

Appendix 3

NSF International Forestry Program Public Summary Audit Report

SFI Fiber Sourcing

The SFI Program of ReEnergy Holdings, LLC (REH) of Latham, NY has demonstrated conformance with the SFI 2015-2019 Standard and Rules, Section 3 – Fiber Sourcing, according to the NSF certification process. This report covers the 2015 Reassessment audit.

ReEnergy Holdings, LLC is a forest products company with corporate headquarters located in Latham, NY, that produces renewable energy from wood chips produced from sustainable forest harvesting, from secondary sawmill chips, and from urban wood and other combustible waste.

REH currently operates 6 bioenergy mills in New York and Maine, procures 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 for its wood procurement operations." Source: ReEnergy SFI Program, REH-SFI-02"

The audit was performed by NSF on Nov. 4-6, 2015 by Michelle Matteo, Lead Auditor. Audit team members fulfill the qualification criteria for conducting audits contained in SFI 2015-2019 Standards and Rules, Section 9 – Audit Procedures and Auditor Qualifications and Accreditation.

The objective of the audit was to assess conformance of the firm's SFI Program to the requirements of the SFI 2015-2019 Standard and Rules, Section 3 – Fiber Sourcing. The scope of the audit included procurement operations. Procurement operations occurring in the past 12 months were reviewed to ensure that SFI Procurement Standards were met, in addition to SFI obligations to promote sustainable forestry practices, to seek legal compliance, and to incorporate continual improvement systems were within the scope of the audit.

Several of the SFI Section 3 requirements were outside of the scope of REH's SFI program and were excluded from the scope of the Audit as follows:

REH does not purchase stumpage, therefore SFI Indicators 1.1.2, 2.1.1 are not applicable.

Because there is no research on genetically engineered trees in the procurement area of REH, SFI Indicator 5.1.2 is not applicable.

REH does not own or manage forestland, therefore the SFI Standard Indicator 8.1.1 addressing public land management responsibilities does not apply.

ReEnergy does not procure wood from outside of the U.S. and Canada. Thus, SFI Standard Indicators 11.1.1, 13.1.1, and 13.1.2 are not applicable.

The remaining SFI Indicators were used for the assessment without modifying any requirements.

Audit Process

NSF initiated the 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 Holdings, LLC was prepared to proceed to the audit, and to prepare a detailed audit plan. NSF then conducted the audit of conformance. A report was prepared and approved by an independent certification board member assigned by NSF. Follow-up or surveillance audits are required by SFI, Section 9. The initial surveillance audit is scheduled for Nov 4, 2016.

The audit was governed by a detailed audit plan designed to enable the audit team to efficiently determine conformance with the applicable 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 reviewed a sample of the written documentation assembled to provide objective evidence of conformance. NSF 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 protocols. NSF 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 standard.

Overview of Audit Findings

ReEnergy Holdings, LLC was found to be in conformance with the standard. NSF determined that there was 1 minor non-conformance:

- SFI Indicator 6.1.5 requires “shall have written agreements for the use of qualified logging professionals and/or certified logging professionals (where available) and/or wood producers that have completed training programs and are recognized as qualified logging professionals”. One logger/wood producer did not hold a current logger training certificate.

ReEnergy Holdings, LLC has developed a plan to address this issue. Progress in implementing this corrective action plan will be reviewed in subsequent surveillance audits.

Two opportunities for improvement were also identified, and included:

- SFI Indicator 6.1.4 requires “Contractor education and training sufficient to their roles and responsibilities “. One active harvest site had substantial ruts and soil compaction however no soil movement or erosion was observed; per interview, the employee responsible is no longer working for the company. Hardhats were not consistently worn by the logging crew. There is an opportunity to improve contractor education and training in regards to these two items.
- SFI Indicator 10.1.1 requires “System to review commitments, programs, and procedures to evaluate effectiveness”. Company does have an internal CAR form in their documents for use in the internal audit; there is an opportunity to improve with the use of this company CAR form to document findings during the internal audit.

These findings do not indicate a current deficiency, but served to alert ReEnergy Holdings, LLC to areas that could be strengthened or which could merit future attention. The company has already begun to modify its SFI program in response to the identified opportunities for improvement.

NSF also identified the following areas where forestry practices and operations of ReEnergy Holdings, LLC exceed the basic requirements of the standard:

- SFI Indicator 3.1.1 requires that the certificate holder have a “Program to promote the use of qualified logging professionals, certified logger professionals, and qualified resource professionals”. REH exceeds this requirement with its support for logger training, as it annually pays for a number of untrained loggers to complete CLP training. This has been a continued program to help more loggers become certified.
- SFI Indicator 6.1.3 requires “Staff education and training sufficient to their roles and responsibilities.” REH exceeds the staff training requirement, as all employees of REH view a ppt. presentation that covers all aspects of REH's SFI Fiber Sourcing certification, as well as the overall positive impact that sustainable forestry has.
- SFI Indicator 10.1.2 requires a “System for collecting, reviewing and reporting information to management regarding progress in achieving SFI 2015-2019 Fiber Sourcing Standard objectives and performance measures”. Company has excellent organization of their electronic record keeping that links the SFI standard with their extensive evidence of conformance.

Two Minor Non-conformances from 2014 were also 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 with suppliers that are not part of ReEnergy’s equipment leasing program only encourage BMP compliance, and do not require BMP compliance. ReEnergy has closed this non-conformance and has updated the contract of all their suppliers that are not part of ReEnergy’s equipment leasing program to include required BMP language.
- 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 closed this non-conformance and both the 2013 and 2014 summary audit reports are available on SFI’s website.

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 Biodiversity in Fiber Sourcing

To address the practice of *sustainable forestry* by conserving *biological diversity*.

Summary of Evidence: *Review of records, interviews with loggers, and participation in the ME State SIC.*

Objective 2 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.*

Objective 3 Use of Qualified Resource and Qualified Logging Professionals

To encourage forest landowners to utilize the services of *qualified logging professionals, certified logging professionals* (where available) and *qualified resource 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 4 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 5 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 6 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 7 Community Involvement and Landowner Outreach

To broaden the practice of *sustainable forestry* through public outreach, education, and involvement and to support the efforts of *SFI Implementation Committees*.

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 9 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 10 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 areas* and to conform with forestry *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 lands that are ecologically, geologically or *culturally important* in a manner that 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. Legal Compliance

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

9. Research

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

10. Training and Education

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

11. Community Involvement and Social Responsibility

To broaden the practice of *sustainable forestry* on all lands through community involvement, socially responsible practices, and through recognition and respect of *Indigenous Peoples' rights and traditional forest-related knowledge*.

12. Transparency

To broaden the understanding of forest certification to the *Fiber Sourcing Standard* by documenting certification audits and making the findings publicly available.

13. Continual Improvement

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

14. 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*.

Source: *Sustainable Forestry Initiative® (SFI) Standard, 2015-2019 Edition*

For Additional Information Contact:

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End of Public Report

Appendix 4

Opening and Closing Meeting Attendees

Opening Meeting:

Eric Dumond
Bill Kimball

Closing Meeting:

Eric Dumond

Appendix 5

NSF International Forestry Program Form for Reporting SFI/PEFC Audits in North America

Forest Management / Fiber Sourcing

Certification bodies are asked to complete this form with input from the organization having achieved certification to SFI 2010-2014 or CSA Z809. The form should be reviewed and revised as appropriate during surveillance audits. **Certification bodies are asked to send a copy of the certificate and the completed form to Rachel Dierolf (rachel.dierolf@sfiprogram.org).** Reporting SFI and CSA information in the form is a requirement of PEFC International and will be included on the PEFC International searchable database. Once SFI certificates and the following form are received, companies are provided with access and guidelines for logo use and all SFI certificates are listed on the SFI website. Rachel Dierolf is responsible for tracking and reporting forest management and chain of custody statistics on behalf of PEFC US and PEFC Canada to PEFC International.

Company Contact Information

Certified Organization		ReEnergy Holdings, LLC		
Organization Main Contact		Eric Dumond, Wood Procurement Manager		
Address	Street, No.	267 Diamond Road	Zip/Postal Code	04254
	City, State/Province	Livermore Falls, Maine	Country	USA
Telephone		207.897.9062	Fax	
E-mail		edumond@reenergyholdings.com	Web	www.reenergyholdings.com

Certified Forest Information

Forest Certification achieved (mark one)	SFI Forest Management	<input type="checkbox"/>
	SFI Fiber Sourcing	<input checked="" type="checkbox"/>
	CSA Z809	<input type="checkbox"/>
Forest area (to which certification applies)¹	NA	
Is this same area certified to another forest management standard?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Land Ownership
	If Yes, to which standard: <input type="checkbox"/> CSA <input type="checkbox"/> SFI <input type="checkbox"/> FSC	
Canada Only: What percentage of certified land is located in the Boreal?	%	AAC in m³ (AAC to which certification applies. For private lands use annual average harvest)

Data Verification

Certified Organization Representative I agree that the information listed above is accurate. Any changes will be communicated to SFI Inc.	Name	Signature	Date:
	Eric Dumond		
Certification Body Representative	Name	Signature	Date:

¹ Please refer to Principles on pages 2-3 on Reporting Guidelines

² Please refer to Principle 6 for AAC reporting guidelines

I agree that the information listed above is accurate. Any changes will be communicated to SFI Inc.	Michelle Matteo	<i>Michelle Matteo</i>	11/20/15
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Certificate Information (Certification Body Office Use Only)

Certificate Number	NSF-SFIS-C01043155	CB Name	NSF
Certificate Issue Date	Jan 22, 2013	Certificate Expiry Date	Jan 21, 2016
Text in Scope Line of Certificate	<p>The procurement of wood for biomass energy production meeting SFI 2015-2019 Fiber Sourcing Objectives 1 - 7 and 9 – 12, based in Livermore Falls, ME and Lyonsdale, NY, supporting biomass generating facilities at: Lyonsdale, NY, Ft Drum, NY, Chateauguay, NY, Ashland, ME, Livermore Falls, ME, Stratton, ME, Ft. Fairfield, ME. The SFI Standard certification number is NSF-SFIS-C01043155.</p>		
# of Sites and Locations Certified	<p>5 sites:</p> <ol style="list-style-type: none"> 1. Lyonsdale, NY 2. Ft Drum, NY 3. Livermore Falls, ME 4. Stratton, ME 5. Ft. Fairfield, ME 		
CSA Only: Notification Fee collected and paid to PEFC Canada	<input type="checkbox"/> Yes	<input type="checkbox"/> No	