

SBP

Sustainable Biomass Partnership

NSF International Evaluation of Hazlehurst Wood Pellets, LLC and Fram Renewable Fuels, LLC Compliance with the SBP Framework: Public Summary Report

www.sustainablebiomasspartnership.org



Completed in accordance with the CB Public Summary Report Template Version 1.0

*For further information on the SBP Framework and to view the full set of documentation see
www.sustainablebiomasspartnership.org*

Document history

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1 Overview

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Primary contact for SBP: Norman Boatwright, nboatwright12@gmail.com, 843.229.1851

Report completion date: 06/Jun/2016

Report authors: Norman Boatwright, LA and Tina Sentner, GHG Auditor

Certificate Holder: Hazlehurst Wood Pellets, LLC 430 Hulett-Wooten Farms Road,
 Hazlehurst, GA 31539 and Fram Renewable Fuels, L.L.C. 19 Farmer
 St Hazlehurst, GA 31539

Producer contact for SBP: Elizabeth van Tilborg, vantilborg@framfuels.com, 912-617-2031

Certified Supply Base: The States of Alabama, Georgia, North Carolina, South Carolina and
 Tennessee and the northern portion of Florida

SBP Certificate Code: SBP-02-07

Date of certificate issue: 19/May/2017

Date of certificate expiry: 18/May/2022

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

The manufacture of wood pellets and subsequent management of pellet transport, storage and sales by Fram Renewable Fuels, L.L.C. including transport by truck and rail to the ports of Brunswick and Savannah, GA and the co-mingling of SBP-complaint biomass at the ports; including Standards 1, 2, 4 and 5 for the Hazlehurst, GA facility. The SBP Standard certification number is SBP-02-07.

3 Specific objective

The specific objective of this evaluation was to confirm that Hazlehurst Wood Pellets, LLC and Fram Renewable Fuels L.L.C. management system are capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

Note: Hazlehurst Wood Pellets is wholly owned by Fram Renewable Fuels L.L.C. which also wholly owns Appling County Pellets, LLC and jointly owns Telfair Forest Products, LLC. Fram has developed the procedures, policies and supporting documents to administer the SBP program for all three (3) facilities. All input material is purchased and controlled by FRF. The pellet production process is controlled by the mills and all transport, storage and sales are handled by FRF. FRF handles all of the administration processes and certification requirements. The SBP audit covered both FRF and the mill and port processes. FRF maintains ownership from the point of production through being loaded on a ship.

4 SBP Standards utilised

4.1 SBP Standards utilised

- Standard 1: Feedstock Compliance Standard, Version 1.0, March 2015
- Standard 2: Verification of SBP-Compliant Feedstock, Version 1.0, March 2015
- Standard 4: Chain of Custody, Version 1.0, March 2015
- Standard 5: Collection and Documentation of Data. Version 1.0 March 2015

These documents can be reviewed at: <http://www.sustainablebiomasspartnership.org/documents/standards-documents/standards>.

4.2 SBP-endorsed Regional Risk Assessment

Not applicable.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

The Company supplies wood fiber to its pellet mill located in Hazlehurst, Georgia. The Company sources pine sawmill residuals (68%) from the states of Georgia, South Carolina and the northern portion of Florida and pine roundwood (32%) from an approximately 90-mile radius around Hazlehurst. Pine is the only species utilized and all roundwood is sourced from a single supplier. The procurement organization consists of a single procurement manager.

Inputs:

Due to the fact that all roundwood input materials are sourced from a single supplier and very few secondary residual suppliers are CoC certified, certified content is not tracked.

100% of the input material is pine.

Outputs:

SBP Compliant Biomass.

5.2 Description of Biomass Producer's Supply Base

The Company purchases softwood fiber from the states of Florida, Georgia and South Carolina. The facility sources from a largely rural area where forestry and agriculture (e.g. forests, crops and 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. 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).

The Company purchases 100% of its fiber from pine roundwood and sawmill residuals.

As previously stated, pine forests dominate the majority of the forests within the supply area. The predominant species for these pine forests include loblolly pine (*Pinus taeda*) and slash pine (*Pinus elliotii*). No species purchased at the facility is listed on the CITES list.

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.

The vast majority of forests in the Company’s supply area are managed according to state forestry best management practices (BMPs). While these BMPs are normally voluntary, all Company suppliers are contractually required to abide by them.

Sustainable forestry certification is present in the Company’s supply basin with approximately 10% of the forest ATFS certified, 10% SFI certified and 3% FSC certified.

The Supply Base Evaluation will be on available on the Company’s website once certification is achieved.

5.3 Detailed description of Supply Base

Supply base

Total Supply Base area (ha):

- 9,359,136 ha Alabama
- 6,140,228 ha Florida
- 10,007,260 ha Georgia
- 7,613,942 ha North Carolina
- 5,250,458 ha South Carolina
- 5,652,310 ha Tennessee

Total ha in Supply Base: 44,023,334

b. Tenure by type (ha): 8,758,760 ha Private Land – Alabama

- 3,990,964 ha Private Land – Florida
- 8,930,272 ha Private Land – Georgia
- 6,337,872 ha Private Land – North Carolina
- 4,604,628 ha Private Land – South Carolina
- 4,713,110 ha Private Land – Tennessee

Total Private Lands (ha): 37,335,605

- 600,376 ha Public Agencies - Alabama
- 2,149,264 ha Public Agencies – Florida
- 1,076,988 ha Public Agencies – Georgia
- 1,276,070 ha Public Agencies – North Carolina
- 645,830 ha Public Agencies – South Carolina
- 939,200 ha Public Agencies – Tennessee

Total Public (ha): 6,687,729.

5.4 Chain of Custody system

The Company is FSC/PEFC Chain of Custody certified. The CoC certificate is a multi-site that covers 3 sites: Baxley, Hazlehurst and Lumber City, GA. The central office functions are managed by Fram Renewable Fuels in Hazlehurst.

The following outsourcers are covered under the Company's CoC certifications:

- Logistec USA, Inc. is a port facility located in Brunswick, GA that stores and loads pellets onto ocean going ships.
- Said Company is a pellet mill located in Sylvania, GA that uses sawmill residual inputs owned and sourced by Fram to produce pellets which are trucked to the ports in Brunswick and Savannah, GA.
- Southeast Maritime Svcs., LLC dba Metro Ports is a port facility located in Savannah, GA that stores and loads pellets onto ocean going ships.

The certification body certifying the Company to the FSC/PEFC chain of custody standards classified all outsourcers as low risk. For SBP, NSF classified all outsourcers as high risk to ensure that the chain of custody control and outsourcing procedures were being implemented properly. On-site visits were conducted to all three (3) facilities.

At the port facilities, employees were interviewed, the material receipt and placement processes were observed and material balance reports were reviewed. The Company will also purchase pellets from other suppliers, have them delivered to the port facilities and mix them with the Company's pellets. The Company will only accept SBP-compliant pellets from its suppliers and has developed a procedure to mass balance the GHG data. The Company will not begin making SBP claims until 2017 when all of its suppliers are SBP certified.

At the Said facility, employees were interviewed, the material receipt, manufacturing and pellet shipping processes were observed and material balance reports were reviewed. The Company controls all input material purchases, transport to the ports, port storage and all sales. Note: The Said facility is covered under the Appling County Pellets, LLC SBP scope.

6 Evaluation process

6.1 Timing of evaluation activities

Date	Location/Method	Activity	Participants
9/21/2015	Planning call	Set Readiness Review date - 2 hours	Norman Boatwright, Elizabeth van Tiborg
12/18/2015	Readiness Review via Call and draft report	Conduct Readiness Review - 10 hours	Norman Boatwright, Elizabeth van Tiborg and Keith Miiddleton
1/21/2016	Email and USPS	Stakeholder Consultation - 4 hours	Dan Freeman
2/22/2016	Certification Audit to Standards 1, 2 and 4	Hazlehurst Plant - 8 hours	Norman Boatwright, Elizabeth van Tiborg, Keith Miiddleton and Chris Tanner
2/22/2016	Site Visit to roundwood Tracts	Hazlehurst Area visit 6 sites	Carey Potter and Andy Roberson
2/23/2016	Certification Audit to Standards 1, 2 and 4	Baxley plant - 8 hours	Norman Boatwright, Elizabeth van Tiborg, Keith Miiddleton and Chris Tanner
2/23/2016	Certification Audit to Standard 5	Hazlehurst Plant - 4 hours	Tina Sentner and Edward Roland
2/23/2016	Certification Audit to Standard 5	Baxley Plant - 4 hours	Tina Sentner and Edward Roland
2/24/2016	Certification Audit to Standards 1, 2 and 4	Lumber City Plant - 4 hours	Norman Boatwright, Elizabeth van Tiborg, Keith Miiddleton and Chuck Odum
2/24/2016	Certification Audit to Standard 5	Lumber City Plant - 4 hours	Tina Sentner and Steve Heath
2/24/2016	Certification Audit to Standards 1, 2, 4 and 5	Hazlehurst - 4 hours	Norman Boatwright, Elizabeth van Tiborg, Tina Sentner and Keith Miiddleton
2/25/2016	Certification Audit to Standards 1, 2, 4 and 5	SAID Outsourcer in Sylvania, GA - 4 hours	Norman Boatwright, Elizabeth van Tiborg, Tina Sentner, Lynn Godbee and Keith Miiddleton
4/17/2016	Standard 5	Information Requests Complete and GHG Audit report finalized - 16 hours	Tina Sentner and John Shideler
6/8-10/2016	Office	Work on Reports	Norman Boatwright
6/13/2016	Brunswick and Savannah, GA Port Facilities	CoC Audit of Port Facilities - 10 hours	Norman Boatwright
9/16-18/2016	Office	Review of information, follow-up calls and emails, finalize report - 18 hours	Norman Boatwright

6.2 Description of evaluation activities

NSF initiated the SBP audit process with a Readiness Review to confirm the scope of the audit, review the SBP Indicators and evidence to be used to assess conformance, verify that the Company was prepared to proceed to the SBP Certification Audit, and to prepare a detailed audit plan. NSF then conducted the SBP

Certification Audit of conformance to the SBP Standards. A report was prepared and final approval was done by an independent Certification Board Member assigned by NSF. Follow-up or Surveillance Audits are required by the SBP Standards. The initial Surveillance Audit is scheduled for the week of February 13, 2017.

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

During the audit NSF reviewed a sample of the written documentation assembled to provide objective evidence of SBP Conformance. NSF also selected and interviewed stakeholders such as fiber suppliers and other interested parties, and interviewed employees within the organization to confirm that the SBP Standard was understood and actively implemented. NSF conducted on-site visits to the three (3) outsourcers to ensure that the chain of custody control and outsourcing procedures were being implemented properly

The possible findings of the audit included Full Conformance, Major Non-conformance, Minor Non-conformance and Opportunities for Improvement. A minor non-conformance was identified during the evaluation. These findings are discussed in detail in Section 10.

Several additional data requests were made relative to Standard 5. These requests were adequately addressed and NSF recommends certification..

6.3 Process for consultation with stakeholders

The Company provided the stakeholder list and contact information, a copy of the letter sent out to stakeholders and responses received. This information was reviewed as it was received and again during the audit. The Company sent the letter to seventy-five stakeholders in July, August, November and December 2015 and in February 2016. Five positive or not interested comments were received.

NSF also sent letters to the entire contact list on January 21, 2016. Four comments were received, two were supportive and two asked follow up questions to which the Company responded.

This process revealed that stakeholders are not generally concerned about the plants or the harvesting activities associated with supplying raw materials. A minor non-conformance was issued relative to the stakeholder consultation process because three (3) indigenous tribes located in the supply basin were not consulted. The Company immediately sent them notification and has not received a reply.

7 Results

7.1 Main strengths and weaknesses

The Company is certified to the FSC/PEFC Chain of Custody Standards and to the FSC Controlled Wood and PEFC Controlled Sourcing Standards. Accordingly, it has developed and refined its procedures to enable it to track fiber from the district of origin and throughout the supply system and manufacturing process.

Strengths include the ability to track residual material back to the source mill. The Company's defined supply basin extends well beyond the normally accepted haul radii for its residual supplier mills to ensure the district of origin of the fiber is within the defined supply basin. The Company has exhibited a strong corporate commitment to source fiber sustainably.

The audit did not identify any weaknesses.

7.2 Rigour of Supply Base Evaluation

The Company has conducted a rigorous Supply Base Evaluation. Risk was designated low for all but one core indicator and mitigation measures are in place. The Company has been PEFC/FSC Chain of Custody certified since 2013 and has basically built mitigation measures into its procedures and fiber sourcing programs.

In addition, the Company has chosen to define the geographical scope of the SBE to extend well beyond the normally accepted haul radii for its residual supplier mills to ensure the district of origin of the fiber is within the supply basin.

7.3 Compilation of data on Greenhouse Gas emissions

The Company's GHG data is complete and accurate. Many of the data requests required by Standard 5 at the time of the audit were unclear and not well defined. These issues were discussed during the GHG audit and several additional data requests/clarifications were requested by the GHG auditor. These requests were promptly met by the Company.

7.4 Competency of involved personnel

The Company 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 Company's management and control systems for SBP are the same as those used to meet the FSC/PEFC Chain of Custody and FSC Controlled Wood requirements, which have been in place since 2013. Key personnel tasked with implementing the Company's management and control systems relating to SBP compliance are well trained and competent, with strengths in markets, silviculture, management, harvesting, and conservation issues. Their knowledge of SBP requirements is strong. This is a new standard, so any relevant experience is limited to the pre-existing CoC and Controlled Wood standards.

7.5 Stakeholder feedback

A list of seventy-five (75) local and regional stakeholders was identified for consultation. These stakeholders represent interests from local contractors and businesses, local governments, state forestry and wildlife agencies, conservation organizations such as the Nature Conservancy, state forestry associations, local forest landowner associations, US Forest Service and US Fish & Wildlife Service. Three (3) recognized indigenous peoples' groups were identified within the supply area.

A letter was sent to the identified stakeholders notifying them the intent of the Company to become SBP certified and asking for input on their thoughts on the Company's business practices and their impact on sustainable forestry in their area. Feedback was requested during the certification process via letter, email and/or telephone. All feedback will be reviewed and responses provided. Four comments were received, two were supportive and two asked follow up questions to which the Company responded.

NSF also sent a letter to the same stakeholders requesting input as to whether the stakeholder felt their concerns had been adequately addressed by the BP and received 6 responses, all positive.

7.6 Preconditions

The Readiness Review identified that a portion of the Supply Base Report was incomplete. This was adequately addressed prior to the certification audit.

The GHG Auditor made several additional GHG data requests during and after the audit. These requests were answered promptly and no additional action was required.

8 Review of Biomass Producer’s Risk Assessments

The NSF Forestry Program Manager was the Lead Auditor for this certification audit. He is familiar with the Company’s forest certification programs as well as issues related to forestry, conservation and biodiversity in the south-eastern US. The Lead Auditor reviewed the risk assessment and followed standard audit trails to confirm sensitive or important elements of the approach. He used his pre-existing knowledge, web searches, guidance in the draft FSC US Controlled Wood National Risk Assessment and his experience with other forest certification risk assessments to assess the risk

Table 1. Final risk ratings of Indicators as determined after the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

9 Review of Biomass Producer's mitigation measures

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, PEFC & GGL Standards to ensure legality and sustainability.

The Company initially identified Indicator 2.1.2 as unspecified risk and added additional mitigation measures to designate low risk. FRAM Renewable Fuels L.L.C. is proactively implementing additional 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.

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.

10 Non-conformities and observations

CAR # J0941730-1

Requirement: SBP Framework Standard 2: Verification of SBP-compliant Feedstock, Section 13 – Indicator 13.4: *Relevant stakeholders shall be informed of the SBE at least one month prior to the end of the evaluation. Stakeholders shall be provided with adequate information as a basis for informed comment, but may not be provided with sensitive or commercially confidential information* and Instruction Note 2B: *Interested stakeholders shall be notified at least one month in advance of the end of the SBE, and shall be provided with opportunities for engagement in management planning and monitoring processes likely to impact on their interests.*

Grading: Minor non-conformance. The Company sent stakeholders correspondence requesting comments on SBP and biomass production over 2 months ahead of the completion of the SBE. During the audit, it was determined that indigenous peoples were not included on the stakeholder list. Notification was immediately sent to 3 tribes and no response has been received.

Time frame: The Company immediately sent notification to the three (3) indigenous tribes located in the supply basin. This non-conformance is closed.

Statement: The Company's prompt response to the corrective action request has allowed for the NC to be closed.

11 Certification decision

Hazlehurst Wood Pellets, LLC has been certified by the CB as of September 22, 2016 as meeting the requirements of Sustainable Biomass Partnership (SBP) March 2015 Standards 1, 2, 4 and 5.

The expiration date of the certificate is 18 May 2022.

12 Surveillance updates

The first annual surveillance audit is scheduled for the week of February 13, 2017.

12.1 Evaluation details

Not applicable.

12.2 Significant changes

Not applicable.

12.3 Follow-up on outstanding non-conformities

Not applicable.

12.4 New non-conformities

Not applicable.

12.5 Stakeholder feedback

Not applicable.

12.6 Conditions for continuing certification

Not applicable.

12.7 Certification recommendation

Not applicable