

Certification Evaluation Report

Roundtable on Sustainable Biofuels

Piedmont Biofuels Industrial, LLC

SCS Certificate Code-SCS-RSB/PC-0002

220 Lorax Lane #1
Pittsboro, NC 27312
Lyle Estill, President
www.biofuels.coop

CERTIFIED	EXPIRATION
February 22, 2013	February 21, 2015

DATE OF FIELD AUDIT
December 19, 2012
DATE OF LAST UPDATE
February 21, 2013

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FOREWORD

SCS Global Services(SCS) is a certification body accredited by the Roundtable on Sustainable Biofuels (RSB) to conduct evaluations of biofuel operators (RSB Participation Code: 592). Under the RSB/SCS certification system, participating operators meeting international standards of biofuel production can be certified as “sustainable,” thereby permitting the Operators use of the RSB endorsement and logo in the marketplace subject to regular RSB/SCS oversight.

SCS deploys interdisciplinary teams of natural resource specialists and other experts all over the world to conduct evaluations of biofuel operations. SCS evaluation teams collect and analyze written materials, conduct interviews with Participating Operator’s staff and key stakeholders, and complete field and office audits of the operation(s) identified in the certification scope. Upon completion of the fact-finding phase of all evaluations, SCS teams determine compliance to the RSB Principles and Criteria.

Please Note: An RSB certificate itself does not constitute evidence that a particular product supplied by the certificate holder is certified to RSB standards. Products offered, shipped or sold by the certificate holder can only be considered covered by the scope of this certificate when the required RSB claim is clearly stated on-product. For more information about the RSB, visit their website at <http://rsb.epfl.ch/>.

Organization of the Report

This report of the results of our evaluation is divided into two sections. Section A provides the public summary and background information that is required by the Roundtable on Sustainable Biofuels. This section is made available to the general public and is intended to provide an overview of the evaluation process, the management programs and policies applied to the Participating Operator, and the results of the evaluation. Section A will be posted on the RSB Database of Registered Certificates (<http://rsbservices.org/certificates>). Section B contains more detailed results and information for use by the Participating Operator.

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SECTION A – PUBLIC SUMMARY

1.0 GENERAL INFORMATION

1.1 Operator Information

1.1.1 Name and Contact Information

Organization name	Piedmont Biofuels Industrial, LLC		
Operator Number	592		
Contact person	Lyle Estill		
Address	220 Lorax Lane #1, Pittsboro, NC 27312	Telephone	919.321.8260
		Fax	
		e-mail	lyle@biofuels.coop
		Website	www.biofuels.coop

1.1.2 Additional Parties Involved

Organization name	Piedmont Biofuels Incorporated		
Contact person	Lyle Estill		
Address	220 Lorax Lane #1, Pittsboro, NC 27312	Telephone	919.321.8260
		Fax	
		e-mail	lyle@biofuels.coop
		Website	www.biofuels.coop
Nature of Involvement:			
<p>The following locations dispense biodiesel to Cooperative members as part of this certificate:</p> <ol style="list-style-type: none"> 1. Carrboro, Public Works, 100 Public Works Drive, Carrboro, NC 27510 2. Larry's Beans, 1507 Gavin Street, Raleigh, NC 27608 3. T.S. Designs, 2053 Willow Springs Lane, Burlington, NC, 27215 4. Piedmont Biofuels Eco Industrial Park, 220 Lorax Lane, Pittsboro, NC 27312 5. Edible Earthscapes Farm, 37 Thomas Lane Moncure, NC, 27559 6. Saxapahaw General Store, 1735 Sax-Beth Church Road, Saxapahaw, NC, 27340 7. Tidal Creek Coop, 5329 Oleander Dr., Wilmington, NC, 28403 			

1.2 Scope of Certificate

The scope assessment agrees with the scope under which the operator applied	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If no, please explain:		

SITE INFORMATION		
Site Type	<input type="checkbox"/> Agriculture	<input type="checkbox"/> Forestry
	<input type="checkbox"/> Biomass Production	<input checked="" type="checkbox"/> Industrial
Current Land Use	Prior Land Use	
<input type="checkbox"/> Biomass Production	<input type="checkbox"/> Biomass Production	
<input type="checkbox"/> Agriculture	<input type="checkbox"/> Agriculture	
<input checked="" type="checkbox"/> Other: Light Industrial	<input checked="" type="checkbox"/> Other: Same, Light Industrial	
Current Employment on Site	Prior Employment on Site	
<input type="checkbox"/> Negligible	<input type="checkbox"/> Negligible	
<input checked="" type="checkbox"/> Local Average	<input checked="" type="checkbox"/> Local Average	
<input type="checkbox"/> Above Local Average	<input type="checkbox"/> Above Local Average	
<input type="checkbox"/> Full	<input type="checkbox"/> Full	
Owned/Controlled By:	Altadore Investments, LLC	
Location/City:	Pittsboro, NC	
AGRICULTURE, FORESTRY OR BIOMASS PRODUCTION SITES		
Total Area (ha)	NA	
Products/Crops Produced		
Product Type	Production Area	
Biodiesel	NA	
INDUSTRIAL SITES		
Input Type	Volume	
Used cooking oil from local restaurants	185,000 gallons	

INDUSTRIAL FACILITIES		
Name	Piedmont Biofuels, LLC	
Type	<input type="checkbox"/> Agriculture Milling and/or Fermentation	<input checked="" type="checkbox"/> Vegetable oil Extraction
	<input checked="" type="checkbox"/> Biofuel Production and/or Distribution	<input checked="" type="checkbox"/> Storage or Distribution
	<input checked="" type="checkbox"/> Other biodiesel distribution	
Location/City	Same	
Geographic location	<i>Latitude and Longitude: 35.710046W, 79.156684N</i>	
Included in certification scope	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Number of processing steps	8	
Annual Throughput (Litres)		
Material Input:	700,000	
Material Output	600,000	
% output yield compared to input material	80%	
Description of Activities:		

Used cooking oil (UCO) is collected from area restaurants and brought to the biodiesel facility on Lorax Lane. The UCO is made into biodiesel through the process of transesterification. The discrete steps for biodiesel production include dewatering, methoxide reaction, biodiesel reaction, washing, drying, filter pressing, stabilizing, storage, and Blending (cool season only). The final biodiesel is then sent out as B100 or pre-blended into B80 and is distributed through a coop of local filling stations.

1.3 Standards Used

1.3.1 Applicable RSB-Accredited Standards

Title	Version	Date of Finalization
RSB Principles and Criteria (RSB-STD-01-001)	2.0	November 2010
RSB GHG Calculation Methodology (RSB-STD-01-003-01)	2.0	January 2011
RSB Standard for Participating Operators (RSB-STD-30-001)	2.0	June 2010
Standard for Risk Management (RSB-STD-60-001)	1.0	June 2010
RSB Policy for Certification of Biofuels based on end-of-Life Products and Wastewater (RSB-POL-01-001)	1.0	November 2011
RSB Generic Chain of Custody Standard (RSB-STD-20-001)	2.0	March 2011
RSB Content Ratio Accounting of Product Chain of Custody Standard (RSB-STD-20-005).	2.0	March 2011
RSB Standard on Requirement for Adaptation during the Start-up Phase (RSB-STD-80-001)	2.1	June 2012
All standards employed are available on the websites of the Roundtable on Sustainable Biofuels (http://rsb.epfl.ch/) or the SCS Sustainable Biofuels Program homepage (http://www.scsglobalservices.com/sustainable-biofuels). Standards are also available, upon request, from Scientific Certification Systems (www.scsglobalservices.com).		

2.0 EVALUATION PLANNING and PROCESS

2.1 Documentation Submitted by Operator

RSB Application for Participant Operator (# 592)
RSB Self Risk Assessment, Updated version December 06, 2012
RSB Self-Evaluation, V 1.0 July 2012
RSB GHG Tool Export December 14, 2012
Piedmont Biofuels Final LCA Report 2012
RSB Environmental and Social Management PLNA (ESMP) Updated version December 06, 2012
Handbook for Working, 2012 Edition
Piedmont Biofuels Health and Safety Program Version 2.0 (September, 2012)
NC Dept. of Environment and Natural Resources - Division of Water Quality Permit

Chatham County Fire Prevention Permit
Town of Pittsboro Business License
Crawford Company Report of Inspection

2.2 Audit Type and Determination

This report is the result of an initial evaluation (assessment). SCS conducted a complete desk and field assessment including all documents listed above.

2.3 Audit Team

2.3.1 Determination of Audit Team

2.3.2 Audit Team

Auditor Name:	Dr. Michael Keyes	Auditor role:	International Lead Auditor
<p>Qualifications: SCS Technical Specialist for Sustainable Agriculture and Natural Resources. Michael has 25 years of professional experience in the ecology and socioeconomics of agricultural and agroforestry production. SCS uses his unique skills for developing, piloting and perfecting certification programs for agriculture supply chains. Before joining SCS, Dr. Keyes worked for the World Bank’s sustainable agriculture program, and as a university researcher for Chapingo, México, one of Latin America’s most prestigious agricultural universities. From 2004 to 2007 he served as the lead auditor and trainer for the Starbucks Coffee and Farmer Equity (C.A.F.E) Practices program and was heavily involved with standards development and piloting of the standard. For the last 7 years, Dr. Keyes has been the driving force behind launching sustainability programs in agriculture and agro-forestry at SCS. In addition, he has worked to improve production agriculture (cane, ranching, slash-and-burn) in the tropics for 20 years. Michael was among the first international lead auditors trained for the RSB System in 2011 and continues to work in the development of biofuels standard for the Council on Sustainable Biomass Production in the USA.</p> <p>Ph.D., in Production Ecology; University of Washington, Seattle, WA; Master’s Degree in Soils and Production Ecology, University of Washington, Seattle, WA, USA; Bachelor’s Degree in Forestry and Natural and Resources, University of California, Berkeley, CA, USA; Diploma in Agro-forestry, Centro Agronómico Tropical de Investigación e Enseñanza, Turrialba, Costa Rica</p>			

2.4 Evaluation Schedule and Extent of Audit

2.4.1 Determination of Extent of Audit

Total number of subsidiaries, branch offices, affiliated entities, external third parties contracted or otherwise engaged, operational structures, sites, facilities, processing and production units, and supply chain structures	1 head office, including biodiesel processing and 7 cooperative dispensing operations in Central North Carolina
Participating Operator Risk Class	1
Disputes or prior Non-compliances	None

Changes in scope since last evaluation	No
Total number of compliance claims	None – first assessment

2.4.2 Evaluation Itinerary and Activities

Date: December 12-14, 2012	
Operation(s)/ sites visited	Activities/ notes
Desk audit	Document review of materials submitted as per Section 2.1
Stakeholder outreach	Email, calls, and interviews
Date: December 18, 2012	
Operation(s)/ sites visited	Activities/ notes
Opening Meeting	Piedmont Biofuels introduced their operations and presented to SCS a synthesis of their RSB Procedures (roles, responsibilities and processes). The scope of their operations (products and processes to be certified) and organization and location of all Biodiesel Alliance members were confirmed. Piedmont Biofuels also provided SCS with an update on the social and environmental systems.
Document Review	The review included the following: site plans, aerial and construction documents. Documentation of legal compliance including NC State, business licenses, land and water use permits, and tax documents, storm water and other permits, fleet, and Dept. of Environment SOPs and tests results were reviewed. A systematic sampling of worker files were inspected (e.g. payroll records, pay stubs, contracts or worker agreements, employee manual or written policy documents, worker training records) along with Handbook for Working (2012 Edition) to assure that wage, equality issues, grievances, occupational health and safety records, complaints, and other policies were effectively implemented.
Site inspections at Pittsboro operation	Assessment of risks to environmental air, water and soils was conducted by SCS. Special attention was given to real or potential risk for spillage. Worker interviews were conducted with over 75% of all employees. All interviews were conducted in the absence of supervisors. Specific questions for workers dealing with enzymatic and other technologies were formulated to provide assurance for worker health and safety. The auditor left contact information.
Date: December 19, 2012	
Operation(s)/ sites visited	Activities/ notes
Additional stakeholder Interviews	Solicitation of independent assessments of prior and informed consent for potential environmental or social concerns. Targeted areas were the fuel dispensing stations located in west central North Carolina.
Interviews with neighbors and Coop members	Interviews with stakeholders regarding potential social and environmental issues (e.g. understanding of contracts, health and safety and dealing with spillage or transportation).
Closing Meeting	Presentation of general audit findings, including non-compliances and

	opportunities for improvement. Timetables for corrective actions were set and SCS Reiterated its appeals policy and asked for questions.
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2.5 Evaluation of Management System

2.5.1 Methodology and Strategies Employed

SCS deploys interdisciplinary teams with expertise in agriculture, ecology, forestry, social sciences, natural resource economics, and other relevant fields to assess an Operator’s compliance to RSB standards and policies. Evaluation methods include document and record review, implementing sampling strategies to visit a broad number of site and facility types, observation of implementation of management plans and policies, and stakeholder analysis. When there is more than one team member, team members may review parts of the standards based on their background and expertise. Team members convene to deliberate the findings of the assessment jointly. This involves an analysis of all relevant site observations, stakeholder comments, and reviewed documents and records. Where consensus between team members cannot be achieved due to lack of evidence, conflicting evidence or differences of interpretation of the standards, the team is instructed to report these in the certification decision section.

2.5.2 Capacity of the participating operator to implement its management systems

An evaluation of Piedmont Biofuels’ responsiveness and ability to consistently and effectively implement its management system was conducted by SCS. The Participating Operator’s resources (human, financial, and infrastructure) and experience was evaluated to determine the degree of technical competence for implementing the RSB Principles and Criteria consistently across all project areas.

2.5.3 Evaluation of RSB compliance claims and use of RSB trademarks

Type (compliance claim, trademark use)	Description	Findings
RSB CoC Content Ratio Accounting Model	The Participant Operator is currently making no claims regarding their compliant RSB products.	NC 2012.5 issued

2.6 Stakeholder Consultation Process

In accordance with SCS and RSB protocols, consultation with key stakeholders is an integral component of the evaluation process. Stakeholder consultation takes place prior to, concurrent with, and following field evaluations.

The primary purpose of such consultation is to solicit input from affected parties as to the strengths and weaknesses of the Participating Operator’s management system and operations, relative to the standard, and the nature of the interaction between the company and the surrounding communities. The main stakeholder groups are identified based upon the certification scope of the participating operator.

Stakeholder consultation activities are organized according to the requirements of the RSB. A public notice was sent to stakeholders prior to the audit to notify them of the audit and soliciting comments, in compliance with the RSB requirements of a 6 week notification period. The table below summarizes the major comments received from stakeholders and the assessment team’s response. Where a stakeholder comment has triggered a subsequent investigation during the evaluation, the corresponding follow-up action and conclusions from SCS are noted below.

2.6.1 Summary of Stakeholder Comments and Responses from the Team, Where Applicable

Stakeholder Comments	SCS Response
Economic Concerns	
Research program has been too time intensive and risky	Piedmont has phased-out the research program to concentrate on resource generation activities and reduce grant-related activities. Foundational support is currently stronger than in the past.
Piedmont’s commitment of resources to widely differing objectives creates inefficiencies and problems with cash flow.	New and creative solutions to funding are in the planning stages, including alternative funding sources that are consistent with core capacities and company objectives.
Social Concerns	
Cleanliness is only performed periodically and needs more attention	See NC 2012.4 and OFI 2012.10
Many neighbors and other community members are not well informed about Piedmont’s operations and may have concerns regarding the nature of the business do to this lack of understanding.	See NC 2012.3
Environmental Concerns	
No environmental concerns were raised by stakeholders during the assessment	NA

3.0 RISK ASSESSMENT RESULTS

SCS Risk Assessment Results	Deviations from Operator Risk Assessment Results	Risk Factor Difference
1.48633	0.17190	None

Due to the results of the Risk Assessment, the evaluation did not need to be rescheduled.

4.0 RESULTS OF THE EVALUATION

4.1 Equivalence between the Audit Team Evaluation and the Operator Self Evaluation

Principle/ Subject Area	Summary of Audit Team Findings	Comparison to Operator Self Evaluation (Equivalence)	Added Risk
P1: Legality	Same	100%	No
P2: Planning, Monitoring and Continuous Improvement	Continuous improvement required for public consultation	90%	No
P3: Greenhouse Gases	Same	100%	No
P4: Human and Labor Rights	Some issues related to workplace training and occupational health and safety require attention	85%	No
P5: Rural and Local Development	Same	100%	No
P6: Food Security	Same	100%	No
P7: Conservation	Same	100%	No
P8: Soil	Same	100%	No
P9: Water	Opportunity to use best available technology for waste water treatment	90%	No
P10: Air	Same	100%	No
P11: Technology	Same	90%	Yes
P12: Land Rights	Same	100%	No
FINAL RISK CLASS	Same (1.3458) > 90 % equivalence	± 0.0 risk classes	No. The risk class is = 1

4.2 Process of Determining Compliance

4.2.1 Structure of Standard and Degrees of Non-Compliance

RSB-accredited biofuel standards consist of a three-level hierarchy: principle, the criteria that correspond to that principle, and then the performance indicators that elaborate each criterion. Consistent with SCS Sustainable Biofuels Program evaluation protocols, the team collectively determines whether or not the subject operation is in compliance with every applicable indicator of the relevant sustainable biofuel standard. Each non-compliance must be evaluated to determine whether it

constitutes a major or minor noncompliance at the level of the associated criterion or sub-criterion. Not all indicators are equally important, and there is no simple numerical formula to determine whether an operation is in noncompliance. The team therefore must use their collective judgment to assess each criterion and determine if the Operator is in compliance. If the Operator is determined to be in non-compliance at the criterion level, then at least one of the applicable indicators must be in major non-compliance.

4.2.2 Interpretations of Major and Minor Non-compliances

Major Non-compliances, either alone or in combination with non-compliances of other applicable indicators, result (or are likely to result) in a fundamental failure to achieve the objectives of the relevant RSB Criterion. These non-compliances must be resolved or closed out before a certificate can be awarded. If Major NCs arise after an operation is certified, the timeframe for correcting these non-compliances is typically no more than three months. Certification is contingent on the certified FME’s response to the NCs within the stipulated time frame.

Minor Non-compliances are typically limited in scale or can be characterized as an unusual lapse in the system. Most minor NCs are the result of a nonconformance at the indicator-level. Non-compliances must be closed out within a specified time period of award of the certificate.

4.2.3 Major Non-compliances

<input type="checkbox"/>	No major NCs were issued to the Operator during the evaluation. Any minor CARs from previous surveillance audits have been reviewed and closed prior to the issuance of a certificate.
<input checked="" type="checkbox"/>	Major NCs were issued to the Operator during the evaluation, which have all been closed to the satisfaction of the audit team and meet the requirements of the standards. Any minor CARs from previous surveillance audits have been reviewed and closed prior to the issuance of a certificate.
<input type="checkbox"/>	Major NCs were issued to the Operator during the evaluation and the Operator has not yet satisfactorily closed all major NCs.

4.2.4 Non-compliances and Current Status

Summary of Non-compliances and Current Status				
Non-compliance Number	Type of Non-compliance	Relevant RSB Principle and Criteria	Summary of Finding	Status of Non-compliance
2012.1	Major NC	1.1 and 1.2 (RSB Generic CoC Std)	The PO is not compliant with RSB CoC standards for tracking, work instructions and documentation.	Closed prior to the issuance of the final audit report. New SOPs for RSB CoC tracking have been completed.
2012.2	Major NC	1.2 and 1.3	The PO is not compliant with RSB CoC	Closed prior to the issuance of the final audit

		(RSB Generic CoC Std)	standard requirements for training and knowledge regarding RSB responsibilities for compliant product tracking and documentation.	report. Key staff members have been trained and operate new product tracking systems.
2012.3	Minor NC	2b	The PO has not fully addressed stakeholder outreach.	Response and action plan submitted by Piedmont. Public events were hosted by Piedmont at the site and have been attended by over 50 members of the local community. To be reviewed during the next audit.
2012.4	Major NC	6.1, 6.2 and 6.4 (RSB Generic CoC Std)	The PO has not designed or implemented a compliant system for forwarding compliant product batches with a valid RSB claim.	Closed prior to the issuance of the final audit report. Batch tracking and manifest operational procedures and documentation have been developed for forwarding B100 and B80 products.
2012.5	Major NC	1.1, 4.1, 4.2, 4.3, 4.3, and 4.4 (<i>RSB CoC Model - Content Ratio Accounting</i>)	The PO has not implemented a system for assessing, documenting and labeling RSB compliant batches for RSB standard requirements for communications and claims.	Closed prior to the issuance of the final audit report. Certificates of Analysis have been developed for B100 and B80 products and accompany each shipment.
2012.6	Major NC	5.1. (RSB Generic CoC Std)	The PO has not identified and documented all internal processing steps between product acquisition and forwarding.	Closed prior to the issuance of the final audit report. Internal processing steps are registered on each batch worksheet.
2012.7	Minor NC	5.2. (RSB Generic CoC Std)	A unique identification code has not been developed for pure or blended products sold through the Biofuel Cooperatives.	Response and action plan submitted by Piedmont. To be reviewed during the next audit.
2012.8	Minor NC	4.f and 11.d	The PO does not have a detailed and enforced policies and procedures for hazardous materials storage and management.	Closed prior to the issuance of the final audit report. Piedmont has developed and implemented strong policies and procedures for hazardous materials storage and management.
2012.9	Opportunity for Improvement	9.d	Piedmont Biofuels has not considered the implementation of best available practices for the maintenance or enhancement of water resources,	No response needed

			though is compliant with local water discharge requirements.	
2012.10	Opportunity for Improvement	4.f	The PO has failed to adapt its trough area for adequate organization, tooling and safety SOPs.	No response needed

5.0 CERTIFICATION DECISION

Certification Recommendation	
Operator to be awarded RSB certification subject to the minor non-compliances stated in Section 4.2.5.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
The SCS evaluation team makes the above recommendation for certification based on the full and proper execution of the SCS Responsible Biofuels Program evaluation protocols. If certification is recommended, the Operator has satisfactorily demonstrated the following without exception:	
Operator has addressed any Major NC(s) assigned during the evaluation.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Operator has demonstrated that their system of management is capable of ensuring that all of the requirements of the applicable standards are met over the sites and facilities covered by the scope of the evaluation.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Operator has demonstrated that the described system of management is being implemented consistently over the sites and facilities covered by the scope of the certificate.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Comments and/or details of any issue which was difficult and/or impossible to evaluate:	
The Participant Operator has a number of closely knit collaborators on the principle site. Each has organic and sustainability achievements that are not reflected in this assessment report.	

Sub Certificate Codes

Legal Entity/Operational Site	Sub-Certificate Code
None	