

SCS Global Services Evaluation of Fram Renewable Fuels, LLC (Telfair Forest Products, LLC) Compliance with the SBP Framework: Public Summary Report

Second Surveillance Audit

Transfer Audit Report

www.sbp-cert.org



Completed in accordance with the CB Public Summary 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

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1 Overview

CB Name and contact:	SCS Global Services
Primary contact for SBP:	Sarah Harris sharris@SCSglobalservices.com
Current report completion date:	10/May/2018
Report authors:	Norman Boatwright
Name of the Company:	Fram Renewable Fuels - Telfair Forest Products, LLC
Company contact for SBP:	Elizabeth van Tilborg vantilborg@framfuels.com
Certified Supply Base:	USA: Select Counties in the States of Alabama, North Central Florida, Georgia, North Carolina, South Carolina and Tennessee
SBP Certificate Code:	SBP-04-19
Date of certificate issue:	27/Dec/2017
Date of certificate expiry:	19/May/2022

This report relates to the Second Surveillance Audit and Transfer Audit

2 Scope of the evaluation and SBP certificate

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.

3 Specific objective

The specific objective of this evaluation was to confirm that Telfair Forest Products, LLC and Fram Renewable Fuels LLC management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

Note: Telfair Forest Products, LLC is jointly owned by Fram Renewable Fuels L.L.C. which also wholly owns Appling County Pellets, LLC and Hazlehurst Wood Pellets, 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 processes. FRF maintains ownership from the point of production through being loaded on a ship.

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

The Company supplies wood fiber to pellet mill located in Lumber City, Georgia. The Company sources primarily sawmill residuals and some pre-consumer material from the states of Alabama, Georgia, North and South Carolina and the northern portion of Florida. Pine and hardwood are utilized. The procurement organization consists of a single procurement manager.

Inputs:

Due to the fact that all input materials are secondary mill residuals, certified content is not tracked as very few of the supplying facilities are chain of custody certified.

100% of the input material is pine.

Outputs:

SBP Compliant Biomass

5.2 Description of Company's Supply Base

The Company purchases softwood 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 100% of its fiber from pine sawmills and other wood manufacturing facilities.

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.

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.

The Supply Base Evaluation is available on the Company's website:

</skins/userfiles/files/Fram%20Renewable%20Fuels%20Supply-Base-Report%20for%20website2.pdf>

5.3 Detailed description of Supply Base

Supply Base

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

44,023,334 ha

Tenure by type (ha): 37,335,605 ha Private Land

6,687,729 ha Public Agencies

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
37,335,605 ha Private Land
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
6,687,729 ha Public Agencies

Forest by type (ha): 16,889,408 ha Temperate Pine
4,863,879 ha Temperate Oak-Pine
14,546,012 ha Temperate Oak-Hickory
4,054,212 ha Temperate Pine Forests – Alabama
2,846,694 ha Temperate Pine Forests – Florida
4,488,804 ha Temperate Pine Forests – Georgia
2,466,514 ha Temperate Pine Forests N Carolina
2,516,234 ha Temperate Pine Forests – S Carolina
516,614 ha Temperate Pine Forests – Tennessee
16,889,408 ha Temperate Pine Forests
1,204,162 ha Temperate Oak-Pine - Alabama
583,167 ha Temperate Oak-Pine- Florida
1,105,434 ha Temperate Oak-Pine - Georgia
982,912 ha Temperate Oak-Pine – N Carolina
593,837 ha Temperate Oak-Pine – S Carolina
394,366 ha Temperate Oak-Pine - Tennessee
4,863,879 ha Temperate Oak-Pine
2,873,087 ha Temperate Oak-Hickory - Alabama
894,094 ha Temperate Oak-Hickory - Florida
2,611,941 ha Temperate Oak-Hickory - Georgia
2,939,410 ha Temperate Oak-Hickory – N Carolina
1,160,154 ha Temperate Oak-Hickory – S Carolina
4,067,326 ha Temperate Oak-Hickory - Tennessee
14,546,012 ha Temperate Oak-Hickory

Forest by management type (ha): 11,025,819 ha Planted Forest
32,997,514 ha Managed Natural Forest
3,022,267 ha Planted Forest – Alabama
1,885,666 ha Planted Forest – Florida
3,127,355 ha Planted Forest – Georgia
1,339,709 ha Planted Forest – North Carolina
1,345,347 ha Planted Forest – South Carolina
305,475 ha Planted Forest – Tennessee
11,025,819 ha Planted Forest

6,336,868 ha Managed Natural Forest - Alabama
4,254,561 ha Managed Natural Forest - Florida
6,879,904 ha Managed Natural Forest - Georgia
6,274,233 ha Managed Natural Forest – N Carolina
3,905,111 ha Managed Natural Forest – S Carolina
5,346,836 ha Managed Natural Forest – Tennessee
32,997,514 ha Managed Natural Forest

Certified forest by scheme (ha): 3,950,863 ha SFI
582,078 ha FSC
2,855,857 ha ATFS

1,173,968 ha SFI – Alabama
693,131 ha SFI – Florida
951,001 ha SFI – Georgia
461,825 ha SFI – North Carolina
483,258 ha SFI – South Carolina
187,680 ha SFI – Tennessee
3,950,863 ha SFI
257,656 ha FSC – Alabama
36,400 ha FSC – Florida
40,681 ha FSC – Georgia
63,010 ha FSC – North Carolina
111,394 ha FSC – South Carolina
72,937 ha FSC– Tennessee
528,078 ha FSC
1,070,179 ha ATFS – Alabama
432,085 ha ATFS – Florida
773,136 ha ATFS – Georgia
166,237 ha ATFS – North Carolina
277,831 ha ATFS – South Carolina
136,389 ha ATFS – Tennessee
2,855,857 ha ATFS

A quantitative description of the Supply Base can be found in the Company's Supply Base Report.

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 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. The Savannah port is no longer being used.

A desk audit was conducted of the port facility. Employees were interviewed, the material receipt and placement processes and material balance reports were reviewed. The Company also purchases pellets from other suppliers, has them delivered to the port facility and mixes them with the Company's pellets. The Company accepts only SBP-compliant pellets from its suppliers and has developed a procedure to mass balance the GHG data.

6 Evaluation process

6.1 Timing of evaluation activities

Date	Location/Method	Activity	Participants
1/12/2018	Planning call	Confirm audit date and review logistics - 2 hours	Norman Boatwright, Elizabeth van Tilborg
1/23/2018	Office	Review SBR and RA - 8 hours	Boatwright
2/10/2018	Audit Notification & Schedule	Draft the audit notice and send to Fram - 1 hour	Boatwright
2/12/2018	Hazlehurst, GA Central Office	Work on audit checklists and review certified sales, material balances at the facility and the port and Interview suppliers - 4 hours	Boatwright, van Tiborg, Keith Middleton and Sandra Lee - Hazlehurst office.
2/13/2018	Telfair Forest Products Pellet Mill	Employee interviews and document review - 2 hours	Boatwright, van Tiborg, Keith Middleton and Chuck Odom
2/14/2018	Hazlehurst, GA Central Office	Continue document review - 2 hours	Boatwright, van Tiborg and Keith Middleton
2/14/2018	Hazlehurst, GA Central Office	Desk audit of secondary and tertiary suppliers and the port and complete document review - 3 hours	Boatwright, van Tiborg and Keith Middleton

6.2 Description of evaluation activities

SCS initiated the SBP audit process with a planning call to confirm the scope of the audit, determine whether any changes had occurred in the Company's policies and procedures and set the audit dates. NSF then prepared a detailed audit plan and conducted the SBP Surveillance Audit of conformance to the SBP Standards with focus on the SBE/SBR and chain of custody requirements. 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 next Surveillance Audit is scheduled for the week of February 11, 2019.

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 SCS reviewed a sample of the written documentation assembled to provide objective evidence of SBP Conformance. SCS selected residual and tertiary suppliers to interview. SCS also selected and interviewed employees within the organization to confirm that the SBP Standard was understood and actively implemented.

6.3 Process for consultation with stakeholders

Stakeholders were not engaged as this is a surveillance audit, the supply basin boundaries did not change and the risk designation was not changed for any indicators.

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 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 Collection and Communication of Data

Click or tap here to analyse and describe the adequacy (in terms of completeness and accuracy) of the Company's efforts to compile the required data on energy use.

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 were not engaged as this is a surveillance audit. The Company has not received any complaints relative to SBP.

7.6 Preconditions

No preconditions were identified.

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.

The Lead Auditor for this certification audit is familiar with the Company's forest certification programs as well as issues related to forestry, conservation and biodiversity in the southeastern US. The Lead Auditor confirmed that the supply basin had not been changed since the certification audit and determined that the low risk designation for all indicators is correct.

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	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

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

2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	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

Additional Mitigation Measures are not necessary because the risk rating is low for all indicators. Due to the Company's certification to the above referenced Standards, the Company has built mitigation measures into its procedures and fiber sourcing programs.

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:	SBP ID 5B, 3.2.7
Description of Non-conformance and Related Evidence:	
Electricity at the beginning and end of the Reporting Period (January 1 – December 31) did not include an adjustment to line up the dates of the electricity usage with the Reporting Period. The last invoice for the end of December is not included in the equation for total electricity.	
Timeline for Conformance:	Other 12 months
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:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
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:	10/Sep/2018
Other comments:	<i>Click or tap here to enter text.</i>