SBP

Sustainable Biomass Program

SCS Global Services Evaluation of FRAM Renewable Fuels LLC and related entities: Archer Forest Products, LLC Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

www.sbp-cert.org

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

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

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1 Overview

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

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

Current report completion date: 21/Feb/2020

Report authors: Kyle Meister

Name of the Company: Archer Forest Products, LLC

Company contact for SBP: Elizabeth von Tilborg

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

SBP Certificate Code: SBP-04-39

Date of certificate issue: 22/Mar/2019

Date of certificate expiry: 21/Mar/2024

This report relates to the Fourth Surveillance Audit

2 Scope of the evaluation and SBP certificate

Archer Forest Products, LLC - This certificate covers the manufacture of wood pellets and management of transport, storage and sales by Fram Renewable Fuels, LLC, including transport by truck to the port of Brunswick, GA and the co-mingling of SBP-compliant biomass at the port managed by parent company, Fram Renewable Fuels, LLC. It also covers a supply base evaluation for the sourcing of feedstock from the states of Alabama, Georgia, North Carolina, South Carolina and Tennessee and the northern portion of Florida. The scope includes communication of Dynamic Batch Sustainability Data.

3 Specific objective

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

The following critical control points were identified and evaluated at each pellet mill:

Processes for procurement and transport

- Review of processes used to identify and assess risk of primary, secondary, and tertiary feedstock suppliers, including use of district of origin assessments and internal audits of suppliers. Prior to delivery, each supplier must be set up in the system after declaring the types of feedstock it may supply and providing information on district of origin. Primary suppliers include information on tract of origin, logging company, and/or trucking company (if different than logging company);
- Verification of transportation methods used to deliver feedstock, including observation of trucks and review of delivery tickets;

Receipt and identification of incoming feedstock at the scale house and delivery of feedstock to storage areas:

- Review of delivery tickets, scale data, and volume summaries, including information on origin of each feedstock group;
- Interviews with scale house staff on classification of feedstock into primary, secondary, and tertiary feedstock groups, as applicable;
- Observation of feedstock storage areas for green (primary and secondary) and dry (tertiary) feedstock groups.

Loading of green feedstock into drum dryers and mixing with dry feedstock prior to confirm that no further mixing occurs in the manufacturing process.

Volume accounting method: the BP adheres to PEFC and FSC rules for the volume credit and credit systems, respectively. Reviewed volume summaries and credit accounts. All feedstock qualifies as controlled material and is classified as low risk per the SBE.

Documentation of transactions: BP uses a database system to record each delivery of feedstock. All feedstock is delivered using the supplier's ticket, which demonstrates the origin of the material. After scaling, a receipt is created for the truck driver and BP. The scaling data is automatically entered into the database.

Energy data collection and reporting: BP has procedures for data collection. Data are typically entered into database systems and extracted to Excel files or directly entered into Excel files. Calculations are made in Excel files, which include instructions to ensure replicability and citations of methods used when necessary.

4 SBP Standards utilised

4.1 SBP Standards utilised

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

☒ SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)

☒ SBP Framework Standard 2: Verification of SBP-compliant Feedstock *(Version 1.0, 26 March 2015)*

☒ SBP Framework Standard 4: Chain of Custody *(Version 1.0, 26 March 2015)*

☒ SBP Framework Standard 5: Collection and Communication of Data *(Version 1.0, 26 March 2015)*

4.2 SBP-endorsed Regional Risk Assessment

Not applicable.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

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

5.2 Description of Company's Supply Base

The Company's supply base has not changed significantly since the 2016 certification audit; however, the Supply Base Evaluation was updated to consider new FSC-US NRA. The Company purchases softwood and hardwood wood fibre from the states of Alabama, North Central Florida, Georgia, North Carolina, South Carolina and Tennessee. The facility sources from a largely rural area where forestry and agriculture (e.g. forests, crops, and livestock) are prevalent and are the primary sources of income for workers and the local communities. The forests consist of various pine, hardwood and mixed hardwood/pine forests in the Upper East Gulf Coastal Plain, Interior Low Plateau, Cumberlands & Southern Ridge & Valley, Southern Blue Ridge, Piedmont, East Gulf Coastal Plain, South Atlantic Coastal Plain Regions, Mid-Atlantic Coastal Plain and Florida Peninsula regions. Forests are the predominant land use in this supply base. Pine forests comprise the largest forest type (47%) of the supply area's forest followed by Oak/Hickory (44%) and Oak/Pine (13%). About 75% of the supply area's forests are managed as natural forests (32,997,514 hectares) while the remaining 25% of the supply area's forests are artificially regenerated (11,025,819 hectares).

The Company purchases most of its fibre from secondary sawmills and tertiary suppliers (pre-consumer). Two of the four pellet mills receive primary feedstock in the form of roundwood and/or in-woods chips as described in Section 5.1.

As previously stated, pine forests are the predominant forest type in the supply base. Primary species for these pine forests include loblolly pine (Pinus taeda) and slash pine (Pinus ellitottii). Primary species for the hardwood forests include oak (Quercus spp.), sweetgum (Liquidambar styraciflua), maple (Acer spp.), sycamore (Platanus occidentalis) and blackgum (Nyssa sylvatica). No species purchased at the facilities is listed on the CITES list.

Pine forests are typically managed on an even-aged basis with a rotation age of 25 to 30 years. During this rotation the pine stand may be thinned one or two times during the middle of the rotation with a final harvest completing the rotation. Most pine forests are artificially regenerated with pine seedlings planted by hand to

defined stand densities. Chemical and/or mechanical site preparation is typically used to manage the less desirable hardwood species and herbaceous species at stand establishment. Chemical treatments are minimal or below label rates; do not kill all competing species and last about two years so the pine seedlings can become established. Fertilizers are not normally applied to these forests due to costs. Some private investment groups (REITS, TIMOs) may apply fertilizers on forests which are more intensively managed. These intensively managed pine forests represent a very small percentage of the overall pine forests in the supply basin.

Hardwood forests can be managed either as even-aged or uneven-aged stands. Most hardwood stands are 40 to 50 years when harvested if managed as an even-aged stand. No site preparation or fertilizers are used on hardwood forests. Hardwood harvests in bottomland areas are subject to BMPs, which include retaining a canopy cover of at least 50% in the inner buffer of the streamside management zone (SMZ). While low impact equipment is used during these harvests, many areas are not harvested during wet seasons. It is preferred to harvest these areas under dry conditions.

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

Sustainable forestry certification is present in the Company's supply basin with approximately 7% of the forest ATFS certified, 9% SFI certified and 1% FSC certified.

More information is available in the company's supply base reports, which are available on the company's website and the SBP certificate entry page for each pellet mill.

Private landowners hold 86% of the forest area in the South; two-thirds of this area is owned by families or individuals. The average size of family forestry holding is 29 acres. Ongoing parcellation through estate division and urbanization will alter forest management in the South. Much forestland owned by timber products companies was divested between 1998 to 2008 and transitioned into TIMOs and REITs. These acres continue to be managed as forest plantations for investment purposes and can be a large driver in timber markets.

5.3 Detailed description of Supply Base

A quantitative description of the Company's supply base has been included in the Supply Base Report, which covers three of the four pellet mills. A separate Supply Base Report for Archer Forest Products, LLC was created since its Supply Base is slightly larger than that of the other three pellet mills. However, it is important to note that Archer's Supply Base *contains the entire Supply Base* of the other three pellet mills. Per communication with the Company, all four pellet mills may be described in the same Supply Base Report in the future. The Supply Base Reports are available on the company's website and the SBP certificate entry page for each pellet mill.

Supply Base for Archer

a. Total Supply Base area (ha): **69,234,584 ha (6-state)**
b. Tenure by type (ha): **37,141,460 ha Private Land**
6,398,911 ha Public Agencies

43,546,371 total ha Forest Land as defined by latest FIA data Jan 31, 2019

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

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

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

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

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

Stand Origin acres for AL, FL, GA, NC, SC & TN		
State	Natural ha	Planted ha
6-State	33,798,663	10,823,924

d. Certified forest by scheme (ha): **4,493,222 ha SFI**
673,972 ha FSC
2,615,484 ha ATFS

Certification by Hectares

State	SFI	FSC	ATFS
Alabama	2,066,039	252,619	1,001,654
Florida	1,058,929	50,589	346,248
Georgia	901,757	37,489	713,701
North Carolina	217,785	86,108	124,254
South Carolina	63,654	120,853	258,823
Tennessee	185,058	126,315	127,508
total	4,493,222	673,972	2,572,187

5.4 Chain of Custody system

The Company is FSC/PEFC Chain of Custody certified. The CoC certificates are multi-site and cover the 4 pellet mill sites in Baxley, Hazlehurst, Lumber City, and Nahunta, GA. The central office functions are managed by Fram Renewable Fuels in Hazlehurst.

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

- Logistec USA, Inc. is a port facility located in Brunswick, GA that stores and loads pellets onto ocean going ships.
- Southeast Maritime Svcs., LLC dba Metro Ports is a port facility located in Savannah, GA that stores and loads pellets onto ocean going ships. The Company does not currently use this port. This outsourcer has not been used during the audit period and is not included in the scope of the SBP certificate.

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

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

6 Evaluation process

6.1 Timing of evaluation activities

In October/November of 2019, field site visits done for suppliers of primary feedstock as part of the PEFC/FSC Chain of Custody audits were conducted to augment field sampling for the SBP audit. Information from these site visits and interviews with the PEFC/FSC auditor, were used as evidence to evaluate conformance. During the planning and implementation of the onsite audit, the trainee auditors were involved in the review of all applicable standards and were assigned specific tasks to review as a part of training, such as the verification of COC and Greenhouse Gas control points at each pellet mill and the port.

Table for Organisations with more than one production site covered by same SBE/RRA and evaluated during the same onsite audit

Report relates to	Legal name(s)	SBP Contact	Certified Supply Base	SBP Certificate Code	Certificate issue date	Certificate expiry date
☐	FRAM Renewable Fuels, LLC/ Appling County Pellets, LLC	Elizabeth von Tilborg	Alabama, Georgia, North Carolina, South Carolina and Tennessee and the northern portion of Florida, USA	SBP-04-17	04/Oct/2016	03/Oct/2021
☐	Hazlehurst Wood Pellets, LLC			SBP-04-18	19/May/2017	18/May/2022
☐	Telfair Forest Products, LLC			SBP-04-19	20/May/2017	19/May/2022
☒	Archer Forest Products, LLC			SBP-04-39	22/Mar/2019	21/Mar/2024

Archer: This report relates to the First Surveillance Audit

Total remote auditing activities (including preparation and report writing) = 10h

Site Name or Location:	FRAM corporate HQ; 19 Farmer Street, Hazlehurst, GA	
Date and Time of Audit:	18 February 2020; 9:00am	
Audit Activity	**Items to Review / Actions**	**Approx. Start Time**
Opening meeting	Introductions, auditor review of audit scope, audit plan and intro/update to SBP, FSC, and SCS standards and protocols, client description of organization	15-20 min.
Review of previous nonconformities	Review of evidence of corrective actions taken by organization since previous audit (records, documents, pictures, etc.)	10-20 min.

Evaluation of trademarks	Review of auditor-selected sample of SBP/FSC/PEFC and/or SCS on-product and/or promotional trademark uses; review of any on-site trademark uses such as banners, posters, entryway signs	15-20 min.
Review of CoC/SBP procedures, products and material accounting	Written procedures, work instructions, feedstock description (see ID 5B section 4), product group list, accounting system (transfer, percentage or credit; physical separation, percentage method)	1 hr.
Review of material balances and records	Auditor-selected sample of the following: material tracking system, summary of purchases and sales, invoices, shipping documents, training records, outsourcing agreements, other applicable SBP/CoC systems, procedures and records, tracebacks from certified outputs to eligible inputs	1-2 hrs.
Verification of calculations	Auditor-selected sample and verification of calculations for conversion factors, percentage claims, and credit accounts, as applicable	
SBP ST 5, ID5A, ID5B, ID5C, & ID 5D SDE+	Review of GHG data collection, including ID 5D SDE+	4 hrs.

Site Name or Location:	Roundwood tract visits until noon. Return to central office. Archer Pellet Mill walkthrough. Travel to Waycross (or Brunswick. Both are close to Nahunta/Archer).	
Date and Time of Audit:	20 February 2020; 8:00 or 9:00am	
Audit Activity	**Items to Review / Actions**	**Approx. Start Time**
Roundwood Tract Visits	Verification of compliance to STs 1, 2, and 4.	3-4 hrs.
Archer Pellet Mill	Review of physical inputs and outputs, material receipt, processing, storage, credit account (if applicable), sale, and overall control of COC and GHG management systems. Verification of critical COC and emissions control points. Document/record review as necessary. Interviews with appropriate number and diversity of staff to assess knowledge of CoC procedures related to their position	1-2 hrs.
Central Office	Review of any remaining documentation	2 hrs.
Travel to Waycross or Brunswick		

Site Name or Location:	Port visit, preparation for closing meeting, and closing meeting.	
Date and Time of Audit:	21 February 2020; 9:00am	
Audit Activity	**Items to Review / Actions**	**Approx. Start Time**
Port of Brunswick visit	Verification of endpoint COC and GHG emissions control points; review of pellet delivery tickets and volume summary; and remaining secondary/tertiary supplier interviews.	2 hrs.
Closing meeting preparation	Auditor takes time to consolidate notes and review audit findings for presentation at closing meeting	1 hr.
Closing meeting and review of findings	Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps	<30 min.
End		

Auditor name:	Same as report author.	**Auditor role**:	Lead auditor

Auditor name:	Confidential	**Auditor role**:	Trainee
Auditor name:	Confidential	**Auditor role**:	Trainee
Auditor name:	Confidential – PEFC/SFI COC lead auditor	**Auditor role**:	Technical expert

Supplier audits	Primary supplier FMUs visited: November 2019: 8; and February 2020: 4* **To maintain a safe working environment, one scheduled tract had to be dropped due to inclement weather.* Secondary/Tertiary supplier interviews: 9 sampled; 7 interviews conducted due to same personnel involved with selling feedstock from multiple mills owned by the same parent company.
Supplier sampling is determined using SBP sampling formulas described or cited in SBP Standard 3. Audit teams ensure to sample across the variety of forest ecosystems and/or feedstocks from which the organization sources, including by selecting different land ownership/management (e.g., small, public, private, etc.), harvesting types (thinning, final harvest), and feedstock type (primary, secondary, tertiary, hardwood, softwood, etc.).	

A. Number of days spent on-site for evaluation:	4
B. Number of auditors participating in on-site evaluation:	3
C. Number of days spent by any technical experts (in addition to amount in line A):	1
D. Additional days spent on preparation, stakeholder consultation, and follow-up:	2
E. Total number of person days used in evaluation (A * B + C + D):	15

6.2 Description of evaluation activities

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

Primary feedstock was evaluated through visiting harvest sites selected based on species mix (e.g., pine, hardwood, mixed), harvest type (e.g., clearcut, thinning), planted vs. naturally established stands, and active vs. completed harvests. During the PEFC/SFI audits in November 2019, the PEFC/SFI lead auditor visited non-certified tracts as part of these evaluations. This auditor is also a qualified SBP auditor and the tract visits included all elements required for SBP. Moreover, those site visits occurred in a different sector of the supply base, thus ensuring more robust sample. During the onsite SBP audit in February 2020, one of the scheduled tracts to visit had to be dropped from the audit itinerary due to inclement weather and flooding during the week before and days prior to the site visits. Note that these onsite tract visits occurred in a different sector than the PEFC/SFI audits. The SBE was evaluated throughout the week considering SBP guidance and information sources cited in the SBE.

Per field site notes from the PEFC/SFI audits, as well as communication with the PEFC/SFI auditor, and observation of the four sites visited during the onsite SBP audit, no field-level nonconformances were detected.

Ownership and use rights were clearly identifiable in the field, including any rights held by other parties (e.g., utility rights-of-way). For example, property boundaries were clearly identifiable in the field. Water courses and other sensitive sites (e.g., depressions) were either left unharvested or minimally harvested through selection silviculture as allowed in State of Georgia Best Management Practices (BMP) for Forestry (see Section 2 of BMP Manual; table 2-B for a summary). In addition to modified harvest systems near and in sensitive sites in harvest blocks, retention practices observed include the maintenance of individual wildlife trees for structure and hard mast production (e.g., Quercus spp.). Harvest types observed within the main production areas included final harvests and thinnings. Through interviews with Company staff and contractors, loggers merchandized each log to ensure that each truck load was sold for its highest value and use.

Interviews with secondary/tertiary suppliers were held the week prior and during the audit. These interviews confirm information taken during the audit on classification of suppliers by feedstock type, and also demonstrate that there is a robust forest products industry available for multiple uses of wood, including, but not limited to, lumber, pulp, and engineered wood products.

6.3 Process for consultation with stakeholders

Official stakeholder consultation was undertaken in the main evaluation of the SBE. Stakeholder consultation did occur as part of the audit with secondary supplier interviews, contractor interviews and internal staff interviews. The purpose of these interviews was the corroborate evidence being supplied by the BP.

For the stakeholder notification, SCS relies on its Master Stakeholder List, which contains stakeholders that are identified by type, e.g. ENGO, Government/regulatory, Educational/Academic, Industry, Indigenous/Aboriginal/Tribal, etc. This list is categorized by country and state/province at the very least, and for consultations this get filtered to omit any stakeholders that are not geographically relevant to the certificate-holder's supply base.

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

7 Results

7.1 Main strengths and weaknesses

The Company maintains a well-managed system for gathering, compiling, and reporting Greenhouse Gas data. No traceability issues were found in the Chain of Custody system. Most feedstock inputs are from secondary and tertiary residuals that would otherwise be burned as low-grade fuel or even landfilled. The pellets are a value-added product that leads to the creation of direct employment opportunities for transport, manufacturing, and service-sector jobs. In fact, one new trucking company was observed at the Port of Brunwick in the 2020 audit that was created specifically for the biomass industry. Weaknesses are described in the findings (e.g., nonconformities and observations).

7.2 Rigour of Supply Base Evaluation

The Company has conducted a rigorous Supply Base Evaluation. Risk was designated low for most indicators, with the exception of the ones detailed in the SBP guidance for the Southeast US released in later 2018. The Company has been PEFC/FSC Chain of Custody certified since 2013 and has incorporated control measures into its procedures and fibre sourcing programs. Weaknesses detected in the SBE in 2020 are mostly due to findings from SBP's accreditation body. All evidence reviewed supported the risk designations that the BP concluded.

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

7.3 Collection and Communication of Data

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

7.4 Competency of involved personnel

The Company retained R.S. Berg & Associates, Inc. to prepare the SBP Program and Procedures, including conducting the Supply Base Evaluation & Risk Assessment. R.S. Berg & Associates, Inc. has provided consulting assistance to over two hundred and eighty (280) forestry organizations in North America and has conducted over forty (40) independent and internal audits to the FSC, SFI, PEFC and American Tree Farm System Standards.

The Company's management and control systems for SBP are the same as those used to meet the FSC/PEFC Chain of Custody and FSC Controlled Wood requirements, which have been in place since 2013. Key personnel tasked with implementing the Company's management and control systems relating to SBP

compliance are well trained and competent, with strengths in markets, silviculture, management, harvesting, and conservation issues. Their knowledge of SBP requirements is strong.

7.5 Stakeholder feedback

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

7.6 Preconditions

No preconditions were assigned.

8 Review of Company's Risk Assessments

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

Review of Findings, MOV and evidence cited in the BP's SBE, including related chain of custody & procurement procedures and systems, observation of pellet mill processes, inspection of harvest sites, and interviews with BP staff and contractors.

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

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

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

2.3.2	Low	Low

Table 2. Final risk ratings of Indicators as determined AFTER the SVP and any mitigation measures.

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

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

9 Review of Company's mitigation measures

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

10 Non-conformities and observations

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

- *applicable requirement(s)*
- *grading of the non-conformity (major or minor) or observation with supporting rationale*
- *timeframe for resolution of the non-conformity*
- *a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.*

Findings from 2019 Audit

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

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

NC number 3	**NC Grading:** Minor
Standard & Requirement:	ID 5B, 5.4.1
Description of Non-conformance and Related Evidence:	
Appling: 44,111 MT of bark were reported for use as drum-dryer fuel in the Appling SAR. From review of associated Excel file where bark volume is recorded for calculations, this value was not reported. Instead, two values were (Excel file on materials shows 46,497 and 42,182 MT of bark).Archer: The BP is relying on past measurements taken from when the pellet mill was under a different ownership before it closed in 2016. The total bark used per unit of pellets uses another value for total MT of pellets to make the calculation of fuel consumption (11,430 MT bark / 37,984 MT Pellets).	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	The underlying data and corrected calculations were reviewed and included in the SARs.
Findings for Evaluation of Evidence:	SAR
NC Status:	Closed
NC number 4	**NC Grading:** Minor
Standard & Requirement:	ID 5B 6.1.2 b)
Description of Non-conformance and Related Evidence:	
Auditor observed trucks onsite and reviewed outgoing scale tickets for pellet loads. Google maps showed that distance from pellet mill to Port of Brunswick on the local road system was 79.3 miles (127.6 km). Google maps rounds the distance up to 128 km. Given that there were 6,585 pellet loads delivered to the Port of Brunswick, this results in an underreporting of 6,585 km. The 128 km distance is therefore more conservative than the 127 km reported. For Hazlehurst, as per interview with BP staff, the BP passes on legal ownership to their customer once the pellets are loaded onto a vessel. The BP filled out shipping distances for both SDI, which is unnecessary and outside of the scope of the SDI.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	The BP revised the SAR and used the current template version number 1.2. The BP submitted a revised SAR and removed all information from the shipping distance table.
Findings for Evaluation of Evidence:	SAR
NC Status:	Closed
NC number 5	**NC Grading:** Minor
Standard & Requirement:	SBP ST 1, V1-0, IN-1A: 2.1 and 2.7SBP ST 1, V1-0, 1.1.2, 1.1.3, and several others as cited below
Description of Non-conformance and Related Evidence:	
The BP has specified appropriate means of verification (MOV) for most indicators. Overall, evidence evaluated demonstrates compliance with the requirements of this Standard. None of the issues cited below change the risk designations as concluded by the BP and the audit team.However, there are situations when the Finding does not include information based on the MOV cited, and the evidence either does not match the MOV or is incomplete (i.e., certain MOV do not have corresponding evidence listed). There are other situations where the Finding extends into the MOV, evidence, and/or Comments/Mitigation Measures.The Findings sections sometimes lack citations of third-party publications or other objective evidence used to determine the risk.The Comments/Mitigation measures are reserved for describing how situations of unspecified or specified risks were mitigated or otherwise brought to low risk through the BP's actions. Issues were found for the following indicators in ST 1:•1.1.2: FPA records are cited as MOV, but not cited as evidence;•1.1.3: Low risk has been concluded, but there is a Comment/Mitigation Measure that belongs is the Findings section;• 1.2.1: The Finding describes "contracts, delivery Tickets and other documentation verifying legal ownership of incoming wood material	

from its wood suppliers". Not all of these are cited in the MOV and evidence reviewed;•1.3.1: The Finding describes "Delivery Tickets, Purchase Orders or other documentation for roundwood deliveries with information relating to the supplier". Not all of these are cited in the MOV and evidence reviewed. The evidence reviewed includes descriptions of laws that should be in the Finding. MOV and evidence should include reference to mechanisms under the BP's control that are used to achieve legal compliance (e.g., contracts). Low risk has been concluded, but there is a Comment/Mitigation Measure that belongs is the Findings section;•1.4.1: There are elements of the MOV and Comment/Mitigation measures sections that belong in the Finding since low risk has been concluded. Not all MOV cited have been included in the evidence reviewed, mainly delivery tickets;•1.5.1: The BP's tree species list is missing from the MOV;• 1.6.1: The BP's contracts contain clauses related to legal compliance, which serve as a mechanism to enforce laws related to ownership and traditional/civil rights, when and where applicable. Contracts are not described in the Finding or cited as MOV and evidence;•2.1.1: The BP evaluates suppliers annually as part of its FSC and PEFC Controlled Wood verification, which includes informing suppliers of most recent FSC CNRA, including known HCV locations and maps. This is not cited in the Finding or as MOV and evidence. The MOV includes some evidence that is not objective, mainly, "BP's direct knowledge of sourcing area". Low risk has been concluded, but there is a Comment/Mitigation Measure that belongs is the Findings section;•2.1.2: Not all MOV have corresponding evidence cited in the evidence section. The Comment/Mitigation measure cites the BP's SOP, which include internal supplier audits and correspondence and the establishment of contracts to ensure compliance. These are not cited in the Comment/Mitigation measure, which are the main mechanisms for how the BP mitigates the specified risk and converts it to low risk;•2.1.3: A letter sent annually to all suppliers and training of the forestry contractor are described in the Finding. The 2018 letter and emails (11/14/18) sent to supplier was shown to the auditor. Training was confirmed in interviews with the contractor. However, these are not cited in the MOV and evidence. Internal audits are not cited in the MOV, though the internal audit checklist is cited in the evidence reviewed;•2.2.1: Contracts, which contain clauses related to legal compliance and implementation of BMPs, are not described in the Finding, but are cited as MOV and evidence;• 2.2.3: Contracts, which contain clauses related to legal compliance and implementation of BMPs, are cited in the MOV, but not described/cited in the Finding, evidence or Comment/Mitigation Measure. Since the BP's contracts contain such clauses, they are instrumental in demonstrating the specified risk is mitigated to low risk;•2.2.4: The Finding does not describe contracts, which are instrumental in ensuring BMP and legal compliance. Similarly, the MOV and evidence do not cite contracts with suppliers. The BP also has an SOP for Supplier Correspondence, which is not cited in the MOV and corresponding documents produced as evidence, such as letters and internal audit checklists. Similar evidence is also not cited in the Comment/Mitigation Measure;•2.2.5: The Finding does not describe contracts, which are instrumental in ensuring BMP and legal compliance. Similarly, the MOV and evidence do not cite contracts with suppliers. The BP also has an SOP for Supplier Correspondence, which is not cited in the MOV and corresponding documents produced as evidence, such as letters and internal audit checklists. Similar evidence is also not cited in the Comment/Mitigation Measure. There are also some elements described in the MOV and evidence that should be described in the Findings;•2.2.6: Contracts/supplier agreements are cited in the MOV, but not in the evidence and Findings. The evidence cites laws that should be included in the Findings;•2.2.7: The BP does not control how land managers in the SB use prescribed fire. Thus, state BMPs, evidence of citations, and state agency websites are appropriate MOV and evidence. However, the BP cites only longleaf pine ecosystems as using fire for critical maintenance of ecosystem function. There are other forest ecosystems for which fire is a natural disturbance agent;•2.2.8: Supplier contracts are not described in the Finding. Low risk has been concluded, but there is a Comment/Mitigation Measure that belongs is the Findings section;•2.2.9: The BP cites laws in the Finding, but does not cite contracts in the Finding, MOV or evidence. These are the primary control mechanisms in place for any non-organic waste left behind during harvest operations;• 2.3.1: The MOV contains information that should be included in the Finding. The evidence contains MOV. For example, public data used to compare harvesting growth to drain data could be a MOV. Evidence would then be specific public datasets, such as FIA reports for XX years to make such a comparison;•2.3.2: Contracts are missing from the Finding, MOV, and evidence. Contracts contain clauses related to trained loggers and legal compliance, which relate to training;•2.3.3: The conclusions made in the Finding lack citations (i.e., do not cite information provided in the MOV). Objective evidence on Fram's economic contribution is not cited in the Findings or MOV (and subsequent evidence). For example, the number of direct jobs supported by the Fram pellet mills would be objective (and therefore verifiable). The Comment/Mitigation measure should be in the Finding since low risk was initially concluded. This information should also be substantiated

through third-party publications or direct figures from the Fram organization;• 2.4.1: Contracts are not described in the Finding or cited in the Comment/Mitigation measure. Contracts, which contain clauses related to legal compliance and BMP implementation, are instrumental in ensuring the specified risk is mitigated to low risk. BMP survey results are cited in the MOV and evidence, but not described in the Finding;•2.4.2: The Finding does not address SFI implementation committees and other actions or research done by third parties in the region, such as USDA Forest Service and APHIS, as discussed in interviews with staff. The evidence reviewed does not match the MOV provided. For example, MOV include memberships in forestry associations and meetings. Corresponding evidence, such as membership information (e.g., card, certificates) and meeting records, are not cited as evidence;•2.4.3: Contracts are not described in the Finding. The MOV and evidence do not entirely match. For example, it is not clear how "online searches related to timber theft" relate to "state forestry agency data" as no explanation is provided in the Finding;•2.5.2: For water supply, BMPs and associated contracts that require adherence to BMPs are not described in the Finding, MOV or Evidence. BMPs may influence water supply indirectly;•2.6.1: The BP relies on legal compliance, which is enforced primarily through its contracts with suppliers. These are not cited in the Finding, MOV or evidence. It is not clear how the MOV of OSHA laws and Company policies correspond to the evidence cited;•2.7.2: Contracts are not cited in the Finding or evidence reviewed, but are in the MOV. There are clauses that require legal compliance. The US Constitution forbids slavery and the US has also ratified ILO Convention 105 - Abolition of Forced Labour Convention, 1957, which means that there is a corresponding national law to implement this convention. The MOV and evidence do not match;•2.7.3: HR policies/records and ILO Convention 182 (Worst Forms of Child Labour; ratified by USA) have not been described in the Finding. Contracts have been cited in the MOV, but not in the evidence. The MOV and evidence do not match; •2.7.4: Contracts are missing from the Finding, MOV, and evidence;•2.7.5: For Fram's own employees (or employees of its SBP-certified entities), HR policies and records are not cited in the Finding, MOV or evidence;•2.8.1: For Fram's own employees (or employees of its SBP-certified entities), safety training/orientation programs and training are not cited in Findings, MOV, and evidence. Low risk has been concluded, but there is a Comment/Mitigation Measure that really belongs in the Finding;• 2.9.1: The Finding contains some conflicting or contradicting information. For example, the it states that "Neither Fram nor its suppliers harvest on peatlands or wetlands." Later on, it states, "The only high carbon stock lands in the Fram Supply Basin are wetlands or swamps (peatlands) which are strongly protected by Federal laws and BMPs." There is harvesting in bottomland hardwoods, as confirmed during interviews with staff and field site visits. Harvesting is done per state BMPs, including use of low impact equipment and respect of streamside management zone (SMZs) restrictions. These are second-growth forests harvested primarily in the outer buffer of SMZs and thus do not likely meet the definition of high carbon stock (Note: single-tree selection is allowed in the inner buffer as long as 50% canopy is maintained). Later on, the Finding states, "Note that Fram suppliers hauling into Hazlehurst, Archer or Telfair (the mills in question in this exercise) are 100% pine and would not generally be growing in wetlands or peatlands which tend to be predominately hardwoods." It is not clear why Appling County Pellets has been excluded here. Also, while Hazlehurst accepts only pine logs, hardwoods are harvested and marketed by its roundwood supplier. The MOV contains information that belongs in the finding, and the MOV and evidence do not match. Low risk has been concluded, but information is included in the Comments/Mitigation Measure that should belong in the Finding;•2.9.2: BMPs are cited, but contracts are not cited in the Finding, MOV, and evidence. MOV contains information that should be cited in the Findings. The MOV and evidence do not match; and•2.10.1: Low risk has been concluded, but there is information in the Comments/Mitigation Measure that belongs in the finding. The MOV and evidence do not match.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	The indicators in Annex 1have been updated and corrected to reflect the appropriate MOVs, Indicators and Comments/Mitigation measures. See revised Annex 1 (attached). All indicators were reviewed, and all updates made were confirmed. Of note, the BP changed its approach to indicator 2.1.3, which is acceptable given the approval of the FSC-US Controlled Wood NRA. All MOV and evidence were reviewed.
Findings for Evaluation of Evidence:	SBE, and MOV, and associated evidence reviewed.

NC Status:	Closed
NC number 6	**NC Grading:** Minor
Standard & Requirement:	SBP ST 1, V1-0, IN-1A: 6.1
Description of Non-conformance and Related Evidence:	
BP has reference to and/or partial lists of the national and local forest laws and administrative requirements, which apply to the country or region in which the Standard applies, and multilateral environmental agreements and ILO Conventions that the country has ratified, relevant to the Standard. For example, partial lists of laws were available in the SBE and FSC/PEFC risk assessments. Some weblinks to state agencies were also cited, but these links are either now dead or no longer refer to laws.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	The dead links in the SBE, SBR and Annex 1 have been updated. Additional links as documentation for Federal, State and ILO laws have been inserted into appropriate indicators as Findings/Evidence. Also, see Annex 1 – Exhibit C for list of laws and regulations. See revised Annex 1 (attached). The auditor checked the links using the MSWord Hyperlink checker and found to be in working order. The list of laws is also included as an appendix to the SBE.
Findings for Evaluation of Evidence:	FSC/PEFC procedures and risk assessments, annexes, SBE
NC Status:	Closed

NC number 6	**NC Grading:** Observation
Standard & Requirement:	ID 5A, 2.1.3/ ID 5B, 2.1.2/ ID 5C, 2.1.2
Description of Non-conformance and Related Evidence:	
The BP operates a management system to ensure that data recorded is consistently compliant with the requirements specified in the applicable instruction documents (5A, 5B, and/or 5C). However, many of the methods used to arrive at some calculations and/or assumptions used to arrive at calculations are not consistently documented in procedures or in explanatory notes in each site's Excel files. In fact, some of the key methods and assumptions that were the result of discussions with various site managers are currently being operated annually from memory or from notes provided in previous versions of SARs. For example, the BP deducted 10% of its diesel fuel consumption attributed to its shavings business at the Telfair site, which uses the same vehicles. This is a conservative figure since the vehicles likely use a greater percentage on the shavings business. While managers could recall the discussions and "back-of-the-envelope" calculations that led them to conclude that the shavings business was using 13%-16% of the fuel, the calculations and underlying assumptions could not be reproduced. To ensure replicability, the BP should consider better documentation of procedures and assumptions used to complete calculations in the SARs.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	The diesel to other plant on site is journal vouchered and based on loader hours used annually. The operators keep a log of diesel used for Brock. See TFP Pellet Facility report. The calculations are now in an Excel file with formulas and citations to ensure replicability over time.
Findings for Evaluation of Evidence:	Procedures, excel files
NC Status:	Closed

NC number 7	**NC Grading:** Minor
Standard & Requirement:	*SBP ST 1, V1-0, 2.8.1*

Description of Non-conformance and Related Evidence:	
The audit team observed some unsafe loading practices (i.e., failure to maintain a safe distance from the truck's trailer while being loaded and from the pole-saw operator while the pole-saw was in operation), and lack of use of PPE by the logging crew when outside of their machines on one site. The contractor was interviewed onsite and has procedures in place to follow-up on such matters.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	Fram Procurement Manager and Beasley Timber Management met with Canal Wood representatives April 10, 2019 to discuss the situation. The importance of safe loading practices was recognized and discussions to prevent future incidents followed. Canal Wood has a safety policy and this incident was discussed in their weekly safety meetings. Canal Wood is on notice that they will be dropped as a Supplier if this happens again. See attached Canal Wood documents.
Findings for Evaluation of Evidence:	The training and communications records provided were reviewed and address the root cause. Observation of harvest sites during the audit confirm the use of safe practices and PPE.
NC Status:	Closed

2020 Audit Findings

Site:	**Archer**
NC number 2020.1	**NC Grading:** Major
Standard & Requirement:	Primary standard reference: ST 1, 2.7, IN 1A, 2.1 Secondary standard reference: ST 1 2.1.1, 2.1.2, 2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.5, 2.2.6, 2.2.8, 2.4.1 and 2.9.1
Description of Non-conformance and Related Evidence:	
The BP has not demonstrated means of verification for the following indicators of SBP-STD-1-V1-0: • 2.1.1 and 2.1.2 – Even though the FSC-US NRA contains numerous references to sources used to evaluate for the presence and protection/conservation status of Intact Forest Landscapes (IFLs; see https://www.globalforestwatch.org) in the US, sources used to identify the presence and protection/conservation status of IFLs within the Supply Base are not cited; ○ Justification for low risk at the initial stage did not include descriptions of a protective framework through effective legislation, conservation programs, etc. Alternatively, the BP did not demonstrate how sourcing from these areas is avoided. Note that evidence is not sufficient if only sources or protection frameworks are mentioned. A description of the effectiveness of legal frameworks or conservation programs is required; • 2.1.2, 2.2.1, 2.2.2, 2.4.1 – BMPs are cited in a general fashion as evidence of low risk. The specific BMP or BMPs are not referenced in each of these indicators and there is no description of how they help ensure low risk to the specific indicator, e.g. BMPs that protect biodiversity are not described. Also, independent evidence is not provided to show BMP's are an effective measure for low risk designation. This is also the case for logger training: where logger training is cited, no description nor evidence is given to support the claim that logger training is effective in concluding low risk or as mitigation measure to bring down specified risk to low.	

- 2.2.3, 2.2.4 the findings given in the SBE do not indicate that the criteria have been evaluated as specified risk, as indicated in the Risk Rating Section. The conclusion in the findings section states low risk for criterion 2.2.4, while the Risk Rating is "specified". Furthermore, no key ecosystems, habitats or biodiversity areas have been identified and neither is the North American Coastal Plain biodiversity hotspot even though it overlaps with the supply base.

- 2.2.4 refers to the protection of critical ecosystems but there is no evidence that this ensures protection of biodiversity.

- 2.9.1 - The assessment of feedstock from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks does not specifically reference the 2008 cut-off date, nor does it cover how the BP avoids sourcing from existing high carbon stock areas. It is unclear how the BP assessed that it does not source from areas that may have been converted from carbon rich ecosystems such as wetland/peatland to ecosystems with less soil carbon (e.g., plantations) and that had high carbon content before January 2008.d

Furthermore, the Supply Base Report is missing in the following content: a comparison of the scale of harvesting compared to other forest based industries; an overview of the proportions of SBP feedstock product groups.

Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

Site:	**Archer**
NC number 2020.2	**NC Grading:** Minor
Standard & Requirement:	Primary Standard Reference: ST 2, 12.2 and 12.3
Description of Non-conformance and Related Evidence:	
While the competencies of the personnel are described in the SBR, the organization does not have documented in procedures for the following requirements: • 12.2: the determination of the competences required for achieving the objectives of the SBE, and how they are to be demonstrated or assessed; and • 12.3: the process for selecting and appointing an evaluation team with the required competences.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

Site:	Archer
NC number 2020.3	**NC Grading:** Minor
Standard & Requirement:	Primary Standard Reference: ST 2, 15.1 The BP shall implement a management and monitoring system to maintain compliance with the requirements of this and all other relevant SBP Standards, together with a process of review and feedback into planning (CPET S6b1)
Description of Non-conformance and Related Evidence:	
The BP has experienced some turnover in staff and contractors involved in procurement and sustainability during the past year. On some internal audit, Tract Set-up, and District of Origin forms sampled, there were some inconsistencies in dates and selection of harvest types for primary suppliers (e.g., thinning vs. clearcut, natural vs. planted) and what types of records to use to record audits or special topics with secondary/tertiary suppliers (e.g., emails, reports, forms, etc.). Lastly, while a formal investigation was conducted following the rejection of nonconforming material from a tertiary supplier (evidence: interview with tertiary supplier, email records from BP), the BP lumps its secondary/tertiary suppliers into a single sampling group for the purposes of internal audits. While lumping these feedstock groups into a single category to determine minimum sample size may be acceptable, sampling methods must ensure that tertiary suppliers are included in internal audit samples annually.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

Site:	Archer
NC number 2020.4	**NC Grading:** Minor
Standard & Requirement:	Primary Standard Reference: ST 2, 16.3 The BP shall implement a plan to monitor the effectiveness of the mitigation measures, at least annually (i.e. every 12 months).
Description of Non-conformance and Related Evidence:	
While the BP has detailed monitoring activities conducted by third parties in the SBRs for all four pellet mills and has conducted monitoring of its primary, secondary, and tertiary suppliers (evidence: internal audit reports, management review, individual tract set-up records, supplier audit/meeting records), the full suite of activities that it and other parties conduct to evaluate the effectiveness of the implementation of mitigation measures in the SBR are not described in the SBR. The mitigation measure for several indicators initially rated as specified risk consist of contracts with suppliers of secondary and tertiary feedstock. These contracts are indicated as covering: - Acknowledgement by Suppliers that wood fiber is not obtained from land with high biodiversity value, high carbon stock or peat land - The use of trained loggers - Adherence to forestry BMPs - Adherence to all US labor laws regarding workers' rights and protection The BP does not explain how a contract with suppliers of secondary/ tertiary feedstock is actually effective at mitigating the risks at Forest Management Unit level, which is the level at which use of wood from land	

with high biodiversity value, high carbon stock; use of trained loggers, and adherence to BMPs and to US labour laws would be relevant Note that the frequency of use of certain monitoring activities may vary within the Supply Base (e.g., state-level BMP monitoring reports).	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

Site:	**Archer**
NC number 2020.5	**NC Grading:** Minor
Standard & Requirement:	Primary Standard Reference: TMLA section 7.2 and GUIDANCE FOR CERTIFICATE HOLDERS, section 4
Description of Non-conformance and Related Evidence:	
Prior approval has not been sought for use of the initials “SBP” on the corporate website via info@sbp-cert.org (http://www.framfuels.com/sbpcertification.cms).	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

Site:	**Archer**
NC number 2020.6	**NC Grading:** Minor
Standard & Requirement:	ID 5E, 4.1.9: For stationary BPs (e.g. Pellet Mills) at least one SDI has been defined for the end of the BP’s factory gate.
Description of Non-conformance and Related Evidence:	
For each of the four pellet mills, at least one SDI has not been defined for the end of the BP’s factory gate. However, per review of SARs and sales transaction data in DTS, no factory gates have been used as SDI over the reporting period, thus justifying a minor grade.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	All SARs now have an SDI for the factory gate.
Findings for Evaluation of Evidence:	Confirmed via review of Section 4 of all four SARs.
NC Status:	Closed

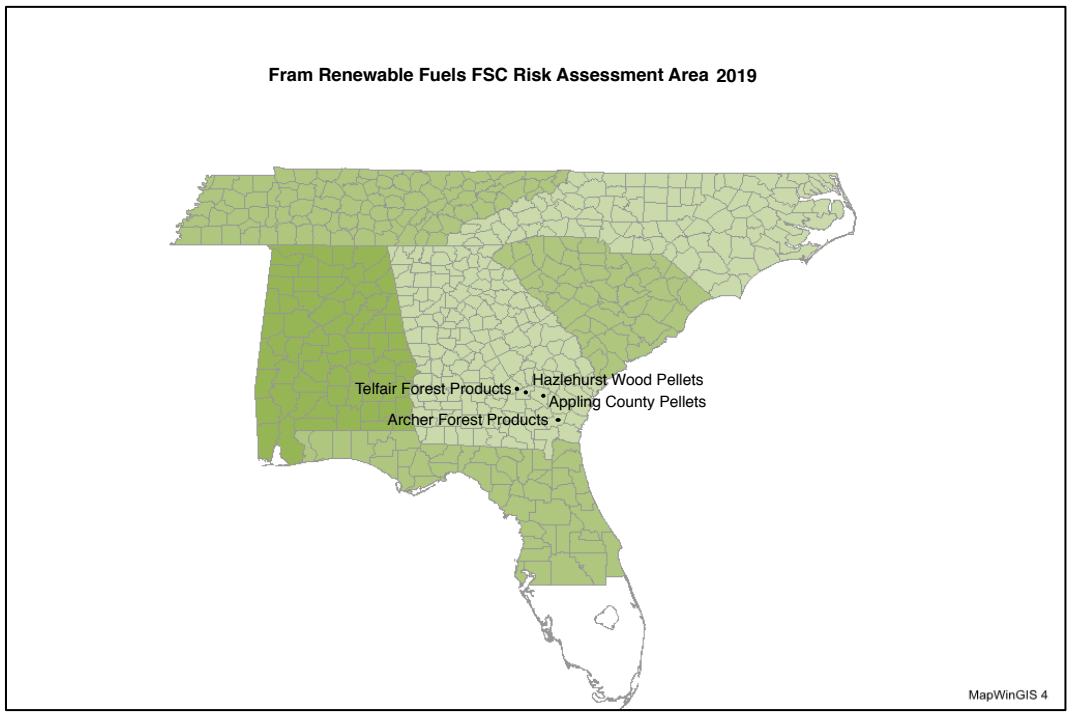
Site:	**Archer**
NC number 2020.7	**NC Grading:** Major
Standard & Requirement:	ID 5E, 6.9.2: If feedstock is dried, then the following data shall be recorded in the corresponding Tables 3.3.b of the SAR. Initial moisture of the feedstock, as received, and method for its evaluation: • weighted average of moisture measurements performed on all Feedstock Groups; • typical value based on some measurements (frequency of measurements, • supplier / process specifications); or • default value, e.g. for round wood. ID 5E, 6.9.6: Different types of fuels may be used for drying. Either fossil fuels, such as: • natural gas; • industrial gas; • diesel oil; • propane; or • waste heat fossil boiler. Or biomass fuels, such as: • wood pellets – imported or diverted from the biomass product; • wood residues – imported or diverted from feedstock groups; • bark – diverted from debarked round wood in feedstock groups, or imported; • other biomass residues; or • other (specify).
Description of Non-conformance and Related Evidence:	
Moisture levels recorded in Tables 3.3.b of the SAR for *Initial moisture of the feedstock, as received* and *Moisture of feedstock at the dryer outlet, <u>if measured</u> (target moisture)* could not be readily located in associated summary Excel files. In some cases, the values recorded in the SAR did not match what was recorded in the summary Excel files by a single digit. For example, the figure reported in the Archer SAR for *Initial moisture of the feedstock, as received is* 48%. Data reported in the Drum Dryer Excel file (or another related file) does not replicate this percentage Moisture Content. For Biomass fuels used: • Figures recorded in summary Excel files do not match the values reported in SAR for the quantities of each type of biomass fuel used; • The Telfair biomass fuel quantity is based on an engineering calculation since it is a byproduct of the drum-drying process. There were errors in the figures used to make calculations and the results. The units as reported are not recorded clearly so that any unit conversions result in the desired output: metric tons of diverted biomass. The following issues were detected with fossil fuel use:	

• For the QuickBooks Q3 fossil fuel use for Appling (ACP) and Archer (AFP), the data in the Q3 files does not match what has been recorded in each site's Pellet Facility Report 2019 report for the three fossil fuel types recorded for July, August, and September; • The propane figure from the QuickBooks export Excel file for November 2019 is 1871 gallons for Telfair (TFP), but was recorded in the Pellet Facility Report 2019 as 1971 gallons. Thus, the quantity reported in the SAR is incorrect.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	The moisture levels have been corrected in the Excel files and the SARs.
Findings for Evaluation of Evidence:	All Excel files and SARs have been updated. Confirmed via review of Sections 3.3, 3.4, and 3.5 of SARs (biomass fuels).
NC Status:	Closed

Site:	**Archer**
NC number 2020.8	**NC Grading:** Minor
Standard & Requirement:	Primary standard reference: ST 2, section 11.7 Secondary standard reference: ST 1 indicators 2.2.2 & 2.2.5 SBP normative Interpretation Supply Base Report Section 7
Description of Non-conformance and Related Evidence:	
Mitigation measures are not described in enough detail in the SBE and on some occasion, mitigation measures are used to conclude low risk at the initial stage of the risk assessment. The BP uses its own management system and supplier contracts to justify low risk classifications. 2.2.2, 2.2.5 – The means of verification used by the company reflect the company's own procedures, such as contracts with suppliers, Controlled Wood DDS and working closely with wood producers and suppliers, etc. These actions taken by the BP are part of the company's mitigation measures and thus cannot be used to conclude low risk during the initial SBE risk assessment. 2.2.3 – The mitigation measure is indicated as "Fram's SOP combined with a strong environmental legislation moves 2.2.3 from Specified Risk to Low Risk." Legislation is not a mitigation measure, but potential justification for low risk. Which leaves the BP´s SOP as the only mitigation measure – which is not described further. The BP does not provide a justification as to how SOPs could ensure that feedstock does not come from areas where key ecosystems and habitats are NOT conserved or set aside in their natural state For several indicators that are graded as specified risk, the description of the mitigation measures is not given in sufficient detail and is not described. The organization makes reference to their FSC/PEFC mitigation measure, but it is unclear how they relate to the SBP criteria and how they are effective in reducing the risk to low. In the SBR, the mitigation measures are described. However, it is unclear to which indicator they apply and how they mitigate the risk for a particular indicator. Thus, the link between the risk described for indicators and the appropriate mitigation measures is unclear. This is related to the paragraph above, where in the SBE mitigation measures are not described with the necessary detail.	

Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

Site:	**Archer**
NC number 2020.9	**NC Grading:** Minor
Standard & Requirement:	Primary standard reference: ST 1, section 1.1.1.
Description of Non-conformance and Related Evidence:	
The certified supply base is mapped (Risk Assessment Area map below) and defined in section 4.1 of the supply base report as “Alabama, Georgia, North Carolina, South Carolina and Tennessee and the northern portion of Florida, USA.”. The map defines the boundaries of the supply area by using county borders; with Hillsborough, Polk, Osceola, and Brevard counties representing the delineation for Florida. However, the written scope could lead to confusion as “northern portion of Florida” is not a clearly defined administrative boundary. The scope does not indicate the total number of counties included in the “northern portion of Florida” as defined in the map of the organization.	



Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*

Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Theodore Brauer
Date of decision:	20/Mar/2020
Other comments:	*Click or tap here to enter text.*