

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

In re:))	Chapter 11
ENVIVA INC., <i>et al.</i> ,))	Case No. 24-10453 (BFK)
Debtors. ¹))	(Jointly Administered)

**SUPPLEMENTAL DECLARATION OF GLENN NUNZIATA IN SUPPORT
OF THE DEBTORS' PROPOSED KEY EMPLOYEE INCENTIVE PLAN**

I, Glenn Nunziata, declare the following under 28 U.S.C. § 1746:

1. I am the Interim Chief Executive Officer and Chief Financial Officer of Enviva Inc., a corporation organized under Delaware law and one of the above-captioned debtors and debtors in possession (collectively, the “*Debtors*”). I submit this supplemental declaration (the “*Supplemental Nunziata Declaration*”) in support of the Debtors’ *Motion for Entry of an Order (I) Authorizing the Debtors to Implement a Key Employee Incentive Plan and (II) Granting Related Relief* [Docket No. 609] (the “*Motion*”)² and to supplement the declaration attached thereto as **Exhibit B** (the “*Initial Nunziata Declaration*”).

2. I am authorized to submit this Supplemental Nunziata Declaration on behalf of the Debtors. Except as otherwise indicated, all facts and statements set forth in this Supplemental Nunziata Declaration are based upon: (a) my knowledge of the Debtors’ day-to-day operations, business and financial affairs, books and records, and employees; (b) information I learned from

¹ Due to the large number of Debtors in these jointly administered chapter 11 cases, a complete list of the Debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list may be obtained on the website of the Debtors’ claims and noticing agent at www.kccllc.net/enviva. The location of the Debtors’ corporate headquarters is: 7272 Wisconsin Avenue, Suite 1800, Bethesda, MD 20814.

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.



my review of relevant documents; (c) information supplied to me or verified by other members of the Debtors' management team or its advisors; or (d) my experience and knowledge generally, including my knowledge of accounting and other financial matters. I am over the age of twenty-one years, and if called upon to testify, I would testify competently to the facts, opinions, and statements set forth in this Supplemental Nunziata Declaration.

SUPPLEMENTAL DETAIL REGARDING THE KEIP AND KEIP PARTICIPANTS

3. As set forth in the Motion, the positions occupied by the KEIP Participants are the (a) Senior Vice President, Chief Engineer, (b) Vice President, Technical Accounting, (c) Vice President, Information Technology, and (d) Vice President, Environmental, Safety & Quality. As set forth in the Initial Nunziata Declaration, the KEIP Participants perform a variety of functions that are critical to the ongoing stability, continuity, and strength of the Debtors' business operations and to the success of the Debtors' restructuring efforts. I believe that the KEIP performance metrics described in the Motion—quarterly compensation-adjusted EBITDA, DAP Costs, Corporate G&A Costs, and TRIR—are sufficiently tied to the duties and responsibilities of each KEIP Participant.

4. Specifically, the Senior Vice President, Chief Engineer is responsible for the following, among other responsibilities:

- designing, developing, and troubleshooting new and existing plant and port facilities, which correlates to quarterly compensation-adjusted EBITDA, DAP Costs, and TRIR;
- commissioning newly constructed facilities, which correlates to DAP Costs and TRIR;
- expanding existing operations, which correlates to quarterly compensation-adjusted EBITDA and Corporate G&A Costs; and
- leading and managing a team, which correlates to Corporate G&A Costs.

5. The Vice President, Technical Accounting is responsible for the following, among other responsibilities:

- managing inventory control, which correlates to DAP Costs;
- reviewing, evaluating, and approving all material transactions, including operational contracts critical to profitable production and cost management, which correlates to quarterly compensation-adjusted EBITDA and DAP Costs; and
- preparing and providing risk reporting and constructive feedback for improvement, which correlates to Corporate G&A Costs.

6. The Vice President, Information Technology is responsible for the following, among other responsibilities:

- optimizing and strengthening security systems, which correlates to quarterly compensation-adjusted EBITDA, Corporate G&A Costs, and TRIR;
- maintaining and improving technology systems that ensure reliability of operations, which correlates to DAP Costs; and
- leading and managing a team, which correlates to Corporate G&A Costs.

7. The Vice President, Environmental, Safety & Quality is responsible for the following, among other responsibilities:

- developing and deploying safety processes for plant and port operations, which correlates to quarterly compensation-adjusted EBITDA and TRIR;
- managing production quality programs, metrics, and targets, which correlates to quarterly compensation-adjusted EBITDA and DAP Costs;
- maintaining and improving production quality control, which relates to quarterly compensation-adjusted EBITDA and DAP Costs;
- limiting plant downtime, which correlates to DAP Costs and TRIR; and
- leading and managing a team, which correlates to Corporate G&A Costs.

8. As described in the Motion and the Initial Nunziata Declaration, the KEIP sets threshold, target, and stretch performance levels across the quarterly performance periods for each

of the performance metrics on an independent basis and, with respect to the “catch-up” feature, on a cumulative basis. The KEIP was designed so that an award may be earned so long as at least one performance metric is achieved, with the amount of such award determined by the level of achievement as a percentage of target performance multiplied by the applicable KEIP Participant’s respective weighted percentage for such metric.

9. As described in the Motion, in addition to the measurement of performance for each quarterly performance period, performance will be measured on a cumulative basis from the beginning of the second quarterly performance period through the end of each of the third and fourth quarterly performance periods and a “catch-up” payment will be made to the extent the Debtors’ performance at the end of any given quarterly performance period achieves or exceeds the pre-established cumulative performance goals for the respective quarterly performance period. Given the cumulative nature of the “catch-up” feature, any “catch-up” payments, if earned, are included in, and will not exceed, the maximum cost of the KEIP set forth in the Motion, on an individual and aggregate basis.

10. As set forth in the Motion, the quarterly compensation-adjusted EBITDA performance metric under the proposed KEIP is tied to the Debtors’ profitability and measures quarterly compensation-adjusted EBITDA based on the 2024 Projections adjusted for certain items, including: certain professional fees; certain restructuring-related expenses; RTB initiatives; production costs related to the Epes Plant; certain bonus expenses; and timing of G&A improvement initiatives. These adjustments include (a) expenses related to the chapter 11 cases, such as professional fees, and (b) any non-recurring, one-time expenses related to the Debtors’ operational restructuring, such as employee severance payments and costs incurred in disposing of certain assets. The adjustment for RTB initiatives refers to the Debtors’ ongoing “raise the

bridge” initiatives whereby the Debtors and their advisors have engaged with existing customers to re-negotiate the terms of their existing long-term, take-or-pay offtake contracts to achieve improved profitability.

11. As set forth in the Motion, the DAP Costs performance metric is tied to the Debtors’ production cost controls and measures the quarterly DAP costs (per metric ton) based on costs forecasted in the Debtors’ business plan, adjusted to exclude all production costs related to the Epes Plant and certain bonus expenses. Forecasted DAP Costs include approximately \$1.3 million in quarterly production bonus payments to the Debtors’ non-exempt, non-corporate employees in the ordinary course of business upon achievement of specified production, quality, safety, and similar goals at the Debtors’ various operating plant facilities.

12. As set forth in the Motion, the Corporate G&A Costs performance metric is tied to the Debtors’ cost controls and measures the Debtors’ quarterly expense accruals charged to G&A based on the 2024 Projections, adjusted for certain items, including certain professional fees, certain restructuring-related expenses, and certain bonus expenses. Like the quarterly compensation-adjusted EBITDA performance metric, these adjustments include (a) expenses related to the chapter 11 cases, such as professional fees, and (b) any non-recurring, one-time expenses related to the operational restructuring, such as employee severance payments and costs incurred in disposing of certain assets.

13. Since filing the Motion, the Debtors and their advisors have continued discussions and negotiations with the Committee and the U.S. Trustee regarding the KEIP. As a result of such negotiations, and as reflected in paragraph 2 of the revised proposed Order filed contemporaneously herewith, the Debtors have agreed to reduce the proposed KEIP payment for stretch performance from 200 percent to 150 percent of the target payment. While this

modification results in a corresponding reduction to the maximum award opportunities the KEIP Participants may earn upon achievement of stretch performance, I believe the KEIP, as a whole, remains sufficiently incentivizing for all the reasons set forth in the Initial Nunziata Declaration.

Under 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 10, 2024

/s/ Glenn Nunziata

Glenn Nunziata
Interim Chief Executive Officer & Chief Financial Officer
Enviva Inc.