

ReEnergy Holdings Inc. 2014 SFI Summary Audit Report

The SFI Program of the ReEnergy Holdings of Latham, New York has achieved continuing conformance with the SFI Standard®, 2010-2014 Edition, according to the NSF-ISR SFIS Surveillance Audit Process. ReEnergy was initially certified in December, 2012. This report covers the second required annual audit.

Scope of Audit

The scope statement to appear on the certificate is as follows:

The procurement of wood for biomass energy production meeting SFI Indicators 8-10, 14-17, and 19-20, based in Livermore Falls, Maine and in Lyonsdale, New York supporting biomass generating facilities in Lyonsdale, NY, Ft Drum, NY, Chateaugay, NY, Livermore Falls, ME, Stratton, ME, Ashland, ME, and Fairfield, ME. The certificate number is NSF-SFIS-C01043155.

ReEnergy Holdings produces renewable energy from wood chips produced from sustainable forest harvesting, from secondary sawmill chips, and from urban wood and other combustible waste. ReEnergy currently operates 6 bioenergy mills in New York and Maine, procuring wood from New York, New England and adjacent portions of eastern Canada. The program is organized into two procurement territories, in Maine and New York, each led by an experienced forester acting as the ReEnergy Wood Procurement Manager.

A wide variety of hardwood species are utilized by suppliers of wood from forested sites. Most of this wood is processed into chips in the woods. In addition a portion of the wood fiber comes from urban wood waste or from residual sawmill chips. ReEnergy's SFI Program is managed by Eric Dumond.

"ReEnergy Holdings LLC (The Company) is committed to producing quality forest products and strives to meet or exceed customer expectations in every aspect of its business, including its wood and fiber procurement. Consistent with this commitment, the Company subscribes to the Sustainable Forestry Initiative® Standard (2010-2014) for its wood procurement operations." Source: ReEnergy SFI Program, REH-SFI-02"

The audit was performed by NSF-ISR on November 12, 13, & 18, 2014 by Michelle Matteo, NSF's Lead Auditor. Ms. Matteo meets the qualification criteria for conducting SFIS Certification Audits of "Section 9. SFI 2010-2014 Audit Procedures and Auditor Qualifications and Accreditation" contained in Requirements for the SFI 2010-2014 Program: Standards, Rules for Label Use, Procedures, and Guidance.

The objective of the audit was to assess conformance of the firm's SFI Program to the requirements of the Sustainable Forestry Initiative® Standard, 2010-2014 Edition.

The scope of the SFIS Audit included procurement operations. Forest practices that were the focus of field inspections included those that have been procurement sites over the past three years, with a focus on active sites managed under the current SFI Program. In addition practices conducted earlier were also reviewed as appropriate (regeneration and BMP issues, for example). Procurement operations were reviewed to ensure that SFI Procurement Standards were met. In addition, SFI obligations to promote sustainable forestry practices, to seek legal compliance, and to incorporate continual improvement systems were within the scope of the audit.

As with the initial certification, several of the SFI Performance Measures were outside of the scope of ReEnergy's SFI program and were excluded from the scope of the SFI Certification Audit as follows:

- Because ReEnergy does not own forestland the SFI Standard Performance Measures and Indicators contained in Objectives 1-7 addressing land ownership do not apply and are outside the scope.

- ReEnergy does not procure wood from outside of the U.S. and Canada. Thus, Objectives 11, 12, and 13 are outside the scope of the SFI Program.
- Because the organization does not meet the definition of a “Forestry Enterprise”, SFI Indicator 14.2.2 is not applicable.
- Because the company does not have public land management responsibilities, Objective 18 is not applicable.

The remaining SFI Indicators were used for the assessment; no indicators were modified.

SFIS Audit Process

NSF-ISR initiated the SFIS audit process with a Readiness Review to confirm the scope of the audit, review the SFI Indicators and evidence to be used to assess conformance, verify that ReEnergy was prepared to proceed to the SFIS Certification Audit, and to prepare a detailed audit plan. NSF then conducted the SFIS Certification Audit of conformance to the SFI Standard. A report was prepared and final approval was done by an independent Certification Board Member assigned by NSF. Follow-up or Surveillance Audits are required by the 2010-2014 Sustainable Forestry Initiative Standard[®]. The next Surveillance Audit is scheduled for late November or early December 2015.

The audit was governed by a detailed audit plan designed to enable the audit team to efficiently determine conformance with the applicable SFI requirements. The plan provided for the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices.

During the audit NSF-ISR reviewed a sample of the written documentation assembled to provide objective evidence of SFIS Conformance. The Lead Auditor also selected field sites for inspection based upon the risk of environmental impact, likelihood of occurrence, special features, and other criteria outlined in the NSF-ISR SFI-SOP. The team also selected and interviewed stakeholders such as contract loggers, landowners and other interested parties, and interviewed employees within the organization to confirm that the SFI Standard was understood and actively implemented.

The possible findings of the audit included Full Conformance, Major Non-conformance, Minor Non-conformance, Opportunities for Improvement, and Practices that exceeded the Basic Requirements of the SFIS.

Overview of Audit Findings

ReEnergy’s SFI Program was found to be in overall conformance with the SFIS Standard. NSF-ISR determined that there were two minor non-conformances:

- SFI Indicator 10.1.3 requires that “Contracts for the purchase of raw material include provisions requiring the use of best management practices.” Contracts that were signed before January 2013 with suppliers that are not part of ReEnergy’s equipment leasing program only encourage BMP compliance, and do not require BMP compliance.
- SFI Indicator 19.1 requires that “A Certified Program Participant shall provide a summary audit report, prepared by the certification body, to SFI Inc. after the successful completion of a certification, recertification or surveillance audit to the SFI 2010-2014 Standard.” Summary report was not provided to SFI Inc. after their 2013 surveillance audit.

ReEnergy has developed plans to address these issues. Progress in implementing these corrective action plans will be reviewed in subsequent surveillance audits.

One Minor Non-conformance from 2013 was addressed:

- SFI Indicator 10.1.3 requires that “Contracts for the purchase of raw material include provisions requiring the use of best management practices.” Contracts that were signed before January 2013 only encourage BMP compliance, and do not require BMP compliance, with no plans for updating to meet the requirement. ReEnergy has closed this non-

conformance and has updated the contract of all their suppliers within their equipment leasing program to include required BMP language.

One opportunity for improvement was also addressed:

- There is an opportunity to improve the program for the “purchase of raw material from ... qualified logging professionals”. SFI Indicator 10.1.1 states “Program for the purchase of raw material from certified logging professionals (where available) and from wood producers that have completed training programs and are recognized as qualified logging professionals.” ReEnergy has worked with many suppliers to ensure that they have current training by sponsoring their first year of training.

General Description of Evidence of Conformity

NSF’s audit team used a variety of evidence to determine conformance. A general description of this evidence is provided below, organized by SFI Objective.

Objective 1-7 for Forest Management are not applicable.

Objective 8. Landowner Outreach - To broaden the practice of sustainable forestry by forest landowners through fiber sourcing programs.

Summary of Evidence – Interviews with staff and stakeholders and review of programs offered (newsletters and brochures on file) were used to confirm these requirements. Information packets developed in conjunction with the SFI Implementation Committees are a key part of this program.

Objective 9. Use of Qualified Resource and Qualified Logging Professionals - To broaden the practice of sustainable forestry by encouraging forest landowners to utilize the services of forest management and harvesting professionals.

Summary of Evidence – Training records of selected personnel, records associated with harvest sites audited, and stakeholder interviews were the key evidence for this objective. ReEnergy has made a commitment to moving all of its suppliers into SFI-recognized training programs.

Objective 10. Adherence to Best Management Practices - To broaden the practice of sustainable forestry through the use of best management practices to protect water quality.

Summary of Evidence – Field observations and review of BMP monitoring records were the primary evidence used to assess adherence to BMPs.

Objectives 11 – 13 are not applicable (all procurement is from the U.S. and Canada).

Objective 14. Legal and Regulatory Compliance -

Compliance with applicable federal, provincial, state and local laws and regulations.

Summary of Evidence – Field reviews of ongoing and completed operations were the most critical evidence. Regulatory organizations contacted did not describe any issues.

Objective 15. Forestry Research, Science, and Technology - To support forestry research, science, and technology, upon which sustainable forest management decisions are based.

Summary of Evidence – Financial records were confirmed by contacting the recipients of research support. Climate change information accessed by ReEnergy’s procurement foresters was reviewed and discussed, and the company’s knowledge of impacts was assessed.

Objective 16. Training and Education -To improve the implementation of sustainable forestry practices through appropriate training and education programs.

Summary of Evidence – Training records of foresters, records associated with harvest sites audited, lists of trained loggers, and stakeholder interviews were the key evidence for this objective.

Objective 17. Community Involvement in the Practice of Sustainable Forestry -

To broaden the practice of sustainable forestry by encouraging the public and forestry community to participate in the commitment to sustainable forestry, and publicly report progress.

Summary of Evidence – Foresters were interviewed and records of outreach and support for key organizations were reviewed. Evidence of involvement with the forest products associations of Maine and New York as well as support for Maine Project Learning Tree and Maine Tree Foundation were key evidence used to assess the requirements.

Objective 18: ReEnergy has no public land management responsibilities, so this is N.A.

Objective 19. Communications and Public Reporting - To broaden the practice of sustainable forestry by documenting progress and opportunities for improvement.

Summary of Evidence – Readiness to file reports with SFI Inc. and the SFI Inc. website provided the key evidence.

Objective 20. Management Review and Continual Improvement - To promote continual improvement in the practice of sustainable forestry, and to monitor, measure, and report performance in achieving the commitment to sustainable forestry.

Summary of Evidence – Records of program reviews, agendas and notes from management review meetings, and interviews with personnel from all involved levels in the organization were assessed.

Relevance of Forestry Certification

Third-party certification provides assurance that forests are being managed under the principles of sustainable forestry, which are described in the Sustainable Forestry Initiative Standard as:

1. Sustainable Forestry

To practice sustainable forestry to meet the needs of the present without compromising the ability of future generations to meet their own needs by practicing a land stewardship ethic that integrates reforestation and the managing, growing, nurturing and harvesting of trees for useful products and ecosystem services such as the conservation of soil, air and water quality, carbon, biological diversity, wildlife and aquatic habitats, recreation, and aesthetics.

2. Forest Productivity and Health

To provide for regeneration after harvest and maintain the productive capacity of the forest land base, and to protect and maintain long-term forest and soil productivity. In addition, to protect forests from economically or environmentally undesirable levels of wildfire, pests, diseases, invasive exotic plants and animals and other damaging agents and thus maintain and improve long-term forest health and productivity.

3. Protection of Water Resources

To protect water bodies and riparian zones, and to conform with best management practices to protect water quality.

4. Protection of Biological Diversity

To manage forests in ways that protect and promote biological diversity, including animal and plant species, wildlife habitats, and ecological or natural community types.

5. Aesthetics and Recreation

To manage the visual impacts of forest operations, and to provide recreational opportunities for the public.

6. Protection of Special Sites

To manage forests and lands of special significance (ecologically, geologically or culturally important) in a manner that protects their integrity and takes into account their unique qualities.

7. Responsible Fiber Sourcing Practices in North America

To use and promote among other forest landowners sustainable forestry practices that are both scientifically credible and economically, environmentally and socially responsible.

8. Avoidance of Controversial Sources including Illegal Logging in Offshore Fiber Sourcing

To avoid wood fiber from illegally logged forests when procuring fiber outside of North America, and to avoid sourcing fiber from countries without effective social laws.

9. Legal Compliance

To comply with applicable federal, provincial, state, and local forestry and related environmental laws, statutes, and regulations.

10. Research

To support advances in sustainable forest management through forestry research, science and technology.

11. Training and Education

To improve the practice of sustainable forestry through training and education programs.

12. Public Involvement

To broaden the practice of sustainable forestry on public lands through community involvement.

13. Transparency

To broaden the understanding of forest certification to the SFI 2010-2014 Standard by documenting certification audits and making the findings publicly available.

14. Continual Improvement

To continually improve the practice of forest management, and to monitor, measure and report performance in achieving the commitment to sustainable forestry.

Source: Sustainable Forestry Initiative® (SFI) Standard, 2010–2014 Edition

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