Sustainable Biomass Program

Fram Renewable Fuels L.L.C. Supply Base Report

Appling County Pellets

Hazlehurst Wood Pellets

Telfair Forest Products

Third Surveillance Audit

Scope Change Audit

www.sbp-cert.org

Completed in accordance with the Supply Base Report Template Version 1.3

For further information on the SBP Framework and to view the full set of documentation see www.sbp-cert.org

Document history

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Version 1.3 published 14 January 2019

Contents

1 Overview

Producer name:	Fram Renewable Fuels L.L.C.
Producer locations:	19 Farmer Street, Hazlehurst, GA USA 31539 (Head Office) 248 Sweetwater Dr., Baxley, GA 31513 (Appling County Pellets) 11 West Industrial Blvd., Lumber City, GA 31549 (Telfair Forest Products) 430 Hulett-Wooten Farms Rd., Hazlehurst, GA 31539 (Hazlehurst Wood Pellets)
Geographic position:	Appling County Pellets 31°48'54.80"N 82°28'04.01"W Telfair Wood Products 31°55'44.40"N 82°40'46.92"W Hazlehurst Wood Pellets 31°53'35.53"N 82°35'01.80"W
Primary contact:	Elizabeth van Tilborg, Sustainability/Certification Manager PO Box 1810 Hazlehurst, GA 31539 (Phone) 912-617-2031 vantilborg@framfuels.com
Company website:	www.framfuels.com
Date report finalised:	5/Feb/2019
Close of last CB audit:	Brunswick, GA
Name of CB:	SCS Global Services
Translations from English:	No
SBP Standard(s) used:	Standard 1 version 1.0, Standard 2 version 1.0, Standard 4 version 1.0, Standard 5 version 1.1
Weblink to Standard(s) used:	https://sbp-cert.org/documents/standards-documents/standards
SBP Endorsed Regional Risk Assessment:	Not applicable
Weblink to SBE on Company website:	www.framfuels.com

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	**First Surveillance**	**Second Surveillance**	**Third Surveillance**	**Fourth Surveillance**
☐	☐	☐	X	☐

Note: The Hazlehurst and Telfair First Surveillance audits were waived because neither mill had yet to be approved after the Main Evaluation and no SBP compliant pellets were sold in 2016.

2 Description of the Supply Base

2.1 General description

FRAM Renewable Fuels L.L.C.'s wood pellet production plants and port facility are located in Georgia, USA. All facilities and sites operate the same SBP Program and Procedures, but are assessed separately and issued individual SBP Certificates. The facilities source from a largely rural area where forestry and agriculture (e.g. forests, crops, cattle) are prevalent and are the primary sources of income for workers and the local communities. The forests consist of various pine, hardwood and mixed hardwood/pine forests in the Upper East Gulf Coastal Plain, Interior Low Plateau, Cumberlands & Southern Ridge & Valley, Southern Blue Ridge, Piedmont, East Gulf Coastal Plain, South Atlantic Coastal Plain Regions, Mid-Atlantic Coastal Plain and Florida Peninsula regions.

The SBE and RA include the states of Alabama, North Central Florida, Georgia, North Carolina, South Carolina and Tennessee in the United States. FRAM Renewable Fuels L.L.C. and affiliated pellet mills are an important market for low grade and low valued wood products. Utilized as wood pellets, this otherwise low valued and marginal material contributes to the increased use of renewable energy and serves to mitigate greenhouse gas emissions. The pellet market in the US utilizes less than 1% of the of the overall forest products market compared to US pulpmills, sawmills and other wood processing facilities

Forests are the predominant land use in this supply base. Pine forests comprise the largest forest type (47%) of the supply area's forest followed by Oak/Hickory (44%) and Oak/Pine (13%). About 75% of the supply area's forests are managed as natural forests (32,997,514 hectares) while the remaining 25% of the supply area's forests are artificially regenerated (11,025,819 hectares).

Pine forests are typically managed on an even-aged basis with a rotation age of 25 to 30 years. During this rotation, the pine stand may be thinned one or two times during the middle of the rotation with a final harvest completing the rotation. Most pine forests are artificially regenerated with pine seedlings planted by hand to defined stand densities. Chemical and/or mechanical site preparation is typically used to manage the less desirable hardwood species and herbaceous species at stand establishment. Chemical treatments are minimal or below label rates; do not kill all competing species and last about two years so the pine seedlings can become established. Fertilizers are not normally applied to these forests due to costs. Some private investment groups (REITS, TIMOs) may apply fertilizers on forests which are more intensively managed. These intensively managed pine forests represent a very small percentage of the overall pine forests in the supply basin.

Hardwood forests can be managed either as even-aged or uneven-aged stands. Most hardwood stands are 40 to 50 years when harvested if managed as an even-aged stand. No site preparation or fertilizers are used on hardwood forests.

As previously stated, pine forests dominate the majority of the forests within the supply area. Primary species for these pine forests include loblolly pine (Pinus taeda) and slash pine (Pinus ellitottii). Primary species for the hardwood forests include oak (Quercus spp), sweetgum (Liquidambar styraciflua), maple (Acer spp), sycamore (Platanus occidentalis) and blackgum (Nyssa sylvatica). No species purchased at the facilities are listed on the CITES list. Longleaf pine was recently added to the IUCN Red List.

FRAM Renewable Fuels L.L.C. utilizes both hardwood and softwood forest and mill residuals at the Appling County Pellets Facility. The other pellet mills are 100% pine/softwoods. The FRAM mills have a group of core suppliers that may be shifted between mills as necessary. The residual sawdust is generated by up to sixty-seven (67) primary sawmills and secondary converting facilities, all located in Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee. The facilities also do not use any construction, demolition or post-consumer derived feedstock but may use pre-consumer tertiary feedstock.

Sustainable forestry certification is present in the Company's supply basin with the main certification program being the Sustainable Forestry Initiative (SFI). SFI certified forests belong primarily to industrial landowners, TIMOs and REITs (see Section 2.5 for breakdown of acres by state). Most small, private forest landowners who make up the majority of forest ownership have no forest certification. Certified content is generally less than 10% of the incoming feedstock.

FRAM Renewable Fuels L.L.C. and affiliated mills do not own forest land and do not decide what forests to harvest, are not engaged in the harvesting or forest management activities and do not have responsibility for direct wood procurement. All wood and fiber is supplied to the pellet mills by indirect wood producers, such as primary sawmills and secondary furniture and other wood manufacturing facilities or brokers, dealers and loggers. Beasley Timber Management is contracted to supply roundwood to Hazlehurst Wood Pellets (HWP). HWP sources both roundwood and also uses secondary feedstock (residuals) in their pellet manufacturing process. Thus, FRAM Renewable Fuels L.L.C. is considered an Indirect and Secondary Producer that can indirectly influence forest management but cannot control how the forests are managed and how they are harvested. Land management and harvesting decisions are made by private family forest owners, in the context of U.S. Federal and State laws, regulations and State administered Best Management Practices for water quality and beneficial use protection.

The States of Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee have large and well-funded State Forestry Commissions that administer a comprehensive set of programs including: landowner outreach and extension, forest inventory and analysis, forest fire and pest prevention, BMP implementation and monitoring, smoke management planning and scheduling, forest resource and wildlife assessments and action plans, and other forest sustainability programs.

FRAM Renewable Fuels L.L.C.'s influence is through policies, supply contracts and periodic monitoring of suppliers. The use of forest residuals, sawmill and converting facility residuals provide an important market for low valued wood products that improves forest health conditions, minimizes fuels that contribute to wildfire, reduces site preparation costs, facilitates prompt reforestation and establishment of forest cover and provides the landowner with an economic incentive to keep their land in forest production.

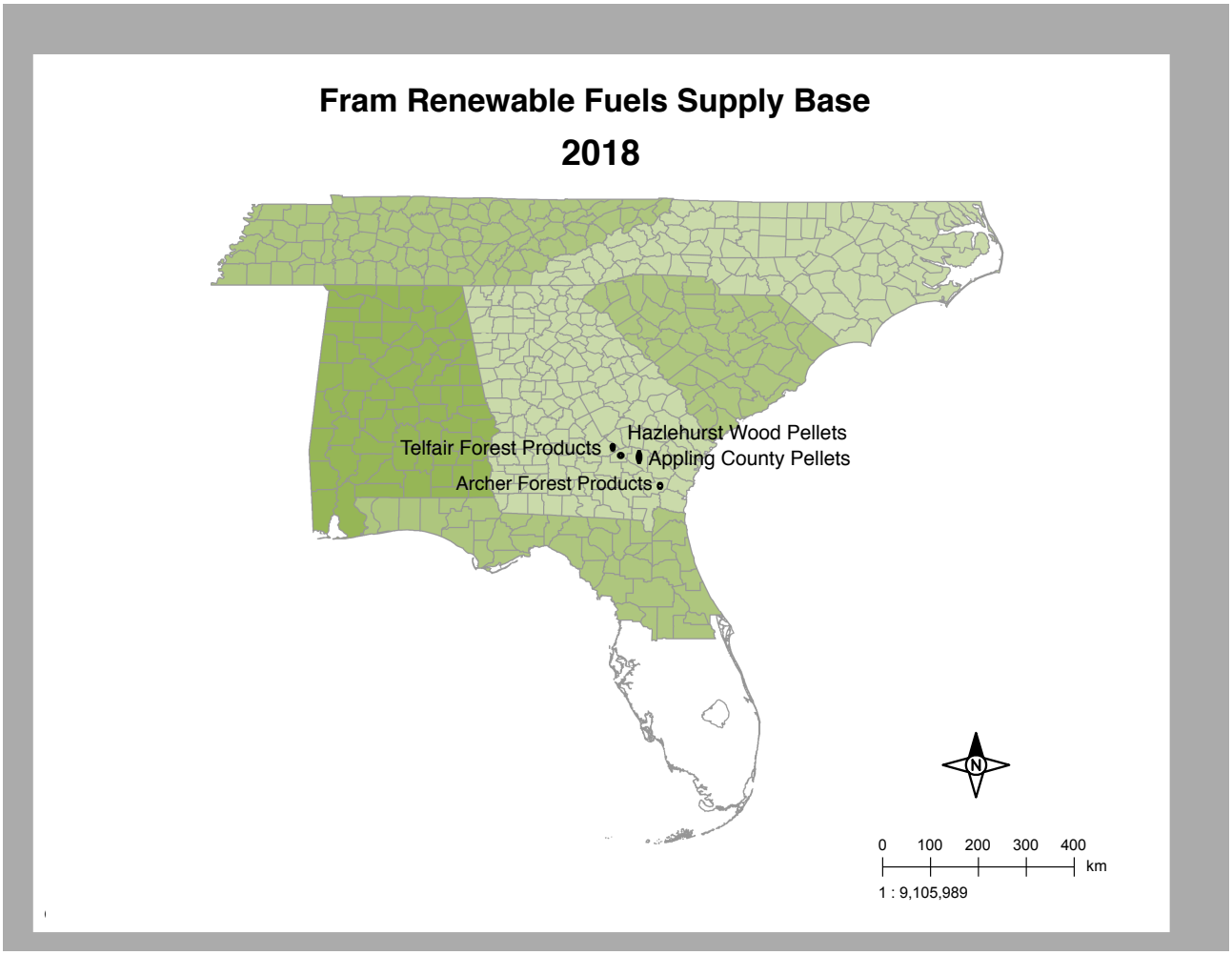
The SBE focuses on the potential wood supply area of its wood suppliers and its residual sawdust suppliers. All wood material is sourced according to the Forest Stewardship Council (FSC) and PEFC Chain of Custody & Controlled Wood Standards and are considered an "SBP-approved Ccontrolled Feedstock." The additional SBE evaluation addresses each of the Biomass Feedstock Indicators, documents the Objective Evidence of Conformance, and assigns each Indicator with the appropriate "Risk" rating.

FRAM Renewable Fuels L.L.C. has not modified or adjusted the Indicators contained in Standard # 1. FRAM Renewable Fuels L.L.C. is, in all cases, two or more contracts removed from the Forest Management

Unit (FMU). The verifiers or evidence of conformance have been developed to meet the requirements of Federal and State laws, State BMPs, and the requirements of the FSC and PEFC Standards. The verifiers contained in the SBE represent objective evidence of conformance that have been audited by independent Certification Bodies accredited to conduct audits to the above Standards. Independent audits have involved stakeholder consultations and have provided feedback that the verifiers are appropriate and acceptable evidence of conformance to the FSC, PEFC and SBP Standards.

Existing certifications include FSC and PEFC Chain of Custody and Controlled Wood Standards. These certifications help to ensure "Low Risk" of sourcing controversial or uncontrolled wood and fiber. The company's existing Standard Operating Procedures (SOPs) constitute "Mitigation Measures" and contribute to the finding of Low Risk for all Standard # 1 Indicators. Thus, all wood pellet outputs are considered "SBP-compliant Biomass" and "EUTR-compliant Biomass."

Map of Fram Renewable Fuels Supply Base Area



2.2 Actions taken to promote certification amongst feedstock supplier

FRAM Renewable Fuels L.L.C.'s wood and fiber inputs are sourced from indirect suppliers. All wood and fiber material are sourced according to the FSC/PEFC Chain of Custody and Controlled Wood Standards and is considered at least "controlled material," which provides evidence that it is Low Risk of Illegality and unsustainability.

Formal correspondence is sent to the suppliers with a Supply Agreement specifying conditions and Mitigation Measures to ensure compliance with all applicable laws and regulations, implementation of water quality BMPs, use of trained loggers and protection of High Conservation Values.

Fram Renewable Fuels, L.L. C. is a member of the Georgia, Florida and South Carolina Forestry Associations, the Forest Landowners Association, the South Carolina Loggers Association and the Southeastern Wood Producers Association that promote forest certification and provides technical information to landowners addressing water quality BMPs, reforestation, visual quality protection, efficient utilization, protection of wildlife and biodiversity, control of invasive species and the identification and protection of forests of High Conservation Value. These organizations also support logger training and provide ongoing logger education

2.3 Final harvest sampling programme

Note that pine harvested in the FRAM supply base is on a rotation of less than 40 years and thus the final harvest sampling is not applicable.

However, regarding hardwood, FRAM Renewable Fuels L.L.C. relies on its wood and fiber suppliers to conduct monitoring of their wood procurement activities and those of its residual sawdust suppliers to ensure that the Districts of Origin/Supply Base have been verified, that BMPs are being implemented, that the loggers have been trained under the State Logger Training Programs and that operations are in regulatory compliance.

Suppliers of wood and fiber maintain records and can make them available to FRAM Renewable Fuels L.L.C. and the Certification Body, upon request.

FRAM Renewable Fuels, L.L.C. also conducts sampling of its roundwood suppliers. This is where the company has the closest connection to the forest sourcing roundwood for the Hazlehurst Mill. The Sustainability/Certification Manager uses the sub-sample formula as follows: 0.8 X the square root of the total number of suppliers to pre-select roundwood suppliers on a quarterly basis for audit. The Wood Producer is visited and on-site monitoring surveys are reviewed and opportunities for improvement are addressed. In addition to the quarterly audit of roundwood suppliers, two (2) active tracts are sampled for BMP compliance on a monthly basis.

2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

Insert flow diagram.

2.5 Quantification of the Supply Base

Supply Base

a. Total Supply Base area (ha): **44,023,334 ha**

b. Tenure by type (ha): **37,335,605 ha Private Land**
6,687,729 ha Public Agencies

Forest land

State	Total ha	Private ha	Public ha
Alabama	9,359,136	8,758,760	600,376
Florida	6,140,228	3,990,964	2,149,264
Georgia	10,007,260	8,930,272	1,076,988
North Carolina	7,613,942	6,337,872	1,276,070
South Carolina	5,250,458	4,604,628	645,830
Tennessee	5,652,310	4,713,110	939,200
total	44,023,334	37,335,605	6,687,729

c. Forest by type (ha): **16,889,408 ha Temperate Pine**
4,863,879 ha Temperate Oak-Pine
14,546,012 ha Temperate Oak-Hickory

Forest land type by major group

State	Pine	Oak-Pine	Oak-Hickory
Alabama	4,054,212	1,204,162	2,873,087
Florida	2,846,694	583,167	894,094
Georgia	4,488,804	1,105,434	2,611,941
North Carolina	2,466,514	982,912	2,939,410
South Carolina	2,516,234	593,837	1,160,154
Tennessee	516,614	394,366	4,067,326
total	16,889,072	4,863,879	14,546,012

Forest by management type (ha): **11,025,819 ha Planted Forest**
32,997,514 ha Managed Natural Forest

Natural vs Planted ha

State	Natural acres	Planted acres
Alabama	6,336,868	3,022,267
Florida	4,254,561	1,885,666
Georgia	6,879,904	3,127,355
North Carolina	6,274,233	1,339,709
South Carolina	3,905,111	1,345,347
Tennessee	5,346,836	305,475
total	32,997,514	11,025,819

d. Certified forest by scheme (ha): **3,947,093 ha SFI**
606,072 ha FSC
2,615,484 ha ATFS

State	SFI	FSC	ATFS
Alabama	1,215,969	271,512	995,280
Florida	713,186	51,154	336,877
Georgia	939,163	33,023	748,820
North Carolina	466,127	77,285	138,389
South Carolina	427,590	132,453	261,743
Tennessee	185,058	40,645	134,375
total	3,947,093	606,072	2,615,484

Feedstock

e. Total volume of Feedstock:

200,000 to 400,000 metric tons per year* – Appling County Pellets

0 to 200,000 metric tons per year *– Telfair Forest Products

200,000 to 400,000 metric tons per year *– Hazlehurst Wood Pellets

f. Volume of primary feedstock:

N/A Appling County Pellets (residuals only)

N/A Telfair Forest Products (residuals only)

200,000 to 400,000 metric tons per year *– Hazlehurst Wood Pellets

g. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
   - Hazlehurst Wood Pellets, 80-100% primary feedstock for 2018
      i. 4.4% Certified to an SBP-approved Forest Management Scheme (SFI)*
      ii. 95.6% is not certified to an SBP-approved Forest Management Scheme

* No certified forest content claims are passed to Fram; this for information only

h. List all species in primary feedstock, including scientific name Slash pine: (Pinus elliotii), Loblolly pine (Pinus taeda), Longleaf pine (Pinus palustrus), Shortleaf pine (Pinus echinata), Pond pine (Pinus serotina), Spruce pine (Pinus glabra), Sand pine (Pinus clausa)

i. Volume of primary feedstock from primary forest: 0% - No primary forests are harvested

j. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:

N/A (No primary forests are harvested)

k. Volume of secondary feedstock: specify origin and type - the volume may be shown as a % of the figure in (f) if a compelling justification is provided*

Appling County Pellets secondary mill residuals – 80-100% sawdust, 0-19% shavings

Telfair Forest Products secondary mill residuals – 60-79% shavings 20-39% sawdust, 0-19% chips

Hazlehurst Wood Pellets secondary mill residuals - 0-19% sawdust, 0-19% chips

l. Volume of tertiary feedstock: specify origin and composition - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*.

Appling County Pellets tertiary mill residuals – 0-19% sawdust

Telfair Forest Products tertiary mill residuals – 0-19% sawdust, 0-19% shavings

*Disclosure of the exact volume figures would reveal commercially sensitive information that may allow competitors to gain a competitive advantage. Feedstock volumes and mix of feedstock into mills are confidential and not public knowledge.

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
X	☐

A Supply Base Evaluation was conducted so that all feedstock material can be considered SBP compliant. The predominance of FRAM Renewable Fuels L.L.C.'s feedstock consists of secondary mill residues. A small percentage of pre-consumer tertiary residues and roundwood is also included as feedstock that do not originate from an SBP approved Forest Management Scheme. (Note that all feedstocks are certified as FSC controlled wood.)

4 Supply Base Evaluation

4.1 Scope

While the SBE & Risk Assessment includes information and evidence from across all six States of Alabama, Florida, Georgia, South Carolina, North Carolina and Tennessee, the fiber supply area is significantly smaller and extends approximately 100 highway miles from all sources of supply.

The Appling County Pellets mill, which uses 100% mill residuals, has the largest supply area which reaches into 6 states. Telfair Forest Products and Hazlehurst Wood Pellets mills' sourcing area is a smaller subset of the 6-state supply area that includes Georgia, Florida and South Carolina for secondary feedstock mill residuals. The Supply Base also includes roundwood into the Hazlehurst facility, which is sourced from a 100-mile radius around Hazlehurst, GA.

4.2 Justification

The Supply Base Evaluation & Risk Assessment address each of the SBP Indicators as contained in Standard # 1. FRAM Renewable Fuels L.L.C. did not attempt to modify or adapt the Indicators. Many of the Indicators are similar to the requirements contained in the FSC Standards. The evidence of conformance to the Indicators in Standard # 1 was drawn from existing FSC Procedures to demonstrate conformance to the other certification standards, which SBP relies upon and does not attempt to duplicate.

Additional objective evidence of conformance was drawn from publicly available sources including: State BMP monitoring, forest inventory & analysis statistics, state-wide resource assessments, wildlife action plans and other publicly available sources of information.

The FRAM Renewable Fuels L.L.C.'s FSC, PEFC and SBP Documents and Procedures provide the bulk of the evidence contained in the Supply Base Evaluation and Risk Assessment.

4.3 Results of Risk Assessment

The risk of sourcing illegal and unsustainable wood into the FRAM Renewable Fuels L.L.C.'s manufacturing facilities is determined to be "Low Risk".

FRAM Renewable Fuels L.L.C. has identified 5 HCVs as potentially "Specified Risk". They are: the Southern Appalachians, Central Appalachians, Cape Fear Arch in North Carolina, Florida Panhandle and Central Florida. However, a strong regulatory framework combined with effective enforcement and forest management efforts by various stakeholders such as state agencies, various NGOs along with FRAM Renewable Fuels L.L.C.'s existing mitigation measures, are sufficient to move this "Specified Risk" to "Low Risk".

The Risk Assessment considered all of the Standard Operating Procedures (SOPs) previously implemented by FRAM Renewable Fuels L.L.C. as part of its FSC and PEFC Chain of Custody and Controlled Wood certifications. These SOPs constitute existing control or mitigation measures approved and certified by

independent Certification Bodies to meet the rigorous requirements of the FSC and PEFC Standards to ensure legality and sustainability.

FRAM Renewable Fuels' existing SOPs and mitigation serves to move indicators 2.1.2 , 2.1.3, 2.2.3, 2.2.4 and 2.4.1 from Specified Risk to Low Risk. These measures include Supply Agreement provisions with suppliers to include the following requirements: 1) implement water quality BMPs to protect water quality and beneficial aquatic habitats, 2) the use of qualified and trained loggers, 3) compliance with all applicable laws and regulations, and 4) take steps to avoid potential impacts from logging to Critical Biodiversity Areas. The primary mitigation measures are the Supplier Contract along with strong regulatory framework.

The existing mitigation measures in place also include harvest monitoring and BMP compliance on roundwood tracts into Hazlehurst with tract inspections on a regular basis. Secondary feedstock sourcing is monitored by the Fram Procurement Manager on a regular basis based on a sampling formula of the square root of the number of suppliers times 0.8.

The Procurement Manger also implements a Supplier Verification for new suppliers as part of Fram's due diligence and has increased the robustness of the Supplier Verification for existing suppliers. The process is described in Section 8.1.

Native longleaf pine savannas are identified as Priority Forest Types (PFT) in some evaluations of High Conservation Values, particularly for Central Alabama, Florida Panhandle and Cape Fear Arch critical biodiversity areas. With respect to longleaf pine savannas that may fall within FRAM Renewable Fuels L.L.C's supply base, the State Forestry Commissions have active programs to restore longleaf pine ecosystems, in conjunction with private conservation organizations such as the Nature Conservancy, the Conservation Fund and other private and public sector partnerships. Organizations like the Longleaf Alliance report that the acreage in longleaf forest has increased across the Southeast region from 2.8 million acres in the 1990's to approximately 3.2 million acres. More information on the Longleaf Alliance and the status of Longleaf Pine recovery efforts are available at: http://www.longleafalliance.org/overview/status-of-the-lla

The Low Risk findings of the Supply Base Evaluation & Risk Assessment are consistent with the findings of the FSC Chain of Custody and Controlled Wood Assessment under FSC-STD-40-005 V3-1 and PEFC Chain of Custody Due Diligence System (PEFC ST 2002:2013).

FRAM Renewable Fuels has determined that, relative to FSC CW, all risk categories have been deemed low risk due to the Standard Operating Procedures (SOPs) previously implemented by FRAM Renewable Fuels L.L.C. as part of its FSC and PEFC Chain of Custody and Controlled Wood certifications. These SOPs constitute existing control or mitigation measures approved and certified by independent Certification Bodies to meet the rigorous requirements of the FSC and PEFC Standards to ensure legality and sustainability.

4.4 Results of Supplier Verification Programme

By virtue of the finding of Low Risk to the SBP Standard # 1 Indicators, the Low Risk finding of the applicable FSC/PEFC Controlled Wood and Due Diligence System Risk Assessment and the implementation of policies and contract provisions to avoid any impacts on Critical Biodiversity Areas, there is a "Low Risk" of

noncompliance with the SBP requirements in Standard # 1. Therefore, a Supplier Verification Program was not required.

4.5 Conclusion

The Supply Base Evaluation & Risk Assessment concluded "Low Risk" for all SBP Indicators, based upon the Standard Operating Procedures (SOPs) of FRAM Renewable Fuels L.L.C. The Supply Base Evaluation drew on the more than six (6) year history and record of conformance to FSC/PEFC Chain of Custody and Controlled Wood/Due Diligence.

The States of Alabama, Florida, Georgia, South Carolina, North Carolina and Tennessee document high levels of BMP compliance and have strong legal and regulatory systems in place to ensure legality. FRAM Renewable Fuels L.L.C. requires its suppliers to use trained loggers, requires compliance with laws and regulations as well as State Best Management Practices and requires that steps be taken to avoid impacts to any Critical Biodiversity Areas located in the Southern Appalachians, Central Appalachians, Cape Fear Arch, Florida Panhandle and Central Florida. Feedback from the Stakeholder Consultation process was positive and reinforced the finding that there is a need for markets of low valued forest and sawmill residual material.

All inputs are currently indirect and secondary sources and FRAM Renewable Fuels L.L.C. is considered by SBP to be a Secondary Wood Processing facility that has no direct control or contractual link to the Forest Management Unit (FMU).

100% of the wood inputs are supplied within the scope of the FSC/PEFC Controlled Wood/Due Diligence Systems approved by SBP. Thus, all wood inputs are at least considered "SBP Controlled Feedstock" and, according to the SBE/RA, SBP-compliant Feedstock. All non-certified sources are Low Risk for all Standard # 1 Indicators, with Mitigation Measures already in place addressing the potential of sourcing wood from High Conservation Value Forests.

By virtue of the Low Risk rating and Mitigation Measures already being applied to conservation of the Southern Appalachians, Central Appalachians, Cape Fear Arch, Florida Panhandle and Central Florida, all wood pellet outputs from FRAM Renewable Fuels L.L.C. and affiliated pellet mills are considered "SBP-compliant Biomass."

5 Supply Base Evaluation Process

FRAM Renewable Fuels L.L.C. retained R.S. Berg & Associates, Inc. to prepare the SBP Program and Procedures, including conducting the Supply Base Evaluation & Risk Assessment. R.S. Berg & Associates, Inc. has provided consulting assistance to over two hundred and eighty (280) forestry organizations in North America and has conducted over forty (40) independent and internal audits to the FSC, SFI, PEFC and American Tree Farm System Standards. Resume, Client List and other information is available at the following website: http://www.rsbergassoc.com/

The FSC/PEFC Risk Assessment (basis of the SBE) is updated annually by Mike Ferrucci, of RS Berg & Associates. Mike Ferrucci has a BS in Forest Management from the University of Maine and MA in Forest Management and Silviculture from Yale School of Forestry and Environmental Studies. Mike was the Forestry Program Manager for NSF for 11 years and currently is the President of Interforest, LLC consulting. Mike has 35+ years experience in forest management.

Elizabeth van Tilborg, Fram's Sustainability/Certification Manager also evaluates the supply base annually. Elizabeth has a BS in Forest Management from Texas A&M University, an MBA from Georgia Southern University and has worked in the Southeast United States for 35+ years. She is a Georgia Registered Forester.

FRAM Renewable Fuels L.L.C. is independently certified to the FSC/PEFC Chain of Custody and Controlled Wood Standards. FRAM Renewable Fuels L.L.C. sources all primary and secondary inputs from suppliers that are within scope of the FSC/PEFC Chain of Custody and Controlled Wood/Due Diligence Standards.

FRAM Renewable Fuels L.L.C. has a sampling plan in place to assess forest operations within the Supply Base, as well as to determine the "District of Origin" under FSC. This formula (based on an ISO formula for sampling) is 0.8 X the square root of n, where n is the number of suppliers. This results in approximately 10-15 inspections of secondary/tertiary residual suppliers and 30 to 40 roundwood suppliers per year.

In addition, about 20% of suppliers are audited annually either with a site audit or phone audit so that all Fram residual suppliers will be audited in a 5-year period as per SBP requirements.

6 Stakeholder Consultation

A Stakeholder Consultation Procedure (FRF-SBP-DP-04) was developed that included correspondence to interested and affected stakeholders across the six state procurement region. A list of relevant Stakeholders was developed based upon several selection criteria including: the geographic scope of the Supply Base, stakeholders from past FSC/PEFC audits and consultations, relevant federal and state natural resource agencies, private conservation organizations, indigenous peoples groups, forestry colleges and universities, advocacy organizations, as well as local governmental officials. Correspondence was forwarded to all Stakeholders at least 30 days prior to the completion of the SBE/RA. A Summary of Stakeholder input was prepared documenting input and responses by FRAM Renewable Fuels L.L.C.

6.1 Response to stakeholder comments

Comment 1:

From Tim Adams, South Carolina Forestry Commission, Sept 16, 2015

Elizabeth,

Thank you for requesting our input into your process of conducting a Supply Base Evaluation and Risk Assessment. I understand that Fram Fuels is primarily operating off of mill residues from a couple large Georgia hardwood mills. In my role with the South Carolina Forestry Commission, I oversee our Forest Inventory & Analysis (FIA) and Timber Products Output (TPO) programs. Both programs provide critical data that help address the sustainability of our forest resource.

We have seen increasing amounts of our South Carolina hardwood resource going to Georgia mills and likely to Fram Renewable Fuels, ultimately. It is important that all wood processed by primary forest product mills is tracked back to the state and county of origin through the TPO program. TPO surveys are completed every other year. The next TPO survey will begin in January 2016 for the calendar year 2015 mill output. Please stress to your mill suppliers the importance of complying fully with TPO surveys in reporting accurately the volume and source of wood processed.

Thank you for requesting this input.

--Tim Adams

Resource Development Division Director

South Carolina Forestry Commission

Response 1:

To Tim Adams, South Carolina Forestry Commission, Sept 16, 2015

Hi Tim,

Thank you for your response to our Stakeholder Input. It's good to hear from you. I agree that the TPO reporting is

important to our industry and I've certainly used my share of those reports in my career (and filled them out as well!). I'll be glad to stress the importance of completing these report to our mill suppliers.

Best regards,

Elizabeth

Comment 2:

From Herb Nicholson, South Carolina Forestry Commission, Sept 16, 2015

Ms. Van Tilborg

Tim Adams asked me to review the SBP certification standards and provide you with any comments that I saw necessary. I found only one standard that I had question with.

This is under the Feedstock Compliance Standard 2.1.3 dealing with fiber sourcing from forests converted to production plantation forests after 2008. The guidance suggests these are forests of exotic species citing examples of poplar, acacia, and eucalyptus. In the southeastern U.S., poplar is not an exotic species. It would not be a far stretch to include loblolly pine in this list if poplar is already included. I understand the intention of the standard, but as it is written, it is ambiguous and leaves room for varied interpretation.

Thanks,

Herb Nicholson

Environmental Program Manager

SC Forestry Commission

PO Box 21707

Columbia, SC 29221

Response 2:

To Herb Nicholson, South Carolina Forestry Commission, Sept 16, 2015

Thank you for your comment…I'll pass it on to Simon Armstrong with SBP. Part of the issue is that SBP is that is a "one-size-fits-all" and tries to encompass a lot of different forest management regimes globally.

Regards,

Elizabeth

Comment 3:

From Dr. Dale Greene, Dean Warnell School of Forestry, University of Georgia,

December 8, 2015

Elizabeth van Tilborg

FRAM Renewable Fuels LLC

P.O. Box 1810

Hazlehurst, GA 31539

Dear Elizabeth,

I understand you are pursuing certification under the Sustainable Biomass Partnership (SBP) Standards. As Dean of the Warnell School of Forestry and Natural Resources at the University of Georgia, I am pleased to lend my support to your application for this certification.

FRAM Renewable Fuels LLC has been a sustainable forestry leader for years. We have appreciated your participation and leadership in the Georgia forestry community on numerous issues. You've also hosted our students and faculty for tours through your landholdings and manufacturing facilities over the years. In short, you're a great corporate citizen and a leader in practicing sustainable forest management.

It is also without question that you made forestry more sustainable in your area by providing another market for harvested wood. History clearly shows that more markets for wood in an area and the competition it fosters increases the incentives for forest landowners to keep their lands in productive forests rather than converting them into other land uses. I applaud you for your pursuit of additional third-party certifications that will document the good things that you continue to do for our environment with sustainable forestry each day.

We deeply appreciate having FRAM Renewable Fuels as an industry partner in the state and applaud you for your approach to doing business and for being a partner every day in making sustainable forestry happen.

Sincerely,

W. Dale Greene Dean

Response 3:

To Dale Greene, December 8, 2015

Thank you!

E

Comment 4:

From Risher Willard, Georgia Forestry Commission

December 8, 2015

Elizabeth van Tilborg

Sustainability/Certification Manager

FRAM Renewable Fuels L.L.C.

P.O. Box 1810

Hazlehurst, GA 31539

Dear Elizabeth,

On behalf of State Forester Robert Farris, I would like to thank you for your December 7, 2015, inquiry requesting a letter of support for Georgia's pellet industry, particularly for FRAM's pending certification in the Sustainable Biomass Partnership (SBP).

I do have some important information about forestry in Georgia that may be useful to you in your certification process.

Georgia's forests are being sustainably managed to meet the numerous needs of our state today – annual growth exceeds removals by 48%. In addition, Georgia's forest area has remained stable over the past fifty-years at about 24 million acres – the largest commercial forest in the U.S.

Georgia's forest industry provides $28.9 billion in total economic activity and provides jobs for 135,732 workers. The wood pellet industry in Georgia is an important contributor to the economy of our state. Georgia's wood pellet mill portfolio has grown from zero mills in 2007 to ten mills in 2015. The wood pellet industry provides new markets for small diameter trees and helps "keep working forests in forests".

Feedstock's for wood pellet mills are plentiful in Georgia. In addition to the state's 1.02 billion green tons of standing forest inventory, nearly 350 million cubic feet of wood and bark by-products are produced annually at Georgia's primary forestry mills. Furthermore, over 4.7 million dry tons of timber harvest residues are produced annually in the state.

These are just a few of the positive attributes that Georgia's forests provide to our citizens and our forest industry – including the wood pellet industry.

I trust that this information will be useful to you and please let me know if you require any further information.

Sincerely,

Risher A. Willard

Risher A. Willard

Forest Marketing & Utilization Chief

Response 4:

To Risher Willard, December 8, 2015

Thanks Risher!

E

Comment 5:

From Mitch Reid, Alabama Rivers Association, March 17, 2016

Mrs. van Tilborg,

Thank you for following up with us on this issue. I will look over this and let you know if I have any further questions.

Sincerely,

Mitch Reid

Response 5:

To Mitch Reid, March, 15, 2016

Mr. Reid,

Below is a copy of the email I sent to you July 30th, 2015 to this address: mreid@alabamarivers.org. I've noted your alternate address in my address list.

You can see in the attached pdf file that you were included in an address list with other stakeholders. Your email did not kick back so I assume you received it.

In any event, thank you for your response that your comment would be the same as for Lee Energy. Please note that we do not source roundwood directly from the forest in Alabama. We use secondary mill residues which are mostly a by-product from sawmills.

We strongly support forestry best management practices and require our residue suppliers to use trained loggers in the forest harvest.

If you have any further concerns, please contact me directly.

Elizabeth van Tilborg

7 Overview of Initial Assessment of Risk

The FRAM Renewable Fuels' Controlled Wood Risk Assessment evaluates and addresses the risk of violating the 5 FSC Categories in the 6-state supply region (Alabama, Georgia, South Carolina, North Carolina, Tennessee and the northern half of Florida) that makes up Fram Renewable Fuels' sourcing area.

1. Category 1 – Illegally Harvested Wood
    a. CONCLUSION: The US has a national risk assessment process which found "low risk" for FSC Category 1. This is supported by detailed supplemental information in the Fram Renewable Fuels' RA, including evaluation of the FSC websites. Therefore it has been determined that there is a "low risk" that any wood or fiber sourced into Fram Renewable Fuels L.L.C.'s facilities is illegally harvested.

2. Category 2 – Traditional and Civil Rights

    a. CONCLUSION: There are 3 Federally recognized tribes located within the Fiber Supply Area: the Poarch Band of Creek Indians of Alabama, the Catawba Indian Nation in South Carolina and the Eastern Band of Cherokee Indians in North Carolina. The 3 Tribes are outside the Roundwood Supply Base. In addition, the Cherokee Tribe has its own independent reservation of 56,000 acres. The tribe is recognized as a sovereign nation that has an active forestry and economic development program. The US also has a national risk assessment process which found "low risk" for FSC Category 2. Therefore, it has been concluded there is "low risk "that any wood that is sourced into Fram Renewable Fuels L.L.C.'s facilities is in violation of traditional and civil rights.

3. Category 3 – High Conservation Value Forest
    a. CONCLUSION: Based upon the evaluation of the Eco-regions that are within the wood and fiber supply area of the manufacturing facilities, Fram Renewable Fuels L.L.C. has concluded that there is "low risk" that forest management activities associated with supplying wood and fiber to its facilities threaten eco-regionally significant high conservation values. Where any threats may occur, there are strong regulatory and private sector systems for the protection of such areas. While some eco-regions may contain High Conservation Values as interpreted by some, they are unlikely to be threatened by forest management activities and protected areas ensure their long-term survival. This finding is consistent with the requirements for "company risk assessments" in Annex A of FSC-STD-40-005, V3-1 FSC Controlled Wood.
    b. However, the FSC NRA has determined Specified Risk in portions of the Southeast Region and Appalachians. Based on Fram Renewable Fuels' SOPs, a strong regulatory framework and mitigation measures, Indicators 2.1.2, 2.2.3, 2.2.4 and 2.4.1 are moved from Specified Risk to Low Risk.

4. Category 4 – Conversion

a. CONCLUSION: Based upon the analysis of all available information and the evaluation of the Eco-regions from which its wood and fiber originates, there is no net loss (>0.5% per year) of natural forests and no significant loss of other natural wooded ecosystems in the ecoregions of the Fram Renewable Fuels' supply area. In addition, there is a positive growth-drain ratio overall based on USFS FIA reports. Fram Renewable Fuels L.L.C. has determined that there is "low risk" that the organization's wood procurement contributes to a significant rate of loss of "natural forests and other natural wooded ecosystems."
b. **However, the FSC NRA has determined Specified Risk in specific counties of the Southeast Region. Based on Fram Renewable Fuels' SOPs, a strong regulatory framework and mitigation measures, Indicator 2.1.3, is moved from Specified Risk to Low Risk.**

5. Category 5 – GMO Trees
    a. CONCLUSION: Based on an analysis of available information, there are no genetically modified trees planted in the United States (Fram Renewable Fuels L.L.C.'s district of origin). Further, the US has a national risk assessment process which found "low risk" for FSC Category 5. Therefore, Fram Renewable Fuels L.L.C. has concluded that there is "no risk" that the wood sourced into Fram Renewable Fuels L.L.C.'s facilities comes from forests where genetically modified trees have been planted.

This section provides an opportunity to detail how the BP's management system is effective in reducing risk.

FRAM Renewable Fuels L.L.C. Standard Operating Procedures (SOPs) addressing sustainability and legality are already in place and have been functioning under the FSC Chain of Custody and Controlled Wood program for six years. Fram has received no complaints regarding feedstock sourcing or production of pellets. The FSC and PEFC programs in place are instrumental in reducing risk.

Fram Renewable Fuels' SOPs include:

1. Pre-verification by the Procurement manger that the fiber is eligible to be used as feedstock and meets Fram's sustainability requirements (FSC, PEFC, SBP, EUTR compliant)
2. A written contract between the BP and the Supplier
3. Identifying incoming raw materials as either "certified" or FSC/PEFC Controlled Wood
4. Periodic supplier correspondence
5. Right to audit at the supplier level at any time for all types of feedstock
6. Use of trained loggers for primary and secondary feedstock
7. Adherence to BMPs for all types of feedstock
8. BMP compliance inspections on active logging jobs (primary feedstock)
9. District of Origin checks on primary and secondary feedstocks
10. Periodic internal audits by BP to sample suppliers' records relating to sourcing area, HCVs, conversion, timber legality, etc.
11. Primary feedstock suppliers encouraged to adopt BMPs for Biomass Harvesting
12. Ability to terminate contracts that don't meet sustainability criteria

List the result for each Indicator in Table 1.

Table 1. Overview of results from the risk assessment of all Indicators (prior to SVP)

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
1.1.1		x	
1.1.2		x	
1.1.3		x	
1.2.1		x	
1.3.1		x	
1.4.1		x	
1.5.1		x	
1.6.1		x	
2.1.1		x	
2.1.2	x →	x	
2.1.3	x →	x	
2.2.1		x	
2.2.2		x	
2.2.3	x →	x	
2.2.4	x →	x	
2.2.5		x	
2.2.6		x	
2.2.7		x	
2.2.8		x	
2.2.9		x	

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
2.3.1		x	
2.3.2		x	
2.3.3		x	
2.4.1	x→	x	
2.4.2		x	
2.4.3		x	
2.5.1		x	
2.5.2		x	
2.6.1		x	
2.7.1		x	
2.7.2		x	
2.7.3		x	
2.7.4		x	
2.7.5		x	
2.8.1		x	
2.9.1		x	
2.9.2		x	
2.10.1		x	

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

As part of Fram Renewable Fuels' Standard Operating Procedures and due diligence all new suppliers go through a vetting process. For new secondary suppliers, an onsite visit is made before the feedstock is even considered. This ensures that the feedstock will meet Fram's sustainability criteria. The forester/plant manager is interviewed to validate the mill's supply base, species used, whether or not the fiber is virgin fiber, or contains unacceptable content such as glues, preservatives or other contaminants. The mill process is observed and the risk of the fiber being co-mingled with other unacceptable feedstock on-site is evaluated. In addition, the Supplier's supply chain(s) is identified (including sub-contractors). Photos are taken to document the visit and the fiber.

If the fiber meets Fram's sustainability criteria, the supplier signs a contract (FRF-SBP-DP-08) agreeing to avoid the 5 unacceptable FSC categories of wood, use trained loggers, abide by BMPs and more.

Current secondary suppliers are contacted periodically by phone, email and by on-site visits to ascertain compliance to Fram's sustainability policies (FSC/PEFC, SBP, EUTR) are still being met. Each year a certain number of on-site visits are made based on the formula 0.8 multiplied by the square root of the number of suppliers. At the time of the on-site visit, District of Origin is verified and other relevant supplier records such as internal harvest auditing, tract location maps, use of trained loggers, etc. are verified. A checklist has been made for documentation.

Primary feedstock is purchased by Beasley Timber Management (BTM). BTM maintains records that include: GPS coordinates of the tract, age, stand type, harvest type, volume (tons), miles to the BP, Master Timber Harvester number, logger, landowner and whether or not the land will be subject to forest conversion. A subset of harvested roundwood tracts are audited annually by a third-party auditor (SCS Global) for compliance to FSC/PEFC standards.

All incoming secondary/tertiary feedstock is accompanied by a supplier ticket that describes the material and notes the supplier and supplier location.

Each roundwood load enters the plant with a Supplier ticket denoting the purchaser order number.

All incoming products are checked against either the Forest Products Accounting (FPA) or 3 Log Scaling database. The loads must be pre-authorized and entered into the scaling system before the load will be accepted.

8.2 Site visits

Suppliers are visited on site before a contract between the Supplier and the BP is signed. Suppliers failing to meet Fram's sustainability criteria are not allowed to deliver wood.

A number of suppliers are visited on site each year to validate Fram's sustainability criteria. In 2018, 14 secondary suppliers and primary suppliers 56 were visited and audited.

8.3 Conclusions from the Supplier Verification Programme

A finding of "Low Risk" is found by the Supplier Verification Programme

9 Mitigation Measures

9.1 Mitigation measures

FRAM Renewable Fuels L.L.C. Standard Operating Procedures (SOPs) addressing sustainability and legality are already in place and have been functioning under the FSC Chain of Custody and Controlled Wood program for six years.

FRAM Renewable Fuels L.L.C. implements mitigation measures above and beyond what is required under FSC/PEFC requirements.

Similar provisions are also included in the Supply Agreements as extra measures of precaution. Supplier compliance shall be assessed via monitoring of FRAM Renewable Fuels L.L.C.'s suppliers, state agency inspections, stakeholder feedback, and state agency inspections or reports where relevant and available.

The Primary Mitigation measures that Fram Renewable Fuels relies on is the Supplier contract (which has been part of Fram's SOP for many years) and a strong regulatory framework. The mitigation measures included in the Supply Agreement contained in FRF-SBP-DP-08 include:

1. Identifying all the wood suppliers and their incoming material as coming from either "Certified" or FSC/PEFC "Controlled" sources. The Company has notified all of its suppliers that it will not accept uncontrolled sources of wood. It has incorporated the controlled wood restrictions in its Contracts/Supply Agreements/Self-declarations as formal agreements with suppliers.
2. Acknowledgement by Suppliers that wood fiber is not obtained from land with high biodiversity value, high carbon stock or peat land
3. The use of trained loggers for all types of feedstock
4. Adherence to forestry BMPs for all types of feedstock
5. Adherence to all US labor laws regarding workers' rights and protection

Other mitigation measures include:

Pre-verification by the Procurement manager that the fiber is eligible to be used as feedstock and meets Fram's sustainability requirements (FSC, PEFC, SBP, EUTR compliant)
A written contract between the BP and the Supplier
Periodic supplier correspondence
Periodic internal audits of suppliers' district of origin on primary, secondary and tertiary feedstock
Using trained loggers for primary and secondary feedstock
Requiring adherence to BMPs for all types of feedstock
BMP compliance inspections on active logging jobs (primary feedstock)
District of Origin checks on primary and secondary feedstocks (on-site)

Periodic internal audits by BP to sample suppliers' records relating to sourcing area, HCVs, conversion, timber legality, etc.

Distribution of FSC HCV areas map to all Fram suppliers

Sawmill sustainability checklist that includes use of natural longleaf pine by the supplying mill

Monitoring HCV maps, land use change maps and other maps relevant to conversion

Banning suppliers whose feedstock is deemed unacceptable

9.2 Monitoring and outcomes

All current evidence leads to a conclusion that there is a Low Risk of sourcing from forest areas that are considered High Conservation Value. However, the recent Draft FSC US National Risk Assessment (NRA) includes additional Critical Biodiversity Areas that may be at risk from forestry operations. The Critical Biodiversity Areas identified by FSC within the Supply Base are the Southern Appalachians, Central Appalachians, Cape Fear Arch, Florida Panhandle and Central Florida. (http://foreststewardshipcouncil.s3.amazonaws.com/index.html)

The FSC US NRA suggests that Aquatic Habitats and their associated biodiversity are potentially threatened by sedimentation from roads. Suggested Mitigation or Control Measures for Aquatic Habitats include implementing BMPs during forestry activities.

The Mitigation Measures proposed by FSC US include Policies to avoid potential impacts associated with harvesting and roads. Such policies have been inserted into FRAM Renewable Fuels L.L.C.'s Sustainable Biomass Policy and have been implemented as part of the FSC/PEFC Controlled Wood Risk Assessment and Procedures. Similar provisions are also included in Supply Agreements as extra measures of precaution. Supplier compliance is assessed via monitoring of FRAM Renewable Fuels L.L.C.'s suppliers, state agency inspections, stakeholder feedback, and state agency inspections or reports where relevant and available.

The Mitigation Measures adopted by FRAM Renewable Fuels L.L.C. are contained in the Supply Agreement contained in FRF-SBP-DP-08.

To date, no stakeholders have documented any scientifically supported concerns regarding the Critical Biodiversity Areas identified in the FSC US NRA. And overall, the southern region BMP implementation average increased from 87% in 2008 to 92% in 2012, thus mitigating potential impacts to Aquatic resources and habitats.

10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in Annex 1.

11 Review of Report

11.1 Peer review

The SBP Standards Program at FRAM Renewable Fuels L.L.C. has involved the development of detailed Documents and Procedures to address all relevant requirements. An outside consultant with expertise in forest certification standards was retained to help develop the procedures and conduct the Supply Base Evaluation.

A Readiness Review was conducted with the accredited Certification Body (NSF-ISR). Seventy-five (75) letters and notices were sent to potential stakeholders. The accredited Certification Body has assigned auditors to conduct an independent audit of the SBP Program. The Certification Body is also required to conduct an independent consultation with potential stakeholders. Additionally, the Certification Body's assessment is subject to independent third-party review.

Independent auditors conduct annual surveillance audits of the FRAM Renewable Fuels L.L.C. FSC/PEFC certification programs. SBP procedures call for a Technical Review Panel to review the audit findings.

FRAM Renewable Fuels L.L.C. believes that sufficient independent reviews of its Programs and Procedures has taken place and that an additional Peer Review is not warranted or required.

11.2 Public or additional reviews

See the summary response to Section 11.1 above.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	R. Scott Berg	President, R.S. Berg & Associates, Inc.	***1 Apr 2016***
	Name	**Title**	**Date**
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	Harold Arnold	President FRAM Renewable Fuels L.L.C.	***30 Mar 2016***
	Name	**Title**	**Date**
Report approved by:	*Elizabeth van Tilborg*	Sustainability/Certification Manager FRAM Renewable Fuels L.L.C.	***30 Mar 2016***
Report approved by:	Harold L. Arnold	President FRAM Renewable Fuels L.L.C.	***14 Feb 2017***
Report approved by:	*Elizabeth van Tilborg*	Sustainability/Certification Manager FRAM Renewable Fuels L.L.C.	***14 Feb 2017***
Report approved by:	Harold L. Arnold	President FRAM Renewable Fuels L.L.C.	***14 Feb 2018***
Report approved by:	*Elizabeth van Tilborg*	Sustainability/Certification Manager FRAM Renewable Fuels L.L.C.	***12 Feb 2018***
Report approved by:	Harold L. Arnold	President FRAM Renewable Fuels L.L.C.	***5 Feb 2019***

Report approved by:	*Elizabeth van Tilborg*	Sustainability/Certification Manager FRAM Renewable Fuels L.L.C.	***5 Feb 2019***

13 Updates

13.1 Significant changes in the Supply Base

There have been no changes in the Supply Base

13.2 Effectiveness of previous mitigation measures

FRAM Renewable Fuels L.L.C. Standard Operating Procedures (SOPs) addressing sustainability and legality are already in place and have been functioning under the FSC Chain of Custody and Controlled Wood program for five years. Fram has received no complaints regarding feedstock sourcing or production of pellets.

FRAM Renewable Fuels L.L.C. is proactively implementing Mitigation Measures proposed in the Draft FSC US National Risk Assessment to include Policies and Control Measures to avoid potential impacts associated with harvesting and roads. Such policies have been inserted into FRAM Renewable Fuels L.L.C.'s Sustainable Biomass Policy and conveyed to suppliers.

Monthly BMP checks done on active logging tracts for roundwood that are sourced to Hazlehurst Wood Pellets (HWP) show 100% compliance with BMPs. These checks are completed by the Beasley Timber Management Procurement Forester for HWP. Only trained loggers are used for timber harvest and Master Timber Harvester numbers are recorded for each tract.

Recent state Silvicultural Best Management Practices Implementation and Compliance Surveys done in 2016 and 2017 show a continued high rate of compliance with BMPs for water quality. In Georgia, the overall 2017 BMP compliance is 93%, Alabama and SC were 97% on harvesting BMPs in 2016 and Florida was 99% in 2017.

Certified forestland remained stable in Fram's 6-state Supply Basin. SFI and ATFS continue to be the two US forestland certification programs in the Southeast accounting for 92% of all US forest certification acres. Strong and vibrant markets encourage landowners to remain invested in forest management and production.

Fram Renewable Fuels continues to maintain FSC/PEFC Controlled Wood/Controlled Sources certification and this serves as evidence of "Low Risk" in Fram's sourcing area regarding violations of sustainability or legality.

Fram's Supplier Contract identifies the requirements necessary to deliver fiber to Fram facilities and is in use by 100% of Fram's Suppliers. The Supplier Contract is followed up with annual correspondence from the Procurement Manager restating Fram's commitment to sustainability. In addition, suppliers are provided with a map of HCV areas as identified in the FSC Draft National Risk Assessment. Fram has ceased to do business with Suppliers that are unwilling to agree to the Contract requirements.

The annual sampling of suppliers' District of Origin, to make sure that the Supplier is sourcing from our 6-state Risk Assessment area, shows that all feedstock is being sourced in Fram's 6-state Supply Basin.

These inspections are completed by the Fram Wood Procurement Manager (mill residuals) and the Hazlehurst Procurement Forester (roundwood). The results of the audits completed for both mill residuals and roundwood show 100% compliance to sourcing within the Risk Assessment area.

Fram's commitment to identifying the District of Origin of tertiary feedstock material has resulted in the loss of several potential new suppliers.

13.3 New risk ratings and mitigation measures

There have been no changes to the Risk Ratings

13.4 Actual figures for feedstock over the previous 12 months (Jan 1, 2018 to Dec 31, 2018)

Appling County Pellets - 200,000 to 400,000 metric tons per year*
Secondary mill residuals – 80-100% sawdust, 0-19% shavings
Tertiary mill residuals – 0-19% sawdust

Telfair Forest Products - 0 to 200,000 metric tons per year *
Secondary mill residuals – 60-79% shavings 20-39% sawdust, 0-19% chips
Tertiary mill residuals – 0-19% shavings, 0-19% sawdust

Hazlehurst Wood Pellets - 200,000 to 400,000 metric tons per year *
Primary feedstock – 60-79% roundwood
Secondary mill residuals - 0-19% sawdust, 0-19% chips

13.5 Projected figures for feedstock over the next 12 months

Appling County Pellets - 200,000 to 400,000 metric tons per year*
Secondary mill residuals – 80-100% sawdust, 0-19% shavings
Tertiary mill residuals – 0-19% sawdust

Telfair Forest Products - 0 to 200,000 metric tons per year *
Secondary mill residuals – 60-79% shavings 20-39% sawdust, 0-19% chips
Tertiary mill residuals – 0-19% shavings, 0-19% sawdust

Hazlehurst Wood Pellets - 200,000 to 400,000 metric tons per year *
Primary feedstock – 80-100% roundwood
Secondary mill residuals - 0-19% sawdust, 0-19% chips

* Disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage

Annex 1: Detailed Findings for Supply Base Evaluation Indicators

	Indicator
1.1.1	The Biomass Producer's Supply Base is defined and mapped.
Finding	All wood and fiber sourced by FRAM Renewable Fuels L.L.C. originates at some point in the supply chain from the mixed hardwood and conifer forests of the Upper East Gulf Coastal Plain, Interior Low Plateau Cumberlands & Southern Ridge & Valley, Southern Blue Ridge, Piedmont, East Gulf Coastal Plain, South Atlantic Coastal Plain, Mid-Atlantic Coastal Plain and Florida Peninsula regions of the States of Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee The Supply Base is also defined as part of demonstrating conformance to the following Forest Sustainability Standards: -FSC Chain of Custody (FSC-STD-40-004) -FSC Controlled Wood (FSC-STD-40-005) -PEFC Chain of Custody/Due Diligence System (2002:2013)
Means of Verification	Maps, contracts, supplier mill visits, site visits, interviews with suppliers
Evidence Reviewed	Supply Base map, FSC NRA maps for HCV areas, contracts, supplier list, Supplier correspondence
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	The Supply Base has been confirmed with FRAM Renewable Fuels L.L.C.'s and affiliated suppliers.

	Indicator
1.1.2	Feedstock can be traced back to the defined Supply Base.
Finding	FRAM Renewable Fuels L.L.C. and affiliated facilities maintain formal Supply Agreement/Contracts with its suppliers (FRF-SBP-DP-08) that requires clear title and legal ownership of all wood and fiber inputs.

	FRAM Renewable Fuels L.L.C. keeps records of payments and receipts with all of its suppliers. Title to the wood material is exchanged as it is delivered at the pellet mills using Scale Tickets and recorded in its scaling system. These documents and records provide objective evidence of the suppliers and their supply base. Secondary/tertiary feedstock can be traced to the sawmill location from which the residuals originated. Primary feedstock can be tracked back to the FMU through the Forest Products Accounting system (FPA) that records the GPS location of the tract.
Means of Verification	Company procedures, FPA records, FSC District of Origin checks
Evidence Reviewed	FRAM Renewable Fuels L.L.C.'s FSC/PEFC Controlled Wood/Due Diligence System Risk Assessment for the identification of the supply base (FRF-DP-05). FRAM Renewable Fuels L.L.C.'s FSC/PEFC Chain of Custody Procedure for the procedures to identify suppliers of all wood and fiber material (FRF-DP-01). Approved Supplier List (FRF-DP-06) for records of supplier names, FSC/PEFC certificate numbers, the supplied "material categories."
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **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	All feedstocks are defined as either forest or mill residual inputs supplied in accordance with the FSC/PEFC Chain of Custody and Controlled Wood/Due Diligence Standards. The mix of feedstock inputs are described as "Categories of Origin" in the Chain of Custody Procedures (FRF-DP-01).
Means of Verification	Material categories are also identified for purposes of Chain of Custody tracking in the Product Group Lists (FRF-SBP-DP-06). Species of trees that are sourced are documented in the Tree Species List (FRF-SBP-DP-14).
Evidence Reviewed	FRF-DP-01 – Chain of Custody Procedure FRF-SBP-DP-06 – Product Group List FRF-SBP-DP-14 -Tree Species List
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	All inputs are supplied with as FSC/PEFC "controlled material" indicating that they are Low Risk of originating from uncontrolled or controversial sources.

	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	FRAM Renewable Fuels L.L.C. requires contracts, Delivery Tickets and other documentation verifying legal ownership of incoming wood material from its wood suppliers. Refer to the Wood Supply Agreement (FRF-SBP-DP-08) FRAM Renewable Fuels L.L.C. implements an FSC/PEFC Controlled Wood/Due Diligence Procedure for all of its Supply Areas/Districts of Origin (FRF-DP-04) and all inputs are considered FSC controlled material & PEFC non-controversial The World Bank has awarded the U.S. a Global Governance Index rating that exceeds 90% for Regulatory Quality. This objective evidence demonstrates Low Risk for threat to legality. See the Global Governance Index for the United States: (http://info.worldbank.org/governance/wgi/sc_chart.asp) The AHEC Legality Study - "Assessment of Lawful Harvesting & Sustainability of US Hardwood Exports" available at: http://www.ahec-europe.org/ also concluded that: "We come to the conclusion that wood procured in the study area can be considered Low Risk to threat to legality. This conclusion is based on the determination that there is no reported systematic illegal logging, as we interpret the term, reported in the study area and regulatory processes in the study area have been found to be highly effective." Although thefts do occur, there is no evidence that timber theft is a large scale problem in the US. In addition, the draft of the US NRA also rates Category 1 (Illegal Harvesting) as Low Risk.
Means of Verification	State laws, Company policy, Controlled Wood risk assessment of supply area, contracts
Evidence Reviewed	FRF-DP-05, - Controlled Wood Risk Assessment FRF-SBP-DP-08, FRF-DP-06 – Wood Supply Agreement
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	

	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	FRAM Renewable Fuels L.L.C. has conducted a comprehensive risk assessment for its wood supply areas/districts of origin and has concluded Low Risk for "Illegally Harvested Wood." Additional findings of the Controlled Wood/Due Diligence Risk Assessment include: 1. Law enforcement in the Districts of Origin is active and aggressive. 2. There is evidence within the district that demonstrates the legality of harvests and wood purchases that includes robust and effective systems for granting licenses and harvest permits. 3. There is little or no evidence or reporting of illegal harvesting in the district of origin. 4. There is a low perception of corruption related to the granting or issuing of harvesting permits and other areas of law enforcement related to harvesting and wood trade. In addition, FRAM Renewable Fuels L.L.C. requires Delivery Tickets, Purchase Orders or other documentation for roundwood deliveries with information relating to the supplier, landowner name, tract location, Product Type, and FSC/PEFC Claim, if any.
Means of Verification	State laws, Company policy, Controlled Wood risk assessment of supply area, contracts
Evidence Reviewed	U.S. Federal Laws and Regulations can be found at one or more of the following websites: U.S. Fish & Wildlife Service -http://www.fws.gov/ U.S. F&WS Endangered Species – http://endangered.fws.gov/ National Wetlands Inventory Center – http://wetlands.fws.gov/ U.S. Environmental Protection Agency – http://www.epa.gov/ U.S. Environmental Protection Agency Region 4 - http://www.epa.gov/region10/ U.S. EPA/Wetlands – http://www.epa.gov/OWOW/wetlands/ U.S Army Corps of Engineers – http://www.usace.army.mil/ Federal Register – http://www.access.gpo.gov/nara/cfr/cfr-table-search.html U.S.D.A. Forest Service - http://www.fs.fed.us/ U.S.D.A. Forest Service – Southern Research Station - http://www.srs.fs.usda.gov/index.htm On a more local level, timber theft/illegal logging are actively addressed by State Forestry Agencies as well as State Forestry Associations. Landowner education is a particularly strong point for most State Forest Agencies and State Landowner Associations. State laws, such as the Timber Security Law (GA) , expand the authority of the Georgia Forestry Commission to investigate, issue warrants and make arrests. There are laws regarding timber and depending on the state, it may be a criminal charge or a civil charge. Below are websites relating to Timber Theft in the 6 state SB. Alabama Timber Theft hotline http://www.forestry.alabama.gov/Publications/TREASURED_Forest_Magazine/2012%20SpringSummer/Timber%20Theft%20Criminal%20or%20Civil.pdf Georgia Timber Theft http://sfi-georgia.org/wp-content/uploads/2008/11/SFI_NEWS_FALL_2014.pdf SC Timber Theft & Statutes relating to Timber Transaction Crimes

	https://www.state.sc.us/forest/le.htm https://www.state.sc.us/forest/lestat.htm NC Timber Theft http://nclawyer.typepad.com/north_carolina_civil_litg/2010/08/wrongful-cutting-of-timber.html Modifying the traditional common law rule of trespass, North Carolina has a special statute N.C.G.S. Sec. 1-539.1 that governs timber cutting. When a person cuts somebody else's timber, he is entitled to double damages. It's not a defense that the party doing the cutting doesn't know it is somebody else's property or has a reasonable belief that he has permission https://www.ncforestry.org/nc-forest-data/forestry-regulations/ **TIMBER THEFT:** The following is the law parameters for timber theft, which includes damages for unlawful cutting, removal or burning of timber; misrepresentation of property lines. • Any person, firm or corporation not being the bona fide owner thereof or agent of the owner who shall without the consent and permission of the bona fide owner enter upon the land of another and injure, cut or remove any valuable wood, timber, shrub or tree therefrom, shall be liable to the owner of said land for double the value of such wood, timber, shrubs or trees so injured, cut or removed. • If any person, firm or corporation shall willfully and intentionally set on fire, or cause to be set on fire, in any manner whatever, any valuable wood, timber or trees on the lands of another, such person, firm or corporation shall be liable to the owner of said lands for double the value of such wood, timber or trees damaged or destroyed thereby. • Any person, firm or corporation cutting timber under contract and incurring damages as provided in subsection (a) of this section as a result of a misrepresentation of property lines by the party letting the contract shall be entitled to reimbursement from the party letting the contract for damages incurred. (1945, c. 837; 1955, c. 594; 1971, c. 119; 1977, c. 859.) TN Timber Theft https://extension.tennessee.edu/publications/Documents/SP595.pdf https://forestry.ca.uky.edu/files/for109.pdf http://www.gallatinnews.com/tennessee-timber-laws-cms-15230 Florida Timber theft http://www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/For-Landowners/Marketing-Your-Timber-A-Landowner-s-Guide
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	As noted and reviewed by the NSF in the SBP audit, Fram's FSC CW Risk Assessment details that the US received a Global Governance Index rank from the World Bank that puts US government Effectiveness, Regulatory Quality and Rule of Law in the 90th percentile when compared to other countries on a global basis. This point is to illustrate that strong laws and low levels of corruption are the norm for the US. The websites provided in Annex 1 as evidence illustrate that there are numerous laws, regulations and agencies dedicated to protecting, preserving, maintaining and managing various natural resources in the US, which includes the SE US.

	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	FRAM Renewable Fuels L.L.C. requires a formal Wood Supply Agreement/Contract (FRF-SBP-DP-08) containing all legal and contractual requirements. Severance tax laws exist in in Alabama, Georgia, North Carolina and South Carolina and are established as either: (1) a fixed amount per unit of measurement or (2) a percentage of the value of timber harvested. Florida has doc stamps in which a fee based on the value of the timber sale is paid at the courthouse at the time of filing the warranty deed. Landowners in Tennessee are required to pay a timber tax on the timber at the time of harvest. This is part of the United States Internal Revenue Service tax code and all landowners are required to fill out a Schedule T to report their taxable income.
Means of Verification	Delivery Tickets and payment records demonstrate payment for timber. These documents are confidential and proprietary but are available to the CB during annual audits and upon request. Contracts with suppliers are also available for review. **From the Fram Contract***: "***TAXES**: When applicable, SELLER shall be solely responsible for all sales taxes, severance taxes or other taxes arising out of or in connection with the sale of Wood Fiber hereunder, and shall indemnify BUYER from and against all such taxes. This indemnity obligation shall survive any termination or expiration of this Agreement." The above paragraph is a standard clause contained in the contracts of reputable forest products companies and suppliers that Fram does business with.
Evidence Reviewed	Contracts
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	Note that all landowners are required to fill out a Schedule T to report their taxable income as per US Internal Revenue Service laws. Based on Federal, State and County laws and regulations, there is low risk that taxes are not paid. In addition, County Tax Assessors have access to aerial photos and are aggressive in determining land use changes in order to value property at the highest rate of income to the county

	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	FRAM Renewable Fuels L.L.C. has a Controlled Wood/Due Diligence Procedure (FRF-DP-04) and an FSC/PEFC Controlled Wood Risk Assessment that addresses the requirements of CITES (FRF-DP-05). No wood is imported from outside the States of Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee. No CITES Listed Tree Species are found within the wood and fiber procurement areas/Districts of Origin.
Means of Verification	See the CITES website: http://www.cites.org/eng/disc/species.php
Evidence Reviewed	See the CITES website: http://www.cites.org/eng/disc/species.php FRF-SBP-DP-14 Tree Species List
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **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	FRAM Renewable Fuels L.L.C. has adopted a formal Sustainable Forestry Policy addressing traditional and civil rights (FRF-DOC-02) as well as a Sustainable Biomass Policy (FRF-SBP-DP-03). FRAM Renewable Fuels L.L.C. has conducted an FSC/PEFC Controlled Wood/Due Diligence Risk Assessment that addresses the issue of violations of traditional and civil rights issues (FRF-DP-05). The findings from the NRA Risk Assessment and the AHEC Legality Study include: "Based upon the risk assessment and evaluation of available information, there is a "low risk" that any wood that is sourced is in violation of traditional, civil and indigenous peoples' rights."
Means of Verification	FRF-DP-05 - Controlled Wood Risk Assessment
Evidence Reviewed	FRF-DP-05 FSC Controlled Wood Risk Assessment AHEC Legality Study FSC ,NRA Category 2 is Low Risk

Risk Rating	X **Low Risk**	☐ **Specified Risk**	☐ **Unspecified Risk at RA**
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	High Conservation Value Forests are addressed in the FSC/PEFC Controlled Wood/Due Diligence Risk Assessment (FRF-DP-05). Protected areas are mapped and are available for download from the national GAP database which contains state and federally protected parks, reserves, refuges, wilderness areas among other designations. These protected are also referenced by the IUCN classification. The FSC NRA also identifies and maps 5 HCV areas in the Fram Supply Base Area. Natural Heritage Databases, State Wildlife Action Plan, he High Conservation Network and other research is used to assess whether or not HCV areas are present in the SB. Based on its own Risk Assessment, FRAM determined that there were areas across the supply base that could qualify as High Conservation Values. Those areas are documented in the Supply Base Evaluation (SBE) and include the following: The Okefenokee Swamp, Lower Suwannee River, St. Marks, Wolf Island, Blackbeard Island, Harris Neck, Wassaw, Savannah, Bond Swamp, Piedmont, and Great Dismal Swamp National Wildlife Refuges. The refuges are protected by law and no timber harvesting is taking place. Some small rivers in the Southeast have also been determined by WWF as Critical/Endangered. However, implementation of forestry Best Management Practices (BMPs) is approximately 95% and forestry activities do not impact water quality and other beneficial uses. Based upon the various risk assessments that have been conducted involving a review of all relevant websites, assessment of the Eco-regions and the wood supply areas “Districts of Origin” of Fram Renewable Fuels L.L.C. manufacturing facilities; all sources of non-certified wood and fiber supply are considered “Low Risk.”. All wood and fiber material coming into Fram Renewable Fuels L.L.C. wood pellet facilities are considered “Controlled Wood” and can be mixed with FSC/PEFC certified material. These sites have also been used as references: www.fws.maps.arcgis.org/ www.hcvnetwork.org www.worldwildlife.org/science/ecoregions.cfm

	www.biodiv.org/reports/list/aspx?type=for www.globlforestregistry.org/map .
Means of Verification	Maps, various websites listed above, FRFDP-05, BP's direct knowledge of sourcing area
Evidence Reviewed	FRF-DP-05 – Controlled Wood RA, various websites (listed above), FSC NRA map
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	The best control system is the Sustainability Manager monitoring the websites

	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	HCVs do occur in Fram's supply base. These HCVs are identified and mapped by many organizations such as FSC, Nature Serve, The Natural Heritage databases, The Nature Conservancy, federal and state agencies, private forest landowners and more. Many HCVs are preserved and protected, such as the Okefenokee Swamp. Fram operates a multi-site FSC Controlled Wood program and holds a valid FSC certificate. This alone is evidence of controls in place to avoid sourcing unacceptable material which includes wood from HCVs that may be threatened. Fram has conducted a comprehensive Risk Assessment and has concluded that Fram's supply basin is low risk for harm to HCVs contained in Fram's risk assessment area. The FSC NRA draft has identified 5 HCVs in Fram's 6-state sourcing basin. However, it is noteworthy that the core sourcing area is for pine feedstock is Georgia, Florida and South Carolina. The Alabama, North Carolina and Tennessee states are added as part of the supply base for hardwood residual feedstock into Appling County Pellets. The critical biodiversity areas identified in the FSC NRA located in the Fram supply base are: 1.)The Florida Panhandle, 2.) Central Florida, 3.) Southern Appalachians, 4.) Central Appalachians and 5.) Cape Fear Arch. The risks in these HCVs include: 1.) Conversion to other forest types: 2.) Management techniques that inhibit understory communities; 3.) Modification of hydrological features; 4.) Point and non-point source pollution from harvesting and 5.) Disturbance of threatened, endangered or rare wildlife and plant species. It should be noted that FSC states "It is possible to harvest in and sustainably manage longleaf pine systems and therefore timber management by itself is not a threat."

	The mitigation measures in place to minimize harm to sensitive ecosystems are: Rigorous environmental laws and regulations to protect waterways and endangered species; state BMPs; to protect soils and water quality; contracts between Fram and the supplier which specify the use of trained loggers, BMPs and avoidance of damaging HCVs; contracts between the sawmill supplier and their loggers/wood suppliers; the use of trained loggers who are able to implement BMPs and identify threatened and endangered species; Fram's sawmill site visits/audits (District of Origin checks); Fram's roundwood tract inspection audits; and public lands that have been set aside and preserved, such as the Okefenokee Swamp as well as other state, federal and public lands such as Fort Stewart (GA) and Eglin Air force base (FL). There are also numerous state and federal forests, parks, preserves set aside in the 6-state supply base that protect unique and environmentally sensitive areas. Future mitigation measures will include partnering with various organizations such as The Longleaf Alliance, The Nature Conservancy and other environmental organizations that make a difference. We also plan to support training and educational efforts the result in the conservation of HCVs. The evidence of these controls/mitigation measures: 2017 FL BMP Compliance Survey - 99.6% compliance 2017 FL Forestry Wildlife BMPs Survey for State Imperiled Species Survey -100% compliance 2017 GA BMP Compliance Survey - 93.17% compliance. Other BMPs: AL 98.2% in 2017; SC 97% overall harvesting compliance in 2017; NC 84% in 2017. Other mitigation measures are Fram's District of Origin checklist/forester interviews at sawmill level Fram's roundwood/in-woods chips procedure for tract inspections and BMP compliance Fram contracts in place with all suppliers. Trained loggers are required to take continuing education which includes BMPs and T&E species. West Fraser, Georgia Pacific and Interfor are SFI certified and have their own in-house programs for harvesting and compliance with the SFI standard. The US also ranks high on the Worldwide Governance Indicators for Rule of Law (92%) and Regulatory Quality (93%) as evidence of effective controls.
Means of Verification	Stakeholder input, FRF-DP-05 – Controlled Risk Assessment, Supplier Contracts, Trained Logger Programs/Education topics, Validation of Master Timber Harvester use, Internal audits, Supplier/Sawmill visits, interviews with foresters, Ranking of US in Worldwide Governance Indictor, State BMP audit compliance %
Evidence Reviewed	No stakeholder input received from Stakeholder letters sent to managers of Heritage database or other organizations. Contracts, verify MTH numbers, US ranks 92% and 93% in Rule of Law and Regulatory Quality, respectively. BMP compliance surveys.
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	Fram's standard operating procedure (SOP) for FSC/PEFC along with strong environmental laws and regulations and a high level of BMP compliance moves 2.1.2 from Specified Risk to Low Risk.

	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	Under Fram's FSC/PEFC certification conversion of forest land to agriculture or non-forest use is prohibited. Conversion of natural stands to plantation is also prohibited. FSC/PEFC certification is evidence a control system is in place. As a brief history, most of the South's forests were harvested and converted to agriculture when Europeans first arrived. In the 1940s agricultural lands began to be reforested and in the 1950s, forest industry began to buy up lands, reforest with pine, build mills and manage forests. The point is, that most forestland was agriculture at some time. And today, land use still shifts between forestry and agriculture among non-industrial private landowners. Fram's SOP includes the use of Supplier contract that prohibits wood from sites that are converted. 100% of Fram's suppliers have signed the contract. Fram conducted training with Beasley Timber Management to implement a plan to avoid roundwood sourced from conversion. Foresters buying roundwood communicate with the landowner to find out if the site will be reforested. Of course, we do not have control if the landowner changes his/her mind about converting to ag or a non-forest use. With regard to hardwood, most hardwood tracts are cut and then regenerated naturally. With regard to secondary sawmill residuals, Fram relies on the Supplier to maintain the terms of the contract. A letter is sent annually reminding the supplier of the FSC categories of risk and to let us know if they cannot comply. The FSC NRA has stated that there is specified risk in conversion but that most of the risk is in urban areas and is due to urban development.
Means of Verification	Supplier Contracts, FSC NRA, FSC NRA maps, site visits, verify secondary feedstock records to county level
Evidence Reviewed	Supplier Contracts, FSC NRA & conversion maps, Roundwood internal audits checklist,
Risk Rating	X **Low Risk** ← **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	Fram's standard operating procedure (SOP) for FSC/PEFC and use of Supplier Contracts move 2.1.3 from Specified Risk to Low Risk.

	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	Exceptionally high levels of logger training and BMP compliance provide sufficient objective evidence of Low Risk. The FSC/PEFC Controlled Wood/Due Diligence Procedures (FRF-DP-04) requires the suppliers to make an FSC/PEFC Controlled Wood claim on all wood inputs. Each State Forestry Agency/Commission conducts periodic BMP implementation monitoring. BMP compliance has been documented to be 84-99% for Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee.

	Common and widespread forestry practices are an important part of Fram's control system. These practices include a large and successful investment by forest industry in logger training, education and outreach to promote sustainable forestry practices including the protection of T&E species, BMPs and protection of sensitive and special sites. All Fram suppliers are required by contract to use trained loggers and implement Forestry BMPs.
Means of Verification	Contracts, Best Management Practices Implementation Surveys by various states, BTM harvest site audits on roundwood into Hazlehurst mill, state BMP audit results, FRF-DP-04 Controlled Wood Procedure
Evidence Reviewed	Contracts, Best Management Practices implementation, BTM harvest site audits on roundwood into Hazlehurst mill, state BMP audit results, FRF-DP-04 Controlled Wood Procedure
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	

	Indicator
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	See requirement 2.2.1 above. Virtually all wood in the supply area is harvested by trained loggers as a result of the SFI Fiber Sourcing Standard requirements implemented by major segments of the forest and paper industry. FRAM Renewable Fuels L.L.C. is a beneficiary of the near universal use of trained loggers across the region. Compliance with BMPs is required in contracts with suppliers through the Supply Agreement/Contract (FRF-SBP-DP-08). Best Management Practices address the protection of soils from erosion, compaction and disturbance. BMP compliance is consistently higher than 90%.
Means of Verification	State BMP results, Supplier Contracts, company monitoring records
Evidence Reviewed	Contracts, BTM BMP audits on roundwood into Hazlehurst, state BMP compliance reports
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
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	The FSC/PEFC Chain of Custody Program contains a Controlled Wood/Due Diligence Procedure (FRF-DP-04) and Supplier Correspondence Procedure and Supply Agreement (FRF-SBP-DP-08, FRF-DP-05)) addressing conservation of High Conservation Value Forests to address Critical Biodiversity Areas. The US Protected Area Database contains information about protected lands that was published in April 2009: (http://protectedlands.net/padus/). This "GAP" database is used in the procurement process to map and check the location of each tract supplying wood to the facility and make sure it is not protected. Correct tract location is verified for the tracts sampled in the Due Diligence System. Fram relies on state and Federal Endangered Species Protection Programs along with the use of trained loggers. SFI encourages procurement organizations to address the conservation of biodiversity and has a Program to protect Forests with Exceptional Conservation Value. Approximately 20% of Fram's fiber comes from SFI certified procurement groups or SFI certified forests. There is also legislation and programs that address the conservation of key ecosystems and habitats: Environmental Quality Incentives Program (EQIP), the Landowner Incentive Program (LIP), North American Wetland Conservation Act Grants (NAWCA), the Conservation Reserve Program (CRP), Healthy Forest Reserve, the Wetlands Reserve Program (WRP), the Wildlife Habitat Incentives Program (WHIP),USFWS Safe Harbor Program, Forest Resource Development Program (FDRP). Fram also requires the use of BMPs by primary and secondary Suppliers. BMPs protect water quality, key ecosystems/habitats are conserved, i.e. from harm and destruction.
Means of Verification	Maps, company procedures, contracts, BMPs
Evidence Reviewed	FRF-DP-04 – Due Diligence, FRF-DP-05- Controlled Wood RA, FRF-SPB-08 – Supplier Correspondence Procedure, BMP compliance rates
Risk Rating	X **Low Risk** ← **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	Fram's SOP combined with a strong environmental legislation moves 2.2.3 from Specified Risk to Low Risk.

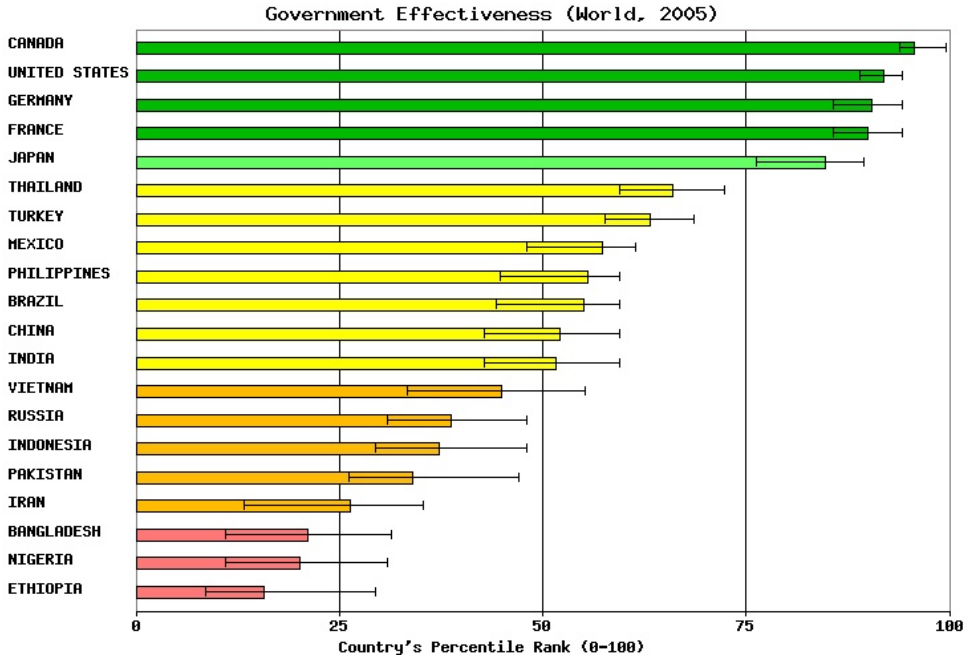
	Indicator
2.2.4	The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).
Finding	Indicator 2.2.4 references back to 2.1.2 and 2.1.3 and would require the same mitigation measures. When indicators 2.1.2 and 2.1.3 are met, biodiversity is encouraged.

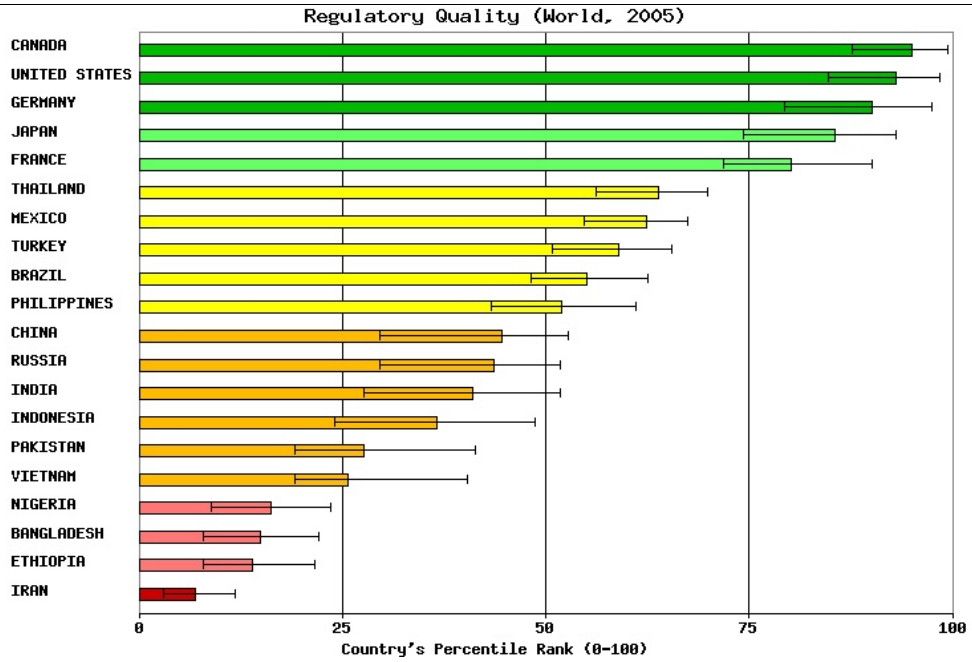
	The FSC/PEFC Chain of Custody Program contains a Controlled Wood/Due Diligence Procedure (FRF-DP-04) and Supplier Correspondence Procedure and Supply Agreement (FRF-SBP-DP-08) addressing conservation of High Conservation Value Forests to address Critical Biodiversity Areas. Fram has prepared an extensive Risk Assessment (FRF-DP-05) for the Supply Base area that specifically addresses HCV areas as part of our due diligence in identifying and protecting critical ecosystems and consequently protecting biodiversity. **From the Fram Risk Assessment:** **3.1: Forest management activities in the district do not threaten eco-regionally significant high conservation values.** Fram Renewable Fuels L.L.C. has evaluated "threat" in the context of the forests having an uncertain chance of continued survival or presence at the eco-region level. Forest management activities in the districts of origin do not "threaten" eco-regionally significant high conservation values. WWF has identified small rivers of the Southeastern U.S. as Critical/Endangered (http://wwf.panda.org). Water quality and aquatic populations are said to be impaired by development, agriculture and other land uses. Current forest practices are not listed as constituting a "threat." The National Geographic website was accessed for evidence of eco-regionally significant high conservation values. The National Geographic website did not contain information on intact forests, Biodiversity Hotspots, Frontier Forests or any other information on forests under threat within the districts of origin. (http://www.nationalgeographic.com). **3.2: A strong system of protection (effective protected areas and legislation) is in place that ensures survival of the HCV's in the eco-region.** The U.S. States where the organization procures wood have strong regulations and systems for protection addressing threatened and endangered species and HCVs. The states within the wood supply areas have extensive protected areas and conservation reserves that serve to ensure the survival of HCVs across the eco-region. The States also have extensive laws and regulations to protect water quality and provide na areas for the protection of native biodiversity. Those State laws and regulations are accessi through the state agency websites including: (State Forestry & Conservation Laws). In addition to parks and reserve areas, other public lands provide considerable conservation values. Federal agencies in the U.S. are required by Section 7 of the Endangered Species Act to protect and recover listed species. Habitat Conservation Plans are required for any potential "taking" of T&E species on public and private lands. Private conservation efforts such as easements, private reserves and protected areas by the Nature Conservancy, the Trust for Public Lands and other land trusts are active in identifying HCVs and taking steps to purchase and/or protect them through easements. The Fram RA has concluded that in spite of a Global Risk Registry (Draft prepared by NEPCon, for guidance only) designation of "Unspecified Risk" for the entire U.S. in terms of High Conservation Values, the Eco-regions from which the Company sources its wood are considered "low risk" of significant threat to High Conservation Values. The Risk Registry is a broad tool and, as a precaution, designates the entire North American Continent as "Unspecified." (http://www.globalforestregistry.org/map) The U.S. has also received a Global Governance Index rating that exceeds the minimum of 75%. The Index addressing Regulatory Quality exceeds 90%. See the Global

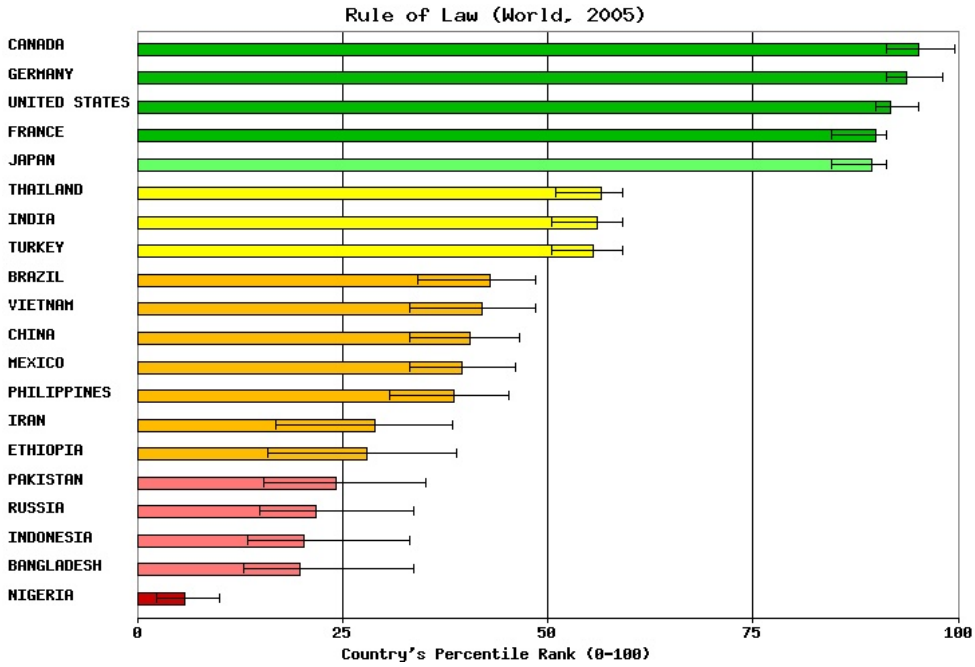
Governance Index for the United States:
(http://info.worldbank.org/governance/wgi/sc_chart.asp)
The World Bank has developed indicators for six dimensions of governance, of which the following relates to effective implementation and compliance with laws and regulations:

- Government Effectiveness
- Regulatory Quality
- Rule of Law

The following tables from the World Bank show a comparison of these indicators demonstrating that the U.S. and Canada are recognized as having good governance. Colors are assigned according to the following criteria: Dark Red: country is in the bottom 10th percentile rank ('governance crisis'); Light Red: between 10th and 25th percentile rank; Orange: between 25th and 50th percentile rank; Yellow, between 50th and 75th; Light Green between 75th and 90th percentile rank; and Dark Green: between 90th and 100th percentile (exemplary governance).







Effective legal and regulatory programs to project High Conservation Value Forests is confirmed by the Statewide Forest Resource Assessments conducted in 2010 under requirements of the U.S. Farm Bill. The Food, Conservation, and Energy Act of 2008, often referred to as the *Farm Bill*, requires each State to complete a Statewide Forest Resource Assessment and Strategy to be eligible to receive funds under the Cooperative Forestry Assistance Act. The Strategies ensure that U.S. Forest Service and State programs focus on shared forest resource management priorities to achieve meaningful outcomes.

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Cooperative Forestry Assistance Act. The Strategies ensure that U.S. Forest Service and State programs focus on shared forest resource management priorities to achieve meaningful outcomes.

Two other forestry and conservation organization websites and sources were reviewed, including the World Wildlife Fund (WWF) and The Nature Conservancy. The eco-regions within Fram Renewable Fuels L.L.C.'s hardwood fiber supply area were assessed by WWF to be "critical/endangered. Two major types of threats are identified by WWF in their assessments: conversion and degradation. Conversion threats are addressed under the assessment of conversion. Degradation threats include fire suppression, dams and ditching, and poaching of plants and animals. Forestry was not named as one of the current threats identified by WWF.

13.5.1 The Nature Conservancy (TNC) has concluded for the Upper East Gulf Coastal Plain, Interior Low Plateau, Cumberlands & Southern Ridge & Valley, Southern Blue Ridge, Piedmont, East Gulf Coastal Plain, Florida Peninsula, South Atlantic Coastal Plain and the Mid-Atlantic Coastal Plain that: "Though much has been lost, there are still great conservation opportunities in the referenced eco-regions. Many high-quality natural areas remain as large, functioning landscapes. Many of the rivers and streams in the eco-regions remain relatively intact, but are under threat. TNC has a long history in the ecoregion, and has formed strong governmental and private partnerships, allowing the opportunity to work at large scales to preserve the high biological diversity of this rich ecoregion."

Based upon the high level of protected areas within the Fram Renewable Fuels L.L.C. wood procurement area, there is a "Low Risk" to High Conservation Value Forests from forestry activities. The eco-regions within Fram Renewable Fuels L.L.C.'s hardwood procurement area have a high percentage of coastal islands, swamps and marshes in a protected status. Other dominant features of the eco-regions include a large number of freshwater wetlands, including some of the largest freshwater wetland ecosystem in the world (the Okefenokee Swamp system). The largest protected area is the Okefenokee National Wildlife Refuge, which is managed by the U.S. Fish & Wildlife Service as a preserve. No commercial forestry activity is allowed.

Overall, Fram Renewable Fuels L.L.C.'s wood procurement area, according to all available studies and resources, is being managed in a sustainable condition. Each State's Statewide Assessment and Strategy outlines strategies for achieving long-term forest sustainability and protection of key forest resources. Implementation of the strategies will require continued partnerships among stakeholders and prioritization of available resources. Ongoing demand for forest resources will provide an incentive for forest landowners to maintain their lands in forest cover and sustain important forestry related values, as well as high conservation values.

The AHEC Legality Study, written by the same authors that prepared the Draft Guidance on Controlled Wood Sources for FSC US, concluded that:
"We come to the conclusion that wood procured in the study area can be considered Low Risk to threat to HCVs. This conclusion is based on the determination that areas determined to be of highest biodiversity value according to WWF, CI, and Smithsonian/IUCN are all relatively well protected. Additionally, those areas that were determined to hold large, landscape-level forests were exceptionally well-protected. The level of legislative protection, combined with the levels of compliance with regulations (see the sections on regulatory compliance elsewhere in this study) provide strong evidence that logging and the associated activities with logging pose a mitigated threat to HCVF within the study area."

	CONCLUSION: Based upon the evaluation of the Eco-regions that are within the wood and fiber supply area of the manufacturing facilities, Fram Renewable Fuels L.L.C. has concluded that there is "low risk" that forest management activities associated with supplying wood and fiber to its facilities threaten eco-regionally significant high conservation values. Where any threats may occur, there are strong regulatory and private sector systems for the protection of such areas. While some eco-regions may contain High Conservation Values as interpreted by some, they are unlikely to be threatened by forest management activities and protected areas ensure their long-term survival.
Means of Verification	Stakeholder input, FRF-DP-05 – Controlled Risk Assessment, Supplier Contracts, Trained Logger Programs/Education topics, Validation of Master Timber Harvester use, Internal audits, Supplier/Sawmill visits, interviews with foresters, Ranking of US in Worldwide Governance Indictor, State BMP audit compliance %, Environmental laws and legislation
Evidence Reviewed	Stakeholder input, Contracts, Fram RA, US ranks 92% and 93% in Rule of Law and Regulatory Quality, respectively. BMP compliance surveys.
Risk Rating	X **Low Risk** ← **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	Fram's standard operating procedure (SOP) for FSC/PEFC along with strong environmental laws and regulations and a high level of BMP compliance moves 2.2.4 from Specified Risk to Low Risk.

	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	FRAM Renewable Fuels L.L.C. is not directly involved in removal of forest residues following logging. All inputs are considered indirect or secondary, as they are supplied by other wood producers and suppliers. FRAM Renewable Fuels L.L.C. works closely with the wood producers and suppliers on open-market wood deliveries to ensure that ecosystems are not harmed and that monitoring of harvesting is conducted by the supplier (Beasley Timber Management). FRAM Renewable Fuels and Beasley Timber Management have a procedure in place to monitor logger compliance to state BMPs. Forest residues are a by-product of the timber harvest. The removal of forest residues usually occurs at time of harvest. In the 6-state Fram supply basin, the harvesting of forest residues is falls under the same BMP requirements as standing timber. All federal, state and local regulations apply to the removal of forest residues in the 6-state supply area. The use of trained loggers and state BMPs result in a high level of environmental compliance as evidenced in various State BMP compliance reports of 90% or better. Fram's contracts with all suppliers, both primary and secondary, require the use of trained loggers and compliance with BMPs. Fram has contracts with 100% of its suppliers. This has been reviewed by the CB. The supplier contract, which is a strong mitigation measure for Fram, has also been thoroughly reviewed by the CB. The Fram SBE does consider, and cover, primary and secondary suppliers. The intent here is not to dismiss the fact that secondary suppliers are not responsible for proper

	harvesting of forest residues. For secondary suppliers (sawmills), the forest residues are of lesser importance. Tops, the top piece of a log, would be the forest residue that may or may not be hauled to a pulpmill or pellet mill. Often, tops are left in the woods due to a lack of markets. With regard to Hazlehurst, where Fram is buying roundwood and tops direct from the forest (through BTM), we have an additional check to make sure that the tracts are being properly harvested and in BMP compliance by randomly inspecting harvested tracts.
Means of Verification	Review of Fram documents - FRF-DP-04, FRF-DP-05, FRF-SBP-DP-08, state BMP results FRAM Renewable Fuels L.L.C. encourages the use of the Biomass Harvesting BMP's developed for the State of South Carolina by timber harvesting operators. Even though FRAM Renewable Fuels L.L.C. does not source roundwood material from South Carolina, the Biomass Harvesting BMPs represent "good practice" are encouraged.
Evidence Reviewed	FRF-DP-04, FRF-DP-05, FRF-SBP-DP-08, state BMP results The South Carolina Biomass Harvesting BMPs can be found at: http://www.trees.sc.gov/mbiomasssupp.pdf
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	Strong US environmental and water quality laws and regulations minimize the risk to ecosystems. In addition, all states have strong BMPs which protect forest sites during timber harvest and road building. Biannual BMP audits for all states in the Fram Supply Base show a high percentage of compliance to BMPs. South Carolina Biomass Harvesting BMPs sent to Beasley Timber Management Procurement Forester

	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	Each State Forestry Agency/Commission conducts periodic BMP implementation monitoring. BMP compliance has been documented to be 84-99%, for Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee. Forestry practices were evaluated by the Georgia Forestry Commission in 2017 as part of the Statewide Forestry BMP Survey. 232 sites were evaluated. Of the **6044 individual BMPs evaluated, the statewide percentage of correct implementation was 93.17 percent. This is a 2.04 percentage point improvement in BMP implementation from the 2015 survey.** By ownership, the percentage of BMP implementation statewide was 95.35 percent on corporate lands, 96.21 percent on public lands and 91.71 percent on NIPF lands. Public lands remained at the same exact high level from 2015, while

	corporate and NIPF lands both improved nearly two percent from the good levels seen in 2015 **Of particular interest is that the number of Water Quality Risks observed decreased from 63 to 51**, for an improvement of 19.05%. The average ratio of Water Quality Risks per site for the 2017 survey is calculated at 0.22, which is lower than the 0.30 risks per site seen in the 2015 BMP Survey. The fact is that the forestry community's BMP implementation rate for streamside management zones is 93%. Forest owners continue to do an excellent job of protecting these sensitive areas. In addition, with a 93% overall statewide BMP implementation rate, forest operators as a whole are doing a good job of implementing forestry BMPs. Findings for other states in the SB are also indicate high BMP compliance rates. The report from the Southern Group of State Foresters (SGSF) in 2012 reported high rates of BMP compliance: http://www.forestry.alabama.gov/PDFs/SGSF_BMP_Report_2012.pdf. Seven BMP categories were considered in the report and covered 11 states in the southern region. Alabama, Arkansas, Georgia, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee and Virginia where among those studied. Overall, the southern region BMP implementation average increased from 87% in 2008 to 92% in 2012.
Means of Verification	Sate BMP results, supply agreements, BMP inspection results by BTM
Evidence Reviewed	A recent Technical Bulletin 966 (September, 2009) issued by the National Council for Air and Stream Improvement (NCASI) has reported high levels of compliance with water quality laws and BMP requirements across the U.S: (http://www.ncasi.org/Publications/Detail.aspx?id=3204). State BMP Manuals prescribe best practices to avoid water quality impacts. The State BMP Manuals for forestry are contained below: Alabama: http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf Florida: http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf Georgia: http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf North Carolina: http://ncforestservice.gov/publications/WQ0107/BMP_manual.pdf South Carolina: http://www.state.sc.us/forest/bmpmanual.pdf Tennessee: http://www.tn.gov/agriculture/publications/forestry/BMPs.pdf
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
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	The only potential adverse impact to air quality from forestry activities would be from prescribed burning. Permits or authorization are required in Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee. Air quality and smoke management concerns are reported to be factors in limiting the ability to apply prescribed fire, which is critical to maintaining Longleaf Pine ecosystems and managing for dependent wildlife species that are a concern of conservation organizations. Prescribed fire is regulated by the following State Forestry Commissions: Alabama: http://www.forestry.state.al.us/BurnPermitLaw.aspx?bv=1&s=1 Florida: http://www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/Wildland-Fire/Resources/Fire-Tools-and-Downloads/Web-Based-Open-Burn-Authorization-Request-WebOBA Georgia: http://www.gfc.state.ga.us/online-permits/index.cfm North Carolina: http://ncforestservice.gov/burn_permits/burn_permits_main.htm South Carolina: http://www.state.sc.us/forest/fireburn.htm Tennessee: http://burnsafetn.org/burn_permit.html
Means of Verification	State agency websites, evidence of citations, state BMPs
Evidence Reviewed	See above
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **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	Chemicals applied commercially are strictly regulated and trained and licensed applicators must be used. FRAM Renewable Fuels L.L.C. has no involvement in the decision to use or not use forest chemicals and relies on Federal and State laws and regulations.

	State BMP Manuals address the application of chemicals and prescribe best practices to avoid water quality impacts. The State BMP Manuals for forestry are contained below: Alabama: http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf Florida: http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf Georgia: http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf North Carolina: http://ncforestservice.gov/publications/WQ0107/BMP_manual.pdf South Carolina: http://www.state.sc.us/forest/bmpmanual.pdf Tennessee: http://www.tn.gov/agriculture/publications/forestry/BMPs.pdf See EPA website for regulation of forest chemicals under FIFRA. U. S. Environmental Protection Agency home page U. S. Environmental Protection Agency's Office of Water home page FRAM Renewable Fuels L.L.C. contributes to Integrated Pest Management (IPM) through its utilization of low valued and low quality forest and mill residues that would otherwise contribute to fire, insect and disease problems. Pest management programs are administered by the State Forestry Agencies/Commissions. Alabama: http://www.forestry.state.al.us/ Florida: http://www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/Our-Forests/Forest-Health Georgia: http://www.gfc.state.ga.us/forest-management/forest-health/ North Carolina: http://www.ncforestservice.gov/forest_health/forest_health.htm South Carolina: http://www.state.sc.us/forest/id.htm Tennessee: http://www.tn.gov/agriculture/forestry/foresthealth.shtml
Means of Verification	Existing regulation, BMP results, supplier contracts
Evidence Reviewed	Existing regulation, BMP results, supplier contracts
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	Chemicals applied commercially are strictly regulated and trained and licensed applicators must be used. Chemical and/or mechanical site preparation is typically used to manage the less desirable hardwood species and herbaceous species at stand establishment. Chemical treatments are minimal or below label rates; do not kill all competing species and last about two years so the pine seedlings can become established. Anyone familiar with chemical site prep in the BP's supply basin can confirm that the chemicals used are listed for forestry and applied at minimum rates by licensed applications. This method has

	been a key management tool for pine establishment the past 30 years. Each State forest agency has a Forest Health and Pest Control Division that monitors forest health and determines appropriate actions.

	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	FRAM Renewable Fuels L.L.C. requires that its supplier implement BMPs to minimize negative impacts on forest ecosystems. Otherwise, the company has no involvement in forest harvesting methods and relies on State BMP programs. Many of Fram's larger suppliers have procurement organizations that are SFI certified. These companies then require the monitoring of trash removal through BMP monitoring reports.
Means of Verification	State BMPs require the removal of garbage and other wastes. Alabama: http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf Florida: http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf Georgia: http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf North Carolina: http://ncforestservice.gov/publications/WQ0107/BMP_manual.pdf South Carolina: http://www.state.sc.us/forest/bmpmanual.pdf Tennessee: http://www.tn.gov/agriculture/publications/forestry/BMPs.pdf
Evidence Reviewed	Contracts, internal BMP audits from BTM and sawmill suppliers,
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	

<table>
<tr><th></th><th>Indicator</th></tr>
<tr><td>2.3.1</td><td>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.</td></tr>
<tr><td>Finding</td><td>FRAM Renewable Fuels L.L.C.’s procurement of forest and mill residual material contributes to reducing environmental impacts and enhancing the productivity of forests. Markets for low valued wood products allow for more efficient and cost-effective site preparation and reforestation.

The latest forest inventory data for the States of Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee indicate that softwood and hardwood inventories are remaining stable or slightly increasing. Total forestland in the State of Georgia has remained relatively stable since the 1950’s.

USFS FIA DATA >= 5" DBH Live trees on Forest Land

<table>
<tr><th>State</th><th>County</th><th>Growth</th><th>Removals</th><th>Ratio</th></tr>
<tr><td>AL</td><td>All</td><td>2,032,471,887</td><td>1,271,811,772</td><td>1.6</td></tr>
<tr><td>FL</td><td>All</td><td>962,501,033</td><td>532,990,909</td><td>1.8</td></tr>
<tr><td>GA</td><td>All</td><td>1,988,906,880</td><td>1,374,740,587</td><td>1.4</td></tr>
<tr><td>NC</td><td>All</td><td>1,650,715,953</td><td>898,868,563</td><td>1.8</td></tr>
<tr><td>SC</td><td>All</td><td>1,306,833,899</td><td>868,192,671</td><td>1.5</td></tr>
<tr><td>TN</td><td>All</td><td>701,611,293</td><td>408,679,751</td><td>1.7</td></tr>
</table></td></tr>
<tr><td>Means of Verification</td><td>The US Forest Service conducts regular forest inventory surveys of the Southern US states. This information is available online for analysis as well as many prepared reports which detail timber growth and removal down to the county level in each state
State Forest Inventory & Analysis (FIA) Updates and Fact Sheets are available on-line:
Alabama: http://www.srs.fs.usda.gov/pubs/su/su_srs042.pdf
(Total volume of all growing-stock trees rose 154 percent between 1953 and 2010)
Florida: http://www.srs.fs.usda.gov/pubs/su/su_srs043.pdf
Georgia: http://www.gfc.state.ga.us/forest-management/private-forest-management/forest-inventory/index.cfm
North Carolina: http://www.srs.fs.usda.gov/pubs/su/su_srs080.pdf
South Carolina: http://www.srs.fs.usda.gov/pubs/su/su_srs041.pdf
Tennessee: http://www.tn.gov/agriculture/publications/forestry/TN-FIA-Factsheet_2011.pdf</td></tr>
<tr><td>Evidence Reviewed</td><td>Public data, harvesting and growth to drain data</td></tr>
<tr><td>Risk Rating</td><td>☒ Low Risk ☐ Specified Risk ☐ Unspecified Risk at RA</td></tr>
<tr><td>Comment or Mitigation Measure</td><td></td></tr>
</table>

	Indicator
2.3.2	Adequate training is provided for all personnel, including employees and contractors (CPET S6d).
Finding	FRAM Renewable Fuels L.L.C. conducts in-depth internal training for all responsible and affiliated personnel. FRAM Renewable Fuels L.L.C. requires its wood suppliers to utilize trained loggers. Virtually all logging contractors across the region are considered Qualified Logging Professionals due to the SFI Fiber Sourcing Standard requirements. FRAM Renewable Fuels L.L.C. encourages its indirect Wood Producers to encourage their contractors to attend logger training courses. OSHA laws require mandated safety training for all mill personnel as well as forest workers on an annual basis.
Means of Verification	Training sign-in sheets, Safety meeting records, MTH database and other records, OHSA Safety laws
Evidence Reviewed	Training sign-in sheets, OHSA logs
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
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	Harvesting for low valued biomass fuel makes a significant contribution to employment by loggers, harvesters and processors, trucking companies and income to landowners. Local harvesting contractors are always used. Improved utilization results in other economic benefits to landowners in reducing site preparation costs and making reforestation more affordable. Fram Renewable Fuels' pellet mills contribute to the local economy in the towns that they are located in by providing local employment and using local businesses. The economic contribution of forestry to the States of Alabama, Florida, Georgia, North Carolina, South Caroline and Tennessee economies is substantial. Forestry is usually either # 1 or #2 in the States in terms of economic impact.

Means of Verification	Alabama: http://forestryimpacts.net/reports/alabama Florida: www.forestryimpacts.net/reports/florida Georgia: www.forestryimpacts.net/reports/georgia South Carolina: http://forestryimpacts.net/reports/south-carolina North Carolina: http://forestryimpacts.net/reports/north-carolina Tennessee: http://forestryimpacts.net/reports/tennessee
Evidence Reviewed	State economic data
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	Our operations provide a market for landowners who grow timber, harvest and replant while providing employment to many direct and indirect people in our community. Our wood market is another economic driver to promote sustainability as everyone works towards a long success and benefit to the local economy and well-being of its citizens

	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	Strong demand for wood products provides landowners an incentive to keep their lands in forest cover. FRAM Renewable Fuels L.L.C. and affiliated facilities directly and indirectly contribute to the health and vitality of the forest resource and dependent communities. The latest forest inventory data for the States of Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee indicate that softwood and hardwood inventories are increasing over the long term, with some yearly fluctuations. Based on USDA Forest Service data, forest land area has remained unchanged at 23-24 million acres since the 1950s but during the same period the wood volume on those acres has increased from 17 billion cuft to 41 billion cuft. This was achieved by education, training, natural tree selection/improvements, replanting superior seedlings and a growing wood market that provided landowners the return on their investment to continue funding forest management activities. State forest agencies, in particular the Georgia Forestry Commission, Florida Forest Service, South Carolina Forestry Commission and Alabama have very active state forestry agencies that monitor forests for wildfires, Southern Pine Beetle, and other pests. There are also federal cost-sharing programs that are administered by state forestry agencies that provide private landowners assistance with tree planting, prescribed burning, invasive species removal, and management plan development that promote healthy, productive forests. An active and robust forest market industry such as those in Georgia and Florida is also good protection against fire and disease. Fram Renewable Fuels L.L.C. has reviewed the Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee Statewide Forest Resource Assessments, inventory updates and supports the State Action Plans addressing forest health. Alabama: http://www.forestry.alabama.gov/AlabamaForestActionPlan.aspx?bv=2&s=3 Florida: http://forestactionplans.org/states/florida Georgia: http://www.gatrees.org/about-us/strategic-plan/GAStateAssessment-6-17-10.pdf North Carolina: http://forestactionplans.org/states/north-carolina

	South Carolina: http://forestactionplans.org/states/south-carolina Tennessee: http://www.tn.gov/agriculture/publications/forestry/TN-FAP_Brochure.pdf
Means of Verification	State forestry agencies' data, websites, USFS FIA data, BMP survey results, supplier contracts,
Evidence Reviewed	State forestry agencies data, websites, USFS FIA data, BMP survey results, supplier contracts
Risk Rating	X **Low Risk** ← **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	Fram's standard operating procedure (SOP) for FSC/PEFC along with strong environmental laws and regulations and a high level of BMP compliance moves 2.4.1 from Specified Risk to Low Risk.

	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	Increased wood utilization directly results in a reduction in fires, pests and diseases. FRAM Renewable Fuels L.L.C. works with, and supports through taxes, the Georgia, Forestry Commission to monitor and manage to prevent forest fires, pest and diseases. Fram also supports and works with the Alabama, Florida, North Carolina, South Carolina and Tennessee Forestry Commissions/Service as requested. Fram also supports the state Forestry Associations and Forest Landowner Association which also address these issues. The Georgia Forestry Commission website (http://www.gfc.state.ga.us/forest-fire/) addressing forest fires states that it is responsible for wildfire suppression in the State. By State Law, the Forestry Commission is responsible for fire. All taxpayers in the State, including FRAM, pay taxes that support the firefighting efforts of the Commission. The relevant sections of the Commission's website: The Georgia Forestry Commission (GFC) is responsible for all wildfire suppression in the State of Georgia. Georgia averages over 8,000 wildfires annually with an average size of 4-5 acres per fire. Careless debris burning is the leading cause of wildfires in Georgia. 13.5.1 Personnel and Equipment GFC wildland firefighters, known as rangers, are professionally trained to National Fire Industry Competencies. Newly hired rangers receive basic training in firefighting operations with particular emphasis to safety and survival, firefighting techniques, fire behavior, weather, environmental care principles, and use and care of firefighting equipment. Skills are developed and maintained through field exercises, lectures and training alongside more experienced personnel. GFC personnel are prepared to respond as needed 24 hours a day, 7 days a week, 365 days a year. Dispatchers take fire calls during non-business hours.

	It should be noted that FRAM does not own forest land and does not have responsibility for forest management. Thus, the Certification Manager has no opportunity to monitor insect disease outbreaks, prevent or control forest fires, or otherwise manage such landscape scale forestry issues. The company has no firefighting equipment and cannot control insects and diseases on the property of private family forest owners. FRAM, as stated in our Supply Base Evaluation, can indirectly influence fuel loadings and forest health through its active utilization of low grade conifer roundwood and residuals. Active utilization reduces wood that would otherwise be left in the forest that could contribute to wildfire and insect outbreaks. Forest management, which includes timber harvesting, helps to keep forests healthy by encouraging growth, removing diseased trees and minimizing tree stresses which may make the stand more susceptible to insects and disease. This is a common forestry principle of southern US forest management which the TC should have an understanding of. FRAM, as well as all other wood pellet organizations in the U.S., are required by law to rely on the State Forestry Commissions that have active forest health and fire control programs that are administered on all state and private lands. For example, the Georgia Forestry Commission has a substantive budget, personnel and equipment to prevent and fight forest fires within the State. Another priority of the Forestry Commissions is to monitor, detect and control insects and diseases. See the Georgia Forestry Commissions website addressing forest health: http://www.gfc.state.ga.us/forest-management/forest-health/ The U.S. Forest Service also provides funding to State Forestry Commissions through its State & Private Forestry Programs. See the US Forest Service website addressing fire prevention and control and forest health. https://www.fs.fed.us/spf/ In addition, FRAM is active in state forestry associations that represent private forest owners and the wood products industry and works with the forestry commissions to address fire and forest health issues for all landowners. FRAM funds the Georgia Forestry Association that employ full-time personnel to work with the forestry commission. The Georgia Forestry Association's website is: http://gfagrow.org/ These are the methodologies, control measures and means of verification that FRAM must rely on to address public resource issues like fire, insects and disease. To summarize all of these components would be overly complex and time consuming. The infrastructure of forestry and the appropriate roles and responsibilities of Federal and State agencies is commonly understood by the forestry community in the U.S. FRAM believes that it is the responsibility of auditors and other assessors to have a basic understanding of these programs and infrastructure.
Means of Verification	Fram Renewable Fuels L.L.C. personnel have active membership in various forestry organizations, regional data, attending forestry meetings
Evidence Reviewed	State forestry websites, interviews with Fram personnel
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**

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	FRAM Renewable Fuels L.L.C.'s Sustainable Forestry Policy (FRF-DOC-02) and Sustainable Biomass Policy (FRF-SBP-DP-03) address legality and compliance with applicable laws and regulations. Alabama, Florida, Georgia, South Carolina, North Carolina and Tennessee Forestry Commissions/Forest Service have law enforcement divisions that address illegal trespass, timber theft, forest arson and illegal encroachment on private lands. The FSC NRA has concluded Low Risk for Cat 1 – Illegal Logging. Thus, the FSC US National Risk Assessment does not further address the issue because all parties have recognized it as a non-issue. In addition, FRAM has presented detailed evidence in its Risk Assessment demonstrating that illegal and unauthorized activities in the forest do not occur and are considered Low Risk. FRAM is implementing the FSC and PEFC Chain of Custody and Due Diligence Systems as additional assurance that illegal and unauthorized activities are Low Risk. All of those procedures and evidence are presented in the documents that were submitted to the independent auditor and confirmed as Low Risk. FRAM has adopted a policy statement of commitment to legal compliance. There have been no enforcement actions, notices to comply or other evidence of illegal activities. These records presented during the independent audit, all demonstrate and provide additional evidence of Low Risk of illegal activities. The AHEC Legality Study also concluded Low Risk to the threat of legality. The conclusion was based on the determination that there was no reported systemic illegal logging. The state forestry agencies in the SB have active law enforcement divisions that address timber theft, illegal trespass, forest arson and illegal encroachment on private lands. State SFI implementation committee and state forestry associations also address these issues.
Means of Verification	Contracts, maps, online searches related to timber theft.
Evidence Reviewed	Contracts, state forestry agency data
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
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	FSC/PEFC Chain of Custody and Controlled Wood Certificates provide sufficient objective evidence of conformance to the Indicator. The FSC NRA has concluded Low Risk for Category 2 – Wood harvested in violation of traditional or human rights. There are 3 Federally recognized tribes located within the Fiber Supply Area: the Poarch Band of Creek Indians of Alabama, the Catawba Indian Nation in South Carolina and the Eastern Band of Cherokee Indians in North Carolina. The Cherokee Tribe is in North Carolina, is outside of the Roundwood Supply Base. In addition, the Cherokee have their own independent reservation of 56,000 acres. The tribe is recognized as a sovereign nation that has an active forestry and economic development program. See the Bureau of Indian Affairs website for the Eastern Region: http://www.bia.gov/WhoWeAre/RegionalOffices/Eastern/index.htm Also see the Cherokee Tribe website for information on the economic development activities of the tribe. http://www.cherokeesmokies.com/about_cherokee.html The Fram FSC/Controlled Wood Wood Risk Assessment concludes: "There are recognized and equitable processes in place to resolve conflicts of substantial magnitude pertaining to traditional rights including use rights, cultural interests or traditional cultural identity in the district concerned."
Means of Verification	FRF-DP-04 (FRAM Renewable Fuels Controlled Wood Due Diligence document), FRF-DP-05 (FRAM Renewable Fuels FSC/PEFC Risk Assessment), stakeholder consultation
Evidence Reviewed	FRF-DP-04 (FRAM Renewable Fuels Controlled Wood Due Diligence document), FRF-DP-05 (FRAM Renewable Fuels FSC/PEFC Risk Assessment), stakeholder consultation
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	

	Indicator
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	FSC/PEFC Chain of Custody and Controlled Wood Certificates provide sufficient objective evidence of conformance to this Indicator.

	No subsistence level communities are present across the supply base where the use of the wood feedstock is essential to fulfill basic human needs. Therefore, this Indicator is not applicable and is outside the scope of FRAM Renewable Fuels L.L.C.'s SBP Program. As such, it is considered Low Risk. A very broad stakeholder consultation and involvement process did not uncover any entities or organizations with the view that any such subsistence level communities exist across the supply base. The Statewide Forest Resource Assessment cited elsewhere in the volumes of SBP evidence had not identified any such subsistence communities.
Means of Verification	FSC/PEFC Chain of Custody and Controlled Wood Certificates, Stakeholder outreach
Evidence Reviewed	FSC/PEFC Chain of Custody and Controlled Wood Certificate, Stakeholder outreach
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **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	FSC/PEFC Chain of Custody and Controlled Wood Certificates provide objective evidence of conformance related to having systems in place to resolve grievances and disputes. FRAM Renewable Fuels L.L.C. has a formal process for receiving and responding to public inquiries, particularly those that potentially relate to practices that may be inconsistent with the FSC/PEFC and SBP Standards (FRF-DP-12). FRAM Renewable Fuels L.L.C. has a formal Complaints Procedure for addressing substantiated public concerns related to Controlled/Controversial Wood (FRF-SBP-DP-11). Workers may file a complaint to have OSHA inspect their workplace if they believe that their employer is not following OSHA standards or that there are serious hazards. Employees can file a complaint with OSHA by calling 1-800-321-OSHA (6742), online via eComplaint Form, or by printing the complaint form and mailing or faxing it to your local OSHA area office. Complaints that are signed by an employee are more likely to result in an inspection.
Means of Verification	FRF-DP-12, FRF-SBP-DP-11, FRF-SBP-DP-12, OSHA Laws, Company policies
Evidence Reviewed	FRF-DP-12, FRF-SBP-DP-11, FRF-SBP-DP-12
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **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	FSC/PEFC Chain of Custody and Controlled Wood Certification provides objective evidence of conformance addressing Freedom of Association. The FSC Self-Declaration Policy addresses the ILO Principles (FRF-DOC-02). The FSC ILO Policy recognizes the pre-eminence of U.S. and State laws and regulations in meeting the intent of the ILO Core Conventions. U.S. law clearly specifies rights to collective bargaining and freedom of association. http://www.dol.gov/dol/aboutdol/history/amworkerconclusion.htm Supply Agreements/Contracts specify compliance with applicable U.S. and state labor laws and regulations (FRF-SBP-DP-08). FRAM firmly believes that U.S. laws and regulations fully address the intent of the social law requirements of the SBP addressing: 1) freedom of association, 2) compulsory labor, 3) child labor, 4) discrimination and 5) fair labor standards. FRAM has presented evidence that it has the following management system and program elements in place to demonstrate Low Risk of violating any of the applicable U.S. laws and the SBP requirements. Those management system elements addressed throughout the documents and procedures include: 1) a Policy Statement of Commitment to legal compliance, 2) a signed Self-Declaration to associate with FSC including the above social issues, 3) access to all applicable laws and regulations as documented in the Supply Base Evaluation, 4) contract provisions with suppliers requiring legal compliance, 5) training of responsible FRAM personnel, 6) internal monitoring and auditing of conformance to applicable laws and certification requirements, 7) corrective and preventive action procedures to address any non-compliance issues, 8) annual management reviews of compliance issues, and 9) independent certification to numerous standards including SBP, FSC and PEFC.
Means of Verification	Contracts, FSC/PEFC chain of Custody, Equal Opportunity Employment Act, National Labor Relations Act, ITUC Survey of Trade Unions Rights Violations
Evidence Reviewed	Contracts, ITUC Survey of Trade Unions Rights does not indicate violations in the forest industry
Risk Rating	X **Low Risk** ☐ **Specified Risk** ☐ **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	FSC/PEFC Chain of Custody and Controlled Wood Certification provides objective evidence of conformance addressing the elimination of compulsory labor. FRAM Renewable Fuels L.L.C. has conducted a Controlled Wood Risk Assessment (FRF-DP-05) covering this issue and concluded that: "There is no evidence of child labor or violation of ILO Fundamental Principles and Rights at work taking place in forest areas in the district concerned." See 2.7.1 above.
Means of Verification	Verification of posting of mandatory Labor Law poster on sites, contracts, review of supplier policies during periodic audits
Evidence Reviewed	FRF-DP-05 (Controlled Wood Risk Assessment), employee handbooks/polices
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **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	FSC/PEFC Chain of Custody and Controlled Wood Certification provides objective evidence addressing child labor. Child Labor laws and regulations are enforced by the U.S. Department of Labor: http://www.dol.gov/dol/topic/youthlabor/ FRAM Renewable Fuels L.L.C. has completed a Controlled Wood Risk Assessment (FRF-DP-05) that covers this issue: "There is no evidence of child labor or violation of ILO Fundamental Principles and Rights at work taking place in forest areas in the district concerned." See 2.7.1 above.
Means of Verification	Verification of posting of mandatory Labor Law poster on sites, contracts, review of supplier policies during periodic audits
Evidence Reviewed	Company policy, Employee handbook, Posting of Labor Law poster
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **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	FSC/PEFC Certificates provide objective evidence of elimination of discrimination in employment. The Federal Equal Opportunity Act provides rights to workers. U.S. anti-discrimination laws and regulations are enforced by the Department of Labor: http://www.eeoc.gov/facts/qanda.html FRAM Renewable Fuels L.L.C. has completed an FSC Controlled Wood Risk Assessment that concludes: "Based upon the risk assessment and evaluation of available information, there is a "low risk" that any wood that is sourced into FRAM Renewable Fuels L.L.C.'s facilities is in violation of traditional, civil and indigenous peoples' rights." FRAM firmly believes that U.S. laws and regulations fully address the intent of the social law requirements of the SBP addressing: 1) freedom of association, 2) compulsory labor, 3) child labor, 4) discrimination and 5) fair labor standards.
Means of Verification	Postings of Labor Law poster, Employee Handbook, Company policies
Evidence Reviewed	Postings of Labor Law poster, Employee Handbook, Company policies
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	

	Indicator
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	FRAM Renewable Fuels L.L.C. contracts with its wood producers and suppliers to supply wood and fiber for use in wood pellets. Contractors can attest to the fact that pay and employment conditions meet or exceed minimum requirements. The Supply Agreement (FRF-SBP-DP-08) specifies contract conditions and compliance with Department of Labor regulations.

	Refer to the U.S. Fair Labor Law website: http://www.flcdatacenter.com/
Means of Verification	See above, contracts
Evidence Reviewed	Contracts
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **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	FRAM Renewable Fuels L.L.C.'s Supply Agreement/Contract (FRF-SBP-DP-08) provisions address worker compensation insurance coverage. FSC/PEFC Certificates provide objective evidence of conformance with health and safety laws and regulations. Review of safety programs – most topics are required by OSHA. he United States has laws to protect all workers, including forest workers. These laws protect forest workers' rights and their health and safety while on the job. Logging contractors also are insured and have insurance representatives that come out to the site to validate the safety of the forest workers. There are also regional Logger organizations which offer continuing education and support to the logger workforce.
Means of Verification	FSC/PEFC Certificates, Monthly safety programs, supplier contracts Refer to the OSHA Logging Safety website: https://www.osha.gov/SLTC/logging/
Evidence Reviewed	FSC/PEFC Certificates, Monthly safety programs, supplier contracts Refer to the OSHA Logging Safety website: https://www.osha.gov/SLTC/logging/
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	Fram pellet mills also require mill employees to wear PPE and attend regular safety meetings. Fram pellets mills have contractors that also help manage the safety program and deliver the safety programs to employees

	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	Neither Fram nor its suppliers harvest on peatlands or wetlands. Section 404 of the Clean Water Act prohibits new draining of wetlands although previously drained areas can be maintained. Furthermore, ditching, draining, or filling in of wetlands requires a permit from the State and even when a permit is granted these activities cannot change the hydrologic condition or overall drainage or flow patterns of the wetlands or forest lands immediately adjacent to wetlands. Fram's supply agreement requires suppliers to comply with BMPs and all local, state, and federal laws. Fram has inspection controls in place to monitor BMP compliance as well as monitoring GFC and FFS compliance surveys. Hazlehurst, Telfair and Archer (and secondary suppliers supplying these mills) are sourcing from areas that have been in pine production for many years and are at low risk for being harvested from peatlands or wetlands. HCV areas in Florida, such as the Apalachicola Basin, contain multiple protected areas. Florida also maintains Water Management Districts that focuses on management of water resources and manages the Save Our Rivers Program. The Okefenokee Swamp, located in Georgia, has been protected as a National Park and there are various state parks that conserve swamp/peatland areas in Southeast Georgia as well. The only high carbon stock lands in the Fram Supply Basin are wetlands or swamps (peatlands) which are strongly protected by Federal laws and BMPs. Note that Fram suppliers hauling into Hazlehurst, Archer or Telfair (the mills in question in this exercise) are 100% pine and would not generally be growing in wetlands or peatlands which tend to be predominately hardwoods.
Means of Verification	In the Southeastern US, high carbon stocks are considered to be swamps and wetlands. We do not have old growth forests, which might also be considered “high carbon stock”. A paper by the USFS Forest Inventory Analysis describes the carbon stocks in Region 8 (SE US) as increasing: https://www.fs.fed.us/climatechange/documents/SouthernRegionCarbonAssessmentTwoBaselines.pdf
Evidence Reviewed	Supply Agreement/Contract provisions requiring BMPs ensure that Peat areas and high carbon stocks are not negatively impacted (FRF-SBP-DP-08)
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	The only high carbon stock lands in the Fram Supply Basin are wetlands or swamps (peatlands) which are strongly protected by Federal laws and BMPs. Note that Fram suppliers hauling into Hazlehurst, Archer or Telfair (the mills in question in this exercise) are 100% pine and would not generally be growing in wetlands or peatlands which tend to be predominately hardwoods. Hardwood feedstock into Appling complies with BMPs. The Okefenokee Swamp, which is a peatland and located in SE Georgia, is federally protected. State BMPs and Federal US Water Quality laws protect swamp lands in the Fram Supply Base area.

	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	Research is available that demonstrates that forest management in the U.S. does not diminish the capability of the forest to serve as carbon sinks. Forests are shown to serve as a carbon sink and offset 13% of carbon emissions from the burning of fossil fuel. http://www.fia.fs.fed.us/forestcarbon/docs/CarbonReport_OnlineDraft-opt.pdf Research addressing harvest impacts on soil carbon storage in temperate forests indicates that there are no significant impacts on mineral soils and their capacity to serve as carbon sinks. See Forest Ecology and Management research article: http://www.nrs.fs.fed.us/pubs/jrnl/2010/nrs_2010_nave_001.pdf Reports by the USDA USFS Southern Research station also show that pine volumes have increased since 2008, showing that there has been no net release of carbon. Forecasts in the resource assessment are for the growth to removal ratio to remain above 1.0 going forward. Also as stated many times, state BMPs monitoring shows very high levels (90%+) of BMP compliance and the avoidance of impacts to water quality and quantity that wetlands containing carbon depend upon.
Means of Verification	Alabama: http://www.adem.state.al.us/programs/water/forestry.cnt Florida: http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf Georgia: http://www.gfc.state.ga.us/forest-management/water-quality/bmps/2011BMPSurveyResults.pdf North Carolina: http://ncforestservice.gov/publications/WQ0107/BMP_manual.pdf South Carolina: http://www.state.sc.us/forest/bmpmanual.pdf Tennessee: https://www.tn.gov/agriculture/publications/forestry/BMPimpl2013.pdf Carbon stocks are available at: http://www.fia.fs.fed.us/forestcarbon/ See U.S. Forest Service website: http://www.fs.usda.gov/ccrc/topics/forest-carbon
Evidence Reviewed	FIA data, third party reports
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	

	Indicator
2.10.1	Genetically modified trees are not used.
Finding	The FSC/PEFC Controlled Wood Risk Assessment confirms that GMOs are not used (FRF-DP-05). The FSC NRA concludes Low Risk for Category 5 – Use of GMOs. FRAM Renewable Fuels L.L.C. did not find its wood supply areas on any lists contained in the FAO preliminary review of biotechnology in forestry: http://www.fao.org/docrep/008/ae574e/AE574E00.HTM The Global Forest Registry (www.globalforestregistry.org) indicates the US may be considered Low Risk in relation to wood from GMO trees.
Means of Verification	Third-party data
Evidence Reviewed	Controlled Wood Risk Assessment (FRF-DP-05), FAO report
Risk Rating	☒ **Low Risk** ☐ **Specified Risk** ☐ **Unspecified Risk at RA**
Comment or Mitigation Measure	The use of GMO seedlings is not in the mainstream of forest industry for operational use. There are no operational GMO forests or stands in the US.