

Supply Base Report for Biomass Producers: Huntsville Pellets LLC 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

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	Huntsville Pellets LLC (hereafter known as 'HP') has determined its Supply Base to consist of 31 counties in East Texas, with the vast majority of fiber originating within approximately a 100-mile radius from Huntsville, and within Texas. This is established and mapped in HP's Procurement Procedures. A list of all counties included in the Supply Base was prepared, for risk assessment purposes, and to establish better control of fiber supply.
Means of Verification	HP's: <ul style="list-style-type: none"> • Procurement Policy; • Procurement Procedures; • Communication with suppliers; • List of Texas counties included in the company's Supply Base; • Bills of Sale; • Contract with the company's sole supplier, Steely Lumber (sawmill).
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
1.1.2	Feedstock can be traced back to the defined Supply Base.
Finding	HP's Procurement Procedures require that all Suppliers provide a declaration that the wood originates from counties within HP's Supply Base; the list of counties is provided to Suppliers for this purpose. HP conducts a desk audit of all potential purchases to ensure that wood originates from the Supply Base, and as the first step in the risk assessment of a particular purchase. In addition, by law, Primary Suppliers must 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. HP records this information in the General Suppliers List spreadsheet.
Means of Verification	HP's: <ul style="list-style-type: none"> • Procurement Policy;

	<ul style="list-style-type: none"> • Procurement Procedures; • Suppliers Declaration Form; • Operating Checklist for Raw Material Purchases; • Bills of Sale; • Contract with Suppliers.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
1.1.3	The feedstock input profile is described and categorised by the mix of inputs.
Finding	<p>HP tracks purchased raw woody material by product type (shavings only at the present time, but may later include sawdust, wood chips, off-cuts, etc.), as described in the company’s PEFC Chain of Custody Procedures Manual. HP records all purchases in its General Suppliers List spreadsheet. The information collected enables the development of a feedstock input profile (plantation or natural stand, age class, species, type of harvesting (final cut or thinning, etc.). This information is assessed during the Desk Audit described in HP’s Operating Checklist for Raw Material Purchase prior to finalizing the purchase. HP only purchases pine species for the manufacturing of pellets. Wood fiber information from the Bill of Sale is entered into HP’s information system when loads are received at the scalehouse. HP’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.</p>
Means of Verification	<p>HP’s:</p> <ul style="list-style-type: none"> • Procurement Policy; • Procurement Procedures; • Suppliers Declaration Form; • Operating Checklist for Raw Material Purchases; • PEFC Chain of Custody and Due Diligence System; • Bills of Sale; • Contracts with Suppliers.
Evidence Reviewed	All Means of Verification were reviewed.

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

	Indicator		
1.2.1	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	<p>HP 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 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 Law¹ 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>HP'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. As part of the controls in place, HP reviews Bills of Sale on a sampling basis to ensure that proper contracts are in place and the tract of origin and ownership are known and legal.</p>		
Means of Verification	<p>HP's:</p> <ul style="list-style-type: none"> • FSC-NRA-USA V1-0; • Procurement Policy; • Procurement Procedures; • Suppliers Declaration Form; • Operating Checklist for Raw Material Purchases; • Bill of Sale; • List of certified Suppliers. 		
Evidence Reviewed	All Means of Verification were reviewed.		
Risk Rating	<input checked="" type="checkbox"/> Low Risk	<input type="checkbox"/> Specified Risk	<input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure			

¹ Texas Natural Resources Code 151.001 Effective since 2001

	Indicator
1.3.1	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>HP is implementing Program for the Endorsement of Forest Certification (PEFC) Chain of Custody certification with the corresponding Due Diligence System in place to ensure the raw material input is at least controlled sources (under PEFC certification requirements). Furthermore, HP 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.</p> <p>In addition, a review of the following websites confirms that HP’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"> • www.illegal-logging.info; • www.eia-international.org; • www.transparency.org. <p>As required in HP’s Procurement Policy and Procedures, the company conducts Desk-Audits prior to any purchase for the purpose of ensuring the legal origin of the wood. Primary and Secondary Suppliers must sign a Supplier Declaration Form identifying the forest tract of origin. Primary Suppliers have to provide the Bill of Sale that identifies the tract of origin and ownership. In addition, field inspections of the forests harvested are carried out on a sampling basis.</p>
Means of Verification	<ul style="list-style-type: none"> • FSC-NRA-USA V1-0 • Procurement Policy; • Procurement Procedures; • Suppliers Declaration Form; • Operating Checklist for Raw Material Purchases; • PEFC Chain of Custody and Due Diligence System; • Bills of Sale; • www.illegal-logging.info; • www.eia-international.org; • www.transparency.org; • List of Suppliers.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
1.4.1	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>HP 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 HP's Supply Base in particular is a low-risk jurisdiction for illegal logging and corruption:</p> <ul style="list-style-type: none"> • www.illegal-logging.info; • www.eia-international.org; • www.transparency.org. <p>As required in HP's Procurement Policy and Procedures, the company conducts Desk-Audits prior to any purchase. Primary and Secondary Suppliers must sign a Supplier Declaration Form identifying the forest tract of origin. Primary Suppliers have to provide the Bill of Sale that includes the name and ownership of the tract as well as of the logging contractor who is required to pay stumpage on timber purchases. The Bills of Sale from Primary Suppliers must accompany every load and are kept on file by HP.</p>
Means of Verification	<ul style="list-style-type: none"> • FSC-NRA-USA V1-0; • Procurement Policy; • Procurement Procedures; • PEFC Chain of Custody and Due Diligence System; • www.illegal-logging.info; • www.eia-international.org; • www.transparency.org; • List of Suppliers.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation measure	

	Indicator
1.5.1	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>HP is implementing 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 Audit described in the Operating Checklist for Raw Material Purchases 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&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 HP’s Supplier Verification Program. As per the Operating Checklist for Raw Material Purchases, the Procurement Manager reviews the result of the risk assessment that includes the identification of Threatened and Endangered Species (T&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 HP in its pellet mill are on the CITES list.</p>
Means of Verification	<ul style="list-style-type: none"> • Procurement Policy; • Procurement Procedures; • Operating Checklist for Raw Material Purchases; • PEFC Chain of Custody and Due Diligence System; • County Risk Assessment for RTE species’ critical habitat.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
1.6.1	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	The FSC-NRA-USA V1-0, which is incorporated in HP’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

	<p>Rights at work, and the rights of Indigenous and Traditional Peoples, resulting in a low risk designation for this category.</p> <p>HP has also developed a Policy on Respect for the Rights of Local Communities and Indigenous Peoples. HP 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 HP 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 HP 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"> • FSC-NRA-USA V1-0; • Procurement Policy; • HP's Policy on Respect for the Rights of Local Communities.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk at RA <input type="checkbox"/> Unspecified Risk
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>HP is in the process of becoming 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>HP has included the FSC US-National Risk Assessment (NRA) as part of its risk assessment. HP also uses data obtained from the US Fish and Wildlife Service's Endangered Species database and their Information for Planning and Consultation tool (IPaC). The IPaC tool allows HP or Steely staff to search the Endangered Species database by county, and it provides maps of known critical habitat of all endangered species.</p> <p>The North American Coastal Plain has been identified as a biodiversity hotspot and more specifically the FSC-NRA-USA V1-0 has identified critical habitat for the Houston Toad as</p>

	<p>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-NRA-USA V1-0, HP 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&E species in each county and provide maps of known location of critical habitat. As a result, six counties within the Supply Base have been flagged as including critical habitat for endangered species. 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 in ten counties. Critical habitat for this species is restricted to mature natural southern pine stands. This information is documented in HP’s “ SBP-SB - List of Counties_Huntsville Pellets_Oct 29 2019” and corresponding map.</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>
<p>Means of Verification</p>	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • FSC-NRA-USA V1-0 • Procurement Policy; • Procurement Procedures; • Operating Checklist for Raw Material Purchases; • http://www.intactforests.org/world.webmap.html; • County-level Risk Assessment for RTE species’ critical habitat.
<p>Evidence Reviewed</p>	<p>All Means of Verification were reviewed.</p>
<p>Risk Rating</p>	<p><input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
<p>Comment or Mitigation Measure</p>	<p>The Desk Audit described in the Operating Checklist for Raw Material Purchases requires the Procurement Manager to identify the county of origin of all potential purchases 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 and map the presence of critical habitat of endangered or threatened species in each county. The Desk Audit screens all potential purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat in relation to the location of the forest tract/s in question. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess risk to natural southern pine stands which are also suitable habitat for the Red Cockaded Woodpecker (an endangered species), The Desk Audit also determines the need for field inspections.</p> <p>Through the use of these tools, the SBE resulted in the identification of critical habitat for endangered species and the presence of natural stands of southern yellow pine.</p>

	Suppliers are required to sign a Supplier Declaration Form and identify the tract/s of origin of their supply. They are required to allow reviews of their Bills of Sale to identify counties and harvesting sites in relation to identified values.
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	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-NRA-USA V1-0, HP 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&E species in each county and provide maps of known location of critical habitat. As a result, six counties within the Supply Base have been flagged as including critical habitat for endangered species. 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 in ten counties.</p> <p>A Desk Audit screens all potential purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess risk to natural southern pine stands which are also suitable habitat for the Red Cockaded Woodpecker (an endangered species). The Desk Audit also determines the need for field inspections. For purchases determined to be high risk through the Desk Audit process, a field inspection is conducted prior to confirming the purchase. 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>For all purchases from Primary Suppliers, Field Inspections are carried out as part of a monitoring effort on a sampling basis, prioritizing by the level of risk.</p>
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • FSC-NRA-USA V1-0; • Procurement Policy; • Procurement Procedures; • Operating Checklist for Raw Material Purchases • Use of the IPaC tool; • County Risk Assessment for RTE species’ critical habitat; • Field Inspection Form Data; • http://www.intactforests.org/world.webmap.html.

Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	<p>The Desk Audit described in the Operating Checklist for Raw Material Purchases requires the Procurement Manager to identify county of origin and assess 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 critical habitat of endangered or threatened species in each county. Maps with known locations of critical habitat for T&E species are also available in the database.</p> <p>HP purchases raw material from Primary Suppliers through Steely. There are no difficulties in identifying the tract of origin and assessing risk through the Desk Audit and conducting a Field Inspection under the Supplier Verification Program if required.</p> <p>Counties with known critical habitat for endangered species are scrutinized based on location of critical habitat in relation to the location of the forest tract or tracts. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess risk to natural southern pine stands which are also suitable habitat for the Red Cockaded Woodpecker (an endangered species). The Desk Audit also determines the need for field inspections. For purchases determined to be high risk at the Desk Audit stage, a field inspection is conducted prior to confirming the purchase, 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>For all purchases from Primary Suppliers Field Inspections are carried out as part of a monitoring effort on a sampling basis, prioritizing by the level of risk.</p> <p>HP evaluates suppliers and keep records of their performance. Most major suppliers are 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. This information is recorded in the Field Inspection Form and kept on file. The results of the Field Inspections are compiled in the Field Inspection Form Data spreadsheet to monitor and evaluate performance.</p> <p>Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply. They are required to allow reviews of their Bills of Sale to identify counties and harvesting sites in relation to identified values. This information is compiled and monitored in the General Suppliers List spreadsheet.</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-NRA-USA V1-0 has found that two counties (Liberty and Montgomery) within the Supply Base have specified risk for land conversion.</p> <p>HP is in the process of becoming 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 2008, as required under this indicator. HP 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 HP complies with the requirement of the Standard. A Desk Audit is conducted prior to confirming any purchase in order to assess the level of risk for conversion.</p> <p>HP purchases raw material from Primary Suppliers through Steely. In this situation, there are no difficulties in identifying the tract of origin and conducting a verification audit under the Supplier Verification Program. HP 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"> • PEFC Chain of Custody and Due Diligence System; • FSC-NRA-USA V1-0; • Procurement Policy; • Procurement Procedures; • HP’s data from Suppliers and desk audit.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	<p>HP’s Procurement Procedures require that Primary Suppliers provide a Bill of Sale (that identifies the forest of origin) and a signed Supplier Declaration, For Primary Suppliers field inspections can be carried out and evidence of plans of keeping the tract as a forest are required and evaluated (e.g. investments in site preparation, reforestation, etc.). A Desk Audit is conducted prior to any purchase in order to determine the level of risk for conversion. In addition to identifying critical habitat for endangered species the Desk Audit assess information from potential Suppliers regarding the age class of the pine stand, the type of operation (thinning or final cut) to assess the level of risk for conversion. HP also requires a signed Supplier Declaration that includes a commitment to keep the forest as such. HP will also conduct Field Inspections of past forest operations based on the risk for conversion.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form that identifies the tracts of origin of their supply and their commitment to avoid purchasing from forests</p>

	converted to plantations. This information is compiled and monitored in the General Suppliers List spreadsheet.
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	Indicator
2.2.1	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.
Finding	<p>HP 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. HP purchases raw material from Primary Suppliers through Steely. In this situation, there are no difficulties in identifying the tract of origin and conducting a field inspection under the Supplier Verification Program to assess the performance of the logging crew in terms of BMPs for planning, for laying out skid trails, and proper handling of Streamside Management Zones (SMZ). HP evaluates Suppliers and logging crews and keeps records of their performance for future reference. HP utilizes its Field Inspection Form to evaluate different aspects of environmental, and safety performance. Records are compiled in the Field Inspection Form Data spreadsheet and maintained for future reference.</p> <p>Secondary Suppliers are required to sign a Supplier Declaration Form and identify the tracts of origin of their supply, and logging crews. HP checks that logging crews are certified (Pro-Logger in Texas) to ensure they operate according to Texas BMPs. Based on the level of risk assessed during the Desk Audit, HP may choose to conduct a Field Inspection of tracts supplying these Secondary Suppliers. This information is compiled and monitored in the General Suppliers List spreadsheet.</p>
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP’s Procurement Policy and Procedures; • General Suppliers List; • Field Inspection Form Data.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk at RA <input type="checkbox"/> Unspecified Risk
Comment or Mitigation Measure	

	Indicator
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2.2.2	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>HP 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. HP monitors and evaluates Supplier performance through field inspections.</p> <p>For Primary Suppliers, the identification of the forest tract is simple (either through stumpage paid by Steely, or through the Bill of Sale); field inspections are carried out to assess implementation of the BMPs. HP 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. This information is compiled and monitored in the General Suppliers List spreadsheet.</p>
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • General Suppliers List; • Field Inspection Form Data.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk at RA <input type="checkbox"/> Unspecified Risk
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-NRA-USA V1-0 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-NRA-USA V1-0, HP 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&E species in each county and provides maps of known location of critical habitat. As a result, six counties within the Supply Base were identified as containing critical habitat for endangered species. 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 in ten counties.</p> <p>The Desk Audit described in the Operating Checklist for Raw Material Purchases 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&E species are also available in the database.</p>
<p>Means of Verification</p>	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • FSC-NRA-USA V1-0; • Procurement Policy; • Procurement Procedures; • Operating Checklist for Raw Material Purchases; • Demonstration of review using IPaC; • County Risk Assessment for RTE species’ critical habitat; • General Suppliers List.
<p>Evidence Reviewed</p>	<p>All Means of Verification were reviewed.</p>
<p>Risk Rating</p>	<p><input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
<p>Comment or Mitigation Measure</p>	<p>The Desk Audit described in the Operational Checklist for Raw Material Purchases requires the Procurement Manager to identify county of origin and assess risk based on a review of the Supply Base 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&E species are also available in the database.</p> <p>A Desk Audit screens all potential purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess risk to natural southern pine stands which are also suitable habitat for the Red Cockaded Woodpecker (an endangered species), The Desk Audit also determines the need for field inspections. For purchases determined as high risk through the Desk Audit a Field Inspection is conducted prior to confirming the purchase under the Supplier Verification Program.</p> <p>HP purchases raw material from Primary Suppliers through Steely. There are no difficulties in identifying the tract of origin and conducting the Desk Audit first and if required, a Field Inspection under the Supplier Verification Program. Field inspections are carried out to confirm that the operations do not threaten identified values and that BMPs are implemented. HP 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. HP</p>

	evaluates Suppliers and keep records of their performance in the Summary of Field Inspection Form Data spreadsheet, for future reference.
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	Indicator
2.2.4	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&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-NRA-USA V1-0, HP 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&E species in each county and provide maps of known location of critical habitat. As a result, six counties within the Supply Base have been flagged as including critical habitat for endangered species. 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 in ten counties.</p>
Means of Verification	<ul style="list-style-type: none"> PEFC Chain of Custody and Due Diligence System; FSC-NRA-USA V1-0; Procurement Policy; Procurement Procedures; Demonstration of review using IPaC; County Risk Assessment for RTE species’ critical habitat.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	<p>The Desk Audit described in the Operating Checklist for Raw Material Purchases 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&E species are also available in the database.</p> <p>A Desk Audit screens all potential purchases against the results of the SBE. Counties with known critical habitat for endangered species are further scrutinized based on location of critical habitat and location of the forest tract. Other criteria refer to the type of operation (thinning or final cut), age and type of stand (natural or plantation) to assess risk to natural southern pine stands which are also suitable habitat for the Red Cockaded Woodpecker (an endangered species), The Desk Audit also determines the need for field inspections. For purchases determined as high risk in the Desk Audit a Field Inspection is conducted prior to confirming the purchase under the Supplier Verification Program.</p>

	<p>For Primary Suppliers, the identification of the forest tract is simple (either through stumpage paid by Steely, 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. HP 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>
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	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>HP 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, the identification of the forest tract is simple (either through stumpage paid by Steely, 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. HP 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 compiled in the Summary of Field Inspection Form Data and maintained for future reference.</p>
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
2.2.6	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	HP 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. HP 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 compiled in the Summary of Field Inspection Form Data and maintained for future reference.
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk at RA <input type="checkbox"/> Unspecified Risk
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>HP 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, the identification of the forest tract is simple (either through stumpage paid by Steely, 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 compiled in the Summary of Field Inspection Form Data and maintained for future reference.</p>

Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; http://www.texasagriculture.gov/Home/ProductionAgriculture/PrescribedBurnProgram.aspx; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk RA <input type="checkbox"/> Unspecified Risk at RA
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>HP 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, the identification of the forest tract is simple (either through stumpage paid by Steely, or through the Bill of Sale); field inspections are carried out to assess implementation of the BMPs (appropriate use of chemicals). HP 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 compiled in the Summary of Field Inspection Form Data and maintained for future reference.</p>
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk at RA <input type="checkbox"/> Unspecified Risk at RA

Comment or Mitigation Measure	
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	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	HP 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. For Primary Suppliers, the identification of the forest tract is simple (either through stumpage paid by Steely, or through the Bill of Sale); field inspections are carried out to assess implementation of the BMPs (waste disposal). HP 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 compiled in the Summary of Field Inspection Form Data and maintained for future reference.
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk at RA <input type="checkbox"/> Unspecified Risk
Comment or Mitigation Measure	

	Indicator
2.3.1	Analysis shows that feedstock harvesting does not exceed the long-term production capacity of the forest, avoids significant negative impacts on forest productivity and ensures long-term economic viability. Harvest levels are justified by inventory and growth data.
Finding	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 HP with similar results. See Resource Update FS-151, Forests of East Texas, 2016 published by the USDA April 2018, and the USDA Forest Service. 2019. Forests of Texas,

	<p>2018. Resource Update FS-223. Asheville, NC: U.S. Department of Agriculture, Forest Service. 2p.</p> <p>Field inspections are conducted and recorded, and the information will be maintained and used by HP 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, HP 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>
Means of Verification	<ul style="list-style-type: none"> • Forest Inventory Analysis – Resource update FS-151; • USDA Forest Service. 2019. Forests of Texas, 2018. Resource Update FS-223. Asheville, NC: U.S. Department of Agriculture, Forest Service. 2p.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
2.3.2	Adequate training is provided for all personnel, including employees and contractors (CPET S6d).
Finding	HP 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. HP monitors and evaluates Supplier performance through field inspections. HP 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. HP maintains records of the evaluations for future reference.
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk at RA <input type="checkbox"/> Unspecified Risk
Comment or Mitigation Measure	

	Indicator
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”, and the 2019 Impact of the Texas Forest Sector (2017 data), 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 these two Reports include:</p> <ul style="list-style-type: none"> • The Texas forest sector directly contributed \$18.8 billion of industry output to the Texas economy, employing over 67,500 people with a payroll of \$3.8 billion; • Including direct, indirect, and induced effects, the Texas forest sector had a total economic contribution of \$36.7 billion in industry output, supporting more than 168,194 jobs with \$9.6 billion in labor income; • On average, every dollar generated in the Texas forest sector contributed an additional 77 cents to the rest of the Texas economy; • Every job created in the forest sector resulted in another 1.19 jobs in the state; • Texas forest landowners received estimated stumpage revenue totaling \$316.4 million.
Means of Verification	Economic Impact of the Texas Forest Sector, 2015. Available at http://tfsfrd.tamu.edu/economicimpacts/Texas%20Flyer/EconomicImpact2015.pdf Texas A&M Forest Service. 2019 Impact of Texas Forest Sector 2019 (2017 data).
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
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	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

	<p>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 continued forest health, such as the Southern Pine Beetle Prevention Cost Share Program.</p> <p>In addition, HP conducts field inspections. For Primary Suppliers, the identification of the forest tract is simple (either through stumpage paid by Steely, 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>
Means of Verification	<ul style="list-style-type: none"> Texas Forest Service website (http://texasforestinfo.tamu.edu/).
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
2.4.2	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>HP 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. HP monitors and evaluates Supplier performance through field inspections. 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 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</p>

	<p>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&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"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • https://tfsweb.tamu.edu/Content/Landing.aspx?id=19780; • https://tfsweb.tamu.edu/SouthernPineBeetlePreventionCostShareProgram/; • https://ipm.tamu.edu/; • Summary of Field Inspection Form Data; • Suppliers Evaluation.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk at RA <input type="checkbox"/> Unspecified Risk
Comment or Mitigation Measure	

	Indicator
2.4.3	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).
Finding	<p>HP 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>HP 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, HP 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>
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • Procurement Policy; • Procurement Procedures; • Summary of Field Inspection Form Data; • Suppliers Evaluation.

Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk at RA <input type="checkbox"/> Unspecified Risk
Comment or Mitigation Measure	

	Indicator
2.5.1	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	<p>HP has included the FSC US-NRA as part of its risk assessment. The FSC-NRA-USA V1-0 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. HP has also developed a Policy on Respect for the Rights of Local Communities and Indigenous Peoples. HP 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 HP 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 HP 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"> • FSC-NRA-USA V1-0 • HP's Policy on Respect for the Rights of Local Communities
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk at RA <input type="checkbox"/> Unspecified Risk
Comment or Mitigation Measure	

	Indicator
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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>HP has included the FSC US-NRA as part of its risk assessment. The FSC-NRA-USA V1-0 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>HP 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, HP 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>
Means of Verification	<ul style="list-style-type: none"> • FSC-NRA-USA V1-0 • HP's Procurement Policy and Procedures; • Texas Forest Service website (http://texasforestinfo.tamu.edu/)
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
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>HP 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>HP 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. HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest.</p> <p>The FSC-NRA-USA V1-0 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"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • FSC-NRA-USA V1-0.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
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-NRA-USA V1-0 found that the United States has comprehensive laws regulating forest management and the necessary enforcement capacity.</p> <p>HP requires that its Suppliers of raw material adhere to all applicable laws and regulations.</p>
Means of Verification	<ul style="list-style-type: none"> • HP's Procurement Policy and Procedures; • FSC-NRA-USA V1-0; • United States Department of Labor; (https://www.dol.gov/general/aboutdol/majorlaws).
Evidence Reviewed	All Means of Verification were reviewed.

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

	Indicator		
2.7.2	The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not supplied using any form of compulsory labour.		
Finding	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. HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvest. In addition. For Primary Suppliers, HP can verify Supplier’s logging crews. As forest tracts and crews are identified HP can also conduct Field Inspections.		
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP’s Procurement Policy and Procedures; • United States Department of Labor: (https://www.dol.gov/general/aboutdol/majorlaws). 		
Evidence Reviewed	All Means of Verification were reviewed.		
Risk Rating	<input checked="" type="checkbox"/> Low Risk	<input type="checkbox"/> Specified Risk	<input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure			

	Indicator
2.7.3	The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is not supplied using child labour.
Finding	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. HP requires that its Suppliers of raw material adhere to all applicable laws and regulations and employ BMPs during harvesting. For Primary Suppliers, HP monitors can verify Supplier’s logging crews. Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of using child labour. In addition, as logging crews and logging sites are identified HP can conduct Field Inspections.

Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • United States Department of Labor; (https://www.dol.gov/general/aboutdol/majorlaws).
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
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. HP 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, HP monitors can verify Supplier's logging crews. Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of using labour that is discriminated against. In addition, as logging crews and logging sites are identified, HP can conduct Field Inspections..</p>
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • United States Department of Labor: (https://www.dol.gov/general/aboutdol/majorlaws).
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
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2.7.5	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>HP requires that its Suppliers of raw material adhere to all applicable laws and regulations. For Primary Suppliers, HP monitors can verify Supplier’s logging crews. Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of using unfair wages and work conditions. In addition, as logging crews and logging sites are identified, HP can conduct Field Inspections.</p>
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP’s Procurement Policy and Procedures; • United States Department of Labor: (https://www.dol.gov/general/aboutdol/majorlaws).
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
2.8.1	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. HP 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, HP 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>Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of using inadequate health and safety practices. In addition, as logging crews and logging sites are identified, HP can conduct Field Inspections..</p>
Means of Verification	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP’s Procurement Policy and Procedures;

	<ul style="list-style-type: none"> Federal and State web sites.
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
2.9.1	Biomass is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.
Finding	HP implements its Procurement Procedures to ensure that areas such as wetlands and peats are not impacted by forest operations. HP 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, HP 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. Suppliers are required to abide by the law and to use certified Pro-Logger logging crews which reduces the risk of affecting areas with high carbon stocks such as wetlands and peatlands. In addition, as logging crews and logging sites are identified, HP can conduct Field Inspections.
Means of Verification	<ul style="list-style-type: none"> PEFC Chain of Custody and Due Diligence System; HP's Procurement Policy and Procedures; Texas Forest Service website (http://texasforestinfo.tamu.edu/).
Evidence Reviewed	All Means of Verification were reviewed.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
2.9.2	Analysis demonstrates that feedstock harvesting does not diminish the capability of the forest to act as an effective sink or store of carbon over the long term.

Finding	<p>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 HP with similar results. [See Resource Update FS-151, Forests of East Texas, 2016 published by the USDA April 2018, and USDA Forest Service. 2019. Forests of Texas, 2018. Resource Update FS-223. Asheville, NC: U.S. Department of Agriculture, Forest Service. 2p.]</p>
Means of Verification	All Means of Verification were reviewed.
Evidence Reviewed	<ul style="list-style-type: none"> • PEFC Chain of Custody and Due Diligence System; • HP's Procurement Policy and Procedures; • Forest Inventory Analysis – Resource update FS-151; • USDA Forest Service. 2019. Forests of Texas, 2018. Resource Update FS-223. Asheville, NC: U.S. Department of Agriculture, Forest Service. 2p.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

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