

Terms of Reference

IWPB Sounding Board

Background to the IWPB

The Initiative of Wood Pellet Buyers (IWPB) is intended to evolve into a joint initiative involving companies which produce, procure or trade solid biomass for energy purposes or operate large scale biomass plants. The IWPB was originally formed in 2010 with a mandate to prepare a common approach for contracts, technical specification and sustainability to facilitate intercompany trading. Since 2012, the IWPB has been mandated to develop an effective and credible sustainability certification scheme for the procurement of sustainable biomass.

The IWPB Steering Committee is a temporary working group with the specific purpose of developing and implementing the first version of the IWPB sustainability certification scheme. The Steering Committee will establish an independent organisation to manage and administer the certification scheme; at which time the Steering Committee is intended to be terminated and will be succeeded by the independent organisation.

The IWPB has identified two distinct objectives in order to deliver its mandate:

Objective 1 is to develop a sustainability certification scheme that delivers compliance with EU and member state sustainability regulations. Current energy utility certification / verification schemes (i.e. GGL, Drax, and SGS Laborelec) will be harmonised to form the basis of a single certification scheme. The aim is for initial use in 2013 although timing is dependent on the passage of legislation in the EU and various Member States.

Objective 2 is to seek broader ownership of and participation in the scheme, including regulators, producers, end-users and NGOs, building trust and credibility, and gaining recognition as a widely accepted European standard for solid bioenergy sustainability. Work to progress the two Objectives will proceed in parallel, with the intent that the sustainability scheme developed under Objective 1 can be evolved to fulfil the requirements of Objective 2 by 2015.

Further details are presented in an outline PowerPoint presentation, included as an Appendix to this document.

Aim / Function

The aim of the IWPB Steering Committee is to develop a Certification Scheme that can credibly demonstrate the sustainability and carbon benefits of solid biomass, including delivering compliance with various EU/MS sustainability criteria.

In due course, the IWPB Steering Committee is expected to constitute Executive and Advisory Boards for the sustainability scheme.

The Sounding Board is a prototype Advisory Board responsible for providing advice to the IWPB Steering Committee (and successor) in its strategic decision-making and the development of associated multi stakeholder processes. Such advice will be both specifically solicited by the IWPB Steering Committee /Executive Board, and unsolicited as deemed necessary by the

Sounding Board in order to guide the IWPB Steering Committee / Executive Board on the achievement of its objectives.

The Steering Committee / Executive Board will consider all advice and will discuss all recommendations with the Sounding Board.

The immediate priority of the Sounding Board will be the technical review of the documentation describing the harmonised scheme which is intended to meet legislative requirements that are expected to be in place by the end of 2013.

Governance Structure / Membership

In the period prior to the constitution of the IWPB Executive Board, the IWPB Sounding Board will provide advice to the IWPB Steering Committee.

The IWPB Steering Committee intends to transition the Sounding Board into a formal Advisory Board in Q4 2013. The Sounding Board will be requested to provide advice to the IWPB Steering Committee on the constitution and membership of the Advisory Board.

The Chairman of the Sounding Board is independent from both the members of the IWPB and any other biofuel / biomass sustainability scheme. The Chairman will have an international track record regarding leadership and sustainability, and should be acceptable for all stakeholders involved in the IWPB process. The Chairman will be appointed by the IWPB Steering Committee to facilitate the timely formation of the Sounding Board. Once the Advisory board is established, it will be responsible for appointing a suitable chair.

It is envisaged that membership of the Sounding Board will consist of an independent Chairman and organisations according to the list identified below:

- *EU / Member State Authorities*
- *Producers / Forestry Representatives*
- *NGOs*
- *Forest Sustainability Certification Schemes*

Academia In the first instance, it will be the responsibility of the IWPB Steering Committee to select and invite representatives to participate in the Sounding Board. This responsibility will pass to the IWPB Executive Board once constituted.

The membership of the Sounding Board will evolve to meet scheme requirements as they develop and the Sounding Board will be able to make suggestions on future composition

All members of the Sounding Board / Advisory Board will be independent from the IWPB scheme to ensure that the advice of the Sounding Board / Advisory Board is unbiased and free from potential conflicts of interest. until

Responsibilities of Sounding Board

The Sounding Board will be responsible for providing advice (both solicited and unsolicited) to the IWPB Steering Committee / Executive Board on the following topics (the line of reporting will pass to the IWPB Executive Board once constituted):

- Certification Scheme governance;
- Certification scheme objectives;
- Standard development;
- Assessment of sustainability science developments;
- Practical implementation, including application in areas of less well developed governance;
- Interaction of IWPB sustainability scheme with other schemes / standards;
- Measures to improve / safeguard reputation of IWPB as a robust credible certification scheme with external stakeholders.

Over time the Sounding Board will review the implementation, reputation and performance of the scheme.

The Steering Committee / Executive Board can request the Sounding Board to consider specific issues and the Sounding Board can bring specific issue to the attention of the Steering Committee / Executive Board on its own initiative. If necessary, the Sounding Board can form a temporary working committee to provide support to the Sounding Board with the preparation of documents, etc.

Internal processes and decision making

Once constituted, the Sounding Board will define its own rules for internal processes and decision making. The Sounding Board is expected to seek consensus in recommendations / advice provided to the Steering Committee / Executive Board.

Responsibilities of Chairman

The Chairman is to be an important link between the Sounding Board and the Steering Committee / Executive Board, securing an efficient cooperation. The Chairman will foster balanced discussions in which all parties are heard and will seek consensus within the Sounding Board, and will aim to provide consolidated advice representing the views of all members to the Steering Committee / Executive Board.

If the Steering Committee / Executive Board sees a need, the Chairman can be asked to participate in meetings with 3rd parties together with one or more members of the Steering Committee. The Chairman of the Sounding Board will not represent IWPB alone.

Remuneration

If necessary, non-commercial organisations (e.g. Academia, NGOs) will be offered a fee to cover the costs of their participation.

Reasonable travel expenses incurred by any member will be reimbursed on request and the provision of receipts.

Secretariat

The Sounding Board will be supported by the IWPB Secretariat. The Secretariat will be responsible for the administration of the function of the Sounding Board, for example in preparation of meetings / agenda, distribution / dissemination of information to members, coordination, support to chair, creation and maintaining appropriate records of advice given.

Meetings

It is currently envisaged that the Sounding Board will be initiated with a launch meeting in Q2 2013, followed by meetings approximately every 2 months until end 2013. Thereafter, the frequency of meetings is anticipated to reduce; as advised by the Sounding Board.

Meetings will ordinarily be convened at a location with good transport links that is easily accessible from within Europe.

Meetings should be attended by all members. In the event that circumstances dictate that a member cannot attend, it is expected that the member organisation will provide a suitable / appropriately authorised deputy.

Meetings will be attended by a minimum of 2 IWPB Steering Committee / Executive Board representatives, of whom at least 1 will be the IWPB Steering Committee joint chair. IWPB Steering Committee / Executive Board representatives will freely participate in the discussions of the Sounding Board, but will have no vote in the Sounding Board decision making.

Meetings will be conducted under the Chatham House Rule. The Chatham House rule is defined as follows:

When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

The Agenda for each meeting will be prepared by the Secretariat, following guidance from the Sounding Board Chairman.

Communication

A detailed report of each meeting will be prepared by the Secretariat and will be made available to members of the Sounding Board and IWPB Steering Committee / Executive Board soon after the meeting.

Following review of the detailed report, the Secretariat will prepare a summary of the main findings of the meeting, which will thence be made public.

All representation of the IWPB to external stakeholders will be the responsibility of the IWPB Steering Committee / Executive Board. The Sounding Board is expected to advise the Steering Committee on external representation, and be available to support Steering Committee / Executive Board in external representations as required.