

Supply Base Report: Fram Renewable Fuels L.L.C., Archer Forest Products

First Surveillance Audit

www.sbp-cert.org



Completed in accordance with the Supply Base Report Template Version 1.3

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

Document history

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Version 1.3 published 14 January 2019

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Updated by evt 4 Feb 2020

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1 Overview

Producer name: Fram Renewable Fuels L.L.C.
Producer locations: 19 Farmer Street, Hazlehurst, GA USA 31539 (Central Office)
 15333 Hwy 82, Nahunta, GA 31553 (Archer Forest Products, LLC)
Geographic position: Archer Forest Products
 31°12' 36.9324"N
 81°59' 44.0304"W

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Date report finalised: 04/Feb/2020
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/standards-documents/standards>
SBP Endorsed Regional Risk Assessment: Not applicable
Weblink to SBE on Company website: 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"/> | X | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

2 Description of the Supply Base

2.1 General description

Archer Forest Products re-started its wood pellet production in Jan 2019 after being acquired by Fram Renewable Fuels L.L.C. in August 2018. It was formerly Nahunta Pellets, LLC (E-Pellets). Nahunta Pellets Pellets was certified as SBP compliant in 2015-2016. It shutdown February 2016 due to lack of an offtake agreement and subsequently went bankrupt.

Archer Forest Products and its port facilities are located in Georgia, USA. It is wholly-owned subsidiary of Fram Renewable Fuels and operates the same SBP Program and Procedures as the other sites. Archer sources 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 Archer supply basin is primarily Georgia, Florida and South Carolina. However, the supply basin is expanded to include the 6-state Fram SBE that is used by the other Fram facilities. 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.

The SBE and RA include the states of Alabama, Georgia, North Carolina, South Carolina, Tennessee and the northern half of Florida 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 also provides direct employment by providing jobs for approximately 200 employees regionally, as well as using local contractors, transportation, logging and other business related spending that contributes to local prosperity. A general rule of thumb is that for every direct job in the forest industry, 3 additional jobs are supported.

Forests are the predominant land use in this supply base. Pine forests comprise the largest forest type (39%) of the supply area's forest followed by Oak/Hickory (33%) and Oak/Pine (11%). About 75% of the supply area's forests are managed as natural forests (33,798,663 hectares) while the remaining 25% of the supply area's forests are artificially regenerated (10,823,924 hectares).

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. (<https://www.srs.fs.usda.gov/futures/technical-report/06.html#types>)

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

Hardwood forests can be managed either as even-aged or uneven-aged stands. Most hardwood stands are 40 to 50 years when harvested if managed as an even-aged stand. No site preparation or fertilizers are used on hardwood forests. The hardwood in-woods chips coming into Archer are typically small, low value trees or forest residues that are chipped up on site after harvest.

As previously stated, pine forests dominate the majority of the forests within the supply area. Primary species for these pine forests include loblolly pine (*Pinus taeda*) and slash pine (*Pinus elliotii*). Primary species for the hardwood forests include oak (*Quercus* spp), sweetgum (*Liquidambar styraciflua*), maple (*Acer* spp), sycamore (*Platanus occidentalis*) and blackgum (*Nyssa sylvatica*). No species purchased at the facilities are listed on the CITES list Longleaf pine (*Pinus palustris*) was recently added to the IUCN Red List as decreasing. Fram Renewable Fuels supports the reforestation and management of longleaf pine in their partnership with the Longleaf Alliance. In 2018 the Longleaf Alliance and its partners established and maintained 1,886,289 acres of longleaf pine.

Archer Forest Products' feedstock consists of a mix of in-woods chips (primary feedstock) and mill residuals. The secondary residual suppliers consist of a core group of suppliers that may be shifted between Fram mills as necessary. The residual sawdust is generated by approximately eighty (80) primary sawmills and secondary converting facilities, all located in Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee. The pellet facility does not use any construction, demolition or post-consumer derived feedstock but may use pre-consumer tertiary feedstock. The in-woods chips are sourced within a 100-mile radius of Nahunta, GA.

All wood into the Fram mills is FSC Controlled Wood or PEFC Controlled Sources feedstock. Sustainable forestry certification is present in the Company's supply basin with the primary certification programs being the Sustainable Forestry Initiative (SFI) and the American Tree Farm System (ATFS). SFI certified forests belong primarily to industrial landowners, TIMOs and REITs (see Section 2.5 for breakdown of acres by state). Most small, private forest landowners who make up the majority of forest ownership have no forest certification but if they do, are certified to the American Tree Farm System (ATFS). Potential certified content is generally less than 10% of the incoming feedstock. No certified claims are made on incoming feedstock.

FRAM Renewable Fuels L.L.C., including Archer Forest Products, do not own forest land and are not engaged in forest management activities. All primary, secondary and tertiary feedstock is supplied to the pellet mills by indirect wood producers such as sawmills and other wood processing facilities or brokers, dealers and loggers. Beasley Timber Management is contracted to supply roundwood to Archer if necessary

and in-woods chips are sourced primarily through 2 suppliers. 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 and industrial 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.

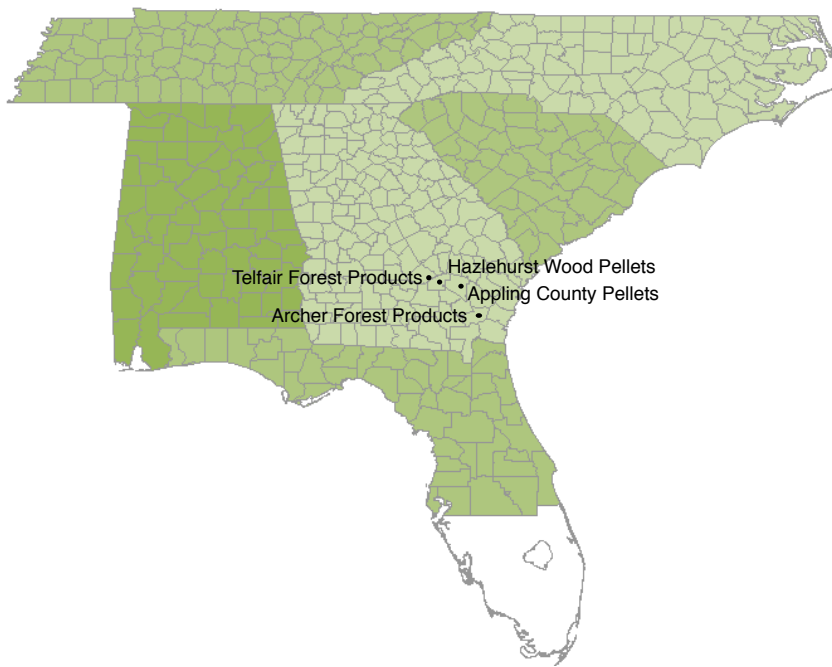
The SBE focuses on the potential wood supply area of its wood suppliers and its residual sawdust suppliers. All wood material is sourced according to the Forest Stewardship Council (FSC) and PEFC Chain of Custody & Controlled Wood Standards and are considered an "SBP-approved Controlled Feedstock." The 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."

Map of Archer Forest Products Supply Base Area

Fram Renewable Fuels FSC Risk Assessment Area 2019



MapWinGIS 4

Note: Fram's RA includes highlighted counties in a 6-state sourcing basin

2.2 Actions taken to promote certification amongst feedstock supplier

FRAM Renewable Fuels L.L.C.'s wood and fiber inputs are sourced from indirect suppliers with the exception of in-woods chips. All wood and fiber material are 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, the Southeastern Wood Producers Association, the Georgia State Implementation Committee (SIC), the Lingle Alliance and the American Forest Foundation that promotes 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. These organizations also support logger training and provide ongoing logger education.

2.3 Final harvest sampling programme

Note that pine harvested in the FRAM supply base is on a rotation of less than 40 years and thus the final harvest sampling is not applicable.

Regarding hardwood, a small amount of hardwood in-woods chips are accepted as feedstock at Archer Forest Products. These in-woods chips originate from hardwood trees that are less than 40 years old or are clean up (tops, limbs, scrubwood) in preparation for planting after a site has been harvested.

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.

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.

2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

Insert flow diagram.

2.5 Quantification of the Supply Base

Supply Base

- 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

| State | Forest land (FIA data) | | |
|----------------|------------------------|------------|-----------|
| | 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

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

Feedstock

- e. Total volume of Feedstock:
 0 to 200,000 metric tons per year*
- f. Volume of primary feedstock:
 0 to 200,000 metric tons per year *
- g. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 -
 - i. Less than 10% Certified to an SBP-approved Forest Management Scheme (SFI)*
 - ii. 90% is not certified to an SBP-approved Forest Management Scheme
 * No certified forest content claims are passed to Fram; this an estimate
- h. 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*); White Oak (*Quercus alba*), Red Oak (*Quercus rubra*), Sweetgum (*Liquidamber styraciflua*), Red maple (*Acer rubrum*), Black gum (*Nyssa sylvatica*), Ash (*Fraxinus pennsylvanica*) and Poplar (*Liriodendron tulipifera*).
- i. Volume of primary feedstock from primary forest: 0% - No primary forests are harvested
- j. 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)
- k. 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*

Archer Forest Products secondary mill residuals – 0-19% chips, 40-59% sawdust, 0-19% shavings

- I. 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*.

Archer Forest Products tertiary mill residuals – 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 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. Archer Forest Products, 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 and in-woods chips into Archer which are sourced from a 100-mile radius around Nahunta, GA.

The scope as defined on the SBP certificate for Archer Forest Products, LLC:

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

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" with the exception of "Specified Risk" for indicators 2.1.2 , 2.1.3, 2.2.3, 2.2.4 and 2.4.1.

FRAM Renewable Fuels L.L.C. has identified 5 HCVs as potentially "Specified Risk". They are: the Southern Appalachians, Central Appalachians, Cape Fear Arch in North Carolina, Florida Panhandle and Central Florida. However, a strong regulatory framework combined with effective enforcement and forest management efforts by various stakeholders such as state agencies, various NGOs along with FRAM Renewable Fuels L.L.C.'s existing standard operating procedures and mitigation measures are sufficient to move this "Specified 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 SOPs and mitigation serves to move indicators 2.1.2 , 2.1.3, 2.2.3, 2.2.4 and 2.4.1 from Specified Risk to 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 measures are the Supplier Contract along with strong environmental regulatory framework and high BMP compliance.

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.

The Procurement Manager also implements a Supplier Verification for new suppliers as part of Fram's due diligence and has increased the robustness of the Supplier Verification for existing suppliers. The process is described in Section 8.1.

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>

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. Therefore, a Supplier Verification Program was not required.

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 seven (7) 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. BMP practices used during forest management and harvesting achieve goals related to water quality, silviculture, soils, wildlife and biodiversity and recreation. BMPs are often only associated with water quality but their impact is far greater. Monitoring and protection of HCVs relies on effective BMP implementation.¹

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."

¹Excerpt from FORESTRY Best Management Practices, Peter Smallidge and Gary Goff, Spring 2008, Cornell University College of Agriculture and Life Sciences

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/>

The FSC/PEFC Risk Assessment (basis of the SBE) is updated annually by Mike Ferrucci, of RS Berg & Associates. Mike Ferrucci has a BS in Forest Management from the University of Maine and MA in Forest Management and Silviculture from Yale School of Forestry and Environmental Studies. Mike was the Forestry Program Manager for NSF for 11 years and currently is the President of Interforest, LLC consulting. Mike has 35+ years' experience in forest management.

Elizabeth van Tilborg, Fram's Sustainability/Certification Manager also evaluates the supply base annually. Elizabeth has a BS in Forest Management from Texas A&M University, an MBA from Georgia Southern University and has worked in the Southeast United States for 35+ years. She is a Georgia Registered Forester.

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 10-15 inspections of secondary/tertiary residual suppliers and 30 to 40 roundwood suppliers per year.

In addition, about 20% of suppliers are audited annually either with a site audit or phone audit so that all Fram residual suppliers will be audited in a 5-year period as per SBP requirements.

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.

6.1 Response to stakeholder comments

No response was received from the 76 Stakeholder letters/emails sent out.

7 Overview of Initial Assessment of Risk

Briefly describe the results of the Risk Assessment. This represents the initial evaluation of risk done prior to the SVP and prior to any mitigation measures.

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 FSC US National Risk Assessment (NRA) designates “Low Risk” for FSC Category 1, Illegally harvested wood. This is supported by detailed supplemental information in the Fram Renewable Fuels' RA, including evaluation of various 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 3 Tribes are outside the Roundwood Supply Base. In addition, the Cherokee Tribe has its own independent reservation of 56,000 acres. The tribe is recognized as a sovereign nation that has an active forestry and economic development program. The FSC US NRA found “Low Risk” for FSC Category 2, wood harvested in violation of traditional and human rights. Therefore, it has been concluded there is “low 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-40-005, V3-1 FSC Controlled Wood.
 - b. **However, the FSC NRA has determined Specified Risk in portions of the Southeast Region and Appalachians. Based on Fram Renewable Fuels' SOPs, a strong regulatory framework and mitigation measures, Indicators 2.1.2, 2.2.3, 2.2.4 and 2.4.1 are moved from Specified Risk to Low Risk.**

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."
- b. **However, the FSC NRA has determined Specified Risk in specific counties of the Southeast Region. Based on Fram Renewable Fuels' SOPs, a strong regulatory framework and mitigation measures, Indicator 2.1.3, is moved from Specified Risk to Low Risk.**

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 FSC US NRA found "Low Risk" for FSC Category 5, Wood from forests in which genetically modified trees are planted. 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 six years. Fram has received no complaints regarding feedstock sourcing or production of pellets. The FSC and PEFC programs in place are instrumental in reducing risk.

Fram Renewable Fuels' SOPs include:

1. Pre-verification by the Procurement manger that the fiber is eligible to be used as feedstock and meets Fram's sustainability requirements (FSC, PEFC, SBP, EUTR compliant)
2. A written contract between the BP and the Supplier
3. Identifying incoming raw materials as either "certified" or FSC/PEFC Controlled Wood
4. Periodic supplier correspondence
5. Right to audit at the supplier level at any time for all types of feedstock
6. Use of trained loggers for primary and secondary feedstock
7. Adherence to BMPs for all types of feedstock
8. BMP compliance inspections on active logging jobs (primary feedstock)
9. District of Origin checks on primary and secondary feedstocks
10. Periodic internal audits by BP to sample suppliers' records relating to sourcing area, HCVs, conversion, timber legality, etc.
11. Primary feedstock suppliers encouraged to adopt BMPs for Biomass Harvesting
12. Ability to terminate contracts that don't meet sustainability criteria

List the result for each Indicator in Table 1.

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 | |
| 2.2.6 | | X | |
| 2.2.7 | | X | |
| 2.2.8 | | X | |
| 2.2.9 | | 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 | |
| 2.9.2 | | X | |
| 2.10.1 | | X | |

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

As part of Fram Renewable Fuels' Standard Operating Procedures and due diligence all new suppliers go through a vetting process. For new secondary suppliers, an onsite visit is made before the feedstock is even considered. This ensures that the feedstock will meet Fram's sustainability criteria. The forester/plant manager is interviewed to validate the mill's supply base, species used, whether or not the fiber is virgin fiber, or contains unacceptable content such as glues, preservatives or other contaminants. The mill process is observed and the risk of the fiber being co-mingled with other unacceptable feedstock on-site is evaluated. In addition, the Supplier's supply chain(s) is identified (including sub-contractors). Photos are taken to document the visit and the fiber.

If the fiber meets Fram's sustainability criteria, the supplier signs a contract (FRF-SBP-DP-08) agreeing to avoid the 5 unacceptable FSC categories of wood, use trained loggers, abide by BMPs and more.

Current secondary suppliers are contacted periodically by phone, email and by on-site visits to ascertain compliance to Fram's sustainability policies (FSC/PEFC, SBP, EUTR) are still being met. Each year a certain number of on-site visits are made based on the formula 0.8 multiplied by the square root of the number of suppliers. At the time of the on-site visit, District of Origin is verified and other relevant supplier records such as internal harvest auditing, tract location maps, use of trained loggers, etc. are verified. A checklist has been made for documentation.

Primary feedstock is purchased by Beasley Timber Management (BTM). BTM maintains records that include: GPS coordinates of the tract, age, stand type, harvest type, volume (tons), miles to the BP, Master Timber Harvester number, logger, landowner and whether or not the land will be subject to forest conversion. A subset of harvested roundwood tracts are audited annually by Fram as well as a third-party auditor (SCS Global) for compliance to FSC/PEFC standards.

All incoming secondary/tertiary feedstock is accompanied by a supplier ticket that describes the material and notes the supplier and supplier location.

Each roundwood load or in-woods chip load enters the plant with a Supplier ticket denoting the purchaser order number.

All incoming products are checked against either the Forest Products Accounting (FPA) or 3 Log Scaling database. The loads must be pre-authorized and entered into the scaling system before the load will be accepted.

8.2 Site visits

Suppliers are visited on site before a contract between the Supplier and the BP is signed. Suppliers failing to meet Fram's sustainability criteria are not allowed to deliver wood.

A number of suppliers are visited on site each year to validate Fram's sustainability criteria. In 2019, 18 secondary suppliers and 59 primary suppliers were visited and audited.

8.3 Conclusions from the Supplier Verification Programme

A finding of "Low Risk" is found by the Supplier Verification Programme

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 seven years.

FRAM Renewable Fuels L.L.C. implements mitigation measures above and beyond what is required under FSC/PEFC requirements as part of its Standard Operating Procedures.

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 Primary Mitigation measures that Fram Renewable Fuels relies on is the Supplier contract (which has been part of Fram's SOP for many years) and a strong regulatory framework. The mitigation measures included in the Supply Agreement contained in FRF-SBP-DP-08 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. Acknowledgement by Suppliers that wood fiber is not obtained from land with high biodiversity value, high carbon stock or peat land
3. The use of trained loggers for all types of feedstock
4. Adherence to forestry BMPs for all types of feedstock
5. Adherence to all US labor laws regarding workers' rights and protection

Other mitigation measures include:

Pre-verification by the Procurement manager that the fiber is eligible to be used as feedstock and meets Fram's sustainability requirements (FSC, PEFC, SBP, EUTR compliant)

A written contract between the BP and the Supplier

Periodic supplier correspondence

Periodic internal audits of suppliers' district of origin on primary, secondary and tertiary feedstock

Using trained loggers for primary and secondary feedstock

Requiring adherence to BMPs for all types of feedstock

BMP compliance inspections on active logging jobs (primary feedstock)

District of Origin checks on primary and secondary feedstocks (on-site)

Periodic internal audits by BP to sample suppliers' records relating to sourcing area, HCVs, conversion, timber legality, etc.

Distribution of FSC HCV areas map to all Fram suppliers

Sawmill sustainability checklist that includes use of natural longleaf pine by the supplying mill

Monitoring HCV maps, land use change maps and other maps relevant to conversion
Banning suppliers whose feedstock is deemed unacceptable

9.2 Monitoring and outcomes

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 FSC US National Risk Assessment (NRA) includes additional Critical Biodiversity Areas that may be at risk from forestry operations. The Critical Biodiversity Areas identified by FSC within the Supply Base are 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 93.6% in 2018, thus mitigating potential impacts to Aquatic resources and habitats.

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.

Seventy-six (76) 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>Elizabeth van Tilborg based on original document prepared by RS Berg and Associates</i> | <i>Sustainability/Certification Manager</i> | <i>Jan 25, 2019</i> |
| | 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> | <i>President, Fram Renewable Fuels</i> | <i>Jan 30, 2019</i> |
| Report approved by: | <i>Keith Middleton</i> | <i>Procurement Manager</i> | <i>Jan 30, 2019</i> |
| | Name | Title | Date |
| Report approved by: | <i>Harold Arnold</i> | <i>President, Fram Renewable Fuels</i> | <i>Feb 4, 2020</i> |
| Report approved by: | <i>Elizabeth van Tilborg</i> | <i>Sustainability/Certification Manager</i> | <i>Feb 4, 2020</i> |

13 Updates

Note: Updates should be provided in the form of additional pages, either published separately or added to the original public summary report.

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. has implemented Mitigation Measures proposed in the 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 in-woods chips or roundwood sourced to Archer Forest Products (AFP) show 100% compliance with BMPs. These checks are completed by the Fram Procurement Manager for in-woods chips or Beasley Timber Management Procurement Forester for roundwood. 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 2017.

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 91% 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 US 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 the 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 Beasley Timber Management 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

Archer Forest Products – 0 to 200,000 metric tons per year *
Primary feedstock – 20-39% chipmill chips, in-woods chips, roundwood
Secondary mill residuals - 40-59% sawdust, 0-19% chips, 0-19% shavings
Tertiary mill residuals – 0-19% sawdust

13.5 Projected figures for feedstock over the next 12 months

Archer Forest Products – 200,000 to 400,000 metric tons per year *
Primary feedstock – 40-59% in-woods chips
Secondary mill residuals - 20-39% sawdust, 0-19% chips, 0-19% shavings

* Disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage

Annex 1: Detailed Findings for Supply Base Evaluation Indicators

| | Indicator |
|-------------------------------|---|
| 1.1.1 | The Biomass Producer’s Supply Base is defined and mapped. |
| Finding | <p>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</p> <p>The Supply Base is also defined as part of demonstrating conformance to the following Forest Sustainability Standards:</p> <ul style="list-style-type: none"> -FSC Chain of Custody (FSC-STD-40-004) -FSC Controlled Wood (FSC-STD-40-005) -PEFC Chain of Custody/Due Diligence System (2002:2013) <p>The Supply Base has been confirmed with FRAM Renewable Fuels L.L.C.’s and affiliated suppliers.</p> |
| Means of Verification | Maps, contracts, supplier mill visits, site visits, interviews with suppliers |
| Evidence Reviewed | Supply Base map, FSC NRA maps for HCV areas, supplier contracts, supplier list, Supplier correspondence, list of supplier’s sourcing counties by state. |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

| | 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. |

| | |
|-------------------------------|--|
| | <p>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 and recorded in its scaling system. These documents and records provide objective evidence of the suppliers and their supply base.</p> <p>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.</p> <p>Secondary/tertiary feedstock can be traced to the sawmill location from which the residuals originated. Primary feedstock can be tracked back to the FMU through the Forest Products Accounting system (FPA) and or 3Log Scaling system that records the GPS location of the tract.</p> |
| Means of Verification | Company procedures, FPA/3Log (scaling) records, FSC District of Origin checks |
| Evidence Reviewed | <p>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-05/05B).</p> <p>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).</p> <p>Approved Supplier List (FRF-DP-06) for records of supplier names, FSC/PEFC certificate numbers, the supplied "material categories."</p> <p>Various FPA/3Log (scaling) reports recording incoming suppliers and tons</p> |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

| | Indicator |
|-----------------------|--|
| 1.1.3 | The feedstock input profile is described and categorised by the mix of inputs. |
| Finding | <p>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).</p> <p>All inputs are supplied with as FSC/PEFC "controlled material" indicating that they are Low Risk of originating from uncontrolled or controversial sources.</p> <p>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).</p> |
| Means of Verification | <p>FRF-DP-01 – Chain of Custody Procedure</p> <p>FRF-DP-04 – Controlled Wood /Due Diligence Procedure</p> <p>FRF-SBP-DP-06 – Product Group List</p> |

| | |
|-------------------------------|--|
| | FRF-SBP-DP-14 -Tree Species List |
| Evidence Reviewed | FRF-DP-01 – Chain of Custody Procedure FRF-DP-04 – Controlled Wood /Due Diligence Procedure FRF-SBP-DP-06 – Product Group List FRF-SBP-DP-14 -Tree Species List |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

| | 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 contract (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-04) and all inputs are considered FSC controlled material & PEFC non-controversial</p> <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 threat to legality. See the Global Governance Index for the United States: (https://databank.worldbank.org/source/worldwide-governance-indicators/preview/on)</p> <p>The AHEC Legality Study - “Assessment of Lawful Harvesting & Sustainability of US Hardwood Exports” available at: http://www.ahec-europe.org/ also concluded that: “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> <p>Although thefts do occur, there is no evidence that timber theft is a large scale problem in the US. In addition, the US FSC NRA also rates Category 1 (Illegal Harvesting) as Low Risk.</p> |
| Means of Verification | State laws require specific detail (county, landowner name) on scale tickets, Company policy, Controlled Wood risk assessment of supply area, Supplier contracts, Delivery tickets/scale tickets |
| Evidence Reviewed | FRF-DP-05/05B - Controlled Wood Risk Assessment FRF-SBP-DP-08 and FRF-DP-06 – Wood Supply Agreement Contract Scale tickets at each mill location |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |

| | |
|-------------------------------|--|
| Comment or Mitigation Measure | |
|-------------------------------|--|

| | Indicator |
|---------|---|
| 1.3.1 | <p>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.</p> |
| 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"> 1. Law enforcement in the Districts of Origin is active and aggressive. 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. 3. There is little or no evidence or reporting of illegal harvesting in the district of origin. 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. <p>In addition, 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.</p> <p>Fram’s 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 90th 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>In addition, the US FSC NRA rates Category 1 (Illegal Harvesting) as Low Risk.</p> <p>The websites provided below illustrate 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> <p>U.S. Federal Laws and Regulations can be found at one or more of the following websites:</p> <p>https://www.stateforesters.org/timber-assurance/ https://www.srs.fs.usda.gov/futures/technical-report/06.html</p> <p>U.S. Fish & Wildlife Service -http://www.fws.gov/ U.S. F&WS Endangered Species – http://endangered.fws.gov/ National Wetlands Inventory Center – http://wetlands.fws.gov/ U.S. Environmental Protection Agency – http://www.epa.gov/ U.S. Environmental Protection Agency Region 4 - http://www.epa.gov/region10/ U.S. EPA/Wetlands – http://www.epa.gov/OWOW/wetlands/ U.S Army Corps of Engineers — https://www.usa.gov/federal-agencies/u-s-army-corps-of-engineers</p> |

Federal Register – <http://www.access.gpo.gov/nara/cfr/cfr-table-search.html>
 U.S.D.A. Forest Service - <http://www.fs.fed.us/>
 U.S.D.A. Forest Service – Southern Research Station <https://www.srs.fs.usda.gov>

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.

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. Below are websites relating to Timber Theft in the 6 state SB.

Alabama Timber Theft hotline

http://www.forestry.alabama.gov/Pages/Fire/Wildfire_Arson_Theft.aspx

Georgia Timber Theft

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

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 defence 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/>

NC 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.)

TN Timber Theft

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| | https://extension.tennessee.edu/publications/Documents/SP595.pdf https://forestry.ca.uky.edu/files/for109.pdf http://www.gallatinnews.com/tennessee-timber-laws-cms-15230 Florida Timber Theft http://www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/For-Landowners/Marketing-Your-Timber-A-Landowner-s-Guide |
| Means of Verification | State and Federal laws, Company policy, Controlled Wood Risk Assessment of supply area, Supplier contracts, Delivery tickets/scale tickets |
| Evidence Reviewed | FRF-DP-05, FRF-DP-05B - Controlled Wood Risk Assessment FRF-SBP-DP-08 and FRF-DP-06 – Wood Supply Agreement Contract Delivery tickets/Scale tickets at each mill location |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

| | Indicator |
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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 | <p>FRAM Renewable Fuels L.L.C. requires a formal Wood Supply Agreement/Contract (FRF-SBP-DP-08) containing all legal and contractual requirements.</p> <p>From the Fram Contract: ‘TAXES: 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. This paragraph is a standard clause contained in the contracts of reputable forest products companies and suppliers that Fram does business with.</p> <p>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.</p> |

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| | 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. |
| Means of Verification | Delivery Tickets and payment records demonstrate payment for timber. These documents are confidential and proprietary but are available to the CB during annual audits and upon request. Contracts with suppliers are also available for review. |
| Evidence Reviewed | FRF-SBP-DP-08 Supplier Contracts, delivery tickets |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

| | Indicator |
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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-04) and a PEFC Controlled Wood Risk Assessment that addresses the requirements of CITES (FRF-DP-05B). 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. |
| Means of Verification | See the CITES website: http://www.cites.org/eng/disc/species.php FRF-SBP-DP-14 Tree Species List |
| Evidence Reviewed | See the CITES website: http://www.cites.org/eng/disc/species.php FRF-SBP-DP-14 Tree Species List |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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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 | <p>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).</p> <p>FRAM Renewable Fuels L.L.C.’s Supplier Contracts (FRF-SBP-DP-08) 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.</p> <p>FRAM Renewable Fuels L.L.C. has conducted a PEFC Controlled Wood/Due Diligence Risk Assessment that addresses the issue of violations of traditional and civil rights issues (FRF-DP-05B). The findings from the US FSC NRA and the AHEC Legality Study include:</p> <p style="padding-left: 40px;">“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.”</p> <p>Other relating to ILO Conventions https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102871</p> |
| Means of Verification | FRF-DOC-02 and FRF-SBP-DP-03 – FRAM Sustainability Policies FRF-DP-05B - Controlled Wood Risk Assessment FRF-SBP-DP-08 and FRF-DP-06 – FRAM Supplier Contract US FSC NRA |
| Evidence Reviewed | FRF-DOC-02 and FRF-SBP-DP-03 – FRAM Sustainability Policies FRF-DP-05 - Controlled Wood Risk Assessment FRF-SBP-DP-08 and FRF-DP-06 – FRAM Supplier Contract US FSC NRA; FSC NRA Category 2 is Low Risk AHEC Legality Study |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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| 2.1.1 | <p>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.</p> |
| Finding | <p>High Conservation Value Forests are addressed in the Controlled Wood/Due Diligence Risk Assessment (FRF-DP-05/05B). 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 areas are also referenced by the IUCN classification. https://www.usgs.gov/core-science-systems/science-analytics-and-synthesis/gap</p> <p>The FSC NRA also identifies and maps 5 HCV areas in the Fram Supply Base Area.</p> <p>Natural Heritage Databases, State Wildlife Action Plan, the High Conservation Network and other research is used to assess whether or not HCV areas are present in the SB.</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 Swamp, 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.” All wood and fiber material coming into Fram Renewable Fuels L.L.C. wood pellet facilities are considered “Controlled Wood” and can be mixed with FSC/PEFC certified material.</p> <p>In addition, Fram evaluates suppliers annually as part of its FSC and PEFC Controlled Wood verification, which includes informing suppliers of US FSC NRA maps, including known HCV locations.</p> <p>These sites have also been used as references:</p> <p>https://fwsprimary.wim.usgs.gov/wetlands/apps/wetlands-mapper/</p> <p>www.hcvnetwork.org</p> |

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| | www.worldwildlife.org/science/ecoregions.cfm https://www.biologicaldiversity.org https://www.srs.fs.usda.gov/futures/technical-report/06.html |
| Means of Verification | Maps, various websites listed above, FRF-DP-05, FRF-DP-05B –Controlled Wood Risk Assessments, Fram-Supplier Communications regarding HCV areas |
| Evidence Reviewed | FRF-DP-05/05B – FSC Controlled Wood RA, various websites (listed above), FSC NRA maps, Fram-Supplier correspondence regarding HCV locations |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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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 | <p>HCVs do occur in Fram’s supply base. These HCVs are identified and mapped by many organizations such as US FSC NRA, Nature Serve, The Natural Heritage databases, The Nature Conservancy, federal and state agencies, private forest landowners and more. Many HCVs are preserved and protected, such as the Okefenokee Swamp.</p> <p>Fram operates a multi-site FSC Controlled Wood program and holds a valid FSC certificate. This alone is evidence of controls in place to avoid sourcing unacceptable material which includes wood from HCVs that may be threatened.</p> <p>Fram has conducted a comprehensive Risk Assessment and has concluded that Fram's supply basin is low risk for harm to HCVs contained in Fram's risk assessment area. The FSC US NRA has identified 5 HCVs in Fram’s 6-state sourcing basin. However, it is noteworthy that the core sourcing area is for pine feedstock is Georgia, Florida and South Carolina. The Alabama, North Carolina and Tennessee states are added as part of the supply base for hardwood residual feedstock into Appling County Pellets.</p> <p>The critical biodiversity areas identified in the FSC NRA located in the Fram supply base are: 1.)The Florida Panhandle, 2.) Central Florida, 3.) Southern Appalachians, 4.) Central Appalachians and 5.) Cape Fear Arch.</p> <p>The risks in these HCVs include: 1.) Conversion to other forest types; 2.) Management techniques that inhibit understory communities; 3.) Modification of hydrological features; 4.) Point and non-point source pollution from harvesting and 5.) Disturbance of threatened, endangered or rare wildlife and plant species.</p> <p>It should be noted that FSC states "It is possible to harvest in and sustainably manage longleaf pine systems and therefore timber management by itself is not a threat."</p> |

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| | <p>The mitigation measures in place to minimize harm to sensitive ecosystems are: Rigorous environmental laws and regulations to protect waterways and endangered species; state BMPs; to protect soils and water quality; contracts between Fram and the supplier which specify the use of trained loggers, BMPs and avoidance of damaging HCVs; contracts between the sawmill supplier and their loggers/wood suppliers; the use of trained loggers who are able to implement BMPs and identify threatened and endangered species; Fram's sawmill site visits/audits (District of Origin checks); Fram's roundwood tract inspection audits; and public lands that have been set aside and preserved, such as the Okefenokee Swamp as well as other state, federal and public lands such as Fort Stewart (GA) and Eglin Air force base (FL). There are also numerous state and federal forests, parks, preserves set aside in the 6-state supply base that protect unique and environmentally sensitive areas.</p> <p>In addition, Fram is partnered with the American Forest Foundation (AFF), the Longleaf Alliance, the Forest Stewards Guild and is a member of the Georgia State Implementation Committee (SFI). Through these organizations Fram is contributing to the conservation initiatives in various HCVs along with mapping and outreach and education. Fram also supports logger training in partnership with the Georgia SIC (SFI).</p> <p>The evidence of these controls: 2017 FL BMP Compliance Survey - 99.6% compliance 2017 FL Forestry Wildlife BMPs Survey for State Imperiled Species Survey -100% compliance 2017 GA BMP Compliance Survey - 93.17% compliance. Other BMPs: AL 98.2% in 2017; SC 97% overall harvesting compliance in 2017; NC 84% in 2017.</p> <p>Other mitigation measures are Fram's District of Origin checklist/forester interviews at sawmill level Fram's roundwood/in-woods chips procedure for tract inspections and BMP compliance Fram contracts in place with all suppliers. Trained loggers are required to take continuing education which includes BMPs and T&E species. West Fraser, Georgia Pacific and Interfor are SFI certified and have their own in-house programs for harvesting and compliance with the SFI standard. The US also ranks high on the Worldwide Governance Indicators for Rule of Law (92%) and Regulatory Quality (93%) as evidence of effective controls.</p> |
| <p>Means of Verification</p> | <p>Stakeholder input, FRF-DP-05/05B – Controlled Wood Risk Assessment, Supplier Contracts, Trained Logger Programs/Education topics, Validation of Master Timber Harvester use, Internal audits, Supplier/Sawmill visits, interviews with foresters, Ranking of US in Worldwide Governance Indicator, State BMP audit compliance %</p> |
| <p>Evidence Reviewed</p> | <p>No stakeholder input was received from Stakeholder letters sent to managers of Heritage database or other organizations. FRF-DP-05/05B – Controlled Wood Risk Assessment Supplier Contracts; BTM forester verify MTH numbers; UGA and Southeastern Wood Producers Association websites reviewed for Continuing Education classes available. US ranks 92% and 93% in Rule of Law and Regulatory Quality, respectively. State BMP compliance surveys. District of Origin checks and sawmill/supplier internal audit checklists</p> |
| <p>Risk Rating</p> | <p><input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p> |
| <p>Comment or Mitigation Measure</p> | <p>Fram's standard operating procedure (SOP) and mitigation measures for FSC/PEFC along with strong environmental laws and regulations and a high level of BMP compliance moves 2.1.2 from Specified Risk to Low Risk.</p> <p>Fram's SOPs include Supplier Contracts, regular correspondence and internal audits to ensure supplier compliance to 2.1.2.</p> |

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| 2.1.3 | 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. |
| Finding | <p>Under Fram’s FSC/PEFC certification conversion of forest land to agriculture or non-forest use is prohibited. Conversion of natural stands to plantation is also prohibited. FSC/PEFC certification is evidence a control system is in place.</p> <p>As a brief history, most of the South’s forests were harvested and converted to agriculture when Europeans first arrived. In the 1940s agricultural lands began to be reforested and in the 1950s, forest industry began to buy up lands, reforest with pine, build mills and manage forests. The point is, that most forestland was agriculture at some time. And today, land use still shifts between forestry and agriculture among non-industrial private landowners.</p> <p>Fram’s SOP includes the use of Supplier contract that prohibits wood from sites that are converted. 100% of Fram’s suppliers have signed the contract.</p> <p>Fram conducted training with Beasley Timber Management to implement a plan to avoid roundwood sourced from conversion. Foresters buying roundwood communicate with the landowner to find out if the site will be reforested. Of course, we do not have control if the landowner changes his/her mind about converting to ag or a non-forest use.</p> <p>With regard to hardwood, most hardwood tracts are cut and then regenerated naturally.</p> <p>With regard to secondary sawmill residuals, Fram relies on the Supplier to maintain the terms of the contract. A letter is sent annually reminding the supplier of the FSC categories of risk and to let us know if they cannot comply.</p> <p>The FSC NRA has stated that there is specified risk in conversion but that most of the risk is in urban areas and is due to urban development.</p> |
| Means of Verification | Supplier Contracts, FSC NRA, FSC NRA maps, site visits/internal audits, verify secondary feedstock records to county level, Contractor training |
| Evidence Reviewed | Supplier Contracts, FSC NRA & conversion maps, Roundwood internal audit checklist, maps/county lists from Suppliers’ sourcing areas, Contractor training records |
| Risk Rating | <input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | Fram’s standard operating procedure (SOP) and mitigation measures for FSC/PEFC and use of Supplier Contracts move 2.1.3 from Specified Risk to Low Risk. |

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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 | <p>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.</p> <p>Each State Forestry Agency/Commission conducts periodic BMP implementation monitoring. BMP compliance has been documented to be 84-99% for Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee. The 2018 BMP report from the Southern Group of State Foresters showed high rates of compliance in the SE US states with the overall BMP implementation rate increasing from 87% in 2008 to 93.6% in 2018.</p> <p>Common and widespread forestry practices are an important part of Fram's control system. These practices include a large and successful investment by forest industry in logger training, education and outreach to promote sustainable forestry practices including the protection of T&E species, BMPs and protection of sensitive and special sites.</p> <p>All Fram suppliers are required by contract (FRF-DP-06 or FRF-SBP-DP-08) to use trained loggers and implement Forestry BMPs.</p> |
| Means of Verification | Supplier Contracts, Best Management Practices Implementation Surveys by various states, BTM harvest site audits on roundwood into Hazlehurst mill, state BMP audit results, FRF-DP-04 Controlled Wood Procedure |
| Evidence Reviewed | Supplier Contracts, Best Management Practices implementation surveys, BTM harvest site audits on roundwood into Hazlehurst mill, state BMP audit results, FRF-DP-04 Controlled Wood Procedure |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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| 2.2.2 | 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). |
| 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> |

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| | Best Management Practices address the protection of soils from erosion, compaction and disturbance. BMP compliance is consistently higher than 90%. |
| Means of Verification | State BMP results, Supplier Contracts, company monitoring records |
| Evidence Reviewed | Contracts, BTM BMP audits on roundwood into Hazlehurst, state BMP compliance reports |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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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 | <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, FRF-DP-06) addressing conservation of High Conservation Value Forests to address Critical Biodiversity Areas.</p> <p>The US Protected Area Database contains information about protected lands that was published in April 2009: (http://protectedlands.net/padus/). 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 sampled in the Due Diligence System.</p> <p>Fram relies on state and Federal Endangered Species Protection Programs along with the use of trained loggers.</p> <p>SFI encourages procurement organizations to address the conservation of biodiversity and has a Program to protect Forests with Exceptional Conservation Value. Approximately 55% of Fram’s fiber comes from SFI certified procurement groups or SFI certified forests.</p> <p>There is also legislation and programs that address the conservation of key ecosystems and habitats: Environmental Quality Incentives Program (EQIP), the Landowner Incentive Program (LIP), North American Wetland Conservation Act Grants (NAWCA), the Conservation Reserve Program (CRP), Healthy Forest Reserve, the Wetlands Reserve Program (WRP), the Wildlife Habitat Incentives Program (WHIP), USFWS Safe Harbor Program, Forest Resource Development Program (FDRP).</p> <p>Fram also requires the use of BMPs by primary and secondary Suppliers. BMPs protect water quality, key ecosystems/habitats are conserved, i.e. from harm and destruction.</p> |
| Means of Verification | Maps, company procedures (SOPs), Supplier Contracts, BMPs |
| Evidence Reviewed | FRF-DP-04 – Due Diligence, FRF-DP-05/05B- Controlled Wood RA, FRF-SPB-DP-08 – Supplier Contract & Mitigation Measures, FRF-DP-06 – Supplier Contract, BMP |

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| | compliance rates by state, list of Master Timber Harvester names/numbers of BTM loggers |
| Risk Rating | <input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | Fram’s standard operating procedure (SOP) and mitigation measures for FSC/PEFC along with strong environmental laws and regulations moves 2.2.3 from Specified Risk to Low Risk. Fram’s SOP, include Supplier Contracts, regular correspondence and internal audits to ensure supplier compliance to 2.2.3. |

| | Indicator |
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| 2.2.4 | The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b). |
| Finding | <p>Indicator 2.2.4 references back to 2.1.2 and 2.1.3 and would require the same mitigation measures. When indicators 2.1.2 and 2.1.3 are met, biodiversity is encouraged.</p> <p>The FSC/PEFC Chain of Custody Program contains a Controlled Wood/Due Diligence Procedure (FRF-DP-04) and Supplier Agreement (FRF-DP-06 and FRF-SBP-DP-08) addressing conservation of High Conservation Value Forests to address Critical Biodiversity Areas. The Supplier Contracts are instrumental in ensuring BMP and legal compliance.</p> <p>In addition, Supplier correspondence is conducted in which a map of the FSC NRA identifies HCVs which may be in the Supplier’s sourcing area.</p> <p>Fram has prepared an extensive Risk Assessment (FRF-DP-05/05B) for the Supply Base area that specifically addresses HCV areas as part of our due diligence in identifying and protecting critical ecosystems and consequently protecting biodiversity.</p> <p>From the Fram Risk Assessment:</p> <p><u>3.1: Forest management activities in the district do not threaten eco-regionally significant high conservation values.</u></p> <p>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.</p> <p>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.”</p> <p>The National Geographic website was accessed for 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).</p> |

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.

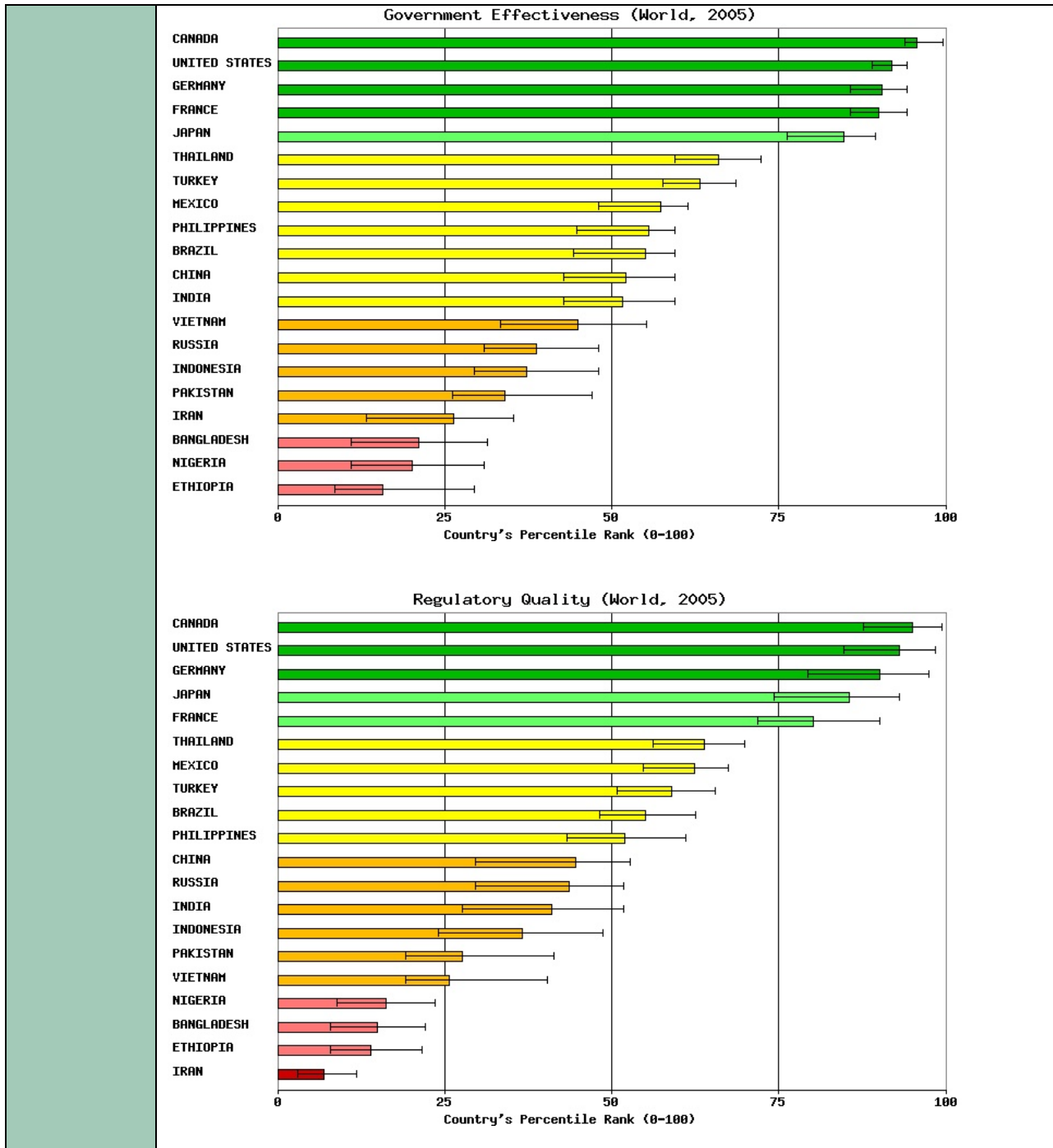
The U.S. has also received a Global Governance Index rating that exceeds the minimum of 75%. The Index addressing Regulatory Quality exceeds 90%. See the Global Governance Index for the United States:

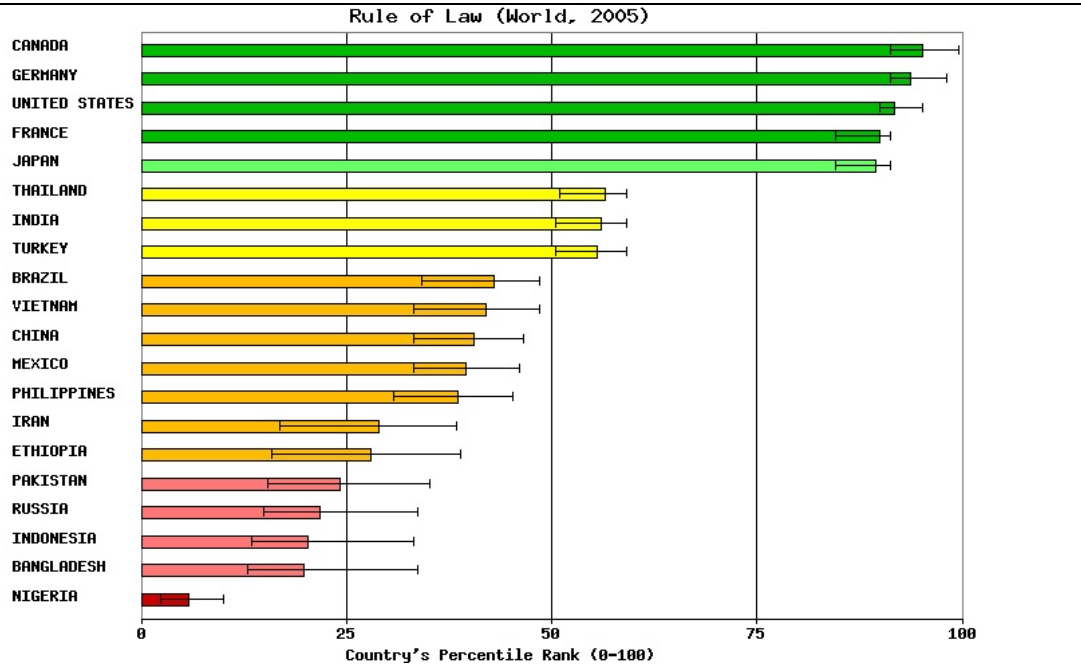
(http://info.worldbank.org/governance/wgi/sc_chart.asp)

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).





Effective legal and regulatory programs to protect 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

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| | <p>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."</p> <p>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.</p> <p>Overall, Fram Renewable Fuels L.L.C.'s wood procurement area, according to all available studies and resources, is <u>being managed in a sustainable condition</u>. Each State's Statewide Assessment and Strategy outlines strategies for achieving long-term forest sustainability and 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: "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>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.</p> |
| <p>Means of Verification</p> | <p>Stakeholder input, FRF-DP-05/05B – Controlled Risk Assessment, Supplier Contracts, Supplier Correspondence, Trained Logger Programs/Education topics, Validation of Master Timber Harvester use, Internal audits, Supplier/Sawmill visits, interviews with foresters, Ranking of US in Worldwide Governance Indicator, State BMP audit compliance %, Environmental laws and legislation</p> |
| <p>Evidence Reviewed</p> | <p>No stakeholder input was received from Stakeholder letters sent to stakeholders FRF-DP-05/05B – Controlled Wood Risk Assessment Supplier Contracts; BTM forester verify MTH numbers; UGA and Southeastern Wood Producers Association websites reviewed for Continuing Education classes available. Annual Supplier correspondence regarding FSC principles and maps of HCV areas. US ranks 92% and 93% in Rule of Law and Regulatory Quality, respectively. State BMP compliance surveys.</p> |

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| | District of Origin checks and sawmill/supplier internal audit checklists |
| Risk Rating | <input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | Fram's standard operating procedure (SOP) and mitigation measures for FSC/PEFC along with strong environmental laws and regulations and a high level of BMP compliance moves 2.2.4 from Specified Risk to Low Risk. |

| | 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>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>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.</p> <p>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> |

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| | <p>With regard to Hazlehurst, where Fram is buying roundwood and tops direct from the forest (through BTM), there is an additional check audit to make sure that the tracts are being properly harvested and in BMP compliance by randomly inspecting harvested tracts.</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" are encouraged. South Carolina Biomass Harvesting BMPs sent to Beasley Timber Management Procurement Forester.</p> <p>The South Carolina Biomass Harvesting BMPs can be found at: http://www.trees.sc.gov/mbiomasssupp.pdf</p> |
| Means of Verification | Review of Fram documents - FRF-DP-04 – FSC Controlled Wood/Due Diligence, FRF-DP-05/05B, - Controlled Wood Risk Assessment, FRF-DP-06 and FRF-SBP-DP-08 – Supplier Correspondence and Supplier Contract, state BMP Compliance Survey results |
| Evidence Reviewed | FRF-DP-04 – FSC Controlled Wood/Due Diligence Procedure, FRF-DP-05, - Controlled Wood Risk Assessment, Supplier Correspondence – annual FSC letters/emails, HCV map emails, BTM email regarding biomass harvesting BMPs. Supplier Contracts, state BMP Compliance Survey results. |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

| | Indicator |
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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 | <p>Fram has a Supplier Contract in place with each supplier that requires the use of trained loggers, who are schooled in BMP compliance. The Supplier Contract also requires the use of BMPs at the FMU. There are rigorous federal and state environmental and water quality laws that suppliers are also required to follow.</p> <p>BMP compliance is a strong indicator of water quality and environmental protection.</p> <p>Each State Forestry Agency/Commission conducts periodic BMP implementation monitoring. BMP compliance has been documented to be 84-99%, for Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee.</p> <p>Forestry practices were evaluated by the Georgia Forestry Commission in 2017 as part of the Statewide Forestry BMP Survey. 232 sites were evaluated. Of the 6044 individual BMPs evaluated, the statewide percentage of correct implementation was 93.17 percent. This is a 2.04 percentage point improvement in BMP implementation from the 2015 survey.</p> |

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| | <p>By ownership, the percentage of BMP implementation statewide was 95.35 percent on corporate lands, 96.21 percent on public lands and 91.71 percent on NIPF lands. Public lands remained at the same exact high level from 2015, while corporate and NIPF lands both improved nearly two percent from the good levels seen in 2015</p> <p>Of particular interest is that the number of Water Quality Risks observed decreased from 63 to 51, for an improvement of 19.05%. The average ratio of Water Quality Risks per site for the 2017 survey is calculated at 0.22, which is lower than the 0.30 risks per site seen in the 2015 BMP Survey.</p> <p>The fact is that the forestry community's BMP implementation rate for streamside management zones is 93%. Forest owners continue to do an excellent job of protecting these sensitive areas. In addition, with a 93% overall statewide BMP implementation rate, forest operators as a whole are doing a good job of implementing forestry BMPs.</p> <p>Findings for other states in the SB are also indicate high BMP compliance rates.</p> <p>The report from the Southern Group of State Foresters (SGSF) in 2018 reported high rates of BMP compliance :</p> <p>https://www.southernforests.org/resources/publications/SGSF%20Water%20BMP%20Report%20FINAL.pdf/view</p> <p>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 93.6% in 2018.</p> <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: (http://www.ncasi.org/Publications/Detail.aspx?id=3204).</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: www.forestry.alabama.gov/Pages/Management/Forms/2007_BMP_Manual.pdf</p> <p>Florida: http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf</p> <p>Georgia: http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf</p> <p>North Carolina: http://ncforestservice.gov/publications/WQ0107/BMP_manual.pdf</p> <p>South Carolina: http://www.state.sc.us/forest/bmpmanual.pdf</p> <p>Tennessee: www.tn.gov/content/dam/tn/agriculture/documents/forestry/AgForBMPs.pdf</p> |
| Means of Verification | Supplier Contracts, State BMP manuals, State BMP Compliance Survey results, BMP inspection audits completed by BTM |
| Evidence Reviewed | Supplier Contracts, State BMP Compliance Surveys, BMP inspection audits by BTM |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |

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| Comment or Mitigation Measure | |
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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>Note that Fram does not control how land managers in the Supply Base use prescribed fire. However, the use of prescribed burning is regulated by State Forestry Agencies.</p> <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 factors in limiting the ability to apply prescribed fire, which is critical to maintaining Longleaf Pine and other forest ecosystems for which fire is a natural disturbance agent.</p> <p>Prescribed fire is regulated by the following State Forestry Commissions:</p> <p>Alabama: http://www.forestry.state.al.us/BurnPermitLaw.aspx?bv=1&s=1</p> <p>Florida: http://www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/Wildland-Fire/Resources/Fire-Tools-and-Downloads/Web-Based-Open-Burn-Authorization-Request-WebOBA</p> <p>Georgia: http://www.gfc.state.ga.us/online-permits/index.cfm</p> <p>North Carolina: http://ncforests.service.gov/burn_permits/burn_permits_main.htm</p> <p>South Carolina: http://www.state.sc.us/forest/fireburn.htm</p> <p>Tennessee: http://burnsafetn.org/burn_permit.html</p> |
| Means of Verification | State agency websites, evidence of citations, state BMPs |
| Evidence Reviewed | State agency websites, evidence of citations, state BMPs |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

| | Indicator |
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| 2.2.8 | <p>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).</p> |
| Finding | <p>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. Fram’s Supplier Contract require Suppliers to follow State and Federal laws relating to the environment and worker safety.</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 30 years.</p> <p>Each State forest agency has a Forest Health and Pest Control Division that monitors forest health and determines appropriate actions.</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: www.forestry.alabama.gov/Pages/Management/Forms/2007_BMP_Manual.pdf</p> <p>Florida: http://www.floridaforests-service.com/publications/silvicultural_bmp_manual.pdf</p> <p>Georgia: http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf</p> <p>North Carolina: http://ncforests-service.gov/publications/WQ0107/BMP_manual.pdf</p> <p>South Carolina: http://www.state.sc.us/forest/bmpmanual.pdf</p> <p>Tennessee: www.tn.gov/content/dam/tn/agriculture/documents/forestry/AgForBMPs.pdf</p> <p>See EPA website for regulation of forest chemicals under FIFRA.</p> <p>U. S. Environmental Protection Agency home page</p> <p>U. S. Environmental Protection Agency’s Office of Water home page</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>Each State forest agency has a Forest Health and Pest Control Division that monitors forest health and determines appropriate actions.</p> <p>Pest management programs are administered by the following State Forestry Agencies/Commissions.</p> |

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| | <p>Alabama: http://www.forestry.state.al.us/</p> <p>Florida: www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/Our-Forests/Forest-Health</p> <p>Georgia: www.gfc.state.ga.us/forest-management/forest-health/</p> <p>North Carolina: http://www.ncforestservice.gov/forest_health/forest_health.htm</p> <p>South Carolina: http://www.state.sc.us/forest/id.htm</p> <p>Tennessee: www.tn.gov/content/dam/tn/agriculture/documents/forestry/AgForBMPs.pdf</p> |
| Means of Verification | Existing State and Federal regulations, State BMP Compliance Survey results, Supplier Contracts |
| Evidence Reviewed | Existing State and Federal regulations, State BMP Compliance Survey results, Supplier Contracts |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

| | 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 | <p>FRAM Renewable Fuels L.L.C. Supplier Contract requires that its supplier must implement BMPs to minimize negative impacts on forest ecosystems and use trained loggers for forest harvesting. Otherwise, the company has no involvement in forest harvesting methods and relies on its Supplier contract, State BMP programs and the use of trained loggers to minimize harm to the ecosystem from waste disposal.</p> <p>Many of Fram’s larger suppliers have procurement organizations that are SFI certified. These companies then require the monitoring of trash removal through BMP monitoring reports.</p> <p>State BMPs require the removal of garbage and other wastes.</p> <p>Alabama: www.forestry.alabama.gov/Pages/Management/Forms/2007_BMP_Manual.pdf</p> <p>Florida: http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf</p> <p>Georgia: http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf</p> <p>North Carolina: http://ncforestservice.gov/publications/WQ0107/BMP_manual.pdf</p> <p>South Carolina: http://www.state.sc.us/forest/bmpmanual.pdf</p> <p>Tennessee: http://www.tn.gov/agriculture/publications/forestry/BMPs.pdf</p> |

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| Means of Verification | Supplier Contracts, internal BMP audits from BTM and sawmill suppliers |
| Evidence Reviewed | Supplier Contracts, internal BMP audit checklists from BTM and sawmill suppliers |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

| | Indicator | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------|--|---------------|---------------|--------|----------|-------|----|-----|---------------|---------------|-----|----|-----|-------------|-------------|-----|----|-----|---------------|---------------|-----|----|-----|---------------|-------------|-----|----|-----|---------------|-------------|-----|----|-----|-------------|-------------|-----|
| 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 | <p>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.</p> <p>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.</p> <p>USFS FIA DATA >= 5" DBH Live trees on Forest Land</p> <table border="1"> <thead> <tr> <th>State</th> <th>County</th> <th>Growth</th> <th>Removals</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>AL</td> <td>All</td> <td>2,032,471,887</td> <td>1,271,811,772</td> <td>1.6</td> </tr> <tr> <td>FL</td> <td>All</td> <td>962,501,033</td> <td>532,990,909</td> <td>1.8</td> </tr> <tr> <td>GA</td> <td>All</td> <td>1,988,906,880</td> <td>1,374,740,587</td> <td>1.4</td> </tr> <tr> <td>NC</td> <td>All</td> <td>1,650,715,953</td> <td>898,868,563</td> <td>1.8</td> </tr> <tr> <td>SC</td> <td>All</td> <td>1,306,833,899</td> <td>868,192,671</td> <td>1.5</td> </tr> <tr> <td>TN</td> <td>All</td> <td>701,611,293</td> <td>408,679,751</td> <td>1.7</td> </tr> </tbody> </table> <p>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. State Forest Inventory & Analysis (FIA) Updates and Fact Sheets are available on-line:</p> | State | County | Growth | Removals | Ratio | AL | All | 2,032,471,887 | 1,271,811,772 | 1.6 | FL | All | 962,501,033 | 532,990,909 | 1.8 | GA | All | 1,988,906,880 | 1,374,740,587 | 1.4 | NC | All | 1,650,715,953 | 898,868,563 | 1.8 | SC | All | 1,306,833,899 | 868,192,671 | 1.5 | TN | All | 701,611,293 | 408,679,751 | 1.7 |
| State | County | Growth | Removals | Ratio | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AL | All | 2,032,471,887 | 1,271,811,772 | 1.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FL | All | 962,501,033 | 532,990,909 | 1.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GA | All | 1,988,906,880 | 1,374,740,587 | 1.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NC | All | 1,650,715,953 | 898,868,563 | 1.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SC | All | 1,306,833,899 | 868,192,671 | 1.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TN | All | 701,611,293 | 408,679,751 | 1.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | Alabama: http://www.srs.fs.usda.gov/pubs/su/su_srs042.pdf (Total volume of all growing-stock trees rose 154 percent between 1953 and 2010) Florida: http://www.srs.fs.usda.gov/pubs/su/su_srs043.pdf Georgia: http://www.gfc.state.ga.us/forest-management/private-forest-management/forest-inventory/index.cfm North Carolina: http://www.srs.fs.usda.gov/pubs/su/su_srs080.pdf South Carolina: http://www.srs.fs.usda.gov/pubs/su/su_srs041.pdf Tennessee: www.tn.gov/content/dam/tn/agriculture/documents/forestry/AgForBMPs.pdf |
| Means of Verification | Public data, USFS FIA harvesting and growth to drain data |
| Evidence Reviewed | Various public reports such as State Fact sheets, with growth drain, economic analysis, etc. for states in Supply Base. 2015 to 2018 FIA Growth & Removal data for 6-state supply base |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

| | Indicator |
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| 2.3.2 | Adequate training is provided for all personnel, including employees and contractors (CPET S6d). |
| Finding | <p>FRAM Renewable Fuels L.L.C. conducts in-depth internal training for all responsible and affiliated personnel.</p> <p>FRAM Renewable Fuels L.L.C.'s Supplier Contract contain clauses related to trained loggers and legal compliance, which relate to training. Fram requires its wood suppliers to utilize trained loggers for forest harvesting. The Supplier contract also requires the Supplier to observe all OSHA laws and regulations related to Worker Health and Safety.</p> <p>Virtually all logging contractors across the region are considered Qualified Logging Professionals due to the SFI Fiber Sourcing Standard requirements.</p> <p>OSHA laws require mandated safety training topics for all mill personnel as well as forest workers on an annual basis.</p> |
| Means of Verification | Training sign-in sheets, Safety meeting records, MTH database and other records, OSHA Safety laws, Supplier Contracts |
| Evidence Reviewed | Training sign-in sheets, Safety meeting records, verified List of MTH numbers for logging crews, Supplier contracts, OSHA safety logs |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

| | 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>Fram Renewable Fuels' pellet mills contribute to the local economy in the towns that they are located by providing employment and using local businesses. Fram employs approximately 200 people in its 4 pellet mills. Each location contributes significantly to the local economy directly and indirectly by using local business and contractors. A general rule of thumb is that for every direct job in the forest industry, 3 additional jobs are supported.</p> <p>Fram's operations provide a market for landowners who grow timber, harvest and replant. 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>The economic contribution of forestry to the States of Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee economies is substantial. In Georgia, forestry is the #2 industry in the state. Forestry is one of the top agricultural products in Florida and ranks as the #1 manufacturing sector in North and South Carolina. More economic data for each state can be found at the following websites:</p> <p>Alabama: http://forestryimpacts.net/reports/alabama Florida: www.forestryimpacts.net/reports/florida Georgia: www.forestryimpacts.net/reports/georgia South Carolina: http://forestryimpacts.net/reports/south-carolina North Carolina: http://forestryimpacts.net/reports/north-carolina Tennessee: http://forestryimpacts.net/reports/tennessee</p> |
| Means of Verification | Fram payroll, State economic data websites and studies, state forest agency websites and documents |
| Evidence Reviewed | Number of Fram employees, Economic fact sheets from state forest agencies, state forest associations, American Forest & Paper Association |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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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 contribute to the health and vitality of the forest resource and dependent communities. |

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| | <p>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.</p> <p>Based on USDA Forest Service data, forest land area has remained unchanged at 23-24 million acres since the 1950s but during the same period the wood volume on those acres has increased from 17 billion cuft to 41 billion cuft. This was achieved by education, training, natural tree selection/improvements, replanting superior seedlings and a growing wood market that provided landowners the return on their investment to continue funding forest management activities. State forest agencies, in particular the Georgia Forestry Commission, Florida Forest Service, South Carolina Forestry Commission and Alabama have very active state forestry agencies that monitor forests for wildfires, Southern Pine Beetle, and other pests. There are also federal cost-sharing programs that are administered by state forestry agencies that provide private landowners assistance with tree planting, prescribed burning, invasive species removal, and management plan development that promote healthy, productive forests. An active and robust forest market industry such as those in Georgia and Florida is also good protection against fire and disease.</p> <p>Fram 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: http://www.forestry.alabama.gov/AlabamaForestActionPlan.aspx?bv=2&s=3 Florida: http://forestactionplans.org/states/florida Georgia: http://www.gatrees.org/about-us/strategic-plan/GAStateAssessment-6-17-10.pdf North Carolina: http://forestactionplans.org/states/north-carolina South Carolina: http://forestactionplans.org/states/south-carolina Tennessee: http://www.tn.gov/agriculture/publications/forestry/TN-FAP_Brochure.pdf</p> <p>Fram Renewable Fuels L.L.C. maintains a Supplier Contract with all Suppliers. The Supplier Contract contains clauses related to legal compliance and BMP implementation and are instrumental in ensuring the Specified Risk is mitigated to Low Risk.</p> |
| <p>Means of Verification</p> | <p>State forestry agencies' websites, data and public documents, USFS FIA data, State BMP Compliance survey results, Supplier Contracts,</p> |
| <p>Evidence Reviewed</p> | <p>State forestry agencies Fact Sheets & reports on Forest Health, GA 2013 Sustainability Report, USFS FIA inventory data, USFS growth and removals, State BMP survey results, Supplier Contracts</p> |
| <p>Risk Rating</p> | <p><input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p> |
| <p>Comment or Mitigation Measure</p> | <p>Fram's standard operating procedure (SOP) for FSC/PEFC along with strong environmental laws and regulations and a high level of BMP compliance moves 2.4.1 from Specified Risk to Low Risk. The Fram Supplier Contract contains clauses related to legal compliance and BMP implementation and are instrumental in ensuring the Specified Risk is mitigated to Low Risk.</p> |

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| 2.4.2 | <p>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).</p> |
| Finding | <p>Increased wood utilization directly results in a reduction in fires, pests and diseases.</p> <p>State forest agencies, in particular the Georgia Forestry Commission, Florida Forest Service, South Carolina Forestry Commission and Alabama have very active state forestry agencies that monitor forests for wildfires, Southern Pine Beetle, and other pests. In addition, the federal USDA Animal and Plant Health Inspection Service (APHIS), is also charged with the responsibility to safeguard US agriculture and natural resources against the entry, establishment and spread of economically and environmentally significant pests. The USDA Forest Service also is a robust organization with regional research stations to address pest and disease control, forest management and conducts the Forest Inventory Analysis (FIA) used to determine growth and removals.</p> <p>FRAM Renewable Fuels L.L.C. works with, and supports through taxes, the Georgia, Forestry Commission to monitor and manage the prevention of forest fires, pests 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.</p> <p>The Georgia Forestry Commission website (http://www.gfc.state.ga.us/forest-fire/) in addressing forest fires states that it is responsible for wildfire suppression in the State. By 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:</p> <p>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.</p> <p>13.5.1 Personnel and Equipment</p> <p>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.</p> <p>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.</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 the 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</p> |

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| | <p>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.</p> <p>FRAM, as well as all other wood pellet organizations in the US rely on the State Forestry Commissions that have active forest health and fire control programs 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: http://www.gfc.state.ga.us/forest-management/forest-health/</p> <p>The U.S. Forest Service also provides funding to State Forestry Commissions through its State & Private Forestry Programs. See the US Forest Service website addressing fire prevention and control and forest health. https://www.fs.fed.us/spf/</p> <p>In addition, FRAM is active in state forestry associations that represent private forest owners and the wood products industry. These associations work with the forestry commissions to address fire and forest health issues for all landowners. FRAM financially supports the Georgia Forestry Association that employ full-time personnel to work with the forestry commission. The Georgia Forestry Association's website is: http://gfagrow.org/</p> <p>Each state also has a State Implementation Committee (SIC) associated with SFI implementation that also addresses forest management issues, forest health, timber theft and more. Even though Fram is not SFI certified, Fram has requested a non-voting membership on the GA SCI committee as part of its support of various forest initiatives.</p> |
| Means of Verification | State forestry websites, UDSA Forest Service and APHIS websites, memberships in various Forestry Associations, |
| Evidence Reviewed | Various mission statements, availability of research papers, pest control programs Meeting attendance lists, email to join GA SIC |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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| 2.4.3 | 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. Fram's Supplier contract requires that Suppliers adhere to all Federal and State laws and regulations. |

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| | <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>The FSC NRA has concluded Low Risk for Cat 1 – Illegal Logging. 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>In addition, FRAM has presented detailed evidence in its Risk Assessment demonstrating that illegal and unauthorized activities in the forest do not occur and are considered Low Risk.</p> <p>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 have 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.</p> <p>The AHEC Legality Study also concluded Low Risk to the threat of legality. The conclusion was based on the determination that there was no reported systemic illegal logging.</p> <p>The state forestry agencies in the SB have active law enforcement divisions that address timber theft, illegal trespass, forest arson and illegal encroachment on private lands. State SFI implementation committee and state forestry associations also address these issues.</p> |
| Means of Verification | Contracts, AHEC Legality Study, FSC NRA |
| Evidence Reviewed | Contracts, AHEC Legality Study, Fram’s FSC certification |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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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 | <p>FSC/PEFC Chain of Custody and Controlled Wood Certificates provide sufficient objective evidence of conformance to the Indicator. The FSC NRA has concluded Low Risk for Category 2 – Wood harvested in violation of traditional or human rights.</p> <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</p> |

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| | <p>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: http://www.bia.gov/WhoWeAre/RegionalOffices/Eastern/index.htm</p> <p>Also see the Cherokee Tribe website for information on the economic development activities of the tribe. http://www.cherokeesmokies.com/about_cherokee.html</p> <p>The Fram FSC/Controlled Wood Wood Risk Assessment concludes: “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> <p>Other ILO Conventions: https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102871</p> |
| Means of Verification | FRF-DP-04 (FRAM Renewable Fuels Controlled Wood Due Diligence document), FRF-DP-05/05B (FRAM Renewable Fuels FSC/PEFC Risk Assessment), stakeholder consultation |
| Evidence Reviewed | FRF-DP-04 (FRAM Renewable Fuels Controlled Wood Due Diligence document), FRF-DP-05/05B (FRAM Renewable Fuels FSC/PEFC Risk Assessment), stakeholder consultation |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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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 fulfilment of basic needs. |
| Finding | <p>State BMPs and Fram’s associated Supplier contracts that require adherence to BMPs is a control system for water supply quality as BMPs may influence water supply both directly and indirectly.</p> <p>FSC/PEFC Chain of Custody and Controlled Wood Certificates provide sufficient objective evidence of conformance to this Indicator.</p> <p>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. As such, it is considered Low Risk.</p> |

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| | <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 exist 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> <p>Other ILO Conventions: https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102871</p> |
| Means of Verification | Contracts, FSC/PEFC Chain of Custody and Controlled Wood Certificates, Stakeholder outreach |
| Evidence Reviewed | Supplier contracts, Fram's FSC/PEFC Chain of Custody and Controlled Wood Certificate, Stakeholder outreach response |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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| 2.6.1 | <p>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.</p> |
| Finding | <p>FRAM Renewable Fuels L.L.C. relies on legal compliance which is enforced primarily with its contract with Suppliers.</p> <p>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. The US NRA has concluded Low Risk for Category 2, Wood Harvested in violation of traditional and human rights.</p> <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.</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 <u>file a complaint</u> with OSHA by calling 1-800-321-OSHA (6742), online via <u>eComplaint Form</u>, 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> <p>Other ILO Conventions: https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102871</p> |

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| Means of Verification | Contracts, Fram Complaint Log (FRF-SBP-DP-11), Company policies, FSC Certificate |
| Evidence Reviewed | Supplier contracts, Fram Complaint Logs (FRF-SBP-DP-11 and FRF-DP-12), bulletin boards with OSHA postings in various mills, Fram FSC certificate |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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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 | <p>FRAM Renewable Fuels L.L.C. relies on legal compliance which is enforced primarily with its contract with Suppliers.</p> <p>FSC/PEFC Chain of Custody and Controlled Wood Certification provides objective evidence of conformance addressing Freedom of Association. The US NRA has concluded Low Risk for Category 2, Wood Harvested in violation of traditional and human rights.</p> <p>The FSC Self-Declaration Policy addresses the ILO Principles (FRF-DOC-02). The FSC ILO Policy recognizes the pre-eminence 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. http://www.dol.gov/dol/aboutdol/history/amworkerconclusion.htm</p> <p>Supply Agreements/Contracts specify compliance with applicable U.S. and state labor laws and regulations (FRF-SBP-DP-08).</p> <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"> 1) a Policy Statement of Commitment to legal compliance, 2) a signed Self-Declaration to associate with FSC including the above social issues, 3) access to all applicable laws and regulations as documented in the Supply Base Evaluation, 4) contract provisions with suppliers requiring legal compliance, 5) training of responsible FRAM personnel, 6) internal monitoring and auditing of conformance to applicable laws and certification requirements, 7) corrective and preventive action procedures to address any non-compliance issues, 8) annual management reviews of compliance issues, and 9) independent certification to numerous standards including SBP, FSC and PEFC. |

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| | Other ILO Conventions: https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102871 |
| Means of Verification | Contracts, FSC/PEFC chain of Custody, Equal Opportunity Employment Act, National Labor Relations Act, ITUC Survey of Trade Unions Rights Violations, FSC Certificate |
| Evidence Reviewed | Supplier Contracts, ITUC Survey of Trade Unions Rights does not indicate violations in the forest industry, Fram FSC certificate |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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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 | <p>FRAM Renewable Fuels L.L.C. relies on legal compliance which is enforced primarily with its contract with Suppliers.</p> <p>FSC/PEFC Chain of Custody and Controlled Wood Certification provides objective evidence of conformance addressing the elimination of compulsory labor. The US NRA has concluded Low Risk for Category 2, Wood Harvested in violation of traditional and human rights.</p> <p>FRAM Renewable Fuels L.L.C. has conducted a Controlled Wood Risk Assessment (FRF-DP-05) covering this issue and concluded that: “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>The US Constitution forbids slavery and the US has also ratified ILO Convention 105 - <i>Abolition of Forced Labour Convention, 1957</i>, which means there is a corresponding law to match this convention</p> <p>https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102871</p> <p>See 2.7.1 above.</p> |
| Means of Verification | Contracts, Existing US laws, Verification of posting of mandatory Labor Law poster on sites, FSC Controlled RA (FRF-DP-05), FSC certificate |
| Evidence Reviewed | Supplier Contracts, FRF-DP-05 (Controlled Wood Risk Assessment), employee handbooks/policies, on-site bulletin boards, Fram FSC certificate |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |

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| 2.7.3 | The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is not supplied using child labour. |
| Finding | <p>FRAM Renewable Fuels L.L.C. relies on legal compliance which is enforced primarily with its contract with Suppliers.</p> <p>FSC/PEFC Chain of Custody and Controlled Wood Certification provides objective evidence addressing child labor. The US NRA has concluded Low Risk for Category 2, Wood Harvested in violation of traditional and human rights.</p> <p>Child Labor laws and regulations are enforced by the U.S. Department of Labor: http://www.dol.gov/dol/topic/youthlabor/</p> <p>FRAM Renewable Fuels L.L.C. has completed a Controlled Wood Risk Assessment (FRF-DP-05) that covers this issue: “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>ILO Convention 182 (<i>Worst Forms of Child Labour</i>) has been ratified by US. https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102871</p> <p>See 2.7.1 above.</p> |
| Means of Verification | Contracts, verification of posting of mandatory Labor Law poster on sites, FSC Certificate, Company HR policies, Fram CW Risk Assessment |
| Evidence Reviewed | Supplier contracts, Employee handbook, Posting of Labor Law poster, Fram FSC Certificate, Fram CW RA (FRF-DP-05/05B) |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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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 | <p>FRAM Renewable Fuels L.L.C. relies on legal compliance which is enforced primarily with its contract with Suppliers.</p> <p>FSC/PEFC Certificates provide objective evidence of elimination of discrimination in employment.</p> <p>The Federal Equal Opportunity Act provides rights to workers.</p> <p>U.S. anti-discrimination laws and regulations are enforced by the Department of Labor: http://www.eeoc.gov/facts/ganda.html</p> <p>FRAM Renewable Fuels L.L.C. has completed an FSC Controlled Wood Risk Assessment that concludes: “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.”</p> <p>The US NRA has concluded Low Risk for Category 2, Wood Harvested in violation of traditional and human rights.</p> <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>Other ILO Conventions: https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102871</p> |
| Means of Verification | Contracts, Postings of Labor Law poster, Company policies, FSC Certificate |
| Evidence Reviewed | Supplier Contracts, Postings of Labor Law poster, Employee Handbook, Fram FSC Certificate |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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| 2.7.5 | 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. |

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| Finding | <p>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.</p> <p>The Supplier Contract (FRF-SBP-DP-08) specifies contract conditions and compliance with Department of Labor regulations.</p> <p>Refer to the U.S. Fair Labor Law website: http://www.flcdatacenter.com/</p> <p>Internally, Fram wages for employees are significantly above minimum wage and provide paid health insurance, vacation and other benefits for employees.</p> <p>Other ILO Conventions: https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102871</p> |
| Means of Verification | Contracts, HR policies, OSHA regulations |
| Evidence Reviewed | Supplier Contracts, review of Fram wages, Employee manual |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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| 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 | <p>FRAM Renewable Fuels L.L.C.'s Supplier Contract (FRF-SBP-DP-08) provisions address worker compensation insurance coverage.</p> <p>FSC/PEFC Certificates provide objective evidence of conformance with health and safety laws and regulations. Review of safety programs – most topics are required by OSHA.</p> <p>The United States has laws to protect all workers, including forest workers. These laws protect forest workers’ rights and their health and safety while on the job. Logging contractors also are insured and have insurance representatives that come out to the site to validate the safety of the forest workers. There are also regional Logger organizations which offer continuing education and support to the logger workforce.</p> <p>Fram pellet mills have a strong commitment to safety and require mill employees to be properly trained, wear PPE and attend regular safety meetings. Fram pellets mills have a Health and Safety Manager and also work with contractors to manage the safety program.</p> <p>Refer to the OSHA Logging Safety website for more details on forest safety.</p> |

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| | https://www.osha.gov/SLTC/logging/ |
| Means of Verification | Contracts, HR Policies, OSHA regulations |
| Evidence Reviewed | Supplier contracts, Monthly safety programs & sign-in sheets |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

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| 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 | <p>High carbon stocks in the Fram Supply Base are defined as swamps or peatlands, such as the Okefenokee Swamp (Federally protected) or old growth forests. Neither Fram nor its suppliers harvest on peatlands and there are no old growth forests in Fram’s supply basin. Fram relies on its Supplier Contract for adherence to federal laws and implementation of BMPs.</p> <p>There is harvesting on bottomland hardwoods, but these are considered second-growth forests harvested primarily in the outer buffer of SMZs and generally do not meet the definition of high carbon stock. Harvesting is done per state BMPs and with low impact equipment.</p> <p>Section 404 of the Clean Water Act prohibits draining of wetlands although previously drained areas can be maintained. Furthermore, ditching, draining, or filling in of wetlands requires a permit from the State and even when a permit is granted these activities cannot change the hydrologic condition or overall drainage or flow patterns of the wetlands or forest lands immediately adjacent to wetlands. Fram's supply agreement requires suppliers to comply with BMPs and all local, state, and federal laws. Fram has inspection controls in place to monitor BMP compliance as well as monitoring GFC and FFS compliance surveys.</p> <p>HCV areas in Florida, such as the Apalachicola Basin, contain multiple protected areas. Florida also maintains Water Management Districts that focuses on management of water resources and manages the Save Our Rivers Program. The Okefenokee Swamp, located in Georgia, has been protected as a National Park and there are various state parks that conserve swamp/peatland areas in Southeast Georgia as well.</p> <p>Hazlehurst, Telfair, Archer and secondary suppliers supplying these mills are sourcing from areas that have been in pine production for many years and are at low risk for being harvested from peatlands or wetlands.</p> |

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| | <p>Applying sources primarily hardwood mill residuals which originate from upland hardwood or second growth bottomland hardwoods and are harvested using BMPs.</p> <p>A paper by the USFS Forest Inventory Analysis describes the carbon stocks in Region 8 (SE US) as increasing:</p> <p>https://www.fs.fed.us/climatechange/documents/SouthernRegionCarbonAssessmentT woBaselines.pdf</p> |
| Means of Verification | Contracts, Strong legal framework, FIA data |
| Evidence Reviewed | Supplier Contracts, FIA carbon studies |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

| | Indicator |
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| 2.9.2 | <p>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.</p> |
| Finding | <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 13% of carbon emissions from the burning of fossil fuel.</p> <p>http://www.fia.fs.fed.us/forestcarbon/docs/CarbonReport_OnlineDraft-opt.pdf</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 as carbon sinks. See Forest Ecology and Management research article: http://www.nrs.fs.fed.us/pubs/jrnl/2010/nrs_2010_nave_001.pdf</p> <p>Reports by the USDA USFS Southern Research station also show that pine volumes have increased since 2008, showing that there has been no net release of carbon. Forecasts in the resource assessment are for the growth to removal ratio to remain above 1.0 going forward.</p> <p>Also as previously stated, 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. Fram suppliers are required by contract to adhere to BMPs.</p> <p>Alabama: http://www.adem.state.al.us/programs/water/forestry.cnt</p> |

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| | <p>Florida: http://www.floridaforestservice.com/publications/silvicultural_bmp_manual.pdf</p> <p>Georgia: http://www.gfc.state.ga.us/forest-management/water-quality/bmps/2011BMPSurveyResults.pdf</p> <p>North Carolina: http://ncforestservice.gov/publications/WQ0107/BMP_manual.pdf</p> <p>South Carolina: http://www.state.sc.us/forest/bmpmanual.pdf</p> <p>Tennessee: www.tn.gov/content/dam/tn/agriculture/documents/forestry/AgForBMPs.pdf</p> <p>Carbon stocks are available at: http://www.fia.fs.fed.us/forestcarbon/</p> <p>See U.S. Forest Service website: www.fs.usda.gov/ccrc/topics</p> |
| Means of Verification | Contracts, FIA data, BMP compliance, various third party report |
| Evidence Reviewed | Supplier contracts, FIA analysis of growth and drain, FIA analysis of carbon removals, BMP compliance surveys, "Harvest impacts on soil carbon storage in temperate forests" by Lucas E. Nave, et al. |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

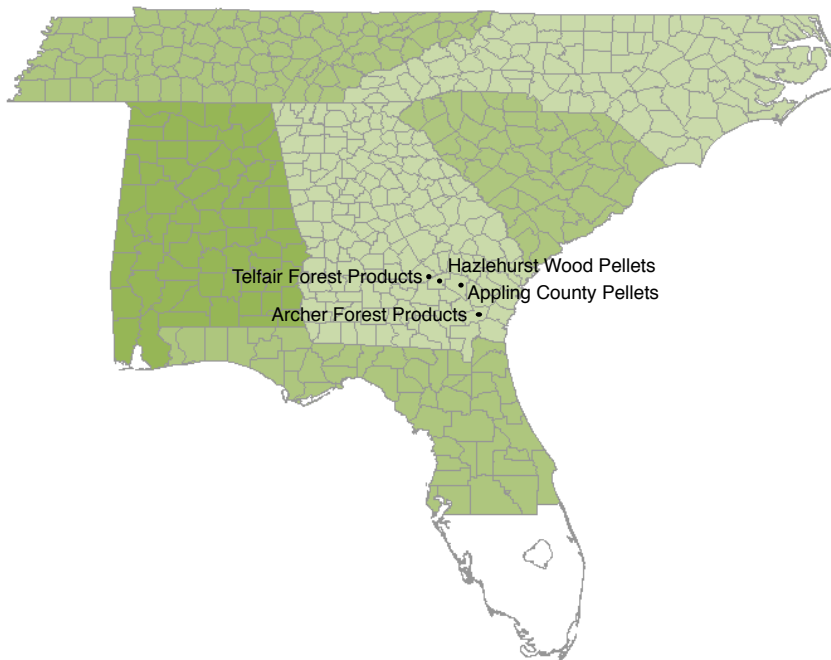
| | Indicator |
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| 2.10.1 | Genetically modified trees are not used. |
| Finding | <p>There have been field trials of multiple genera, but no commercial plantings. There have been several evaluations of forest GMO (Genetically Modified Organisms). Currently, the main commercial user of GMO trees is China and only a single species, <i>Populus nigra</i> (Black Poplar, Lombardy Poplar). There are many Restrictions on the use of Genetically Modified Organisms in the United States (http://www.loc.gov/law/help/restrictions-on-gmos/usa.php).</p> <p>Fram did not find its wood supply areas on any lists contained in the FAO Preliminary Review of biotechnology in forestry. http://www.fao.org/docrep/008/ae574e/AE574E00.HTM</p> <p>The FSC National Risk Assessment for the U.S. (FSC-NRA-US V1-0) concluded "Low Risk" for the "commercial use of GMO (tree) species" in the 48 lower states. This assessment found no commercial uses of genetically modified trees taking place across the wood supply area. Fram is therefore confident that its wood supply does not source wood from forests in which genetically modified trees are planted.</p> <p>In addition, the use of GMO seedlings is not in the mainstream of the US forest industry for operational use. There are no operational GMO forests or stands in the US.</p> |
| Means of Verification | FSC NRA, Fram's PEFC Risk Assessment, Third-party data |

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| Evidence Reviewed | FSC NRA, Controlled Wood Risk Assessment (FRF-DP-05B), FAO report, Global Forest Registry, personal knowledge from time spent working in forest products industry |
| Risk Rating | <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA |
| Comment or Mitigation Measure | |

Annex 1 – Exhibit A

Fram Risk Assessment Area

Fram Renewable Fuels FSC Risk Assessment Area 2019



MapWinGIS 4

Note: Fram's RA includes highlighted counties in a 6-state sourcing basin

Annex 1 – Exhibit B

US FSC National Risk Assessment utilizes the following designations:

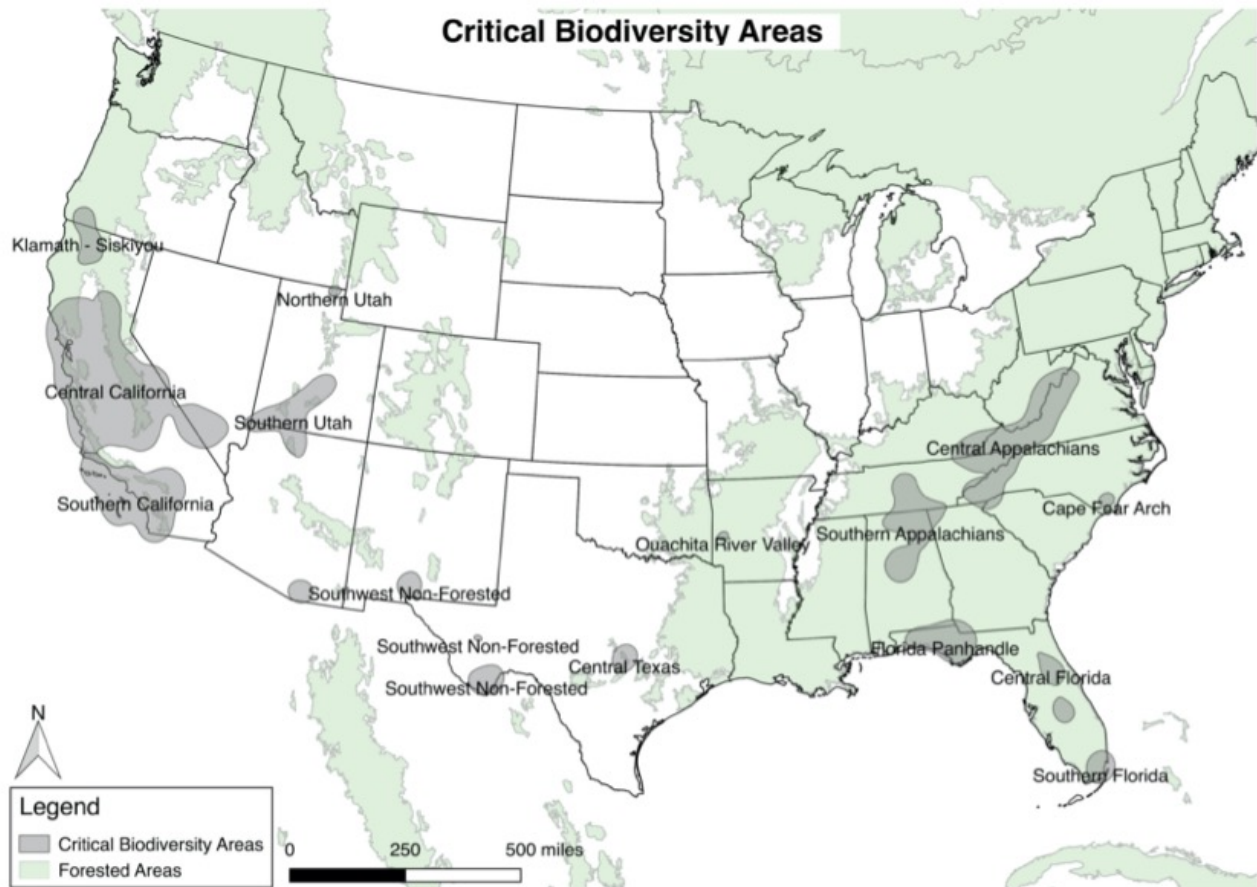
Category 1 - Illegally harvested wood: *Low Risk*

Category 2 - Wood harvested in violation of traditional and human rights: *Low Risk*

Category 3 - Wood from forests in which high conservation values are threatened by management activities: *Specified Risk in portions of the Pacific Coast, Rocky Mountain, Mississippi Alluvial Valley, Appalachian and Southeast Regions*

Category 4 - Wood from forests being converted to plantations or non-forest use: *Specified Risk for specific counties within the Pacific Coast and Southeast Regions*

Category 5 - Wood from forests in which genetically modified trees are planted: *Low Risk*



Annex 1 – Exhibit C

Minimum list of US applicable laws for use with Controlled Wood Risk Assessments

| 1. Legal rights to harvest | | |
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| 1.1 Land tenure and management rights | Legislation covering land tenure rights, including customary rights as well as management rights that includes the use of legal methods to obtain tenure rights and management rights. It also covers legal business registration and tax registration, including relevant legal required licenses. | Land use laws (state & local level) |
| 1.2 Concession licenses | Legislation regulating procedures for the issuing of forest concession licenses, including use of legal methods to obtain concession license. Especially bribery, corruption and nepotism are well- known issues in connection with concession licenses. | State Forest Practice Acts (state level) For US Forest Service: FSH 2409.18, Ch. 50 § 53 State lands have similar regulations to the USFS law (above) based at the state level |
| 1.3 Management and harvesting planning | Any legal requirements for management planning, including conducting forest inventories, having a forest management plan and related planning and monitoring, as well as approval of these by competent authorities. | National Forest Management Policy Act of 1976 (US Forest Service lands) Federal business practices law Business & forest practices laws (state level) |
| 1.4 Harvesting permits | Legislation regulating the issuing of harvesting permits, licenses or other legal document required for specific harvesting operations. It includes the use of legal methods to obtain the permit. Corruption is a well-known issue in connection with the issuing of harvesting permits. | For US Forest Service: FSH 2409.18, Ch. 50 § 53 Harvest permits for private land regulated at the state level |
| 2. Taxes and fees | | |
| 2.1 Payment of royalties and harvesting fees | Legislation covering payment of all legally required forest harvesting specific fees such as royalties, stumpage fees and other volume based fees. It also includes payments of the fees based on correct classification of quantities, qualities and species. Incorrect classification of forest products is a well-known issue often combined with bribery of officials in charge of controlling the classification. | Federal and state tax policies |
| 2.2 Value added taxes and other sales taxes | Legislation covering different types of sales taxes which apply to the material being sold, including selling material as growing forest (standing stock sales). | Sales taxes administered at the State level. Most US states leverage sales taxes |
| 2.3 Income and profit taxes | Legislation covering income and profit taxes related to the profit derived from sale of forest products and harvesting activities. This category is also related to income from the sale of timber and does not include other taxes generally applicable for companies or related to salary payments. | Internal Revenue Code: federal policy on income taxes, capital gains taxes, inheritance taxes, reforestation tax credits, and other relevant taxes |
| 3. Timber harvesting activities | | |
| 3.1 Timber harvesting regulations | Any legal requirements for harvesting techniques and technology including selective cutting, shelter wood regenerations, clear felling, transport of timber from felling site and seasonal limitations etc. | Forest Principles (UNCED) (Rio de Janeiro, Brazil, June 1992) |

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| | <p>Typically, this includes regulations on the size of felling areas, minimum age and/or diameter for felling activities and elements that shall be preserved during felling etc. Establishment of skidding or hauling trails, road construction, drainage systems and bridges etc. shall also be considered as well as planning and monitoring of harvesting activities. Any legally binding codes for harvesting practices shall be considered.</p> | <p>International Tropical Timber Agreement (Geneva, Switzerland, 1994)</p> <p>Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA)/Federal Environmental Pesticide Control Act (FEPCA) (1947, 1972)</p> <p>Federal Plant Pest Act (1957)</p> <p>Forest practices acts (state level) based on Clean Water Act (1964)</p> <p>Pollution Prevention Act (1990) Federal Insecticide Act (1910)</p> <p>Plant Quarantine Act (1912)</p> <p>Clean Water Act (Section 404 wetland protection) Fire practices laws (state level)</p> |
| <p>3.2 Protected sites and species</p> | <p>Covers legislation related to protected areas as well as protected, rare or endangered species, including their habitats and potential habitats.</p> | <p>Convention on Nature Protection and Wild Life Preservation in the Western Hemisphere (Washington, DC, 1940)</p> <p>Convention on Wetlands of International Importance Especially as Waterfowl Habitat (Ramsar, Iran, 2 Feb 1971)</p> <p>Convention Concerning the Protection of the World Cultural and Natural Heritage; (Paris, France, 16 Nov 1972)</p> <p>International Plant Protection Convention (IPPC) (1979 Revised Text) (Rome, Italy, 1979)</p> |
| <p>3.2 Protected sites and species</p> | | <p>Endangered Species Act (1973, 1978, 1979, 1982) Clean Water Act (CWA) of 1972</p> <p>Clean Air Act (CAA) of 1963</p> <p>Resource Conservation & Recovery Act (RCRA) (1976, 1984).</p> <p>Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, commonly</p> |

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| | | <p>known as "Superfund") (1980, 1986)</p> <p>Convention on Biological Diversity (UNCED) (Rio de Janeiro, Brazil, 5 Jun 1992)</p> <p>Framework Convention on Climate Change, (UNCED) (Rio de Janeiro, Brazil, 1992)</p> <p>Rio Declaration on Environment and Development (UNCED) (Rio de Janeiro, Brazil, 1992)</p> <p>Convention on the Conservation of Migratory Species of Wild Animals (Bonn, Germany, 23 Jun 1979)</p> <p>Migratory Bird Treaty Act (1918, 2006)</p> <p>Endangered species acts (state level) Wildlife laws (state level)</p> |
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| 3.3 Environmental requirements | Covers legislation related to environmental impact assessment in connection with harvesting, acceptable level for soil damage, establishment of buffer zones (e.g. along water courses, open areas, breeding sites), maintenance of retention trees on felling site, sessional limitation of harvesting time, and environmental requirements for forest machineries. | <p>Convention on Environmental Impact Assessment in a Transboundary Context (Espoo, Finland, 1991)</p> <p>National Environmental Policy Act (1969, 1975, 1982)</p> <p>Environmental quality acts (for all states) Water quality protection laws (for all states) Water resources laws (for all states)</p> |
| 3.4 Health and safety | Legally required personal protection equipment for persons involved in harvesting activities, use of safe felling and transport practice, establishment of protection zones around harvesting sites, and safety requirements to machinery used. Legally required safety requirements in relation to chemical usage. The health and safety requirements that shall be considered relate to operations in the forest (not office work, or other activities less related to actual forest operations). | <p>National Environmental Policy Act (1969, 1975, 1982)</p> <p>Occupational Safety & Health Act (OSHA) (1970) OSHA 1910.266: Logging-specific regulations</p> <p>Federal Water Pollution Control Act/Clean Water Act (1972, 1977)</p> |
| 3.5 Legal employment | Legal requirements for employment of personnel involved in harvesting activities including requirement for contracts and working permits, requirements for obligatory insurances, requirements for competence certificates and other training requirements, and payment of social and income taxes withhold by employer. Furthermore, the points cover observance of minimum working age and | <p>Fair Labor Standards Act (1938, 1946, 1961)</p> <p>Equal Pay Act of 1963 (amended the Fair Labor Standards Act)</p> |

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| | | Civil Rights Act of 1964 Occupational Safety & Health Act (OSHA) (1970) |
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| 3.6 Conversion | <p>minimum age for personal involved in hazardous work, legislation against forced and compulsory labour, and discrimination and freedom of association.</p> <p>Legislation related to permission to convert natural forest to other land used. This may include identification of the laws regulating conversion in different land classification types and/or different permit types. This analysis will identify under which land types and permit types conversion can be legally carried out and the scale of any illegal conversion.</p> | <p>Americans with Disabilities Act (ADA)</p> <p>Where regulated, regulated at the state level</p> |
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4. Third parties' rights

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| 4.1 Customary rights | Legislation covering customary rights relevant to forest harvesting activities including requirements covering sharing of benefits and indigenous rights. | Various treaties with American Indian Nations, Tribes, and Bands in the United States |
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| 4.2 Free prior and informed consent | Legislation covering “free prior and informed consent” in connection with transfer of forest management rights and customary rights to the organization in charge of the harvesting operation. | <p>Executive Order (EO) 12898 - Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (1994)</p> <p>National Indian Forest Resources Management Act American Indian Religious Freedom Act</p> <p>Indian Self Determination and Education Assistance Act of 1975</p> |
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| 4.3 Indigenous peoples rights | Legislation that regulates the rights of indigenous people as far as it's related to forestry activities. Possible aspects to consider are land tenure, right to use certain forest related resources or practice traditional activities, which may involve forest lands. | <p>Indian Civil Rights Act of 1968</p> <p>Indian Self Determination and Education Assistance Act of 1975</p> <p>Native American Grave Protection and Repatriation Act</p> <p>Varied treaties with American Indian Nations, Tribes, and Bands in the United States.</p> <p>National Historic Preservation Act, including in relation to American Indian sites (1966)</p> <p>Tribes are considered Sovereign Nations (a rough legal equivalent to a US State) and have their own judicial systems</p> |
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| 5. Trade and transport | | |
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| 5.1 Classification of species, quantities, qualities | Legislation regulating how harvested material is classified in terms of species, volumes and qualities in connection with trade and transport. Incorrect classification of harvested material is a well-known method to reduce/avoid payment of legality prescribed taxes and fees. | Where regulated, regulated at the state and local level |
| 5.2 Trade and transport | All required trading permits shall exist as well as legally required transport document which accompany transport of wood from forest operation. | The Lacey Act of 1900 |
| 5.3 Offshore trading and transfer pricing | Legislation regulating offshore trading. Offshore trading with related companies placed in tax havens combined with artificial transfer prices is a well-known way to avoid payment of legally prescribed taxes and fees to the country of harvest and considered as an important generator of funds that can be used for payment of bribery and black money to the forest operation and personal involved in the harvesting operation. Many countries have established legislation covering transfer pricing and offshore trading. It should be noted that only transfer pricing and offshore trading as far as it is legally prohibited in the country, can be included here. | Transfer pricing regulated by the Internal Revenue Code |
| 5.4 Custom regulations | Custom legislation covering areas such as export/import licenses, product classification (codes, quantities, qualities and species). | Lacey Act of 1900 |

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| 5.5 CITES | CITES permits (the Convention on International Trade in Endangered Species of Wild Fauna and Flora, also known as the Washington Convention). | Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (Washington DC, 1973) Amendment to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Art.XI) (Bonn, Germany, 23 Jun 1979) |
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| 6. Diligence/due care procedures | | |
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| 6.1 Legislation requiring due diligence/due care procedures | Legislation covering due diligence/due care procedures, including e.g. due diligence/due care systems, declaration obligations, and /or the keeping of trade related documents, legislation establishing procedures to prevent trade in illegally harvested timber and products derived from such timber, etc. | The Lacey Act amendment 2008, (the Food, Conservation, and Energy Act of 2008 expanded its protection to a broader range of plants and plant products (Section 8204. Prevention of Illegal Logging Practices) |

Other Miscellaneous Links to various National and Local Forest Laws, Multilateral Environmental Agreements and ILO Conventions the US has ratified.

ILO Ratifications for United States

https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102871

EPA Selected Multilateral Environmental Instruments in Force for the U.S.

<https://www.epa.gov/international-cooperation/selected-multilateral-environmental-instruments-force-us>

Office of the United States Trade Representative Multilateral Environmental Agreements

<https://ustr.gov/issue-areas/environment/multilateral-environmental-agreements>

National Association of State Foresters Timber Assurance

<https://www.stateforesters.org/timber-assurance/>

<https://www.stateforesters.org/timber-assurance/legality/forest-ownership-statistics/>

Georgia state forestry laws 2017

<http://www.gatrees.org/resources/publications/Forestry%20Laws%202017.pdf>

Florida forestry laws

<http://floridaforest.org/resources/environmental-law/>

Alabama environmental laws

<http://www.adem.state.al.us/alEnviroRegLaws/default.cnt>

South Carolina Forest Laws

<https://www.state.sc.us/forest/reflaws.htm>

North Carolina Forest Laws & Regulations

https://www.ncforestservation.gov/water_quality/regulations.htm

<https://www.ncforestry.org/nc-forest-data/forestry-regulations/>

Tennessee forestry laws

https://defenders.org/sites/default/files/publications/state_forestry_laws.pdf