure	