Sustainable Biomass Program Annual Review 2022



The cromise of good biomass

Welcome to SBP

SBP is an independent, multi-stakeholder certification scheme initially designed for biomass used in large-scale energy production.

We have achieved international recognition as a solution for Biomass Producers, Traders and End-users to demonstrate responsible sourcing practice.

As a sourcing standard, we focus on the legality and sustainability aspects and attributes of feedstock used in biomass production. Our unique Data Transfer System tracks woody biomass transactions along the supply chain, collecting and collating data to enable life-cycle greenhouse gas emissions calculations to be made.

As the contribution of biomass towards meeting global climate targets grows in significance, our aim is to strengthen our proposition as the global biomass certification scheme of choice, pursuing opportunities within and beyond woody feedstocks and within and beyond the energy sector.

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Emerging from the restrictions imposed by the COVID-19 pandemic, whilst refreshing also brought into sharp relief the evolving trends and interests characterising business and the sustainable biomass sector.

During 2022, in common with

strengthened our grasp on the

our data security, and took a

renewed look at the climate

shaping the future of all

businesses.

driving choice.

challenge that is increasingly

As the owner of a sustainable-sourcing

practices in support of sustainable

water and other natural resources as

standard, we are focused on responsible

development. We are acutely aware of the

growing interest in conserving biodiversity,

well as adopting circular practices. And we

recognise that ethical working practices and

human rights issues are also increasingly

digital transformation, reviewed

many businesses. we weathered

inflation and economic downturn.

We see ourselves as an agent of change, enabling informed decision-making and supporting those organisations that are in it for the long term. Those who understand the importance of the triple bottom line – people, planet and prosperity.

SBP in the context of 2030

During 2022, the Board reviewed our strategy in detail, contributing actively to its development. We took stock of the progress that SBP has made since its beginnings and looked to the future, identifying forecasts and trends out to 2030.

It is clear that biomass has a huge role to play in the transition from fossil fuels, not just as an energy source but in other uses, such as feedstock material in bio-based materials production. It is equally clear that only sustainably-sourced biomass should fulfil that role, and that belief is at the heart of our strategy for the three-year period to the end of 2025.

Our refreshed purpose, to expand the contribution of good biomass to the global bioeconomy, expresses our overarching longterm ambition, well beyond the three-year period of the strategy. It encapsulates well the pledge of transformation. With collaboration and transparency as our watchwords, together with all our stakeholders we will strive for something better – a better way to source feedstock, a better world.

Governance matters

Our governing bodies worked tirelessly throughout 2022. The Standards Committee spent the year steeped in the Standards Development Process, scrutinising the proposals presented by the Working Groups, output from public consultations and pilot testing, and receiving good, solid practical advice from the Technical Committee.

The Standards Committee conscientiously concluded its work in the first quarter of 2023 with the approval of the revised Standards. In March 2023, the Board unanimously endorsed the approval decision.

Our multi-stakeholder governance arrangements have worked well since their introduction four years ago. As Chair, I have undertaken annual appraisals with the Board collectively and with individual directors to assess SBP's governance and management.

Four years on, in the wake of the completion of our Standards Development Process, we will leverage the experience of that first review and revision process using lessons learnt to inform a review of the governance and oversight arrangements for our Standards. Our aim is to ensure that we continue to have high-functioning governing bodies with true representation of diverse stakeholder interests.

Finally, on governance matters, I should like to express my sincere thanks to Will Gardiner, CEO of Drax Group, who stepped down from the Board in March 2023. Will served as a director in a personal capacity since January 2019, and made a valuable contribution to our organisation.

Celebrating a decade

This year we celebrate our 10-year anniversary, which is traditionally recognised as an important milestone symbolising resilience and durability. It is an appropriate foundation on which to build a new chapter in the history of SBP.

A combination of our refreshed core strategy and revised Standards make a compelling case for broader adoption of our certification scheme and for broadening and deepening our relationships with all our stakeholders. We are confident that together we can rise to the challenge of making a difference and delivering positive impact through our promise of good biomass.

I am grateful to all our stakeholders who have supported us so far and I invite new stakeholders to engage with us and make SBP the best organisation it can be. An integrated approach is critical to our success, and I look forward to strengthening our engagement and collaboration effort. My thanks also to the Secretariat and our service providers for the commitment they have shown.

Franis Sullivan

Francis Sullivan Chair 2 August 2023

Our market footprint

Snapshot of our market footprint





9,477 Number of transactions recorded in the Data Transfer System (DTS) in 2022 (2021: 17, 377)

15.95Mt

produced and sold in 2022 (2021: 16.70Mt) of which 13.35Mt (2021: 14.50Mt) pellets

and 2.60Mt (2021: 2.20Mt) chips



15.50Mt Total SBP-compliant biomass

produced and sold in 2022 (2021: 16.20Mt)

of which 12.90Mt (2021: 14.05Mt) pellets and 2.60Mt (2021: 2.15Mt) chips

0.50Mt

produced and sold in 2022 (2021: 0.50Mt)

of which 480kt (2021: 480kt) pellets and 10kt (2021: 20kt) chips

Notes:

Figures are derived from unaudited Data Transfer System (DTS) data. Tonnages are rounded to the nearest 0.05Mt.

¹ Consumed by European End-users.

² Europe refers to Belgium, Denmark, Finland, France (and French territories), Netherlands, Poland, Sweden, United Kingdom and Other EU27.
 ³ Hawkins Wright, 2022 industrial pellet demand estimates for combined heat and power, and dedicated power.

14.80Mt

consumed in 2022^{1,2} (2021: 16.45Mt)

of which 12.35Mt (2021: 14.35Mt) pellets and 2.45Mt (2021: 2.10Mt) chips



76.8%

82.5%

78.9%

53.4%

61.3%

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Performance

Making a difference

Overview

Production, trade and consumption of SBP-certified biomass in 2022¹

14.80Mt

US

7.80Mt

(2021: 6.95Mt)

Europe^{2,3}

(2021: 16.45Mt)

Produced and sold

Europe consumed

Trade flows

Rest of World

(2021: 0.30Mt)

0.40Mt

Russia

Europe **6.00**

(2021: 6.60Mt)

(2021: 1.25Mt)

0.40Mt

Europe industrial pellet consumption in 2022^{3,4}



Canada

(2021: 1.60Mt)

1.35Mt

Figures are derived from unaudited Data Transfer System (DTS) data. Tonnages are rounded to the nearest 0.05Mt.

¹ Trade flow volumes are those produced and sold by Biomass Producers and exclude any additional trade activity.
² Consumed by European End-users.

Europe refers to Belgium, Denmark, Finland, France (and French territories), Netherlands, Poland, Sweden, United Kingdom and Other EU27.

^e Hawkins Wright, 2022 industrial pellet demand estimates for combined heat and power, and dedicated power.

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Statement by the Chief Executive Officer

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Throughout the year we continued to do what we do best, through a combination of focusing on our core competences, being alert to changes in our external environment and ensuring that our certification scheme is fit-for-purpose and future-proofed.

The relevance of our certification scheme becomes ever clearer as the potential contribution from biomass in the transition from fossil fuels out to 2030 and beyond is widely recognised as significant. Our role is to ensure that only responsibly-sourced biomass has a place in the global bioeconomy, and our know-how and assets make us well-placed to contribute meaningfully to the opportunities ahead.

The world around us

As the year progressed there was the sense that the world was resuming normalcy. Even as a virtual organisation we are not immune to the hybrid working trend that is sweeping companies worldwide. For us, emergence from COVID-19 restrictions did see a return to in-person meetings but they were, and will continue to be, punctuated by remote meetings as more people are offered the autonomy to choose to work wherever and however they are most productive.

We are not impervious to geopolitics, and were troubled by the events of Russia's invasion of Ukraine. The trade of wood and wood products came under scrutiny as economic sanctions were imposed across the globe. We acted by terminating all SBP certificates in Russia and Belarus with inevitable consequences for our Certificate Holder base and revenue and expenditure. However, our sufficient cash reserves enabled us to manage the resultant decrease in revenue and increase in costs due to bad debt.

Our Certificate Holder base

The year-on-year increase in Certificate Holders that has characterised our growth up to the end of 2021 came to a halt in 2022. At the end of 2022, our Certificate Holder number had decreased to 246, a decrease of 30% on 2021.

We are well-placed to take a leadership role in assuring sustainably-sourced biomass in the global bioeconomy."

> **Carsten Huljus** Chief Executive Officer

Some 93% of that decrease is accounted for by the certificate terminations due to the Russia-Ukraine conflict. We anticipate a modest recovery in those numbers in 2023 through our pipeline of applicants.

Our geographic reach increased from 33 countries to 34, with the loss of Belarus and Russia offset by the gain of Réunion, Singapore and South Africa.

Consistent with the decrease in Certificate Holder numbers, the volume of SBP-certified biomass in the marketplace also decreased year-on-year by 0.75 million tonnes to 15.95 million tonnes for 2022.

The end of a strategy period

The end of the year marked the end of our three-year strategy, which commenced in 2020. On page 09, we summarise the key achievements of the three-year period that together have supported the delivery of our four Strategic Aims.

Through positioning ourselves as the woody biomass certification scheme of choice and upholding our promise of good biomass, we have maintained our relevance in the marketplace, enabled informed and responsible choices throughout the supply chain, kept up-to-date with best practice, and informed the biomass debate.

As one strategy period neared its end, we prepared to take our business to the next level through a comprehensive review of our purpose and core strategy. The review was one of the key priorities identified for 2022, and is reported on below.

During 2022, several actions underpinned our readiness to pursue our refreshed core strategy. Amongst them, partnering with the ANSI National Accreditation Board (ANAB) as our accreditation services provider and manager of our assurance program will help us to manage the risks associated with our plans for growth. And formal recognition as a voluntary scheme under the recast Renewable Energy Directive (REDII) maintains our market relevance and attests that our Standards are, at a minimum, aligned with current European legislation on biomass sustainability.

Below I report on the advancement of our key priorities for the year and introduce those for 2023.

Key priorities for 2022

Strategy review

The strategy review ran throughout the year, and in June 2023 we published our strategy for the three-year period to the end of 2025, which can be viewed **here.**

Research and consulting business, Change Agency, supported us during the process. Initially through conducting a number of interviews with stakeholders and producing a scoping study to frame the review, and then by offering guidance and wise counsel during the development phase.

Our strategy draws on our past but chiefly looks to the future. It explains our refreshed purpose, defines what we mean by good biomass and sets out our ambitions and commitments for the three-year period as a framework for our annual investment and operational plans.

Reflecting our confidence both in the future of good biomass and in our contribution to it, while acknowledging those areas where we can do more or improve, our strategy combines both continuous improvement and growth. Our core strategy is summarised on page 10.

Governance

Statement by the Chief Executive Officer (continued)

Stakeholder engagement

To help us navigate our way through the important area of stakeholder engagement, we worked with Robertsbridge, a consultancy company with a solid reputation for independence of thought and a track record of working with Civil Society and business stakeholders.

Robertsbridge engaged a variety of stakeholders to generate insights on ways to encourage greater stakeholder buy-in. Following in-depth interviews with policymakers, NGOs, scientists and commercial organisations across certification markets, a number of recommendations were made to inform the stakeholder engagement and collaboration considerations of our strategy review.

In particular, input from the stakeholder interviews highlighted the need for targeted, purposeful and transparent engagement, and the need to acknowledge regional sensitivities both within our Standards and our governance arrangements. Contributing to the furtherance of research to address key knowledge gaps and continuing to build our evidence-based narrative to secure a place in the biomass debate were also key takeaways from the feedback received, as was the role for SBP to contribute to the process of defining good biomass. Each aspect has been integrated into our strategy for the three-year period to the end of 2025.

Standards roll-out

In conjunction with our Technical Committee and Standards Committee, considerable time and effort was spent during the year on finalising the revised Standards (see pages 21 to 25 for more detail).

In the first half of the year, pilot testing was conducted in key producer regions across a representative sample of Certificate Holders, both chip and pellet producers, small and large. Feedback from the pilots provided useful insights to practicalities of implementation and allowed further improvements to be made to the requirements.

Following scrutiny by our Committees, the important topic of forest carbon was subject to additional public consultation before the full suite of revised Standards was released for a third and final round of public consultation.

Following approval by the Standards Committee, our Board endorsed the revised Standards (SBP Standards v2.0) in March 2023.

In parallel we prepared a detailed roll-out plan, with various stages designed to ensure a smooth transition for all Certificate Holders, both new and old. The Standards Committee reviewed and approved the plan, and was keen to ensure that an appropriate monitoring and feedback mechanism would be in place during the transition to the revised Standards.

Key priorities for 2023

Standards implementation

To aid understanding and support implementation of the revised Standards, a number of discrete activities will be undertaken, including training, provision of guidance documents, digitalisation and IT systems updates, and more general communications activities.

By closely monitoring implementation progress and establishing a feedback mechanism, we will ensure a consistent approach across our Certificate Holder base and will be able to act promptly should any issues arise.

Certificate Holders will have a period of 15 months, from the effective date, within which to make the transition to the revised Standards. We foresee no reasons that will prevent Certificate Holders from making that transition, and importantly we will be close at hand throughout that period to offer any assistance required.

Beyond the roll-out and implementation of our revised Standards and up to the next review and revision period, certain workstreams, for example, on forest carbon, will be taken forward. Such work will signal the direction of travel and, benefiting from greater exploration and understanding of those more complex issues, we will prepare the ground to ensure that we are fully equipped to push the boundaries of our Standards.

Developing our three-year work plan

In support of our refreshed strategy, we will be developing and implementing a three-year work plan. In addition to the business-as-usual activities, the work plan will highlight specific activities that will be pursued in fulfilment of the five Focus Areas identified as critical to supporting our four Strategic Aims (see page 10).

Articulating the causal relationships between our Strategic Aims and purpose, our Theory of Change will be updated and impact pathways identified that will describe the desired outputs, outcomes and intended impacts of our work plan.

We will build on the three key pillars of our revised Standards, Theory of Change and the key impacts we have monitored since 2017 in place, to develop a more sophisticated approach to monitoring our impacts.

Evolving our governance and oversight

In line with best practice we periodically assess our governance and oversight processes. Having now completed the Standards Development Process, it is opportune to review what went well and what did not. The lessons learnt will inform a review of the governance and oversight arrangements for our Standards.

The review will include how well our current arrangements are functioning, the representation of stakeholder voices and interests, and terms of engagement in relation to the oversight, review and operation of our Standards.

We are always mindful of the capabilities, skills and competences needed throughout our governance and management structure, including those around our Standards, and we will invest in the time and resources necessary to our governing bodies are supported by those of the highest calibre.

Closing remarks

As always, we have received a tremendous amount of support from our many and varied stakeholders. The members of our Board and Committees have discharged their responsibilities most diligently. And our first standards revision process was a huge collaborative effort. I am extremely grateful to all who participated, we simply could not have done it without you.

To date, we have focused on our core competences and built on our strengths to improve what we are and what we do, whilst exploring opportunities for future growth. We are well prepared for our next challenge, and well-placed to take a leadership role in assuring sustainably-sourced biomass in the global bioeconomy.

Carsten Huljus Chief Executive Officer 2 August 2023

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Our strategy

How did we do?

The end of 2022 marked the conclusion of our three-year strategy period. Our purpose **to facilitate the economically, environmentally and socially responsible use of biomass enabling climate goals**

to be met represented our vision of success. Although explicitly referencing the responsible use of biomass, implicit in the high level statement is the entire biomass supply chain from responsible growth, harvest, production and transport to final end use.

Informed by a review of risks and opportunities, our strategy was defined by four strategic objectives:

Assurance

Ensure our certification scheme meets our promise of good biomass.

Certification scope

Maintain our robust, credible and consistently applied certification of woody biomass, whilst challenging ourselves to reach a higher level of excellence.

Communications

Inform and educate, reinforce and reassure our stakeholders that SBP-certified biomass equals good biomass.

Organisational development and resource

Achieve the right stakeholder balance and skill set to strengthen our brand and pursue growth responsibly.

Our Theory of Change (link below) was developed to articulate the impact pathways that describe the causal relationships between our strategic objectives, activities directly aligned with those objectives, the resultant outputs, intended outcomes and impact, and ultimately our purpose. Our three-year work plan, implemented at the start of 2020, identified and prioritised the activities necessary to support our strategy and deliver our purpose. Our achievements are summarised below. Stakeholder balance and access to the right skill set has enabled the delivery of our strategy, which has been underpinned by our values. We have protected our core business and built on our strengths to improve what we are and what we do, whilst exploring opportunities for future growth. Our strategy has positioned us as the certification scheme of choice for woody biomass used in energy production.

Our three-year work plan achievements 2020 to the end of 2022

Assurance			
Standards development	– Standards Development Process launched in 2020 and SBP Standards (v2.0) approved in 2023		
REDII approval	– Preliminary positive assessment under REDII received in 2021 and formal recognition achieved in 2022		
ISEAL membership	– ISEAL Community Member achieved in September 2021		
Digitalisation	– Data Transfer System upgraded		
	– Audit Portal launched in 2020 and made mandatory for Certificate Holders from 2021		
Certification scope			
Market relevance	– Maintained market relevance in the markets we currently serve		
New geographies	– Geographic spread increased from 25 to 34 countries		
	- Increased dialogue/engagement with new end-use countries in south east Asia		
New feedstocks	 New concept for recognition of other certification schemes delivered through Standards Development Process to facilitate efficient feedstock scope extension 		
New end-use sectors/markets	– Initial appraisal of market opportunities undertaken to inform 2023-25 strategy		
Communications			
EU watching brief	– Increased engagement in EU matters with European Commission, Parliament and Council		
	- Active participation in public consultations		
	– Dissemination of topic-specific briefings		
Theory of Change	– Theory of Change (v1.0) published in 2021		
Performance and impact reporting	- Continuation of reporting performance and key impacts in annual reviews		
Branding	– Renewed SBP brand launched in 2020		
Promotional materials	– Collateral materials developed in support of the Standards Development Process		
Organisational developmen	it and resource		
Multi-stakeholder governance	– Effective multi-stakeholder governance arrangements maintained		
Recruitment (Governing Bodies)	– Successful recruitment of Board and Committee members		
Recruitment (Secretariat) – Assurance Manager joined 2020			
	- Standards Manager joined 2021		



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Our strategy (continued)

What next?

During 2022, we conducted a thorough review of our strategy. In June 2023 we published our strategy for the three-year period to the end of 2025. Our new strategy is set in the context of 2030, with a clear focus on sustainability in terms of climate, nature and social wellbeing.

As the role of biomass in contributing to global climate targets grows in significance, our aim is to strengthen our proposition as the global biomass certification scheme of choice, pursuing opportunities both within and beyond the energy sector.

We have refreshed our purpose and core strategy and set clear priorities for delivery.

We will continue to do all those things which are clearly working well strategically and operationally, while investing in new capabilities and expertise in areas where we can improve performance or add further value.

Central to our proposition is our promise of good biomass. That sentiment is embodied by our purpose to expand the contribution of good biomass to the global bioeconomy.

The first of our four Strategic Aims is to define and certify good biomass. That is our raison d'être. Our Standards define good biomass and underpin our promise and our actions.

Armed with our Standards, processes and procedures we will continue to deliver a robust certification scheme in pursuit of our second strategic aim to grow recognition and acceptance of the SBP Standards. Amonast other thinas, we will use our data and information to further the scientific and evidence-based support for good biomass.

Through our certification scheme we offer our Certificate Holders (CHs) the highest level of assurance for their operations. Through our knowledge, expertise and commitment to excellence, we will **support CHs to meet** their climate biodiversity and social goals, our third strategic aim.

Our fourth and final strategic aim is to diversify the sources and uses of SBP-certified material. As the contribution of good biomass grows to meet its potential, we will be there to support that growth with our underlying promise.

To achieve our Strategic Aims, we have prioritised five Focus Areas for investment of people and resources, which will shape our operational plans. Those are:

Standards development and regulatory compliance

Certification and assurance

Data capture and traceability

Stakeholder engagement and collaboration

Market development

Our new strategy has been approved by our Board, which has contributed actively to its development. It reflects our confidence both in the future of good biomass and in our contribution to it, while acknowledging those areas where we can do more or improve.



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Certification schemes are widely used for demonstrating the sustainable sourcing and production of a range of commodities. There is a clear role for SBP in the international biomass market. This section explains the essentials of our certification scheme and how it works.

Find out more

For an introduction to SBP, our short video can be viewed here:

The role for SBP

Respected scientific advisory bodies and policy makers worldwide recognise biomassbased energy production as a renewable technology with a significant role to play in reducing carbon emissions and meeting challenging, long term climate goals.

In turn, the environmental and energy policies of many countries designed to meet those climate goals include biomass in the energy mix. Without it, climate goals cannot be met. The important caveat is that all biomass must be sustainable.

Some countries have already implemented biomass sustainability requirements, mainly through legislation. Our certification scheme not only enables organisations operating in those biomass markets to demonstrate compliance with legal and sustainability requirements, but further it provides an off-the-shelf biomass sustainability standard for emerging markets.

Use of a certification scheme that bridges international markets brings efficiency benefits and consistency between Biomass Producers (BPs), Traders and End-users and facilitates trade.

SBP essentials

Our certification scheme is founded on the two principles of legality and sustainability. Those principles are broken down into criteria and again into indicators, of which there are 38 in total covering a range of requirements, including ensuring compliance with local laws, ensuring features and species of outstanding or exceptional value are identified and protected, and ensuring regional carbon stocks are maintained or increased over the medium-to-long-term.

All the indicators are given in SBP Standard 1: Feedstock Compliance, and each has specific auidelines and reporting requirements. SBP Standard 1 sets our definition of legality and sustainability.

Our definition maps on to similar schemes, such as the Forest Stewardship Council (FSC®), the Programme for the Endorsement of Forest Certification (PEFC[™]), and those schemes recognised by PEFC, such as the Sustainable Forestry Initiative (SFI®), and is based on the biomass sustainability criteria of European countries, in particular, Belgium, Denmark, the Netherlands and the United Kingdom.

There are five other SBP Standards that cover how to evaluate the sustainability of the feedstock material, including requirements for stakeholder consultation and public reporting, how third-party verification is to be undertaken, the requirements for Chain of Custody, and energy and carbon data transfer. Our certification scheme also includes other processes, such as those for dealing with appeals from Certificate Holders and complaints from any interested party.

Our certification scheme

Today, we offer a certification scheme for sourcing woody biomass used in industrial, large-scale energy production.

The first point of certification

The first point of certification in our certification scheme is the BP, which is usually a wood pellet/chip producer. The BP is assessed for compliance with the SBP Standards, specifically that the feedstock it uses is sourced both legally and sustainably.

Independent assessment

That assessment must be carried out by an independent, third-party Certification Body (CB). We have certain requirements in place SBP Standards 3 sets out requirements that CBs must follow. Including the requirement to be accredited to ISO 17065, which amongst other things addresses impartiality to avoid potential conflicts of interest between the CB and its client seeking certification.

Entitlement to make an SBP claim

A BP that satisfactorily demonstrates compliance with our requirements receives a certificate and is entitled to produce and sell biomass with an SBP claim. The SBP claim may only be used if the feedstock is SBPcompliant and the SBP-certified management system is implemented during production.



Promoting sustainable sourcing solutions (continued)

Evaluating feedstock

FSC or PEFC-certified feedstock, including feedstock with a certification claim from PEFC-endorsed schemes, such as SFI, is considered SBP-compliant¹. All other feedstock must be evaluated.

The process of evaluating feedstock is termed the Supply Base Evaluation. The BP must carry out a risk assessment to identify the risk of non-compliance with each of the 38 indicators detailed in SBP Standard 1.

Each indicator is rated as either 'low risk' or 'specified risk'. For any indicator rated as 'specified risk,' the BP must put in place mitigation measures to manage the risk such that it is effectively controlled or excluded. The mitigation measures must be monitored.

In conducting the risk assessment, the BP must consult with a range of stakeholders and provide a public summary of the assessment for transparency purposes.

The role of the independent, third-party CB is to verify the Supply Base Evaluation, assuring quality and consistency across BPs and ensuring that stakeholders' views have been taken into account. Finally, the CB provides assurance that the BP may make accurate claims for the biomass produced.

Regional Risk Assessments (RRAs) are a key part of our focus on identifying and mitigating risks associated with sourcing feedstock. With an RRA covering an entire geographic region, and determining the risks associated with sourcing feedstock from that region, the need for individual BPs to conduct risk assessments is avoided. RRAs also ensure active engagement with a diverse range of stakeholders in the region.

Transfer of data along the supply chain

We require information relating to the sustainability characteristics, including energy and carbon data, of the biomass to be passed along the supply chain. All data are verified by the CBs.

Independent scrutiny

ANSI National Accreditation Board (ANAB), an accreditation body serving the global marketplace, manages the SBP accreditation program, under which CBs must become accredited before they can be approved, by SBP, to offer SBP certification services.

Once accredited, CBs are subject to annual assessment, in accordance with the ANAB Manual of Operations for Accreditation of Product Certification Bodies. With accreditation in place, certification decisions are the sole responsibility of the CB.

Our CB Peer Review Process exists to ensure the quality and consistency of audit reports and certification decisions within and across CBs.





FSC: Forest Stewardship Council FSC CW: FSC Controlled Wood PEFC: Programme for the Endorsement of Forest Certification PEFC CS: PEFC Controlled Sources SFI: Sustainable Forestry Initiative ¹ Supply Base Evaluation is the process of evaluating non-certified feedstock.

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Making a difference

Our six key impacts

Unlocking the 1 potential of biomass in a sustainable wav

Evidenced through actions taken to deliver against the sustainability indicators of SBP Standard 1: Feedstock Compliance.

Providing assurance 2 of legal and sustainable practice Evidenced through

independent scrutiny of certification decisions.

3 best practice Evidenced through appropriate governance arrangements, decisionmaking procedures and stakeholder engagement.

Realising

Achieving recognition 4 by regulatory authorities

Evidenced through formal

recognition by regulatory

authorities and/or national

governments of the SBP

certification system as

agreements and/or

compliant with national

regulations and legislation.

Providing greater 5 visibility on biomass supply chains

Evidenced through greater transparency on all activities throughout the supply chain, allowing informed choices leading to responsible behaviour and efficient resource allocation.

Increasing the 6 volume of certified material in the biomass market

Evidenced through driving the uptake of certification, whether at forest level or elsewhere in the supply chain.

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Six key impacts have been identified that define the desired and intended outcomes from implementation of the SBP certification scheme. We have reported against those key impacts since 2017. The following pages introduce each key impact and take a look at our activities and the activities. actions and behaviours of our Certificate Holders in achieving our intended outcomes.

Looking to the future

We have always recognised the six key impacts as a starting point, which together with our Theory of Change and our revised Standards will form the basis of a more sophisticated Monitoring and Evaluation (M&E) system that will aim to demonstrate delivery of our intended impact and ultimately our purpose.

Mindful of global initiatives

Our M&E system will also consider global initiatives. An important consideration is the connections with the UN Sustainable Development Goals (SDGs).

Credible sustainability standards can contribute to a number of the SDGs through setting management practices, providing transparency within supply chains, informing the sustainability debate, and strengthening relationships throughout the supply chain.

Our focus on economic, environmental and social outcomes in the biomass sector is tied. to meeting climate change goals. Through mapping the outcomes of our business model on to the SDGs we have identified eight that are of most relevance and where we can help increase positive impacts and reduce negative ones.

Our M&E system will be compliant with the ISEAL Impacts Code. The ISEAL common core indicators will assist in establishing our performance targets and indicators.

Already mapped on to the SDGs, the common core indicators will complement our work on connecting with them.

Driven by high level goals

Ultimately, it is governments that have the primary responsibility for defining policies and systems that promote the achievement of the SDGs and climate goals. SBP is driven by the aim of the UNFCCC to combat climate change and through a multi-stakeholder approach we translate high level goals into concrete sustainability criteria within our certification scheme.

Connecting with the UN Sustainable Development Goals

SDG 17: 17 22222

Partnerships for the goals

麕 Enabling multi-stakeholder partnerships throughout the biomass supply chain.



SDG 8: Decent work and economic growth

Assessing and mitigating social and environmental impacts throughout the biomass supply chain.



SDG 12: Responsible consumption

and production

Application of sustainability principles in the production of biomass.



Industry, innovation and infrastructure

Performing assessments of social and environmental impacts and track energy data throughout the biomass supply chain.



Climate action

Delivering visibility of energy data throughout the biomass supply chain.



Affordable and clean energy

Facilitating the delivery of sustainable and renewable energy.



Sustainable cities and communities

Requiring awareness and protection of cultural and natural heritage.



Life on land

Promoting the use of certification and the consequent protection of social and environmental values.

Governance

Unlocking the potential of biomass in a sustainable way

Only sustainable biomass should be used in the global pursuit of tackling the triple planetary crisis. SBP is the lever to unlock biomass in a sustainable way.

All stakeholders need assurance that those in the sector are acting responsibly and SBP is central to providing that assurance. Governance

Performance

Case study: Lynemouth Power

Lynemouth Power Ltd (LPL) and its owners, Czech-based EPH, foresee a long future for renewable power generation at the power station in Northumberland, UK. Already a flagship 100% biomasspowered plant, the power station is playing a significant role in the transition to clean energy as part of global climate change efforts, with LPL actively progressing the opportunity to deploy Bioenergy Carbon Capture and Storage (BECCS).

Lynemouth Power Station was originally commissioned as a coal-fired station in the early 1970s, providing power to the adjacent aluminium smelter until its closure in 2012. Fully converted to biomass in an impressive 27 months, Lynemouth has state-of-theart fuel handling systems and excellent generation efficiency, and since 2018 has been generating enough clean power to supply half a million homes.

The company is a signatory to the Glasgow Declaration on Sustainable Bioenergy, representing a vision for the growth of the wood-based sustainable bioenergy sector over the coming years, as it supports the transition to global Net Zero.

The power station uses sustainably sourced renewable wood pellets, primarily from the US and Canada. which are transported by sea to dedicated facilities at the Port of Tyne, UK, then to the site via specialist rail wagons, with greenhouse gas emissions carefully monitored every step of the way.

The company adheres to and meets strict sustainability, land use and greenhouse gas criteria, which are rigorously and independently verified and reported to the national regulatory authority.

As a robust and independent certification scheme, SBP provides additional assurance via third-party auditing of the company's management systems to assure legal and sustainable sourcing of feedstock and demonstrate compliance with the UK's stringent requirements for biomass.

SBP also facilitates the collection and transfer of verified data along the supply chain enabling Lynemouth Power to calculate and report on the full life-cycle emissions of the biomass used in power generation.

Together, Lynemouth's rigorous due diligence systems and SBP's robust systems allow the company to closely manage any exposure to risk, strengthening its position as a key player in driving forward the renewable energy agenda.

With UK government support for biomassto-energy coming to an end in 2027, the company is pushing ahead with opportunities to continue long-term operations, the opportunity for BECCS being foremost.

Providing a basis for truly negative emissions after 2027 will allow hard-to-abate industries to offset their emissions.

The company encourages and places huge importance on maintaining successful, professional working and social partnerships, whether internally amongst its employees, or externally with its many stakeholders, including suppliers, UK Government, regional agencies and trade bodies, and local business and community representatives.

Lynemouth Power and the EPH group are making huge strides forward, reacting to market demands and external forces, as well as integrating innovative new technologies. All of which will help to deliver a long-term vision for this unique power station, enabling it to stay at the forefront of the UK's renewable energy transition.

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Lynemouth's state-of-the-art fuel handing, high efficiency and coastal location make it a prime candidate for BECCS, supporting efforts to deliver a decarbonised electricity network by 2035 and essential negative emissions in the transition towards Net Zero."

Jonathan Scott

Key impact 1 Unlocking the potential of biomass in a sustainable way (continued)

The FICAP model is an innovative and fast-track approach to displacing the use of coal for heat and power and helping to meet climate targets. The verified energy data provided by SBP enables greenhouse gas emissions calculations and is of

great interest to us and our customers." Frédéric Pica FICAP General Manager

Category 2 feedstock.

Case study: **FICAP**

Located in Champagne-Ardenne in the Grand Est region, the FICAP pellet plant is part of an industrial biorefinery complex that strengthens the green credentials of the region known as the "bioeconomy valley" in France. Bioenergy project developer, Européenne de Biomasse, along with its financial partners, Meridiam and the Banque des Territoires, invested in the complex that is also home to a combined heat and power (CHP) plant.

The French industrial complex contributes to the circular economy. Wood chips fuel the CHP plant that in turn supplies electricity to the French power grid and process steam and hot water to the pellet plant and a neighbouring factory.

Innovation does not stop there, as the world's first plant capable of continuous production of HPCI Green Pellet[®], FICAP is a model of industrial ecology with zero waste, little noise, no smoke and no water consumption. HPCI Green Pellet® is also price competitive with the combined price of coal and carbon. Together bringing high economic and environmental value to the communities that use it

As an advanced pellet with high calorific value and density, high grindability, and good combustion quality, it can be used directly in coal boilers as a drop-in substitute for the fossil fuel. It also produces little dust, avoiding health risks and industrial risks, and its inert and water resistant qualities allow it to be stored outdoors. All of which mean that existing coal logistics can be used without adaptation.

The project is already contributing to the goals set by the French Energy Programme Law as a solution for replacing fossil fuels with renewable energy sources to produce steam, heat and electricity. In the medium term, the developers' ambition is to build several industrial complexes in France, and in the longer term duplicate the model in other European countries and in other regions of the world.

The pellet plant sources some material as PEFC-certified, but the volume is insufficient for the 120,000 tonnes per year production capacity. The certified feedstock is supplemented by primary feedstock sourced from France and Belgium, which necessitated the company to carry out two Supply Base Evaluations, one for each sourcing area. In addition, FICAP is certified

against SBP Instruction Document 2E which meets the sustainability requirements of the Netherlands SDE+ regime for

Bficap

SBP certification complements the future direction of FICAP and its potential sister plants. Of particular interest to the company and its customer is the visibility offered by the SBP Data Transfer System, specifically the collection and transfer of energy data enabling greenhouse gas emission calculations to be made

FICAP has created 350 direct jobs in the local industry, with 50% of the project's workforce made up of people who were previously unemployed.

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Key impact 1 Unlocking the potential of biomass in a sustainable way (continued)

Case study: Eastwood Energy

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Eastwood Energy was founded by a group of investors from varied backgrounds in response to the increasing demand for woody biomass as a substitute for fossil fuels both in small and large-scale industrial sectors. Recognising the negative impact of fossil fuels and a shared commitment to a renewable energy future, the company has risen to become one of the country's leading suppliers of sustainable biomass.

As Japan phases out its inefficient coal-fired power plants, Eastwood Energy sees an opportunity for increased biomass use and a growing export market for its product. Located in the Binh Phuoc province, Vietnam, about 70km from Ho Chi Minh City, the company's first pellet plant is well serviced by major highways nearby several large ports, keeping transport distances and associated carbon emissions low.

Commercial operations at the 140,000 tonnes per year facility started in 2014 and today the company is supplying biomass users in Vietnam as well as exporting to the Republic of Korea and Japan. Vietnam is a leading wood exporter in the ASEAN countries, with huge potential for wood pellet production.

Construction of the company's second pellet plant, with an annual production capacity of 200,000 tonnes, commenced in 2020 and commercial operations began in 2022. Again, the plant is strategically positioned some 70km from Ho Chi Minh City in the Dong Nai province with major highways and ports within a 90km radius.

The company takes sustainability seriously, only sourcing feedstock from well-managed local woodland resources and wood processing residues, such as sawdust and wood shavings, from surrounding sawmills. Feedstock from unknown sources and protected land are no-go areas for Eastwood Energy.

Eastwood Energy's commitment to social responsibility is clear to see. The company offers local employment opportunities, with most employees living within 10km of the pellet plants.



Also active in the local community, Eastwood Energy participates in local events, gives financial support to local schools and lowincome households.

Successful pursuit of SBP certification is a demonstration of the company's commitment to sustainable practices and recognition of the focus of its destination markets. Eastwood Energy believes that only sustainable biomass has a future and is keen to uphold standards supporting that belief.

Having made significant investment in production capabilities and processes, management systems and people, Eastwood Energy is focusing on organic growth. The company plans to be in the market for the long term, with sustainability as its top priority.

SBP certification has enabled us to look at our supply chain from a sustainability perspective. As we develop and manage our supply, production and associated logistics, SBP helps us to identify areas for improvement."

> Nguyen Tran General Director



Providing assurance of legal and sustainable practice

Assurance is critical to the rigour of the SBP certification scheme.

There are two levels to providing assurance of legal and sustainable practice – accreditation and conformity assessment, which together give confidence in the product, management systems and people.

Key impact 2 Providing assurance of legal and sustainable practice (continued)

We use independent providers to deliver assurance, which increases both the impartiality and robustness of the SBP certification scheme. Our approach means that SBP has no direct involvement in the certification decisionmaking process.

We require independent Certification Bodies (CBs) to become accredited and subsequently approved by SBP before they can offer SBP certification services to prospective Certificate Holders (CHs). Since 2016, we have worked with an accreditation services provider. For six years, Assurance Services International (ASI) fulfilled that role. In May 2022, we prepared to transition to the ANSI National Accreditation Board (ANAB). That transition was completed in July 2022.

Already well-recognised internationally, ANAB is (amongst other things) a signatory of the International Accreditation Forum (IAF) multilateral recognition arrangements. The IAF is a worldwide association of accreditation bodies and other bodies involved in conformity assessment across a number of fields, providing assurance that certification in the market place is a reliable tool. ANAB is responsible for the accreditation of CBs. Once accredited, CBs carry out conformity assessments of Biomass Producers', Traders' and End-users' management systems through audit and field verification. Such assessment assures that all CHs meet the requirements of our Standards. CBs also ensure that stakeholders' views are taken into account.

In collaboration with ANAB, we have developed an annual oversight plan for monitoring CBs through regular assessment, based on an agreed surveillance and sampling procedure. The oversight plan ensures that the auditing processes and procedures meet expectations, are consistent across all accredited CBs and that quality thresholds are met.

During the first half of the year, ASI conducted nine assessments of our CBs. And during the second half of the year, ANAB conducted eight assessments. Of the 17 (2021: 16) assessments, 13 were witness assessments and four were head office assessments. Four CBs were successfully accredited by ANAB. A fifth did not pursue accreditation (see page 37).

Selecting suitable targets for witness assessments is a key task. SBP provides support in target selection, which ensures relevancy and an opportunity to address direct feedback received by us. All witness assessments were deemed representative of geographic spread, certification scope and topical issues. Between them, in 2022 our CBs conducted a total of 281 (2021: 348) audits of our CHs, of which 40 (2021: 66) were main audits carried out as part of the initial certification, 171 (2021: 195) were annual surveillance audits, 40 (2021: 51) were re-certification audits of those early CHs whose certificates had expired at the end of five years, and 5 (2022: 9) were scope change audits of CHs wishing to expand the scope of their certificates to include Supply Base Evaluations or other scopes. The remaining 25 included other audit types, such as transfer audits, non-conformance verification audits and additional audits. There were 14 (2021: 16) audits waived during 2022 due to no sales of SBP-certified biomass, and 10 (2021: 12) audits not conducted due to suspension of the CH or delays for other reasons.

During 2022, no incidents were recorded or investigated (2021: 3). An incident is any reported activity, observation, stakeholder comment, or concern that threatens the reputation and/or integrity of our assurance program and/or our certification scheme and is not already considered under the relevant procedures for complaints and appeals.

No complaints were received in relation to the assurance program during 2022 (2021: 3).



Overview

Realising best practice

Ensuring our Standards are fit-for-purpose is essential to positioning SBP as the biomass certification scheme of choice and delivering our promise of good biomass.

In practice, that means we must be alert to advances in the understanding of key sustainability issues, market requirements and international best practice for effective and credible certification schemes.

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Sustainable Biomass

Key impact 3 Realising best practice (continued)

Standards Development Process

In May 2020, we launched our Standards Development Process. The Process was designed to encourage and realise a wide-ranging review, and where necessary revision, of our Standards with full stakeholder participation.

Three umbrella Working Groups and various topic-specific Sub-groups were at the heart of the Standards Development Process, and were tasked with delving into the detail of the Standards and, where necessary, making proposals and recommendations for revision.

In the first quarter of 2022, the Working Groups formally handed over their final recommendations to the Secretariat. concluding a significant piece of work.

The Working Groups and Sub-groups, comprising a total of around 90 stakeholders, spent almost 3.000 hours in over 180 meetings over a period of some 80 weeks, with many hours of preparation, discussion and follow-up in addition.

That input was supplemented by webinars, contributions from experts, and public consultations, as we sought to engage fully with all our stakeholders in an open and transparent way.

Pilot testing took place in the second quarter, involving Certification Bodies and a representative sample of small and large producers of pellets and chips, in the key producer regions of Canada, Denmark, Latvia, Spain and the USA.

Armed with valuable insights on clarity and practical implementation from the pilot tests and output from an additional public consultation on Principle 3 of Standard 1, addressing forest carbon, the Technical Committee and Standards Committee conscientiously scrutinised the draft Standards and released a final draft for public consultation in October.

By the end of the 2022, the vast majority of the content had been agreed by the Standards Committee, and efforts were focused on last outstanding items, supporting Instruction Documents and the accompanying guidance documents. In March 2023, following approval by the Standards Committee the revised Standards were endorsed by the Board, and with that the roll-out of the SBP Standards (v2.0) was formally launched (see timeline below).

Our Standards Committee, with ultimate responsibility for approving the revised Standards, set out eight guiding principles for the Standards **Development Process:**

- Be credible
- Be commercially viable
- Be legally implementable

– Be auditable

- Deliver regulatory compliance
- Be fit-for-purpose
- Facilitate fungibility of SBP-certified product
- Be workable, consistent and effective

ISEAL Credibility Principles

Throughout the Standards Development Process we have aimed to achieve practical implementation of the ISEAL Credibility Principles:

Sustainability

Define and communicate our sustainability objective

Improvement



Understand our impact, and establish measures to demonstrate progress towards our intended outcomes

Relevance



Rigour

Deliver our intended outcomes through a well-structured certification scheme



Involve a wide range of stakeholders and listen to their views

Impartiality

474 Implement an approval process that gives equal weight to commercial and Civil Society interests

Transparency

Make information freely available and provide a variety of routes for engagement

Accessibility

Meet market requirements and build capacity

Truthfulness



Efficiency

Deliver consistency and efficiency benefits through our Standards content. referencing other credible schemes where appropriate



Governance

Introducing the revised SBP Standards

There are six SBP Standards.

Standard 1

Standard 1 is at the heart of our certification scheme, it embodies our definition of good biomass and is made up of principles, criteria and indicators. The principles represent the high level objectives, the criteria are the specific requirements that must be met to achieve the objectives, and the indicators are the auditable parameters to assess compliance with the requirements.

Standards 2 to 6

Standards 2, 4, 5 and 6 are more process oriented, defining the steps Certificate Holders (CHs) must take and requirements that must be met. CHs must comply with the Standards that are applicable to their activity within the supply chain.

Standard 1 principles	Criteria	Number of indicators
1 Feedstock is legally sourced	– Operators and operations are legal	5
2 Feedstock sourcing does	– Biodiversity is maintained or enhanced	3
	- Ecosystem productivity, functions, and services are maintained or enhanced	12
3 Feedstock is only sourced from supply bases where the forest carbon stock is stable or increasing in the long term	– Feedstock sourcing complies with REDII requirements for LULUCF emissions	١
	– Carbon stocks in the forest area of the supply base are maintained or strengthened in the long term	4
	 Feedstock shall be sourced from wood fibre that is not diverted from the production of long-lived wood products 	2
Feedstock sourcing benefits people and communities	– Decent working conditions are provided, and labour rights are safeguarded	10
	– Feedstock sourcing benefits communities	7



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Key impact 3 Realising best practice (continued)

Better than before

The revised Standards take our certification scheme to the next level; they are better than before. The key additions and improvements introduced in the revised Standards (v2.0) are summarised below.

Structural

All Standards

negative impacts.

Beyond regulatory compliance Standard 1

Making sure our Standards comply with the regulatory requirements of the biomass end-use markets where our Certificate Holders do business is a pre-requisite.

> Our ambition when revising the Standards was to go beyond regulatory compliance where there was consensus to do. That has been achieved in many areas of Standard I. Indicators in the areas of biodiversity, land conversion, forest carbon stock, cascading use, training, grievance handling and free, prior and informed consent (FPIC) are all beyond regulatory compliance.

Environmental Standard 1



We have strengthened the environmental requirements with the addition of the need to identify threats to ecosystems, and to maintain or enhance key species, habitats, ecosystems and areas of high conservation value.

No-go areas of land that cannot be changed or converted have been clarified as forest, wetland, peat land and highly biodiverse grassland. Forested land must be regenerated. And agrochemicals that are harmful to people and the environment have been banned.

Forest carbon



The management of forest carbon has been introduced as a new principle. Land use, land-use change and forestry (LULUCF) emissions requirements have been added. Driving the positive impact of sourcing feedstock for biomass production, forest carbon must be stable or increasing.

The revised Standards have been streamlined to aid

To clearly communicate intent, the focus of Standard 1

is on driving improvement rather than mitigating

that now forms supporting guidance.

consistent implementation, the wording simplified to aid

clarity, and the content stripped of extraneous information

is now on outputs rather than process, and the emphasis

No primary feedstock harvesting is allowed in low productivity or difficult to regenerate areas, nor in areas combining high conservation values and high carbon stocks. And the cascading use principle has been introduced, prohibiting the use of high quality stemwood if in substantial demand for long-lived products in the supply base.

Identifying and managing sourcing risks Standard 2

The process to identify and manage sourcing risks had benefited from a major overhaul, which as well as assisting with the Supply Base Evaluation also extends to SBP's second risk management tool, the Regional Risk Assessment. Greater clarity in how to develop, implement and manage risk assessments will improve consistency in the implementation of the Standards, reducing the risk of misinterpretation and dependency on external assistance. As will the introduction of more objective requirements for auditors when evaluating compliance.

A new concept of benchmarked and recognised schemes is introduced, acknowledging the synergies with existing forest management certification schemes to adequately manage risks in the Supply Base.

Other improvements include how to deal with contradictions with local legislation, the protection of confidential information and the need for stakeholder consultation not only before the initial risk assessment but regularly thereafter.

Overview

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Key impact 3 Realising best practice (continued)

Social Standard 1



The Standard has improved significantly with new and enhanced social requirements. Fighting discrimination through strengthening the protection of workers and their rights in terms of, amongst other things, remuneration, working hours, training and termination.

Certificate Holders' responsibilities towards their local communities are recognised, with the requirement to identify and avoid negative impacts. Requirements have been added to protect those areas from which communities access their basic needs and to protect cultural heritage sites. And the rights of Indigenous Peoples are protected through the requirement for FPIC.

SBP-specific Standards 3 and 4

SBP is now an established certification scheme and in keeping with that standing our revised Standards are much less reliant on other schemes, bringing with it the benefit of being able to manage and control our own destiny and to address the specifics of a sourcing scheme and the biomass supply chain. This is manifested through increased relevance of the requirements for Certification Bodies and the introduction of SBP's own Chain of Custody system.

Accordingly, in Standard 3 we have strengthened the requirements around auditor competence and clarified the competences for peer reviewers. Minor and major non-conformity definitions have been captured and aligned with best practice. And clear rules have been introduced on the checks necessary during annual surveillance audits, as well as clearer timelines for Certification Body actions, and greater clarity on audit planning, sampling and calculating level of effort.

In Standard 4 requirements on management systems and internal audits, record keeping, stakeholder consultations, health and safety, and anti-corruption have been added. We have also introduced the mass balance system, replacing the previous credit system.



Data focused

Standards 5 and 6



Data collection and communication is one of our key strengths and we have ensured that our revised Standards live up to expectations. A significant update brings Standard 5 into line with our digital platforms and reporting introduced over recent years. The requirements around identifying volumes of biomass and communication of data have been significantly improved. And a new requirement makes communication of dynamic data mandatory for all, not just those selling into the Dutch market.

Standard 6 is now solely focused on the calculation of greenhouse gas emissions. Certificate Holders along the supply chain can use the data collected and communicated to calculate their energy and carbon balances, including greenhouse gas savings of biomass supply chains. Our revised Standards require that SBP-certified biomass is deforestation-free, that biodiversity is maintained or enhanced through protecting key species, habitats and ecosystems, that water quality and soil quality are maintained or enhanced, that carbon stocks are stable or increasing, and that workers and their rights, local communities, and the rights of Indigenous Peoples are protected."

> László Máthé Standards Manager

Overview

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Achieving recognition by regulatory authorities

Recognition by regulatory authorities is a critical component of our offering to the biomass market, enabling Certificate Holders to demonstrate compliance with the sustainability requirements of different jurisdictions, whilst facilitating trade across international markets.

Key impact 4 Achieving recognition by regulatory authorities (continued)

Governance

Overview

- Making a difference

Since our beginnings our mandate has been to service the four main biomass end-use markets in geographic Europe, namely Belgium, Denmark, the Netherlands and the **United Kingdom.**

As we have become established

accepted as an important part

of the low-carbon energy mix,

our certification scheme has

found wider application to

biomass sectors worldwide.

To facilitate trade across international

markets, our model has been one of

modules, our Standards are tailored to

meet the nuances of individual markets.

whilst providing a degree of certainty for

minimising disruption and maintaining

Maintaining market relevance and being

Standards development. We have entered

authorities to ensure that the recognition

afforded to our current Standards (v1.0) is

extended to our revised Standards (v2.0).

into dialogues with each of the key regulatory

continuity in the supply of biomass.

fit-for-purpose are key drivers for our

responsive to changing market requirements,

those in the biomass supply chain, effectively

The approach has proved efficient and

adaptation. Through the use of additional

and biomass as an energy

source has become widely

European Union

In September 2022, we received formal recognition as a voluntary scheme under the recast Renewable Energy Directive (REDII). REDII lays down requirements for biomass, amongst other energy sources, to ensure that only sustainably produced biomass, saving significant greenhouse gas emissions compared to fossil fuels, will be counted towards the targets set in the Directive.

The recognition applies to our current Standards (v1.0) and Certificate Holders (CHs) have the option to be certified against the REDII requirements. Our revised Standards (v2.0), however, require all CHs to implement and demonstrate compliance with the REDII requirements in order to achieve SBP certification, irrespective of their destination markets.

Belgium

A workable solution is in place to allow SBPcertified biomass to enter the Flemish market, with market-specific requirements addressed through our Data Transfer System. Verification of the criteria and calculations is being carried out by Certification Body (CB), SGS, which is recognised by the Flemish regulator, VEKA.

The long-term solution requires the certification of additional sustainability criteria with respect to REDII as well as greenhouse gas savings by a CB accredited specifically for that purpose by BELAC, the National Accreditation Body for Belgium. The necessary steps are being taken to deliver the long-term solution.

Denmark

SBP has been recognised since 2015 as compliant with the country's sustainability requirements for biomass. First against the voluntary Danish Industry Agreement for Sustainable Biomass and more recently by the Danish Energy Agency against the legal requirements for biomass sustainability introduced in 2021.

The legal requirements go beyond both the former industry agreement and REDII in several respects, including requirements for processing residues and woody biomass originating outside the forest. SBP makes it possible to document compliance with the greenhouse gas savings criteria of REDII due to the energy data collected along the supply chain.

We have taken steps to ensure that our revised Standards address the additional requirements enabling us to fully serve the Danish biomass market.

Japan

SBP is under consideration as a third-party certification to assure the life-cycle greenhouse gas emissions evaluation of imported woody biomass as part of Japan's Feed-in Tariff (FIT) System for Renewable Energy.

The Netherlands

SBP offers an end-to-end solution for the full range of woody biomass types recognised by the Dutch authorities. SBP has developed modules, in addition to the core Standards, to meet the market-specific requirements of the Netherlands.

United Kingdom

Our certification scheme has been benchmarked by the UK Government and recognised as meeting the woody biomass land criteria set out in the Renewables Obligation, Renewable Heat Incentive and Contract for Difference investment contracts. As such, SBP certification is acceptable evidence for demonstrating that woody biomass is both legal and sustainable under all relevant UK legislation.

Providing greater visibility on biomass supply chains

Our Data Transfer System holds a wealth of information on biomass supplied with an SBP claim.

With complete visibility of the biomass supply chain, we are continually looking at ways to use that information as fact-based evidence to inform the biomass debate.

Key impact 5 Providing greater visibility on biomass supply chains (continued)



Overview

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Key impact 5 Providing greater visibility on biomass supply chains (continued)

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Collecting feedstock data gives us visibility on exactly what is used to make a wood pellet or chip, whether roundwood and residues direct from the forest (primary feedstock), residues from sawmills

and other primary processing (secondary feedstock) or residues from secondary processing (pre-consumer) and recycling (post-consumer) (tertiary feedstock). Aggregating and analysing the latest

Aggregating and analysing the latest available, independently verified feedstock data reported by Biomass Producers that made SBP claim s in 2022 shows that 53.9% (2021: 49.3%) of the feedstock used in production came from primary feedstock, 36.9% (2021: 43.5%) came from secondary feedstock, and the remaining 9.2% (2021: 7.2%) from tertiary feedstock.

The vast majority of the primary feedstock came from low grade roundwood, and sawmill and wood industry residues accounted for all of the secondary feedstock (mainly sawdust and chips) and all of the tertiary feedstock (a mixture of shavings and chips).



Feedstock data relates to historic annual reporting periods, not necessarily the calendar year. Only the feedstock data of those Biomass Producers that made SBP claims in the stated year are included in the analysis.

Assumptions:

The water content has been set to a default value of 6% for all feedstock types used to produce pellets (to equate to dry tonnes). The water content for primary feedstock used in the production of woodchips has not been converted.

Increasing the volume of certified material in the biomass market

Promoting certification throughout the biomass supply chain assists the uptake of good biomass in the marketplace.

Forest-level certified feedstock is compliant with the SBP legal and sustainability requirements, all other feedstock must be evaluated against the SBP requirements by conducting a Supply Base Evaluation.

Key impact 6 Increasing the volume of certified material in the biomass market (continued)

When SBP was founded 10 years ago, the existence of credible forest-level certification schemes meant there was no need for duplication through the development of another sustainable forest management scheme. And so the SBP certification scheme recognised the claims of FSC and PEFC (and PEFC-approved) schemes as compliant with our requirements.

However, such schemes had limited uptake in many of the key feedstock source areas, and did not cover the specifics of the regulatory requirements that were emerging for biomass used to produce energy.

Therefore, a bespoke sourcing standard was necessary to focus on the legality and sustainability attributes of feedstock used in biomass production. And feedstock without a forest-level certification claim required assessment according to SBP's Supply Base Evaluation (SBE)¹. With the full digitalisation of our data systems we are able to make best use of audit data to monitor and report on our impact, amongst other things.

The pie charts below show the split between forest-level certified feedstock and the feedstock evaluated using the SBP Supply Base Evaluation for 2022², clearly demonstrating the impact SBP has had on increasing the volume of certified material in the biomass market. The case studies that follow give examples of our Certificate Holders' impact on the ground...



44.6%
certified45.5%
Certified15.6%
Certifiedbrimary feedstockCecondary feedstockCecondary feedstock55.4%
Certified54.5%
Certified64.4%
Certified

¹ Supply Base Evaluations (SBEs) are carried out by Biomass Producers to identify, assess and manage risks associated with feedstock sourcing (see page 12 for more details). ² Conducted by Biomass Producers making claims during 2022. Governance

Case study: **Brüning Group**

The Brüning Group is a producer and supplier of sustainable woody fuel and high-quality soil conditioners. The Group also has an in-house logistics operation to complement its trading activities.

As the German market leader and a pan-European player in the international bulk materials sector, the Brüning Group has extensive experience in the renewable energy sector, especially in the biomass market.

The Group believes that biomass, as a renewable source of energy, is an important building block of the energy transition. For more than 25 years, it has focused on structuring trade and services between Biomass Producers and End-users

Four companies of the Brüning Group each hold an SBP certificate. Brüning Group Germany is a certified producer of wood chips and trader of wood pellets and chips, and the other three, Brüning Group UK, Brüning Group Danmark, and Brüning Groupe France, are certified traders. Other companies within the Group plan to follow suit and pursue SBP certification.

The Group is a strong supporter of industryspecific standards, prioritising high quality, environmental protection and sustainable forestry. The Brüning Group prides itself on the expertise it has built up over the years, and sees the achievement of industryleading certifications as recognition of its responsible working practices.

Through the international expansion of its certifications, the Group has established additional procurement channels adding value to its product offering.

Transparency and certified quality are the key attributes the Group aspires to in its quest to deliver customer satisfaction.

Importantly, the pursuit of voluntary certifications allows the Group to take responsibility for ensuring legal and sustainable sourcing and play its part in safeguarding the entire supply chain.

When accepting wood residues and other waste products, the Brüning Group implements the cascading principle, which ensures that the raw materials are used and recycled for as long as possible.

Through joint cooperation with its customers and suppliers, the Brüning Group works on new concepts to ensure that business operations run in the best possible way to the benefit of the supply chain.

BRÜNING GRØUP

Partnering with like-minded businesses, that are themselves successful in their markets, helps to maintain high quality standards and create long-lasting trust.

The Brüning Group sees its employees as its foundation and cultivates a cooperative style of management that values its employees' contributions. Diversity and individuality are prized amongst the Group's workforce. Employees are offered the opportunity for self-fulfilment and their training and development wishes are supported. A culture of mutual respect prevails with consequent benefits for all.

Within a framework of continuous improvement, the Brüning Group always tries to act innovatively with the goal of treating nature and its resources with care.

Our guiding principle is to relieve our business partners of all worries through the supply of high quality, certified products."

Hendrik Bauer

Key impact 6 Increasing the volume of certified material in the biomass market (continued)

Our goal is to produce wood fuel of consistent guality with due regard to the environment. Our operations, from raw material to completed product, is continuously monitored and we believe that through a combination of over 30 years' experience and the use of leading certification schemes we will succeed."

> **Gert Pettersson** Development, Environment and Quality Officer

Case study: **Scandbio**

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Governance

Overview

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Scandbio is the largest solid processed wood fuels company in Scandinavia. The company has five pellet mills in Sweden and one in Latvia, together employing some 130 skilled workers and producing and selling around 500,000 tonnes of biomass a year. The pellet mills at Malmbäck in Sweden and Talsi in Latvia both hold SBP certificates

At the core of the company's operations is

and the environment of future generations.

a deep sense of responsibility for people

Scandbio prides itself on its proactive

approach to all aspects of its business,

never compromising the sustainability

mills or its production.

of ecosystems, the environment, its pellet

The main geographic market for the company's products is Sweden, but it is active around the whole Baltic Sea. Each pellet mill supplies the local area, and immediately accessible export markets, giving full control over quality, development and deliveries. Scandbio's products are used in several

by its promise of reliable delivery of

consistently high quality products.

sectors, from residential heat, through energy for local authorities and national institutions, to power production in large and small businesses.

In serving its customers, Scandbio stands

The company only produces wood products that are part of the natural cycle and that do not negatively affect the future of the environment.

Wood pellets are produced from the waste products of sawmill industries, such as shavings and different types of sawdust.

All raw materials purchased for the production of SBP-certified biomass from responsible suppliers who manage their operations sustainability and are either FSC-certified or an approved supplier of FSC Controlled Wood.

Previously, those waste products were expensive to dispose of, but for Scandbio they are not just waste products, they are the basis of a new stream of products. Scandbio recognised the opportunity to put them to good use through producing sustainable fuel for heat and electricity.

SCANDBIO

Scandbio maintains a constant focus on sustainable development, working continuously on reducing its environmental impact as much as possible. Through its own certifications, the company is committed to quality management and improved environmental performance.

That commitment does not stop at the factory gate, Scandbio works together with its hauliers to increase the use of renewable fuels. Since 2009. the company has reduced CO₂ emissions from the transportation of finished products by 46%.

Scandbio believes in the renewable alternative, with lower cost, stable prices thanks to good domestic access, and its contribution to both local job opportunities and a thriving countryside.

Case study: Shaw Renewables

Shaw Renewables is a division of The Shaw Group, one of Eastern Canada's leading community developers, residential builders and natural resource manufacturers. The Group has been manufacturing products in Atlantic Canada for over 160 years. Entering the wood pellet market in 1995, Shaw Renewables is now an established supplier to the residential, commercial, and industrial sectors, locally, nationally and internationally.

The division places great importance on certification to provide assurance of both quality and sustainability. Shaw Renewables wants its customers to trust that the products they purchase are sustainably sourced. Shaw Renewables operates two wood pellet plants, Belledune in New Brunswick and Hardwood Lands in Nova Scotia, both sites hold an SBP certificate.

Belledune produces industrial wood pellets for export to European power utilities. Feedstock is sourced from New Brunswick, south-eastern Québec, and Nova Scotia. Forest biomass and sawmill residues are used by the pellet plant and since some are not certified, Belledune had to carry out a Supply Base Evaluation to assess the risk of non-compliance with the 38 indicators of SBP Standard 1. Hardwood Lands produces and supplies wood pellets primarily to the Atlantic Canada region, with some exports to European markets. Sawmill residues (sawdust, shavings, flakes, wood chips, bark) supplied by local sawmills make up the feedstock used in the pellet plant.

The sawmills mainly source their logs from Nova Scotia or New Brunswick forests, with a very small percentage (<1%) originating from Prince Edward Island forests. Some 20-40% of the sawmill residues used originate from certified forests and are SBP-compliant. The remaining 60-80% are SBP-controlled.



Shaw Renewables upholds the values of The Shaw Group. Safety is a strong part of the culture. Whether at work or at home, employees are encouraged to consider their own safety as well as that of others. Acting honestly and ethically is key to all interactions with the division's wide range of stakeholders, as is acting responsibly when making decisions and taking actions.

Striving to provide the best and up-to-date solutions to the marketplace requires a strong understanding of customers' and the sector's needs, which drives continuous improvement across operations. And with access to the skills, knowledge and resources of The Shaw Group, Shaw Renewables is able to leverage those strengths in its operations.

Governance

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Sustainable renewable energy has a big part to play in helping to meet global carbon emission reduction goals. The biomass sector has a lot of opportunity for improvements, growth, and expansion."

Julie Griffiths Quality, Sustainability and Environmental Program Coordinator



Performance review

Our key priorities for 2022 have been reported on in the **Statement by the Chief Executive** Officer (pages 07 and 08). In this section, we report on other key achievements of the year.

In April 2022, Assurance Services International

Biomass Program (SBP) certification services

Body, Forest Certification, for Sustainable

in Russia. Ahead of the transition to our

did not pursue accreditation by ANAB.

new accreditation services provider, ANAB

confirmed that it could not provide services

in Belarus and Russia due to the geopolitical

situation. Consequently, Forest Certification

During the second half of 2022, Control Union

Preferred by Nature and SCS Global Services

pursued accreditation by ANAB. At the end

of 2022, all four Certification Bodies (CBs) had

received accreditation and were approved by

SBP to offer SBP certification services.

Certifications. DNV Business Assurance Finland.

(ASI) announced the suspension of Certification

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Certifications

Due to a combination of circumstances. including the Russia-Ukraine conflict and withdrawals of services from key technical and operating partners, all SBP certificates in Russia and Belarus were suspended in early April 2022. With ANAB's position confirmed, the lack of auditing and independent oversight thereof, all suspended certificates were duly terminated by mid-August 2022.

During 2022, we saw 142 terminations, of those 124 were Certificate Holders (CHs) located in Belarus and Russia, 99 of which were terminated as a result of the conflict.

An SBP certificate is valid for five years. After the main/initial audit. CBs must carry out annual surveillance audits. When the validity of the certificate expires, a re-certification audit must be conducted by the CB. A re-certification audit is akin to the main/initial audit, with a stakeholder consultation and a peer review of the audit reports, but with actual transaction data from the previous 12 months.

During 2022, 43 certificates were re-issued to existing CHs. which included four located in either Belarus or Russia that were later terminated.

At the end of 2022, the total number of CHs was 246, of which 178 were Biomass Producers, 56 Traders and 12 End-users,

SBP's geographic spread increased to 34 countries in total, after accounting for the loss of Belarus and Russia and the gain of Réunion, Singapore and South Africa.

Also, by the end of the year, a further 25 organisations had made applications for SBP certification through our accredited CBs.

As at end of 2022:

accredited Certification Bodies (2021:5)



178 Biomass Producers: 56 Traders; and 12 End-users (2021: 353)

additional organisations have made applications for SBP certification (2021:36)

of SBP-certified biomass (wood pellets and chips) produced and sold by Biomass

Producers in 2022 (2021: 16.70Mt)



countries making up the geographic

spread of Certificate Holders

(2021: 33)

🗮 Australia

Belgium

Performance review (continued)

Maintaining up-to-date standards

The suite of SBP documentation was updated throughout the year as necessary to ensure relevance and, where necessary, assist with interpretation and clarification of our Standards, processes and procedures.

Interpretations

All matters for interpretation and clarification raised by users of the SBP certification scheme are recorded on the website to assist with implementation of the Standards. The full set of interpretations and clarifications is available as a download **here.**

COVID-19 audit requirements

In response to COVID-19, our normative requirements, providing for increased flexibility for certification audits, were in place for all audits scheduled up to 31 December 2022 and to certificates with validities expiring up to that date. However, 2022 saw a return to on-site audits and only eight (of a total of 281) during the year were conducted in line with the COVID-19 requirements.

Regional Risk Assessments

Regional Risk Assessments (RRAs) are a key part of SBP's focus on identifying and mitigating risks associated with sourcing feedstock. With an RRA covering an entire geographic region, and determining the risks associated with sourcing feedstock from that region, the need for individual Biomass Producers to conduct risk assessments is avoided. RRAs also ensure active engagement with a diverse range of stakeholders in the region.

RRAs are developed on the basis of available information at the time of publication and they remain valid for a period of five years from the approval date. Over time it is to be expected that more information will become available as knowledge and thinking develops. By limiting the validity of the RRAs to five years, such developments may be incorporated into an updated version.

During the year, the SBP-endorsed RRAs for Denmark and Latvia reached the end of their validity. Mindful that SBP Standard 1 is the foundation of our RRAs and that any revisions to that Standard will trigger the need to update all existing SBP-endorsed RRAs, the decision was taken to extend their validity to coincide with the end of the transition period for our revised Standards, that is, the point at which all CHs must comply with the revised requirements.

EU affairs and engagement

Throughout the year we have kept abreast of developments in EU policy and proposed legislative and regulatory changes of interest to the biomass sector. We have engaged on those matters considered relevant to biomass certification and where we have been invited to share our expertise.

In particular, we have maintained a watching brief on issues spanning the review of REDII (the so-called REDIII), forest monitoring, and nature restoration.

Of interest, were the deliberations on REDIII, including the European Parliament's proposal to exclude primary woody biomass from counting towards renewable energy targets when exceeding a specified limit, and its proposal to mandate the cascading use principle.

We were able to assist the EU institutions with the provision of evidence gathered from aggregated feedstock data for 2020 and 2021 (the only aggregated feedstock data available), showing that close to half the feedstock used in biomass production comes from primary feedstock (from forests), the remainder coming from secondary feedstock (from sawmills and other primary processing) and tertiary feedstock (residues from secondary processing (pre-consumer) and recycling (post-consumer)). Importantly our data show that greater than 99% of all the feedstock used in the production of biomass carrying an SBP Claim was classified as low-grade roundwood, harvest residues or sawmill and wood industry residues.

Our data is evidence of two very important facts: i) very little (less than 1%) quality roundwood finds its way into the SBP-certified biomass supply chain; and ii) market dynamics automatically impose the cascading use principle.

Data Transfer System

Continuing our theme of improving our systems and enhancing user experience, in the first half of the year we launched digital versions of the SBP Audit Reports (SARs) on Energy and Carbon Data for pellets and chips. The digital SARs offer improved functionality, including data validations and more efficient exporting of SAR data.

As with all our developments, we consulted users to ensure that our new digital offering had practical application. At first introduced on a voluntary basis, following positive feedback from Biomass Producers, use of the digital SARs became mandatory from 1 January 2023. Throughout the year the Data Transfer System (DTS) was maintained and updated as appropriate, including an updating to the User Guide for Certificate Holders in line with developments.

Information, training and events

Throughout 2022, we actively engaged with our stakeholders, albeit remotely, through use of a variety of collaboration and communication platforms. We view such stakeholder engagement as critical to the success of SBP.

From information provision, through training and workshops, to participating in the biomass sector's key conferences we have strived to increase awareness and understanding of all aspects of the SBP certification scheme.

Stakeholder hub

In the fourth quarter, our website was updated with our new stakeholder hub. The hub provides users with an quick and easy way to access key information about who we are and what we do. We plan to add more content to the hub in the future. The SBP stakeholder hub can be viewed **here.**

Auditor training

In keeping with SBP's aim to uphold a robust certification scheme, we have exacting requirements when it comes to the quality of the audits undertaken by independent CBs of applicant, or existing, CHs. Demonstrating auditor competence is a critical part of the certification process.

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Performance review (continued)

Sustainable Biomass Program Annual Review 2022

We require that auditors not only demonstrate existing competence, but attend training sessions and be examined on our Standards. specifically on the three subject areas of our Supply Base Evaluation, Chain of Custody, and energy and carbon data.

One online training session was delivered in 2022, adding 13 newly gualified SBP auditors to the ranks. A total of 153 auditors worldwide have successfully completed the SBP auditor training programme.

Audit Portal and Data Transfer System training

During the year, additional Audit Portal guidance videos were developed for Peer Reviewers. and ongoing support was provided to all Audit Portal and Data Transfer System (DTS) users on a one-to-one basis

Workshops

Two REDII workshops were held during the year, one in the first quarter and one in the fourth quarter. The workshops were designed to introduce CHs and CBs to the REDII requirements and the necessary actions to ensure compliance with the Directive.

Events

We participated in a number of biomass sector events during 2022, giving us a platform to promote SBP and its certification scheme.

In early November, we hosted our CB Forum in Barcelona, Spain. The two-day agenda covered a range of topics, from training on our latest digital developments to focused discussions on our revised Standards and EU REDII requirements, as well as time devoted to issues of the day.

Certificate Holder survey

Providing a good service to all our CHs is important to us. In the first guarter of 2022, we contacted all CHs with a request to complete a short survey to tell us how we were doing. This year, we also took the opportunity to include some additional questions to inform our strategy review, the feedback on which was evaluated separately as part of the review

Some 10% of our CHs responded to the survey; just over 80% of the respondents were Biomass Producers and the remainder were Traders. The headline results were as follows:

of respondents were at least satisfied with SBP in terms of our responsiveness. professionalism, resource levels and communication of information. Some 14% were extremely satisfied.

of respondents were at least satisfied with our DTS and website. with some 14% and 17% (respectively) extremely satisfied.

of respondents were at least satisfied with the Audit Portal. with some 14% extremely satisfied.

most valued benefit by respondents was our role in facilitating trade in the biomass market. Regulatory compliance was ranked second in terms of business benefit

most challenging technical aspects were conducting risk assessments, collecting audit report (SAR) data and risk mitigation measures.

of respondents felt that our written materials, including the annual review. Standards documents and process documents, were well-presented and informative or about right in terms of presentation and ease of reading. Less than 10% found our written materials too complex and hard to understand.

of respondents were at least satisfied with their CB's understanding of the Standards, resource levels and responsiveness. Some 31% were extremely satisfied.

of those respondents who had engaged with assurance body, ASI, were at least satisfied with ASI's understanding of the Standards, resource levels and responsiveness,. Most were very satisfied.

The feedback we receive is extremely helpful in focusing our efforts on improving our service and better meeting our CHs' needs. It is always useful to hear from new and old CHs alike to make sure we do our very best.

SBP Working Groups

Our Working Groups play an important role in addressing specific, technical challenges. Membership of the Working Groups is drawn from a pool of technical experts, which may include individual expert advisers or representatives of organisations with a specific interest in the biomass sector. The Working Groups operate on a 'task and finish' basis.

Since the launch of the Standards Development Process in 2020, all specific, technical challenges have been under the umbrella of that Process and picked up as part of its comprehensive working arrangements.

Financial information

Funding model

SBP is a not-for-profit organisation, with the intention to break even over the financial year. Should any profit be generated, those monies would be re-invested into the organisation, or repaid to Certificate Holders (CHs).

We are funded by our CHs, with a variable fee structure based on the tonnes of biomass produced and/or sold and CH type. The fee schedule is available **here.**

On 1 January 2022, our updated CH fee schedule came into effect. Two changes were introduced: the introduction of an annual fee; and a new category of Trader/End-user for those selling/using annual volumes of between 1 and 99,999 tonnes of biomass with an SBP claim.

All active and suspended CHs are obliged

CHs incur costs associated with the SBP

System) and therefore it is both fair and

Total expenditure in 2022 amounted to

in overall expenditure principally reflects

with inflation for the Secretariat, as well as

meetings increased following the lifting of

travel restrictions post COVID-19.

€2,425,309 (2021: €2,256,808). The increase

additional headcount and salary raises in line

higher travel costs as the number of in-person

The pie chart (right) shows each key category of

spend as a proportion of total spend in the year.

to pay the annual fee. Active and suspended

IT platforms (for example, the Data Transfer

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Sustainable Biomass Program Annual Review 2022

Making a difference

proportionate to share those costs across those who incur them. Income and expenditure Total income in 2022 amounted to €2.544.976

(2021: 2,737,867).

The figures have been extracted from the Company's statutory financial statements, which are subject to an annual audit. The audited financial statements of the Company for the year ended 31 December 2022 will be approved and published separately in due course.

Secretariat

Just over one-third of the expenditure was invested in the people who carry out the day-to-day running of SBP (see page 45). The increase in 2022 is due to additional headcount and salary raises in line with inflation.

Board and governance

Includes the cost of running the multistakeholder governance system, which comprises the Board of Directors, Standards Committee, Technical Committee and Stakeholder Advisory Group. The increase in 2022 was due to a return to in-person meetings, following the remote meetings during the COVID-19 pandemic. The additional costs were incurred for meeting venues and travel of the Board and Committee members.

Consultants and services

SBP engages consultants to carry out specific project work and multiple service providers for functions including accountancy, payroll, secretarial services, accreditation, assurance, and legal advice. The decrease in 2022 compared to 2021 is related to the additional headcount within the Secretariat offsetting the need for expertise to be provided by external contractors and service providers.

Strategy projects

Strategy projects make up the three-year work plan in support of our strategic objectives. The work plan was developed by the Secretariat and approved by the Board in the third quarter of 2019. The majority of the expenditure was related to the Standards Development Process and our strategy review for the period 2023-25.

IT software

Includes the cost of running and developing the Data Transfer System, and licences for the use of various software products. The decrease in 2022 was due to the registration of fewer CHs on our IT systems following the termination of certificates in Russia and Belarus.

Travel, subsistence and meetings

Includes travel costs that arise from the dayto-day running of SBP, for example, running Working Groups, attending industry events and engaging with stakeholders.

Expenditure breakdown 2022

Travel, industry events and general meetings gradually made a return in 2022, after being greatly affected by COVID-19 restrictions in 2021.

Depreciation and amortisation

Represents the cost of tangible assets and software development costs spread over the lifetime of each asset.

Finance costs

This predominantly represents the cost of bad debts arising from uncollected fees, following the termination of certificates in Russia and Belarus.

	2022	% of total expenditure	2021
1 Secretariat	€ 915,642	38%	€762,450
2 Board and governance	€ 367,744	15%	€228,077
3 Consultants and services	€ 338,021	14%	€490,648
4 Strategy projects	€ 304,175	13%	€400,895
5 IT software	€ 278,667	11%	€318,937
6 Travel, subsistence and meetings	€ 121,409	5%	€340
7 Depreciation and amortisation	€ 53,524	2%	€55,461
8 Finance costs	€ 46,127	2%	-
Total expenditure	€2,425,309	100%	€2,256,808





Our balanced governance approach

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SBP recognises the value and benefit of good governance. **Our governance arrangements** bring together stakeholder groups representing Civil Society interests. Biomass Producer interests and those of End-users.

By nature of our multi-stakeholder arrangements, antitrust considerations have particular importance to SBP. Continuous and strict adherence to best practice is a requirement on all our Directors, Committee members and the Secretariat. Processes designed to ensure compliance and mitigate against any potential non-compliance are applied at all meetings of our governing bodies. Compliance with the SBP Antitrust Compliance Policy is a condition of continued membership of or participation in the activities of any SBP governing body.

Board of directors

The Board of Directors is the key governing body of SBP, determining our strategy and objectives, and approving the annual business plan and budget.

The Board comprises an independent Chair and nine seats filled with an equal split between the interests of Civil Society, Biomass Producers and End-users.

Fach Board member serves in a personal capacity representing their particular stakeholder interest group, and not their affiliated organisation. Each member has been chosen for his or her knowledge, integrity, expertise and support for SBP's purpose.

During 2022, the Board of Directors met four times.

Membership

As at the end of December 2022, membership of the Board of Directors was as follows: Representing Biomass Producer interests:

Independent Chair:

Francis Sullivan







Raul Kirjanen



David Wong



Representing Civil Society interests:

Arnold (Arnie) Bercov



Representing End-user interests:

Annawati (Anna) van Paddenburg



Will Gardiner*



Thomas Lyse



Peter-Paul Schouwenberg

* Will Gardiner stood down from the Board in March 2023.

Biographies of the Board of Directors are available here

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Our aim is to ensure that we continue to have high-functioning governing bodies with true representation of diverse stakeholder interests."

Francis Sullivan

Committees of the Board

The Board has established two standing committees.

The Finance and Business Planning

Committee assists the Board in its duty to:

- i) supervise the broad direction of the organisation's financial affairs, business activities and financial planning; and
- ii) monitor the integrity of the financial statements and business planning activities of the organisation.

During 2022, the Finance and Business Planning Committee met four times.

As at 31 December 2022, membership of the Finance and Planning Committee was as follows:

- Will Gardiner
- Anna van Paddenburg
- Peter-Paul Schouwenberg
- Francis Sullivan

The Nominations and Governance **Committee** assists the Board by:

- i) nominating persons to be considered by the Board for appointment to the Board and the Technical Committee: and
- ii) monitoring and making recommendations to the Board on governance matters to ensure best practice in the management and governance of the organisation.

During 2022, the Nominations Committee met four times.

As at 31 December 2022, membership of the Nominations and Governance Committee was as follows:

- John Keppler
- Thomas Lyse
- Martin Porter
- Francis Sullivan

Standards Committee

The Standards Committee is responsible for all decision-making concerning standards-setting and the provision of views, advice and recommendations on the operation of SBP to the Board, other Committees and the Secretariat.

The Standards Committee is a representation of stakeholders, with the membership split equally between those representing Civil Society and those representing commercial interests.

The members of the Standards Committee have been chosen to reflect diverse experiences, geographies and interests in relation to the work of SBP.

During 2022, the Standards Committee met 10 times, five of which were working meetings specifically to review progress made with the Standards Development Process.



Martin Junginger and Mike Williams

Membership

Co-Chair

Gary Q Bull

Pedro Faria

Nina Haase

Scott Jones

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As at the end of December 2022, membership of the Standards Committee was as follows:

Representing Civil Society interests:







Sune Balle Hansen

Representing commercial interests:



Richard Z Donovan









Gabriele Rahn



Yves Ryckmans



Biographies of the Standards Committee are available here

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Our balanced governance approach (continued)

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The role of the Technical Committee is, amongst other things, to provide advice to the Board on technical and scientific functions, including but not limited to certification and accreditation criteria and methodologies.

The Technical Committee is a representation of specialist expertise across the disciplines encompassed by the Standards, including forest management, feedstock processing, biomass distribution, as well as knowledge of auditing, certification and/or accreditation processes and procedures.

The members of the Technical Committee have been chosen to reflect the necessary specialist knowledge and to ensure balance across regional geographies.

During 2022, the Technical Committee met 15 times. 10 of which were working meetings specifically to review progress made with the Standards Development Process.

We have offered advice on the practical aspects of the revised Standards, from implementation of the requirements to their auditability. Our overriding concern has been to ensure the delivery of an effective and workable solution."

"

Rob Shaw

Technical Committee

Membership

As at the end of December 2022, membership of the Technical Committee was as follows:



Stakeholder Advisory Group

The role of the Stakeholder Advisory Group is to provide a platform for stakeholder input and advice to support the work of the Standards Committee in the development, implementation and maintenance of Standards and related documents, and other relevant activities towards furthering SBP's development as a biomass certification scheme and making SBP an efficient and effective organisation.

The number of members of the Stakeholder Advisory Group is unlimited, although only one representative from each organisation/institution is permitted to join the Group.

During 2022, the Stakeholder Advisory Group was dormant awaiting consideration of how to improve the platform for stakeholder engagement.

Biographies of the Technical Committee are available here

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*Kim Cesafsky DuBose stood down from the Technical Committee at the end of December 2022.

Secretariat

The day-to-day running of SBP is carried out by the Secretariat. In fulfilling the Secretariat function, as at the end of December 2022, SBP employed 6.4 full-time equivalent employees and procured the services of independent consultants for specialist skills

Our balanced governance approach (continued)

SBP is a virtual organisation registered in England and Wales.

Membership

As at the end of December 2022, the employees were as follows:



Working Groups

Membership of the Working Groups is drawn from a pool of technical experts, which may include individual expert advisers or representatives of organisations with a specific interest in the biomass sector.

During 2022, there were no Working Groups outside of the Standards Development Process.

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Biographies of the Secretariat are available here

Glossarv

Board (ANAB)

ASEAN Countries

Thailand, and Vietnam.

ANSI National Accreditation

ANAB is the largest accreditation body in

North America and serves more than 75

to a wide range of Certification Bodies.

The Association of Southeast Asian

countries, providing accreditation services

Nations (ASEAN) is a regional grouping that

Brunei, Cambodia, Indonesia, Laos, Malaysia,

aims to promote economic and security

cooperation among its ten members:

Myanmar, the Philippines, Singapore,

Assurance Services International (ASI)

An independent third-party accreditation

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Storage (BECCS) Any energy pathway where CO₂ is captured from a biogenic source and permanently stored.

Economic activity involving the use

Bioenergy with Carbon Capture and

Biomass

Typically, wood pellets and woodchips.

Biomass Producer

A producer of wood pellets and/or woodchips.

Cascading use principle

Utilising resources in a way that maximises their economic, social, and environmental benefits, thereby encouraging a shift away from linear and wasteful consumption patterns towards a circular economy model.

Certificate Holder (CH)

An SBP-certified organisation in the biomass supply chain, such as a Biomass Producer, Trader or End-user,

Certification Body (CB)

An independent body recognised for its competence to audit and issue certificates confirming that an organisation conforms to the requirements of a standard or standards.

Chain of Custody

A mechanism for tracking certified material throughout the supply chain.

Civil Society

Comprises organisations that are not associated with governments, including academia, advocacy groups, professional associations and consultants.

Data Transfer System (DTS)

An SBP tool facilitating the collection. collation and transmission of data throughout the supply chain.

Ecosystem

All plants and animals that live in a particular area together with the complex relationship that exists between them and their environment.

End-user

User of biomass to produce energy.

EU-27 The 27 Member State countries of the EU.

EU Renewable Energy Directive II (REDII)

A Directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources (recast).

EU Renewable Energy Directive III (REDIII) Net Zero

The proposed revision of the Renewable Energy Directive (building on REDII).

Feedstock

Woody material used to produce biomass.

Sixteen high-level principles on biomass

Data related to the calculation of energy

The global membership association

for credible sustainability standards.

sustainability serving to guide and support

A global forest certification scheme.

Glasgow Declaration

Greenhouse gas data

and carbon savings.

ISEAL Alliance

on Sustainable Bioenergy

the growing bioenergy sector.

Not-for-profit Forest Stewardship Council (FSC)

A not-for-profit organisation is one that does not earn profit for its owners.

ISEAL Codes of Good Practice

ISEAL Community Member

ISEAL Credibility Principles

the core values on which effective

The term legality is defined by SBP

Standard 1, Feedstock Compliance,

Land Use, Land-use Change

and Forestry (LULUCF)

Mass balance system

sustainability standards are built.

and collaboration.

Legality

version 1.0.

wood products.

atmosphere.

ISEAL Codes of Good Practice provide a

globally recognised framework used by

leading sustainability standards. The three

Codes of Good Practice focus on the core

standard-setting, assurance and impacts.

elements of a sustainability standard:

For ISEAL Community Members the

emphasis is on improvement, sharing

learning, building a community of trust

The ISEAL Credibility Principles represent

The term covers the following categories:

forest land, cropland, grassland, wetlands,

settlements, other land and harvested

A system for tracking the physical flow

of biomass feedstocks throughout the

The balance between the amount of

greenhouse gas that is produced and

the amount that is removed from the

supply chain and assigning sustainability

characteristics to the final product quantity.

Non-governmental organisation (NGO)

An organisation that is independent from states and international government organisations.

Monitoring and Evaluation (M&E) system

SBP's approach to tracking and assessing progress in working towards intended outcomes and impacts.

Primary feedstock

Roundwood and residues direct from the forest. Examples include:

- Low grade roundwood wood from the stem of a tree (excludes branches, stumps and roots) that is not merchantable as sawtimber.
- Harvest residues without stumps tops, limbs, branches, leaves, bark excluding stumps.
- Low grade roundwood rejected by sawmills – wood from the stem of a tree that is unfit for processing.
- High grade roundwood wood from the stem of a tree (excludes branches, stumps and roots) that is merchantable as sawtimber.
- Harvest residues with stumps tops, limbs, branches, leaves, bark including stumps.

Programme for the Endorsement of Forest Certification (PEFC) A global forest certification scheme.

Regional Risk Assessment (RRA)

An evaluation of an entire geographical region to determine the risks associated with sourcing feedstock for biomass production.

SDE+ subsidy regime

SDE+ (in Dutch: Stimulering Duurzame Energieproductie) is an operating grant. which aims to encourage the production of renewable energy in the Netherlands.

Secondary feedstock

Residues from sawmills and other primary processing. Examples include: - Sawmill and wood industry residues residues produced during the primary processing of wood (sawdust, chips and small offcuts).

Standards Development Process

The Standards Development Process sets out the approach proposed in the development of SBP Standards 1 to 6.

Supply Base Evaluation (SBE)

The process of evaluating non-certified

The term sustainability is defined by SBP Standard 1. Feedstock Compliance. version 1.0.

Sustainable Biomass Program (SBP)

A certification scheme designed for woody biomass used in industrial, large-scale energy production.

SBP certification scheme

The Standards, processes and procedures that together define the certification scheme.

SBP-certified

Biomass carrying an SBP claim, or an organisation holding a valid SBP certificate (also known as a Certificate Holder).

SBP claim

There are two SBP claims – SBP-compliant biomass and SBP-controlled biomass.

SBP-compliant biomass

Any biomass that comes with a claim that the feedstock used to produce it originates from certified forest (that is, FSC or PEFC certified feedstock, including feedstock with a certification claim from PEFC-endorsed systems, such as SFI), or feedstock sourced from areas that are deemed to be 'low risk' following a Supply Base Evaluation.

SBP-controlled biomass

Any biomass that is produced from feedstock with an FSC or PEFC-controlled claim, or feedstock sourced within the scope of the SBP-approved controlled feedstock system.

Sustainable Forestry Initiative (SFI)

A forest certification scheme used widely across North America.

Tertiary feedstock

Residues from secondary processing (preconsumer) and recycling (post-consumer). Examples include:

- Wood industry residues - residues produced during the secondary processing of wood (shavings and chips).

Theory of Change

A tool to link our strategic objectives to our purpose by articulating impact pathways.

Trader

Buver and seller of biomass.

UN Sustainable Development Goals (SDGs)

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, has at its heart 17 Sustainable Development Goals (SDGs). which are an urgent call for action by all countries - developed and developing in a global partnership.

feedstock. Sustainability

Sustainable Biomass Program Annual Review 2022

Audit Portal SBP online platform and dedicated system for managing all SBP audit-related activities.

of biotechnology and biomass in the production of goods, services or energy.

Bioeconomy

body.

Contact us

If you have any information needs do not hesitate to get in touch...

For all enquiries, please contact: info@sbp-cert.org

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Making a difference

Overview

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