

# Supply Base Report: Fram Renewable Fuels, LLC

Appling County Pellets

Hazlehurst Wood Pellets

Telfair Forest Products

Second Surveillance Audit  
Transfer Audit Report

[www.sbp-cert.org](http://www.sbp-cert.org)



## Completed in accordance with the Supply Base Report Template Version 1.2

*For further information on the SBP Framework and to view the full set of documentation see [www.sbp-cert.org](http://www.sbp-cert.org)*

### *Document history*

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# 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  
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Company website: [www.framfuels.com](http://www.framfuels.com)

Date report finalised: 14/Feb/2018

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>

SBP Endorsed Regional Risk Assessment: Not applicable

Weblink to SBE on Company website: [www.framfuels.com](http://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      |
| <input type="checkbox"/>   | <input type="checkbox"/> | <b>X</b>            | <input type="checkbox"/> | <input type="checkbox"/> |

## 2 Description of the Supply Base

### 2.1 General description

FRAM Renewable Fuels L.L.C.'s wood pellet production plants and port facilities 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, Cumberslands & Southern Ridge & Valley, Southern Blue Ridge, Piedmont, East Gulf Coastal Plain, South Atlantic Coastal Plain Regions, Mid-Atlantic Coastal Plain and Florida Peninsula regions. A map of the procurement area is included in the Supply Base Evaluation (SBE) and Risk Assessment (RA) as an Appendix and is available upon request.

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.

FRAM Renewable Fuels L.L.C. and affiliated organizations 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 is the only pellet mill that sources wood directly from the forest. 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 Controlled 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."

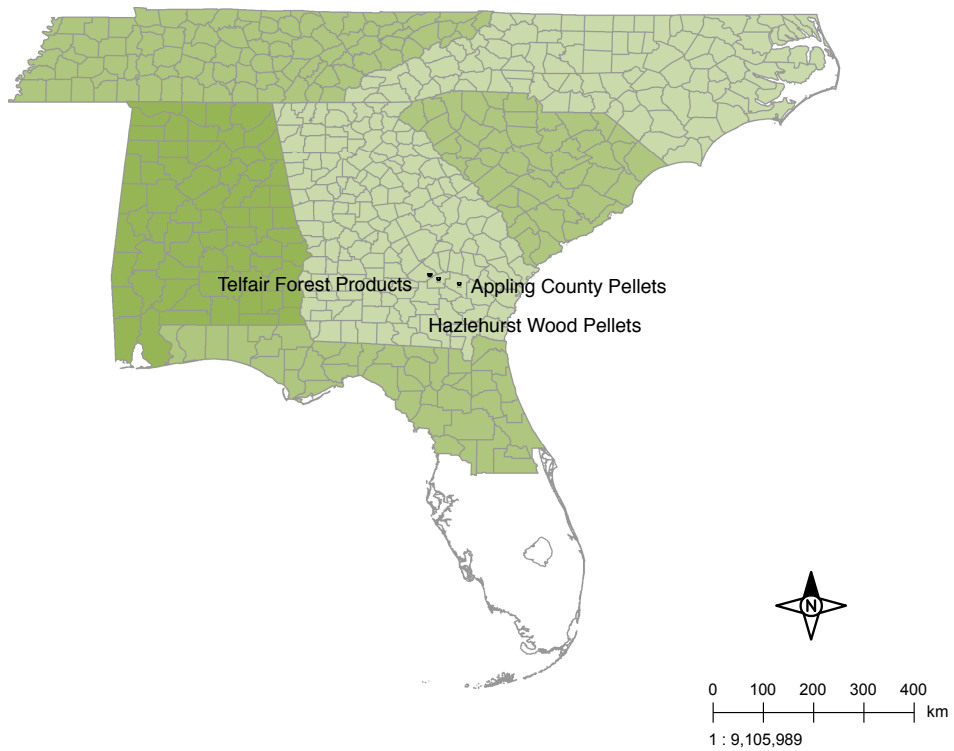
FRAM Renewable Fuels L.L.C. does not utilize feedstock from any CITES species within the procurement region. A list of commonly sourced species is contained in the Tree Species List in the Controlled Wood Risk Assessment.

FRAM Renewable Fuels L.L.C. utilizes both hardwood and softwood forest and mill residuals. 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 pellet facilities do not own forestland and do not directly procure wood from the forest. The facilities also do not use any construction, demolition or post-consumer derived feedstock.



# Map of Fram Renewable Fuels Supply Base Area and FSC Risk Assessment Area

## Fram Renewable Fuels Risk Assessment Area 2017



Created on: 11/4/2015 10:10:54 AM

## 2.2 Actions taken to promote certification amongst feedstock supplier

The vast majority of the FRAM Renewable Fuels L.L.C.'s wood and fiber inputs are sourced from indirect suppliers. All wood and fiber material is 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 Products 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.

## 2.3 Final harvest sampling programme

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:  $0.8 \times \text{the square root of the total number of suppliers}$  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]

## 2.5 Quantification of the Supply Base

### Supply Base

a. 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**

b. 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**

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**

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**

d. 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**

- e. 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**

## Feedstock

- f. 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
- g. 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
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
- Hazlehurst Wood Pellets, 80-100% primary feedstock
    - i. 10% Certified to an SBP-approved Forest Management Scheme
      - 1. 8% is SFI \*
      - 2. 2% is ATFS \*

- ii. 90% is not certified to an SBP-approved Forest Management Scheme

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

- i. List all species in primary feedstock, including scientific name Slash pine: (*Pinus elliotii*), Loblolly pine (*Pinus taeda*), Longleaf pine (*Pinus palustris*), Shortleaf pine (*Pinus echinata*), Pond pine (*Pinus serotina*), Spruce pine (*Pinus glabra*), Sand pine (*Pinus clausa*)
- j. Volume of primary feedstock from primary forest: 0% - No primary forests are harvested
- k. 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)

- l. 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% chips  
Telfair Forest Products secondary mill residuals – 40-59% shavings 20-39% sawdust, 0-19% chips  
Hazlehurst Wood Pellets secondary mill residuals - 0-19% sawdust, 0-19% chips

- m. 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             | <input type="checkbox"/> |

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 60-100 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 an 80-mile radius around Hazlehurst, GA. A map of the Supply Base is available, upon request.

### 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 the Southern Appalachians, Central Appalachians, Cape Fear Arch in North Carolina, Florida Panhandle and Central Florida as potentially "Unspecified Risk." However, a rigorous system of protection in place to safeguard these habitats, along with FRAM Renewable Fuels L.L.C.'s existing mitigation measures, are sufficient to move this "Unspecified 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 mitigation serves to designate 2.1.2 as 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 measure is the Supplier Contract.

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.

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.

Mitigation Measures are included in the Supply Agreements and other requirements with the suppliers to ensure implementation of Mitigation Measures contained in Section 4.3 above. In addition, FRAM Renewable Fuels L.L.C. has close relationships with residual suppliers and ascertains District of Origin for residuals and has informed suppliers of potential HCV areas in their sourcing basins. FRAM Renewable

Fuels L.L.C. has a procedure in place for monitoring BMP compliance on roundwood tracts procured by Beasley Timber Management and delivered to Hazlehurst Wood Pellets. Rigorous Federal and State laws also mitigate the risk of receiving illegally or unsustainably harvested wood.

## 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 five (5) 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/>

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  $0.8 \times \sqrt{n}$ , where  $n$  is the number of suppliers. This results in approximately 7 to 10 inspections of secondary/tertiary residual suppliers and 25 to 40 roundwood suppliers per year.

## 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.

The SBP website contains copies of Version 1.0 that were issued March 26, 2015. Because the Standards were recently issued and the SBP Standards are not well known or understood in the U.S., FRAM Renewable Fuels L.L.C. is uncertain what level of awareness exists within the stakeholder community.

### 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](mailto: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 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. Based upon the risk assessment and evaluation of available information, there is a “ Low/Negligible 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-40-004, V3-1 FSC Controlled Wood.
  
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.”

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 five years. Fram has received no complaints regarding feedstock sourcing or production of pellets.

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   |             |
| 2.1.3     |                     | X   |             |
| 2.2.1     |                     | X   |             |
| 2.2.2     |                     | X   |             |
| 2.2.3     |                     | X   |             |
| 2.2.4     |                     | X   |             |
| 2.2.5     |                     | X   |             |

| Indicator | Initial Risk Rating |     |             |
|-----------|---------------------|-----|-------------|
|           | Specified           | Low | Unspecified |
| 2.3.1     |                     | X   |             |
| 2.3.2     |                     | X   |             |
| 2.3.3     |                     | X   |             |
| 2.4.1     |                     | 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   |             |

|       |  |   |  |
|-------|--|---|--|
| 2.2.6 |  | X |  |
| 2.2.7 |  | X |  |
| 2.2.8 |  | X |  |
| 2.2.9 |  | X |  |

|        |  |   |  |
|--------|--|---|--|
| 2.9.2  |  | X |  |
| 2.10.1 |  | X |  |

## 8 Supplier Verification Programme

### 8.1 Description of the Supplier Verification Programme

The results of the Supply Base Evaluation and Risk Assessment addressing the requirements in Standard #1 were all Low Risk due to existing Mitigation Measures, such as Supply Agreements including contract provisions that have been incorporated to address unspecified risk of sourcing from the Southern Appalachians, Central Appalachians, Cape Fear Arch, Florida Panhandle and Central Florida

### 8.2 Site visits

FRAM Renewable Fuels L.L.C. is in regular contact with its suppliers and conducts periodic inspections and monitoring of documents and records as part of its FSC/PEFC Controlled Wood Procedures. All inputs are confirmed from known Districts of Origin and are considered “controlled material.”

### 8.3 Conclusions from the Supplier Verification Programme

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 only Critical Biodiversity Area within the Supply Base is 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. The combined Mitigation Measures are sufficient to move the Unspecified Risk to Low Risk.

## 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 five 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 Mitigation Measures adopted by FRAM Renewable Fuels L.L.C. are contained in the Supply Agreement contained in FRF-SBP-DP-08. These mitigation measures 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. The use of trained loggers for all types of feedstock
3. Adherence to forestry BMPs for all types of feedstock
4. Periodic internal audits of suppliers’ district of origin on primary, secondary and tertiary feedstock
5. Tract inspections of logging jobs for roundwood into the Hazlehurst Wood Pellets facility
6. BMP compliance inspections of active logging jobs for roundwood in the Hazlehurst Wood Pellets facility
7. Distribution of FSC HCV areas map to all Fram suppliers
8. Acknowledgement by Suppliers that wood fiber is not obtained from land with high biodiversity value, high carbon stock or peat land
9. Roundwood Suppliers have been encouraged to adopt BMPs for Biomass Harvesting

### 9.2 Monitoring and outcomes

FRAM Renewable Fuels L.L.C. periodically and annually monitors its suppliers to confirm compliance with contract provisions and policies as part of the annual internal audit and management review. The FSC Controlled Wood Standards requires periodic monitoring The SBE will be updated and the issues of potential risk to High Conservation Values will be reassessed at that time.

## 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:  | <i>R. Scott Berg</i>         | President, R.S. Berg & Associates, Inc.                             | <b>1 Apr 2016</b>  |
|  | 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:  | <i>Harold Arnold</i>         | President<br>FRAM Renewable Fuels L.L.C.                            | <b>30 Mar 2016</b> |
|  | Name                         | Title   | Date               |
| Report approved by:  | <i>Elizabeth van Tilborg</i> | Sustainability/Certification Manager<br>FRAM Renewable Fuels L.L.C. | <b>30 Mar 2016</b> |
| Report approved by:  | <i>Harold L. Arnold</i>      | President<br>FRAM Renewable Fuels L.L.C.                            | <b>14 Feb 2017</b> |
| Report approved by:  | <i>Elizabeth van Tilborg</i> | Sustainability/Certification Manager<br>FRAM Renewable Fuels L.L.C. | <b>14 Feb 2017</b> |
| Report approved by:  | <i>Harold L. Arnold</i>      | President<br>FRAM Renewable Fuels L.L.C.                            | <b>14 Feb 2018</b> |
| Report approved by:  | <i>Elizabeth van Tilborg</i> | Sustainability/Certification Manager<br>FRAM Renewable Fuels L.L.C. | <b>12 Feb 2018</b> |

## 13 Updates

FRAM Renewable Fuels L.L.C. intends to update the SBP Program on an annual basis and conduct annual audits and management reviews. These will be conducted prior to normally schedule surveillance audits of the SBP, FSC and PEFC Programs.

### 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 2015.

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, 2017 to Dec 31, 2017)

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

**Telfair Forest Products** - 0 to 200,000 metric tons per year \*  
Secondary mill residuals – 40-59% 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

### 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% chips  
Tertiary mill residuals – 0-19% sawdust

**Telfair Forest Products** - 0 to 200,000 metric tons per year \*  
Secondary mill residuals – 40-59% 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

# Annex 1: Detailed Findings for Supply Base Evaluation Indicators

## For Appling County Pellets, Hazlehurst Wood Pellets and Telfair Wood Products

|                               | 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 |
| Means of Verification         | The Supply Base is also defined as part of demonstrating conformance to the following Forest Sustainability Standards:<br><br>-FSC Chain of Custody (FSC-STD-40-004)<br>-FSC Controlled Wood (FSC-STD-40-005)<br>-PEFC Chain of Custody/Due Diligence System (2002:2013)<br>-Green Gold Label (GGL)  |
| Evidence Reviewed             | Hardcopy maps of the Supply Base are maintained and available in Appendix 2 of FRF-SBP-DP-07 document.   |
| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |
| 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.  |
| Means of Verification | 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 or an equivalent paper trail. These documents and records provide objective evidence of the suppliers and their supply base.<br><br>FSC/PEFC Chain of Custody and Controlled Wood requirements address the need to define the “Districts of Origin” and conduct periodic monitoring of the supply base, both from the forest and mill residuals. FRAM Renewable Fuels L.L.C. and affiliated facilities are FSC/PEFC Chain of Custody and Controlled Wood certified. |
| Evidence Reviewed     | Refer to 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).<br><br>Refer to the 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).<br><br>Refer to the Approved Supplier List (FRF-DP-06) for records of supplier names, FSC/PEFC certificate numbers, the supplied "material categories."   |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |

|                       | 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, FRF-SBP-DP-06, FRF-SBP-DP-14  |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |

|                               |   |
|-------------------------------|---|
| 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               | <p>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)</p> <p>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-05) and all inputs are considered FSC "controlled material," PEFC non-controversial and SBP</p>  |
| Means of Verification | <p>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 legality. See the Global Governance Index for the United States: (<a href="http://info.worldbank.org/governance/wgi/sc_chart.asp">http://info.worldbank.org/governance/wgi/sc_chart.asp</a>)</p> <p>The "Assessment of Lawful Harvesting &amp; Sustainability of US Hardwood Exports" (AHEC Legality Study) available at: <a href="http://www.ahec-europe.org/">http://www.ahec-europe.org/</a> concluded that:</p> <p>"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."</p> |
| Evidence Reviewed     | FRF-DP-05, FRF-SBP-DP-08   |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |

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| 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               | <p>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:</p> <ol style="list-style-type: none"> <li>1. Law enforcement in the Districts of Origin is active and aggressive.</li> <li>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.</li> <li>3. There is little or no evidence or reporting of illegal harvesting in the district of origin.</li> <li>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.</li> </ol>   |
| Means of Verification | 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. The states of Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee have extensive laws and regulations to protect water quality and provide areas for the protection of native biodiversity.  |
| Evidence Reviewed     | <p>U.S. Federal Laws and Regulations can be found at one or more of the following websites:</p> <ul style="list-style-type: none"> <li>U.S. Fish &amp; Wildlife Service - <a href="http://www.fws.gov/">http://www.fws.gov/</a></li> <li>U.S. F&amp;WS Endangered Species – <a href="http://endangered.fws.gov/">http://endangered.fws.gov/</a></li> <li>National Wetlands Inventory Center – <a href="http://wetlands.fws.gov/">http://wetlands.fws.gov/</a></li> <li>U.S. Environmental Protection Agency – <a href="http://www.epa.gov/">http://www.epa.gov/</a></li> <li>U.S. Environmental Protection Agency Region 4 - <a href="http://www.epa.gov/region10/">http://www.epa.gov/region10/</a></li> <li>U.S. EPA/Wetlands – <a href="http://www.epa.gov/OWOW/wetlands/">http://www.epa.gov/OWOW/wetlands/</a></li> <li>U.S Army Corps of Engineers – <a href="http://www.usace.army.mil/">http://www.usace.army.mil/</a></li> <li>Federal Register – <a href="http://www.access.gpo.gov/nara/cfr/cfr-table-search.html">http://www.access.gpo.gov/nara/cfr/cfr-table-search.html</a></li> <li>U.S.D.A. Forest Service - <a href="http://www.fs.fed.us/">http://www.fs.fed.us/</a></li> <li>U.S.D.A. Forest Service – Southern Research Station - <a href="http://www.srs.fs.usda.gov/index.htm">http://www.srs.fs.usda.gov/index.htm</a></li> </ul> <p>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.</p> <p>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.</p> |



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](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](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](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.)

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|                               | <p>TN Timber Theft</p> <p><a href="https://extension.tennessee.edu/publications/Documents/SP595.pdf">https://extension.tennessee.edu/publications/Documents/SP595.pdf</a></p> <p><a href="https://forestry.ca.uky.edu/files/for109.pdf">https://forestry.ca.uky.edu/files/for109.pdf</a></p> <p><a href="http://www.gallatinnews.com/tennessee-timber-laws-cms-15230">http://www.gallatinnews.com/tennessee-timber-laws-cms-15230</a></p> <p>Florida Timber theft</p> <p><a href="http://www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/For-Landowners/Marketing-Your-Timber-A-Landowner-s-Guide">http://www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/For-Landowners/Marketing-Your-Timber-A-Landowner-s-Guide</a></p> |
| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |
| Comment or Mitigation Measure | <p>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 90<sup>th</sup> 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.</p> <p>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.</p>  |

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| 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.   |
| Means of Verification | 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. |
| Evidence Reviewed     | Delivery Tickets and payment records demonstrate payment for timber. These documents are confidential and proprietary, but are available to the CB during annual  |

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|                               | <p>audits and upon request. Contracts with suppliers are also available for review.</p> <p><b>From the Fram Contract: ‘TAXES:</b> 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.”</p> <p>The above paragraph is a standard clause contained in the contracts of reputable forest products companies and suppliers that Fram does business with.</p> |
| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |
| Comment or Mitigation Measure | <p>Note that all landowners are required to fill out a Schedule T to report their taxable income as per US Internal Revenue Service laws.</p> <p>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</p>   |

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| 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-02) and an FSC/PEFC Controlled Wood Risk Assessment that addresses the requirements of CITES (FRF-DP-05).  |
| Means of Verification | The species of trees that are common to the supply base are included in the Tree Species List (FRF-SBP-DP-14). Only forest residuals and sawmill and wood processing residuals are used as inputs and FRAM Renewable Fuels L.L.C. is not involved in land management and harvesting decisions and operations.  |
| Evidence Reviewed     | <p>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.</p> <p>See the CITES website: <a href="http://www.cites.org/eng/disc/species.php">http://www.cites.org/eng/disc/species.php</a></p> |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |

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| 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).   |
| Means of Verification | 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 Risk Assessment and the AHEC Legality Study include:<br><br>“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.” |
| Evidence Reviewed     | FRF-DP-05, AHEC Legality Study   |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |

|                       | Indicator   |
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| 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). The Risk Assessment concluded that there is a Low Risk of sourcing from High Conservation Value areas.   |
| Means of Verification | All 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.<br><br>FRAM Renewable Fuels L.L.C. uses Guidance on HCVs provided by the High Conservation Value Network. Natural Heritage databases from Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee are utilized to identify HCV occurrences.<br><br>The High Conservation Value Network, the Natural Heritage Databases, State Wildlife Action Plans and available research is used to assessment whether or not any High |

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|                          | <p>Conservation Value Forests are present within the Supply Base.</p> <p>If the available databases do not show that High Conservation Value Forests are present, they are not identified in the Supply Base Evaluation.</p> <p>The Heritage Programs also serve as Stakeholders and were sent the Stakeholder Letter of correspondence inviting them to provide input and comments. It is significant that none of the administrators of the databases provided feedback that High Conservation Values Forests were present or at risk across the Supply Base.</p>  |
| <p>Evidence Reviewed</p> | <p>FRF-DP-05<br/> <a href="http://www.hcvnetwork.org/">http://www.hcvnetwork.org/</a><br/> <a href="http://www.worldwildlife.org/science/ecoregions.cfm">http://www.worldwildlife.org/science/ecoregions.cfm</a><br/> <a href="https://www.biodiv.org/world/parties.asp">https://www.biodiv.org/world/parties.asp</a><br/> <a href="https://www.biodiv.org/reports/list.aspx?type=for">https://www.biodiv.org/reports/list.aspx?type=for</a></p> <p>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:</p> <p style="padding-left: 40px;">The Okefenokee, 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.</p> <p>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.</p> <p>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.” Therefore, no further verification monitoring or review is necessary. All wood and fiber material coming into Fram Renewable Fuels L.L.C. wood pellet facilities is considered “Controlled Wood” and can be mixed with FSC/PEFC certified material.</p> <p>It needs to be noted that FRAM's Supply Base for Hazlehurst and Telfair is a sub-scope involving just conifer species of trees. As reported in the Summary of the Supply Base Evaluation, those species of pine include:</p> |

Slash pine (*Pinus elliotii*), Loblolly pine (*Pinus taeda*), Longleaf pine (*Pinus palustris*), Shortleaf pine (*Pinus echinata*), Pond pine (*Pinus serotina*), Spruce pine (*Pinus glabra*), Sand pine (*Pinus clausa*)

We then reviewed other sources of information, including the High Conservation Value Network. Natural Heritage databases from Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee. Those websites included:

<http://www.hcvnetwork.org/>

We used this assessment tool to look for pine species in the Southeastern U.S. that originate from semi-natural planted pine forests. There are no such areas identified as HCV in this database. See the website we investigated:

<https://www.hcvnetwork.org/resources/fia-manual-english>

We then investigated the WWF websites and noted that WWF had identified small rivers of the Southeastern U.S. as Critical/Endangered (<http://www.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." See the additional WWF website we investigated:

<http://www.worldwildlife.org/science/ecoregions.cfm>

As we have stated throughout, this website does not identify pine forests of the U.S. Southeast as an area of concern. Note language from the website: Temperate evergreen forests are found predominantly in areas with warm summers and cool winters, and vary enormously in their kinds of plant life. In some, needle leaf trees dominate, while others are home primarily to broadleaf evergreen trees or a mix of both tree types.

Temperate evergreen forests are common in the coastal areas of regions that have mild winters and heavy rainfall, or inland in drier climates or montane areas. Many species of trees inhabit these forests including pine, cedar, fir, and redwood.

FRAM then evaluated "threat" in the context of the forests having an uncertain chance of continued survival or presence at the eco-region level. We concluded that upland pine forest management activities in the districts of origin do not "threaten" eco-regionally significant high conservation values.

The Sustainability/Certification Manager also assessed the updated websites for any evidence of Intact Forests within FRAM Renewable Fuels L.L.C.'s districts of origin ([www.intactforests.org](http://www.intactforests.org)). There are no Green Shaded forests in the district of origin where the Company procures its wood.

The Sustainability/Certification Manager also assessed the updated website for other 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>).

The Sustainability/Certification Manager also assessed the Global Forest Watch Frontier

Forest website and found no Frontier Forests to be present within the company's districts of origin.

([http://ims.missouri.edu/gfw/common/html/viewer.htm?MAP=namerica&DATA LIST=,world30,cntry\\_3m,cntry\\_3m2,frontier,](http://ims.missouri.edu/gfw/common/html/viewer.htm?MAP=namerica&DATA LIST=,world30,cntry_3m,cntry_3m2,frontier,))

Forestry practices were evaluated by the Georgia Forestry Commission in 2011 as part of the Statewide Forestry BMP Survey. (<http://www.gfc.state.ga.us/forest-management/water-quality/bmps/2011BMPSurveyResults.pdf>). The 2011 survey evaluated 187 sites, with 83 sites in the Lower Coastal Plain where FRAM Renewable Fuels L.L.C. sources its wood. Of the 5711 individual BMPs evaluated, the statewide percentage of correct implementation was 95.3%. This is a 1.2 percent increase in BMP implementation from the 2009 survey. The number of observed Water Quality Risks remained low at 26, which show no statistical difference from the 2009 survey. Of the 66.32 miles of streams evaluated, 62.09 miles, or 93.6%, were observed to have no impacts or impairment from forestry practices.

With public attention focusing on water and the protection of riparian areas or streamside management zones, the fact is that the forestry community's BMP implementation rate for streamside management zones is 95%, with 99.1% of SMZ acres in full compliance with BMPs. Forest owners continue to do an excellent job of protecting these sensitive areas. In addition, with a 95% overall statewide BMP implementation rate, and with 99.8 % of those acres in compliance with BMPs, forest operators as a whole are doing a very good job of implementing forestry BMPs.

Forest practices have been evaluated in the State of Florida by the Florida Forest Service since 1981 as part of a biennial compliance survey. The survey has determined a statewide, long-term average of 94% compliance with silvicultural BMPs. The studies and surveys have concluded that where silvicultural BMPs were properly applied, water quality, aquatic habitat and overall stream ecosystem health were protected.

[http://www.floridaforestservice.com/publications/silvicultural\\_bmp\\_manual.pdf](http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf)

The Alabama Forestry Commission issued a report in 2012 from the Southern Group of State Foresters (SGSF)

[http://www.forestry.alabama.gov/PDFs/SGSF\\_BMP\\_Report\\_2012.pdf](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. Georgia, Florida, Alabama, Tennessee, North Carolina and South Carolina were among those studied. Overall, the southern region BMP implementation average increased from 87% in 2008 to 92% in 2012.

The South Carolina Forestry Commission conducted its ninth study to determine compliance with South Carolina BMPs. Forest operations were evaluated on 151 randomly located sites during 2011-2012. Overall BMP compliance on harvesting operations was 93.4% which indicates that the proper use of applicable BMPs was sufficient to protect water quality on those sites. BMP compliance for non-harvesting operations was 87.5%. This includes mechanical and chemical site preparation, pesticide and fertilizer application, prescribed burning, reforestation, and minor drainage. The overall implementation rate of

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|                                      | <p>individual BMP practices was 92.1%, compared to the regional average of 92% among southeastern states.</p> <p><a href="http://www.state.sc.us/forest/bmp12.pdf">http://www.state.sc.us/forest/bmp12.pdf</a></p> <p>BMP Monitoring Studies have been conducted for all of the Southern States including the other states of North and South Carolina and Tennessee. The Implementation of Forestry Best Management Practices, 2012 Southern Region Report is available on-line at: <a href="http://www.forestry.alabama.gov/PDFs/SGSF_BMP_Report_2012.pdf">http://www.forestry.alabama.gov/PDFs/SGSF BMP Report 2012.pdf</a></p> <p>In addition, FRAM Renewable Fuels L.L.C. believes that a strong system of forest protection is in place in the U.S. All States have Best Management Practices for the protection of water quality and beneficial uses as well as threatened and endangered species laws and protections to ensure that conservation values are not threatened.</p>   |
| <p>Risk Rating</p>                   | <p><input checked="" type="checkbox"/> <b>Low Risk</b>    <input type="checkbox"/> <b>Specified Risk</b>    <input type="checkbox"/> <b>Unspecified Risk at RA</b></p>   |
| <p>Comment or Mitigation Measure</p> | <p>Protection and reserve areas are in place to ensure the survival of any HCVs that may be identified in the eco-regions. Therefore, none of the forests within the southern pine sub-scope wood supply areas of FRAM Renewable Fuels L.L.C. are considered “threatened.”</p> <p>Also note that the FSC US Board of Directors has decided not to publish Draft #2 of the US National Risk Assessment. In addition, FSC US staff (Amy Clark Eagle) acknowledge that Draft #1 was never a Normative Standard and is not to be used by other standards organizations as definitive. See the quote from the FSC US notice:</p> <p style="text-align: center;"><b>US National Risk Assessment (NRA) Update:</b></p> <p>A draft NRA was submitted to the FSC US Board of Directors in December 2016. <u>The draft was not approved for public consultation by the Board. There is continued concern on behalf of the Board and FSC US staff about striking the right balance between workability for certificate holders and effective risk mitigation.</u> The FSC US Policy &amp; Standards team was asked by the Board to continue to work with our Technical Advisory Group to explore a newly proposed alternative approach to the NRA. A conceptual framework for the alternative approach has been developed and was recently proposed to the Policy &amp; Standards Sub-Committee of the US Board. The comparative impacts of this approach and the original approach are being assessed. We anticipate a formal decision on the approach that will be taken for the US NRA by the end of April. We will share additional details as soon as we are able to do so.</p> <p>For the above reasons, FRAM did not use the FSC US Draft # 1 National Risk Assessment as a final rule. And going forward, until FSC US issues a final National Risk Assessment, it will not be referencing that document as indicative of future FSC direction.</p> |



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| 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               | High Conservation Value Forests are addressed in the FSC/PEFC Controlled Wood/Due Diligence Risk Assessment (FRF-DP-05). The CB approved Risk Assessment concludes "Low Risk."   |
| Means of Verification | <p>The WWF Global 200 has determined that aquatic habitats in SE US rivers and streams are potentially at risk. If adequate BMP's are installed during harvesting, this risk is adequately mitigated. Supply Agreements require the use of BMP's.</p> <p>State forestry commissions also monitor BMP compliance. BMP compliance rates for Alabama are 97%, Georgia 91%, Florida 99%, North Carolina 85%, South Carolina 92% and BMP Compliance in Tennessee is from 89-93%.</p> <p>The recent Draft FSC US National Risk Assessment (NRA) includes additional Critical Biodiversity Areas that may be at "potential" risk from forestry operations. The Critical Biodiversity Area within the Supply Base are the Southern Appalachians, Central Appalachians, Cape Fear Arch, Florida Panhandle and Central Florida. (<a href="http://foreststewardshipcouncil.s3.amazonaws.com/index.html">http://foreststewardshipcouncil.s3.amazonaws.com/index.html</a>)</p> <p>The Draft Critical Biodiversity Areas are outside of the roundwood procurement area for the Hazlehurst Mill. Secondary and Tertiary residual materials from sawmills and other converting facilities may source from this broader supply base. (Secondary and Tertiary residuals provide feedstock to Appling County Pellets from the 6-state Supply Base area, while Telfair and Hazlehurst source secondary residuals from a smaller supply area consisting of Georgia, Florida and South Carolina.)</p> <p>The Draft FSC US NRA suggests that these Critical Biodiversity Areas are "potentially" threatened by sedimentation from roads, logging, conversion to other pine types and poor forest management activities.</p> |
| Evidence Reviewed     | <p>FRF-DP-05, State BMP compliance rates, FSC Draft US National Risk Assessment, WWF Global 200, FRAM Renewable Fuels Supplier Agreements</p> <p>All current evidence leads to a conclusion that there is a Low Risk of sourcing from forest areas that are considered High Conservation Value and associated Critical Biodiversity Areas.</p>   |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |
| Comment or Mitigation | The Mitigation Measures adopted by FRAM Renewable Fuels L.L.C. are contained in the Supply Agreement in FRF-SBP-DP-08 as an extra level of precaution above and  |

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| <b>Measure</b> | <p>beyond the Biomass Policy provisions.</p> <p>The Mitigation Measures adopted by FRAM Renewable Fuels L.L.C. include:</p> <ol style="list-style-type: none"> <li>10. 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.</li> <li>11. The use of trained loggers for all types of feedstock</li> <li>12. Adherence to forestry BMPs for all types of feedstock</li> <li>13. Periodic internal audits of suppliers’ district of origin on primary, secondary and tertiary feedstock</li> <li>14. Tract inspections of logging jobs for roundwood into the Hazlehurst Wood Pellets facility</li> <li>15. BMP compliance inspections of active logging jobs for roundwood in the Hazlehurst Wood Pellets facility</li> <li>16. Distribution of FSC HCV areas map to all Fram suppliers</li> <li>17. Acknowledgement by Suppliers tha wood fiber is not obtained from land with high biodiversity value, high carbon stock or peat land</li> <li>18. Roundwood Supplier has been encouraged to adopt BMPs for Biomass Harvesting</li> </ol> <p>To date, no stakeholders have documented any substantiated 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. The combined Mitigation Measures of Policies and contract provisions are sufficient to move the initial Draft FSC US findings of Unspecified Risk to Low Risk.</p> <p>The Mitigation Measures proposed by the Draft FSC US National Risk Assessment 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</p> |
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|                | Indicator  |
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| <b>2.1.3</b>   | 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. |
| <b>Finding</b> | <p>FRAM Renewable Fuels L.L.C. has concluded in its FSC/PEFC Controlled Wood/Due Diligence Risk Assessment that:</p> <p>“There is “low risk” that the organization’s wood procurement contributes to a significant</p>     |

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|                       | rate of loss of “natural forests and other natural wooded ecosystems  |
| Means of Verification | Trees planted in 2008 would not be merchantable or harvested at 8 yrs old. The common age for first thinning is ~ 15 yrs. Also, secondary/tertiary residues would be generated from larger sawtimber logs originating from forests established before 2008. |
| Evidence Reviewed     | FRF-DP-05   |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |

|                       | Indicator   |
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| 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.   |
| Means of Verification | Each State Forestry Agency/Commission conducts periodic BMP implementation monitoring. BMP compliance has been documented to be 85-95%, or better, for Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee.   |
| Evidence Reviewed     | <p>Forestry practices were evaluated by the Georgia Forestry Commission in 2015 as part of the Statewide Forestry BMP Survey. <a href="http://www.gfc.state.ga.us/forest-management/water-quality/bmps/2015-BMP-Survey-Results.pdf">http://www.gfc.state.ga.us/forest-management/water-quality/bmps/2015-BMP-Survey-Results.pdf</a> . The 2015 survey evaluated 213 sites, with 84 sites in the Lower Coastal Plain and 43 sites in the Upper Coastal Plain. Of the 6,223 individual BMPs evaluated, the statewide percentage of correct implementation was 91.13%. This is a 1.2 percent increase in BMP implementation from the 2013 survey. The number of observed Water Quality Risks decreased from 100 to 63 for an improvement of 37%. The number of Water Quality Risks for this survey is calculated at 0.30 Water Quality Risks per site, significantly lower than the 0.48 risks per site seen in the 2013 BMP Survey.</p> <p>Of the 86.86 miles of streams evaluated, 96.7%, were observed to have no impacts or impairment from forestry practices.</p> <p>The fact is that the forestry community's BMP implementation rate for streamside management zones is 94.2%. Forest owners continue to do an excellent job of protecting these sensitive areas. In addition, with a 91% overall statewide BMP implementation rate, forest operators as a whole are doing a good job of implementing forestry BMPs.</p> |

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|             | <p>The report from the Southern Group of State Foresters (SGSF) in 2012 reported high rates of BMP compliance:<br/> <a href="http://www.forestry.alabama.gov/PDFs/SGSF_BMP_Report_2012.pdf">http://www.forestry.alabama.gov/PDFs/SGSF_BMP_Report_2012.pdf</a>. 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.</p> |
| Risk Rating | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |

|                       | Indicator   |
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| 2.2.2                 | <p>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).</p>   |
| Finding               | <p>See requirement 2.2.1 above.</p> <p>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.</p> <p>Compliance with BMPs is required in contracts with suppliers through the Supply Agreement/Contract (FRF-SBP-DP-08).</p> <p>Best Management Practices address the protection of soils from erosion, compaction and disturbance. BMP compliance is consistently higher than 90%.</p>   |
| Means of Verification | <p>Each State Forestry Agency/Commission conducts periodic BMP implementation monitoring. BMP compliance has been documented to be 85-95%, or better, for Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee.</p>  |
| Evidence Reviewed     | <p>FRAM has presented information addressing the various means for the protection of soil quality. Soil quality is addressed in the State BMP Programs, where compliance is upwards of 90%. Supply Contracts require implementation of BMP and logger training on protection of soil and water quality. FRAM conducts monitoring of sites to confirm that BMPs and Soils are protected. The Statewide Forest Resource Assessments address the protection of forest soils. And state forestry commissions represent a strong technical assistance and outreach and education presence. Clearly, all of these Means of Verification present a compelling rationale that there is a Low Risk that soil quality is being impacted.</p> <p>The Evidence presented in the Supply Base Evaluation that is referenced includes:</p> <p>Each State Forestry Agency/Commission conducts periodic BMP implementation</p> |

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|             | <p>monitoring. BMP compliance has been documented to be 85-95%, or better, for Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee.</p> <p>Forestry practices were evaluated by the Georgia Forestry Commission in 2015 as part of the Statewide Forestry BMP Survey. <a href="http://www.gfc.state.ga.us/forest-management/water-quality/bmps/2015-BMP-Survey-Results.pdf">http://www.gfc.state.ga.us/forest-management/water-quality/bmps/2015-BMP-Survey-Results.pdf</a> . The 2015 survey evaluated 213 sites, with 84 sites in the Lower Coastal Plain and 43 sites in the Upper Coastal Plain. Of the 6,223 individual BMPs evaluated, the statewide percentage of correct implementation was 91.13%. This is a 1.2 percent increase in BMP implementation from the 2013 survey. The number of observed Water Quality Risks decreased from 100 to 63 for an improvement of 37%. The number of Water Quality Risks for this survey is calculated at 0.30 Water Quality Risks per site, significantly lower than the 0.48 risks per site seen in the 2013 BMP Survey.</p> <p>Of the 86.86 miles of streams evaluated, 96.7%, were observed to have no impacts or impairment from forestry practices.</p> <p>The fact is that the forestry community's BMP implementation rate for streamside management zones is 94.2%. Forest owners continue to do an excellent job of protecting these sensitive areas. In addition, with a 91% overall statewide BMP implementation rate, forest operators as a whole are doing a good job of implementing forestry BMPs.</p> <p>The report from the Southern Group of State Foresters (SGSF) in 2012 reported high rates of BMP compliance: <a href="http://www.forestry.alabama.gov/PDFs/SGSF_BMP_Report_2012.pdf">http://www.forestry.alabama.gov/PDFs/SGSF_BMP_Report_2012.pdf</a>. 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.</p> |
| Risk Rating | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |

|                       | Indicator   |
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| 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), Risk Assessment (FRF-DP-05) and Supplier Correspondence Procedure (FRF-SBP-DP-08) addressing conservation of High Conservation Value Forests.   |
| Means of Verification | The US Protected Area Database contains information about protected lands that was published in April 2009: ( <a href="http://protectedlands.net/padus/">http://protectedlands.net/padus/</a> ). 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 |

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|                   | <p>sampled in the Due Diligence System.</p> <p>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.</p> <p>FRAM Renewable Fuels L.L.C. promotes the State Wildlife Action Plans that are focused on wildlife species and habitats that have declined and need concerted effort by Federal and State agencies, conservation organizations and the private sector.</p>   |
| Evidence Reviewed | <p>FRF-DP-04, FRF-DP-05, FRF-SBP-DP-08</p> <p>The Wildlife Action Plans can be found at:</p> <p>Alabama: <a href="http://teaming.com/sites/default/files/Alabama%20Wildlife%20Action%20Plan.pdf">http://teaming.com/sites/default/files/Alabama%20Wildlife%20Action%20Plan.pdf</a></p> <p>Florida: <a href="http://myfwc.com/media/2663010/StateWildlifeActionPlan.pdf">http://myfwc.com/media/2663010/StateWildlifeActionPlan.pdf</a></p> <p>Georgia: <a href="http://www.georgiawildlife.org/conservation/wildlife-action-plan">http://www.georgiawildlife.org/conservation/wildlife-action-plan</a></p> <p>North Carolina: <a href="http://www.ncwildlife.org/Conserving/2015WildlifeActionPlan.aspx">http://www.ncwildlife.org/Conserving/2015WildlifeActionPlan.aspx</a></p> <p>South Carolina: <a href="http://www.dnr.sc.gov/swap/main/2015StateWildlifeActionPlan_Draft-chapteronly.pdf">http://www.dnr.sc.gov/swap/main/2015StateWildlifeActionPlan_Draft-chapteronly.pdf</a></p> <p>Tennessee: <a href="http://www.tn.gov/twra/cwcs/cwcsindex.html">http://www.tn.gov/twra/cwcs/cwcsindex.html</a></p> |
| Risk Rating       | <p><input checked="" type="checkbox"/> <b>Low Risk</b>    <input type="checkbox"/> <b>Specified Risk</b>    <input type="checkbox"/> <b>Unspecified Risk at RA</b></p>   |

|                       | Indicator  |
|-----------------------|--|
| 2.2.4                 | The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).   |
| 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) addressing conservation of High Conservation Value Forests to address Critical Biodiversity Areas. |
| Means of Verification | Review of Fram documents - FRF-DP-04, FRF-DP-05, FRF-SBP-DP-08   |
| Evidence Reviewed     | <p>Fram has prepared an extensive Risk Assessment (FRF-DP-05) for the Supply Base area that specifically addresses HCV areas.</p> <p><b>Below is an excerpt from the Fram Risk Assessment which supports the conclusion</b></p>  |

**that the HCV area is Low Risk.**

“This risk assessment first assesses if there is any high conservation values threatened at the eco-region level. FSC notes that threat in the context of the FSC Controlled Wood standard means having an uncertain chance of continued survival or presence of High Conservation Values (HCVs) at eco-region level.

The risk that forest management operations will threaten High Conservation Values (HCVs) in a forest will be higher if a) there is an abundance of high conservation values (such as genetic diversity, species diversity, intactness, endemism and habitat and ecosystem diversity) in the eco-region, and/or b) High Conservation Values (HCVs) in the eco-region are already under threat. Many organizations have spent considerable efforts in identifying those areas of the planet (eco-regions or complexes of eco-regions) that are a priority for conservation due to abundance of the above mentioned High Conservation Values (HCVs) and the threats to them.

Two indicators are offered in this section of Annex 2 to determine the risk related to High Conservation Values (HCVs). For the first, eco-regions that are threatened can be identified through the supporting information that references, but is not limited to, the work of WWF (<http://www.panda.org>), Conservation International (<http://www.conservation.org>), IUCN (<http://www.iucn.org>), and WRI (<http://www.wri.org>) and Greenpeace (<http://www.greenpeace.org>) .

The second indicator (the presence of a strong system of protection) is included to identify areas that can be considered low risk because protection schemes, such as protected areas, legal systems and enforcement which ensure the continued presence of High Conservation Values (HCVs) in the eco-region.

High Conservation Values (HCVs) that provide basic services of nature in critical situations and those that are fundamental to meeting basic needs of local communities can be considered low risk, if indicators 3.1 and/or 3.2 are met and indicator 2.4 are met. That is, there are recognizable 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.

The intent of Criterion 3.1 is to ensure that large-scale logging does not pose an inordinate risk to forests that are global, regional or national high conservation priority. The intent is not necessarily to eliminate logging from these areas. For example, well-managed forests can provide both habitat security and a practice conservation effort for these areas.

The second intent of Criterion 3.1 is to ensure that large-scale logging does not pose a risk to the cohesion of the large, landscape-level forests that represent or are part of native, large-scale ecosystems with limited direct human impact. These forests represent habitat for native species in historically natural or nearly natural patterns of distribution or abundance. This includes habitat for both species populations that require large land bases and those

that are sensitive to human activities and human-caused fragmentation.

Criterion 3.2 is included in the controlled wood standard to recognize that in many regions, strong systems are in place to protect global environmental conservation priorities. If Criteria 3.1 cannot be met, then compliance with Criterion 3.2 can demonstrate that the district or region may be considered low risk for HCVF.

The intent of Criterion 3.2 is to ensure that a comprehensive legal and regulatory system is present to regulate the survival of the globally significant concentrations of biodiversity values, ecosystems, and services of nature. This includes the comprehensive legislation in the U.S. covered by the Clean Water Act, Endangered Species Act, Clean Air Act, Federal Insecticide, Rodenticide and Fungicide Act (FIFRA), and other laws. These laws provide sufficient protection of biodiversity values, along with national, state and local reserves, protected areas and recreation areas.

FSC Controlled Wood Standard Criteria:

“The district of origin may be considered low risk in relation to threat to high conservation values if: a) indicator 3.1 is met; or b) indicator 3.2 eliminates (or greatly mitigates) the threat posed to the district of origin by non-compliance with 3.1:

3.1 Forest management activities in the relevant level (ecoregion, sub-ecoregion, local) do not threaten ecoregionally significant HCVs.

3.2 A strong system of protection (effective protected areas and legislation) is in place that ensures survival of the HCVs in the ecoregion.”<sup>13</sup>

**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 Sustainability/Certification Manager assessed the updated websites for any evidence of Intact Forests within Fram Renewable Fuels L.L.C.’s districts of origin ([www.intactforests.org](http://www.intactforests.org)). There are no Green Shaded forests in the district of origin where the Company procures its wood.

The Sustainability/Certification Manager also assessed the updated website for other 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>).

The Sustainability/Certification Manager also assessed the Global Forest Watch Frontier Forest website and found no Frontier Forests to be present within the company's districts of origin.

([http://ims.missouri.edu/gfw/common/html/viewer.htm?MAP=namerica&DATA LIST=,world30,cntry\\_3m,cntry\\_3m2,frontier,](http://ims.missouri.edu/gfw/common/html/viewer.htm?MAP=namerica&DATA LIST=,world30,cntry_3m,cntry_3m2,frontier,))

Forestry practices were evaluated by the Georgia Forestry Commission in 2011 as part of the Statewide Forestry BMP Survey. (<http://www.gfc.state.ga.us/forest-management/water-quality/bmps/2011BMPSurveyResults.pdf>). The 2011 survey evaluated 187 sites, with 83 sites in the Lower Coastal Plain where Fram Renewable Fuels L.L.C. sources its wood. Of the 5711 individual BMPs evaluated, the statewide percentage of correct implementation was 95.3%. This is a 1.2 percent increase in BMP implementation from the 2009 survey. The number of observed Water Quality Risks remained low at 26, which show no statistical difference from the 2009 survey. Of the 66.32 miles of streams evaluated, 62.09 miles, or 93.6%, were observed to have no impacts or impairment from forestry practices.

With public attention focusing on water and the protection of riparian areas or streamside management zones, the fact is that the forestry community's BMP implementation rate for streamside management zones is 95%, with 99.1% of SMZ acres in full compliance with BMPs. Forest owners continue to do an excellent job of protecting these sensitive areas. In addition, with a 95% overall statewide BMP implementation rate, and with 99.8 % of those acres in compliance with BMPs, forest operators as a whole are doing a very good job of implementing forestry BMPs.

Forest practices have been evaluated in the State of Florida by the Florida Forest Service since 1981 as part of a biennial compliance survey. The survey has determined a statewide, long-term average of 94% compliance with silvicultural BMPs. The studies and surveys have concluded that where silvicultural BMPs were properly applied, water quality, aquatic habitat and overall stream ecosystem health were protected.

[http://www.floridaforestservice.com/publications/silvicultural\\_bmp\\_manual.pdf](http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf)

The Alabama Forestry Commission issued a report in 2012 from the Southern Group of State Foresters (SGSF) [http://www.forestry.alabama.gov/PDFs/SGSF\\_BMP\\_Report\\_2012.pdf](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. Georgia, Florida, Alabama, Tennessee, North Carolina and South Carolina were among those studied. Overall, the southern region BMP implementation average increased from 87% in 2008 to 92% in 2012.

The South Carolina Forestry Commission conducted its ninth study to determine compliance with South Carolina BMPs. Forest operations were evaluated on 151 randomly located sites during 2011-2012. Overall BMP compliance on harvesting operations was 93.4% which indicates that the proper use of applicable BMPs was sufficient to protect water quality on those sites. BMP compliance for non-harvesting operations was 87.5%. This includes

mechanical and chemical site preparation, pesticide and fertilizer application, prescribed burning, reforestation, and minor drainage. The overall implementation rate of individual BMP practices was 92.1%, compared to the regional average of 92% among southeastern states.

<http://www.state.sc.us/forest/bmp12.pdf>

BMP Monitoring Studies have been conducted for all of the Southern States including the other states of North and South Carolina and Tennessee. The Implementation of Forestry Best Management Practices, 2012 Southern Region Report is available on-line at: [http://www.forestry.alabama.gov/PDFs/SGSF\\_BMP\\_Report\\_2012.pdf](http://www.forestry.alabama.gov/PDFs/SGSF_BMP_Report_2012.pdf)

In addition, Fram Renewable Fuels L.L.C. believes that a strong system of forest protection is in place in the U.S. All States have Best Management Practices for the protection of water quality and beneficial uses as well as threatened and endangered species laws and protections to ensure that conservation values are not threatened.

Protection and reserve areas are in place to ensure the survival of any HCVs that may be identified in the eco-regions. Therefore, none of the forests within the wood supply areas of Fram Renewable Fuels L.L.C. are considered “threatened.”

**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 natural areas for the protection of native biodiversity. Those State laws and regulations are accessible 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 Sustainability/Certification Manager has concluded that in spite of a Global Risk Registry (Draft prepared by NEPCo, 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

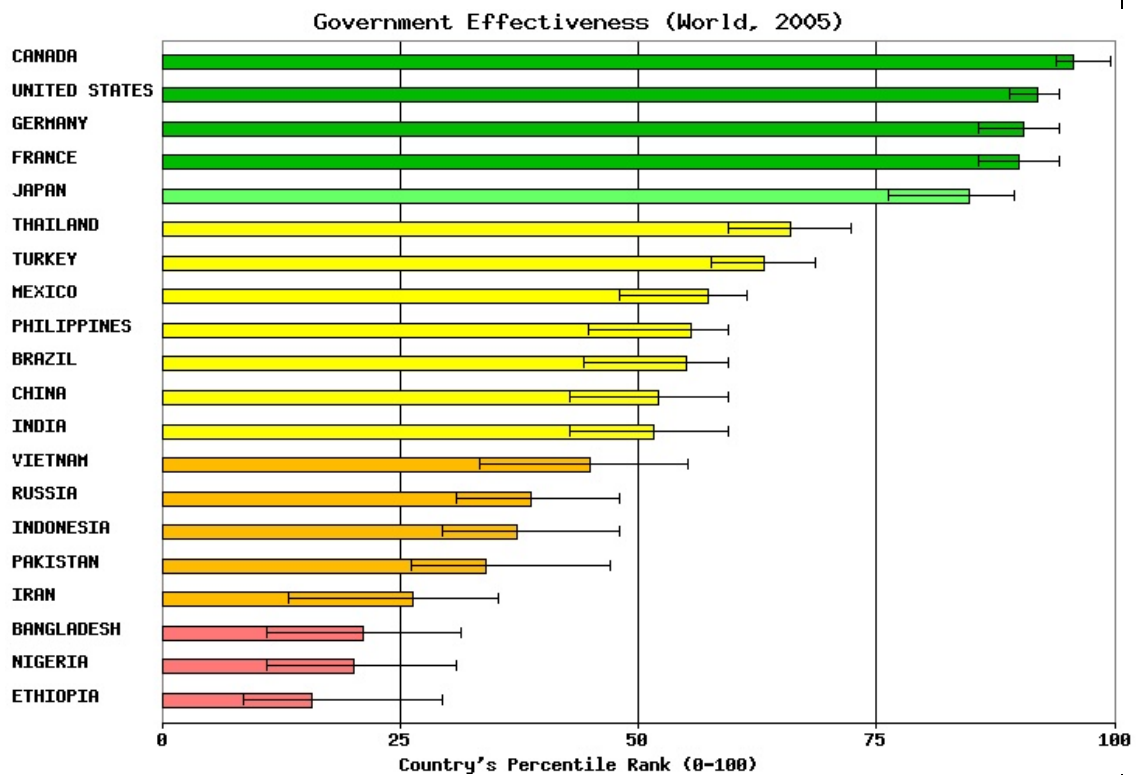
Continent as "Unspecified." (<http://www.globalforestregistry.org/map>)

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](http://info.worldbank.org/governance/wgi/sc_chart.asp))

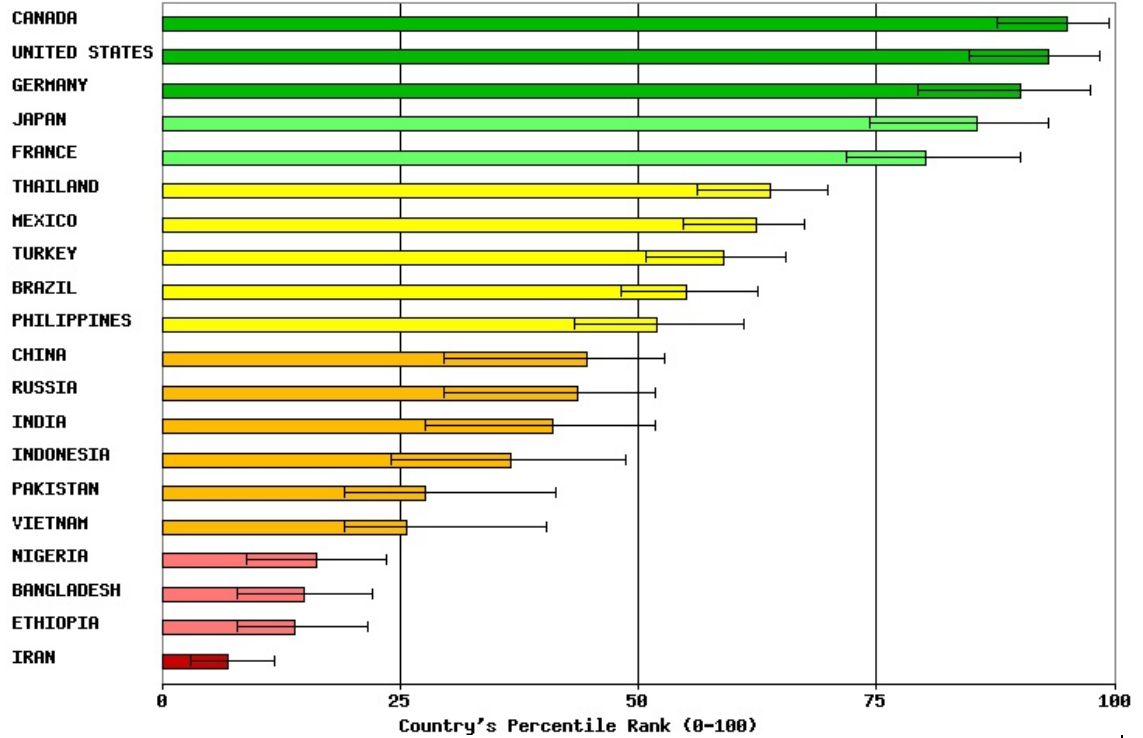
The World Bank has developed indicators for six dimensions of governance, of which the following relates to effective implementation and compliance with laws and regulations:

- Government Effectiveness
- Regulatory Quality
- Rule of Law

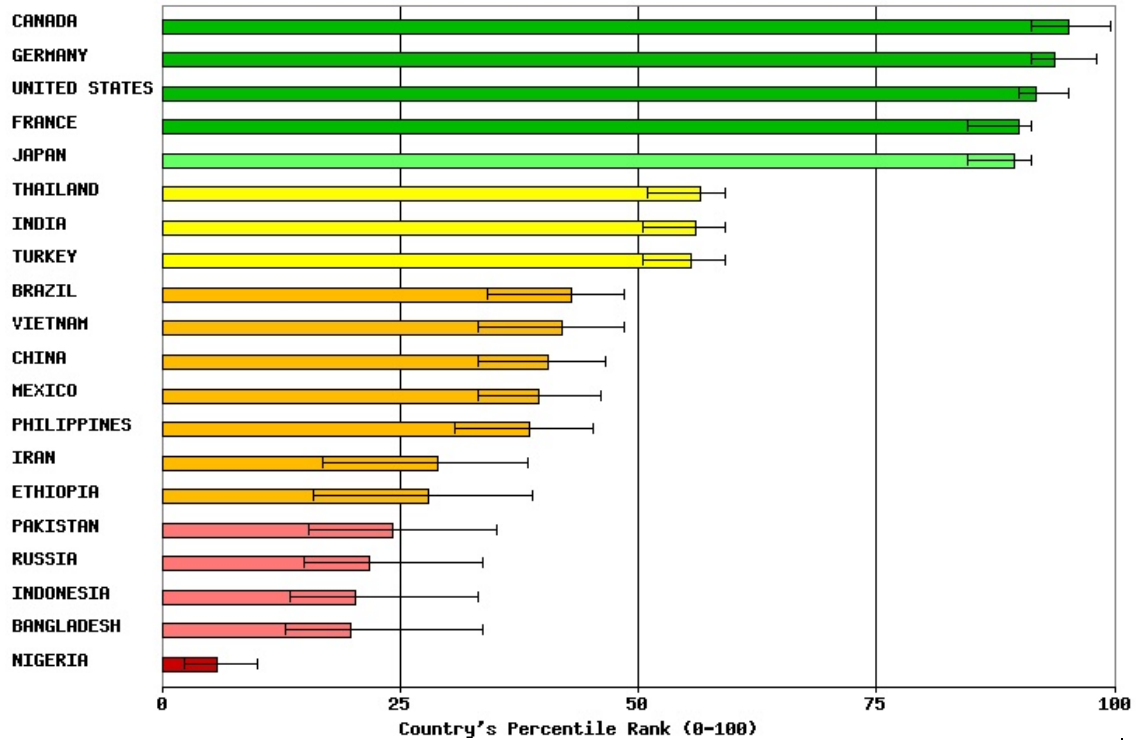
The following tables from the World Bank show a comparison of these indicators demonstrating that the U.S. and Canada are recognized as having good governance. Colors are assigned according to the following criteria: Dark Red: country is in the bottom 10th percentile rank ('governance crisis'); Light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



Regulatory Quality (World, 2005)



Rule of Law (World, 2005)



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.

This 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.

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

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|                               | <p>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.</p> <p>The AHEC Legality Study, written by the same authors that prepared the Draft Guidance on Controlled Wood Sources for FSC US, concluded that:</p> <p style="padding-left: 40px;">“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.”</p> <p><b>CONCLUSION:</b> 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. “</p> |
| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |
| Comment or Mitigation Measure | <p>Mitigation measures include:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. The use of trained loggers for all types of feedstock</li> <li>3. Adherence to forestry BMPs for all types of feedstock</li> <li>4. Periodic internal audits of suppliers’ district of origin on primary, secondary and tertiary feedstock</li> <li>5. Tract inspections of logging jobs for roundwood into the Hazlehurst Wood Pellets facility</li> </ol>   |

- 6. BMP compliance inspections of active logging jobs for roundwood in the Hazlehurst Wood Pellets facility
- 7. Distribution of FSC HCV areas map to all Fram suppliers
- 8. Acknowledgement by Suppliers that wood fiber is not obtained from land with high biodiversity value, high carbon stock or peat land
- 9. Roundwood Suppliers have been encouraged to adopt BMPs for Biomass Harvesting

As additional mitigation, Beasley Timber Management, who procures roundwood for Hazlehurst is also made aware of the GAP database.

|                       | Indicator  |
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| 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               | <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> |
| Means of Verification | <p>Review of Fram documents - FRF-DP-04, FRF-DP-05, FRF-SBP-DP-08</p> <p>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" and are encouraged.</p>  |
| Evidence Reviewed     | <p>FRF-DP-04, FRF-DP-05, FRF-SBP-DP-08</p> <p>The South Carolina Biomass Harvesting BMPs can be found at:</p> <p style="text-align: center;"><a href="http://www.trees.sc.gov/mbiomasssupp.pdf">http://www.trees.sc.gov/mbiomasssupp.pdf</a></p>   |



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| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |
| Comment or Mitigation Measure | <p>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.</p> <p>South Carolina Biomass Harvesting BMPs sent to Beasley Timber Management Procurement Forester</p> |

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| 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               | State BMP programs described under requirement 2.2.1 adequately address the protection of water quality.  |
| Means of Verification | <p>FRAM Renewable Fuels and Beasley Timber Management have a procedure in place to monitor logger compliance to state BMPs.</p> <p>All of the States included in the FRAM Renewable Fuels L.L.C. Supply Base/Districts of Origin have active and aggressive programs for the protection of water quality. BMP Compliance statistics are available on-line.</p>  |
| Evidence Reviewed     | <p>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: (<a href="http://www.ncasi.org/Publications/Detail.aspx?id=3204">http://www.ncasi.org/Publications/Detail.aspx?id=3204</a>).</p> <p>State BMP Manuals prescribe best practices to avoid water quality impacts. The State BMP Manuals for forestry are contained below:</p> <p>Alabama: <a href="http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf">http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf</a></p> <p>Florida: <a href="http://www.floridaforests-service.com/publications/silvicultural_bmp_manual.pdf">http://www.floridaforests-service.com/publications/silvicultural_bmp_manual.pdf</a></p> <p>Georgia: <a href="http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf">http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf</a></p> <p>North Carolina: <a href="http://ncforests-service.gov/publications/WQ0107/BMP_manual.pdf">http://ncforests-service.gov/publications/WQ0107/BMP_manual.pdf</a></p> <p>South Carolina: <a href="http://www.state.sc.us/forest/bmpmanual.pdf">http://www.state.sc.us/forest/bmpmanual.pdf</a></p> <p>Tennessee: <a href="http://www.tn.gov/agriculture/publications/forestry/BMPs.pdf">http://www.tn.gov/agriculture/publications/forestry/BMPs.pdf</a></p> |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |

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| 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               | <p>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.</p> <p>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.</p>   |
| Means of Verification | <p>Prescribed fire is regulated by the following State Forestry Commissions:</p> <p>Alabama: <a href="http://www.forestry.state.al.us/BurnPermitLaw.aspx?bv=1&amp;s=1">http://www.forestry.state.al.us/BurnPermitLaw.aspx?bv=1&amp;s=1</a><br/>                     Florida: <a href="http://www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/Wildland-Fire/Resources/Fire-Tools-and-Downloads/Web-Based-Open-Burn-Authorization-Request-WebOBA">http://www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/Wildland-Fire/Resources/Fire-Tools-and-Downloads/Web-Based-Open-Burn-Authorization-Request-WebOBA</a><br/>                     Georgia: <a href="http://www.gfc.state.ga.us/online-permits/index.cfm">http://www.gfc.state.ga.us/online-permits/index.cfm</a><br/>                     North Carolina: <a href="http://ncforestservice.gov/burn_permits/burn_permits_main.htm">http://ncforestservice.gov/burn_permits/burn_permits_main.htm</a><br/>                     South Carolina: <a href="http://www.state.sc.us/forest/fireburn.htm">http://www.state.sc.us/forest/fireburn.htm</a><br/>                     Tennessee: <a href="http://burnsafetn.org/burn_permit.html">http://burnsafetn.org/burn_permit.html</a></p> <p>It should be noted that FRAM Renewable Fuels L.L.C. and affiliated facilities do not control forest management activities and has no involvement in decisions to conduct prescribed burning. State prescribed burning requirements are sufficient to address any air quality related concerns.</p> |
| Evidence Reviewed     | See above  |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |

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| 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.               |

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| <p>Means of Verification</p>         | <p>See EPA website for regulation of forest chemicals under FIFRA.</p> <p><u><a href="#">U. S. Environmental Protection Agency home page</a></u></p> <p><u><a href="#">U. S. Environmental Protection Agency’s Office of Water home page</a></u></p> <p>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:</p> <p>Alabama: <a href="http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf">http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf</a></p> <p>Florida: <a href="http://www.floridaforests-service.com/publications/silvicultural_bmp_manual.pdf">http://www.floridaforests-service.com/publications/silvicultural_bmp_manual.pdf</a></p> <p>Georgia: <a href="http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf">http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf</a></p> <p>North Carolina: <a href="http://ncforests-service.gov/publications/WQ0107/BMP_manual.pdf">http://ncforests-service.gov/publications/WQ0107/BMP_manual.pdf</a></p> <p>South Carolina: <a href="http://www.state.sc.us/forest/bmpmanual.pdf">http://www.state.sc.us/forest/bmpmanual.pdf</a></p> <p>Tennessee: <a href="http://www.tn.gov/agriculture/publications/forestry/BMPs.pdf">http://www.tn.gov/agriculture/publications/forestry/BMPs.pdf</a></p> |
| <p>Evidence Reviewed</p>             | <p>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.</p> <p>Pest management programs are administered by the State Forestry Agencies/Commissions.</p> <p>Alabama: <a href="http://www.forestry.state.al.us/">http://www.forestry.state.al.us/</a></p> <p>Florida: <a href="http://www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/Our-Forests/Forest-Health">http://www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/Our-Forests/Forest-Health</a></p> <p>Georgia: <a href="http://www.gfc.state.ga.us/forest-management/forest-health/">http://www.gfc.state.ga.us/forest-management/forest-health/</a></p> <p>North Carolina: <a href="http://www.ncforests-service.gov/forest_health/forest_health.htm">http://www.ncforests-service.gov/forest_health/forest_health.htm</a></p> <p>South Carolina: <a href="http://www.state.sc.us/forest/id.htm">http://www.state.sc.us/forest/id.htm</a></p> <p>Tennessee: <a href="http://www.tn.gov/agriculture/forestry/foresthealth.shtml">http://www.tn.gov/agriculture/forestry/foresthealth.shtml</a></p>  |
| <p>Risk Rating</p>                   | <p><input checked="" type="checkbox"/> <b>Low Risk</b>      <input type="checkbox"/> <b>Specified Risk</b>      <input type="checkbox"/> <b>Unspecified Risk at RA</b></p>  |
| <p>Comment or Mitigation Measure</p> | <p>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 25 years.</p> <p>Each State forest agency has a Forest Health and Pest Control Division that monitors forest health and determines appropriate actions.</p>  |

|                               | Indicator   |
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| 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.   |
| Means of Verification         | State BMPs require the removal of garbage and other wastes.<br><br>Alabama: <a href="http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf">http://www.forestry.state.al.us/publications/BMPs/2007_BMP_Manual.pdf</a><br>Florida: <a href="http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf">http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf</a><br>Georgia: <a href="http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf">http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf</a><br>North Carolina: <a href="http://ncforestservice.gov/publications/WQ0107/BMP_manual.pdf">http://ncforestservice.gov/publications/WQ0107/BMP_manual.pdf</a><br>South Carolina: <a href="http://www.state.sc.us/forest/bmpmanual.pdf">http://www.state.sc.us/forest/bmpmanual.pdf</a><br>Tennessee: <a href="http://www.tn.gov/agriculture/publications/forestry/BMPs.pdf">http://www.tn.gov/agriculture/publications/forestry/BMPs.pdf</a> |
| Evidence Reviewed             | FRF-SBP-DP-08   |
| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |
| Comment or Mitigation Measure | Procurement Forester randomly monitors ongoing harvesting operations for compliance with BMPs.  |

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| 2.3.1   | 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.   |
| Finding | 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.<br><br>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. |

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| Means of Verification | 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.   |
| Evidence Reviewed     | State Forest Inventory & Analysis (FIA) Updates and Fact Sheets are available on-line:<br><br>Alabama: <a href="http://www.srs.fs.usda.gov/pubs/su/su_srs042.pdf">http://www.srs.fs.usda.gov/pubs/su/su_srs042.pdf</a><br><br>(Total volume of all growing-stock trees rose 154 percent between 1953 and 2010)<br><br>Florida: <a href="http://www.srs.fs.usda.gov/pubs/su/su_srs043.pdf">http://www.srs.fs.usda.gov/pubs/su/su_srs043.pdf</a><br><br>Georgia: <a href="http://www.gfc.state.ga.us/forest-management/private-forest-management/forest-inventory/index.cfm">http://www.gfc.state.ga.us/forest-management/private-forest-management/forest-inventory/index.cfm</a><br><br>North Carolina: <a href="http://www.srs.fs.usda.gov/pubs/su/su_srs080.pdf">http://www.srs.fs.usda.gov/pubs/su/su_srs080.pdf</a><br><br>South Carolina: <a href="http://www.srs.fs.usda.gov/pubs/su/su_srs041.pdf">http://www.srs.fs.usda.gov/pubs/su/su_srs041.pdf</a><br><br>Tennessee: <a href="http://www.tn.gov/agriculture/publications/forestry/TN-FIA-Factsheet_2011.pdf">http://www.tn.gov/agriculture/publications/forestry/TN-FIA-Factsheet_2011.pdf</a> |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |

|                       | Indicator   |
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| 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.<br><br>FRAM Renewable Fuels L.L.C. requires its wood suppliers to utilize trained loggers.  |
| Means of Verification | Virtually all logging contractors across the region are considered Qualified Logging Professionals due to the SFI Fiber Sourcing Standard requirements.<br><br>FRAM Renewable Fuels L.L.C. encourages its indirect Wood Producers to encourage their contractors to attend logger training courses.   |
| Evidence Reviewed     | Training Sign-in Sheets and records (FRF-SBP-DP-15) are maintained and are available upon request.<br><br>A formal Training Session Agenda (FRF-SBP-DP-16) guided SBP Training for responsible personnel within FRAM Renewable Fuels L.L.C. A formal Training Documentation letter documents the competency training for FRAM Renewable Fuels L.L.C. personnel (FRF-SBP-DP-17). |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |

|                       | Indicator   |
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| 2.3.3                 | Analysis shows that feedstock harvesting and biomass production positively contribute to the local economy, including employment.   |
| Finding               | <p>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.</p> <p>Fram Renewable Fuels' pellet mills contribute to the local economy in the towns that they are located in by providing employment and using local businesses.</p>   |
| Means of Verification | The economic contribution of forestry to the States of Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee economies is substantial. Forestry is either # 1 or #2 in the States in terms of economic impact.  |
| Evidence Reviewed     | <p>Alabama: <a href="http://www.aces.edu/impact/ag/">http://www.aces.edu/impact/ag/</a></p> <p>Florida: <a href="http://floridaforest.org/wp-content/uploads/1-2010-Florida-Forest-Economic-Impacts-Factsheet.pdf">http://floridaforest.org/wp-content/uploads/1-2010-Florida-Forest-Economic-Impacts-Factsheet.pdf</a></p> <p>Georgia: <a href="http://www.gfc.state.ga.us/utilization/economic-impacts/EconomicImpactsofForestProductsManufacturinginGA2010.pdf">http://www.gfc.state.ga.us/utilization/economic-impacts/EconomicImpactsofForestProductsManufacturinginGA2010.pdf</a></p> <p>North Carolina: <a href="http://research.cnr.ncsu.edu/blogs/wpe/2013/08/01/north-carolinas-forest-products-industry-is-an-economic-engine/">http://research.cnr.ncsu.edu/blogs/wpe/2013/08/01/north-carolinas-forest-products-industry-is-an-economic-engine/</a></p> <p>South Carolina: <a href="http://www.state.sc.us/forest/fproductsfacts.pdf">http://www.state.sc.us/forest/fproductsfacts.pdf</a></p> <p>Tennessee: <a href="http://web.utk.edu/~mtaylo29/pages/Economic%20Impact%20of%20Tennessee%20Timber%20SaFRF.htm">http://web.utk.edu/~mtaylo29/pages/Economic%20Impact%20of%20Tennessee%20Timber%20SaFRF.htm</a></p> |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |

|         | Indicator   |
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| 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                             |

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|                       | contribute to the health and vitality of the forest resource and dependent communities.   |
| Means of Verification | 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.  |
| Evidence Reviewed     | <p>RAM 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.</p> <p>Alabama: <a href="http://www.forestry.alabama.gov/AlabamaForestActionPlan.aspx?bv=2&amp;s=3">http://www.forestry.alabama.gov/AlabamaForestActionPlan.aspx?bv=2&amp;s=3</a></p> <p>Florida: <a href="http://forestactionplans.org/states/florida">http://forestactionplans.org/states/florida</a></p> <p>Georgia: <a href="http://www.gatrees.org/about-us/strategic-plan/GAStateAssessment-6-17-10.pdf">http://www.gatrees.org/about-us/strategic-plan/GAStateAssessment-6-17-10.pdf</a></p> <p>North Carolina: <a href="http://forestactionplans.org/states/north-carolina">http://forestactionplans.org/states/north-carolina</a></p> <p>South Carolina: <a href="http://forestactionplans.org/states/south-carolina">http://forestactionplans.org/states/south-carolina</a></p> <p>Tennessee: <a href="http://www.tn.gov/agriculture/publications/forestry/TN-FAP_Brochure.pdf">http://www.tn.gov/agriculture/publications/forestry/TN-FAP_Brochure.pdf</a></p> |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |

|                       | Indicator   |
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| <b>2.4.2</b>          | 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.  |
| Means of Verification | 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. |
| Evidence Reviewed     | <p>Fram Renewable Fuels L.L.C. personnel membership in various forestry organizations.</p> <p>The Georgia Forestry Commission website (<a href="http://www.gfc.state.ga.us/forest-fire/">http://www.gfc.state.ga.us/forest-fire/</a>) addressing forest fires states that it is responsible for wildfire suppression in the State. By</p>   |

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.

Fire suppression equipment includes tractor crawler plows, pickup trucks equipped with water tanks, single-engine aircrafts and helicopters, and various hand tools and specialty equipment. Personnel in GFC's [fabrication shop](#) keep tractor-plows repaired and in working condition and at times develop and make custom tools and equipment.

13.5.2

Wildfire Suppression

Wildfires are always suppressed when threatening human life and property. Most wildfires in Georgia are handled by one or two rangers and a tractor-plow unit. The tractor-plow unit is driven to the fire site on a flat-bed trailer, or transport, and used to plow firebreaks around the fire. A firebreak is a plowed road of mineral soil, approximately 4-5 feet wide. For a fire to burn, it must have three elements - fuel, heat and oxygen. Firebreaks separate fire from additional fuel.

Once firebreaks surround the wildfire, the ranger(s) will minimize the possibility of fire spotting, or jumping, across a firebreak by progressively extinguishing any and all burning materials around the immediate edges of the fire perimeter. This procedure is known as "mopping up" and involves the use of hand tools and water to insure fire control.

If a wildfire grows in size, intensity or complexity the [Incident Command System](#) is expanded as needed for additional crews and resources.



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|                                      | <p>13.5.3<br/>Wildfire Detection</p> <p>Early detection of wildfires is the key to effective fire suppression. Air patrols have emerged as the method of choice for detection. Fire towers, once the primary method of wildfire detection, are still located strategically throughout the state and staffed as conditions warrant increased detection efforts.</p> <p>13.5.1<br/>Wildfire Season in Georgia</p> <p>Wildfire season refers to the time of year when most wildfires occur in a particular state or region. In Georgia, the fire season is during the dry and windy months of February through May. Changes in yearly weather can make the season earlier, later or longer.</p>   |
| <p>Risk Rating</p>                   | <p><input checked="" type="checkbox"/> <b>Low Risk</b>    <input type="checkbox"/> <b>Specified Risk</b>    <input type="checkbox"/> <b>Unspecified Risk at RA</b></p>   |
| <p>Comment or Mitigation Measure</p> | <p>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.</p> <p>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.</p> <p>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.</p> <p>Another priority of the Forestry Commissions is to monitor, detect and control insects and diseases. See the Georgia Forestry Commissions website addressing forest health:<br/><a href="http://www.qfc.state.ga.us/forest-management/forest-health/">http://www.qfc.state.ga.us/forest-management/forest-health/</a></p> <p>The U.S. Forest Service also provides funding to State Forestry Commissions through its State &amp; Private Forestry Programs. See the US Forest Service website addressing fire prevention and control and forest health. <a href="https://www.fs.fed.us/spf/">https://www.fs.fed.us/spf/</a></p> <p>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</p> |

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|  | <p>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: <a href="http://gfagrow.org/">http://gfagrow.org/</a></p> <p>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.</p> |
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| <b>2.4.3</b>          | 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.  |
| Means of Verification | <p>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.</p> <p>State forestry commissions also monitor BMP compliance. BMP compliance rates for Alabama are 97%, Georgia 91%, Florida 99%, North Carolina 85%, South Carolina 92% and BMP Compliance in Tennessee is from 89-93%.</p>   |
| Evidence Reviewed     | <p>FRF-DOC-02, FRF-SBP-DP-03</p> <p>FRAM has presented detailed evidence demonstrating that illegal and unauthorized activities in the forest do not occur and are considered Low Risk. As the TC is aware, 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.</p> <p>FRAM has adopted a policy statement of commitment to legal compliance. There has 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. This same evidence was presented for the other FRAM facilities and was approved and certified under the FSC, PEFC, and</p> |

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|             | <p>SBP by the SBP accredited Certification Body. It is not clear on what basis the TC believes that insufficient evidence has been presented</p> <p>As the TC is aware, the FSC Centralized Risk Assessment for the U.S. concluded that there was a Low Risk of illegal and unauthorized activities in the U.S. Thus, the FSC US National Risk Assessment does not further address the issue because all parties have recognized it as a non-issue.</p> <p>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.</p> <p>Evidence presented in the Supply Base Evaluation includes:</p> <p>State forestry commissions also monitor BMP compliance. BMP compliance rates for Alabama are 97%, Georgia 91%, Florida 99%, North Carolina 85%, South Carolina 92% and BMP Compliance in Tennessee is from 89-93%.</p> |
| Risk Rating | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |

|                       | Indicator   |
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| 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.   |
| Means of Verification | <p>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.</p> <p>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:</p> <p><a href="http://www.bia.gov/WhoWeAre/RegionalOffices/Eastern/index.htm">http://www.bia.gov/WhoWeAre/RegionalOffices/Eastern/index.htm</a></p> <p>Also see the Cherokee Tribe website for information on the economic development activities of the tribe.</p> <p><a href="http://www.cherokeesmokies.com/about_cherokee.html">http://www.cherokeesmokies.com/about_cherokee.html</a></p> |

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|                               | <p>FRAM Renewable Fuels L.L.C. relies on the FSC/PEFC Controlled Wood Risk Assessment that concludes that:</p> <p>“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.”</p>  |
| Evidence Reviewed             | FRF-DP-04 (FRAM Renewable Fuels controlled wood document), FRF-DP-05 (FRAM Renewable Fuels FSC/PEFC Risk Assessment),  |
| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |
| Comment or Mitigation Measure | <p>FRAM has presented objective evidence that 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.</p> <p>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: <a href="http://www.bia.gov/WhoWeAre/RegionalOffices/Eastern/index.htm">http://www.bia.gov/WhoWeAre/RegionalOffices/Eastern/index.htm</a></p> <p>Also see the Cherokee Tribe website for information on the economic development activities of the tribe. <a href="http://www.cherokeesmokies.com/about_cherokee.html">http://www.cherokeesmokies.com/about_cherokee.html</a></p> <p>FRAM determined that there are no known tenure and use right issues. The tribes were contacted as part of the Stakeholder Involvement and no issues were identified. And even if there were any issues, FRAM concludes that: “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.”</p> |

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| 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 fulfillment of basic needs. |
| Finding               | FSC/PEFC Chain of Custody and Controlled Wood Certificates provide sufficient objective evidence of conformance to this Indicator.  |
| Means of Verification | 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.                                   |

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|                               | As such, it is considered Low Risk.  |
| Evidence Reviewed             | FSC/PEFC Chain of Custody and Controlled Wood Certificates   |
| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |
| Comment or Mitigation Measure | <p>FRAM has concluded that there are no subsistence level communities present across the supply base where the use of the wood feedstock is essential to fulfil 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.</p> <p>A very broad stakeholder consultation and involvement process did not uncover any entities or organizations with the view that any such subsistence level communities exists across the supply base. The Statewide Forest Resource Assessment cited elsewhere in the volumes of SBP evidence had not identified any such subsistence communities.</p> |

|                       | Indicator   |
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| 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.   |
| Means of Verification | <p>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).</p> <p>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).</p> <p>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 <a href="#">file a complaint</a> with OSHA by calling 1-800-321-OSHA (6742), online via <a href="#">eComplaint Form</a>, 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.</p> |
| Evidence Reviewed     | FRF-DP-12, FRF-SBP-DP-11, FRF-SBP-DP-12, OSHA Laws  |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |

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| 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.   |
| Means of Verification         | <p>The FSC Self-Declaration Policy addresses the ILO Principles (FRF-DOC-02). The FSC ILO Policy recognizes the preeminence of U.S. and State laws and regulations in meeting the intent of the ILO Core Conventions.</p> <p>U.S. law clearly specifies rights to collective bargaining and freedom of association.<br/> <a href="http://www.dol.gov/dol/aboutdol/history/amworkerconclusion.htm">http://www.dol.gov/dol/aboutdol/history/amworkerconclusion.htm</a></p> <p>Supply Agreements/Contracts specify compliance with applicable U.S. and state labor laws and regulations (FRF-SBP-DP-08).</p>   |
| Evidence Reviewed             | Supply Agreements/Contracts (FRF-SBP-DP-08), FRF-DOC-02   |
| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |
| Comment or Mitigation Measure | <p>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.</p> <p>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:</p> <ol style="list-style-type: none"> <li>1) a Policy Statement of Commitment to legal compliance,</li> <li>2) a signed Self-Declaration to associate with FSC including the above social issues,</li> <li>3) access to all applicable laws and regulations as documented in the Supply Base Evaluation,</li> <li>4) contract provisions with suppliers requiring legal compliance,</li> <li>5) training of responsible FRAM personnel,</li> <li>6) internal monitoring and auditing of conformance to applicable laws and certification requirements,</li> <li>7) corrective and preventive action procedures to address any non-compliance issues,</li> <li>8) annual management reviews of compliance issues, and</li> </ol> |

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|  | <p>9) independent certification to numerous standards including SBP, FSC and PEFC.</p> <p>The above management system elements are the main components of international standards including ISO 14001, ISO 9001, FSC, PEFC, and SFI. These management system elements need to be taken in context, and together, present the suite of evidence showing Low Risk for the SBP Standard # 1 Indicators. It is not appropriate or necessary in our view, to repeat each one of these components of the SBP Program for each and every Indicator.</p> <p>FRAM believes that the SBP Standard relies on a company developed Supply Base Evaluation and Risk Assessment. There is no SBP standardized or national risk assessment to our knowledge. SBP recognizes certification to the FSC and PEFC Chain of Custody and Controlled Wood Standards as demonstrating Low Risk.</p> <p>See SBP Standard 2, Section 8.2, where it states that the following types of feedstocks may be excluded from the Supply Base Evaluation:</p> <ul style="list-style-type: none"> <li>• "Feedstocks sourced within the scope of the <b>BP's own</b> SBP-approved Controlled Feedstock System certification, for example, non-certified feedstock sourced in compliance with the FSC Standard for Company Evaluation of FSC Controlled Wood , FSC-STD-40-005."</li> </ul> <p>In our view, SBP recognizes a BP's own controlled feedstock system certification, as well as the FSC Controlled Wood Standard, which still relies of company-developed risk assessments. The SBP, FSC and PEFC Standards have been independently assessed by accredited Certification Bodies. The Lead Auditor participated in the full Readiness Review and independent audit and concluded FRAM to be in conformance.</p> |
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| 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.  |
| Means of Verification | <p>FRAM Renewable Fuels L.L.C. has conducted a Controlled Wood Risk Assessment (FRF-DP-05) covering this issue and concluded that:</p> <p>"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."</p> <p>See 2.7.1 above.</p> |

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| Evidence Reviewed             | FRF-DP-05 (Controlled Wood Risk Assessment)   |
| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |
| Comment or Mitigation Measure | <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• a Policy Statement of Commitment to legal compliance,</li> <li>• a signed Self-Declaration to associate with FSC including the above social issues,</li> <li>• access to all applicable laws and regulations as documented in the Supply Base Evaluation,</li> <li>• contract provisions with suppliers requiring legal compliance,</li> <li>• training of responsible FRAM personnel,</li> <li>• internal monitoring and auditing of conformance to applicable laws and certification requirements,</li> <li>• corrective and preventive action procedures to address any non-compliance issues,</li> <li>• annual management reviews of compliance issues, and</li> <li>• independent certification to numerous standards including SBP, FSC and PEFC.</li> </ul> <p>The above management system elements are the main components of international standards including ISO 14001, ISO 9001, FSC, PEFC, and SFI. These management system elements need to be taken in context, and together, present the suite of evidence showing Low Risk for the SBP Standard # 1 Indicators. It is not appropriate or necessary in our view, to repeat each one of these components of the SBP Program for each and every Indicator.</p> <p>FRAM believes that the SBP Standard relies on a company developed Supply Base Evaluation and Risk Assessment. There is no SBP standardized or national risk assessment to our knowledge. SBP recognizes certification to the FSC and PEFC Chain of Custody and Controlled Wood Standards as demonstrating Low Risk.</p> <p>See SBP Standard 2, Section 8.2, where it states that the following types of feedstocks may be excluded from the Supply Base Evaluation:</p> <ul style="list-style-type: none"> <li>• "Feedstocks sourced within the scope of the <b>BP's own</b> SBP-approved Controlled Feedstock System certification, for example, non-certified feedstock sourced in compliance with the FSC Standard for Company</li> </ul> |



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|  | <p style="text-align: center;">Evaluation of FSC Controlled Wood , FSC-STD-40-005."</p> <p>In our view, SBP recognizes a BP's own controlled feedstock system certification, as well as the FSC Controlled Wood Standard, which still relies of company-developed risk assessments. The SBP, FSC and PEFC Standards have been independently assessed by accredited Certification Bodies. The Lead Auditor participated in the full Readiness Review and independent audit and concluded FRAM to be in conformance.</p> |
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| <b>2.7.3</b>                  | 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.   |
| Means of Verification         | Child Labor laws and regulations are enforced by the U.S. Department of Labor:<br><a href="http://www.dol.gov/dol/topic/youthlabor/">http://www.dol.gov/dol/topic/youthlabor/</a>   |
| Evidence Reviewed             | FRAM Renewable Fuels L.L.C. has completed a Controlled Wood Risk Assessment (FRF-DP-05) that covers this issue:<br><br>"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."<br><br>See 2.7.1 above.  |
| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |
| Comment or Mitigation Measure | 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.<br><br>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: <ul style="list-style-type: none"> <li>• a Policy Statement of Commitment to legal compliance,</li> <li>• a signed Self-Declaration to associate with FSC including the above social issues,</li> <li>• access to all applicable laws and regulations as documented in the Supply Base</li> </ul> |

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|  | <p>Evaluation,</p> <ul style="list-style-type: none"> <li>• contract provisions with suppliers requiring legal compliance,</li> <li>• training of responsible FRAM personnel,</li> <li>• internal monitoring and auditing of conformance to applicable laws and certification requirements,</li> <li>• corrective and preventive action procedures to address any non-compliance issues,</li> <li>• annual management reviews of compliance issues, and</li> <li>• independent certification to numerous standards including SBP, FSC and PEFC.</li> </ul> <p>The above management system elements are the main components of international standards including ISO 14001, ISO 9001, FSC, PEFC, and SFI. These management system elements need to be taken in context, and together, present the suite of evidence showing Low Risk for the SBP Standard # 1 Indicators. It is not appropriate or necessary in our view, to repeat each one of these components of the SBP Program for each and every Indicator.</p> <p>FRAM believes that the SBP Standard relies on a company developed Supply Base Evaluation and Risk Assessment. There is no SBP standardized or national risk assessment to our knowledge. SBP recognizes certification to the FSC and PEFC Chain of Custody and Controlled Wood Standards as demonstrating Low Risk.</p> <p>See SBP Standard 2, Section 8.2, where it states that the following types of feedstocks may be excluded from the Supply Base Evaluation:</p> <ul style="list-style-type: none"> <li>• "Feedstocks sourced within the scope of the <b>BP's own</b> SBP-approved Controlled Feedstock System certification, for example, non-certified feedstock sourced in compliance with the FSC Standard for Company Evaluation of FSC Controlled Wood , FSC-STD-40-005."</li> </ul> <p>In our view, SBP recognizes a BP's own controlled feedstock system certification, as well as the FSC Controlled Wood Standard, which still relies of company-developed risk assessments. The SBP, FSC and PEFC Standards have been independently assessed by accredited Certification Bodies. The Lead Auditor participated in the full Readiness Review and independent audit and concluded FRAM to be in conformance.</p> <p>!</p> |
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| 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  |

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|                               | employment.   |
| Means of Verification         | U.S. anti-discrimination laws and regulations are enforced by the Department of Labor:<br><a href="http://www.eeoc.gov/facts/qanda.html">http://www.eeoc.gov/facts/qanda.html</a>   |
| Evidence Reviewed             | FRAM Renewable Fuels L.L.C. has completed an FSC Controlled Wood Risk Assessment that concludes:<br><br>“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.”   |
| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |
| Comment or Mitigation Measure | <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• a Policy Statement of Commitment to legal compliance,</li> <li>• a signed Self-Declaration to associate with FSC including the above social issues,</li> <li>• access to all applicable laws and regulations as documented in the Supply Base Evaluation,</li> <li>• contract provisions with suppliers requiring legal compliance,</li> <li>• training of responsible FRAM personnel,</li> <li>• internal monitoring and auditing of conformance to applicable laws and certification requirements,</li> <li>• corrective and preventive action procedures to address any non-compliance issues,</li> <li>• annual management reviews of compliance issues, and</li> <li>• independent certification to numerous standards including SBP, FSC and PEFC.</li> </ul> <p>The above management system elements are the main components of international standards including ISO 14001, ISO 9001, FSC, PEFC, and SFI. These management system elements need to be taken in context, and together, present the suite of evidence showing Low Risk for the SBP Standard # 1 Indicators. It is not appropriate or necessary in our view, to repeat each one of these components of the SBP Program for each and every Indicator.</p> |

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|  | <p>FRAM believes that the SBP Standard relies on a company developed Supply Base Evaluation and Risk Assessment. There is no SBP standardized or national risk assessment to our knowledge. SBP recognizes certification to the FSC and PEFC Chain of Custody and Controlled Wood Standards as demonstrating Low Risk.</p> <p>See SBP Standard 2, Section 8.2, where it states that the following types of feedstocks may be excluded from the Supply Base Evaluation:</p> <ul style="list-style-type: none"> <li>• "Feedstocks sourced within the scope of the <b>BP's own</b> SBP-approved Controlled Feedstock System certification, for example, non-certified feedstock sourced in compliance with the FSC Standard for Company Evaluation of FSC Controlled Wood , FSC-STD-40-005."</li> </ul> <p>In our view, SBP recognizes a BP's own controlled feedstock system certification, as well as the FSC Controlled Wood Standard, which still relies of company-developed risk assessments. The SBP, FSC and PEFC Standards have been independently assessed by accredited Certification Bodies. The Lead Auditor participated in the full Readiness Review and independent audit and concluded FRAM to be in conformance.</p> |
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| <b>2.7.5</b>                  | 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.                |
| Means of Verification         | The Supply Agreement (FRF-SBP-DP-08) specifies contract conditions and compliance with Department of Labor regulations.<br><br>Refer to the U.S. Fair Labor Law website:<br><br><a href="http://www.flcdatcenter.com/">http://www.flcdatcenter.com/</a> |
| Evidence Reviewed             | See above   |
| Risk Rating                   | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |
| Comment or Mitigation Measure | 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:

- a Policy Statement of Commitment to legal compliance,
- a signed Self-Declaration to associate with FSC including the above social issues,
- access to all applicable laws and regulations as documented in the Supply Base Evaluation,
- contract provisions with suppliers requiring legal compliance,
- training of responsible FRAM personnel,
- internal monitoring and auditing of conformance to applicable laws and certification requirements,
- corrective and preventive action procedures to address any non-compliance issues,
- annual management reviews of compliance issues, and
- independent certification to numerous standards including SBP, FSC and PEFC.

The above management system elements are the main components of international standards including ISO 14001, ISO 9001, FSC, PEFC, and SFI. These management system elements need to be taken in context, and together, present the suite of evidence showing Low Risk for the SBP Standard # 1 Indicators. It is not appropriate or necessary in our view, to repeat each one of these components of the SBP Program for each and every Indicator.

FRAM believes that the SBP Standard relies on a company developed Supply Base Evaluation and Risk Assessment. There is no SBP standardized or national risk assessment to our knowledge. SBP recognizes certification to the FSC and PEFC Chain of Custody and Controlled Wood Standards as demonstrating Low Risk.

See SBP Standard 2, Section 8.2, where it states that the following types of feedstocks may be excluded from the Supply Base Evaluation:

- "Feedstocks sourced within the scope of the **BP's own** SBP-approved Controlled Feedstock System certification, for example, non-certified feedstock sourced in compliance with the FSC Standard for Company Evaluation of FSC Controlled Wood , FSC-STD-40-005."

In our view, SBP recognizes a BP's own controlled feedstock system certification, as well as the FSC Controlled Wood Standard, which still relies of company-developed risk assessments. The SBP, FSC and PEFC Standards have been independently assessed by accredited Certification Bodies. The Lead Auditor participated in the full Readiness Review and independent audit and concluded FRAM to be in conformance.

|                       | 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.<br><br>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. |
| Means of Verification | FSC/PEFC and GGL Certificates provide objective evidence of conformance with health and safety laws and regulations.   |
| Evidence Reviewed     | FSC/PEFC and GGL Certificates<br><br>Refer to the OSHA Logging Safety website:<br><br><a href="https://www.osha.gov/SLTC/logging/">https://www.osha.gov/SLTC/logging/</a>  |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |

|                       | 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               | FRAM Renewable Fuels L.L.C.'s wood procurement activities do not result in significant impacts on carbon stocks and resources, do not drain wetlands and are considered "normal silviculture" under the Federal Clean Water Act. Strong legal framework prevents swampland/peatland from being drained.<br><br>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 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".<br><br>A paper by the USFS Forest Inventory Analysis describes the carbon stocks in Region 8 (SE  |

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|-------------------------------|--|
|                               | <p>US) as increasing:</p> <p><a href="https://www.fs.fed.us/climatechange/documents/SouthernRegionCarbonAssessmentTwoBaselines.pdf">https://www.fs.fed.us/climatechange/documents/SouthernRegionCarbonAssessmentTwoBaselines.pdf</a></p>   |
| Evidence Reviewed             | <p>Supply Agreement/Contract provisions requiring BMPs ensure that Peat areas and high carbon stocks are not negatively impacted (FRF-SBP-DP-08).</p> <p>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.</p>   |
| Risk Rating                   | <p><input checked="" type="checkbox"/> <b>Low Risk</b>    <input type="checkbox"/> <b>Specified Risk</b>    <input type="checkbox"/> <b>Unspecified Risk at RA</b></p>   |
| Comment or Mitigation Measure | <p>Note that the scope of the Fram certificate covers both hardwood and pine species because the Appling County mill uses hardwood. The Hazlehurst and Telfair mills use 100% pine. The Fram RA and SBE have been consolidated into one RA/SBE for all Fram mills in an effort to be efficient with Fram’s SBR/SBE. The Appling County mill has the largest sourcing area (6 states) for feedstock, while Hazlehurst and Telfair have a smaller sourcing area of 3 states.</p> <p>To be clear, the Hazlehurst mill sources pine roundwood within an 80-mile radius from Hazlehurst. It also sources secondary pine residuals (~60% of feedstock) from mills located in Georgia, Florida and South Carolina.</p> <p>The Telfair mill sources 100% secondary pine residuals from mills located in Georgia, Florida and South Carolina.</p> |

|                       | 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               | 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 | <p>State forestry commissions also monitor BMP compliance. BMP compliance rates for Alabama are 97%, Georgia 91%, Florida 99%, North Carolina 85%, South Carolina 92% and BMP Compliance in Tennessee is from 89-93%.</p> <p>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 15% of carbon emissions from the burning of fossil fuel.</p> <p><a href="http://www.fia.fs.fed.us/forestcarbon/docs/CarbonReport_OnlineDraft-opt.pdf">http://www.fia.fs.fed.us/forestcarbon/docs/CarbonReport_OnlineDraft-opt.pdf</a></p> <p>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</p> |

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|                   | as carbon sinks. See Forest Ecology and Management research article:<br><a href="http://www.nrs.fs.fed.us/pubs/jrnl/2010/nrs_2010_nave_001.pdf">http://www.nrs.fs.fed.us/pubs/jrnl/2010/nrs_2010_nave_001.pdf</a>   |
| Evidence Reviewed | Alabama: <a href="http://www.adem.state.al.us/programs/water/forestry.cnt">http://www.adem.state.al.us/programs/water/forestry.cnt</a><br>Florida: <a href="http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf">http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf</a><br>Georgia: <a href="http://www.gfc.state.ga.us/forest-management/water-quality/bmps/2011BMPSurveyResults.pdf">http://www.gfc.state.ga.us/forest-management/water-quality/bmps/2011BMPSurveyResults.pdf</a><br>North Carolina: <a href="http://ncforestservice.gov/publications/WQ0107/BMP_manual.pdf">http://ncforestservice.gov/publications/WQ0107/BMP_manual.pdf</a><br>South Carolina: <a href="http://www.state.sc.us/forest/bmpmanual.pdf">http://www.state.sc.us/forest/bmpmanual.pdf</a><br>Tennessee: <a href="https://www.tn.gov/agriculture/publications/forestry/BMPimpl2013.pdf">https://www.tn.gov/agriculture/publications/forestry/BMPimpl2013.pdf</a><br>Carbon stocks are available at: <a href="http://www.fia.fs.fed.us/forestcarbon/">http://www.fia.fs.fed.us/forestcarbon/</a><br>See U.S. Forest Service website: <a href="http://www.fs.usda.gov/ccrc/topics/forest-carbon">http://www.fs.usda.gov/ccrc/topics/forest-carbon</a> |
| Risk Rating       | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>   |

|                       | Indicator  |
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| <b>2.10.1</b>         | Genetically modified trees are not used.   |
| Finding               | The FSC/PEFC Controlled Wood Risk Assessment confirms that GMOs are not used (FRF-DP-05).  |
| Means of Verification | 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:<br><a href="http://www.fao.org/docrep/008/ae574e/AE574E00.HTM">http://www.fao.org/docrep/008/ae574e/AE574E00.HTM</a> |
| Evidence Reviewed     | See above  |
| Risk Rating           | <input checked="" type="checkbox"/> <b>Low Risk</b> <input type="checkbox"/> <b>Specified Risk</b> <input type="checkbox"/> <b>Unspecified Risk at RA</b>  |