



Supply Base Report: Fram Renewable Fuels - Appling County Pellets, LLC

Re-assessment

www.sbp-cert.org



The promise of good biomass



Completed in accordance with the Supply Base Report Template Version 1.3

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

Document history

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Version 1.3 published 14 January 2019; re-published 3 April 2020

© Copyright Sustainable Biomass Program Limited 2020

Contents

1	Overview	1
2	Description of the Supply Base	2
2.1	General description	2
2.2	Actions taken to promote certification amongst feedstock supplier.....	5
2.3	Final harvest sampling programme	5
2.4	Flow diagram of feedstock inputs showing feedstock type [optional].....	6
2.5	Quantification of the Supply Base	6
3	Requirement for a Supply Base Evaluation.....	9
4	Supply Base Evaluation.....	10
4.1	Scope	10
4.2	Justification.....	10
4.3	Results of Risk Assessment.....	11
4.4	Results of Supplier Verification Programme.....	11
4.5	Conclusion.....	11
5	Supply Base Evaluation Process.....	13
6	Stakeholder Consultation.....	14
6.1	Response to stakeholder comments	14
7	Overview of Initial Assessment of Risk	15
8	Supplier Verification Programme	21
8.1	Description of the Supplier Verification Programme.....	21
8.2	Site visits	21
8.3	Conclusions from the Supplier Verification Programme.....	21
9	Mitigation Measures.....	22
9.1	Mitigation measures	22
9.2	Monitoring and outcomes	28
10	Detailed Findings for Indicators	31
11	Review of Report	32
11.1	Peer review	32
11.2	Public or additional reviews.....	32
12	Approval of Report.....	33
13	Updates	34
13.1	Significant changes in the Supply Base	34
13.2	Effectiveness of previous mitigation measures	34
13.3	New risk ratings and mitigation measures.....	35

13.4 Actual figures for feedstock over the previous 12 months.....35

13.5 Projected figures for feedstock over the next 12 months35

1 Overview

On the first page include the following information:

Producer name: Fram Renewable Fuels L.L.C. – Appling County Pellets, LLC

Producer location: 19 Farmer Street, Hazlehurst, GA USA 31539 (Central Office)
248 Sweetwater Drive, Baxley, GA 31513 (Appling County Pellets)

Geographic position: 31°48'54.80" N, 82°28'04.01" W

Primary contact: Elizabeth van Tilborg, Sustainability/Certification Manager
PO Box 1810
Hazlehurst, GA 31539
(Phone) 912-375-3068
vantilborg@framfuels.com

Company website: www.framfuels.com

Date report finalised: [Date of approval by senior management; format DD/MMM/YYYY]

Close of last CB audit: [Date and location of the closing meeting CB]

Name of CB: SCS Global Services

Translations from English: No

SBP Standard(s) used: Standard 1 version 1.0, Standard 2 version 1.0, Standard 4 version 1.0, Standard 5 version 1.1

Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/standards>

SBP Endorsed Regional Risk Assessment: Not applicable

Weblink to SBE on Company website: <http://www.framfuels.com/sbpcertification.cms>

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

2 Description of the Supply Base

2.1 General description

Fram Renewable Fuels L.L.C.'s pellet production plants and port facilities are located in Georgia, USA. Fram has four (4) wood pellet facilities that source from the same supply base and operate the same SBP program and procedures. Each mill is assessed separately and issued individual SBP certificates. These facilities source from a largely rural area where forestry and agriculture (e.g. forests, crops, cattle) are prevalent and are the primary sources of income for workers and the local communities. The forests consist of various pine, hardwood and mixed pine/hardwood forests in the states of Alabama, Georgia, North Carolina, South Carolina, Tennessee and the northern half of Florida in the United States.

Fram Renewable Fuels L.L.C. and affiliated pellet mills are an important market for low grade and low valued wood products. Utilized as wood pellets, this otherwise low valued and marginal material contributes to the increased use of renewable energy and serves to mitigate greenhouse gas emissions. In 2017, the pellet market in the US utilized less than 3% of the overall forest products market compared to US pulpmills, sawmills and other wood processing facilities.

Fram Renewable Fuels provides direct employment by providing jobs for approximately 200 employees regionally, as well as using local contractors, transportation, logging and other business related spending that contributes to local prosperity. A general rule of thumb is that for every direct job in the forest industry, three additional jobs are supported.

Forests are the predominant land use in this supply base. Pine forests comprise the largest forest type (40%) of the supply area's forest followed by Oak/Hickory (33%) and Oak/Pine (11%). About 75% of the supply area's forests are managed as natural forests (32,496,649 hectares) while the remaining 25% of the supply area's forests are artificially regenerated (10,832,216 hectares).

Private landowners hold 86% of the forest area in the South; two-thirds of this area is owned by families or individuals. The average size of family forestry holding is 29 acres. Ongoing parcellation through estate division and urbanization will alter forest management in the South. Much forestland owned by timber products companies was divested between 1998 to 2008 and transitioned into TIMOs and REITs. These acres continue to be managed as forest plantations for investment purposes and can be a large driver in timber markets. (<https://www.srs.fs.usda.gov/futures/technical-report/06.html#types>)

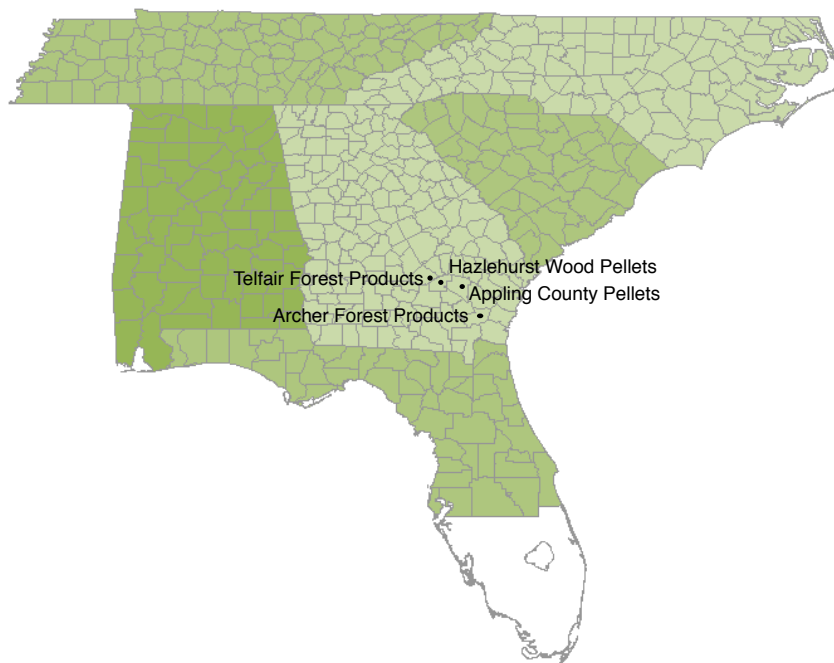
Pine forests are typically managed on an even-aged basis with a rotation age of 25 to 30 years. During this rotation, the pine stand may be thinned one or two times during the middle of the rotation with a final harvest completing the rotation. Most pine forests are artificially regenerated with pine seedlings planted by hand or machine to defined stand densities. Chemical and/or mechanical site preparation is typically used to manage the less desirable hardwood species and herbaceous species at stand establishment. Chemical treatments are minimal or below label rates; do not kill all competing species and last about two years so the pine seedlings can become established. Fertilizers are not normally applied to these forests due to costs. Some private investment groups (REITS, TIMOs) may apply fertilizers on forests which are more intensively managed. These intensively managed pine forests represent a very small percentage of the overall pine forests in the supply basin.

Hardwood forests can be managed either as even-aged or uneven-aged stands. Most hardwood stands are 40 to 50 years when harvested if managed as an even-aged stand. No site preparation or fertilizers are used on hardwood forests.

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

Appling County Pellets Supply Base Area

Fram Renewable Fuels FSC Risk Assessment Area 2020



MapWinGIS 4.8

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

Florida counties (49) in the Appling County Pellets Supply Base Area are:

Alachua	Duval	Holmes	Nassau	St. Johns
Baker	Escambia	Jackson	Okaloosa	Sumter
Bay	Flagler	Jefferson	Orange	Suwannee
Bradford	Franklin	Lafayette	Osceola	Taylor
Brevard	Gadsden	Lake	Pasco	Union
Calhoun	Gilchrist	Leon	Pinellas	Volusia
Citrus	Gulf	Levy	Polk	Wakulla
Clay	Hamilton	Liberty	Putnam	Walton
Columbia	Hernando	Madison	Santa Rosa	Washington
Dixie	Hillsborough	Marion	Seminole	

Scale of Harvesting

The pine and hardwood pulpwood removals for export pellet facilities are a small fraction of overall wood fiber removals and overall forest inventory in the Atlantic region, US South.

- In 2014, export pellet mills in the Atlantic region purchased 1.7 million tons of pine pulpwood, which is 0.3% of the overall pine pulpwood inventory in the region. Within the region, low value pine products that were used for export pellet production comprised 3.15% of the total pine harvest. (USIPA, Wood Supply and Market Trends in the US South 1995 – 2015)
- In 2014, export pellet mills in the Atlantic region purchased 2.3 million tons of hardwood pulpwood, which is 0.4% of the overall hardwood pulpwood inventory in the region. Within the region, low value hardwood products that were used for export pellet production comprised 15.23% of the total hardwood harvest. (USIPA, Wood Supply and Market Trends in the US South 1995 – 2015)
- 99.996% of Appling County Pellets' supply comes from secondary/tertiary sawmills or wood processing industries. These suppliers purchase high value forest products to manufacture lumber and higher end products. The resulting residual by-products from these operations are used in pellet manufacturing.

Feedstock Profile

Appling County Pellets (ACP) utilizes both hardwood and softwood sawmill and wood processing residuals. The mix of hardwood to pine is normally 70% hardwood and 30% pine. The sawdust residuals are generated by approximately sixty-nine (69) sawmills and wood processing facilities located in Florida, Georgia, North Carolina and South Carolina. The states of Alabama and Tennessee are included in the supply base part of the sourcing area for these sawmills and wood processing facilities that supply secondary and tertiary feedstock to ACP. Appling County Pellets does not use any construction, demolition or post-consumer derived feedstock but may use pre-consumer tertiary feedstock.

Note: In 2020, a mill trial using in-woods chips was initiated and represented 0.004% of incoming feedstock. However, it was found that in-woods chips are not a preferred feedstock for ACP and no plans are made to include this in normal sourcing. This is accounted for in the SAR.

Feedstock Type	Number of Suppliers
Primary Feedstock	0
Secondary Feedstock	49
Tertiary Feedstock	20

All wood into the Fram mills is FSC Controlled Wood or PEFC Controlled Sources feedstock and considered SBP Controlled feedstock before the Supply Base Evaluation (SBE) and is 100% SBP-Compliant feedstock after the SBE.

Forest certification at the Forest Management Unit (FMU) level is present in the supply basin and is may be either in the form of the Sustainable Forestry Initiative (SFI) or the American Tree Farm System (ATFS) programs. SFI certified forests belong primarily to industrial forest landowners, TIMOs and REITs (see Section 2.5 for breakdown of acres by state). Most small, private forest landowners who make up the majority of forest ownership have no forest certification but if they do, are certified to the American Tree Farm System (ATFS). Potential certified content is generally less than 10% of incoming primary feedstock. **No certified claims are made on incoming feedstock.**

2.2 Actions taken to promote certification amongst feedstock supplier

Fram Renewable Fuels requires the use of trained loggers to harvest timber regardless of whether the feedstock is primary or secondary feedstock. This is in the Supplier contract. To the credit of the forest products industry, the use of trained loggers has been an industry standard since the 1990s due to the Sustainable Forestry Initiative (SFI) that promotes trained loggers and provides logger training.

Fram is a member of the Georgia, Florida and South Carolina Forestry Associations, the Forest Landowners Association, the South Carolina Loggers Association, the Southeastern Wood Producers Association, the Georgia State Implementation Committee (SIC), the Longleaf Alliance, the Forest Stewards Guild and support the American Forest Foundation that promotes forest certification and provides technical information to landowners addressing water quality BMPs, reforestation, visual quality protection, efficient utilization, protection of wildlife and biodiversity, control of invasive species and the identification and protection of forests of High Conservation Value. These organizations support logger training and provide ongoing logger education.

2.3 Final harvest sampling programme

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

Regarding hardwood, Fram may accepts a small percentage of hardwood in-woods chips as feedstock at affiliated mills depending on sourcing circumstances and mill need for feedstock. These in-woods chips originate from hardwood trees that are less than 40 years old or are clean up (tops, limbs, scrubwood) in preparation for planting after a site has been harvested.

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

Insert flow diagram.

2.5 Quantification of the Supply Base

Supply Base

a. Total Supply Base area (ha): **69,234,584 ha (6-state)**

b. Tenure by type (ha)

Forest Land as defined FIA data

Private Land vs. Public Land – Dec 29, 2020

<u>State</u>	<u>Total ha</u>	<u>Private ha</u>	<u>Public ha</u>
Alabama	9,345,797	8,709,799	635,998
Florida	5,674,043	3,820,456	1,853,587
Georgia	9,900,333	8,818,736	1,081,597
North Carolina	7,587,955	6,291,919	1,296,037
South Carolina	5,203,068	4,526,893	676,175
Tennessee	5,617,669	4,675,238	942,431
total	43,327,865	36,846,040	6,485,825

c. Forest by type (ha):

Forest land type by major group for AL, FL, GA, NC, SC & TN (hectares) – FIA data Dec 29, 2020

<u>State</u>	<u>Pine</u>	<u>Oak-Pine</u>	<u>Oak-Hickory</u>
6-State	17,226,062	4,752,462	14,444,304

d. Forest by management type (ha):

Managed Natural vs Planted hectares - FIA data Dec 29, 2020

Stand Origin acres for AL, FL, GA, NC, SC & TN		
State	Natural ha	Planted ha
6-State	32,496,649	10,832,216

e. Certified forest by scheme (ha):

Forest Certification by Hectares – 2020 data

State	SFI	FSC	ATFS
Alabama	1,161,603	313,461	995,280
Florida	743,457	51,539	336,877
Georgia	904,801	37,438	748,820
North Carolina	487,016	84,148	138,389
South Carolina	449,394	111,098	261,743
Tennessee	232,780	79,820	134,375
total	3,979,051	677,504	2,615,484

Feedstock

f. Total volume of Feedstock:

400,000 to 600,000 metric tons per year* – Appling County Pellets

g. Volume of primary feedstock:

1680 tonnes in-woods chips on a trial basis only

h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:

- 0% Certified to an SBP-approved Forest Management Scheme (SFI or ATFS)*
- 100% is not certified to an SBP-approved Forest Management Scheme

- i. List all species in primary feedstock, including scientific name: (Pinus elliotii), Loblolly pine (Pinus taeda), Longleaf pine (Pinus palustris), Shortleaf pine (Pinus echinata), Pond pine (Pinus serotina), Spruce pine (Pinus glabra), Sand pine (Pinus clausa); White Oak (Quercus alba), Red Oak (Quercus rubra), Sweetgum (Liquidamber styraciflua), Red maple (Acer rubrum), Black gum (Nyssa sylvatica), Ash (Fraxinus pennsylvanica) and Poplar (Liriodendron tulipifera).

- j. Volume of primary feedstock from primary forest: N/A. No primary forests are harvested

- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes: N/A

- l. Volume of secondary feedstock: specify origin and type - the volume may be shown as a % of the figure in (f) if a compelling justification is provided*

Secondary volume: 200,000 to 400,000

% Secondary mill residuals: 80-100% sawdust, 0-19% shavings, 0-19% chips

- m. Volume of tertiary feedstock: specify origin and composition - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*.

Tertiary volume: 0 – 200,000 tonnes

% tertiary mill residuals: 0-19% sawdust

*Disclosure of the exact volume figures would reveal commercially sensitive information that may allow competitors to gain a competitive advantage. Feedstock volumes and mix of feedstock into mills are confidential and not public knowledge.

3 Requirement for a Supply Base Evaluation

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

Provide a concise summary of why a SBE was determined to be required or not required.

A Supply Base Evaluation was conducted so that all feedstock material can be considered SBP compliant. The feedstock for Appling County Pellets is either secondary or tertiary material and is not certified or originate from an SBP approved Forest Management scheme. (Note that all feedstocks are FSC controlled wood or PEFC controlled sources.)

4 Supply Base Evaluation

4.1 Scope

While the SBE and Risk Assessment includes information and evidence from across all six states of Alabama, Florida, Georgia, South Carolina, North Carolina and Tennessee, the fiber supply area is significantly smaller and extends approximately 100 highway miles from all sources of supply. The four (4) Fram wood pellet mills source from the same 6-state supply base and secondary/tertiary suppliers source multiple Fram mills with sawmill and wood processing residues.

Feedstock evaluated in the SBE and Risk Assessment consists of primary roundwood/in-woods chips, secondary mill residuals and pre-consumer tertiary wood processing residuals which originate in Fram's 6-state Supply Base. The large size of the Supply Base was intended as a measure to evaluate tertiary feedstock back to the forest level for a small subset of feedstock originating from tertiary suppliers.

The Appling County Pellets mill, which uses only mill residuals, has the largest supply area which reaches into 6 states. Telfair Forest Products, Hazlehurst Wood Pellets and Archer Forest Products mills' sourcing area is a smaller subset of the 6-state supply area that includes Georgia, Florida and South Carolina for secondary feedstock mill residuals.

Primary feedstock in the form of roundwood or in-woods chips is sourced to Hazlehurst Wood Pellets and Archer Forest Products. This feedstock usually originates within a 100-mile radius of the pellet mill. Note that in 2020, a small mill trial using in-woods chips was conducted at ACP.

4.2 Justification

The Supply Base Evaluation & Risk Assessment address each of the SBP Indicators as contained in Standard 1. Fram Renewable Fuels L.L.C. did not attempt to modify or adapt the Indicators. Many of the Indicators are similar to the requirements contained in the FSC Standards. The evidence of conformance to the Indicators in Standard 1 was drawn from Fram's existing FSC Procedures to demonstrate conformance to the other certification standards, which SBP relies upon and does not attempt to duplicate.

Additional objective evidence of conformance was drawn from publicly available sources including state BMP monitoring, forest inventory & analysis statistics, state-wide resource assessments, wildlife action plans and other publicly available sources of information.

In addition, a strong legal framework of laws and regulations regarding the environment, legality and workers' health are in place to ensure sustainability and legality.

The use trained loggers and BMPs is well established within the forest products industry and also serve as mitigation measures.

4.3 Results of Risk Assessment

Fram's original 2015 Supply Base Evaluation & Risk Assessment concluded "Low Risk" for all SBP Indicators, based upon the strength of Fram's Standard Operating Procedures (SOPs) in conjunction with a strong legal framework, a mature forest industry and high level of BMP compliance. The current Supply Base Evaluation draws on more than eight (8) years of history and record of conformance to FSC/PEFC Chain of Custody and Controlled Wood/Due Diligence. However in keeping with the FSC US NRA which determined Specified Risk for High Conservation Value Areas/Critical Biodiversity Areas and Conversion wood, Fram also concludes "Specified Risk" for 6 indicators: 2.1.1, 2.1.2, 2.1.3, 2.2.3, 2.2.4 and 2.4.1 which relate to high conservation value areas and conversion.

The risk of sourcing illegal and unsustainable wood into the Fram Renewable Fuels L.L.C.'s manufacturing facilities is determined to be "Low Risk" with the exception of "Specified Risk" for indicators 2.1.1, 2.1.2, 2.1.3, 2.2.3, 2.2.4 and 2.4.1, in keeping with the FSC US National Risk Assessment (NRA).

The Risk Assessment considered Fram's Management System, also known as 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.

There have been no complaints regarding any of Fram's operations and no feedback from the recent Stakeholder Consultation process for Appling County Pellets.

Mitigation measures are discussed in Section 9.

4.4 Results of Supplier Verification Programme

Not applicable

4.5 Conclusion

FRAM Renewable Fuels' existing SOPs and mitigation in conjunction with a strong legal framework of laws and regulations serves to move indicators 2.1.1, 2.1.2, 2.1.3, 2.2.3, 2.2.4 and 2.4.1 from "Specified Risk" to "Low Risk".

The strengths of the SBE is Fram's certification to the FSC and PEFC chain of Custody and Controlled Wood standards. In addition, there are numerous third-party data sources of information such as:

- US Forest Service FIA data
- State Forestry Agencies
- World Bank Governance Index
- US Department of Labor
- Environmental Protection Agency
- World Wildlife Fund
- The Nature Conservancy

Fram's Supply Base is located in an area that has a mature forest industry that is highly self-regulated. The use of SFI trained loggers and compliance with forest Best Management Practices (BMPs) are industry standards. Additionally, BMPs compliance is monitored by state agencies.

Fram has experienced foresters that make up the Wood Procurement and Sustainability Teams and 15 years of experience in the pellet industry. The primary mitigation measures, the Supplier Contract and internal monitoring (described more fully in Section 9 – Mitigation Measures), have been in full force for 8 years.

Most inputs are indirect and secondary sources and Fram Renewable Fuels L.L.C. is considered by SBP to be a Secondary Wood Processing facility that has no direct control or contractual link to the Forest Management Unit (FMU).

In 2020, approximately 75% of the wood into Fram mills was from sawmill residuals or wood processing plants. Roundwood/in-woods chips made up the remaining feedstock mix. Of total feedstock into Fram mills, 45% came from SFI certified wood procurement organizations or SFI/ATFS lands.

Due to the high level of residual materials entering Fram's supply chain, pre-approval and strong due diligence is required to track it back to the FMU. Tertiary residuals (sawdust from flooring manufacturers, etc.) are often a challenge to track back to the FMU and requires more due diligence and monitoring to ascertain the feedstock originates from Fram's 6-state supply base.

In summary, 100% of the wood inputs are supplied within the scope of the FSC/PEFC Controlled Wood/Due Diligence Systems approved by SBP. Thus, all wood inputs are at a minimum considered "SBP Controlled Feedstock" and, according to the SBE and Risk Assessment, are considered "SBP-Compliant Feedstock".

5 Supply Base Evaluation Process

Fram initially retained R.S. Berg & Associates, Inc. to prepare the Fram 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. R.S. Berg & Associates are highly qualified consultants and meet the requirements set up in FRF-SBP-DP-12, SBE Competency Procedure.

Since 2019, Fram has conducted its own in-house supply base evaluation and risk assessment in accordance with the requirements set up in FRF-SBP-DP-12, SBE Competency Procedure. Fram has highly competent Sustainability and Wood Procurement Teams with 30+ years of experience in the forest products industry, logging, certification and forest management/policy.

6 Stakeholder Consultation

A Stakeholder Consultation Procedure (FRF-SBP-DP-04) is part of Fram's SBP program that includes correspondence to interested and affected stakeholders across the six state procurement region. A list of relevant Stakeholders was developed based upon several selection criteria including: the geographic scope of the Supply Base, stakeholders from past FSC/PEFC audits and consultations, relevant federal and state natural resource agencies, private conservation organizations, indigenous peoples groups, forestry colleges and universities, advocacy organizations, as well as local governmental officials. Correspondence was forwarded to all Stakeholders at least 30 days prior to the completion of the SBE/RA.

Seventy-six (76) emails/letters were sent out for the 5-year re-assessment for Appling County Pellets. There were no responses to the stakeholder consultation..

6.1 Response to stakeholder comments

There were no responses received from the stakeholder consultation.

7 Overview of Initial Assessment of Risk

Fram's original Supply Base Evaluation and Risk Assessment concluded Low Risk for all SBP indicators due to Fram's Standard Operating Procedures (SOPs), a strong legal framework of laws and regulations regarding the environment, legality and workers' health, and high levels of BMP compliance. These items when taken together ensured Low Risk in prior audits.

Summary of the Risk Assessment:

- 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 Annex 1, including evaluation of various websites.

- Category 2 – Wood harvested in violation of traditional and human rights

CONCLUSION: There are 3 Federally recognized tribes located within the Fiber Supply Area: the Poarch Band of Creek Indians of Alabama, the Catawba Indian Nation in South Carolina and the Eastern Band of Cherokee Indians in North Carolina. The 3 Tribes are outside the Roundwood Supply Base. In addition, the Cherokee Tribe has its own independent reservation of 56,000 acres. The tribe is recognized as a sovereign nation that has an active forestry and economic development program. The FSC US NRA found Low Risk for FSC Category 2, wood harvested in violation of traditional and human rights.

- Category 3 – Wood from forests in which high conservation values are threatened by management activities

CONCLUSION: High conservation forests occur in Fram's supply base. These HCVs are identified and mapped by many organizations such as US FSC NRA, Nature Serve, The Natural Heritage databases, The Nature Conservancy, USGS Gap Analysis Project, Global Forest Watch and other federal, state agencies, private forest landowners and more. See reference list of map websites in Annex 1. In addition, many HCVs are preserved and protected, such as the Okefenokee Swamp, Lower Suwannee River, St. Marks, Wolf Island, Blackbeard Island, Harris Neck, Wassaw, Savannah, Bond Swamp, Piedmont, and Great Dismal Swamp National Wildlife Refuges. Fram operates a multi-site FSC Controlled Wood program and holds a valid FSC certificate. This alone is evidence of controls in place to avoid sourcing unacceptable material which includes wood from 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, they are unlikely to be threatened by forest management activities and protected areas ensure their long-term survival. However, the FSC US National Risk Assessment has determined Specified Risk for Category 3.

- Category 4 – Wood from forests being converted to plantations or non-forest use.

CONCLUSION: Based upon the analysis of all available information and the evaluation of the Eco-regions from which its wood and fiber originates, there is no net loss (>0.5% per year) of natural forests and no significant loss of other natural wooded ecosystems in the ecoregions of the Fram Renewable Fuels' supply area. In addition, there is a positive

growth-drain ratio overall based on USFS FIA reports. However, the FSC US National Risk Assessment has determined Specified Risk for Category 4. Specified risk for conversion in the Fram supply base is identified by the FSC US RA to be near large cities and is due to urban development and growth.

- Category 5 – Wood from forests in which genetically modified trees are planted

CONCLUSION: Based on an analysis of available information, there are no genetically modified trees planted in the United States (Fram Renewable Fuels L.L.C.'s district of origin). Further, the FSC US NRA found Low Risk for FSC Category 5, Wood from forests in which genetically modified trees are planted.

In keeping with the FSC US NRA, which determined Specified Risk for Category 3 – High Conservation Value Areas/Critical Biodiversity Areas and Specified Risk for Category 4 – Conversion, Fram is using the FSC US NRA as a baseline and concluding Specified Risk for indicators 2.1.1, 2.1.2, 2.1.3, 2.2.3, 2.2.4 and 2.4.1.

This section provides an opportunity to detail how the BP's management system is effective in reducing risk.

FRAM Renewable Fuels L.L.C. Standard Operating Procedures (SOPs) addressing sustainability and legality are already in place and have been functioning under the FSC/PEFC Chain of Custody and Controlled Wood program for 7 years. Fram has received no complaints regarding feedstock sourcing or production of pellets. The FSC and PEFC programs in place are instrumental in reducing risk.

Fram Renewable Fuels' SOPs include:

1. **Pre-verification of fiber supply by the Procurement Manager to determine if the fiber is eligible to be used as feedstock and meets Fram's sustainability requirements (FSC, PEFC, SBP, EUTR compliant).** Each new residual supplier is evaluated prior to purchasing. If the supplier meets the criteria, then a contract is signed. This due diligence helps ensure that unacceptable material does not enter the supply chain. A supplier must be set up in the scaling system to enter a Fram facility or the load is turned around.
2. **A written contract between the BP and the Supplier which identifies the legal and sustainability requirements, including use of trained loggers and BMP compliance.** Done once then reviewed and updated as needed. The Fram Supplier Contract includes:
 - a. The use of trained loggers
 - b. Adherence to forestry BMPs
 - c. Adherence to all US labor laws regarding workers' rights and protection
 - d. Acknowledgement by Suppliers that wood fiber is not obtained from land with high biodiversity value, high carbon stock or peat land.

The Supplier Contract is a strong and effective mitigation measure in mitigating risks at the FMU.

Use of trained loggers: Since the mid-1990s the forest industry in the SE United States has self-regulated itself through the Sustainable Forestry Initiative (SFI). SFI promoted the use of trained loggers and provided logger education related to BMPs, recognition of Threatened and Endangered species habitat, logger safety, business management and more. Use of trained loggers has become an industry standard and even though ~75% of Fram's feedstock is residuals, Fram is the beneficiary of sawmills/wood processing plants that require loggers to be certified or they are not allowed to deliver into the mills.

Adherence to BMPs. Best management practices have always been in place but a renewed emphasis was put on them with the acceptance of the SFI program by forest industry in the mid-1990s. The beneficiary has been not only the forest industry but also non-industrial private landowner who owns 70% of private lands. Trained loggers are integral in implementing BMPs that manage water quality, establish streamside management zones which provide wildlife corridors and enhance biodiversity as well as recognize threatened and endangered species habitats and act accordingly.

While state level logger certification is voluntary, it is known that primary forest product purchasers within the supply basin also contractually require the use of trained loggers and adherence to applicable environmental laws and regulations. Primary forest product purchasers include the pulp and paper industry, pellet producers, lumber and building products producers. In addition to state and federal monitoring, these primary purchasers of forest products also monitor compliance. Although this is an indirect measure of sustainability adherence, it further proves that the use of untrained loggers or uncontrolled wood is highly unlikely within the SB, including the wood supply to tertiary producers of biomass.

Adherence to US labor laws. While the BP cannot monitor state and federal law adherence directly, there are strong US Labor Laws that protect worker's rights and safety. They are monitored and enforced by federal and state agencies for all workers. Based on the BP investigation of public records, there are no known logging related labor law violations in the supply basin.

The Fair Labor Standards Act (FLSA) protects all US workers from unfair wages and discrimination. Specifically, minimum wage, policy and record keeping standards are established and employment of minors that would be detrimental to their health and well-being is prohibited. It should be noted that logging operations provide a significant number of jobs nationwide and in the supply basin. In May 2019, the US Bureau of Labor and Statistics published that there are 26,030 equipment operators employed in the logging industry nationwide, with an average wage of \$22.02 hourly or \$42,060 annually. Georgia logging operations employed 1,970 at an average hourly rate of \$18.52 or \$38,530 annually.

The Immigration and Nationality Act protects the rights of aliens authorized to work in the U.S. and extends protections to different types of non-immigrant workers.

The safety and well-being of the labor force is protected by the Occupational Safety and Health Administration (OSHA). OSHA issued a safety standard effective Feb 1994 (<https://www.osha.gov/laws-regs/federalregister/1994-10-12>) that applies directly to the logging industry and covers all logging operations, regardless of the end use of the forest products (saw logs, veneer bolts, pulpwod, chips, etc.). This standard addresses the unique hazards found in

logging operations. The revised standard requires training for all employees and OSHA believes this standard will significantly decrease the number of employees killed or injured in this industry.

Another aspect of employee safety compliance occurs through the insurance industry. Lending institutions and general liability concerns dictate that loggers carry insurance. The financial liability of the insurance company is parallel to providing for employee safety on the work site. Insurance companies regularly conduct site visits to ensure logging is conducted in a safe and professional manner with respect to employees and machinery.

To conclude, forest workers are well aware of their rights under OSHA and wood suppliers/loggers must carry proper insurance and safety equipment to enter into agreements with sawmills/wood processing plants or to even enter the plant facilities. This is done at the forest level and can be traced up the supply chain to the secondary/tertiary suppliers.

Wood fiber not obtained from lands with high biodiversity, high carbon stock or peat land. The Fram supplier contract raises awareness with the suppliers regarding these types of areas, and this includes secondary and tertiary suppliers. Again, this goes to the forest level implementation of BMPs, use of trained loggers to recognize biodiverse areas, adherence to the Water Quality Act and the geography which Fram sources. When forest practices are done properly at the forest level, the resulting sawmill or wood processing residuals are in compliance.

3. **Identifying incoming raw materials as either “Certified” or FSC/PEFC Controlled Wood.**

Ongoing and verified annually by a third-party audits. This is evidence that due diligence has been properly conducted and a valid chain of custody system is in place.

4. **Annual supplier correspondence regarding HCVs and other relevant items.** This continues to raise awareness with suppliers regarding areas with high biodiversity value. When forest practices are done properly at the forest level, the resulting sawmill or wood processing residuals are in compliance.

5. **Right to audit at the supplier mill or tract level at any time for all types of feedstock.** As part of Fram’s due diligence and monitoring of supplier quality, a site visit may be conducted as necessary at any time. Further, suppliers may be audited by the CB at the mill or tract level as requested by the CB during an audit.

6. **BMP compliance inspections on active logging jobs (primary feedstock).** Done monthly. Although the Fram supplier contract requires the use of certified loggers, there are measures in place to monitor compliance including BMP implementation, HCV avoidance and logger certification. Each state in the Supply Base publishes biannual BMP and harvesting reports that cite the rate of implementation and compliance. Overall compliance by state within the Supply Base ranged from 84% to 99%. Evidence cited in 2.1.2 and 2.2.4 shows that these controls are very effective in protecting biodiversity and wildlife habitat. Further, Fram and business partner Beasley Timber Management group, conducts additional internal monitoring of BMP compliance by checking at least two active tracts per month. Supplier compliance is monitored through periodic supplier

visits, observations and interviews. There are no known violations or complaints within the supply basin.

7. **District of Origin checks on primary feedstocks.** Done quarterly. A GPS coordinate of the tract is entered into the Tract Set Up card for all primary feedstock tracts entering Fram's facilities. A subset of tracts is sampled quarterly to determine the FSC district of origin. In addition, a subset of secondary/tertiary suppliers are sampled annually to determine the District of Origin of the mill's fiber. This serves to track the residuals back to the forest level or FMU.
8. **Internal audits by BP on a subset of secondary/tertiary suppliers related to sourcing area, HCVs, conversion, timber legality, etc.** Done annually on a sub-set of suppliers with higher risk of entering unacceptable material into the supply chain. The biomass produced by tertiary suppliers is fundamental to the intent of sustainable wood supply for the production of pellets. However, wood supply typically comes in various forms of forest products and not directly from a logging operation. Identifying specific sources and monitoring those sources can be complex and difficult. Fram relies largely on enforcing the supply contract through regular site visits, interviews that address specific wood sources and the overall industry harvesting practices and implementation rates to verify sustainable sourcing.
9. **Primary feedstock suppliers encouraged to adopt BMPs for Biomass Harvesting.** Annually.
10. **Ability to terminate contracts that don't meet sustainability criteria.** Ongoing

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

Not applicable

8.2 Site visits

Not applicable

8.3 Conclusions from the Supplier Verification Programme

Not applicable

.

9 Mitigation Measures

9.1 Mitigation measures

FRAM Renewable Fuels L.L.C. Standard Operating Procedures (SOPs) addressing sustainability and legality have been in place and been functioning under the FSC Chain of Custody and Controlled Wood program for seven years. Fram implements mitigation measures above and beyond what is required under FSC/PEFC requirements.

Describe any mitigation measures taken to address specified risks associated with Indicators.

SBP Indicators Identified as Specified Risk and Requiring Mitigation Measures

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.

Specified Risk occurs in the Supply Base based on the FSC US National Risk Assessment (NRA). The NRA has concluded that high conservation values are threatened by forest management activities in some areas (Category 3) and there is conversion occurring from natural forests being converted to plantation or non-forest use (Category 4).

Mitigation Measures:

- **Pre-verification of fiber supply by the Procurement Manager to determine if the fiber is eligible to be used as feedstock and meets Fram’s sustainability requirements (FSC, PEFC, SBP, EUTR compliant).** Each new residual supplier is evaluated prior to purchasing and if the supplier meets the criteria, then a contract is signed. The potential feedstock is evaluated to make sure it is within Fram’s Supply Base Evaluation and assessed against the risks related to forest management activities that might occur in high conservation value forests.
- **A written contract between the BP and the Supplier which identifies the legal and sustainability requirements, including use of trained loggers and BMP compliance.** Loggers who have been trained have the ability to recognize threatened and endangered species and react accordingly. They are also experts in BMPs which protect biodiversity.
- **Identifying incoming raw materials as either “Certified” or FSC/PEFC Controlled Wood.** Maintaining FSC/PEFC certification is ongoing evidence that the risk of accepting feedstock from high conservation value forests is low risk.
- **Annual supplier correspondence regarding HCVs and other relevant items**
- **Right to audit at the supplier mill or tract level at any time for all types of feedstock.**
- **Monthly BMP compliance inspections on active logging jobs (primary feedstock).**
- **Quarterly District of Origin checks on primary feedstocks.**
- **Internal audits by BP on a subset of secondary/tertiary suppliers related to sourcing area, HCVs, conversion, timber legality, etc.** Done annually on a sub-set of suppliers with higher risk of entering unacceptable material into the supply chain.
- **Primary feedstock suppliers encouraged to adopt BMPs for Biomass Harvesting.**

- **Ability to terminate contracts that don't meet sustainability criteria.**

Monitoring:

- Annual review of secondary/tertiary suppliers' sourcing basin to make sure the supply chain is within Fram's 6-state supply basin and suppliers are aware of HCV areas within sourcing area.
- Annual sawmill/wood processing audits of secondary and tertiary suppliers
- Monthly BMP audits on active logging jobs
- Annual review of Master Timber Harvester numbers for loggers to ensure compliance with trained logger requirement in supplier contract
- Quarterly District of Origin checks (FSC) to validate location of feedstock back to the forest unit. This is then confirmed by a third-party audit at our FSC/PEFC annual audit.
- Review of state forest agencies biannual BMP Compliance Surveys
- Ongoing review of various maps/websites of HCVs/IFLs

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.

Specified Risk occurs in the Supply Base based on the FSC US National Risk Assessment (NRA). The NRA has concluded that high conservation values are threatened by forest management activities in some areas (Category 3) and there is conversion occurring from natural forests being converted to plantation or non-forest use (Category 4).

Mitigation Measures:

- **Pre-verification of fiber supply by the Procurement Manager to determine if the fiber is eligible to be used as feedstock and meets Fram's sustainability requirements (FSC, PEFC, SBP, EUTR compliant).** Each new residual supplier is evaluated prior to purchasing and if the supplier meets the criteria, then a contract is signed. The potential feedstock is evaluated to make sure it is within Fram's Supply Base Evaluation and assessed against the risks related to forest management activities that might occur in high conservation value forests.
- **A written contract between the BP and the Supplier which identifies the legal and sustainability requirements, including use of trained loggers and BMP compliance.** Loggers who have been trained have the ability to recognize threatened and endangered species and react accordingly. They are also experts in BMPs which protect biodiversity.
- **Identifying incoming raw materials as either "Certified" or FSC/PEFC Controlled Wood.** Maintaining FSC/PEFC certification is ongoing evidence that the risk of accepting feedstock from high conservation value forests is low risk.
- **Annual supplier correspondence regarding HCVs and other relevant items**
- **Right to audit at the supplier mill or tract level at any time for all types of feedstock.**
- **Monthly BMP compliance inspections on active logging jobs (primary feedstock).**
- **Quarterly District of Origin checks on primary feedstocks.**
- **Internal audits by BP on a subset of secondary/tertiary suppliers related to sourcing area, HCVs, conversion, timber legality, etc.** Done annually on a sub-set of suppliers with higher risk of entering unacceptable material into the supply chain.
- **Primary feedstock suppliers encouraged to adopt BMPs for Biomass Harvesting.**

- **Ability to terminate contracts that don't meet sustainability criteria.**

Monitoring:

- Annual review of secondary/tertiary suppliers' sourcing basin to make sure the supply chain is within Fram's 6-state supply basin and suppliers are aware of HCV areas within sourcing area.
- Annual sawmill/wood processing audits of secondary and tertiary suppliers
- Monthly BMP audits on active logging jobs
- Annual review of Master Timber Harvester numbers for loggers to ensure compliance with trained logger requirement in supplier contract
- Quarterly District of Origin checks (FSC) to validate location of feedstock back to the forest unit. This is then confirmed by a third-party audit at our FSC/PEFC annual audit.
- Review of state forest agencies biannual BMP Compliance Surveys
- Ongoing review of various maps/websites of HCVs/IFLs

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 or non-forest lands after January 2008.

Specified Risk occurs in the Supply Base based on the FSC US National Risk Assessment (NRA). The NRA has concluded that high conservation values are threatened by forest management activities in some areas (Category 3) and there is conversion occurring from natural forests being converted to plantation or non-forest use (Category 4).

Mitigation Measures:

- **Pre-verification of fiber supply by the Procurement Manager to determine if the fiber is eligible to be used as feedstock and meets Fram's sustainability requirements (FSC, PEFC, SBP, EUTR compliant).** Each new residual supplier is evaluated prior to purchasing and if the supplier meets the criteria, then a contract is signed. The potential feedstock is evaluated to make sure it is within Fram's Supply Base Evaluation and assessed against the risks related to forest management activities that might occur in high conservation value forests.
- **A written contract between the BP and all Suppliers which identifies the legal and sustainability requirements, including avoidance of sourcing from natural forests being converted to plantation or non-forest use (Conversion).** Primary wood suppliers (roundwood, in-woods chips) and Fram foresters are trained to understand conversion and avoid sending that type of wood to Fram mills. Internal audits area completed quarterly to monitor compliance.
- **Identifying incoming raw materials as either "Certified" or FSC/PEFC Controlled Wood.** Maintaining FSC/PEFC certification is ongoing evidence that the risk of accepting feedstock from conversion is low risk. Fram has FSC/PEFC Chain of Custody Procedure in place which addresses conversion wood.
- **Annual supplier contact regarding sourcing counties/states**
- **Right to audit at the supplier mill or tract level at any time for all types of feedstock.**
- **Monthly BMP compliance inspections on active logging jobs (primary feedstock which includes conversion assessment.**

- **Quarterly District of Origin checks on primary feedstocks, which includes conversion assessment.**
- **Internal audits by BP on a subset of secondary/tertiary suppliers related to sourcing area, HCVs, conversion, timber legality, etc.** Done annually on a sub-set of suppliers with higher risk of entering unacceptable material into the supply chain.
- **Ability to terminate contracts that don't meet sustainability criteria.**

Monitoring:

- Annual review of secondary/tertiary suppliers' sourcing basin to make sure the supply chain is within Fram's 6-state supply basin and suppliers are aware of critical biodiversity areas within sourcing area.
- Annual sawmill/wood processing audits of secondary and tertiary suppliers and discussions relating to conversion wood
- Monthly BMP audits on active logging jobs which includes a checklist for Conversion
- Annual review of Master Timber Harvester numbers for loggers to ensure compliance with trained logger requirement in supplier contract
- Quarterly District of Origin checks (FSC) to validate location of feedstock back to the forest unit. The checklist includes assessment for Conversion. This is then confirmed by a third-party audit at our FSC/PEFC annual audit.
- Ongoing review of various maps/websites related to conversion risk, in particular FSC maps

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.

In keeping with the FSC US NRA, specified risk has been determined for high conservation value areas and critical biodiversity areas. As part of Fram's FSC/PEFC Controlled Wood Due Diligence Procedure, a management system is in place to address areas with high conservation value forests.

Mitigation Measures:

- **Pre-verification of fiber supply by the Procurement Manager to determine if the fiber is eligible to be used as feedstock and meets Fram's sustainability requirements (FSC, PEFC, SBP, EUTR compliant).** Each new residual supplier is evaluated prior to purchasing and if the supplier meets the criteria, then a contract is signed. The potential feedstock is evaluated to make sure it is within Fram's Supply Base Evaluation and assessed against the risks related to forest management activities that might occur in high conservation value forests.
- **A written contract between the BP and the Supplier which identifies the legal and sustainability requirements, including use of trained loggers and BMP compliance.** Loggers who have been trained have the ability to recognize threatened and endangered species and react accordingly. They are also experts in BMPs which protect biodiversity.
- **Identifying incoming raw materials as either "Certified" or FSC/PEFC Controlled Wood.** Maintaining FSC/PEFC certification is ongoing evidence that the risk of accepting feedstock from high conservation value forests is low risk.

- **Fram has partnered with the American Forest Foundation, the Longleaf Alliance and the Forest Stewards Guild to help conserve forestland in areas identified as Specified Risk by the FSC US NRA.** Various conservation initiatives involve, tree planting, invasive species control, prescribed burning, riparian forest buffers, mapping and other initiatives.
- **Annual supplier correspondence regarding HCVs and other relevant items**
- **Right to audit at the supplier mill or tract level at any time for all types of feedstock.**
- **Monthly BMP compliance inspections on active logging jobs (primary feedstock).**
- **Quarterly District of Origin checks on primary feedstocks.**
- **Internal audits by BP on a subset of secondary/tertiary suppliers related to sourcing area, HCVs, conversion, timber legality, etc.** Done annually on a sub-set of suppliers with higher risk of entering unacceptable material into the supply chain.
- **Primary feedstock suppliers encouraged to adopt BMPs for Biomass Harvesting.**
- **Ability to terminate contracts that don't meet sustainability criteria.**

Monitoring:

- Annual review of secondary/tertiary suppliers' sourcing basin to make sure the supply chain is within Fram's 6-state supply basin and suppliers are aware of HCV areas within sourcing area.
- Annual sawmill/wood processing audits of secondary and tertiary suppliers
- Monthly BMP audits on active logging jobs
- Annual review of Master Timber Harvester numbers for loggers to ensure compliance with trained logger requirement in supplier contract
- Quarterly District of Origin checks (FSC) to validate location of feedstock back to the forest unit. This is then confirmed by a third-party audit at our FSC/PEFC annual audit.
- Review of state forest agencies biannual BMP Compliance Surveys
- Ongoing review of various maps/websites of HCVs/IFLs
- Annual reports from the American Forest Foundation, the Longleaf Alliance and Forest Stewards Guild regarding status of conservation initiatives

Indicator 2.2.4 – The Biomass Producer has implemented appropriate control systems and procedures to ensure biodiversity is protected.

In keeping with the FSC US NRA, specified risk has been determined for high conservation value areas and critical biodiversity areas. As part of Fram's FSC/PEFC Controlled Wood Due Diligence Procedure, a management system is in place to address areas with high conservation value forests.

Mitigation Measures:

- **Pre-verification of fiber supply by the Procurement Manager to determine if the fiber is eligible to be used as feedstock and meets Fram's sustainability requirements (FSC, PEFC, SBP, EUTR compliant).** Each new residual supplier is evaluated prior to purchasing and if the supplier meets the criteria, then a contract is signed. The potential feedstock is evaluated to make sure it is within Fram's Supply Base Evaluation and assessed against the risks related to forest management activities that might occur in high conservation value forests.
- **A written contract between the BP and the Supplier which identifies the legal and sustainability requirements, including use of trained loggers and BMP compliance.** Loggers

who have been trained have the ability to recognize threatened and endangered species and react accordingly. They are also experts in BMPs which protect biodiversity.

- **Identifying incoming raw materials as either “Certified” or FSC/PEFC Controlled Wood.** Maintaining FSC/PEFC certification is ongoing evidence that the risk of accepting feedstock from high conservation value forests is low risk.
- **Fram has partnered with the American Forest Foundation, the Longleaf Alliance and the Forest Stewards Guild to help conserve forestland in areas identified as Specified Risk by the FSC US NRA.** Various conservation initiatives involve, tree planting, invasive species control, prescribed burning, riparian forest buffers, mapping and other initiatives.
- **Annual supplier correspondence regarding HCVs and other relevant items**
- **Right to audit at the supplier mill or tract level at any time for all types of feedstock.**
- **Monthly BMP compliance inspections on active logging jobs (primary feedstock).**
- **Quarterly District of Origin checks on primary feedstocks.**
- **Internal audits by BP on a subset of secondary/tertiary suppliers related to sourcing area, HCVs, conversion, timber legality, etc.** Done annually on a sub-set of suppliers with higher risk of entering unacceptable material into the supply chain.
- **Primary feedstock suppliers encouraged to adopt BMPs for Biomass Harvesting.**
- **Ability to terminate contracts that don’t meet sustainability criteria.**

Monitoring:

- Annual review of secondary/tertiary suppliers’ sourcing basin to make sure the supply chain is within Fram’s 6-state supply basin and suppliers are aware of HCV areas within sourcing area.
- Annual sawmill/wood processing audits of secondary and tertiary suppliers
- Monthly BMP audits on active logging jobs
- Annual review of Master Timber Harvester numbers for loggers to ensure compliance with trained logger requirement in supplier contract
- Quarterly District of Origin checks (FSC) to validate location of feedstock back to the forest unit. This is then confirmed by a third-party audit at our FSC/PEFC annual audit.
- Review of state forest agencies biannual BMP Compliance Surveys
- Ongoing review of various maps/websites of HCVs/IFLs
- Annual reports from the American Forest Foundation, the Longleaf Alliance and Forest Stewards Guild regarding status of conservation initiatives

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.

In keeping with the FSC US NRA, specified risk has been determined for high conservation value areas and critical biodiversity areas. As part of Fram’s FSC/PEFC Controlled Wood Due Diligence Procedure, a management system is in place to address areas with high conservation value forests.

Mitigation Measures:

- **Pre-verification of fiber supply by the Procurement Manager to determine if the fiber is eligible to be used as feedstock and meets Fram’s sustainability requirements (FSC, PEFC,**

SBP, EUTR compliant). Each new residual supplier is evaluated prior to purchasing and if the supplier meets the criteria, then a contract is signed. The potential feedstock is evaluated to make sure it is within Fram's Supply Base Evaluation and assessed against the risks related to forest management activities that might occur in high conservation value forests.

- **A written contract between the BP and the Supplier which identifies the legal and sustainability requirements, including use of trained loggers and BMP compliance.** Loggers who have been trained have the ability to recognize threatened and endangered species and react accordingly. They are also experts in BMPs which protect biodiversity.
- **Identifying incoming raw materials as either "Certified" or FSC/PEFC Controlled Wood.** Maintaining FSC/PEFC certification is ongoing evidence that the risk of accepting feedstock from high conservation value forests is low risk.
- **Fram has partnered with the American Forest Foundation, the Longleaf Alliance and the Forest Stewards Guild to help conserve forestland in areas identified as Specified Risk by the FSC US NRA.** Various conservation initiatives involve, tree planting, invasive species control, prescribed burning, riparian forest buffers, mapping and other initiatives.
- **Annual supplier correspondence regarding HCVs and other relevant items**
- **Right to audit at the supplier mill or tract level at any time for all types of feedstock.**
- **Monthly BMP compliance inspections on active logging jobs (primary feedstock).**
- **Quarterly District of Origin checks on primary feedstocks.**
- **Internal audits by BP on a subset of secondary/tertiary suppliers related to sourcing area, HCVs, conversion, timber legality, etc.** Done annually on a sub-set of suppliers with higher risk of entering unacceptable material into the supply chain.
- **Primary feedstock suppliers encouraged to adopt BMPs for Biomass Harvesting.**
- **Ability to terminate contracts that don't meet sustainability criteria.**

Monitoring:

- Annual review of secondary/tertiary suppliers' sourcing basin to make sure the supply chain is within Fram's 6-state supply basin and suppliers are aware of HCV areas within sourcing area.
- Annual sawmill/wood processing audits of secondary and tertiary suppliers
- Monthly BMP audits on active logging jobs
- Annual review of Master Timber Harvester numbers for loggers to ensure compliance with trained logger requirement in supplier contract
- Quarterly District of Origin checks (FSC) to validate location of feedstock back to the forest unit. This is then confirmed by a third-party audit at our FSC/PEFC annual audit.
- Review of state forest agencies biannual BMP Compliance Surveys
- Ongoing review of various maps/websites of HCVs/IFLs
- Annual reports from the American Forest Foundation, the Longleaf Alliance and Forest Stewards Guild regarding status of conservation initiatives

9.2 Monitoring and outcomes

Supplier compliance is assessed via monitoring of Fram's suppliers by internal audits which include site visits at the tract and mill level, stakeholder feedback, and state agency inspections or reports where relevant and available.

Fram Renewable Fuels L.L.C. has a sampling plan in place to assess forest operations within the Supply Base, as well as to determine the “District of Origin” under FSC. This formula (based on an ISO formula for sampling) is $0.8 \times \sqrt{n}$, where n is the number of suppliers. This results in approximately 10-15 inspections of secondary/tertiary residual suppliers and 40 to 50 roundwood suppliers per year.

Internal BMP compliance monitoring is also done by sampling 2 active harvesting jobs per month (at the forest level) on primary feedstock tracts.

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

Primary Sources of Feedstock – Monitoring & Outcome Results

- Twenty-six (26) tracts were audited for BMP compliance and nineteen (19) tracts for District of Origin in 2020. All tracts were in compliance with FSC/PEFC controlled wood standards and this was verified by a third-party audit. In addition, there have been no complaints from stakeholders.
- 100% of Suppliers have written contracts which include the following:
 1. Notifying suppliers Fram will not accept uncontrolled sources of wood
 2. Acknowledgement by Suppliers that wood fiber is not obtained from land with high biodiversity value, high carbon stock or peat land
 3. The use of trained loggers for all types of feedstock
 4. Adherence to forestry BMPs for all types of feedstock
 5. Adherence to all US labor laws regarding workers' rights and protection

The contract files are reviewed on an on-going basis to make sure all suppliers are up to date and items are still relevant.

- Annual supplier correspondence and maps sent out by Procurement Manager is verified by Sustainability Team members.
- Supplier sourcing areas verified annually showed no changes
- Internal tract monitoring shows no issues with BMP compliance or conversion.
- Overall, the southern region BMP implementation average increased from 87% in 2008 to 93.6% in 2018.
- State forest agency biannual 2019 BMP Compliance Surveys show BMP compliance of 84% to 99% in the 6-state Supply Base.

Secondary/Tertiary Sources of Feedstock – Monitoring & Outcome Results

- Forty-seven (47) sawmills were audited for District of Origin and general sustainability compliance in 2020. Twenty-seven (27) were secondary feedstock mills and twenty (20) were tertiary mills. All mills were in compliance with FSC/PEFC controlled wood standards and this was verified by a third-party audit. There were no complaints from stakeholders.
- A new procedure to include more tertiary residual plants on site has been implemented to sample a higher proportion of tertiary feedstock. Previously, tertiary mills with the highest volumes (i.e., greater risk) were audited by phone to verify the feedstock back to the forest level to confirm the supply was within Fram's 6-state supply base. This was confirmed in 2019 by FSC/PEFC audits. The number of tertiary mills audited increased 300% in 2020.
- 100% of Suppliers have written contracts which include the following:
 1. Notifying suppliers Fram will not accept uncontrolled sources of wood
 2. Acknowledgement by Suppliers that wood fiber is not obtained from land with high biodiversity value, high carbon stock or peat land
 3. The use of trained loggers for all types of feedstock
 4. Adherence to forestry BMPs for all types of feedstock
 5. Adherence to all US labor laws regarding workers' rights and protection

The contract files are reviewed on an on-going basis to make sure all suppliers are up to date and items are still relevant.

- Annual supplier correspondence and maps sent out by Procurement Manager is verified by Sustainability Team members.
- Supplier sourcing areas verified annually showed no changes
- Overall, the southern region BMP implementation average increased from 87% in 2008 to 93.6% in 2018.
- State forest agency biannual 2019 BMP Compliance Surveys show BMP compliance of 84% to 99% in the 6-state Supply Base. Georgia BMP implementation increased 1.23% from 2017 to 2019 and water quality risks decreased 33% from 2017 to 2019.

Other

Our alliances with the American Forest Foundation, Forest Stewards Guild and Longleaf Alliance continue to move forward to the mitigation measures listed in Annex 1.

10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in Annex 1.

11 Review of Report

11.1 Peer review.

Fram Renewable Fuels L.L.C. believes that sufficient independent reviews of its Programs and Procedures have taken place and additional Peer Review is not warranted or required. Fram has undergone 5 SBP audits with various certifying bodies who have reviewed Fram's SBP program and management system.

If an external peer review of this report was done prior to finalisation, describe the process that was followed and the competency of the parties involved.

11.2 Public or additional reviews

Not applicable.

If another type of external review was done prior to finalisation of this report (e.g. publication for comments by stakeholders, NGOs, or other independent third parties), describe the process here.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Elizabeth van Tilborg</i>	<i>Sustainability/Certification Manager</i>	<i>Jan 11, 2021</i>
	Name	Title	Date
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	<i>Harold L. Arnold</i>	<i>President</i>	<i>Jan 11, 2021</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date

13 Updates

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

13.1 Significant changes in the Supply Base

The Supply Base was increased to include an additional 7 Florida counties at the southern end of the FL supply base area. There have been no other significant changes in the Supply Base.

13.2 Effectiveness of previous mitigation measures

For each mitigation measure identified during the evaluation, give a detailed account of whether the measures were shown to be effective or not.

FRAM Renewable Fuels L.L.C. Standard Operating Procedures (SOPs) addressing sustainability and legality are already in place and have been functioning under the FSC Chain of Custody and Controlled Wood program for eight years. Fram has received no complaints regarding feedstock sourcing or production of pellets.

FRAM Renewable Fuels L.L.C. has implemented Mitigation Measures proposed in the FSC US National Risk Assessment to include Policies and Control Measures to avoid potential impacts associated with harvesting and roads. Such policies have been inserted into FRAM Renewable Fuels L.L.C.'s Sustainable Biomass Policy and conveyed to suppliers.

Monthly BMP checks done on active logging tracts for in-woods chips or roundwood sourced to Archer Forest Products (AFP) show 100% compliance with BMPs. These checks are completed by the Fram Procurement Manager for in-woods chips or Beasley Timber Management Procurement Forester for roundwood. Only trained loggers are used for timber harvest and Master Timber Harvester numbers are recorded for each tract.

Recent state Silvicultural Best Management Practices Implementation and Compliance Surveys done in 2016 and 2017 show a continued high rate of compliance with BMPs for water quality. In Georgia, the overall 2019 BMP compliance is 94% and Florida was 99% in 2017.

Certified forestland remained stable in Fram's 6-state Supply Basin. SFI and ATFS continue to be the two US forestland certification programs in the Southeast accounting for 91% of all US forest certification acres. Strong and vibrant markets encourage landowners to remain invested in forest management and production.

Fram Renewable Fuels continues to maintain FSC/PEFC Controlled Wood/Controlled Sources certification and this serves as evidence of "Low Risk" in Fram's sourcing area regarding violations of sustainability or legality.

Fram's Supplier Contract identifies the requirements necessary to deliver fiber to Fram facilities and is in use by 100% of Fram's Suppliers. The Supplier Contract is followed up with annual correspondence from the Procurement Manager restating Fram's commitment to sustainability. In addition, suppliers are provided with

a map of HCV areas as identified in the FSC US National Risk Assessment. Fram has ceased to do business with Suppliers that are unwilling to agree to the Contract requirements.

The annual sampling of suppliers' District of Origin, to make sure that the Supplier is sourcing from the 6-state Risk Assessment area, shows that all feedstock is being sourced in Fram's 6-state Supply Basin. These inspections are completed by the Fram Wood Procurement Manager (mill residuals) and the Beasley Timber Management Forester (roundwood). The results of the audits completed for both mill residuals and roundwood show 100% compliance to sourcing within the Risk Assessment area.

Fram's commitment to identifying the District of Origin of tertiary feedstock material has resulted in the loss of several potential new suppliers

13.3 New risk ratings and mitigation measures

Indicator 2.1.1 was rated as "Specified Risk" at the initial risk in keeping with the FSC US NRA. The existing mitigation measures in Section 9 move this indicator to "Low Risk".

13.4 Actual figures for feedstock over the previous 12 months

Total Feedstock Volume –400,000 to 600,000 tonnes per year *

Primary feedstock – 1,680 tonnes

Secondary mill residuals: 200,000 to 400,000 tonnes *

% Secondary mill residuals: 80-100% sawdust, 0-19% shavings, 0-19% chips

Tertiary mill residuals: 0 – 200,000 tonnes*

% tertiary mill residuals: 0-19% sawdust

13.5 Projected figures for feedstock over the next 12 months

Total Feedstock Volume –400,000 to 600,000 tonnes per year *

Primary feedstock – 0

Secondary mill residuals: 200,000 to 400,000 tonnes *

% Secondary mill residuals: 80-100% sawdust, 0-19% shavings, 0-19% chips

Tertiary mill residuals: 0 – 200,000 tonnes*

% tertiary mill residuals: 0-19% sawdust

- * 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 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