

SBP

Sustainable Biomass Program

SCS Global Services Evaluation of Drax Biomass Inc, Amite BioEnergy LLC Compliance with the SBP Framework: Public Summary Report

Third Surveillance Audit

www.sbp-cert.org



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

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

Document history

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1 Overview

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

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

Current report completion date: 08/Dec/2018

Report authors: Tucker Watts, Sebastian Häfele

Name of the Company: Drax Biomass Inc., Amite BioEnergy, 1763 Georgia Pacific Road #2,
Gloster, MS 39638 Corporate address: Drax Biomass Inc., 2571 Tower Drive, Monroe, LA 71201

Company contact for SBP: Richard Peberdy, richard.peberdy@draxbiomass.com

Certified Supply Base: Louisiana, Mississippi, Arkansas, and West-central Alabama were covered
under the SBE

SBP Certificate Code: SBP-04-01

Date of certificate issue: 01/Aug/2016

Date of certificate expiry: 31/Jul/2021

This report relates to the Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

This certificate covers production and distribution of wood pellets for use in energy production, at Amite BioEnergy LLC. It covers a Supply Base Evaluation for the sourcing of feedstock from the states of Louisiana and Mississippi, Arkansas, and West-central Alabama.

3 Specific objective

The specific objective of this surveillance evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The following critical control points were identified and evaluated:

Processes for procurement and processing, transport and storage

Volume accounting method

Documentation of transactions

Energy data collection and reporting

4 SBP Standards utilised

4.1 SBP Standards utilised

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

- SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

Not applicable

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Drax Biomass Inc. (“DBI” or “Company”) is an energy company manufacturing and transporting wood pellets. The Central Office is located in Monroe, LA. The transportation facility, Baton Rouge Transit (BRT) is located in Baton Rouge, LA. Wood pellets are received from company pellet plants and 3rd party pellet suppliers. DBI owns and operates three pellet plants: Amite BioEnergy LLC (“Amite BioEnergy” or “ABE”) in Gloster, MS, LaSalle BioEnergy LLC (“LaSalle BioEner” or “LBE”) Urania, LA, and Morehouse BioEnergy LLC (“Morehouse BioEnergy” or “MBE”) near Beekman, LA. MBE, LBE, and BRT are covered under the scope of a separate certificate.

All feedstock inputs for ABE are covered under the Supply Base Evaluation that was conducted by the Biomass Producer (“BP”). ABE currently receives roundwood and residual fiber from local suppliers. Deliveries are from stumpage located within 70 to 100 miles of ABE. One supplier owns the land and timber. Remaining suppliers purchase stumpage from private landowners and deliver the fiber to ABE. Roundwood and residual fiber are received at ABE via truck. Once the pellets are manufactured at ABE, the finished product is transported via truck to BRT for storage, aggregation and seafaring vessel loadout.

5.2 Description of Company’s Supply Base

Facility is designed to consume 800,000 to 1 million green metric tons of biomass material per annum. The sourced material is comprised of mainly southern yellow pine with a potential *de minimis* quantity of mixed southern hardwoods. The material arrives in the form of low grade roundwood, thinnings, tops, logging and mill residues. According to the USDA Forest Service Timber Products Output Reports, consumption by other forest industry participants within 150 miles of ABE’s fiber catchment in 2009 was estimated to be in excess of 20 million metric tonnes per annum which puts into perspective the ability of the catchment to supply the forest products industry. Pulp and chip mills in the region have an average capacity of around 1 million tons per facility per year, with some consuming well over 2 million tons per year. Sawmills are slightly smaller, consuming on average around 300,000 tons per year.

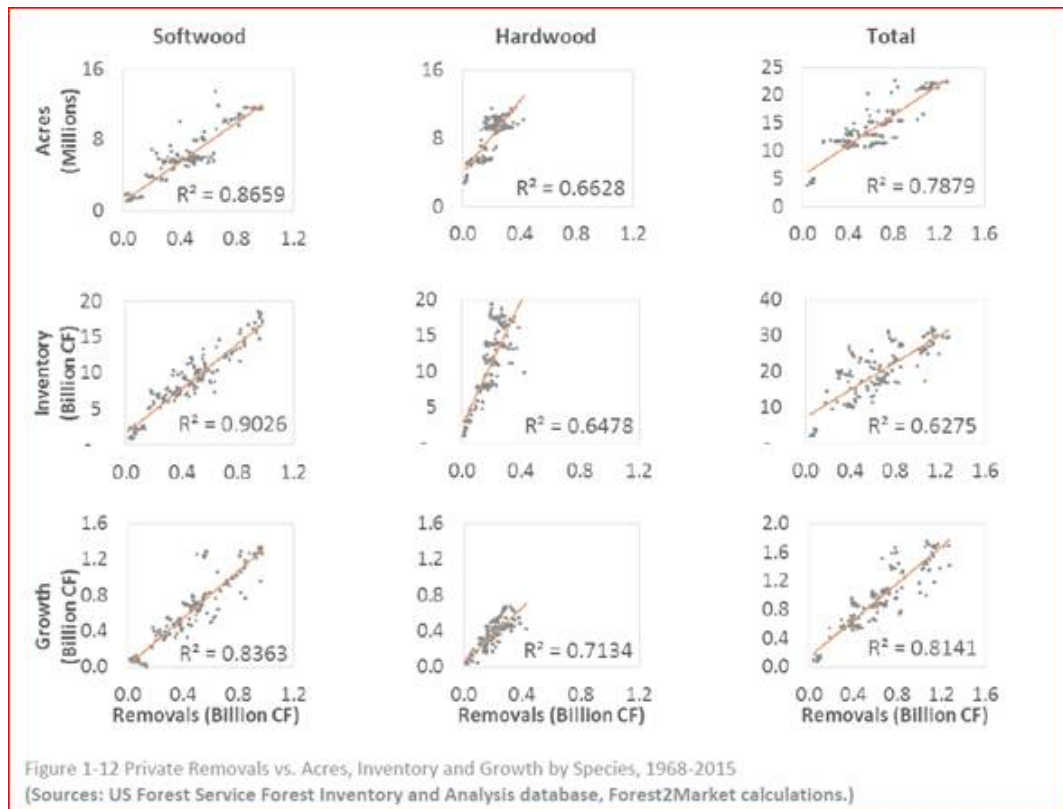
In 2017/18 there have been continuing changes in the number or type of other wood using industries operating in ABE’s catchment. The uptick in housing starts has lead to an increase in sawmilling activity, making more residual streams available to the market. Underutilized capacity in the sector has been re-activated, it remains to be seen how long demand is sustained.. The addition of in-woods chipping capacity is occurring and expansion of operations is of interest to suppliers in the catchment. These harvest operation types help restore some of the timber types in areas that have been left to grow with minimal management due to suppressed or vacated markets while implementing good aesthetics and reduced site preparation costs for reforestation.

Land Use and Ownership patterns

Forestry followed by livestock farming is the dominant land use in the ABE fiber catchment. The majority of forests in these areas have been harvested and regenerated multiple times over the last two centuries.

Over 80% of the forests surrounding ABE are privately owned, with most held by “non-institutional private family forest owners”. As the average size of these holdings is less than 100 acres, some owners may have income from sources other than their forest holdings. There is also a significant amount of land owned and managed by large corporations (institutional investors). Corporate forest owners, who must produce shareholder returns, generally practice more intensive silviculture and land management than the smaller family forest landowners who typically manage to achieve more diverse objectives.

While forest coverage has stayed steady in these areas during the past 40-50 years, the forests have become increasingly productive in that time. Forest Inventory Analyses data shows that growth per acre per year has doubled in the US South since the 1950’s, and it continues to increase as healthy markets provide incentives for owners to invest in forest management. Put simply, landowners’ access to markets helps to ensure that their forests remain as working forests¹.



Senescence of the US pulp and paper industry has resulted in the closure or curtailment of several large pulp mills in or adjacent to the catchment that collectively consumed over 3 million tonnes of feedstock each

¹ F2M Report: [Historic Perspective on the Relationship between Demand and Forest Productivity in the US South: At A Glance](#).
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year. The emergence of a wood pellet market has benefited forest owners and contractors in the area by offsetting a portion of the lost demand from the closed pulp mills.

The overall market downturn, subsequent housing market crash of 2008 and the slow recovery in residential construction has resulted in suppressed levels of demand for sawtimber. This produced an increase in stocks of larger-diameter trees, with a corresponding reduction in felling and replanting. These market dynamics have long-term consequences for the structure of the forest.

Looking to the future, further increases in pine forest productivity can be achieved through simple measures such as planting with improved seedlings and implementing diligent forest establishment practices. We will seek to engage with and support this process through the sharing of information and supporting sensible partnerships that promote forest certification through direct landowner contact. In areas with strong markets for forest products, we should expect forests to stay as working forests, whereas other areas may cycle out of forestry into row crops or husbandry, and other agricultural areas may cycle back into forestry. Urban expansion remains the biggest threat to the forest area. Private ownership is expected to remain the main form of forest ownership, but there may be fragmentation as land is split into smaller parcels as it is passed down through generations, thereby creating challenges to implement good forest management practices.

In 2017/18 ABE's catchment has adjusted to the consolidation two large private institutional landowners. These changes did not significantly change land ownership patterns in ABE's catchment as these companies' (i.e. REITs & TIMOs) forest management regimes and business models are more alike than different. However, ABE's catchment is different than other catchments in the DBI enterprise due to the presence a few large private family forest landowners that employ emerging silvicultural techniques as family dynamics evolve.

A recent uptick in housing starts has meant increased demand for lumber. Sawmills have increased output, and in some areas new sawmilling capacity has emerged. Increase in resource use has been the story of US Forests, As described in the paragraphs above, the renewal process, the market response to increased demand, has led to forests staying as forests, increased productivity and increased inventories (carbon stores). One outcome may be that growth-drain ratio's decline in some catchments. This is to be expected and allows the process of renewal of the forest to continue.

ABE's catchment also experienced the change of ownership and start-up of a few privately-owned lumber manufactures. These manufactures do not employ SFI Fiber Sourcing certification unlike sawmills owned by publicly-owned companies which can impose some challenges.

Forestry and Land Management Practices

There is a mature and well-developed forest sector in this geography. Described as a "wood basket to the world", the US South has grown, harvested and sold many hundreds of millions of cubic meters per year for many decades, while seeing both its forest inventories and productivity levels increase. In the US South as a whole, and in ABE's catchment, annual growth exceeds annual drain by a significant margin (USDA Forest Service, 2010)²

² USDA Forest Service Forest Inventory Analysis Program. 2010 data assessed and critiqued by consultancy for procurement region. Accessed May, 2012. Database accessible at <http://www.fia.fs.fed.us/>.

The main reasons for this include a productive land base that benefits from long growing seasons, sufficient precipitation, and healthy soils, as well as the longstanding engagement of experts and professionals from across industry, academia and public agencies in helping to advance sound forest management practices. Species selection is another important factor, as the majority of landowners grow trees that are indigenous to the area, which creates environmental and economic benefits, such as maintenance of habitats for local flora and fauna, as well as establishing a resilient native growing stock with improved pest and disease resistance. Federal and state governments also provide effective oversight to ensure that forest activities comply with relevant laws and regulations and minimise environmental harm. Moreover, each state employs long-established “Best Management Practices”, with programs to promote logger training and audits that demonstrate high compliance rates.

Though the region also possesses a vigorous and productive hardwood sector, ABE primarily uses Southern Yellow Pine (SYP), an abundant and highly productive native species. Production and sale of sawlogs remains the main economic driver for landowners, with SYP rotation lengths typically ranging from 20-40 years. The shorter rotations are for the most productive trees on the best sites, while the longer rotations typically apply to trees grown on lower quality sites.

Thinning is an important forest management strategy for growing sawlog-quality SYP. Stands are typically thinned at 12 years old and again at 18 years old to promote faster growth of the remaining trees. Thinning also allows more light, moisture and nutrients to reach the forest floor, which increases the vitality of the forest and also offers recreational benefits. Forest thinnings make up a significant proportion of the feedstock for ABE.

Rotation harvest of SYP is typically conducted through clear cutting. SYP is not tolerant of shade, so the next rotation of young trees requires abundant access to light to grow well. DBI accepts material from rotation harvests, although this is typically limited to residuals and roundwood that are not sold into higher paying markets. The vast majority of material from rotation harvests are sold into sawlog markets.

The next rotation may be re-established through natural regeneration, or the planting of seedlings, or a combination of both. Reforestation often involves some ground preparation to control competing vegetation.

5.3 Detailed description of Supply Base

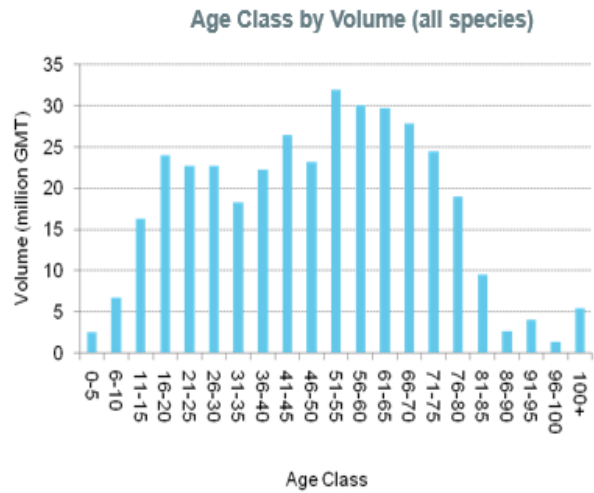
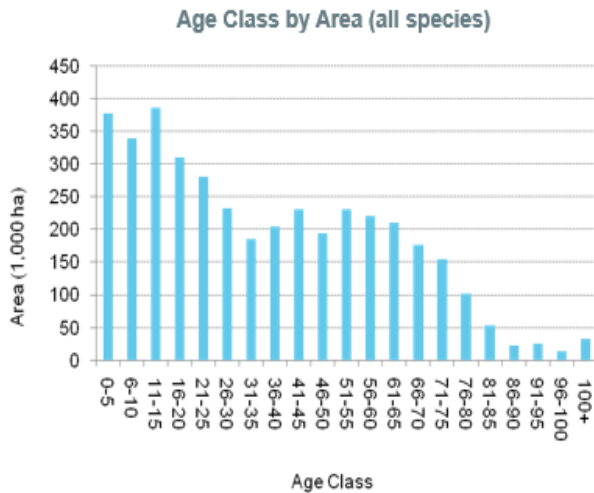
ABE’s catchment is located in a unique geographic area with different land cover and terrain characteristics.

ABE is located in a heavily forested region with rolling terrain in which upland forest makes up 38% of all upland area. SYP, generally the most productive forest type in the region, makes up approximately 16% of the land cover in the catchment and it represents 32% of the forest species in the area.

State forestry websites feature detailed descriptions of forests and include noteworthy facts about each state’s forests. Forest Inventory Analyses data is also publicly available, and provide many important parameters, including changes over time, in the states that supply ABE. Summaries of forest coverage near Amite (Gloster) are shown in the tables below.

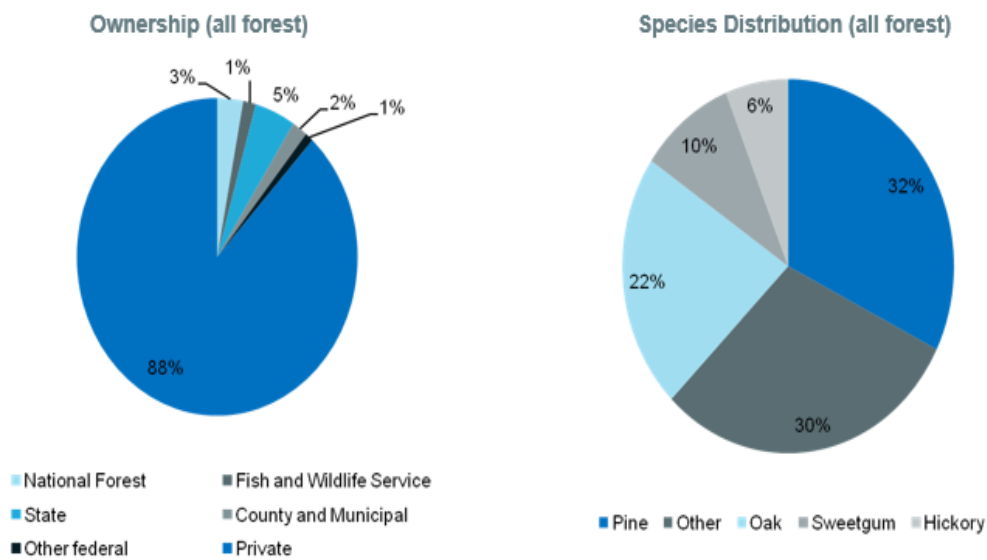
Gloster, 90 mile radius - Age Class (all species)

- According to the USDA FIA database the total forest area within the catchment is 3.97 million ha which represents 65% of the total land area.
- Total standing volume is estimated at 369 million GMT for all species.



Gloster, 90 mile radius - Ownership and species distribution

- Private ownership represents 88% of the total forest by area.
- The species mix is more evenly distributed than in other parts of the south with hardwoods much more prominent within this catchment area. Pine species represent 32% of the standing volume.



SBP Feedstock Product Groups & Supplier Make-Up³

All Primary and Secondary feedstock used by ABE is SBP Compliant.⁴

ABE’s supplier base is made up of timber dealers, logger-dealers and managers of corporately owned timberland providing primary feedstocks in addition to wood manufacturing suppliers who provide secondary feedstocks. Specific supplier list and related volumes by feedstock type is maintained and stringently reviewed by an external auditor.

For a more quantitative description of the Supply Base please refer to the publically available Supply Base report of the Biomass Producer.

³ Commercial sensitivity: Specific identifiers and volumes omitted. Divulging current or forecasted supplier types and numbers may be used by third parties to gain a competitive advantage in the catchment. These figures are subject to change.

⁴ SBP Compliant Primary, Secondary and Tertiary feedstocks are defined in the “SBP Glossary of Terms and Definition” and described further in “SBP Standard 1, section 6, indicator 1.1.3.”

5.4 Chain of Custody system

The Chain of Custody System is managed by Richard Peberdy, VP, Sustainability. He is assisted by Kyla Cheynet, Sustainability Manager. All locations are part of a multi-site system managed by the Central Office. DBI is certified to the FSC[®], SFI[®], and PEFC[™] Chain of Custody Standards.

Processing involves the receiving of roundwood and residual fiber by the pellet plant. The raw material is converted to chips and moisture is driven away for pelletizing. DBI uses the credit system at its BPs to determine claims for both SBP and FSC[®] certified pellets. All material received at ABE is covered under the Supply Base Evaluation. Following pelletizing at ABE, pellets are transported by truck to BRT. BRT receives wood pellets from company owned plants and 3rd party plants. Wood pellets are then received, stored, and shipped.

Raw material is sourced as roundwood and residual fiber by ABE. During the start-up phase, most of the volume was received from a single forest management certified supplier. As operations ramped-up production to the designed run level, additional suppliers were added. Pellets received at BRT are from 3rd party suppliers and from company plants. Upon audit, DBI has purchased and sold 3rd party pellets. Future 3rd party pellet suppliers will be SBP certified. At ABE, raw material is received with a Fiber Purchase Agreement, Purchase Order, and Delivery Ticket which contains supplier information. The Purchase Order and Delivery Ticket contain the tract name, and state, county, and location of the tract. Volumes are entered electronically into the 3LOG System for receiving, inventory, and shipping. Traceability and segregation are provided by the 3LOG System. Sales and deliveries are internal transfers from ABE to BRT. BRT ships pellets to the parent company in England. The ownership of the pellets is transferred to the parent company upon loading of the vessel.

6 Evaluation process

6.1 Timing of evaluation activities

Activity	Date	Location	Persons Involved	Time
<i>Surveillance audit, opening meeting</i>	<i>August 20, 2018</i>	<i>Baton Rouge Transit Facility & field visits</i>	<u>Drax Biomass Inc.</u> Richard Peberdy, Stephen Wright, Kyla Cheynet, Lloyd Wedblad, Jason Spigner, Jim Stemple, Kay Campbell, Britta Palmer, Tommy Craig Supplier Representatives* <u>SCS</u> Tucker Watts, Sebastian Haefele	<i>8 hours</i>
<i>Surveillance Audit</i>	<i>August 21, 2018</i>	<i>Amite BioEnergy & field visits</i>	<u>Drax Biomass Inc.</u> Richard Peberdy, Stephen Wright, Kyla Cheynet, Jason Spigner, Kay Campbell, Britta Palmer, David Watt Supplier Representatives* <u>SCS</u> Tucker Watts	<i>8 Hours</i>
<i>Surveillance Audit</i>	<i>August 22, 2018</i>	<i>Monroe Central Office</i>	<u>Drax Biomass Inc.</u> Richard Peberdy, Jim Stemple, Sherry Jackson, Stephen Wright, Kyla Cheynet, <u>SCS</u> Tucker Watts	<i>8 hours</i>
<i>Surveillance Audit, closing meeting</i>	<i>August 23, 2018</i>	<i>Monroe Central Office, contractor interviews</i>	<u>Drax Biomass Inc.</u> Richard Peberdy, Kyla Cheynet, Stephen Wright, Britta Palmer, Jim Stemple <u>Contractors*</u> <u>SCS</u> Tucker Watts	<i>6 hours</i>

6.2 Description of evaluation activities

Surveillance Audit:

The on-site Surveillance Audit included an audit of the Supply Base Evaluation, Documented Management System, Collection and Communication of Greenhouse Gas data, and Chain of Custody. Also included were a 2-day site tour and visits to procurement sites to evaluate DBI's management and monitoring system. Procurement and production processes at ABE, LBE, and MBE are similar, so some information reviewed during the audit of ABE was also applicable to LBE, and MBE. Audit methods consisted of review of documentation, studies, assessments, surveys, websites, emails, databases and staff interviews. The site tour and visits were evaluated by review of documentation, monitoring results, observations, and interviews. One day was spent conducting field evaluations. One day was spent on the Supply Base Evaluation, Documented Management System, Greenhouse Gases, and Chain of Custody. Critical control points were witnessed in all areas.

6.3 Process for consultation with stakeholders

SCS did not conduct a stakeholder consultation for this surveillance audit. An initial 30-day stakeholder consultation was performed in 2015 prior to the evaluation audit. In response to a CAR issued during the audit, the BP conducted a supplementary stakeholder consultation in Nov.-Dec. 2015 to seek comments on the LAV development process. SCS then conducted an additional consultation in Jan.-Feb. 2016 to evaluate whether stakeholder responses were adequately addressed by the BP. Adequate corrective actions have been undertaken by the organization and related CARs are closed. A 30-day stakeholder consultation was performed August 28, 2017 for a scope expansion to include counties in south central Alabama. The stakeholder consultation was sent to stakeholders in a region that corresponds to the entirety of Drax Biomass' Supply Base. No comments were received.

7 Results

7.1 Main strengths and weaknesses

Strengths with respect to the BP's overall conformity include the diversity of sources used for the development of the SBE and the experience of the persons conducting the SBE. Members of the organization have been and continue to be involved with the development of the SBP Standards and their evolution. Within the development/management team there are many years of experience in the area of operation. The capture of energy and GHG data works well, is centralized in a database system and substantiated by appropriate evidence. For identified weaknesses please refer to the non-conformities and observations section **Error! Reference source not found.** in this report.

7.2 Rigour of Supply Base Evaluation

Provide comment on the rigour with which the Supply Base Evaluation was performed. Determine whether the current definition of scope, as adopted by the Biomass Producer, was adequate for the specific characteristics of the Supply Base and management systems in place.

Rigor of the Supply Base Evaluation was sufficient to document the findings of low risk. Use of documented reports and assessments, in combination with local experts, personal knowledge, and stakeholder comments provided a multi-faceted approach for evaluation of each Indicator. The scope statement adequately describes the characteristics of the Supply Base and management systems.

7.3 Collection and Communication of Data

Analyse and describe the adequacy (in terms of completeness and accuracy) of the Biomass Producer's efforts to compile the required data on Greenhouse Gas emissions.

The BP is fully committed to collecting and reporting all greenhouse gas emissions data deemed necessary by its customer and regulators. The company uses proprietary software to collect and communicate the data and records the data in SBP Audit Report on Energy and GHG data (SAR), SBP Audit report on Energy and GHG Data for Supplied Biomass (SREG) and SBP Static Biomass Profiling Data sheet (BPD).

7.4 Competency of involved personnel

Identify whether the organisation that performed the Supply Base Evaluation was internal or external to the Biomass Producer. Provide commentary on the competency of the personnel assigned to perform the SBE. Describe their knowledge of SBP requirements. Document any relevant experience they may have in relation to evaluating the Biomass Producer's compliance with the SBP Standards.

Provide commentary on the competency of key personnel tasked with implementing the Biomass Producer's management and control systems relating to SBP compliance. Describe their knowledge of SBP requirements and any relevant experience.

The Supply Base Evaluation was a joint effort of internal and external expertise. Persons involved are very competent for the development and on-going monitoring of the Supply Base Evaluation. Internal team consists of professionals that have a long history and expertise of working in the Supply Base individually, as well as in groups and associations. Internal team members have been actively involved in the development of the SBP requirements. The consultant used for the SBE has performed many resource-based assessments of similar criteria for forest management systems.

7.5 Stakeholder feedback

No stakeholder consultation has been conducted for this surveillance audit cycle.

7.6 Preconditions

No preconditions were issued by the certification body, as this was a surveillance audit.

8 Review of Company’s Risk Assessments

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

conducted by both SCS and DBI, reviewing the means of verification DBI developed, interviews with relevant staff, and conducting on-site field audits of forest suppliers.

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

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

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

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

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

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

9 Review of Company's mitigation measures

FSC US identified key ecosystems as “specified risk” - Late Successional Bottomland Hardwoods (LSBH), and Native Longleaf Pine Systems (NLPS), and has outlined mitigations for these sensitivities. Separately they have identified the Dusky Gopher Frog. No further mitigation required for primary feedstock, as DBI has access to location of tracts and can assess sensitivities and appropriate controls directly. DBI has access to FSC's maps. Controls are applied through DBI's internal processes and are subject to **monitoring and internal audit**.

Mitigations are appropriate for secondary and tertiary feedstock suppliers. LSBH is an issue for secondary and tertiary feedstock suppliers who use hardwoods and are proximate to LSBH areas. The areas that potentially have LSBH have been mapped by FSC, and DBI can identify suppliers who may intersect with that sensitivity. For NLPS, the areas at risk have been identified by FSC at county/parish level. DBI has determined which secondary or tertiary suppliers may source from those counties. For the Dusky Gopher Frog, FSC identifies two small areas at the extreme south of our sourcing area. These areas already have Critical Habitat protections, so the control is “avoidance”.

Mitigation involves the following:

For Late Successional Bottomland Hardwoods: Using materials , and with a desired outcome of engaging landowners within the specified risk area and the Organization's supply area in conservation of Late Successional Bottomland Hardwoods (LSBH), communicate to audiences the social benefits and values of LSBH, threats from forest management (and related loss of values), and management practices for restoration and maintenance, including the importance of natural functions (e.g., hydrologic processes).

For Native Longleaf Pine Systems – Using materials and with a desired outcome of engaging landowners within the specified risk area and the Organization's supply area in conservation of Native Longleaf Pine Systems (NLPS), communicate to audiences the social benefits and values of NLPS, threats from forest management (and related loss of values), and management practices for restoration and maintenance, including the importance of the understory and fire.

Through these mitigations combined with further controls, such as contractual requirements to follow best practices, to use trained loggers, and to follow the law, and additional steps such as the right to audit suppliers for compliance, and regular assessment of supplier performance, these controls are sufficient to bring the risk of non-compliance with this requirement to “low” for all feedstocks. Through on-going monitoring DBI will assess the effectiveness of the mitigations. DBI utilizes Failure Mode Effects Analysis (FMEA) to develop a risk profile of secondary suppliers. DBI's Sustainability and Procurement team conduct supplier reviews every six months to discuss the results of FMEA analysis and information gained through **Residual Supplier Questionnaires** (formal guided check-ins performed at a minimum annually).

10 Non-conformities and observations

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

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

NC number 01	NC Grading: Minor
Standard & Requirement:	Standard 5, 2.0.3
Description of Non-conformance and Related Evidence:	
BP utilized and out of date form for reporting GHG data.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	SAR report updated and provided to auditor within 1 days.
Findings for Evaluation of Evidence:	SAR report completed on current form.
NC Status:	Closed

NC number 02	NC Grading: Minor
Standard & Requirement:	Standard 5, 2.1.1
Description of Non-conformance and Related Evidence:	
SBP GHG and profiling data scope reference number has not been increased for 2018 report.	
Timeline for Conformance:	3 months from the report finalisation

Evidence Provided by Company to close NC:	Profile Data Sheet updated with SBP GHG and profiling data scope reference number for 2018 report
Findings for Evaluation of Evidence:	SBP GHG and profiling data scope reference number increased to appropriate number for 2018 report
NC Status:	Closed

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Ciara McCarthy
Date of decision:	26/Jan/2019
Other comments:	<i>Click or tap here to enter text.</i>