



Supply Base Report: LJR Forest Products

Fourth Surveillance Audit

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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

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1 Overview

Producer name: LJR Forest Products

Producer location: 1377 old nunez rd. Swainsboro Ga. 30401

Geographic position: 32°31'45"N 82°20'35"W

Primary contact: Lige Moore 1377 old nunez rd Swainsboro Ga. 30401 912-562-3447
ljrpellet@yahoo.com

Company website: none

Date report finalised: 24/Apr/2020

Close of last CB audit: 12/Jun/2020

Name of CB: SCS

Translations from English: no

SBP Standard(s) used: e.g. Standard 1 version 1.0, Standard 2 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: None

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X

2 Description of the Supply Base

2.1 General description

LJR Forest Products' wood pellet production plant is located in Swainsboro, Georgia. The facility sources from a largely rural area where forestry and agriculture (e.g. forests, crops, and cattle) are prevalent and are the primary sources of income for workers and the local communities. The supply base consist of pine forests in the Piedmont, South Atlantic Coastal Plain and Mid-Atlantic Coastal Plain Regions. No hardwoods are sourced. A map of the procurement area is included in the Supply Base Evaluation (SBE) and Risk Assessment (RA) as an Appendix, and is available upon request.

The SBE and RA include most of Georgia and the adjacent counties in Western South Carolina. LJR Forest Products pellet mill is an important market for low grade and low valued fiber 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.

LJR Forest Products does not own forest land and does not decide what forests to harvests, is not engaged in the harvesting or forest management activities and does not have responsibility for direct wood procurement. All softwood fiber is supplied to the pellet mill by primary sawmills. Thus, LJR Forest Products is considered an Indirect and Secondary Producer that can indirectly influence forest management, but cannot control how the forests are managed and how they are harvested. Land management and harvesting decisions are made by private family forest owners, in the context of U.S. Federal and State laws, regulations and State administered Best Management Practices for water quality and beneficial use protection.

The States of Georgia and South Carolina 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.

LJR Forest Products' influence is through policies, supply contracts and periodic monitoring of suppliers. The use of sawmill residuals provides 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 residual softwood sawdust suppliers. All fiber 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.

LJR Forest Products has not modified or adjusted the Indicators contained in Standard # 1. LJR Forest Products 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 an 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/Due Diligence System Standards. These certifications help to ensure "Low Risk" of sourcing controversial or uncontrolled fiber. The company's existing Standard Operating Procedures (SOPs) and "Contract Provisions" 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."

LJR Forest Products does not utilize feedstock from any CITES species within the procurement region. A list of commonly sourced pine species is contained in the Tree Species List in the Controlled Wood Risk Assessment.

2.2 Actions taken to promote certification amongst feedstock supplier

All of the LJR Forest Products' softwood fiber inputs are sourced from indirect suppliers. All fiber material is sourced according to the FSC/PEFC Chain of Custody and Controlled Wood Standards and is considered at least "controlled material," which provides evidence that it is Low Risk of Illegality and unsustainability.

Formal correspondence is sent to the suppliers with a Wood Purchase Agreement specifying conditions and requirements to ensure compliance with all applicable laws and regulations, implementation of water quality BMPs and the use of trained loggers.

LJR Forest Products is a member of the Georgia Forestry Association and the South-eastern Wood Products Association that promote forest certification and provide 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.

2.3 Final harvest sampling programme

LJR Forest Products relies on its fiber suppliers to conduct monitoring of their procurement activities and those of its residual sawdust suppliers to ensure that the Districts of Origin/Supply Base has been verified, that BMPs are being implemented, that the loggers have been trained under the State Logger Training Programs and that operations are in legal and regulatory compliance.

Suppliers of fiber maintain records and can make them available to LJR Forest Products and the Certification Body, upon request. Records are randomly checked during supplier visits yearly.

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

Not available

2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 10,007,260 ha Georgia, 5,250,458 ha South Carolina
- b. Tenure by type (ha): 8,930,272 ha Private Land – Georgia, 1,076,988 ha Public Agencies – Georgia, 4,604,628 ha Private Land – South Carolina, 645,830 ha Public Agencies – South Carolina
- c. Forest by type (ha): 4,488,804 ha Temperate Pine Forests – Georgia, 1,105,434 ha Temperate Oak-Pine – Georgia, 2,516,234 ha Temperate Pine Forests – S Carolina, 593,837 ha Temperate Oak-Pine – S Carolina
Forest by management type (ha): 3,127,355 ha Planted Forest – Georgia, 6,879,904 ha Managed Natural Forest – Georgia, 1,345,347 ha Planted Forest – South Carolina, 3,905,111 ha Managed Natural Forest – S Carolina
- d. Certified forest by scheme (ha): SFI Georgia 957,162 ha
South Carolina 455,989 ha
FSC Georgia 70,376 ha
South Carolina 64,1773 ha
ATFS Georgia 1,208,350 ha
South Carolina 539,282 ha

Feedstock

- e. Total volume of Feedstock: tonnes or m³ – 200,000 – 400,000 tonnes
- f. Volume of primary feedstock: tonnes or m³-0 metric tons
- g. List percentage of primary feedstock (g), by the following categories. - percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme
 - 0%--No Certified Forest Content is reported
 - Not certified to an SBP-approved Forest Management Scheme
 - 100%--No Certified Forest Content is reported
- h. List all species in primary feedstock, including scientific name
 - Loblolly pine Pinus taeda
 - Longleaf pine Pinus palustris
 - Slash pine Pinus elliottii
 - Sand pine Pinus clausa
 - Pond pine Pinus serotina
 - Spruce pine Pinus glabra
- 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:

- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme 0%
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme 0%
- k. Volume of secondary feedstock: specify origin and type - 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*. 40-59% chips, 40-59% shavings, and 0-19% sawdust
- l. 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*. 0%

* Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands for (f) and (g) are:

1. 0 – 200,000 tonnes or m³
2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³
5. 800,000 – 1,000,000 tonnes or m³
6. >1,000, 000 tonnes or m³

Bands for (h), (l) and (m) are:

1. 0%-19%
2. 20%-39%
3. 40%-59%
4. 60%-79%
5. 80%-100%

NB: Percentage values to be calculated as rounded-up integers.

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
X	<input type="checkbox"/>

Suppliers do not report Certified Forest Content to LJR Forest Products. Only one sawmill supplier is FSC Chain of Custody certified and it does not report Certified Forest Content from any certified forests. While some lands are FSC/SFI/ATFS Certified, no content is reported and cannot, therefore, be tracked.

4 Supply Base Evaluation

4.1 Scope

While the SBE & Risk Assessment includes information and evidence from across the States of Georgia and South Carolina, the fiber supply area is significantly smaller and extends approximately 75 highway miles from all sources of supply from primary sawmills. A map of the Supply Base is available, upon request.

4.2 Justification

The Supply Base Evaluation & Risk Assessment address each of the SBP Indicators contained in Standard # 1. LJR Forest Products did not attempt to modify or adapt the Indicators. Many of the Indicators are similar to the requirements contained in the FSC and GGL Standards. The evidence of conformance to the Indicators in Standard # 1 was drawn from existing FSC/PEFC 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, research reports, the FSC US National Risk Assessment, wildlife action plans and other publicly available sources of information.

The LJR Forest Products' 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 LJR Forest Products manufacturing facility is determined to be "Low Risk" with the exception of "Specified Risk" for indicators 2.1.1 , 2.1.2, 2.2.3, and 2.2.4

The Risk Assessment considered all of the Standard Operating Procedures (SOPs) previously implemented by LJR Forest Products 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.

LJR Forest Products existing SOPs and mitigation serves to move indicators 2.1.1 , 2.1.2, 2.2.3, and 2.2.4 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.

All feedstock sourced by LJR Forest Products is secondary feedstock and the Plant manager monitors the suppliers. The plant manager also implements a supplier verification for any new suppliers as a part of the due diligence and has strengthened the supplier checks over the last years.

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).

LJR Forest Products has determined that, relative to FSC CW, all risk categories have been deemed low risk due to the Standard Operating Procedures (SOPs) previously implemented 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 all of 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 negative environmental impacts, there is a "Low Risk" of noncompliance with the SBP requirements in Standard # 1.

Wood Purchase Agreements and other requirements with the suppliers to ensure implementation of Contract Provisions contained in Section 4.3 above.

It is important to note that LJR Forest Products does own forest land and does not source round wood from the forest. LJR Forest Products does not procure purchase stumpage directly from the forest where the Forest Management Unit (FMU) can be identified. All sources of supply are considered indirect through secondary sources from softwood sawmills. LJR Forest Products is two or more contracts or steps in the supply chain from the Forest Management Unit (FMU) and has no direct control and limited influence over long-term forest management decisions of private family forest owners.

4.5 Conclusion

The Supply Base Evaluation & Risk Assessment concluded "Low Risk" for all SBP Indicators, based upon the Standard Operating Procedures (SOPs) of LJR Forest Products. The Supply Base Evaluation drew on the experience of the company's conformance to FSC/PEFC Chain of Custody and Controlled Wood/Due Diligence certification Standards.

The States of Georgia and South Carolina document high levels of BMP compliance and have strong legal and regulatory systems in place to ensure legality. LJR Forest Products requires its suppliers to use trained loggers, requires compliance with laws and regulations, as well as State Best Management Practices. Feedback from the Stakeholder Consultation process was positive and reinforced the finding that there is a need for markets of low valued softwood sawmill residual material. No hardwood residuals are sourced.

All inputs are currently secondary sources and LJR Forest Products 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 fiber inputs are supplied within the scope of the FSC/PEFC Controlled Wood/Due Diligence Systems approved by SBP. Thus, all residual 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 Contract Provisions already in place addressing the potential of sourcing fiber unacceptable sources.

The Georgia Forestry Commission is the only stakeholder to provide feedback, and it was very positive about the benefits to the forest and landowners of having a market demand for low valued softwood residuals. Comments from the Georgia Forestry Commission include:

Georgia's forests are being sustainably managed to meet the numerous needs of our state today – averaging over 40% annual growth over removals. In addition, Georgia's

forest area has remained stable over the past fifty-years at about 24 million acres – the largest commercial forest in the U.S.

Georgia's forest industry provides \$28.7 billion in total economic activity and provides jobs for 129,329 workers. The wood pellet industry in Georgia is an important contributor to the economy of our state. Georgia's wood pellet mill portfolio has grown from zero mills in 2007 to ten mills in 2015. The wood pellet industry provides new markets for small diameter trees and helps "keep working forests in forests".

Feedstock's for wood pellet mills are plentiful in Georgia. In addition to the state's standing forest inventory, over 5.7 million dry tons of wood and bark by-products are produced annually at Georgia's primary forestry mills. Furthermore, over 4.7 million dry tons of logging residues are produced annually in the state.

By virtue of the Low Risk rating and Contract Provisions already being applied, all wood pellet outputs from LJR Forest Products' pellet mill are considered "SBP-compliant Biomass."

5 Supply Base Evaluation Process

LJR Forest Products 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/>

LJR Forest Products is independently certified to the FSC/PEFC Chain of Custody and Controlled Wood Standards. LJR Forest Products sources all indirect and secondary inputs from suppliers that are within scope of the FSC/PEFC Chain of Custody and Controlled Wood/Due Diligence Standards.

6 Stakeholder Consultation

A Stakeholder Consultation Procedure (LJR-SBP-DP-04) was developed that included correspondence to interested and affected stakeholders across the two 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, forest products organizations, as well as local governmental officials.

Correspondence was forwarded to all Stakeholder at least 30 days prior to the completion of the SBE/RA. A Summary of Stakeholder input was prepared documenting input and responses by LJR Forest Products

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

6.1 Response to stakeholder comments

Provide a summary of all stakeholder comments received and how the comments were taken into consideration in the SBE process.

Comment 1:

Dear Lige Moore,

On behalf of State Forester Robert Farris, I would like to thank you for your January 21, 2016, inquiry regarding your pellet mill's certification to the Sustainable Biomass Partnership Standards.

While I do not have any direct knowledge of your mill's "impact on sustainable forestry", I do have some important information about forestry in Georgia that may be useful to you in your certification process.

Georgia's forests are being sustainably managed to meet the numerous needs of our state today – averaging over 40% annual growth over removals. In addition, Georgia's forest area has remained stable over the past fifty-years at about 24 million acres – the largest commercial forest in the U.S.

Georgia's forest industry provides \$28.7 billion in total economic activity and provides jobs for 129,329 workers. The wood pellet industry in Georgia is an important contributor to the economy of our state. Georgia's wood pellet mill portfolio has grown from zero mills in 2007 to ten mills in 2015. The wood pellet industry provides new markets for small diameter trees and helps "keep working forests in forests".

Feedstock's for wood pellet mills are plentiful in Georgia. In addition to the state's standing forest inventory, over 5.7 million dry tons of wood and bark by-products are produced annually at Georgia's primary forestry mills. Furthermore, over 4.7 million dry tons of logging residues are produced annually in the state.

These are just a few of the positive attributes that Georgia's forests provide to our citizens and our forest industry – including the wood pellet industry.

I trust that this information will be useful to you and please let me know if you require any further information.

Sincerely,

Richard A. Willard

*Response 1: **Dear Mr. Willard,***

Thank you for the fast reply and all the information. These numbers will help me show how much the pellet industry is helping use the by-products from other operations.

Having people that take the time and reply to request like this truly help make these certifications possible.

Again thank you for the great information and have a great day

Sincerely,

Lige Moore

Response 1:

Comment 2:

Response 2:

7 Overview of Initial Assessment of Risk

The LJR Forest Products Controlled Wood Risk Assessment evaluates and addresses the risk of violating the 5 FSC Categories in the 2-state supply region (Georgia, and South Carolina) that makes up LJR Forest Products sourcing area.

1. Category 1 – Illegally Harvested Wood

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 LJR Forest Products RA, including evaluation of various websites. Therefore it has been determined that there is a “low risk” that any wood or fiber sourced into LJR Forest Products facility is illegally harvested.

2. Category 2 – Traditional and Civil Rights

Conclusion: There are 0 Federally recognized Indian Tribes in the fiber supply area. The FSC US NRA found “Low Risk” for FSC Category 2, wood harvested in violation of traditional and human rights. On that finding LJR Forest Products had concluded there is “low risk” that any wood is sourced in violation of traditional and civil right.

3. Category 3 – High Conservation Value Forest

Conclusion: Based upon the evaluation of the Eco-regions that are within the wood and fiber supply area of the LJR Forest Products facility, LJR has concluded that there is “low risk” that forest management activities associated with supplying wood and fiber to its facility 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.

However, the FSC NRA has determined Specified Risk in portions of the Southeast Region and Appalachians. Based on LJR Forest Products SOPs, a strong regulatory framework and mitigation measures, Indicators 2.1.1, 2.1.2, 2.2.3 and 2.2.4 are moved from Specified Risk to Low Risk.

4. Category 4 – Conversion

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 LJR Forest Products supply area. In addition, there is a positive growth-drain ratio overall based on USFS FIA reports. LJR Forest Products 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.”

However, the FSC NRA has determined Specified Risk in specific counties of the Southeast Region. Based on LJR Forest Products 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

Conclusion: Based on an analysis of available information, there are no genetically modified trees planted in the United States (LJR Forest Products 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, LJR Forest Products

has concluded that there is “no risk” that the wood sourced into the facility 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.

LJR Forest Products 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 four years. LJR has received no complaints regarding feedstock sourcing or production of pellets. The FSC and PEFC programs in place are instrumental in reducing risk.

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

For new secondary suppliers, an onsite visit is made before the feedstock is even considered. This ensures that the feedstock will meet LJR'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. If the fiber meets LJR's sustainability criteria, the supplier signs a wood purchase agreement "LJR-SBP-DP-08" agreeing to avoid the 5 unacceptable FSC categories of wood, use trained loggers, abide by BMP's and more.

Current suppliers are contacted periodically by phone, email, and yearly on-site visits to assure compliance to LJR's sustainability policies are still being met. 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.

8.2 Site visits

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

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

LJR Forest Products' Standard Operating Procedures (SOPs) addressing sustainability and legality are already in place and have been functioning under the FSC and PEFC Chain of Custody and Controlled Wood programs.

Similar provisions are also included in the Wood Purchase Agreements as extra measures of precaution. Supplier compliance is assessed via monitoring of LJR Forest Products' suppliers, state agency inspections, stakeholder feedback, and state agency inspections or reports where relevant and available.

The Contract Provisions adopted by LJR Forest Products are contained in the Wood Purchase Agreements contained in LJR-SBP-DP-08.

9.2 Monitoring and outcomes

LJR Forest Products intends to monitor its softwood residual sawmill suppliers to confirm compliance with contract provisions and policies as part of the annual internal audit and management review. The FSC/PEFC Controlled Wood Standards require periodic monitoring the supply base and suppliers.

10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in Annex 1.

Detailed findings for each Indicator demonstrating low risk are contained in the full Supply Base Evaluation and Risk Assessment and are summarized in this Supply Base Report

11 Review of Report

11.1 Peer review

The SBP, FSC and PEFC Standards Program at LJR Forest Products has involved the development of detailed written Documents and Procedures to address all relevant requirements. An outside consultant with expertise in forest certification standards was retained to help develop the procedures and conduct the Supply Base Evaluation.

A Readiness Review was conducted with the accredited Certification Body (NSF). 26 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 Technical Committee review.

Independent auditors conduct annual surveillance audits of the LJR Forest Products SBP, FSC and PEFC certification programs. SBP procedures call for a Technical Review Panel to review the audit findings.

LJR Forest Products believes that sufficient independent reviews of its Programs and Procedures has already taken place and that an additional Peer Review is not warranted or required.

11.2 Public or additional reviews

No additional reviews have been completed.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date
<p>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.</p>			
Report approved by:	<i>Jeremy Faircloth</i>	<i>Vice President LJR Forest Products</i>	<i>4/24/20</i>
	Name	Title	Date
Report approved by:	<i>Lige Moore</i>	<i>Plant Manager LJR Forest Products</i>	<i>4/24/20</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date

13 Updates

13.1 Significant changes in the Supply Base

Provide a description of any significant changes to the supply base.

13.2 Effectiveness of previous mitigation measures

LJR Forest Products 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 four years. LJR has received no complaints regarding feedstock sourcing or production of pellets.

LJR Forest Products has implemented Mitigation Measures proposed in the FSC US National Risk Assessment to include Policies and Control Measures to avoid potential impacts on the supply basin. Such policies have been inserted into LJR's Sustainable Biomass Policy and conveyed to suppliers.

LJR Forest Products 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.

LJR's Supplier Contract identifies the requirements necessary to deliver fiber to the facility and is in use by 100% of LJR's Suppliers. The Supplier Contract is followed up with annual correspondence from the Plant manager restating LJR's commitment to sustainability. In addition, suppliers are provided with a map of HCV areas as identified in the FSC US National Risk Assessment. LJR has ceased to do business with Suppliers that are unwilling to agree to the Contract requirements.

13.3 New risk ratings and mitigation measures

No new risk ratings. Because of no significant changes in the supply base

13.4 Actual figures for feedstock over the previous 12 months

*Using the categories in Section 2.5 'Quantification of the Supply Base' (above), give an update on the actual figures for the previous 12 month period. Volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m³ if a compelling justification is provided**

200,000 – 400,000 tonnes

13.5 Projected figures for feedstock over the next 12 months

*Using the categories in Section 2.5 'Quantification of the Supply Base' (above), give an updated projection for the coming 12 month period. Volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m³ if a compelling justification is provided**

2. 200,000 – 400,000 tonnes or m³

Annex 1: Detailed Findings for Supply Base Evaluation Indicators

	Indicator
1.1.2	Feedstock can be traced back to the defined Supply Base.
Finding	<p>The Supply Base is also defined as parties demonstrating conformity 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>LJR Forest Products 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. The Supply Base has been confirmed with LJR Forest Products' CoC auditors.</p> <p>All softwood fiber is supplied to the pellet mill by primary sawmills. Secondary/tertiary maps, contracts, supplier mill visits, site visits, interviews with suppliers. Feedstock can be traced to the sawmill location from which the residuals originated.</p>
Means of Verification	Company procedures, Scaling records, FSC District of Origin checks Supply Base map, FSC U.S. NRA maps for HCV areas, supplier contracts, supplier list,
Evidence Reviewed	<p>Supplier contracts, FSC/PEFC Controlled Wood/Due Diligence System for the identification of the supply base (LJR-DP-02-Controlled Wood/Due Diligence Procedure), LJR Forest Products' FSC/PEFC Chain of Custody Procedure for the procedures to identify suppliers of all wood and fiber material (LJR-DP-01).</p> <p>Approved Supplier List (LJR-DP-04) for records of supplier names, FSC/PEFC certificate numbers, the supplied "material categories."</p> <p>Various FPA (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 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 (LJR-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>

	Material categories are also identified for purposes of Chain of Custody tracking in the Product Group Lists (LJR-DOC-04). Species of trees that are sourced are documented in the Tree Species List in the CW Risk Assessment (LJR-DP-03).
Means of Verification	Documented Procedures define all feedstocks as residual inputs (pre-consumer reclaimed) supplied and contain a Product Group List defining all inputs, outputs and claim statements and a tree species list: LJR-DP-01 – Chain of Custody Procedure LJR-DP-04 – Controlled Wood /Due Diligence Procedure LJR-SBP-DOC-04 – Product Group List LJR-SBP-DP-14 -Tree Species List
Evidence Reviewed	LJR-DP-01 – Chain of Custody Procedure LJR-DP-04 – Controlled Wood /Due Diligence Procedure LJR-SBP-DOC-04 – Product Group List Tree Species List in the CW Risk Assessment (LJR-DP-03)
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>LJR Forest Products requires contracts, Delivery Tickets and other documentation verifying legal ownership of incoming wood material from its wood suppliers. Refer to the Suppliers & Contract Provisions (LJR-SBP-DP-08).</p> <p>LJR Forest Products implements an FSC/PEFC Controlled Wood/Due Diligence Procedure for all of its Supply Areas/Districts of Origin (LJR-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: (http://info.worldbank.org/governance/wgi/sc_chart.asp)</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 draft of the US 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	LJR-DP-03 - Controlled Wood Risk Assessment Suppliers & Contract Provisions (LJR-SBP-DP-08) 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	The BP has implemented appropriate control systems and procedures to ensure that feedstock is legally harvested and supplied and is in compliance with EUTR legality requirements.
Finding	<p>LJR Forest Products has conducted a comprehensive risk assessment for its wood supply areas/districts of origin and has concluded Low Risk for “Illegally Harvested Wood.”</p> <p>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, LJR Forest Products 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>LJR’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 FSC draft 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> <ul style="list-style-type: none"> 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 – http://www.usace.army.mil/ 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 - http://www.srs.fs.usda.gov/index.htm <p>On a more local level, timber theft/illegal logging are actively addressed by State Forestry Agencies as well as State Forestry Associations. Landowner education is a particularly strong point for most State Forest Agencies and State Landowner Associations.</p> <p>State laws, such as the Timber Security Law (GA), expand the authority of the Georgia Forestry Commission to investigate, issue warrants and make arrests. There are laws regarding timber and depending on the state, it may be a criminal charge or a civil charge. Below are websites relating to Timber Theft in the 6 state SB.</p> <p>Georgia Timber Theft</p>

	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
Means of Verification	State and Federal laws, Company policy, Controlled Wood Risk Assessment of supply area, Supplier contracts, Delivery tickets/scale tickets
Evidence Reviewed	LJR-DP-03 - Controlled Wood Risk Assessment Suppliers & Contract Provisions (LJR-SBP-DP-08) 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
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	Delivery Tickets and payment records demonstrate payment of fees for wood. All wood is sourced from residual markets which insure timber severance taxes are paid. Severance tax laws exist in in Georgia, 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. These documents are confidential and proprietary. LJR Forest Products requires a formal Wood Purchase Agreement/Contract (LJR-SBP-DP-08) containing all legal and contractual requirements, as well as Due Diligence System (DDS) record collection and maintenance.
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	LJR-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
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	LJR Forest Products' has a Controlled Wood/Due Diligence Procedure (LJR-DP-02) and an FSC/PEFC Controlled Wood Risk Assessment that addresses the requirements of CITES (LJR-DP-03). The species of trees that are common to the supply base are included in the Tree Species List (LJR-SBP-DP-14). Only mill residuals are used as inputs and LJR Forest Products is not involved in land management and harvesting decisions and operations. No wood is imported from outside the States of Georgia and South Carolina. No CITES Listed Tree Species are found within the wood and fiber procurement areas/Districts of Origin. See the CITES website: http://www.cites.org/eng/disc/species.php
Means of Verification	See the CITES website: http://www.cites.org/eng/disc/species.php LJR-SBP-DP-14 Tree Species List
Evidence Reviewed	See the CITES website: http://www.cites.org/eng/disc/species.php LJR-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
1.6.1	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	LJR Forest Products has adopted a formal Sustainable Forestry Policy addressing traditional and civil rights (LJR-DOC-02) as well as a Sustainable Biomass Policy (LJR-SBP-DP-03). LJR Forest Products has used the FSC U.S. National Risk Assessment and has implemented an FSC/PEFC Controlled Wood/Due Diligence program that addresses the issue of violations of traditional and civil rights issues (LJR-DP-03). The findings from the FSC Risk Assessment and the AHEC Legality Study include: "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."
Means of Verification	Procedures are implemented to communicate company policies to suppliers that are identified and known. Wood Producer Correspondence is sent to each supplier requiring legal and regulatory compliance addressing civil rights. Procedures are implemented to require Supply Agreements/Self-Declarations from all suppliers addressing legal and regulatory compliance addressing civil rights. LJR-DOC-02 and LJR-SBP-DP-03 – LJR Sustainability Policies LJR-DP-03 - Controlled Wood Risk Assessment LJR-SBP-DP-08 and LJR-SBP-DP-08 – LJR Supplier Contract FSC U.S. NRA
Evidence Reviewed	LJR-DOC-02 and LJR-SBP-DP-03 – LJR Sustainability Policies LJR-DP-03 - Controlled Wood Risk Assessment LJR-SBP-DP-08 and LJR-SBP-DP-08 – LJR Supplier Contract

	FSC U.S. NRA Category 2 is Low Risk AHEC Legality Study
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk RA <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	

	Indicator
2.1.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped.
Finding	<p>High Conservation Value Forests are addressed in the FSC/PEFC Controlled Wood/Due Diligence Risk Assessment (LJR-DP-03). FSC U.S. Risk Assessment concluded that there is specified risk of sourcing from these High Conservation Value areas: Late Successional Bottomland Hardwoods and Native Longleaf Pine Systems.</p> <p><i>Native longleaf pine savannas are identified as Priority Forest Types (PFT), particularly for Central Alabama, Florida Panhandle and Cape Fear Arch critical biodiversity areas, none of which are within the supply area.</i></p> <p>The FSC U.S. National Risk Assessment has identified Native Longleaf Pine as a specified risk, and LJR has controlled for this risk. 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>
Means of Verification	Maps and other information in the FSC U.S. National Risk Assessment Various websites listed above, FSC/PEFC Controlled Wood/Due Diligence Procedures (LJR-DP-04).
Evidence Reviewed	Maps and other information in the FSC U.S. National Risk Assessment Various websites listed above, FSC/PEFC Controlled Wood/Due Diligence Procedures (LJR-DP-04).LJR-Supplier correspondence regarding HCV locations
Risk Rating	Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	<p><i>With respect to longleaf pine savannas that may fall within LJR Forest Products' supply base, the State of Georgia and South Carolina have active programs to identify, protect, and restore longleaf pine ecosystems, in conjunction with private conservation organizations such as the Nature Conservancy and the Conservation Fund. 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 recovery efforts are available on the website listed below.</i></p> <p>All protected areas are mapped and are available for download from the national GAP database which contains state and federally protected parks, reserves, refuges, wilderness areas among other designations. These protected are also referenced by the IUCN classification.</p> <p>LJR Forest Products uses Guidance on HCVs provided by the High Conservation Value Network. Natural Heritage databases from Georgia and South Carolina are utilized to confirm that there are no HCV occurrences.</p> <p>http://www.longleafalliance.org/overview/status-of-the-lla http://www.hcvnetwork.org/</p>

	<p>http://www.worldwildlife.org/science/ecoregions.cfm https://www.biodiv.org/reports/list.aspx?type=for</p> <p>LJR's standard operating procedure (SOP) for FSC/PEFC along with strong environmental laws and regulations and a high level of BMP compliance moves 2.1.1 from Specified Risk to Low Risk. SOPs include Supplier Contracts, regular correspondence and internal audits to ensure supplier compliance to 2.1.1.</p>
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	Indicator
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	HCVs do occur in LJR's supply base. These HCVs are identified and mapped by many organizations such as FSC, 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.
Means of Verification	FSC Controlled Wood Program State BMP audit compliance %
Evidence Reviewed	FSC Controlled Wood Program State BMP audit compliance % District of Origin 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	<p>LJR's standard operating procedures (SOP) and certifications for FSC/PEFC, its FSC-related mitigation activities, and the strong environmental laws and regulations in the supply area have mitigated the risk under 2.1.2. Effective 10.05.19 LJR is implementing Control Measures required by FSC and mitigation options provided.</p> <p>LJR operates a single-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>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> <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 LJR 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; LJR's sawmill site visits/audits (District of Origin checks); LJR's round wood 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>Future mitigation measures will include partnering with various organizations such as The Longleaf Alliance, The Nature Conservancy and other environmental organizations that make a difference. We also plan to support training and educational efforts the result in the conservation of HCVs. The evidence of these controls/mitigation measures:</p>

	<p>State forestry commissions also monitor BMP compliance. BMP compliance rates for Georgia in 2015 are 91.13% and South Carolina for 2011-2012 are 92.1%.</p> <p>LJR Forest Products source only pine residuals (no hardwood) thus, all current evidence leads to a conclusion that there is a Low Risk of sourcing from forest areas that are considered High Conservation Value and associated Critical Biodiversity Areas.</p> <p>LJR is implementing Control Measures required by FSC and mitigation options provided.</p>
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	Indicator
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 LJR'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. LJR's standard operating procedures (SOP) and certifications for FSC/PEFC, its FSC-related mitigation activities, and the strong environmental laws and regulations in the supply area have led to low risk.</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>LJR's SOP includes the use of Supplier contract that prohibits wood from sites that are converted. 100% of LJR's suppliers have signed the contract.</p> <p>With regard to secondary sawmill residuals, LJR 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 U.S. 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> <p>LJR should has contracts in place with each supplier specifying no use of conversion wood. LJR has reviewed the FSC NRA maps. LJR also does supplier checks.</p>
Means of Verification	Supplier Contracts, FSC U.S. NRA, FSC U.S. NRA maps, site visits/internal audits, verify secondary feedstock records to county level.
Evidence Reviewed	Supplier Contracts, FSC U.S. NRA, FSC U.S. NRA maps, site visits/internal audits, verify secondary feedstock records to county level.
Risk Rating	<input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	As of October 5 th LJR has implemented measures to conform with the FSC U.S. NRA. For specified risks associated with conversion the company has implemented the mandatory Control Measure 4.2 and has selected the mitigation option of support for the American Tree Farm Program. Tract inspections done by partner firm Fram provide additional means of mitigating.

	Indicator
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 (LJR-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 90-99% for Georgia, and South Carolina.</p> <p>Common and widespread forestry practices are an important part of LJR'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 LJR suppliers are required by contract (LJR-DP-04 or LJR-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, LJR-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, LJR-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	

	Indicator
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. LJR Forest Products 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 (LJR-SBP-DP-08).</p> <p>Best Management Practices address the protection of soils from erosion, compaction and disturbance. BMP compliance is consistently higher than 90%.</p>

Means of Verification	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	

	Indicator
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>LJR’s standard operating procedures (SOP) and certifications for FSC/PEFC, its FSC-related mitigation activities, and the strong environmental laws and regulations in the supply area have led to low risk.</p> <p>The FSC/PEFC Chain of Custody Program contains a Controlled Wood/Due Diligence Procedure (LJR-DP-04) and Supplier Correspondence Procedure and Supply Agreement (LJR-SBP-DP-08, LJR-DP-04) 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>
Means of Verification	Maps and other information in the FSC U.S. National Risk Assessment FSC/PEFC Controlled Wood/Due Diligence Procedures (LJR-DP-04). Company procedures (SOPs):LJR-DP-02 – Controlled Wood Due Diligence, LJR-DP-03- Controlled Wood RA, LJR-SPB-DP-08 – Supplier Contract & Mitigation Measures, LJR-DP-04 – Supplier Contract, BMPs for Georgia and South Carolina BMP compliance rates by state
Evidence Reviewed	Maps and other information in the FSC U.S. National Risk Assessment FSC/PEFC Controlled Wood/Due Diligence Procedures (LJR-DP-04). Company procedures (SOPs):LJR-DP-02 – Controlled Wood Due Diligence, LJR-DP-03- Controlled Wood RA, LJR-SPB-DP-08 – Supplier Contract & Mitigation Measures, LJR-DP-04 – Supplier Contract, BMPs for Georgia and South Carolina BMP compliance rates by state
Risk Rating	<input type="checkbox"/> Low Risk <input checked="" type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA
Comment or Mitigation Measure	<p>LJR’s standard operating procedure (SOP) for FSC/PEFC along with strong environmental laws and regulations and a high level of BMP compliance moves 2.2.3 from Specified Risk to Low Risk. SOPs include Supplier Contracts, regular correspondence and internal audits to ensure supplier compliance to 2.1.1. LJR also 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 20% of LJR’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>LJR 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>
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	Indicator
2.2.4	<p>The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).</p>
Finding	<p>LJR has prepared an extensive Risk Assessment (LJR-DP-03) 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 LJR 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>LJR Forest Products 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> <p><u>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.</u></p> <p>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.</p> <p>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).</p> <p>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.</p>

The LJR RA has concluded that in spite of a Global Risk Registry (Draft prepared by NEPCon, for guidance only) designation of "Unspecified Risk" for the entire U.S. in terms of High Conservation Values, the Eco-regions from which the Company sources its wood are considered "low risk" of significant threat to High Conservation Values. The Risk Registry is a broad tool and, as a precaution, designates the entire North American Continent as "Unspecified." (<http://www.globalforestregistry.org/map>)

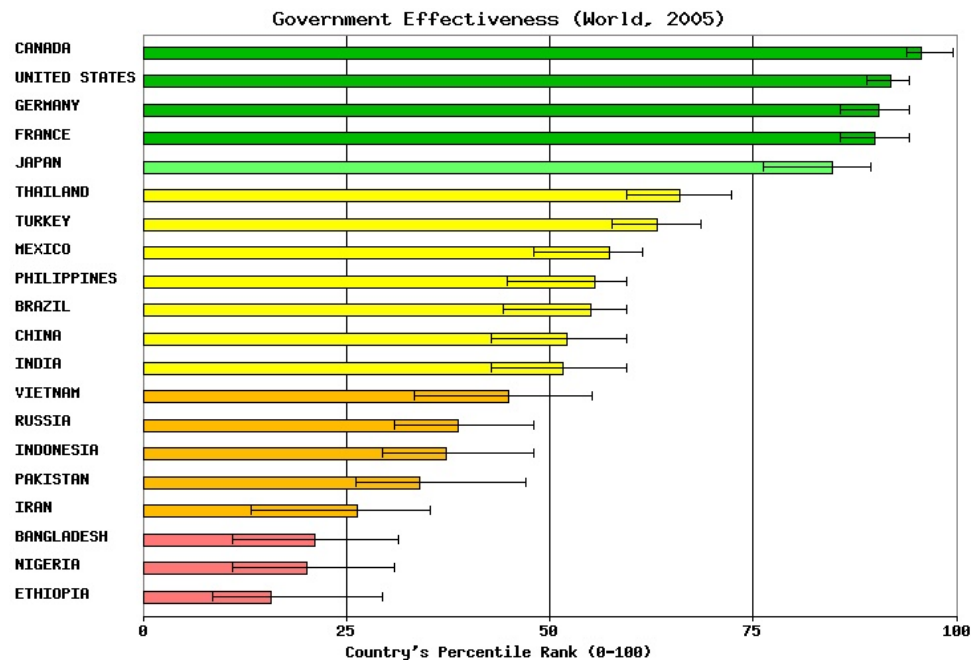
The U.S. has also received a Global Governance Index rating that exceeds the minimum of 75%. The Index addressing Regulatory Quality exceeds 90%. See the Global Governance Index for the United States:

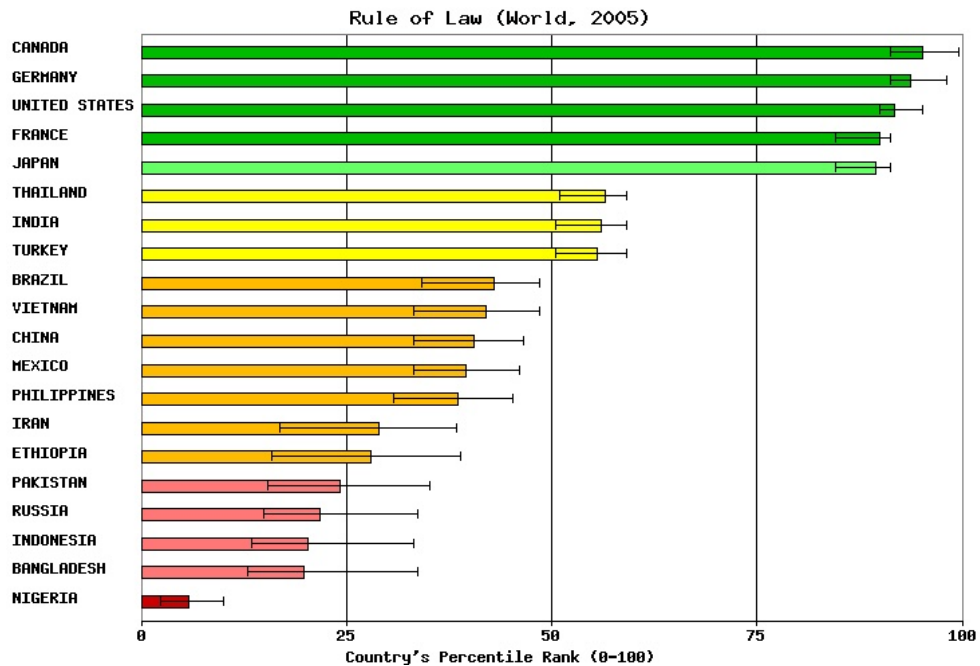
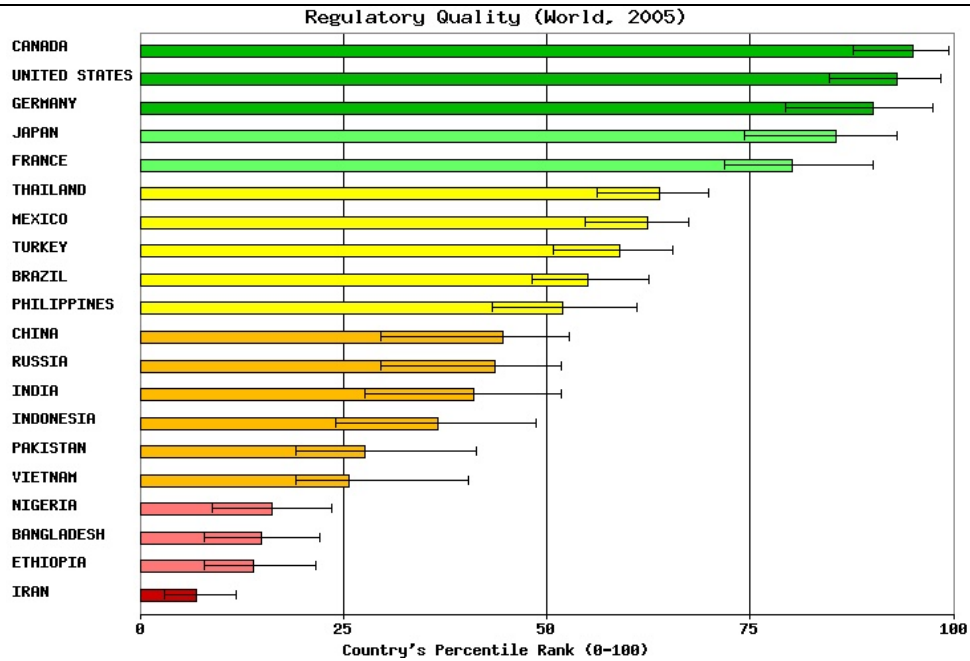
(http://info.worldbank.org/governance/wqi/sc_chart.asp)

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 project High Conservation Value Forests is confirmed by the Statewide Forest Resource Assessments conducted in 2010 under requirements of the U.S. Farm Bill. The Food, Conservation, and Energy Act of 2008, often referred to as the *Farm Bill*, requires each State to complete a Statewide Forest Resource Assessment and Strategy to be eligible to receive funds under the Cooperative Forestry Assistance Act. The Strategies ensure that U.S. Forest Service and State programs focus on shared forest resource management priorities to achieve meaningful outcomes.

This is confirmed by the Statewide Forest Resource Assessments conducted in 2010 under requirements of the U.S. Farm Bill. The Food, Conservation, and Energy Act of 2008, often referred to as the *Farm Bill*, requires each State to complete a Statewide Forest Resource Assessment and Strategy to be eligible to receive funds under the Cooperative Forestry Assistance Act. The Strategies ensure that U.S. Forest Service and State programs focus on shared forest resource management priorities to achieve meaningful outcomes.

Two other forestry and conservation organization websites and sources were reviewed, including the World Wildlife Fund (WWF) and The Nature Conservancy. The eco-regions within LJR Forest Products' hardwood fiber supply area were assessed by WWF to be "critical/endangered. Two major types of threats are identified by WWF in their assessments: conversion and degradation. Conversion threats are addressed under the assessment of conversion. Degradation threats include fire suppression, dams and ditching, and poaching of plants and animals. Forestry was not named as one of the current threats identified by WWF.

13.5.1 The Nature Conservancy (TNC) has concluded for the Upper East Gulf Coastal Plain, Interior Low Plateau, Cumberlands & Southern Ridge & Valley, Southern Blue Ridge, Piedmont, East Gulf Coastal Plain, Florida Peninsula, South Atlantic Coastal Plain and the Mid-Atlantic Coastal Plain that: "Though much has been lost, there are still great conservation opportunities in the referenced eco-regions. Many high-quality natural areas remain as large, functioning landscapes. Many of the rivers and streams in the eco-regions remain relatively intact, but are under threat. TNC has a long history in the ecoregion, and has formed strong governmental and private partnerships, allowing the opportunity to work at large scales to preserve the high biological diversity of this rich ecoregion."

Based upon the high level of protected areas within the LJR Forest Products wood procurement area, there is a "Low Risk" to High Conservation Value Forests from forestry activities. The eco-regions within LJR Forest Products' hardwood procurement area have a high percentage of coastal islands, swamps and marshes in a protected status. Other dominant features of the eco-regions include a large number of freshwater wetlands, including some of the largest freshwater wetland ecosystem in the world (the Okefenokee Swamp system). The largest protected area is the Okefenokee National Wildlife Refuge, which is managed by the U.S. Fish & Wildlife Service as a preserve. No commercial forestry activity is allowed.

Overall, LJR Forest Products' wood procurement area, according to all available studies and resources, is being managed in a sustainable condition. Each State's Statewide Assessment and Strategy outlines strategies for achieving long-term forest sustainability and 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.

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."

CONCLUSION: Based upon the evaluation of the Eco-regions that are within the wood and fiber supply area of the manufacturing facilities, LJR Forest Products 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.
Means of Verification	Stakeholder input, LJR-DP-03 – 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
Evidence Reviewed	No stakeholder input was received from Stakeholder letters sent to stakeholders LJR-DP-03 – 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. 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	LJR’s standard operating procedure (SOP) 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. SOPs include Supplier Contracts, regular correspondence and internal audits to ensure supplier compliance to 2.2.4. LJR also relies on state and Federal Endangered Species Protection Programs along with the use of trained loggers. SFI encourages procurement organizations to address the conservation of biodiversity and has a Program to protect Forests with Exceptional Conservation Value. Approximately 20% of LJR’s fiber comes from SFI certified procurement groups or SFI certified forests. 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). LJR 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. The FSC/PEFC Chain of Custody Program contains a Controlled Wood/Due Diligence Procedure (LJR-DP-04) and Supplier Agreement (LJR-DP-04 and LJR-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. In addition, Supplier correspondence is conducted in which a map of the FSC U.S. NRA identifies HCVs which may be in the Supplier’s sourcing area.

	Indicator
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	LJR Forest Products 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. LJR Forest Products works closely with the wood

	<p>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). LJR 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 LJR 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 LJR 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>LJR’s contracts with all suppliers, both primary and secondary, require the use of trained loggers and compliance with BMPs. LJR has contracts with 100% of its suppliers. This has been reviewed by the CB. The supplier contract, which is a strong mitigation measure for LJR, has also been thoroughly reviewed by the CB.</p> <p>The LJR SBE does consider, and cover, primary and secondary suppliers. The intent here is not to dismiss the fact that secondary suppliers are not responsible for proper harvesting of forest residues. For secondary suppliers (sawmills), the forest residues are of lesser importance. Tops, the top piece of a log, would be the forest residue that may or may not be hauled to a pulpmill or pellet mill. Often, tops are left in the woods due to a lack of markets.</p> <p>With regard to Hazlehurst, where LJR 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>LJR Forest Products encourages the use of the Biomass Harvesting BMP’s developed for the State of South Carolina by timber harvesting operators. Even though LJR Forest Products 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>
<p>Means of Verification</p>	<p>Review of LJR documents: LJR-DP-04 FSC Controlled Wood/Due Diligence; LJR-DP-03, Controlled Wood Risk Assessment; LJR-DP-04 and LJR-SBP-DP-08 – Supplier Correspondence and Supplier Contract</p> <p>Georgia and South Carolina BMP Compliance Survey results</p>
<p>Evidence Reviewed</p>	<p>Review of LJR documents: LJR-DP-04 FSC Controlled Wood/Due Diligence; LJR-DP-03, Controlled Wood Risk Assessment; LJR-DP-04 and LJR-SBP-DP-08 – Supplier Correspondence and Supplier Contract</p> <p>Georgia and South Carolina BMP Compliance Survey results</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
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>LJR 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 90-99% for Georgia, and South Carolina.</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. 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 2012 reported high rates of BMP compliance: http://www.forestry.alabama.gov/PDFs/SGSF_BMP_Report_2012.pdf. Seven BMP categories were considered in the report and covered 11 states in the southern region. Alabama, Arkansas, Georgia, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee and Virginia where among those studied. Overall, the southern region BMP implementation average increased from 87% in 2008 to 92% in 2012.</p> <p>A 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>Georgia: http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf</p> <p>South Carolina: http://www.state.sc.us/forest/bmpmanual.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
Comment or Mitigation Measure	

	Indicator
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 LJR 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 Georgia and South Carolina.</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>Georgia: http://www.gfc.state.ga.us/online-permits/index.cfm</p> <p>South Carolina: http://www.state.sc.us/forest/fireburn.htm</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
2.2.8	The Biomass Producer has implemented appropriate control systems and procedures for verifying that there is controlled and appropriate use of chemicals, and that Integrated Pest Management (IPM) is implemented wherever possible in forest management activities (CPET S5c).
Finding	<p>LJR Forest Products has no involvement in the decision to use or not use forest chemicals and relies on Federal and State laws and regulations. LJR'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>Georgia: http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf</p> <p>South Carolina: http://www.state.sc.us/forest/bmpmanual.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>LJR Forest Products 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> <p>Georgia: http://www.gfc.state.ga.us/forest-management/forest-health/</p> <p>South Carolina: http://www.state.sc.us/forest/id.htm</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	
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	Indicator
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>LJR Forest Products 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 LJR'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. The State BMP Manuals for forestry are contained below:</p> <p style="padding-left: 40px;">Georgia: http://www.gfc.state.ga.us/resources/publications/BMPManualGA0609.pdf</p> <p style="padding-left: 40px;">South Carolina: http://www.state.sc.us/forest/bmpmanual.pdf</p>
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>LJR Forest Products' 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 Georgia and South Carolina 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>GA</td> <td>All</td> <td>1,988,906,880</td> <td>1,374,740,587</td> <td>1.4</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> </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: Georgia: http://www.gfc.state.ga.us/forest-management/private-forest-management/forest-inventory/index.cfm South Carolina: http://www.srs.fs.usda.gov/pubs/su/su_srs041.pdf</p>	State	County	Growth	Removals	Ratio	GA	All	1,988,906,880	1,374,740,587	1.4	SC	All	1,306,833,899	868,192,671	1.5
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GA	All	1,988,906,880	1,374,740,587	1.4												
SC	All	1,306,833,899	868,192,671	1.5												
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
2.3.2	Adequate training is provided for all personnel, including employees and contractors (CPET S6d).
Finding	<p>LJR Forest Products conducts in-depth internal training for all responsible and affiliated personnel.</p> <p>LJR Forest Products' Supplier Contract contain clauses related to trained loggers and legal compliance, which relate to training. LJR requires its wood suppliers to utilize trained</p>

	<p>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
2.3.3	Analysis shows that feedstock harvesting and biomass production positively contribute to the local economy, including employment.
Finding	<p>LJR Forest Products pellet mills contribute to the local economy in the towns that they are located by providing employment and using local businesses. LJR employs approximately 45 people in its pellet mill. Which 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>LJR'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 economies of the States of Georgia and South Carolina is substantial. In Georgia, forestry is the #2 industry in the state. Forestry ranks as the #1 manufacturing sector in South Carolina. More economic data for each state can be found at the following websites:</p> <p>Georgia: www.forestryimpacts.net/reports/georgia South Carolina: http://forestryimpacts.net/reports/south-carolina</p>
Means of Verification	LJR payroll, State economic data websites and studies, state forest agency websites and documents
Evidence Reviewed	Number of LJR 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	

	Indicator
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	<p>Strong demand for wood products provides landowners an incentive to keep their lands in forest cover. LJR Forest Products directly and indirectly contribute to the health and vitality of the forest resource and dependent communities.</p> <p>The latest forest inventory data for the States of Georgia and South Carolina 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 and the South Carolina Forestry Commission 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>LJR Forest Products has reviewed the Georgia and South Carolina Statewide Forest Resource Assessments, inventory updates and supports the State Action Plans addressing forest health.</p> <p>Georgia: http://www.gatrees.org/about-us/strategic-plan/GAStateAssessment-6-17-10.pdf South Carolina: http://forestactionplans.org/states/south-carolina</p> <p>LJR Forest Products 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>
Means of Verification	State forestry agencies' websites, data and public documents, USFS FIA data, State BMP Compliance survey results, Supplier Contracts,
Evidence Reviewed	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
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
2.4.2	The Biomass Producer has implemented appropriate control systems and procedures for verifying that natural processes, such as fires, pests and diseases are managed appropriately (CPET S7b).
Finding	<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, and the South Carolina Forestry Commission 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>LJR Forest Products works with, and supports through taxes, the Georgia, Forestry Commission to monitor and manage the prevention of forest fires, pests and diseases. LJR also supports and works with the Georgia and South Carolina Forestry Commissions/Service as requested. LJR 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 LJR, 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>i. 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 LJR 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>LJR, 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 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>LJR, 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, LJR 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. LJR 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 LJR is not SFI certified, LJR 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, USDA 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	

	Indicator
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	<p>LJR Forest Products' Sustainable Forestry Policy (LJR-DOC-02) and Sustainable Biomass Policy (LJR-SBP-DP-03) address legality and compliance with applicable laws and regulations. LJR's Supplier contract requires that Suppliers adhere to all Federal and State laws and regulations.</p> <p>Georgia and South Carolina 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 U.S. 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, LJR 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>LJR 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>LJR 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 U.S. NRA
Evidence Reviewed	Contracts, AHEC Legality Study, LJR'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	

	Indicator
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 U.S. NRA has concluded Low Risk for Category 2 – Wood harvested in violation of traditional or human rights.</p> <p>There are not Federally recognized tribes located within the Fiber Supply Area; the Catawba Indian Nation in South Carolina https://catawbaindian.net/ is located in the northern portion of the state outside of the supply area.</p> <p>The LJR FSC/Controlled 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>
Means of Verification	LJR-DP-02 (LJR Renewable Fuels Controlled Wood Due Diligence document) LJR-DP-03 (LJR Renewable Fuels SBP/PEFC Risk Assessment) Stakeholder consultation

Evidence Reviewed	LJR-DP-02 (LJR Renewable Fuels Controlled Wood Due Diligence document) LJR-DP-03 (LJR Renewable Fuels SBP/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	

	Indicator
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 LJR'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 LJR Forest Products' SBP Program. As such, it is considered Low Risk.</p> <p>A very broad stakeholder consultation and involvement process did not uncover any entities or organizations with the view that any such subsistence level communities 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>
Means of Verification	Contracts, FSC/PEFC Chain of Custody and Controlled Wood Certificates, Stakeholder outreach
Evidence Reviewed	Supplier contracts, LJR'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	

	Indicator
2.6.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that appropriate mechanisms are in place for resolving grievances and disputes, including those relating to tenure and use rights, to forest management practices and to work conditions.
Finding	LJR Forest Products relies on legal compliance which is enforced primarily with its contract with Suppliers.

	<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>LJR Forest Products 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>
Means of Verification	<p>Contracts LJR Complaint Log (LJR-SBP-DP-11 and LJR-DP-10), Company policies LJR FSC Certificate Bulletin boards with OSHA postings in mill</p>
Evidence Reviewed	<p>Contracts LJR Complaint Log (LJR-SBP-DP-11 and LJR-DP-10), Company policies LJR FSC Certificate Bulletin boards with OSHA postings in mill</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	

	Indicator
2.7.1	<p>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.</p>
Finding	<p>LJR Forest Products 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 (LJR-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. 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 (LJR-SBP-DP-04).</p> <p>LJR 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>LJR 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 LJR 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.
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, LJR 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	

	Indicator
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>LJR Forest Products 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>FSC Controlled Wood Risk Assessment covering this issue and found 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>See 2.7.1 above.</p>
Means of Verification	<p>Contracts</p> <p>Existing US laws</p> <p>FSC U.S. National Risk Assessment</p> <p>FSC certificate</p>

Evidence Reviewed	Contracts Verification of posting of mandatory Labor Law poster on sites FSC U.S. National Risk Assessment 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	

	Indicator
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>LJR Forest Products 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>FSC Controlled Wood Risk Assessment covering this issue and found 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.</p> <p>See 2.7.1 above.</p>
Means of Verification	Contracts Existing US laws FSC U.S. National Risk Assessment FSC certificate
Evidence Reviewed	Contracts Verification of posting of mandatory Labor Law poster on sites FSC U.S. National Risk Assessment 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	

	Indicator
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>LJR Forest Products 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/qanda.html</p> <p>LJR Forest Products 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 LJR Forest Products’ 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>LJR 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>
Means of Verification	Contracts, Postings of Labor Law poster, Company policies, FSC Certificate
Evidence Reviewed	Supplier Contracts, Postings of Labor Law poster, Employee Handbook, LJR 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	

	Indicator
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.
Finding	<p>LJR Forest Products 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 (LJR-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.flcdatabcenter.com/</p>

	Internally, LJR wages for employees are significantly above minimum wage and provide paid health insurance, vacation and other benefits for employees.
Means of Verification	Contracts, HR policies, OSHA regulations
Evidence Reviewed	Supplier Contracts, review of LJR 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	

	Indicator
2.8.1	The Biomass Producer has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).
Finding	<p>LJR Forest Products' Supplier Contract (LJR-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>LJR pellet mills have a strong commitment to safety and require mill employees to be properly trained, wear PPE and attend regular safety meetings. LJR 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. https://www.osha.gov/SLTC/logging/</p>
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	

	Indicator
2.9.1	Biomass is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.
Finding	<p>High carbon stocks in the LJR Supply Base are defined as swamps or peatlands, such as the Okefenokee Swamp (Federally protected) or old growth forests. Neither LJR nor its suppliers harvest on peatlands and there are no old growth forests in LJR's supply basin. LJR 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. LJR's supply agreement requires suppliers to comply with BMPs and all local, state, and federal laws. LJR has inspection controls in place to monitor BMP compliance as well as monitoring GFC and FFS compliance surveys.</p> <p>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>Most secondary suppliers supplying LJR 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> <p>Appling 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: 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
2.9.2	Analysis demonstrates that feedstock harvesting does not diminish the capability of the forest to act as an effective sink or store of carbon over the long term.
Finding	<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 stated many times, 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. LJR suppliers are required by contract to adhere to BMPs.</p> <p>Georgia: http://www.gfc.state.ga.us/forest-management/water-quality/bmps/2011BMPSurveyResults.pdf South Carolina: http://www.state.sc.us/forest/bmpmanual.pdf</p> <p>Carbon stocks are available at: http://www.fia.fs.fed.us/forestcarbon/ See U.S. Forest Service website: http://www.fs.usda.gov/ccrc/topics/forest-carbon</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
2.10.1	Genetically modified trees are not used.
Finding	<p>The FSC/PEFC Controlled Wood Risk Assessment confirms that GMOs are not used (LJR-DP-03). The FSC U.S. NRA concludes Low Risk for Category 5 – Use of GMOs.</p> <p>LJR Forest Products did not find its wood supply areas on any lists contained in the FAO preliminary review of biotechnology in forestry:</p>

	<p>http://www.fao.org/docrep/008/ae574e/AE574E00.HTM</p> <p>The Global Forest Registry (www.globalforestregistry.org) indicates the US may be considered Low Risk in relation to wood from GMO trees.</p> <p>In addition, the use of GMO seedlings is not in the mainstream of forest industry for operational use. There are no operational GMO forests or stands in the US.</p>
Means of Verification	<p>FSC U.S. National Risk Assessment LJR's PEFC Risk Assessment Third-party data: FAO report, Global Forest Registry, Personal knowledge from time spent working in forest products industry</p>
Evidence Reviewed	<p>FSC U.S. National Risk Assessment LJR's PEFC Risk Assessment Third-party data: FAO report, Global Forest Registry,</p>
Risk Rating	<p><input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Specified Risk <input type="checkbox"/> Unspecified Risk at RA</p>
Comment or Mitigation Measure	