

SFI CERTIFICATION AUDIT FINAL REPORT SUMMARY

**Sustainable Forestry Initiative® Standard
2010-2014 Edition**



for

**Drax Biomass International, Inc.
Atlanta, GA**

December 12, 2014

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Drax Biomass International, Inc. SFI Summary Audit Report

The SFI Program of the Drax Biomass International of Atlanta, GA has achieved conformance with the SFI Standard®, 2010-2014 Edition, according to the NSF-ISR SFIS Certification Audit Process.

Drax Biomass International, Inc. is a multi-site organization composed of manufacturing sites, a storage and export facility, and a Central Office. Manufacturing is conducted at the Amite BioEnergy Plant, Gloster, MS, and Morehouse BioEnergy Plant, Bastrop, LA. The Baton Rouge Transit Facility is located at the Port of Greater Baton Rouge, Baton Rouge, LA. The Central Office is located in Atlanta, GA. Wood pellets are manufactured at the BioEnergy Plants and transported to the Baton Rouge Transit Facility for storage and transport.

Pine is the primary species used for manufacturing of pellets. Roundwood for the Amite BioEnergy Plant is procured in Louisiana and Mississippi. Roundwood for the Morehouse BioEnergy Plant is procured in Louisiana, Texas, and Arkansas. Each facility will purchase gatewood and chips. No stumpage purchases are conducted. The SFI Program is managed by Richard Peberdy, VP, Sustainability.

The audit was performed by NSF-ISR on November 10 – 13, 2014 by an audit team headed by Tucker Watts, Lead Auditor. Audit team members fulfill the qualification criteria for conducting SFIS Certification Audits of “Section 9. SFI 2010-2014 Audit Procedures and Auditor Qualifications and Accreditation” contained in Requirements for the SFI 2010-2014 Program: Standards, Rules for Label Use, Procedures, and Guidance.

The objective of the audit was to assess conformance of the firm’s SFI Program to the requirements of the Sustainable Forestry Initiative® Standard, 2010-2014 Edition.

The scope of the SFIS Audit included procurement operations. Procurement operations were reviewed to ensure that SFI Procurement Standards were met. In addition, SFI obligations to promote sustainable forestry practices, to seek legal compliance, and to incorporate continual improvement systems were within the scope of the audit.

Several of the SFI Performance Measures were outside of the scope of Drax Biomass International, Inc.’s SFI program and were excluded from the scope of the SFI Certification Audit as follows:

- Objective 1-7 – Drax Biomass International, Inc. does not own or control forestland
- Indicator 8.1.2 – Drax Biomass International, Inc. does not purchase stumpage
- Indicator 10.1.2 – Drax Biomass International, Inc. does not purchase stumpage
- Objective 11-13 – Drax Biomass International, Inc. does not procure fiber outside North America
- Indicator 14.2.2 – Drax Biomass International, Inc. does not employ hourly forestry employees
- Indicator 15.1.2 – Drax Biomass International, Inc. does not perform research or deploy trees derived from genetically improved planting stock or biotechnology
- Indicator 16.1.5 – Drax Biomass International, Inc. does not own land or control forestland
- Indicator 16.2.2 – Arkansas, Louisiana, Texas, and Mississippi currently do not have a logger certification program
- Objective 18 – Drax Biomass International, Inc. does not have forest management responsibilities on public land

- Performance Measure 19.2 – This is a Certification Audit. Drax Biomass International, Inc. has not reported to SFI, Inc. on conformance to the SFI 2010-2014 Standard.

SFIS Audit Process

NSF-ISR initiated the SFIS audit process with a Readiness Review to confirm the scope of the audit, review the SFI Indicators and evidence to be used to assess conformance, verify that Drax Biomass International, Inc. was prepared to proceed to the SFIS Certification Audit, and to prepare a detailed audit plan. NSF then conducted the SFIS Certification Audit of conformance to the SFI Standard. A report was prepared and final approval was done by an independent Certification Board Member assigned by NSF. Follow-up or Surveillance Audits are required by the 2010-2014 Sustainable Forestry Initiative Standard ®. The initial Surveillance Audit is scheduled for November, 2015.

The audit was governed by a detailed audit plan designed to enable the audit team to efficiently determine conformance with the applicable SFI requirements. The plan provided for the assembly and review of audit evidence consisting of documents, interviews, and on-site inspections of ongoing or completed forest practices.

During the audit NSF-ISR reviewed a sample of the written documentation assembled to provide objective evidence of SFIS Conformance. NSF-ISR also selected field sites for inspection based upon the risk of environmental impact, likelihood of occurrence, special features, and other criteria outlined in the NSF-ISR SFI-SOP. NSF-ISR also selected and interviewed stakeholders such as contract loggers, landowners and other interested parties, and interviewed employees within the organization to confirm that the SFI Standard was understood and actively implemented.

The possible findings of the audit included Full Conformance, Major Non-conformance, Minor Non-conformance, Opportunities for Improvement, and Practices that exceeded the Basic Requirements of the SFIS.

Overview of Audit Findings

Drax Biomass International, Inc.'s SFI Program was found to be in full conformance with the SFIS Standard. NSF-ISR determined that there were no minor non-conformances:

One opportunity for improvement were also identified, and included:

- There is an OFI to expand knowledge of regional conservation planning and use this in procurement planning by reviewing the state forest action plan and the state wildlife action plan.

These findings do not indicate a current deficiency, but served to alert Drax Biomass International, Inc. to areas that could be strengthened or which could merit future attention.

NSF-ISR also identified the following area where forestry practices and operations for procurement of fiber for Company's mills exceed the basic requirements of the SFI Standard:

- Drax Biomass International, Inc. has utilized opportunities to speak at state Forestry Association meetings, civic groups, and forest landowner groups to support and promote public participation in sustainable forest management. The variety of opportunities makes this a best practice.

General Description of Evidence of Conformity

NSF's audit team used a variety of evidence to determine conformance. A general description of this evidence is provided below, organized by SFI Objective.

Objective 1 – 7 are Not Applicable.

Objective 8. Landowner Outreach - To broaden the practice of sustainable forestry by forest landowners through fiber sourcing programs.

Summary of Evidence – Interviews with staff and stakeholders and review of programs offered (newsletters and brochures on file) were used to confirm these requirements.

Objective 9. Use of Qualified Resource and Qualified Logging Professionals - To broaden the practice of sustainable forestry by encouraging forest landowners to utilize the services of forest management and harvesting professionals.

Summary of Evidence – Training records of selected personnel, records associated with harvest sites audited, and stakeholder interviews were the key evidence for this objective.

Objective 10. Adherence to Best Management Practices - To broaden the practice of sustainable forestry through the use of best management practices to protect water quality.

Summary of Evidence – Field observations and review of BMP monitoring records were the primary evidence used to assess adherence to BMPs.

Objective 11 – 13 are Not Applicable.

Objective 14. Legal and Regulatory Compliance - Compliance with applicable federal, provincial, state and local laws and regulations.

Summary of Evidence – Field reviews of ongoing and completed operations were the most critical evidence. Regulatory organizations contacted included state BMP foresters.

Objective 15. Forestry Research, Science, and Technology - To support forestry research, science, and technology, upon which sustainable forest management decisions are based.

Summary of Evidence – Financial records were confirmed by contacting the recipients of research support.

Objective 16. Training and Education -To improve the implementation of sustainable forestry practices through appropriate training and education programs.

Summary of Evidence – Training records of selected personnel, records associated with harvest sites audited, and stakeholder interviews were the key evidence for this objective.

Objective 17. Community Involvement in the Practice of Sustainable Forestry -

To broaden the practice of sustainable forestry by encouraging the public and forestry community to participate in the commitment to sustainable forestry, and publicly report progress.

Summary of Evidence – Mailing lists, agendas for meetings, and selected summaries of comments were sufficient to assess the requirements.

Objective 18 is Not Applicable.

Objective 19. Communications and Public Reporting - To broaden the practice of sustainable forestry by documenting progress and opportunities for improvement.

Summary of Evidence – Documentation and records were reviewed to ensure key information is available. This is a Certification Audit. No information has been provide to SFI, Inc.

Objective 20. Management Review and Continual Improvement - To promote continual improvement in the practice of sustainable forestry, and to monitor, measure, and report performance in achieving the commitment to sustainable forestry.

Summary of Evidence – Records of program reviews, agendas and notes from management review meetings, and interviews with personnel from all involved levels in the organization were assessed.

Relevance of Forestry Certification

Third-party certification provides assurance that forests are being managed under the principles of sustainable forestry, which are described in the Sustainable Forestry Initiative Standard as:

1. Sustainable Forestry

To practice sustainable forestry to meet the needs of the present without compromising the ability of future generations to meet their own needs by practicing a land stewardship ethic that integrates reforestation and the managing, growing, nurturing and harvesting of trees for useful products and ecosystem services such as the conservation of soil, air and water quality, carbon, biological diversity, wildlife and aquatic habitats, recreation, and aesthetics.

2. Forest Productivity and Health

To provide for regeneration after harvest and maintain the productive capacity of the forest land base, and to protect and maintain long-term forest and soil productivity. In addition, to protect forests from economically or environmentally undesirable levels of wildfire, pests, diseases, invasive exotic plants and animals and other damaging agents and thus maintain and improve long-term forest health and productivity.

3. Protection of Water Resources

To protect water bodies and riparian zones, and to conform with best management practices to protect water quality.

4. Protection of Biological Diversity

To manage forests in ways that protect and promote biological diversity, including animal and plant species, wildlife habitats, and ecological or natural community types.

5. Aesthetics and Recreation

To manage the visual impacts of forest operations, and to provide recreational opportunities for the public.

6. Protection of Special Sites

To manage forests and lands of special significance (ecologically, geologically or culturally important) in a manner that protects their integrity and takes into account their unique qualities.

7. Responsible Fiber Sourcing Practices in North America

To use and promote among other forest landowners sustainable forestry practices that are both scientifically credible and economically, environmentally and socially responsible.

8. Avoidance of Controversial Sources including Illegal Logging in Offshore Fiber Sourcing

To avoid wood fiber from illegally logged forests when procuring fiber outside of North America, and to avoid sourcing fiber from countries without effective social laws.

9. Legal Compliance

To comply with applicable federal, provincial, state, and local forestry and related environmental laws, statutes, and regulations.

10. Research

To support advances in sustainable forest management through forestry research, science and technology.

11. Training and Education

To improve the practice of sustainable forestry through training and education programs.

12. Public Involvement

To broaden the practice of sustainable forestry on public lands through community involvement.

13. Transparency

To broaden the understanding of forest certification to the SFI 2010-2014 Standard by documenting certification audits and making the findings publicly available.

14. Continual Improvement

To continually improve the practice of forest management, and to monitor, measure and report performance in achieving the commitment to sustainable forestry.

Source: Sustainable Forestry Initiative® (SFI) Standard, 2010-2014 Edition