

Sustainable Biomass Partnership (SBP)

Terms of Reference (ToR) of the Advisory Board

(Approved by the SBP Board 23 November 2015)

1. Introduction

The Sustainable Biomass Partnership (SBP) is an industry-led initiative formed in 2013 by major European utilities that use wood-based biomass in large thermal power plants.

It aims to develop and maintain a certification Framework - including standards, structures and processes – to demonstrate compliance with regulatory requirements applicable initially in European Union countries. The Framework is applicable to solid biomass producers worldwide which wish to supply the European market.

The SBP also aims to promote enhanced sustainable forest-management practices and greater uptake of existing internationally-recognised forest-certification schemes in key forest-resource areas serving the European market and increased transparency within the supply-chain.

2. Objectives

The Advisory Board (AB) is an independent forum providing advice to the SBP Board:

- a. The strategic direction of the SBP
- b. The credibility of the SBP Framework, and
- c. Technical and public policy issues.

3. Mandate

The Advisory Board is mandated to:

- a. Review and provide advice and guidance on SBP's mission, strategy, processes and tools including, but not limited to, the SBP Framework standards, process and consultation documents and procedures.
- b. Review the outputs of SBP certification so as to develop an understanding of the social and environmental performance of biomass producers; such review to be undertaken in accordance with any non-disclosure rules and agreements regarding sensitive and/or confidential information
- c. Provide input and advice to the SBP Board on stakeholder opinion regarding the production and use of biomass.
- d. Contribute to the ongoing development of the SBP Framework and stakeholder consultation processes by assisting the SBP Board and providing advice on best practice.
- e. Provide advice on communications
- f. Provide such other advice as it considers is appropriate and relevant to the Advisory Board's objectives.

4. Chair

The Chair shall be appointed by the SBP Board and will regularly attend the Board as an *ex officio* participant, reporting on the advice of the Advisory Board.

The Chair shall have regular communication with the SBP Chair.

5. Members

5.1 Role: Members shall be invited as individual expert advisers or as representatives of their organisations. Prior to appointment, all potential members shall advise the Chair of any potential conflicts of interest including those of a commercial nature.

5.2 Size and Expertise: Membership is anticipated in the range of 10-12 senior-level individuals with expert knowledge and extensive networks including those related to forest resource management; forest products trade; independent verification and certification; sustainability including environment impacts and social issues; civil society group advocacy; energy markets, economics and public policies; industrial operations, research and technology developments.

5.3 Appointment and Term: Members are nominated by the Chair and submitted to the SBP Board for consideration and confirmation. Members shall initially be appointed for a three-year term and are eligible for re-appointment. Members shall not appoint alternates and shall normally be expected to retire if they miss two consecutive meetings.

5.4 Observers: At the Chair's discretion and following notification to the SBP Board, observers may be invited to participate in meetings to provide technical advice

5.5 Representing SBP: Members of the Advisory Board shall not, unless expressly authorised by SBP, represent SBP to external stakeholders. All representation of SBP to external stakeholders is the responsibility of the SBP Executive Director and the SBP Board.

6. Meetings

6.1 Scope: The Advisory Board shall select relevant issues and topics for its focus and discussion in pursuit of its objectives. The SBP Board may also suggest topics for the Advisory Board's consideration.

6.2 Frequency and duration: The Advisory Board shall be expected to meet for a duration of 2-3 days, twice a year – each March/April and September/October in Europe or North America. The Chair, in consultation with the Advisory Board members, and the SBP Board, shall set meeting dates at least 12 months in advance, co-ordinated with the schedule SBP Board meetings. The SBP Chair and Vice-Chair as well as other SBP members shall be invited to attend part of the biannual Advisory Board meetings to hear and share views with members.

6.3 Honorarium: Members are eligible for an honorarium of Euro 2,500 for each meeting attended and reasonable travel and subsistence expenses (Note: economy class travel for journeys below 6 hours and business class for longer journeys). Refunds will be made against evidence of expenditure.

6.4 Chatham House Rule: To encourage full and frank discussion, members shall respect the Chatham House Rule of non-attribution.

6.5 Advice: The Chair shall seek to develop consensus-based advice and recommendations for the SBP Board. When there is a majority view but consensus is not achieved, minority views shall be duly noted. The SBP Board shall fully consider and respond to all advice received from the Advisory Board. .

6.6 Public statements: The Advisory Board shall hold the right to issue public statements pertaining to issues relevant to SBP. Such statements shall not disclose any information that has been provided in confidence. Statements shall be made only when supported by a majority of Advisory Board members. Minority statements, when made, shall be identified as such.

7. Competition/Anti-trust requirements, Conflicts of Interest and Confidentiality

7.1 Competition/Anti-trust: Members shall adhere to the SBP's Anti-Trust Compliancy Policy Statement attached in full as Appendix 1. This Statement shall be referenced at the beginning of each meeting by the Chair.

7.2 Conflicts of interests: Members with any conflicts of interest with particular agenda items shall advise the Chair ahead of, or at the beginning of, each meeting and absent themselves from the meeting room during consideration of the item.

7.3 Confidentiality: Members shall maintain strict confidentiality regarding any designated commercially or politically sensitive information which might be shared during the course of meetings and shall abide by any non-disclosure agreement relating to confidential or commercially sensitive information.

8. Management, administration & resourcing

The SBP Executive Director shall designate an SBP staff member with a liaison role to support the Chair including with member liaison and meeting content, organisation and preparing summaries of advice.

The Executive Director shall directly manage the AB budget in consultation with the Chair. On an as-needs-basis and in consultation with the Executive Director, the Chair may contract (through SBP) outside specialist services e.g. for meeting facilitation.

SBP Anti-trust Compliance Policy Statement

SBP is a not-for-profit business initiative, established by companies in the European energy utility industry that are committed to advancing environmentally sustainable, good social and economically viable practices in their global biomass supply chain.

The member organisations of SBP believe that the objectives of SBP can best be advanced through collaborative efforts. SBP and its member organisations acknowledge and understand that their activities must at all times be undertaken with an understanding of the importance of compliance with all applicable laws and regulations, including but not limited to laws and regulations relating to antitrust and competition.

These laws are intended to preserve and promote free, fair and open competition. Failure to abide by these laws can potentially have extremely serious consequences for SBP and its member organizations.

The policy of SBP, its operating committees and its member organisations is therefore to conduct all of its activities in strict compliance with all applicable antitrust and competition laws, in order to facilitate legitimate pro-competitive and other activities that help advance the objectives of the initiative. It is therefore against the policy of SBP to sponsor, encourage or tolerate any discussion, communication, information-sharing or agreement that would violate applicable anti-trust or competition laws.

Any discussion, communication or agreement relating to strategic information, including but not limited to the following, should therefore be strictly avoided:

- Actual prices, pricing policies, bids, discounts, promotions, terms of sale or credit, royalties, or license fees;
- Customer lists;
- Production costs or volumes;
- Costs, profits or turnover of individual companies, products or services;
- Offers or sales volumes to customers or territorial markets;
- Marketing plans;
- Production quotas, output, capacity or inventory;
- Purchased volumes and demand;
- Boycotts and refusals to deal with particular companies or groups;
- Agreements concerning individual company decisions on whether to produce certain products, adopt certain product designs, or carry out specific product release dates or cycles;
- Risks;
- Investments; or
- Technologies and R&D programmes and their results.

No discussion, communication or agreement of this type should occur during, in or around SBP meetings or calls, whether written, oral, formal, informal, in social settings, or “off the record.” Each SBP member is required to stop any discussions that violate this policy and report any violations to its own appropriate counsel.

While an important objective for SBP will be development of common principles for responsible sourcing, it is stressed that such principles or associated standards will only be passed in strict

compliance with the applicable anti-trust or competition laws and upon legal review by appropriate counsel. In any event, such standards are not intended to limit any company's freedom or discretion to make its own business decisions, to prevent the manufacture or sale of any product not conforming to such a specified standard, or to have the effect of restraining competition, including amongst suppliers and sub-contractors to the member organisations of SBP.

Further, no activity shall include any discussion or action that might be construed as an agreement or understanding to refrain from purchasing (or limit the prices paid for) any raw materials, semi-finished products, equipment, services or other supplies from any supplier.

In each meeting, minutes will be prepared and subsequently shared with all participants and approved by participants at the subsequent meeting in SBP. A summary of the outcomes of the meetings will be made public after final approval of the participants.

The following statement will be included on the agenda of all SBP meetings:

"Attendees are kindly reminded that SBP is committed to complying with all relevant antitrust and competition laws and regulations and, to that end, has adopted an Anti-trust Policy Statement, compliance with which is a condition of continued SBP membership. Failure to abide by these laws can potentially have extremely serious consequences for SBP and its member organisations. You are therefore asked to have due regard to this Policy today and in respect of all other SBP activities."

A copy of this antitrust compliance policy statement will be provided to all member organizations and participants on SBP committees. This statement is a general guide only and all questions concerning antitrust and competition law compliance should be referred to appropriate counsel.