

SCS Global Services Evaluation of Amite BioEnergy Plant Compliance with the SBP Framework: Public Summary Report

Fourth 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

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

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1 Overview

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

Current report completion date: 22/Nov/2019

Report authors: Tucker Watts, Shannon Wilks

Name of the Company: Drax Biomass Inc., Amite BioEnergy, 1763 Georgia Pacific Road #2, Gloster, MS 39638 Corporate address: Drax Biomass Inc., 1500 19th St., Suite 501, Monroe, LA 71201

Company contact for SBP: Kyla Cheynet 1500 19th St., Suite 501, Monroe, LA 71201
+1 404 229-8847 kyla.cheynet@draxbiomass.com

Certified Supply Base: Arkansas, Louisiana, Mississippi, and portions of Alabama, Texas, Oklahoma, and Tennessee.

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 Fourth Surveillance Audit

2 Scope of the evaluation and SBP certificate

The scope of this expansion audit included a review of procedures, documentation, records and databases to ensure the organization's management system is appropriate to ensuring conformance to SBP Standards 1 and 2. Other audit methods used were field audits, site walkthrough of pellet mill and interviews with relevant staff, and supplier representatives. The Surveillance Audit included a review of documentation such as the Supply Base Report including the Risk Assessment, due diligence systems, supplier contracts and SAR, among others.

This certificate covers production and distribution of wood pellets, for use in energy production, at Amite BioEnergy LLC and transportation to Baton Rouge Transit LLC for storage, aggregation and seafaring vessel loadout. It also covers a Supply Base Evaluation for the sourcing of feedstock from the states of Arkansas, Louisiana, Mississippi, and portions of Alabama, Texas, Oklahoma, and Tennessee.

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

Facility is designed to consume just over 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 TimberMart-South’s mill database from June 2019 there were 44 mills within a 160-kilometer radius of ABE with a total production capacity of 21.6 million tonnes of wood per year. This puts into perspective the ability of the sourcing area to supply the fiber necessary to maintaining a thriving forest products industry. The Amite facility represents 5% of the total industry wood demand.

Mill Type	No. Mills	Total Capacity (Tonnes*)	Catchment Area Allocation (Tonnes*)
Lumber	26	7,454,183	3,130,945
Pulp / Paper	5	8,539,322	716,663
Plywood / OSB	5	2,500,176	182,705
Chip	6	671,544	268,380
Pellet	2	2,449,402	997,904
Total	44	21,614,627	5,296,598

*Roundwood equivalent volume
Source: TimberMart-South; Hood Consulting

The location for this bioenergy facility was carefully chosen based on the balance of available fiber and the presence of markets for woody fiber. Senescence of the US pulp and paper industry had resulted in the closure or curtailment of several large pulp mills in or adjacent to the catchment that collectively consumed over 4 million tonnes of feedstock each year.

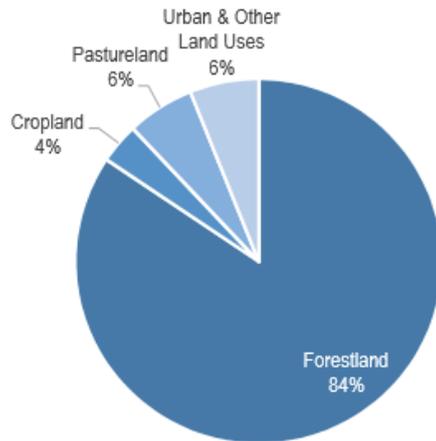
In 2018/19 there have been some additional closures in the ABE catchment area. The leading hardwood and pine pulpwood consumer in the area, Georgia-Pacific, announced the closure of its Paper Mill Facility, in Port Hudson, LA in March 2019. The Georgia Pacific mill closing will result in a 725,000 tonnes wood demand loss. Rex Lumber in Brookhaven, MS has announced that the company will curtail production in June 2019 and will eliminated approximately 45,000 tonnes of wood demand.

To balance the market losses in the region, the biomass industry and the biofuel industry have announced intentions to open facilities in the area. Alternative Energy Development and Velocys plc have both indicated that they hope to start production within the next 5 years. Combined, these two facilities could utilize approximately 1 million tons of fiber.

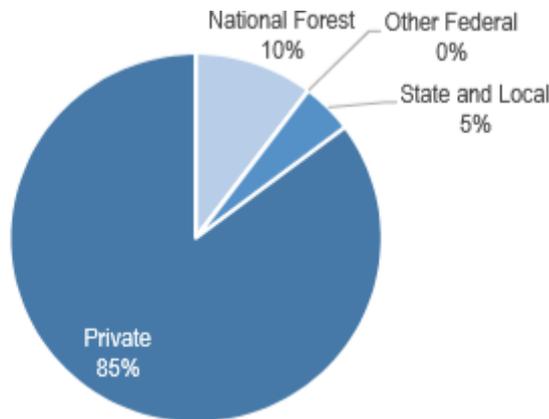
5.2 Description of Company’s Supply Base

Land Use Ownership patterns and Forest Dynamics

ABE’s “catchment area”, or the area where fiber has been directly acquired from the forest, extends approximately 50 miles from the plant. This area contains approximately 659,979 ha, of which 84% is classified as forestland. Forestry is the dominant land use, with the remaining area 16% split between pastureland, cropland, and urban/other land uses.



Over 80% of the forests surrounding ABE are privately owned, with most held by non-corporate private family forest owners. 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. ABE’s catchment area has a greater component of non-corporate forest owners than DBI’s other two other pellet plants, and DBI actively engages with landowners and the suppliers to support and encourage sustainable forestry and improved forest management.



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.

¹ F2M Report: [Historic Perspective on the Relationship between Demand and Forest Productivity in the US South: At A Glance](#). SCS Global Services Evaluation of Amite BioEnergy Plant: Public Summary Report, Fourth Surveillance Audit

Softwood (Pine)	Growth (million ft3)	Removals (million ft3)	G:R Ratio
Pine Pulpwood	53.7	29.9	1.80
Pine Chip-n-saw	43.6	17.4	2.50
Pine Sawtimber	45.9	23.4	1.96
Softwood (Pine) Total	143.2	70.7	2.02

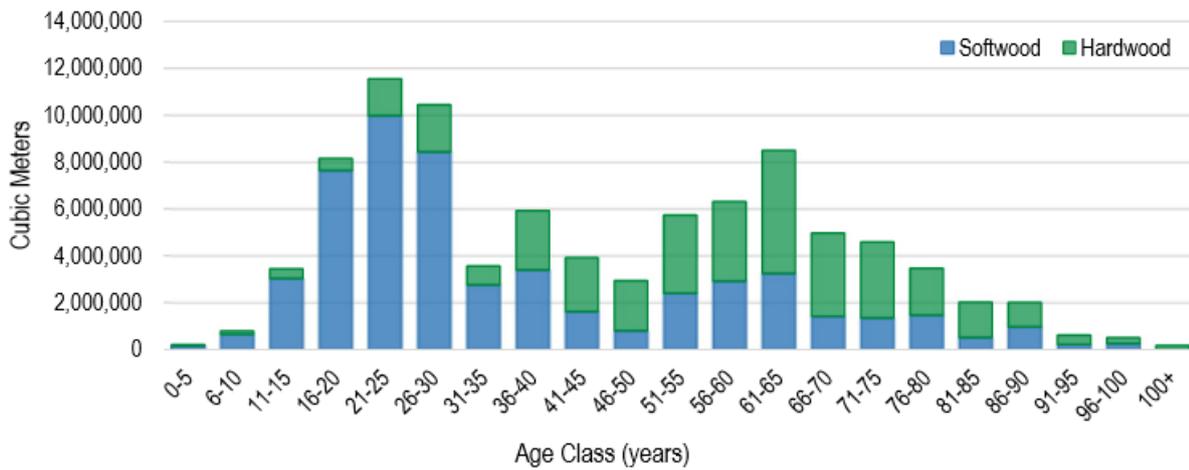
Hardwood	Growth (million ft3)	Removals (million ft3)	G:R Ratio
Hardwood Pulpwood	18.0	3.4	5.32
Hardwood Sawtimber	19.2	11.0	1.74
Hardwood Total	37.2	14.4	2.58

Product	Growth (million ft3)	Removals (million ft3)	G:R Ratio
Pulpwood	71.7	33.3	2.16
Sawtimber	108.7	51.9	2.10
Total	180.4	85.1	2.12

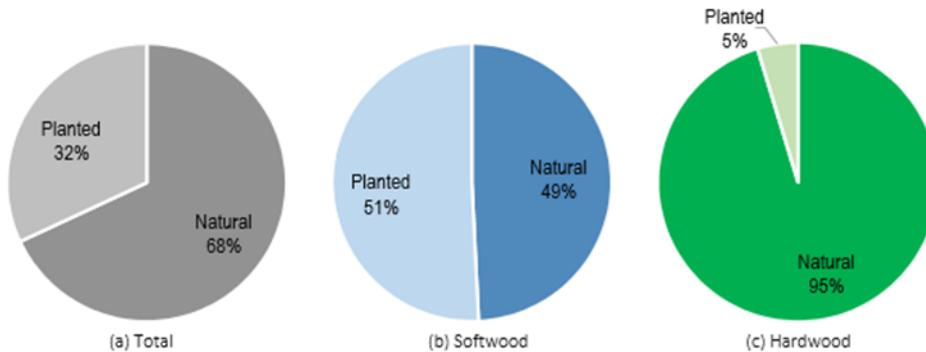
Source: USDA - US Forest Service

Forest Composition

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. A summary table of the forest type (hardwood or softwood) and age class distribution for the Amite area as well a figure illustrating the distribution of growing stock by forest type is shown below.



Amite BioEnergy Catchment Area - Distribution of Growing Stock Volume on Timberland by Stand Origin (2017)



*Natural, in regards to the graphs above, is a tract of land that was cut, but allowed to regenerate from the already existing seed bed.

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 in ABE’s catchment, annual growth exceeds annual drain by a significant margin (USDA Forest Service, 2010).²

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 most 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 forest, ABE primarily uses Southern Yellow Pine (SYP), an abundant and highly productive group of 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

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/>.

forest and 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.

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.

Market effects on Forest Composition and Forest Management

The overall market downturn, subsequent housing market crash of 2008, and the slow recovery in residential construction resulted in suppressed levels of demand for sawtimber. Although the market for solid wood products is now improving, lack of market caused 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.

In some cases, pine forests that were harvested and left to regrow naturally are exhibiting suppressed growth due to competing vegetation and stocking issues. As a market for low-value small diameter material from in-woods chipping operations, some landowners in the catchment area are starting to proactively manage these stands through early thinnings and stand reestablishment harvesting. In-woods chipping operations can also help reduced site preparation costs for reforestation and improve aesthetics. DBI is hoping to continue to play a role in forest restoration and forest stand improvement, increasing in-woods chip purchases to 25% of the total volume consumed annually.

Presence of CITES or IUCN species

There is one International Union for Conservation of Nature (“IUCN”) Red List of Threatened Species, longleaf pine (*Pinus palustris*). This species is far less common than it once was, and efforts are underway to promote longleaf pine coverage in the region. The intent of listing species to the Red List is not to promote prohibition of their use but rather to heighten priority setting for conservation of the species (IUCN 2014)³.

The recent Forest Stewardship Council® (FSC®) [Controlled Wood National Risk Assessment](#) identifies further loss of longleaf pine as a “specified risk”. Critical to the recovery of the species is continued access to markets for longleaf pine. If landowners do not expect to be able to sell this wood, then they will not plant

³ IUCN Standards and Petitions Subcommittee. 2014. Guidelines for Using the IUCN Red List Categories and Criteria. Version 11. Prepared by the Standards and Petitions Subcommittee. Downloadable from <http://www.iucnredlist.org/documents/RedListGuidelines.pdf>.

the tree in the first place. This position is captured in a statement from a USDA researcher and supported by the conservation group the Longleaf Alliance:

“Strong markets for forest products provide incentives for private landowners to keep their lands in forest cover (Wear 2013). This is particularly important across the longleaf range where recent forecasts of human population and income growth point toward increasing pressure in some locations to convert forest land to other uses (Wear 2013)⁴. Strong markets also enable landowners to invest in the management practices required to establish longleaf pine forests and implement practices such as prescribed fire and thinning which are crucial restoration activities⁵.”

Recognising the risk associated with longleaf pine, DBI has procedures in place to monitor if longleaf is offered as feedstock and has checks in place to ensure against conversion away from longleaf.

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.

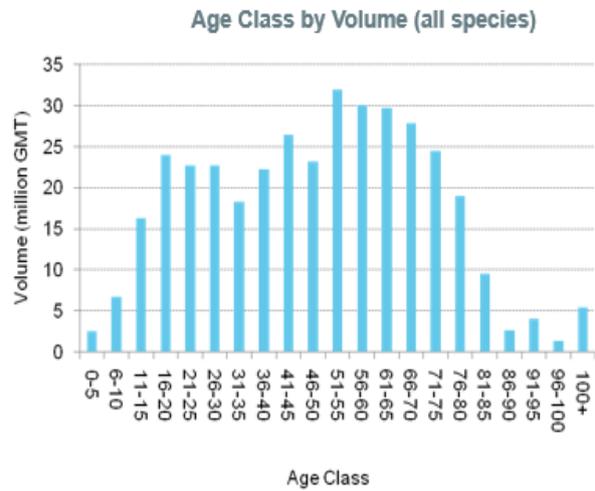
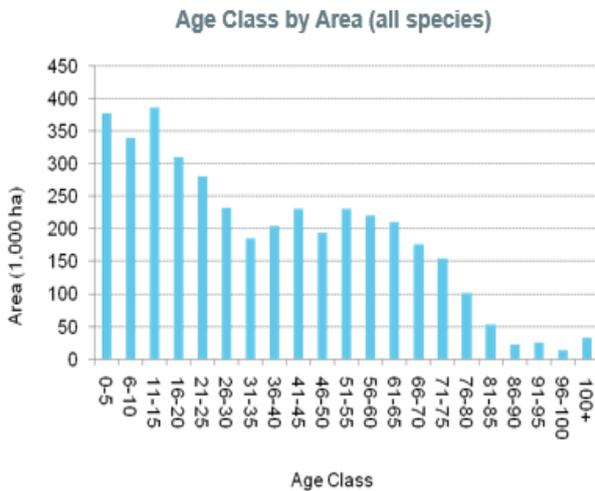
⁴ Wear, D. N. 2013. “Forecasts of Land Uses.” Chapter 4 in Southern Forest Futures Project Technical Report. <http://www.srs.fs.usda.gov/futures/reports/draft/Frame.htm>.

⁵ Longleaf Alliance and NCASI. 2014 “Longleaf Pine: Sustainable Forest Management and the Restoration of a Species” brochure.

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.

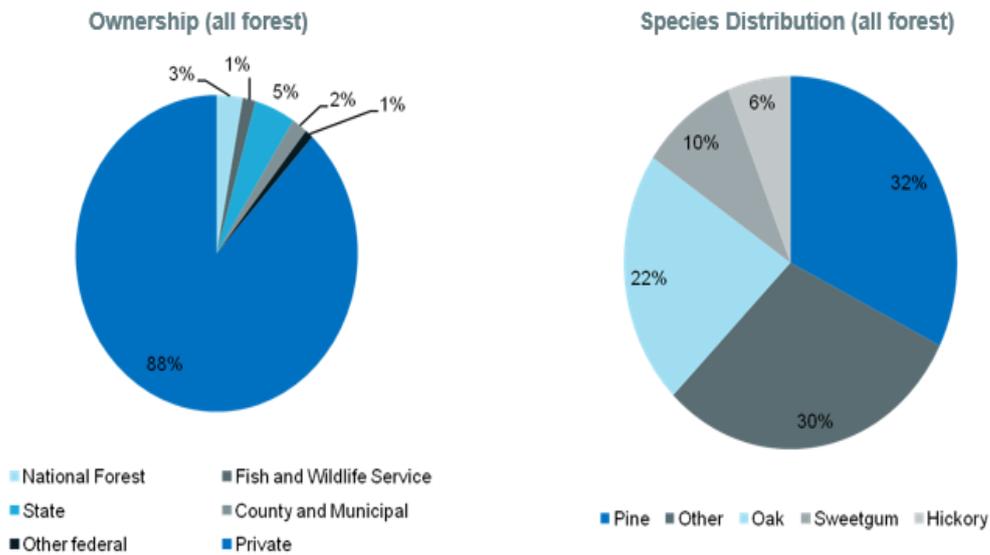
Gloster, 90 mile radius - Age Class (all species)

- 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-Up⁶

All Primary and Secondary feedstock used by ABE is SBP Compliant.⁷

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.

⁶ 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.

⁷ 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

Site Name or Location:	<i>Amite Bioenergy Plant / LaSalle Bioenergy Plant</i>	
Date and Time of Audit:	Monday, October 28, 2019 – Wednesday, October 30, 2019	
Audit Activity	Items to Review / Actions	Approx. Start Time
	Monday, October 28, 2019	
Opening Meeting	Introductions, auditor review of audit scope, audit plan and intro/update to SBP, client description of organization	8:30 AM
Review of SBP Framework Standard 4 FSC-STD-40-004 SFI 2015-2019 Chain of Custody PEFC 2002:2013 Chain of Custody	Review of physical inputs and outputs, material receipt, processing, storage, shipment, claims /trademark activities, and overall control Interviews with appropriate number and diversity of staff to assess knowledge of CoC procedures related to their position.	9:15 AM
Walk through of BioEnergy Plant	Review of receiving, processing, monitoring, loading	2:00 PM
Interview of Secondary Suppliers	SBP interviews of secondary suppliers for Supply Based Evaluation	3:00 PM
Daily Summary	Summary of day – Discuss agenda for next day	4:30 PM
Return to hotel		
	Tuesday, October 29, 2019	
Daily Opening	Agenda Review	8:00 AM
Field Site Visits	SBP, SFI Certified, FSC Certified, and BMP monitoring of Gatewood.	8:30 AM
Daily Summary	Summary of day – Discuss agenda for next day	4:30 PM
Return to hotel		
	Wednesday, October 30, 2019	
Daily Opening	Agenda Review	8:00 AM
SFI 2015-2019 Fiber Sourcing Review	SFI Program Review (SFI 2015-2019 Fiber Sourcing Standard) Objectives 1 to 10 Requirements for Fiber Sourcing Standard 1 Biodiversity in Fiber Sourcing 2 Adherence to Best Management Practices 3 Use of Qualified Resource and Qualified Logging Professionals 4 Legal & Regulatory Compliance 5 Forest Research, Science & Technology 6 Training & Education	8:30 AM

	7 Community Involvement & Landowner Outreach 8 Public Land Management Responsibilities 9 Communications & Public Reporting (Central Office) 10 Management Review & Continual Improvement (Central Office)	
Review of Standards Framework Standard 1 Framework Standard 2 Framework Standard 5	Discuss Principles, criteria, and indicators <ul style="list-style-type: none"> • Standard 1 (Kyla) • Standard 2 • Standard 5 (Stephen) • Development of Locally Applicable Verifiers (LAV) Discuss determination of Supplier Base, Supply Base Report, Stakeholder Consultation, Supplier Verification Programme, and Management System.	11:00 AM
Daily Summary	ABE - Summary of day; Travel to Monroe	2:30 PM
Daily Summary	LBE - Summary of day; Return to hotel	4:30 PM
Meet at hotel	Discuss agenda for next day	

Site Name or Location:	<i>Monroe Office</i>	
Date and Time of Audit:	Thursday, October 31, 2019	
Audit Activity	Items to Review / Actions	Approx. Start Time
Daily Opening	Agenda Review	8:00 AM
Closing meeting preparation	Auditors takes time to consolidate notes and review remaining audit needs	8:15 AM
FSC Controlled Wood Review	Review FSC-STD-40-005, US National Risk Assessment, Mitigation Steps	10:00 AM
Closing meeting preparation	Auditor takes time to consolidate notes and review audit findings for presentation at closing meeting	2:00 PM
Closing meeting and review of findings	Convene with all relevant staff to summarize audit findings, review identified nonconformities, and discuss next steps	3:00 PM
End		

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 3-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 MBE was also applicable to LBE, and ABE. 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

For the Surveillance Audit, SCS did not conduct stakeholder consultation.

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

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.

There is "low risk" for most indicators of the SBP Standard 1 based on the evidence provided of sound forestry practices, existing effective legislation and diligent procurement processes that guide industry and landowners on the sustainable management of forests. For the four indicators where "specified risk" has been concluded, mitigating actions derived from multi-stakeholder processes will be implemented and monitored for effectiveness.

Forest inventories are steadily increasing, and carbon stocks remain stable in BE's catchment. Local communities benefit from the economic impact resulting from LBE's operations.

In conclusion, with diligent procurement processes and implementation of mitigation measures where required, the raw material supply and resulting production of pellets meets the requirements for "SBP-compliant" pellets.

DBI is constantly engaged with stakeholders to ensure any changes are evaluated.

7.3 Collection and Communication of Data

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

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.

SCS assessed risk for the Indicators by evaluating comments received during the stakeholder consultation conducted by both SCS and DBI, reviewing the means of verification DBI developed, interviews with relevant staff, and conducting interviews with 5 secondary suppliers and 9 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)		Indicator	Risk rating (Low or Specified)	
	Producer	CB		Producer	CB
1.1.1	Low	Low	2.3.3	Low	Low
1.1.2	Low	Low	2.4.1	Specified	Specified
1.1.3	Low	Low	2.4.2	Low	Low
1.2.1	Low	Low	2.4.3	Low	Low
1.3.1	Low	Low	2.5.1	Low	Low
1.4.1	Low	Low	2.5.2	Low	Low
1.5.1	Low	Low	2.6.1	Low	Low
1.6.1	Low	Low	2.7.1	Low	Low
2.1.1	Low	Low	2.7.2	Low	Low
2.1.2	Specified	Specified	2.7.3	Low	Low
2.1.3	Low	Low	2.7.4	Low	Low
2.2.1	Low	Low	2.7.5	Low	Low
2.2.2	Low	Low	2.8.1	Low	Low
2.2.3	Specified	Specified	2.9.1	Low	Low
2.2.4	Specified	Specified	2.9.2	Low	Low
2.2.5	Low	Low	2.10.1	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

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

Specific mitigation measures, beyond diligent procurement processes, were identified for 4 indicators – 2.1.2, 2.2.3, 2.2.4, and 2.4.1. These are all related, and the same mitigations are appropriate to make the risk of non-compliance with the indicators “low”.

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.

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.

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

2.4.1 - The Biomass Producer has implemented appropriate control systems and procedures for verifying that the health, vitality and other services provided by forest ecosystems are maintained or improved.

DBI has taken note of work done in producing the Guidance for Assessment of Risk, Means of Verification and Mitigation Measures in the SE US, carried out in Q3 2018. DBI undertakes risk profiling of suppliers..

Beyond the established due diligence procedures including knowledge of location of primary tracts, access to NatureServe information, prevalence of trained loggers, monitoring, state and federal legislation, contractual requirements, monitoring, etc. (detailed in Annex 1), the following mitigation measures have been identified for these indicators – the text is per Annex 1, DBI's supply base evaluation:

FSC US has identified, and developed mitigation measures, for four key ecosystems: Late Successional Bottomland Hardwoods, Native Longleaf Pine Systems, Southern Appalachian Critical Biodiversity Area, and the Central Appalachian Critical Biodiversity Areas.

DBI has integrated the FSC HCV maps into its GIS system and screens all suppliers for their intersection with the Specified Risks identified by FSC. Mitigation for primary feedstock includes controls embedded in DBI's internal processes which are subject to monitoring and internal audit. DBI does not have line of sight to individual tracts that provide fiber to secondary and tertiary feedstock suppliers, so other mitigations are appropriate. The following provides an overview of mitigations chosen for each FSC Specified risk:

Late Successional Bottomland Hardwoods (LSBH)

As DBI primarily sources Southern Yellow Pine, Late Successional Bottomland Hardwoods are mainly an issue for residual suppliers who use hardwoods and are proximate to LSBH areas. The areas that potentially have LSBH have been mapped by FSC and integrated into DBI's GIS system and RRA procedures. For residual suppliers, outreach and education will be the mitigation tool of choice. For primary suppliers, information is collected on forest type and species is collected for all harvests. If a forest tract is identified as having a high hardwood component, the site will be evaluated to determine if it is a LSBH tract. No fiber will be sourced from harvests that endanger the health, vigour, and long-term persistence of these bottomland

hardwood tracts. In addition, educational materials will be provided which will attempt to engage landowners, foresters, and loggers in conservation of this forest system.

Native Longleaf Pine Systems (NLPS)

For NLPS, the areas at risk have been identified by FSC at county/parish level. These areas have been included in the GIS system and RRA process. For primary suppliers, information is collected on forest type and species. If longleaf pine is present on the tract DBI will evaluate the tract and determine the regeneration plans for the site. Educational materials will be provided. If conversion of a LSBH is suspected fiber will not be sourced from the tract. Education and outreach will be the primary mitigation for residual suppliers who's sourcing area intersects FSC identified risk areas. The desired outcome of these communications is engaging landowners, foresters, and loggers in conservation of Native Longleaf Pine systems.

Southern and Central Appalachian Critical Biodiversity Area (CACBA & SACBA respectively)

Both the Central and Southern Appalachian Critical Biodiversity Areas will only affect DBI's residuals sourcing due to the distance from existing pellet mills. Education and outreach will be the mitigation tool employed. As described for the risks above, these materials will be developed according to best available science and be adapted as new information and approaches come available (i.e. through FSC CW Regional meetings). This educational material will be aimed at increasing awareness of the sensitivities and unique nature of these CBAs in hopes of increasing conservation of these highly biodiverse areas.

Other Relevant Internal Procedures:

DBI utilizes Failure Mode Effects Analysis (FMEA) to develop a risk profile of secondary suppliers. Location of sourcing area in reference to known HCVs, mill sourcing profile (species mixed used), and certification status are a few key criteria that influence risk rank and direct level of engagement and internal audit.

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). Analysis of the existing matrix of SFI Fiber Sourcing certified mills and suppliers is also reviewed. Currently DBI's supply base is over 90% covered by the reach of other SFI certified mills, significantly reducing the risk of sourcing non-compliant material. DBI is active in SFI State Implementation Committees (SICs) and actively shares and acts on information relevant to sustaining a high level of sustainability compliance in the supply basin. DBI also communicates findings and trends gained through SIC participation and internal audit of primary suppliers directly with mills from which residuals are sourced.

If it is determined that the risk of negative impact to the HCV cannot be effectively mitigated through information flow and internal controls, DBI can choose not to accept material from a region or a supplier.

DBI's existing programmatic procedures combined with the mitigations described above are sufficient to bring the risk of non-compliance with this requirement to "low".

Drax Biomass is in the process of implementing the FSC Controlled Wood National Risk Assessment. Mitigation steps are being planned, implemented, and monitored 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.*

None identified.

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:	04/Dec/2019
Other comments:	<i>Click or tap here to enter text.</i>