

SCS Global Services Evaluation of FRAM Renewable Fuels LLC and related entities: Applying County Pellets Compliance with the SBP Framework: Public Summary Report

Third Surveillance Audit

www.sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 1.4

*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 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

© Copyright The Sustainable Biomass Program Limited 2018

Table of Contents

1	Overview
2	Scope of the evaluation and SBP certificate
3	Specific objective
4	SBP Standards utilised
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
5	Description of Company, Supply Base and Forest Management
5.1	Description of Company
5.2	Description of Company's Supply Base
5.3	Detailed description of Supply Base
5.4	Chain of Custody system
6	Evaluation process
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
7	Results
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Compilation of data on Greenhouse Gas emissions
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
8	Review of Company's Risk Assessments
9	Review of Company's mitigation measures
10	Non-conformities and observations
11	Certification recommendation

1 Overview

CB Name and contact: SCS Global Services, 2000 Powell St. Ste 600 Emeryville, CA 94608

Primary contact for SBP: Sarah Harris, SHarris@scsglobalservices.com

Current report completion date: 15/Feb/2019

Report authors: Kyle Meister

Name of the Company: FRAM Renewable Fuels LLC and related entities: Appling County Pellets; Archer Forest Products, LLC; Hazlehurst Wood Pellets, LLC; and Telfair Forest Products, LLC

Company contact for SBP: Elizabeth von Tilborg

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

SBP Certificate Code: SBP-04-17 (Fram Renewable Fuels, LLC (Appling County Pellets, LLC; dates below); SBP-04-18 (Hazlehurst Wood Pellets, LLC; 19/May-2017-18/May/2022); SBP-04-19 (Telfair Forest Products, LLC; 20/May/2017-19/May/2022; and TBD (Archer Forest Products, LLC)

Date of certificate issue: 04/Oct/2016

Date of certificate expiry: 03/Oct/2021

This report relates to the Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

- **-FRAM Renewable Fuels LLC/Appling County Pellets** - This certificate covers the manufacture of wood pellets and management of transport, storage and sales by Fram Renewable Fuels, LLC, including transport by truck and rail to the port of Brunswick, GA and the co-mingling of SBP-compliant biomass at the port. It also covers a supply base evaluation for the sourcing of feedstock from the states of Alabama, Georgia, North Carolina, South Carolina and Tennessee and the northern portion of Florida.
- **Archer Forest Products, LLC** - This certificate covers the manufacture of wood pellets and management of transport, storage and sales by Fram Renewable Fuels, LLC, including transport by truck and rail to the port of Brunswick, GA and the co-mingling of SBP-compliant biomass at the port. It also covers a supply base evaluation for the sourcing of feedstock from the states of Alabama, Georgia, North Carolina, South Carolina and Tennessee and the northern portion of Florida
- **Hazlehurst Wood Pellets, LLC** - This certificate covers the manufacture of wood pellets. Storage, sale, and transport by truck and by rail to the port of Brunswick, GA, and the co-mingling of SBP-compliant biomass at the ports is managed by parent company, Fram Renewable Fuels, LLC. It also covers a supply base evaluation for the sourcing of feedstock from the states of Alabama, Georgia, North Carolina, South Carolina and Tennessee and the northern portion of Florida.
- **Telfair Forest Products, LLC** - This certificate covers the manufacture of wood pellets. Storage, sale, and transport by truck and by rail to the port of Brunswick, GA, and the co-mingling of SBP-compliant biomass at the ports is managed by parent company, Fram Renewable Fuels, LLC. It also covers a supply base evaluation for the sourcing of feedstock from the states of Alabama, Georgia, North Carolina, South Carolina and Tennessee and the northern portion of Florida.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification. Another objective was to add another pellet mill and legal entity, Archer Forest Products, LLC, to the scope of SBP. For all certified entities, recent interpretations on conducting Supply Base Evaluations in the US Southeast were also evaluated.

The following critical control points were identified and evaluated:

Processes for procurement and processing, transport and storage

Volume accounting method

Documentation of transactions

Energy data collection and reporting

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- ☒ SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

Not applicable.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Fram Renewable Fuels, LLC operates four pellet mills in Southeast Georgia, USA: Appling County Pellets, LLC (Baxley GA), Hazlehurst Wood Pellets, LLC (Hazlehurst, GA), Telfair Forest Products, LLC (Lumber City, GA), and, most recently, Archer Forest Products, LLC (Nahunta, GA). All mills receive a combination of secondary mill residuals (e.g., green sawdust, chips) and pre-consumer tertiary residuals (e.g., dry sawdust and dry chips from milling of secondary products) from local forest product mills (e.g., sawmills, engineered forest product mills, pulp, etc.). Hazlehurst Wood Pellets (HWP) also receives primary material at this time in the form of roundwood or in-woods chipping. HWP also ships primary chips to Archer Forest Products. Since the company has completed a Supply Base Evaluation, all output pellets are considered SBP-compliant.

5.2 Description of Company's Supply Base

The Company's supply base has not changed significantly since the 2016 certification audit; however, the Supply Base Evaluation was updated to consider new guidance from SBP on the US Southeast. The Company purchases softwood and hardwood wood fiber from the states of Alabama, North Central Florida, Georgia, North Carolina, South Carolina and Tennessee. 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 approximately 88% of its fiber from sawmills and 12% from sawmills and tertiary suppliers (pre-consumer).

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 elliotii*). 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 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.

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. Hardwood harvests in bottomland areas are subject to BMPs, which include retaining a canopy cover of at least 50% in the inner buffer of the streamside management zone (SMZ). While low impact equipment is used during these harvests, many areas are not harvested during wet seasons. It is preferred to harvest these areas under dry conditions.

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 7% of the forest ATFS certified, 9% SFI certified and 1% FSC certified.

5.3 Detailed description of Supply Base

A quantitative description of the Company's supply base has been included in the Supply Base Report, which covers three of the four pellet mills. A separate Supply Base Report for Archer Forest Products, LLC was created for the scope expansion during this audit. It is expected that all four pellet mills will be described in the same Supply Base Report in the future.

- a. Total Supply Base area (ha): **69,234,584 ha (6-state)**
- b. Tenure by type (ha): **37,141,460 ha Private Land**
6,398,911 ha Public Agencies
43,546,371 total ha Forest Land as defined by latest FIA data Jan 31, 2019

Forest land (FIA data)			
State	Total ha	Private ha	Public ha
Alabama	9,346,385	8,709,074	637,310
Florida	5,824,723	4,042,294	1,782,429
Georgia	9,941,022	8,860,134	1,080,887
North Carolina	7,605,738	6,313,688	1,292,050
South Carolina	5,203,566	4,530,375	673,191
Tennessee	5,624,938	4,691,895	933,043
total	43,546,371	37,147,460	6,398,911

- c. Forest by type (ha): **17,066, 905 ha Temperate Pine**
4,835,534 ha Temperate Oak-Pine
14,444,463 ha Temperate Oak-Hickory

Forest land type by major group for AL, FL, GA, NC, SC & TN

State	<u>Pine</u>	<u>Oak-Pine</u>	<u>Oak-Hickory</u>
6-State	17,066,905	4,835,534	14,444,463

Forest by management type (ha): **10,823,924 ha Planted Forest**
33,798,663 ha Natural Forest

Stand Origin acres for AL, FL, GA, NC, SC & TN

State	<u>Natural ha</u>	<u>Planted ha</u>
6-State	33,798,663	10,823,924

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

Certification by Hectares

<u>State</u>	<u>SFI</u>	<u>FSC</u>	<u>ATFS</u>
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

5.4 Chain of Custody system

The Company is FSC/PEFC Chain of Custody certified. The CoC certificate is a multi-site that covers 4 sites: Baxley, Hazlehurst, Lumber City, and Nahunta, GA. The central office functions are managed by Fram Renewable Fuels in Hazlehurst.

The following outsourcer is 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.
- 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 Company is no longer using this port.

The certification body certifying the Company to the FSC/PEFC chain of custody standards classified all outsourcers as low risk.

End-point chain of custody was visually observed at the port facility and confirmed via review of a sample of scale tickets for all SBP-certified entities and Archer Forest Products, LLC.

6 Evaluation process

6.1 Timing of evaluation activities

The field audit took place 11-14 February 2019. Central office, GHG records, and COC procedures were reviewed on 11 February. Appling, Hazelhurst, and Telfair pellet mills were visited on 12 February to review GHG and COC. Visits to site of primary feedstock harvest was conducted on 13 February. On 14 February, COC and GHG control points were evaluated at Archer Forest Products and the Port of Brunswick. The closing meeting was held on 14 February at the Port of Brunswick.

6.2 Description of evaluation activities

The evaluation included visits to all four pellet mills to evaluate critical control points for measuring Greenhouse Gas emissions such as electric meters, fuel tanks and drum-dryers, as well as critical control points for chain-of-custody, including receiving, storage and use of feedstocks, production processes, and storage of finished pellets prior to loading onto railcars or trucks for transport to the Port of Brunswick. The Port of Brunswick was evaluated for points of delivery, storage, and loading onto ocean vessel for both GHG emissions and COC control points. Interviews with port management were conducted to verify GHG calculations and scaling records. Port management maintain records of pellet volumes and fuel and electricity usage.

Primary feedstock was evaluated through visiting harvest sites selected based on species mix (e.g., pine, hardwood, mixed), harvest type (e.g., clearcut, thinning), planted vs. naturally established stands, and active vs. completed harvests. The SBE was evaluated throughout the week considering SBP guidance and information sources cited in the SBE.

Interviews with secondary/tertiary suppliers were held during and within 2 business days after the audit.

6.3 Process for consultation with stakeholders

No stakeholders provided comments prior to, during or after the audit.

7 Results

7.1 Main strengths and weaknesses

The Company maintains a well-managed system for gathering, compiling, and reporting Greenhouse Gas data. The Chain of Custody system is undergoing some major upgrades and no traceability issues were found during the transition period. Most feedstock inputs are from secondary and tertiary residuals that would otherwise be burned as low-grade fuel or even landfilled. The pellets are a value-added product that leads to the creation of direct employment opportunities for transport, manufacturing, and service-sector jobs. Weaknesses are described in the findings (e.g., nonconformities and observations).

7.2 Rigour of Supply Base Evaluation

The Company has conducted a rigorous Supply Base Evaluation. Risk was designated low for most indicators, with the exception of the ones detailed in the SBP guidance for the Southeast US released in later 2018. The Company has been PEFC/FSC Chain of Custody certified since 2013 and has incorporated control measures into its procedures and fiber sourcing programs. Weaknesses detected in the SBE in 2019 are mostly due to editorial issues. All evidence reviewed supported the risk designations that the BP concluded.

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 Collection and Communication of Data

The collection and communication of data is well organized. The administrator showed a good understanding of the relevant information for collection and communication of data and all documents are correctly filled out. Only minor errors were detected that lead to very minor deviations in the GHG calculations.

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.

7.5 Stakeholder feedback

Stakeholders did not provide any feedback before, during or after the audit.

7.6 Preconditions

No preconditions were assigned.

8 Review of Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

Click or tap here to describe how the Certification Body assessed risk for the Indicators.

Table 1. Final risk ratings of Indicators as determined BEFORE 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	Specified	Specified
2.1.3	Specified	Specified
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Specified	Specified
2.2.4	Specified	Specified
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	Specified	Specified
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

Table 2. 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 Company's mitigation measures

The BP uses a combination of third-party publications, and its FSC/PEFC chain of custody control system (e.g., risk assessments, SOPs for evaluating suppliers, etc.), supplier agreements/contracts and annual internal audits and/or correspondence with suppliers to ensure low risk. Contracts require implementation of BMPs that would protect known HCVs in the supply base. Annual correspondence with suppliers is used to provide them with the most current information on known HCVs and guidance from experts and other knowledgeable parties (e.g., FSC-US). Interviews with suppliers are also used to gather information on any harvest activities that may have affected known HCVs within the supply base.

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

applicable requirement(s)

grading of the non-conformity (major or minor) or observation with supporting rationale

timeframe for resolution of the non-conformity

a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

NC number 1	NC Grading: Minor
Standard & Requirement:	ID 5B, 3.1.1
Description of Non-conformance and Related Evidence:	
The template used for the SAR is outdated (V1.1).	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	The BP revised the SAR and used the current template version number 1.2.
Findings for Evaluation of Evidence:	SAR
NC Status:	Closed

NC number 2	NC Grading: Minor
Standard & Requirement:	ST 5, 6.2 ID 5B, 3.2.7, ID 5B 6.2.1
Description of Non-conformance and Related Evidence:	
For some data points the organization has not provided the accurate data: The electricity consumption as invoices by suppliers GA Power and Satilla REA has not been correctly adjusted to match the entire month of December. The December invoices of both suppliers do not cover the entire month and the days of December that are not on the invoice were not adjusted for. Instead, the adjustment was made for too few days in December.Amount of biomass handled at the port has not been reported correctly in the table in Section C Part 3.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	The organization corrected the pro-rating calculations and submitted a revised spreadsheet with correct calculations and SAR. The SAR was updated with correct values for electricity. Furthermore, the amount of biomass handled at the port has been correctly revised.
Findings for Evaluation of Evidence:	SAR
NC Status:	Closed

NC number 3	NC Grading: Minor
Standard & Requirement:	ID 5B, 5.4.1
Description of Non-conformance and Related Evidence:	
<p>Appling: 44,111 MT of bark were reported for use as drum-dryer fuel in the Appling SAR. From review of associated Excel file where bark volume is recorded for calculations, this value was not reported. Instead, two values were (Excel file on materials shows 46,497 and 42,182 MT of bark).Archer: The BP is relying on past measurements taken from when the pellet mill was under a different ownership before it closed in 2016. The total bark used per unit of pellets uses another value for total MT of pellets to make the calculation of fuel consumption (11,430 MT bark / 37,984 MT Pellets).</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	The underlying data and corrected calculations were reviewed and included in the SARs.
Findings for Evaluation of Evidence:	SAR
NC Status:	Closed
NC number 4	NC Grading: Minor
Standard & Requirement:	ID 5B 6.1.2 b)
Description of Non-conformance and Related Evidence:	
<p>Auditor observed trucks onsite and reviewed outgoing scale tickets for pellet loads. Google maps showed that distance from pellet mill to Port of Brunswick on the local road system was 79.3 miles (127.6 km). Google maps rounds the distance up to 128 km. Given that there were 6,585 pellet loads delivered to the Port of Brunswick, this results in an underreporting of 6,585 km. The 128 km distance is therefore more conservative than the 127 km reported.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	The BP revised the SAR and used the current template version number 1.2.
Findings for Evaluation of Evidence:	SAR
NC Status:	Open
NC number 5	NC Grading: Minor

Standard & Requirement:	SBP ST 1, V1-0, IN-1A: 2.1 and 2.7SBP ST 1, V1-0, 1.1.2, 1.1.3, and several others as cited below
Description of Non-conformance and Related Evidence:	
<p>The BP has specified appropriate means of verification (MOV) for most indicators. Overall, evidence evaluated demonstrates compliance with the requirements of this Standard. None of the issues cited below change the risk designations as concluded by the BP and the audit team. However, there are situations when the Finding does not include information based on the MOV cited, and the evidence either does not match the MOV or is incomplete (i.e., certain MOV do not have corresponding evidence listed). There are other situations where the Finding extends into the MOV, evidence, and/or Comments/Mitigation Measures. The Findings sections sometimes lack citations of third-party publications or other objective evidence used to determine the risk. The Comments/Mitigation measures are reserved for describing how situations of unspecified or specified risks were mitigated or otherwise brought to low risk through the BP's actions. Issues were found for the following indicators in ST 1:</p> <ul style="list-style-type: none"> •1.1.2: FPA records are cited as MOV, but not cited as evidence; •1.1.3: Low risk has been concluded, but there is a Comment/Mitigation Measure that belongs in the Findings section; •1.2.1: The Finding describes "contracts, delivery Tickets and other documentation verifying legal ownership of incoming wood material from its wood suppliers". Not all of these are cited in the MOV and evidence reviewed; •1.3.1: The Finding describes "Delivery Tickets, Purchase Orders or other documentation for roundwood deliveries with information relating to the supplier". Not all of these are cited in the MOV and evidence reviewed. The evidence reviewed includes descriptions of laws that should be in the Finding. MOV and evidence should include reference to mechanisms under the BP's control that are used to achieve legal compliance (e.g., contracts). Low risk has been concluded, but there is a Comment/Mitigation Measure that belongs in the Findings section; •1.4.1: There are elements of the MOV and Comment/Mitigation measures sections that belong in the Finding since low risk has been concluded. Not all MOV cited have been included in the evidence reviewed, mainly delivery tickets; •1.5.1: The BP's tree species list is missing from the MOV; •1.6.1: The BP's contracts contain clauses related to legal compliance, which serve as a mechanism to enforce laws related to ownership and traditional/civil rights, when and where applicable. Contracts are not described in the Finding or cited as MOV and evidence; •2.1.1: The BP evaluates suppliers annually as part of its FSC and PEFC Controlled Wood verification, which includes informing suppliers of most recent FSC CNRA, including known HCV locations and maps. This is not cited in the Finding or as MOV and evidence. The MOV includes some evidence that is not objective, mainly, "BP's direct knowledge of sourcing area". Low risk has been concluded, but there is a Comment/Mitigation Measure that belongs in the Findings section; •2.1.2: Not all MOV have corresponding evidence cited in the evidence section. The Comment/Mitigation measure cites the BP's SOP, which include internal supplier audits and correspondence and the establishment of contracts to ensure compliance. These are not cited in the Comment/Mitigation measure, which are the main mechanisms for how the BP mitigates the specified risk and converts it to low risk; •2.1.3: A letter sent annually to all suppliers and training of the forestry contractor are described in the Finding. The 2018 letter and emails (11/14/18) sent to supplier was shown to the auditor. Training was confirmed in interviews with the contractor. However, these are not cited in the MOV and evidence. Internal audits are not cited in the MOV, though the internal audit checklist is cited in the evidence reviewed; •2.2.1: Contracts, which contain clauses related to legal compliance and implementation of BMPs, are not described in the Finding, but are cited as MOV and evidence; •2.2.3: Contracts, which contain clauses related to legal compliance and implementation of BMPs, are cited in the MOV, but not described/cited in the Finding, evidence or Comment/Mitigation Measure. Since the BP's contracts contain such clauses, they are instrumental in demonstrating the specified risk is mitigated to low risk; •2.2.4: The Finding does not describe contracts, which are instrumental in ensuring BMP and legal compliance. Similarly, the MOV and evidence do not cite contracts with suppliers. The BP also has an SOP for Supplier Correspondence, which is not cited in the MOV and corresponding documents produced as evidence, such as letters and internal audit checklists. Similar evidence is also not cited in the Comment/Mitigation Measure; •2.2.5: The Finding does not describe contracts, which are instrumental in ensuring BMP and legal compliance. Similarly, the MOV and evidence do not cite contracts with suppliers. The BP also has an SOP for Supplier Correspondence, which is not cited in the MOV and corresponding documents produced as evidence, such as letters and internal audit checklists. Similar 	

evidence is also not cited in the Comment/Mitigation Measure. There are also some elements described in the MOV and evidence that should be described in the Findings;•2.2.6: Contracts/supplier agreements are cited in the MOV, but not in the evidence and Findings. The evidence cites laws that should be included in the Findings;•2.2.7: The BP does not control how land managers in the SB use prescribed fire. Thus, state BMPs, evidence of citations, and state agency websites are appropriate MOV and evidence. However, the BP cites only longleaf pine ecosystems as using fire for critical maintenance of ecosystem function. There are other forest ecosystems for which fire is a natural disturbance agent;•2.2.8: Supplier contracts are not described in the Finding. Low risk has been concluded, but there is a Comment/Mitigation Measure that belongs in the Findings section;•2.2.9: The BP cites laws in the Finding, but does not cite contracts in the Finding, MOV or evidence. These are the primary control mechanisms in place for any non-organic waste left behind during harvest operations;• 2.3.1: The MOV contains information that should be included in the Finding. The evidence contains MOV. For example, public data used to compare harvesting growth to drain data could be a MOV. Evidence would then be specific public datasets, such as FIA reports for XX years to make such a comparison;•2.3.2: Contracts are missing from the Finding, MOV, and evidence. Contracts contain clauses related to trained loggers and legal compliance, which relate to training;•2.3.3: The conclusions made in the Finding lack citations (i.e., do not cite information provided in the MOV). Objective evidence on Fram's economic contribution is not cited in the Findings or MOV (and subsequent evidence). For example, the number of direct jobs supported by the Fram pellet mills would be objective (and therefore verifiable). The Comment/Mitigation measure should be in the Finding since low risk was initially concluded. This information should also be substantiated through third-party publications or direct figures from the Fram organization;• 2.4.1: Contracts are not described in the Finding or cited in the Comment/Mitigation measure. Contracts, which contain clauses related to legal compliance and BMP implementation, are instrumental in ensuring the specified risk is mitigated to low risk. BMP survey results are cited in the MOV and evidence, but not described in the Finding;•2.4.2: The Finding does not address SFI implementation committees and other actions or research done by third parties in the region, such as USDA Forest Service and APHIS, as discussed in interviews with staff. The evidence reviewed does not match the MOV provided. For example, MOV include memberships in forestry associations and meetings. Corresponding evidence, such as membership information (e.g., card, certificates) and meeting records, are not cited as evidence;•2.4.3: Contracts are not described in the Finding. The MOV and evidence do not entirely match. For example, it is not clear how "online searches related to timber theft" relate to "state forestry agency data" as no explanation is provided in the Finding;•2.5.2: For water supply, BMPs and associated contracts that require adherence to BMPs are not described in the Finding, MOV or Evidence. BMPs may influence water supply indirectly;•2.6.1: The BP relies on legal compliance, which is enforced primarily through its contracts with suppliers. These are not cited in the Finding, MOV or evidence. It is not clear how the MOV of OSHA laws and Company policies correspond to the evidence cited;•2.7.2: Contracts are not cited in the Finding or evidence reviewed, but are in the MOV. There are clauses that require legal compliance. The US Constitution forbids slavery and the US has also ratified ILO Convention 105 - Abolition of Forced Labour Convention, 1957, which means that there is a corresponding national law to implement this convention. The MOV and evidence do not match;•2.7.3: HR policies/records and ILO Convention 182 (Worst Forms of Child Labour; ratified by USA) have not been described in the Finding. Contracts have been cited in the MOV, but not in the evidence. The MOV and evidence do not match; •2.7.4: Contracts are missing from the Finding, MOV, and evidence;•2.7.5: For Fram's own employees (or employees of its SBP-certified entities), HR policies and records are not cited in the Finding, MOV or evidence;•2.8.1: For Fram's own employees (or employees of its SBP-certified entities), safety training/orientation programs and training are not cited in Findings, MOV, and evidence. Low risk has been concluded, but there is a Comment/Mitigation Measure that really belongs in the Finding;• 2.9.1: The Finding contains some conflicting or contradicting information. For example, it states that "Neither Fram nor its suppliers harvest on peatlands or wetlands." Later on, it states, "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." There is harvesting in bottomland hardwoods, as confirmed during interviews with staff and field site visits. Harvesting is done per state BMPs, including use of low impact equipment and respect of streamside management zone (SMZs) restrictions. These are second-growth forests harvested primarily in the outer buffer of SMZs and thus do not likely meet the definition of high carbon stock (Note: single-tree selection is allowed in the inner buffer as long as 50% canopy is maintained). Later on, the Finding states, "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

<p>predominately hardwoods.” It is not clear why Appling County Pellets has been excluded here. Also, while Hazlehurst accepts only pine logs, hardwoods are harvested and marketed by its roundwood supplier. The MOV contains information that belongs in the finding, and the MOV and evidence do not match. Low risk has been concluded, but information is included in the Comments/Mitigation Measure that should belong in the Finding;•2.9.2: BMPs are cited, but contracts are not cited in the Finding, MOV, and evidence. MOV contains information that should be cited in the Findings. The MOV and evidence do not match; and•2.10.1: Low risk has been concluded, but there is information in the Comments/Mitigation Measure that belongs in the finding. The MOV and evidence do not match.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	
Findings for Evaluation of Evidence:	SBE
NC Status:	Open
NC number 6	NC Grading: Minor
Standard & Requirement:	SBP ST 1, V1-0, IN-1A: 6.1
Description of Non-conformance and Related Evidence:	
<p>BP has reference to and/or partial lists of the national and local forest laws and administrative requirements, which apply to the country or region in which the Standard applies, and multilateral environmental agreements and ILO Conventions that the country has ratified, relevant to the Standard. For example, partial lists of laws were available in the SBE and FSC/PEFC risk assessments. Some weblinks to state agencies were also cited, but these links are either now dead or no longer refer to laws.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	FSC/PEFC procedures and risk assessments, annexes, SBE
NC Status:	Open

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Ciara McCarthy
Date of decision:	01/Mar/2019
Other comments:	<i>Click or tap here to enter text.</i>