

1. Introduction

In H1 2017 an initial governance analysis of 12 existing certification systems was carried out by the SBP *Secretariat*. Initial recommendations for an SBP governance set-up were presented and discussed with various stakeholder groups and the SBP Board. There is general support for a structure where a *Board of Directors (BoD)* and two committees, a *Standards Committee* (initially Stakeholder Committee) and a *Technical Committee*, form the core of SBP's future governance arrangements. The agreed make-up of these core bodies is defined in more detail in section 4. In June 2018, it was decided that in addition to the governance set-up as described above, a *Stakeholder Advisory Group* should be established.

Words in *italics* are defined in more detail in section 5.

2. Updates since November 2017

Stakeholder feedback: The GTP and the overall intention to transform the SBP system to become a stakeholder organisation has been presented and communicated on various occasions in the past months, including at the Argus Biomass Conference in London, the CMT Biomass Conference in Tokyo and the ENPEB & SBP workshop in Lisbon. Stakeholder feedback continues to be positive.

Governance Documents: Amended Articles of Association (AoA) and Terms of Reference (ToR) for the new *Board of Directors* and the new *Standards Committee* and *Technical Committee* have been drafted, legally reviewed and undergone a public consultation process. These documents are currently under technical and legal review to address the stakeholder inputs. Revised documents are planned to be drafted at the end of Q3.

Nominations Process: The SBP Board has established a nominations committee and has agreed procedures for nominations and appointments of the new Directors (future SBP Board Members) and Committee members. Recruitment of the nine (9) Director positions (including representatives of public interest groups, biomass producers and biomass end-users) as well as the ten (10) *Standards Committee* members is in full progress. The set of requirements and qualifications for individual nominees to be considered for the future SBP Board has been defined and is published on the SBP website.

In March 2018, Francis Sullivan was appointed as the independent Chair of the Board. Please find more detailed information on the SBP website at: <https://sbp-cert.org/about-us/governance/sbp-board>. He has been in office since 1 July 2018 and has joined the current Board ahead of the scheduled governance transition scheduled for January 2019, allowing a phase out of the current Board and a phase in of the new Board.

The current SBP Stakeholder Committee has developed nomination criteria for *Standards Committee* members and is working on a candidate long list to support the work of the nominations committee.

The members of the future Board and Committees will be announced when these are set up, which is anticipated for Q4 2018.

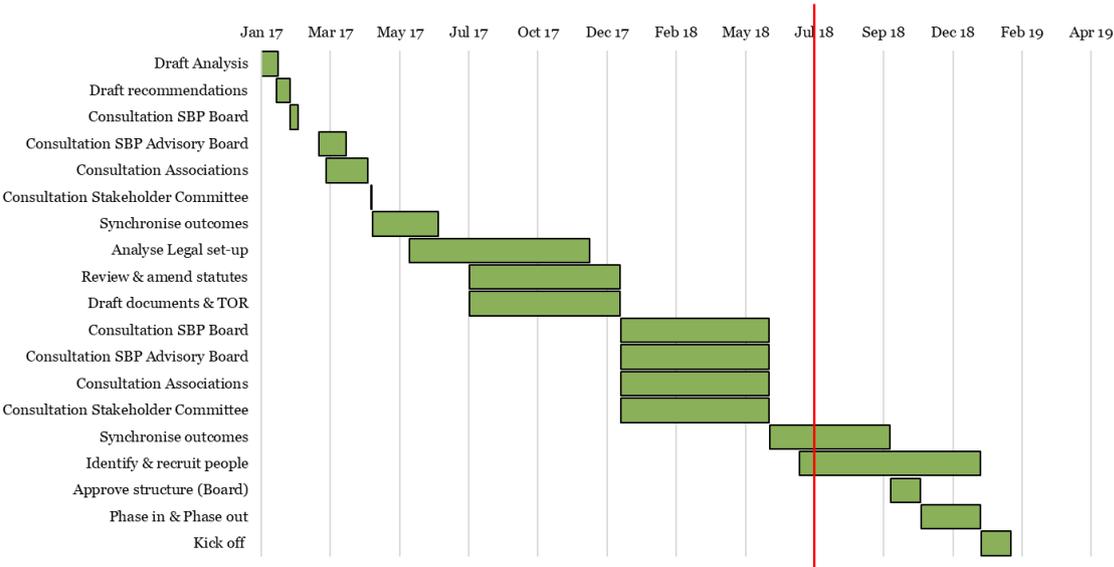
Financial transparency and independence: SBP is a not-for-profit organisation, legally based and registered in the UK as a company limited by guarantee. Until the end of 2017, SBP was fully funded by its founding members (currently there are eight members, all of which are biomass end-users and are represented on the SBP Board). In 2018, funding will be through a mix of mostly certificate holder fees and member funding. With the introduction of the new governance arrangements in 2019, member funding will no longer be applicable, and revenue will be based solely on certificate holder fees.

The initial invoicing of SBP-certified, volume based certificate holder fees was successfully launched in January 2018. At this time we believe that the amount of SBP-certified biomass is sufficient to trigger the necessary fees to cover SBP’s running costs for 2018.

Please find financial information from 2016 to 2018 published on the SBP website at: <https://sbp-cert.org/about-us/financial-information>

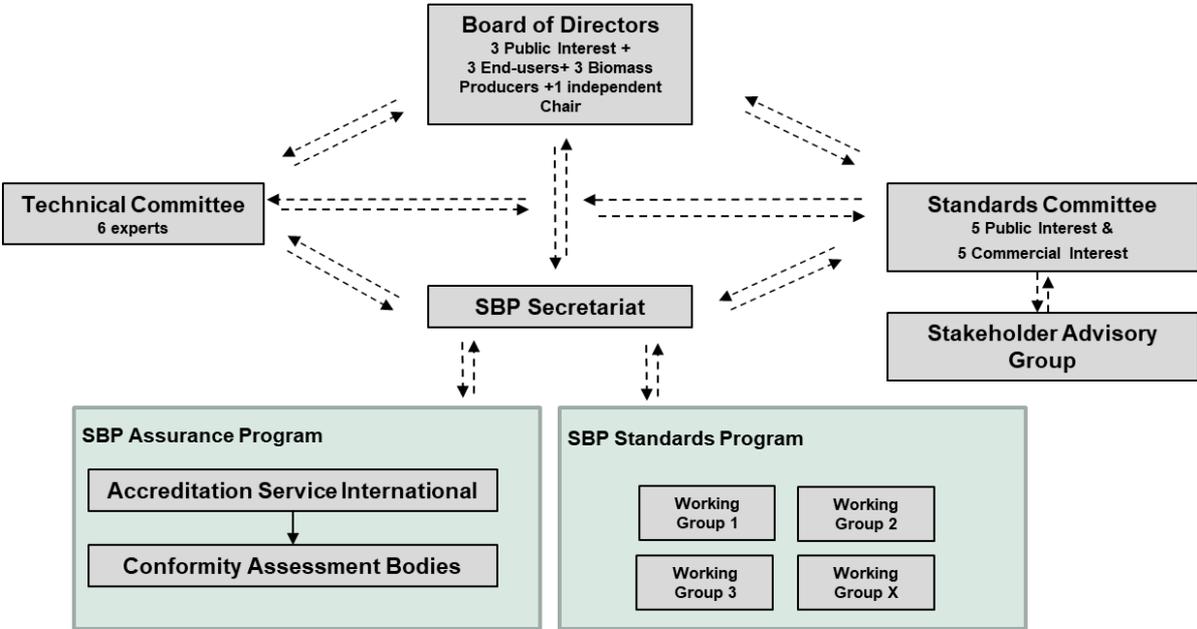
3. Timeline

The GTP implementation plan is on track.



4. Amended Governance Structure

Based on stakeholder input received a desired governance structure is emerging as follows:



5. Definitions

Assurance Program

The *Assurance Program* is operated and managed by the SBP *Secretariat*. It includes activities in relation to the oversight and monitoring of the implementation of the SBP *Accreditation Program* and *Certification Program*.

- **Accreditation Program**

The *Accreditation Program* is operated and managed by Accreditation Services International (ASI). It includes activities in relation to the evaluation and the accreditation of Conformity Assessment Bodies (CABs or Certification Bodies) in accordance with the SBP accreditation requirements.

- **Certification Program**

The Certification Program is developed by SBP and includes all activities in relation to the evaluation of applicant companies for SBP certification and/or the surveillance of SBP-certified companies by Conformity Assessment Bodies (CABs or Certification Bodies) accredited for SBP certification services.

Board of Directors

The *Board of Directors (BoD)* is responsible for overseeing the realisation of SBP's mission and vision, and the implementation of the new governance arrangements, as well as setting the overall strategy, direction and budget. A three-quarters majority vote is required to amend the Articles of Association, thereby safeguarding SBP's objectives. Decisions on standard setting are delegated to the new *Standards Committee*.

The objective is to have a new *BoD* comprising a maximum of ten (10) Board members. There shall be three (3) Stakeholder Groups within the Board, each with up to three (3) members. The composition of the Board shall be as follows:

- One (1) independent Chair
- Three (3) biomass producers
- Three (3) end-users
- Three (3) public interest groups

The *biomass producers group* shall be made up of representatives from biomass producing companies. The *end-users group* shall be made up of representatives from biomass end-users. The *public interest group* shall be made up of representatives from, for example, science, social NGOs, unions, environmental/conservation NGOs and/or other relevant public interest bodies.

The current *BoD* will initially appoint the new Board members. *BoD* members serve in a non-partisan capacity (that is, the individual is appointed to represent the stakeholder group, for example, end-users, producers etc, not the organisation the *BoD* member is affiliated to) chosen for their knowledge, integrity, expertise and support for SBP's objectives. Members of the *BoD* will have a three-year term. New members of the *BoD* following the transition will be identified by a nominations committee and appointed by the serving *BoD*.

Commercial Interest Group

The *Commercial Interest Group* is a group of SBP stakeholders that includes, but is not limited to, representatives from, for example, biomass producers, biomass end-users, biomass traders, forest managers/owners and/or other relevant commercial interest groups.

Public Interest Group

The Public Interest Group is a group of SBP stakeholders that includes, but is not limited to, representatives from, for example, science, social NGOs, unions, environmental/ conservation NGOs and/or other relevant public interest groups.

Secretariat

The SBP *Secretariat* is led by its CEO who is in charge of the day-to-day management of SBP's operations and who reports to the *BoD*. The CEO is supported by a dedicated team and together they focus on the implementation of the *Standards Program*, the *Assurance Program* and continuous engagement with SBP-certified companies and all other stakeholders.

Stakeholder Advisory Group

The SBP Stakeholder Advisory Group (the Group) is a representation of SBP Stakeholders. The role of the Group is to provide stakeholder advice to support the SBP *Standards Committee* in:

- Provision of technical advice on the development, implementation and maintenance of SBP standards.
- All the activities necessary to make SBP an efficient and effective organisation.

The ToR is currently being drafted.

Standards Committee

The main functions of the *Standards Committee (StdCom)* are:

- to make decisions on and approve new and amended standards;
- to provide views, advice, recommendations and informed opinions to the *BoD* on the standards and their implementation and application through the program;
- to provide strategic and tactical advice on other functions of the organisation;
- to provide advice and views on existing and emerging issues which may affect the ability of the system to implement its program and achieve its strategic goals;
- to bring attention to new issues/influences that may affect the system's ability to achieve its mission; and
- to address and give views on specific matters on which the *BoD* requests advice.

The objective is to have a *StdCom* comprising a maximum of ten (10) members. There shall be two (2) stakeholder groups within the *StdCom*, each with up to five (5) members. The composition of the *StdCom* shall be as follows:

- Five (5) public interest groups
- Five (5) commercial interest groups

The public interest group shall be made up of representatives from, for example, science, social NGOs, unions, environmental/conservation NGOs and/or other relevant public interests groups. The commercial interest group shall be made up of representatives from, for example, biomass producers, biomass end-users, biomass traders, forest managers/owners and/or other relevant commercial interest groups.

The new *BoD* will initially appoint the *StdCom* members. *StdCom* members serve in a non-partisan capacity, not as representatives of their organisations, chosen for their knowledge, expertise and support for SBP. *StdCom* members are appointed for a two-year term. The *StdCom* members will appoint two Co-Chairs, one for the *commercial interest group* and one for the *public interest group*. New *StdCom* members will be identified by existing *StdCom* members and appointed by the serving *StdCom*.

Standards Program

The *Standards Program* is operated and managed by the SBP *Secretariat*. It includes activities relating to the development of normative and non-normative documents required to operate the *Assurance Program*.

Technical Committee

The *Technical Committee (TC)* advises the *BoD* and *StdCom* on technical and scientific matters, including advising on the SBP standards, maintaining documents relating to the standards, developing methodologies for certification and accreditation and reviewing and advising on the progress of certifications.

The objective is to have a *TC* comprising a maximum of six (6) members. Stakeholder groups are not relevant for the *TC*. The new *BoD* will initially appoint the *TC* members. *TC* members serve in a non-partisan capacity, not as representatives of their organisations, chosen for their knowledge, expertise and support for SBP. *TC* members are appointed for a three-year term. The *TC* appoints its Chair. New members will be identified by existing *TC* members and appointed by the serving *BoD*.

Working Group(s)

SBP *Working Groups* are part of the *Standards Program*. A *Working Group* is an ad hoc group of subject matter experts working together to achieve specified goals. *Working groups* are established when and as needed on the recommendation of the *BoD*, the *StdCom*, the *TC* or the SBP *Secretariat*. A *Working Group* is disbanded when it has achieved its goal(s).

6. Next steps in 2018

SBP will work on:

- Draft and publish the revised AoA and ToR;
- nomination of Directors for the new Board; and
- Nomination of Members for the new Committees.