Sustainable Biomass Program
Annual Review 2021

The promise of good biomass

Welcome to SBP

As with most things in life there is good and bad, right and wrong.

Only sustainably sourced biomass is good biomass and the right way to contribute to achieving climate goals.

SBP is a not-for-profit, voluntary certification scheme designed for biomass used in energy production. Respected scientific advisory bodies and policy makers worldwide recognise biomass to energy as a renewable technology with a significant role to play in reducing carbon emissions and meeting challenging climate goals.

Through our credible and robust certification scheme, assuring responsible practice in feedstock sourcing, SBP is the promise of good biomass and is an integral part of the solution for tackling climate change.

Our purpose is to facilitate the economically, environmentally and socially responsible use of biomass enabling climate goals to be met.

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Introduction by the Chair

Throughout 2021, amidst the continuing uncertainty and challenges surrounding the COVID-19 pandemic, health and safety at a personal level remained a key priority worldwide. However, business and Civil Society alike never lost their focus on longer term trends, such as climate change, socio-economic issues and biodiversity. Such trends are at the heart of SBP and are regularly discussed at Board level and elsewhere within the organisation.

Energy is the bedrock of modern living and is essential to performing our daily tasks. We all have a responsibility to improve the use of natural capital, whilst ensuring social well-being. Thanks to technological advances and innovations, those in the biomass sector are doing just that.

We have seen growth in our Certificate Holder (CH) base, which is testimony to the growing awareness of all three pillars of sustainable development – economic, environmental and social. We have also seen success in the shape of recognition by others, namely the achievement of ISEAL Community Member status and a preliminary positive assessment of our Standards against the requirements of the recast EU Renewable Energy Directive (REDII).

Governance matters

Our governing bodies immersed themselves in a full agenda over the year, with any time saved by not travelling on SBP-related business being channelled into the various meetings. Our multi-stakeholder arrangements continue to function well and foster a healthy exchange of views and ideas.

In May, I was delighted to welcome Annawati (Anna) van Paddenburg, who joined SBP as a director of the Board representing Civil Society.

Anna is a green growth professional with almost two decades of international experience integrating the value of nature in economic and financial decisions.

In line with best practice, directors of our Board serve for an initial period of three years, after which they may decide to put themselves forward for re-appointment for a further three years. Two directors, Arnold Dale and Vaughan Bassett, both in the third year of their term, stepped down from the Board at the end of the year. I am extremely grateful to both for their support and wise counsel.

To take their place, I extend a warm welcome to Raul Kirjanen and David Wong, who have been in post since 1 January 2022. Between them Raul and David bring considerable Biomass Producer experience to the Board and I look forward to working with them.

SBP now has Board members spanning much of the globe, from Vancouver in the West to Auckland in the East.

Our landscape

Navigating the changing legislative and regulatory landscape is vital if we are to maintain our market relevance and serve the business needs of our CHs.

With the European Green Deal's climate targets enshrined in a climate law, the EU is legally bound to a reduction of at least 55% in greenhouse emissions by 2030 (compared to 1990 levels) and net zero by 2050.

The 'Fit for 55' package contains 14 Directives and Regulations covering sectors including energy, transport and buildings that together will put the EU on the path to meeting its 2030 target.

This fundamental overhaul of the EU's climate policy framework has many moving parts and we are maintaining a close eye on the various proposals and continue to engage and inform the biomass debate in those areas of relevance to biomass certification.

Fit-for-purpose

We are ever mindful of practitioners' experiences of implementing our Standards, changing awareness of topics, such as forest carbon and biodiversity, and advances in best practice. As a responsible certification scheme it is our duty to respond to those signals and ensure that we are fit-for-purpose.

Our Standards Development Process has provided us with an opportunity to take an in-depth look at our Standards. A tremendous amount of time and effort has been generously given by our wide-ranging stakeholders in tackling the many complex issues and concepts that are the substance of our Standards.

Earlier this year we drew a line under the development work and the Process moved into its concluding phase.

SBP certification operations

SBP condemns the invasion of Ukraine. The actions directed against that country and its people are unacceptable and entirely at odds with our values and those of our stakeholders. Under the circumstances and with pending withdrawals of services from key operating partners we are unable to ensure the integrity and continuation of certification in Russia and Belarus.

In March 2022, we notified suspension of SBP certificates in those countries from 8 April 2022. Once suspension becomes effective woody biomass sourced from Russia and Belarus can no longer carry the SBP claim.

Looking ahead

Our current strategy runs to the end of 2022. Throughout 2022, the Board and the Secretariat will work together to set the strategic plan for 2023 to 2025. We intend to take stock of where we have got to, and identify and discuss the key issues that will have the greatest impact on our future performance before focusing on our strategic purpose and objectives.

In conclusion

It is inspiring to see the resilience and focus that many have when faced with testing times. I am grateful to all our stakeholders, who are critical to our success, for their continued and unwavering support during 2021.

Finally, my thanks to the Secretariat and external consultants who have diligently applied themselves to the heavy workload of 2021.

Francis Sullivan
Chair

28 March 2022

SBP today

Our purpose

To facilitate the economically, environmentally and socially responsible use of biomass enabling climate goals to be met.

Our strategy

Our strategy is informed by our review of risks and opportunities, enabled by the right stakeholder balance and skill set, and underpinned by our values. Our four strategic objectives are:

Assurance
Ensure our certification scheme meets our promise of good biomass.

Certification
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.

Theory of Change

Our Theory of Change is the link between our strategic objectives and our purpose, throwing the spotlight on how what we do will deliver our intended impact and ultimately our purpose. We have identified three impact pathways, spanning the short to medium and long term:

Impact pathway 1: Our Standards
Ensuring market demand for good biomass and eliminating bad biomass.

Impact pathway 2: Data and information
Enabling informed and responsible choices.

Impact pathway 3: The bioeconomy
Evidence-based support for the wider use of biomass.

+ More on our Theory of Change can be viewed here

Our values

Our values are the guiding principles that we use to manage our operations and our relationships with stakeholders. Our four values are:

Integrity
In how we conduct our business and maintain the accuracy and consistency of the data we collect and communicate.

Credibility
Reliable and dependable certification scheme of choice.

Transparency
Open and honest in all that we do.

Inclusivity
Responsive to the needs of the multiple stakeholders that we serve.

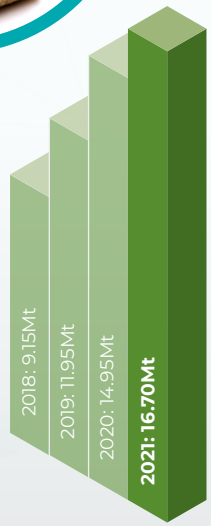
Our business model

We specialise in the biomass market where we have the expertise to succeed and realise our ambition to be the biomass certification scheme of choice.

Focused on delivering a certification scheme that meets our stakeholders' needs and has the desired and intended outcomes that improve the use of natural capital.

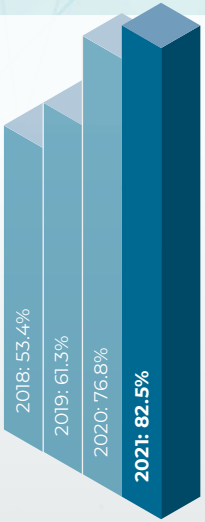
Our market footprint

During 2021, our number of Certificate Holders increased as did the volume of SBP-certified biomass produced, traded and consumed. Here we provide a snapshot of our market footprint.



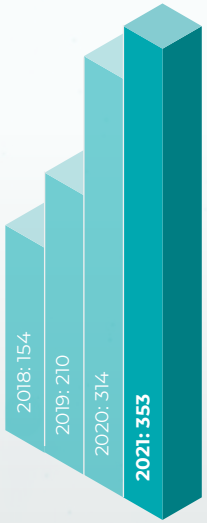
16.70Mt

Total SBP-certified biomass produced and sold in 2021
of which 14.50Mt (2020: 13.35Mt) pellets and 2.20Mt (2020: 1.60Mt) chips (2020 total: 14.95Mt)



82.5%

SBP-certified pellets consumed in 2021
accounted for 82.5% of the industrial pellet consumption in Europe[2] (2020: 76.8%)



353

Number of Certificate Holders at the end of 2021
(2020: 314)

Total SBP-certified biomass consumed in 2021[1]
of which 14.35Mt (2020: 12.40Mt) pellets and 2.10Mt (2020: 1.15Mt) chips (2020 total: 13.55Mt)

16.45Mt

16.20Mt

Total SBP-compliant biomass produced and sold in 2021
of which 14.05Mt (2020: 12.80Mt) pellets and 2.15Mt (2020: 1.60Mt) chips (2020 total: 14.40Mt)

Total SBP-controlled biomass produced and sold in 2021
of which 480kt (2020: 550kt) pellets and 20kt (2020: 2kt) chips (2020 total: 0.55Mt)

0.50Mt

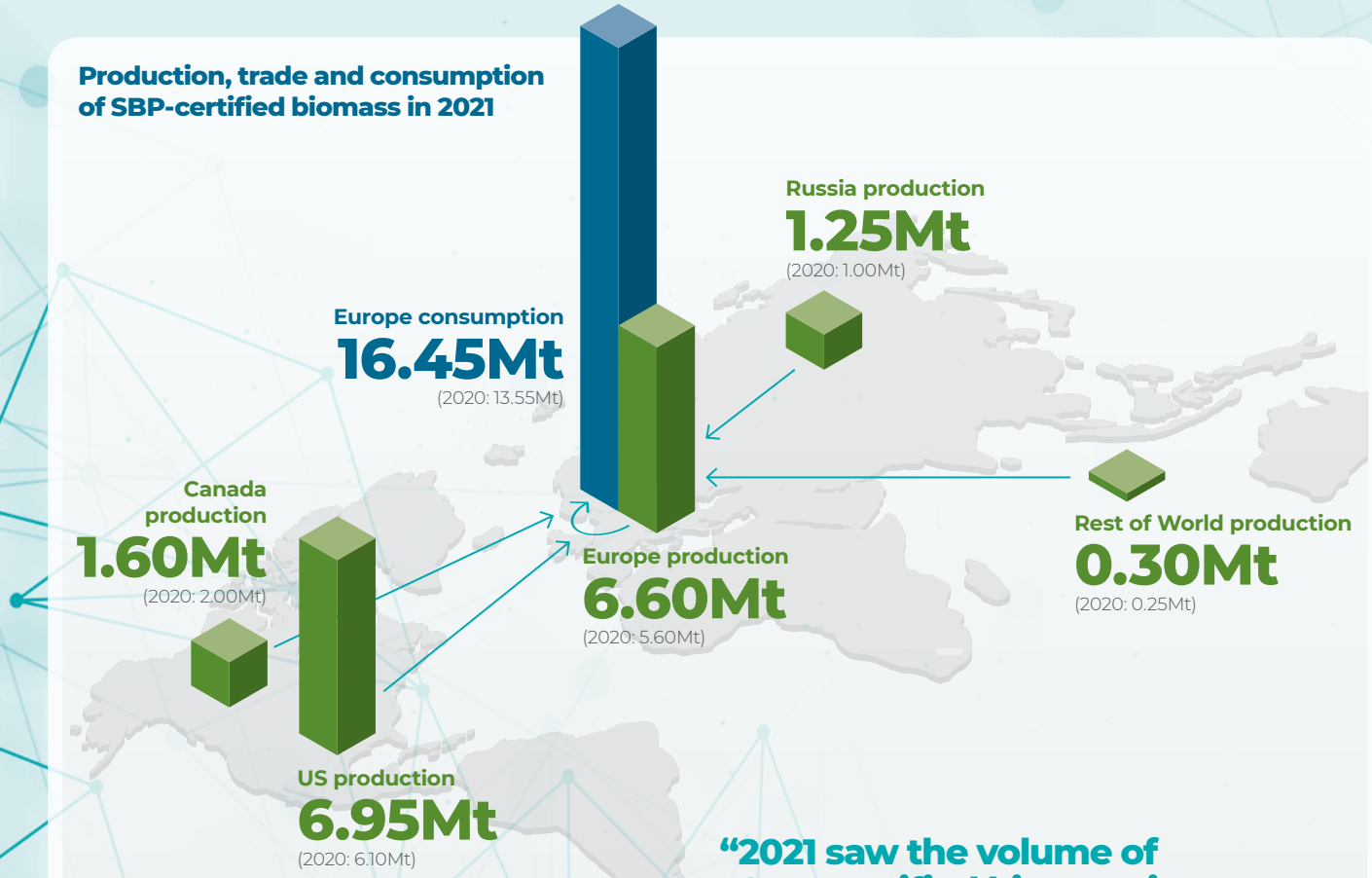
17,377

Number of transactions recorded in the Data Transfer System (DTS) in 2021
(2020: 12,292)

Notes:
Figures are derived from unaudited Data Transfer System (DTS) data.
Tonnages are rounded to the nearest 0.05Mt.
[1] Purchased by Biomass End-users in the DTS.
[2] Hawkins Wright, 2021 industrial pellet demand estimates for Combined Heat and Power, and dedicated power. Europe refers to Belgium, Denmark, Finland, France (and French territories), Netherlands, Poland, Sweden, United Kingdom and Other EU27.

Our market footprint (continued)

Production, trade and consumption of SBP-certified biomass in 2021



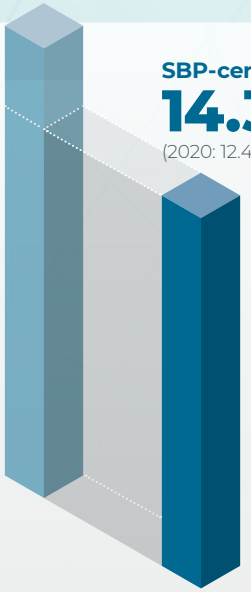
"2021 saw the volume of SBP-certified biomass increase in the market place for the fourth consecutive year since our records began..."

Carsten Huljus
Chief Executive Officer

→ **Trade flows**

Notes:
Figures are derived from unaudited Data Transfer System (DTS) data.
Tonnages are rounded to the nearest 0.05Mt.
[1] Purchased by Biomass End-users in the DTS.
[2] Hawkins Wright, 2021 industrial pellet demand estimates for combined heat and power, and dedicated power. Europe refers to Belgium, Denmark, Finland, France (and French territories), Netherlands, Poland, Sweden, United Kingdom and Other EU27.

Europe industrial pellet consumption in 2021[2]



SBP-certified
14.35Mt
(2020: 12.40Mt)

Total
17.40Mt
(2020: 16.15Mt)

Production of SBP-certified biomass by claim type

SBP-compliant
97.0%
(2020: 96.3%)
Pellets: 14.05Mt
(2020: 12.80Mt)
Chips: 2.15Mt
(2020: 1.60Mt)

SBP-controlled
3.0%
(2020: 3.7%)
Pellets: 480kt
(2020: 550kt)
Chips: 20kt
(2020: 2kt)

16.70Mt
(2020: 14.95Mt)

Statement by the Chief Executive Officer

As governments worldwide negotiated their way through vaccination programmes and roadmaps to take us out of lockdown, COVID-19 restrictions were still very much in evidence throughout 2021 and any hope of returning to a normal calendar of events was dashed.

Having fully embraced change the year before, new ways of working had become embedded at SBP. Our meetings schedule continued, albeit remotely, and importantly our operations were unaffected.

Careful monitoring of the auditing activities of our Certification Bodies (CBs) was maintained throughout the year. I am pleased to report that there was no deterioration in the assurance provided by our certification scheme, giving all stakeholders confidence in the SBP claim and the associated promise of good biomass.

"2021 proved to be a year of significant growth for SBP on all fronts..."

Carsten Huljus
Chief Executive Officer

A few words of thanks

After over seven years with SBP, latterly as our Chief Technical Officer, we said farewell to Simon Armstrong. As the architect of the certification scheme that has served us well since its launch in 2015, Simon made a truly significant contribution to the organisation.

I should also like to recognise the contributions made by Sarah Crow and Ellen Kincaid, who stood down from the roles of Chair and Vice-Chair (respectively) of the Stakeholder Advisory Group during the year. I am grateful to both for their commitment.

A year of continued growth

We saw another year of growth in our Certificate Holder base. By the end of the year, our Certificate Holder number had increased to 353, representing a 12% increase on 2020. Our pipeline of 36 applicants is set to improve on those numbers during 2022.

Our geographic reach was also extended. The addition of Guadeloupe, Martinique and the United Arab Emirates, and the loss of Côte d'Ivoire, took the number of countries that are home to SBP-certified organisations to 33, up two on 2020.

Continuing our theme of growth for the year, we saw the volume of SBP-certified biomass increase in the market place for the fourth consecutive year since our records began.

A huge amount of time and effort was invested by stakeholders in various meetings under the umbrella of our Standards Development Process. After a full year of meetings in 2021, at the start of 2022 we recognised the conclusion of the Working Group arrangements and their significant contribution to the revision of our Standards. A significant milestone that deserves mention.

Increasing our technical competence

I was pleased to welcome Nicolas Viart and László Máthé to the Secretariat. Nicolas joined us on 1 January 2022 as our Technical Director, following László who joined us slightly earlier on 1 December 2021 as our Standards Manager. Between them they bring considerable knowledge and experience, significantly strengthening the SBP technical team.

They join at an exciting time as we plan the roll-out of our revised Standards and both will be instrumental in ensuring a smooth transition. They have hit the ground running with high levels of energy and commitment.

Delivering our strategy

Overall, we made good progress in what was the second year of our three-year work plan to deliver our strategy. Our strategy sets out our approach, it is informed by our review of risks and opportunities, enabled by the right stakeholder balance and skill set, and underpinned by our values.

The activities of our three-year work plan support the delivery of our four strategic objectives:

Assurance

Certification

Communications

Organisational development and resource

The resultant outputs and intended outcomes and impact of our work plan activities ultimately deliver on our purpose to facilitate the economically, environmentally and socially responsible use of biomass enabling climate goals to be met. Formalising those connections between our strategic objectives and our purpose, we published our first Theory of Change in 2021 (see page 05 for more information).

Below I report on the advancement of our key priorities for the year and introduce those for 2022.

Key priorities for 2021

Core systems development

During 2021, mindful of the needs of our Certificate Holders (CHs) and the biomass sector as a whole, we maintained a close watch on our core systems ensuring that they were at all times agile and responsive.

Statement by the Chief Executive Officer (continued)

Our Standards Development Process represents an important and significant piece of work and I am extremely grateful to the many stakeholders who have contributed greatly to discussing the many complex ideas and concepts, and arriving at firm recommendations for revision. Particular mention goes to those who have steered the Process through its various stages, including two public consultations during the year.

Now, as we move into the final stages of review and, ultimately, approval of the revised Standards we look to our governing bodies to get us over the finishing line.

The development of our Monitoring and Evaluation (M&E) system is closely linked to our Theory of Change and Standards Development Process. With our Theory of Change published we are one step closer to developing a more sophisticated M&E system.

Our digital systems, specifically the Data Transfer System and Audit Portal, were updated during the year to ensure improved user experience and deliver efficiency benefits, both of which add value to our certification scheme. Smarter data collection is already improving data-driven analysis and will support our M&E activities.

External recognition

Our external recognition goals for 2021 were to be accepted as a Community Member of the ISEAL Alliance, the global membership organisation for credible sustainability standards, and to be approved by the European Commission under the recast EU Renewable Energy Directive (REDII).

In September, we were accepted as an ISEAL Community Member. To qualify as such, we had to meet a number of exacting eligibility criteria and commit to meeting improvement criteria to maintain Community Member status. We join a growing number of well-respected voluntary certification schemes that are driving positive social and environmental change across multiple sectors, and look forward to becoming an active participant in the ISEAL community.

In December, our application for the approval of our current Standards under REDII received a preliminary positive assessment from the European Commission. The Commission expects the recognition of the first voluntary schemes to take place in the short term. Further updates to the SBP REDII documents will be necessary following adoption of the implementing acts on voluntary schemes and forest biomass.

In addition, we have ensured that our certification scheme remains compliant with the legislation and regulations in those markets that we already serve. And for those markets currently developing their requirements, we have continued to promote our scheme as a working solution.

Presenting the case for SBP certification

Our efforts to present the case for SBP certification were sustained during the year through stakeholder outreach and engagement.

We afforded stakeholders many opportunities to get engaged in our Standards Development Process, including direct involvement in the Working Group arrangements, public consultations, workshops and one-to-one discussions with topic experts.

Our efforts to inform policy and the biomass debate were focused on the EU policy agenda. Through our EU engagement programme we continued to build relationships across the EU Institutions, positioning SBP as a key stakeholder and influencing legislation as it pertained to biomass certification.

We see ourselves as an honest broker between policy makers and the practitioners in the biomass to energy sector. Able to look from one side to the other, we offer comment on what works and what does not as policy intent is transposed from the written word of legislation through certification standards to practical implementation by supply chain actors.

Key priorities for 2022

Strategy review

We have embarked on a thorough review of our strategy, which will run for much of this year. The work is being supported by the research and consulting business, Change Agency. Earlier this year, following a number of interviews with stakeholders, Change Agency produced a scoping study to frame the review.

In developing our strategy for 2023 to 2025 and beyond, we have begun to assess our current strategy and from that the learnings applicable to future strategy development. Stepping back from the day-to-day operations we will look at the wider context of SBP's work and identify the key issues to be addressed.

Following a clear fact-based analysis of the key issues, the outcome of the review will be a set of recommendations and a future roadmap for our business that will enable sustained performance for years to come.

Stakeholder engagement

Engagement with Civil Society has been an ongoing challenge for us. The establishment of our multi-stakeholder governance arrangements, giving a voice to Civil Society and industry representatives alike, was a bold and positive move.

However, our experience has told us that we need to continuously improve the way we engage with Civil Society. We need to be mindful of different ways of working, different priorities and the sheer volume of demands placed on those within Civil Society.

Statement by the Chief Executive Officer (continued)

To help us navigate our way through this important area, we are working with Robertsbridge, a consultancy company with a solid reputation for independence of thought and a track record of bridging the divide between Civil Society and business.

Our programme of work has begun with comprehensive stakeholder mapping to refine objectives and develop hypotheses for testing in interviews with a broad range of stakeholders, including NGOs, policy makers and existing stakeholders within the SBP community.

Development of the key insights gained from the interviews will be used to inform and create proposals that we hope will encourage greater NGO engagement and participation in what we do.

Standards roll-out and beyond

We entered the concluding stages of the Standards Development Process at the start of the year. With the tentative timeline for final review and approval mapped out, our attention has now shifted towards the roll-out of the revised Standards. Roll-out will encompass a significant amount of work as we develop supporting documents and undertake field testing, training workshops, digitalisation and IT systems updates and communications activities to assist our CHs and CBs with implementation and provide clarity to the market place.

"I want to make 2022 a pivotal year for SBP, and one that builds on the successes of the past..."

Carsten Huljus
Chief Executive Officer

Where operationally practicable and beneficial our aim is to develop our Standards such that, as a minimum, we maintain a certification scheme that serves and meets the developing requirements of our existing markets and, where consensus across our stakeholders allows, go beyond.

Inevitably, there have been issues where our stakeholders have wanted to be more ambitious, yet felt that the wider understanding, concepts and methodology were not ready to allow that. Recognising that an evolutionary, rather than revolutionary, approach to standards development was the preferred and most pragmatic tactic to ensure a workable outcome, we have committed to a number of actions to advance our thinking on such issues.

In practical terms that means standards development does not stop with the roll-out. Over the intervening years up to the next review and revision of our Standards, certain workstreams, for example, on forest carbon, will be taken forward through data collection, monitoring and evaluation. Such work will signal the direction of travel and, benefiting from greater exploration and understanding of these more complex issues, we will prepare the ground to ensure that we are fully equipped to push the boundaries of our Standards.

And finally

Awareness of SBP and a reputation for being a robust biomass certification scheme underpin our desire to be the biomass certification scheme of choice. With that in mind, we have reached an important and interesting juncture in our development, and the year ahead promises to be both challenging and rewarding.

In reviewing our strategy we will be able to think carefully about where we have got to and where we want to go. Our stakeholder engagement work will help us to rethink and sharpen our ways of connecting with those in Civil Society. And the roll-out of our revised Standards charts the course for the next five years, not only in terms of our Standards requirements but through identifying the issues that need to be tackled between now and the next Standards review and revision.

I want to make 2022 a pivotal year for SBP, and one that builds on the successes of the past and places us on a firm footing for the future.

Carsten Huljus
Chief Executive Officer
28 March 2022

Promoting sustainable sourcing solutions

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.

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 biomass to energy 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. The SBP 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, 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 guidelines 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.

The certification scheme

Today, we offer a certification scheme for 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 Biomass Producer (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 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 SBP-compliant and the SBP-certified management system is implemented during production (see page 12 for further information).

Evaluating feedstock

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

Promoting sustainable sourcing solutions (continued)

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 is verified by the CBs.

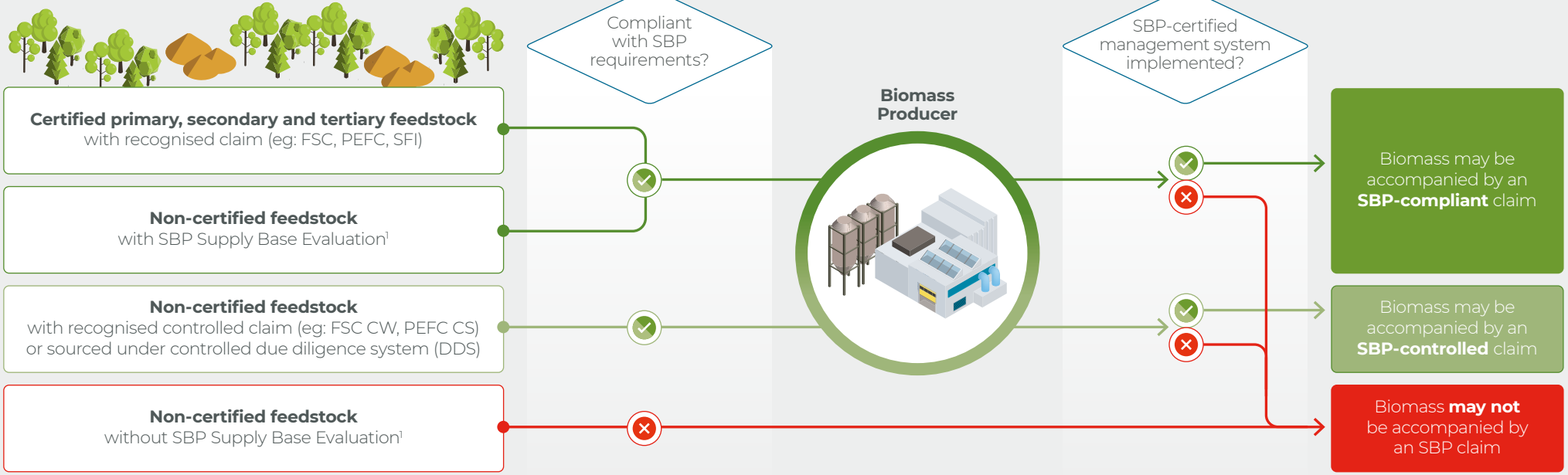
Independent scrutiny

Assurance Services International (ASI), an international assurance body, manages the SBP accreditation program, under which CBs must become accredited if they wish to offer SBP certification services.

Once accredited, CBs are subject to regular assessment, based on the ASI Surveillance and Sampling Procedure. 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.

Entitlement to make an SBP claim



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.

Making a difference

Making a difference

Our six key impacts

1 Unlocking the potential of biomass in a sustainable way

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

2 Providing assurance of legal and sustainable practice

Evidenced through independent scrutiny of certification decisions.

3 Realising best practice

Evidenced through appropriate governance arrangements, decision-making procedures and stakeholder engagement.

4 Achieving recognition by regulatory authorities

Evidenced through formal recognition by regulatory authorities and/or national governments of the SBP certification scheme as compliant with national agreements and/or regulations and legislation.

5 Providing greater 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.

6 Increasing the volume of certified material in the biomass market

Evidenced through increasing production and sales of SBP-certified biomass and driving the uptake of certification whether at forest level or elsewhere in supply chain.

Monitoring our impacts

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, and more recently one of three main inputs, that will inform the development of a more sophisticated Monitoring and Evaluation (M&E) system; the other two being the Standards Development Process and our Theory of Change.

We published our Theory of Change in September 2021, taking us one step closer to developing a more sophisticated M&E system. Through our M&E system we will aim to demonstrate that our Standards are delivering on our intended impact and ultimately our purpose.

More on our Theory of Change can be viewed here

Mindful of global initiatives

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

Connecting with the UN Sustainable Development Goals

SDG 17: Partnerships for the goals

Enabling multi-stakeholder partnerships throughout the biomass supply chain.

SDG 7: Affordable and clean energy

Facilitating the delivery of sustainable and renewable energy.

SDG 8: Decent work and economic growth

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

SDG 9: Industry, innovation and infrastructure

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

SDG 11: Sustainable cities and communities

Requiring awareness and protection of cultural and natural heritage.

SDG 12: Responsible consumption and production

Application of sustainability principles in the production of biomass.

SDG 13: Climate action

Delivering visibility of energy data throughout the biomass supply chain.

SDG 15: Life on land

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

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 Paris Agreement to combat climate change and through a multi-stakeholder approach we translate high level goals into concrete sustainability criteria within our certification scheme.

Key impact 1

Unlocking the potential of biomass in a sustainable way

Biomass is a valuable resource and SBP is the lever to unlock that resource in a sustainable way. All stakeholders need assurance that those involved in the sector are acting responsibly. SBP is central to providing that assurance.

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

Case study

Sustainable biomass has played a central role in Ørsted's transformation from a fossil fuel company to a green energy leader, significantly decarbonising the company's heat and power plants in Denmark. Importantly, the switch to sustainable biomass has made one of the largest contributions to Denmark's overall reduction in carbon emissions.

Burning biomass creates a 'carbon debt' as the carbon is released sooner than the alternative of leaving it to rot on the forest floor. The carbon debt is paid back through the emissions avoided from burning coal as well as when the carbon is absorbed again by trees. With the need to reduce emissions quickly, Ørsted believes we cannot afford a long payback time on the carbon debt. That is why the Company is committed to using only forestry and industry residues with a relatively short carbon debt payback time.

To ensure significant carbon savings, the biomass sourced by Ørsted must meet strict sustainability criteria.

All the biomass used by the Company is certified and meets the requirements of the Danish industry agreement on sustainable woody biomass and the newly implemented legal requirements, which make Denmark one of the EU countries with the strictest legislation on sustainable biomass.

The Company only sources wood chips and pellets produced from forestry and industry residues that are not merchantable for use as saw-timber products. According to Ørsted, tree trunks that can be sold to sawmills and used for buildings or furniture should not be used in energy generation. The Company believes that such long-lived products are the best use of wood from a climate perspective, because of the associated carbon storage and that they are a substitute for carbon-intensive materials, such as steel, plastic and cement.

Importantly, Ørsted only sources biomass from established, sustainably managed production forests with ongoing reforestation programmes. This ensures that the Company's sourcing does not have a negative impact on the number of trees, the size of the forest or its health. If the forest maintains its size or grows, it keeps its carbon stock and its ability to contribute to the global carbon cycle.

Certification schemes are the backbone of the Company's sustainability assurance approach. Ørsted implemented the SBP certification scheme to ensure that suppliers comply with the Company's sustainability requirements. Since 2020, 100% of the woody biomass sourced by the Company has been certified.

In addition, Ørsted is very hands-on when it comes to getting to know its suppliers. Through conducting site visits, the Company gets to understand how the forests are managed and the biomass products produced. This first-hand knowledge helps Ørsted to identify any risks at the local level and ultimately to its supply chain.

Through working closely with its suppliers, Ørsted engenders good cooperation and upholds its commitment for using only sustainable biomass for energy production.

Ørsted

"Certification schemes are the most powerful tool available to today's energy sector to ensure that biomass used in energy production is sustainable and that it contributes positively to the transition away from fossil fuels."

Peter Kofod Kristensen
Director

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

Case study

Enviva is the world's leading producer of sustainable woody biomass. The Company owns and operates 10 wood pellet production plants in Virginia, North Carolina, South Carolina, Georgia, Florida and Mississippi, with a combined production capacity of approximately 6.2 million tonnes (metric tons) per year.

Each year, approximately 3% of forest area in the US Southeast is harvested, and of that 3% harvested, less than 3% is used to produce wood pellets. Enviva is a small but important part of the US Southeast's thriving forestry industry, where 86% of forests are owned and managed by private landowners who make decisions largely driven by economic factors and demand for their forest products. Enviva creates an additional market for private forest landowners to sell their low-value wood, which would otherwise be left as waste or burned by the landowner, and provides incentives to replant and keep their land as forest.

The value of a piece of wood is determined by its quality, not its size, and Enviva only purchases low-value, sustainably sourced wood that can be turned into 'good biomass'. Enviva's Responsible Sourcing Policy sets strict guidelines that hold the Company to the highest standards of sustainability, integrity, forest stewardship and continuous improvement.

Enviva's industry-leading Track & Trace® program delivers detailed in-woods sourcing data verified by independent auditors.

Using remote sensing and on-site evaluations, tracts are inspected prior to harvest to ensure they meet Enviva's sustainability standards. Wood will not be purchased from the site if harvest is not believed to be the best outcome, and Enviva will work with the landowner to identify other options, such as conservation.

All wood is inspected at the pellet plants' gatehouses and screened for large diameter roundwood, tree species, and harvest origin. If the wood on the truck does not meet the Company's specifications, the delivery is not accepted.

Enviva works with sustainability and procurement foresters to conduct post-harvest assessments and bring all tracts into compliance with its stated policies. Eniva has also established remote sensing procedures to monitor forest regrowth for all tracts.

As well as Enviva's operations being fully certified by SBP, the Company is certified by other industry-leading global forest certification schemes such as SFI®, FSC® and PEFC™, and encourages landowners to enrol in forest management certification as well. Through its Independently Managed Groups, Enviva provides landowners with access to third-party forest management certification at no cost and with no obligation to sell their low-value wood to Enviva.

Across Enviva's sourcing regions, forest inventory has increased by more than 415 million tonnes (metric tons) over the decade to 2020. Additionally, Enviva has helped certify more than 129,000 acres of forest land. Donating more than $2.5 million in grants through its Forest Conservation Fund, Enviva has conserved more than 26,000 acres of forest land across the US Southeast.

"Enviva produces wood pellets using responsible sourcing practices that keep our forests thriving, healthy, and growing. Independent third-party verification enables us to assure our stakeholders that we are upholding our commitment to honesty and integrity in our sourcing practices and procedures."

Don Grant
Manager of Sustainability Standards

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

"We chose SBP to provide assurance that the woody biomass we import in French outermost regions, to complement local biomass, is legally and sustainably sourced."

Charlotte Thevenet
CSR & Environment Director

Case study

Albioma is an independent renewable energy producer, with interests in biomass, photovoltaics and geothermal. The Group, which is established in Overseas France, Mauritius, Brazil and Turkey has set itself the target to be nearly 100% renewable by 2030.

In 2021, Albioma's Le Moule and Galion 2 combined heat and power (cogeneration) plants both achieved SBP certification.

Le Moule is the Company's longest-established thermal plant in Guadeloupe, supplying some 21% of the electricity grid's power. Commissioned in 1998, with an installed capacity of 102MW, the plant contributes to Guadeloupe's energy independence and supports the local sugar cane industry.

During sugar harvests, the plant uses bagasse (a fibrous residue of sugar cane) to produce renewable power and low-pressure steam. Aiding the circular economy, part of the energy produced is supplied to the adjacent sugar refinery, which manages nearly 1,000 hectares of sugar cane.

The plant used to run on coal when sugar cane was not available. In the future, it is planned to run the plant on 100% biomass, with one of the three boilers already fully converted since 2020.

The move away from coal will cut carbon dioxide emissions by 87%, whilst increasing the share of renewable energy in Guadeloupe's energy mix from 20% to approximately 35%.

Galion 2, is Albioma's first exclusively biomass-fuelled plant in Overseas France and represents a milestone achievement in Martinique's energy transition, supplying renewable power to the electricity grid all year round. The plant, which was commissioned in 2018, has an installed capacity of 40MW and supplies some 19% of the electricity grid's power. Commissioning of the plant tripled Martinique's share of renewable power.

As with Le Moule, during sugar harvests, Galion 2 uses bagasse from the adjacent sugar mill. During the rest of the year, this fuel source is supplemented with other forms of locally-sourced biomass, including bagasse from the island's rhum distilleries, chipped green waste, shredded wooden pallets, as well as wood pellets imported from North America.

As a biomass End-user, Albioma purchases wood pellets that are shipped to, and stored at, the islands' ports prior to transport to the power plants.

By compensating for the intermittent nature of power production by wind and solar farms, biomass cogeneration offers an ideal solution to stabilise power grids in areas that are cut off from continental energy production and which face extreme climatic conditions. Albioma's model is built around respect for the hierarchy of use of natural capital and allows the Company to produce baseload renewable energy 24 hours a day, seven days a week.

Providing assurance of legal and sustainable practice

Assurance is critical to the rigour and credibility 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

Making a difference (continued)
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 decision-making 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, the SBP assurance program has been outsourced to our assurance partner, Assurance Services International (ASI), a specialist assurance and accreditation body in the field of voluntary social and environmental standards.

As the manager of the assurance program, ASI 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.

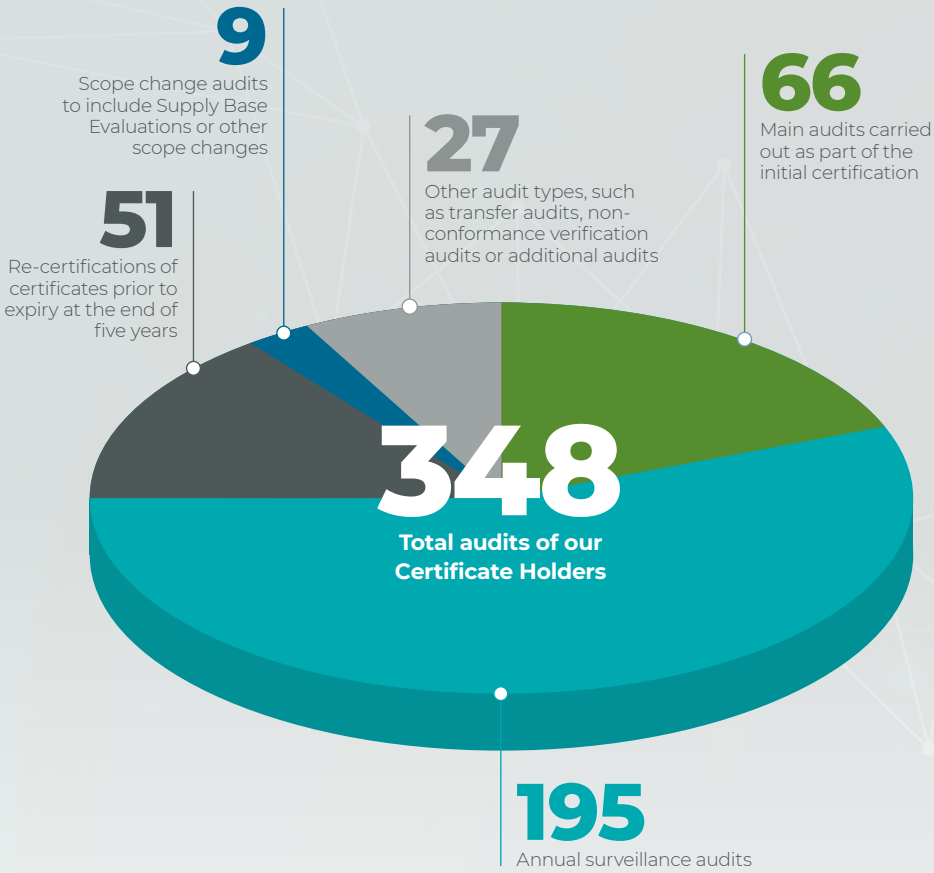
ASI monitors all CBs through regular assessment, based on the ASI Surveillance and Sampling Procedure, to ensure that the auditing processes and procedures meet expectations, are consistent across all accredited CBs and that quality thresholds are met.

Due to the COVID-19 pandemic, many assessments were carried out remotely by ASI or with the use of a local facilitator and the ASI assessor remote. All head office assessments and half of the witness assessments were carried out remotely.

Since managing the SBP assurance program, ASI has successfully accredited five CBs.

- Control Union Certifications
- DNV Business Assurance Finland
- Forest Certification
- Preferred by Nature
- SCS Global Services

Certification Body audits carried out during 2021



Between them, in 2021 our CBs conducted a total of 348 (2020: 316) audits of our CHs, of which 66 (2020: 93) were main audits carried out as part of the initial certification, 195 (2020: 187) were annual surveillance audits, 51 (2020: 14) were re-certifications of those early CHs whose certificates had expired at the end of five years, and nine (2020: 22) were scope change audits of CHs wishing to expand the scope of their certificates to include Supply Base Evaluations or other scopes. The remaining 27 included other audit types, such as transfer audits, non-conformance verification audits and additional audits.

Making a difference (continued)
Key impact 2: Providing assurance of legal and sustainable practice (continued)

There were 16 (2020: 14) audits waived during 2021 due to no sales of SBP-certified biomass, others were postponed or conducted in two stages due to the COVID-19 pandemic.

During 2021, 16 (2020: 22) assessments of CBs were completed by ASI as part of the SBP assurance program. Of the 16 assessments, three were compliance assessments; six were witness assessments, and the remainder were office assessments and desk reviews.

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 six witness assessments were deemed representative of geographic spread, certification scope and topical issues.

As a result of the assessments, 50 (2020: 58) findings were raised, of which 36 (2020: 41) were non-conformities. Those translate to an average of 2.3 (2020: 1.8) non-conformities per SBP assessment.

During 2021, ASI recorded and investigated three incidents (2020: 10) raised by various stakeholders. An incident is any reported activity, observation, stakeholder comment, or concern that threatens the reputation and/or integrity of the ASI assurance program and/or our certification scheme and is not already considered under the relevant ASI procedures for complaints and appeals. All incidents were responded to or are awaiting the 2021 assessment or other developments for follow-up.

In every witness assessment, ASI assessors evaluate the CB auditor against 16 indicators of competence. The average overall score of auditor competence in 2020 was 2.8 (2020: 2.9) on a scale from 0 to 3, indicating good auditor competence.

In every head office assessment, ASI assessors evaluate the CB against 11 indicators of performance. Three CBs were rated as B and two as C on a scale of E to A (A being the highest). Of those, one had lowered its rating on 2020, one had improved and three had remained the same.

After each assessment, ASI sends the CB a short feedback questionnaire, which is used to monitor ASI's performance and the CB's opinion of the quality of service delivered by ASI.

Three complaints were received by ASI in relation to the assurance program during 2021 (2020: 0). Two of the three were formal complaints and one an informal expression of dissatisfaction, which was treated as a complaint. A complaint is an expression of dissatisfaction made to SBP or ASI relating to its activities, or the activities of an accredited CB or a CH.

Assessments of Certification Bodies
(2020: 22)

16

3

Incidents investigated
(2020: 10)

Average of 2.3 non-conformities per SBP assessment
(2020: 1.8)

2.3

3

Three complaints received
(2020: 0)

ASI also assesses and reports on its own performance against agreed key performance indicators (KPIs) proposed by itself.

KPI 1
Measures the level of service for assessment reports – the proportion of tasks finalised within the specified timeline:

88%
(2020: 95%) versus a target of 80%

KPI 2
Measures the selection of suitable targets for witness assessments:

100%
(2020: 100%) versus a target of 100%

KPI 3
Measures the level of service for closure of non-conformities – the proportion of non-conformities closed before their final deadline:

95%
(2020: n/a) versus a target of 80%

KPI 4
Measures the level of service for closure of complaints and appeals – the proportion of complaints and appeals closed within the specified timeline:

0%
(2020: n/a) versus a target of 80%

Note: one complaint was closed late and the two remaining complaints are ongoing and within their specified timelines.

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.

Key impact 3

Making a difference (continued)
Key impact 3: Realising best practice (continued)

Our Standards Development Process, which was launched in May 2020, continued throughout 2021. The Process reviewed the principles, criteria and indicators that have been the bedrock of our Standards since their beginnings in 2015.

The ambition for the review and revision was the subject of much debate. Our Standards Committee, with ultimate responsibility for approving the revised Standards, set out eight guiding principles for the Process. The guiding principles serve to ensure that our Standards continue to be, amongst other things, implementable and relevant, and (as a minimum) where both practicable and beneficial serve and meet the developing requirements of our existing markets and, where there is consensus across our stakeholders, go beyond.

The Standards Committee's guiding principles:

- **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**

At the outset, we sought to engage fully with all our stakeholders in an open and transparent way by offering a number of routes for engagement, including public consultations. We also invited recognised experts to make contributions, which stimulated discussion around some of the more contentious issues.

Working within the bounds of an evolutionary, rather than revolutionary, approach to standards development means that some issues will be taken forward over the intervening five years between implementation of the revised Standards and the start of the next review.

Through undertaking such work we intend to signal the direction of travel and, with the benefit of greater exploration and understanding of the more complex issues, be fully equipped to push the boundaries of our Standards.

We are guided by the ISEAL Codes of Good Practice in setting standards, assuring compliance and monitoring impact, and our Standards Development Process aims to achieve practical implementation of the ISEAL Credibility Principles.

Detailed below are the ten ISEAL Credibility Principles and how our Standards Development Process aims to deliver on them.

Sustainability
Define and communicate our sustainability objective

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

Relevance
Ensure our certification scheme is fit-for-purpose

Rigour
Deliver our intended outcomes through a well-structured certification scheme

Engagement
Involve a wide range of stakeholders and listen to their views

Impartiality
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
Enable informed choice through verifiable data and evidence

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

Making a difference (continued)
Key impact 3: Realising best practice (continued)

Output from 2021

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 early part of 2021, the focus was on consolidating the output of the Working Groups and Sub-groups in the form of Revision Draft v1 of the six Standards. In March 2021, the first round of public consultation was opened for Standards 3 to 6, followed in June 2021 by Standards 1 and 2. Over 200 comments were received on various aspects of the six Standards.

The comments received from stakeholders during the public consultation were supplemented by workshops (in English and Russian) to further explore some areas. Armed with the feedback from the public consultation and workshops, the Working Groups and Sub-groups undertook the development of Revision Draft v2 of the Standards.

A response to consultation was prepared and published by the Working Groups. The response presented each of the comments received during the first public consultation along with a response summarising how the comments had been taken into account in the development of Revision Draft v2 of the Standards.

A second round of public consultation was opened in October allowing all stakeholders the opportunity to comment on this latest version of all six Standards.

Some 350 comments were received through the second round of public consultation, all of which were considered by the Working Groups and relevant Sub-groups as they prepared their final recommendations.

After a period of some 80 weeks during which time around 90 stakeholders spent almost 3,000 hours in over 180 meetings, with many hours of preparation, discussion and follow-up in addition, the Working Groups formally handed over their final recommendations to the Secretariat.

Next steps

The Secretariat has prepared the Standards documentation for review by the Technical Committee, and will design field tests for certain, previously untested indicators. On conclusion of the technical review and field testing, the Standards will be submitted to our Standards Committee for review and approval. Ultimately, an approval recommendation by our Standards Committee will need to be submitted to our Board for endorsement. Endorsement is anticipated no earlier than the second half of 2022.

"A lot of people put in a lot of effort into Working Group A under challenging circumstances. We have really pushed Standard 1 forward to address impacts on workers and communities and our changes to Standard 2 have brought greater clarity to implementing the Standard in the real world."

Adam Harrison
Chair, Working Group A

"Good progress was made during the year towards developing Standards requirements that will provide greater visibility on the use of biomass for energy. Through enabling reporting of the carbon intensity of biomass delivered to End-users and the CO_2 emissions savings made, the contribution towards climate goals will be quantified."

Julien Blondeau
Chair, Working Groups B and C

Key impact 4

Achieving recognition by regulatory authorities

Given the overriding desire for our certification scheme to service the four main biomass markets in geographic Europe (Belgium, Denmark, the Netherlands and the United Kingdom) and to facilitate trade across international markets, our model has been one of adaptation. Such an approach will serve us well as new markets emerge.

Making a difference (continued)
Key impact 4: Achieving recognition by regulatory authorities (continued)

Given the overriding desire for our certification scheme to service the four main biomass markets in geographic Europe (Belgium, Denmark, the Netherlands and the United Kingdom) and to facilitate trade across international markets, our model has been one of adaptation. Our Standards comprise core obligations that meet the common requirements in our selected biomass markets at any time, with additional modules tailored to meet the nuances of individual markets.

The approach has proved efficient and responsive to changing market requirements, whilst providing a degree of certainty for those in the biomass supply chain, effectively minimising disruption and maintaining continuity in the supply of biomass. Through providing a solution for each of the four main markets within a single scheme the need for fungibility of SBP-certified biomass is met.

Maintaining market relevance and being fit-for-purpose are key drivers for our Standards development. Here is a snapshot of the key markets.

European Union

With the recast EU Renewable Energy Directive (REDII) introducing sustainability criteria for solid biomass used in energy production, we have applied for recognition by the Commission as a voluntary scheme under the new sustainability framework. We submitted our scheme documentation for approval in 2020 and received a preliminary positive assessment at the end of 2021. We anticipate the formal adoption and publication of the final positive decision in the second quarter of 2022.

Belgium

A workable solution is in place to allow SBP-certified 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, 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 Certification Body 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

In July 2021, the new legal requirements on biomass sustainability came into force, replacing the 2014 voluntary Danish Industry Agreement for Sustainable Biomass.

The new requirements go beyond both the industry agreement and REDII in several respects, including requirements for processing residues and woody biomass originating outside the forest. SBP will ensure that our certification scheme remains compliant and able to serve the Danish biomass market.

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.

Following advice received from the Social and Economic Council (SER) and PBL, the Netherlands Environmental Assessment Agency, the Dutch government is expected to update the sustainability framework for biomass during 2022 following the December 2021 coalition agreement of the new government. SBP will monitor developments and ensure that our certification scheme remains relevant for the Dutch biomass market.

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.

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 to inform the biomass to energy debate.

Providing greater visibility on biomass supply chains

Key impact

5

Making a difference (continued)
Key impact 5: Providing greater visibility on biomass supply chains (continued)

The SBP Data Transfer System (DTS) is unique in its capability to collect, collate and transmit verified data along the biomass supply chain, from feedstock origin to the End-user.

Feedstock sourcing and biomass production

Biomass logistics and transportation

Biomass to energy

Typical data captured

– Feedstock type, origin, physical description and tonnage
– Power source and consumption in the biomass production process
– Fossil fuels used in the production process
– Biomass fuels used in the production process
– Feedstock drying process (feedstock moisture, dryer type, energy consumption in drying process)
– Combined Heat and Power (CHP) facility (if used) (fuel input, electricity and heat outputs)
– Biomass transportation details (route, distance, type of transport, transportation fuel use)
– Biomass storage (locations, energy use during storage)

View 2021 data for feedstock used in the production of wood pellets and chips

Typical data captured

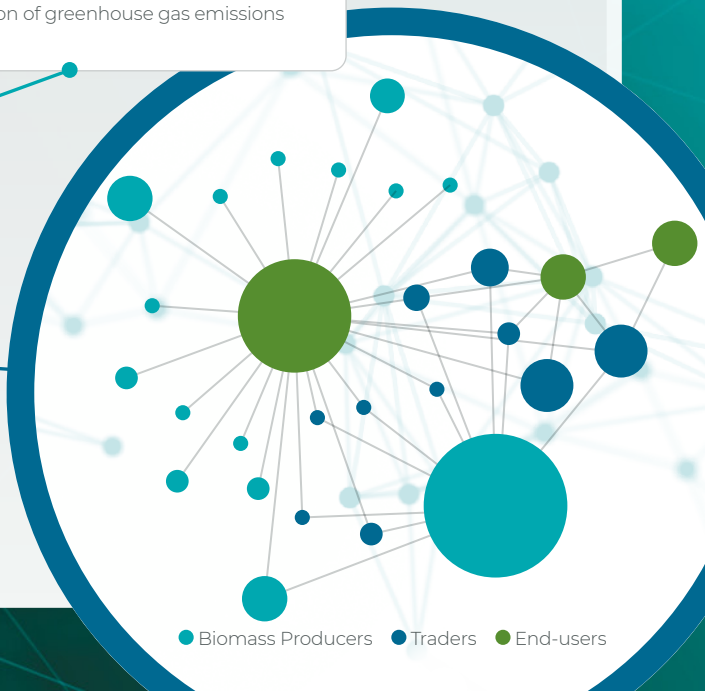
– Biomass transportation details (route, distance, type of transport, transportation fuel use)
– Biomass storage (locations, energy use during storage)

Typical data captured

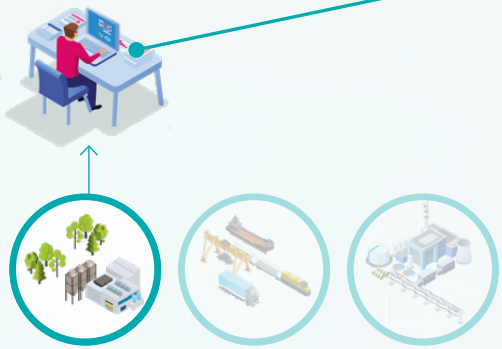
– Delivery of biomass and associated data to enable calculation of greenhouse gas emissions

Data covering feedstock characteristics, energy used during the pellet production process, and energy used during transportation and storage must be entered into the DTS if the biomass is to carry an SBP claim. All data are delivered with the SBP-certified biomass allowing End-users to calculate greenhouse gas emissions.

All transactions between Biomass Producers, Traders and End-users are captured in the DTS. In 2021, there were 17,377 transactions recorded.



Making a difference (continued)
Key impact 5: Providing greater visibility on biomass supply chains (continued)

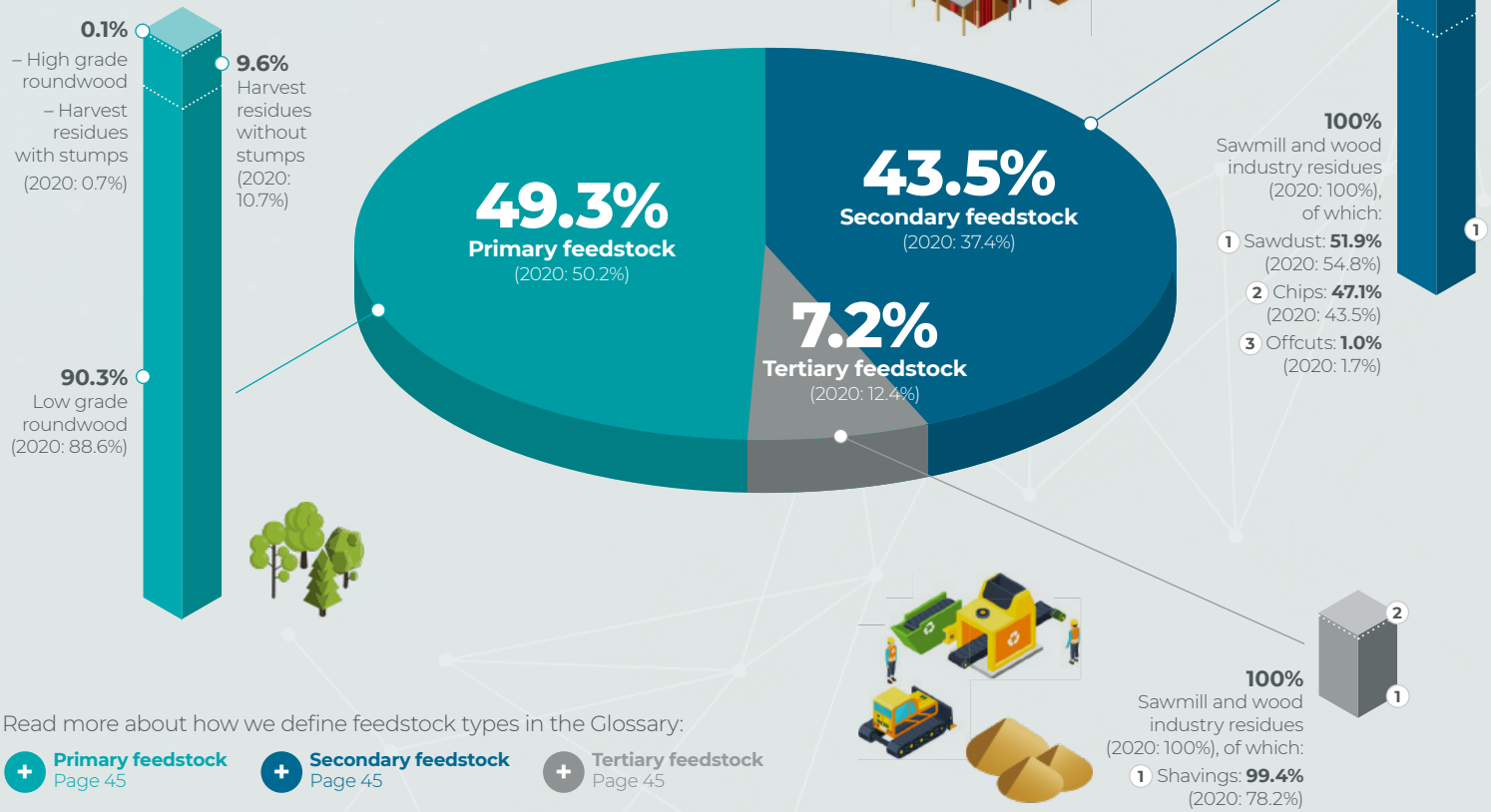


Collecting feedstock data gives us visibility on exactly what is used to make a wood pellet or chip, whether roundwood and residues direct from the forest (primary feedstock), residues from sawmills and other primary processing (secondary feedstock) or residues from secondary processing (pre-consumer) and recycling (post-consumer) (tertiary feedstock).

Aggregating and analysing the latest available, independently verified feedstock data reported by Biomass Producers that made SBP claims in 2021 shows that 49.3% (2020: 50.2%) of the feedstock used in biomass production came from primary feedstock, 43.5% (2020: 37.4%) came from secondary feedstock, and the remaining 7.2% (2020: 12.4%) 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 (a mixture of sawdust, chips and offcuts) and all of the tertiary feedstock (a mixture of shavings and chips).

Feedstock used in the production of wood pellets and chips by origin and type



Read more about how we define feedstock types in the Glossary:

Primary feedstock Page 45
Secondary feedstock Page 45
Tertiary feedstock Page 45

Note:
Feedstock data reported in 2021 relates to historic annual reporting periods, not necessarily the calendar year.
Only the feedstock data of those Biomass Producers that made SBP claims in 2021 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.

Key impact 6

Increasing the volume of certified material in the biomass market

Promoting certification throughout the biomass supply chain, alongside the assurance that provides, furthers the achievement of a number of the UN Sustainable Development Goals and assists SBP in delivering on its purpose. Together enabling climate goals to be met.

Making a difference (continued)
Key impact 6: Increasing the volume of certified material in the biomass market (continued)

Case study

Region-les LLC (Region-les) is one of the largest timber companies in the Arkhangelsk region of Russia, with both sawmilling and pellet production facilities. The Company's pellet plants use only primary feedstock, in the form of low grade roundwood with an FSC 100% claim (licence code FSC-C128360), that has no other market use and would otherwise be left in the forest.

The certification of the Company's Arkhangelsk branch pellet plant is unique in that it is, currently, the only Biomass Producer to have been certified as a Group Manager in accordance with the SBP Group Scheme.

The SBP Group Scheme assists smaller forest owners/managers to meet the exacting requirements of SBP certification but without the associated costs of multiple certifications. It is, therefore, an efficient way to extend the benefits of certification and a direct match with Region-les' main objective to promote responsible forest management.

The SBP Group Scheme was developed specifically for the purpose of demonstrating compliance with the Netherlands SDE+ requirements for certain categories of biomass and as such was a key driver for Region-les' decision to become a Group Manager.

As a Group Manager, Region-les represents four timber harvesting companies, or Group Members, located in the mid and southern parts of the Arkhangelsk region.

To achieve certification to the SBP Group Scheme, Region-les had to develop its own set of requirements based on the Netherlands' SDE+ sustainability criteria and Chain of Custody requirements.

The Region-les requirements must take into account the specifics of the region and to that end they include an extensive list of obligations. For example, the preservation of high value forest landscapes and crucial natural habitats, establishment and implementation of measures to manage forest carbon stocks, compulsory reforestation, prohibition of significant transformation of forest landscapes, decreasing the impact to water and soil, amongst others.

In turn, each of the Group Members must implement the Region-les requirements into their processes and daily activities. Region-les not only must comply with the SBP requirements as a Group Manager, but also has responsibility for assuring the compliance of its Group Members, which it does through supplier audits.

Region-les takes its role of Group Manger seriously and is committed to demonstrating that it is a strong and sustainable union of enterprises that together value responsible practices.

"Improving the resource efficiency of the forest we source from has both economic and environmental benefits. We are keen to promote our responsible practice in international markets and identified SBP as the best vehicle for doing that."

Dmitriy Gvozdev
General Director, Region-Les LLC

Making a difference (continued)

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

Case study

Vattenfall Energy Trading (VET) is one of the leading energy trading companies in the European energy industry. In addition to optimising and hedging the Company's generation plants and customer portfolios, VET also handles the sourcing of fuels, including certified sustainable biomass, and carbon credits for itself and third parties.

VET's Biomass and Freight trading desk is located in Hamburg. Wood pellets and chips are sourced from different parts of the world, with the majority coming from Europe and North America. The Company's customer base is global.

Certified as a trader both with and without physical possession activities, VET operates port facilities to store biomass ready for its onward journey as well as making direct sales to the Company's customers.

Data handling and recording is an important part of the trading process. If the biomass is to be sold with an SBP claim, it must be accompanied by data including feedstock type and origin, tonnage sold, and energy and carbon data associated with the entire biomass supply chain, from the production process to the last mile of the journey. VET inputs the relevant data related to storage, handling and transportation to ensure the biomass has the complete dataset before it is transferred to the next link in the supply chain.

Biomass is a global commodity, therefore, fungibility across international markets, which often have differing regulatory, including sustainability, requirements, is a must for VET. Recognised by the regulatory authorities of countries with active biomass markets, SBP facilitates trade across different jurisdictions, enables efficient biomass supply chains and meets the needs of VET.

For Vattenfall, SBP is a key instrument to build up and maintain a responsible and transparent biomass supply chain. The constant development of the scheme helps to keep pace with evolving sustainability requirements and stakeholder expectations. For years to come, Vattenfall expects biomass to play a key role in meeting the climate goals of national and regional governments.

Vattenfall's goal is to enable fossil-free living within one generation and is working with other sectors and businesses to eliminate or reduce CO_2 emissions and help reach climate goals. Access to certified sustainable biomass is a key step in that direction.

"The ability to trade sustainable biomass across international markets is one of the accomplishments that identifies SBP as the 'go to' biomass certification scheme."

Gabriele Rahn
Manager Biomass Business Development

Making a difference (continued)

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

Case study

Stora Enso Skog is located in Elverum in the county of Innlandet, Norway. The Company is part of the Forest division of the Stora Enso group of companies, one of the biggest private forest owners in the world.

The division creates value through sustainable forest management, competitive wood supply and innovation. Every effort is made to ensure more trees are grown than harvested and the business is constantly looking for ways to improve processes, save energy and use raw material as efficiently as possible.

Forests are the foundation for Stora Enso's renewable offerings, through developing and producing solutions based on wood and biomass for a range of industries and applications worldwide.

Stora Enso Skog takes all its feedstock from Norwegian forests. The majority of which comes from the large forest owner cooperatives, with whom the Company has built long and lasting relationships.

The cooperatives source the feedstock and deliver it straight to the Company's wood chipping terminals. The Company also purchases some of its feedstock directly from forest owners.

All primary feedstock comes in the form of roundwood with either a 100% PEFC-certified claim or, in small volumes, a PEFC Controlled Sources claim.

The Company operates 10 wood chipping terminals, in locations from Elverum to Sandefjord. All terminals are close to the forest and are strategically placed to minimise transportation. Stora Enso Skog uses contractors with mobile chipping equipment and again transport distances are minimised by careful scheduling at each of the terminals.

Stora Enso Skog sells its woodchips directly to End-users in Europe, predominantly Denmark. It was the Denmark's impressive climate policy agenda, with past and planned efforts to decarbonise quickly and achieve net zero in 2050, that inspired Stora Enso Skog to become part of that movement. Critical to that was the need to become SBP-certified.

Bioenergy is a key part of Stora Enso's Norwegian business. It is a perfect fit with its commitment to developing products and technologies based on renewable materials, which in many cases provides a low-carbon alternative to products made from fossil-based or other non-renewable materials.

"Having SBP certification means that, alongside our PEFC and FSC certifications, we now have a solid foundation to supply our customers with certified wood and woodchips. It is very important for us to deliver certified material to all our customers."

Stig Hellerud
CEO

Performance

Performance review

Our key priorities for 2021 have been reported in full on pages 08 to 10 of the CEO Statement and pages 14 to 34, the Making a difference section. Here we report on other key achievements of the year.

Accreditations and certifications

At the end of 2021, we had five accredited Certification Bodies (CBs), namely Control Union Certifications, DNV Business Assurance Finland, Forest Certification, Preferred by Nature and SCS Global Services.

During 2021, we saw 25 terminations and 51 re-certifications of the early Certificate Holders (CHs). 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.

At the end of 2021, the total number of CHs was 353, of which 281 were Biomass Producers (BPs), 62 Traders and 10 End-users.

SBP's geographic spread increased by two in number during the year taking it to 33 countries in total, with the addition of Guadeloupe and Martinique, both French overseas regions, and the United Arab Emirates, and the loss of Côte d'Ivoire.

Also, by the end of the year, a further 36 organisations had made applications for SBP certification through our accredited CBs.

As at end of 2021:

5
Accredited Certification Bodies
(2020: 5)

353
Certificate Holders – 281 Biomass Producers; 62 Traders; and 10 End-users
(2020: 314)

16.70Mt
16.70Mt of SBP-certified biomass (wood pellets and chips) produced and sold by Biomass Producers in 2021
(2020: 14.95Mt)

36
Additional organisations have made applications for SBP certification
(2020: 27)

Note:
Tonnages are rounded to the nearest 0.05Mt.

33
countries making up the geographic spread of Certificate Holders
(2020: 31)

- Australia
- Belarus
- Belgium
- Brazil
- Bulgaria
- Canada
- Chile
- China
- Denmark
- Estonia
- Finland
- France
- Germany
- Guadeloupe
- Italy
- Japan
- Latvia
- Lithuania
- Malaysia
- Martinique
- Netherlands
- Norway
- Poland
- Portugal
- Russian Federation
- Spain
- Sweden
- Switzerland
- Turkey
- United Arab Emirates
- UK
- USA
- Vietnam

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 are available as a download here

COVID-19 audit requirements

In response to COVID-19, we maintained and updated our normative requirements, providing for increased flexibility for certification audits, on a quarterly basis. At the December 2021 quarterly review, the decision was taken to extend the requirements to all audits scheduled up to 31 December 2022 and to certificates with validities expiring up to that date.

Tracking of the auditing activities of our CBs revealed no cause for concern, maintaining confidence in the robustness of our certification scheme and the SBP claim.

Instruction Document 5E and SAR templates

In March 2021, we updated Instruction Document 5E, which sets out the process by which biomass-related energy and carbon data is collected and communicated, and the three corresponding Audit Report (SAR) templates.

The update simplified and clarified sections of the Instruction Document and included new feedstock definitions; the SAR templates reflected those changes.

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 BPs to conduct risk assessments is avoided. RRAs also ensure active engagement with a diverse range of stakeholders in the region.

A comprehensive review of our RRA Procedure was completed in the second quarter of 2021. In addition to specifying the requirements and process for the initial development of a risk assessment and its endorsement by SBP, the Procedure was updated to include various scenarios for review and revision of an SBP-endorsed RRA.

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 Lithuania and Estonia reached the end of their validity. Mindful that SBP Standard 1 is the foundation of our RRAs and 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.

"A comprehensive review of our Regional Risk Assessments (RRA) Procedure was completed in 2021. Amongst other things, the Procedure now covers the review and revision of an SBP-endorsed RRA."

Roman Polyachenko
Assurance Manager

In addition, a review of both RRAs was undertaken by Preferred by Nature to determine whether there had been any major changes in relevant legislation and/or forestry practices, and/or new information to merit changes to the risk designations of the indicators.

In the case of the RRA for Estonia no changes to the risk designations were deemed necessary. However, due to the availability of new information, several of the indicators were updated in the RRA for Estonia.

Also, during the year, we endorsed RRAs for the Canadian provinces of Quebec and British Columbia. We now have a total of six SBP-endorsed RRAs.

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.

Through a mixture of written submissions and meetings with the key Directorates General and influential MEPs, we have put forward our comments and views on issues spanning Land Use, Land Use Change and Forestry (LULUCF), biodiversity, forestry, the Monitoring and Reporting Regulation of the EU Emissions Trading System (EU ETS), and the review of the recast EU Renewable Energy Directive (REDII).

During the second half of the year, our focus was on the biomass-related aspects of the 'Fit for 55' package and that will continue into 2022.

Performance review (continued)

Audit Portal

Use of our Audit Portal by CHs and CBs became mandatory on 1 January 2021. Through revolutionising the routine aspects of certification, such as reporting requirements and processes, data entry and collection is much simpler and more robust.

Acting as a hub of information, we have integrated the Audit Portal with the DTS, the CH database and facts and figures pages on our website, and with Docusign to facilitate signing the Trade Mark Licence Agreement.

We are already seeing the benefits of full digitalisation, from the reduced level of effort required by CHs and CBs to complete and submit the various audit reports, to making best use of audit data to improve internal assurance services and monitor performance.

Data Transfer System

Throughout the year the Data Transfer System (DTS) was maintained and updated as appropriate, including an update to the User Guide for CHs in the second quarter. Ongoing support was provided to all users on a one-to-one basis.

"We are already seeing the benefits of full digitalisation, from the reduced level of effort required by Certificate Holders and Certification Bodies to making best use of audit data to improve assurance and monitor performance."

Lauri Kärmas
Data Manager

Training and events

Throughout 2021, 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 training, through hosting workshops, to participating in the biomass sector's key conferences we have strived to increase awareness and understanding of the SBP certification scheme.

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.

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.

Three remote training sessions were delivered in 2021. Including the newly qualified SBP auditors from 2021, we now have a total of 140 auditors worldwide who have successfully completed the SBP auditor training programme.

Audit Portal training

During 2021, training on the use of our Audit Portal was delivered to our CHs and CBs via webinars and one-to-one sessions.

Biomass Workshop Series

In January 2021, we concluded our series of workshops hosted in collaboration with ETIP Bioenergy and IEA Bioenergy. Devised primarily to boost stakeholder engagement on topics of relevance to our Standards Development Process, the five workshops attracted a total of around 650 of our wide-ranging stakeholders and promoted good engagement and a spirited exchange of ideas on key issues. The output was extremely useful in informing not only our Standards Development Process but the biomass debate in general.

Also under the Biomass Workshop Series banner, in February 2021 we hosted a workshop in cooperation with the Japanese Biomass Power Association (BPA) on greenhouse gas calculations and standards. Leading experts gave their insights into the greenhouse gas calculation methodologies of different European countries in the knowledge-sharing exercise as Japanese authorities contemplated their approach. Over 90 participants across 13 countries took part, testimony to the level of interest in the topic.

Events

We participated in a number of biomass sector events during 2021, giving us a platform to promote SBP and our certification scheme. We were also invited to give SBP's perspective on the proposed REDII revisions at a stakeholder roundtable organised by MEP, Tiemo Wölken.

Working remotely, we hosted two CB Forums during the year. The time was devoted to updating CBs and ASI on the latest SBP news and topics of interest, as well as hearing directly about the experiences of the CBs and ASI.

Performance review (continued)

Certificate Holder survey

Providing a good service to all our CHs is important to us. In the first quarter of 2021, we contacted all CHs with a request to complete a short survey to tell us how we are doing. The feedback we receive is extremely helpful in focusing our efforts on improving our service and better meeting our CHs' needs. With CH numbers increasing, it is useful to hear from new and old alike to make sure we do our very best.

Some 19% of our CHs responded to the survey; just over 80% of the respondents were BPs, 15% Traders and the remainder were End-users. The headline results were as follows:

96%

of respondents were at least satisfied with SBP in terms of our responsiveness, professionalism, appropriate resource and communication of information. Most were very satisfied and some 9% were extremely satisfied.

#1

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.

96%

of respondents were at least satisfied with our DTS in terms of ease-of-use, reliability, functionality and the support desk. Some 10% were extremely satisfied with the DTS.

95%

of respondents were at least satisfied with our website in terms of ease-of-use, content, timeliness of content and the CH database. Some 9% were extremely satisfied.

82%

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. Some 18% found our written materials too complex and hard to understand.

>40%

of the respondents, when asked about additional services they would like to see, said they would welcome further training aids and services, such as videos, training courses and webinars. Around 30% wanted to see more RRAs.

98%

of respondents were at least satisfied with their CB's understanding of the Standards, resource levels and responsiveness. Most were very satisfied and just under 30% were extremely satisfied.

>50%

of those respondents who had engaged with our assurance body, ASI, were at least satisfied with ASI's understanding of the Standards, resource levels and responsiveness. One-sixth were not satisfied.

2/3

of respondents were aware of our Standards Development Process, with just over one-quarter already involved in the Process and a further one-quarter wishing to get involved. Just over one-third of those who were not already involved had no wish to become involved.

>70%

of respondents were at least satisfied with the level of information provided about the Standards Development Process and the options available to get involved. Some 5% were extremely satisfied and just over 10% were not satisfied.

SBP Working Groups

The 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.

During 2020, all specific, technical challenges fell under the umbrella of the Standards Development Process and consequently were picked up by one or more of the Sub-groups that made up the comprehensive working arrangements of the Process.

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 will be re-invested into the organisation.

We are funded by our Certificate Holders (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

During 2021, we updated our CH fee schedule, which took effect on 1 January 2022. 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 to pay the annual fee. Active and suspended CHs incur costs associated with the SBP IT platforms (for example, the Data Transfer System (DTS)) and therefore it is both fair and proportionate to share those costs across those who incur them.

Income and expenditure

Total income in 2021 amounted to €2,737,867 (2020: €2,267,243).

Total expenditure in 2021 amounted to €2,256,808 (2020: €1,942,419). The increase in overall expenditure principally reflects the spend on the Standards Development Process and recruitment costs for Board and Secretariat positions.

The pie chart (below) shows each key category of spend as a proportion of total spend in the year.

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 2021 will be approved and published separately in due course.

Secretariat

Around one-third of the expenditure was invested in the people who carry out the day-to-day running of SBP (see page 44).

The decrease in 2021 is due to a reduced headcount for five months of the year.

Consultants and services

SBP engages consultants to carry out specific project work and multiple service providers for functions including accountancy, payroll, secretarial services, accreditation and assurance, and legal advice. The increase in 2021 compared to 2020 is related to the reduced headcount within the Secretariat, which was offset through buying-in external expertise, and an increase in external support for the Standards Development Process.

Strategy projects

SBP's strategy projects are a 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 three key priorities for 2021, namely, core systems development, external recognition and presenting the case for SBP certification, as well as the Standards Development Process.

IT software

Includes the cost of running and developing the DTS, and licences for the use of various software products. The increase in 2021 was due to costs associated with the Audit Portal and increased software licence costs as a result of the high number of online meetings, both governance-related and in support of the Standards Development Process.

Governance

Includes the cost of running the multi-stakeholder governance system, which comprises the Board of Directors, Standards Committee, Technical Committee and Stakeholder Advisory Group. The increase in 2021 was due to additional headcount being used to deliver and facilitate the various meetings, and increased demands on the time of Committee members.

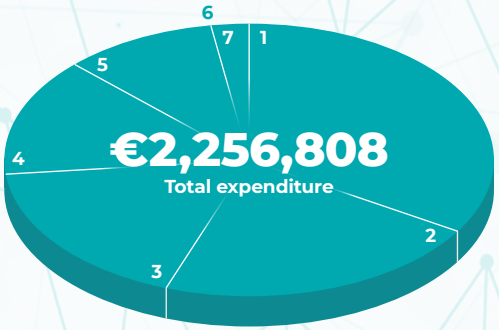
Travel, subsistence and meetings

Includes travel costs that arise from the day-to-day running of SBP, for example, running Working Groups, attending industry events and engaging with stakeholders. Travel, industry events and general meetings in 2021 were greatly impacted by COVID-19 restrictions.

Depreciation and amortisation

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

Expenditure breakdown 2021



Figures may not add up due to rounding.

		2021	% of total expenditure	2020
1	Secretariat	**€762,450**	33.8%	€820,384
2	Consultants and services	**€490,648**	21.7%	€350,687
3	Strategy projects	**€400,895**	17.8%	€382,139
4	IT software	**€318,937**	14.1%	€209,016
5	Governance	**€228,077**	10.1%	€127,819
6	Travel, subsistence and meetings	**€340**	<0.1%	€22,014
7	Depreciation and amortisation	**€55,461**	2.5%	€30,360
Total expenditure		**€2,256,808**	100%	€1,942,419

Governance

Our multi-stakeholder governance approach

Our balanced approach – 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.

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.

Each 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 2021, the Board of Directors met seven times.

Biographies of the Board of Directors are available here

Membership

As at 31 December 2021, membership of the Board of Directors was as follows:

Independent Chair:

Francis Sullivan

Representing Civil Society interests:

Arnold (Arnie) Bercov

Martin Porter

Annawati (Anna) van Paddenburg

Representing Biomass Producer interests:

Vaughan Bassett*

Arnold Dale*

John Keppler

Representing End-user interests:

Will Gardiner

Thomas Lyse

Peter-Paul Schouwenberg

*Vaughan Bassett and Arnold Dale stood down from the Board on 31 December 2021. Representing Biomass Producers, Raul Kirjanen and David Wong joined the Board on 1 January 2022.

Our multi-stakeholder governance approach (continued)

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 2021, the Finance and Business Planning Committee met four times. As at 31 December 2021, membership of the Committee was as follows:

Vaughan Bassett*	Will Gardiner
Peter-Paul Schouwenberg	Francis Sullivan

* Anna van Paddenburg replaced Vaughan Bassett from 1 January 2022.

The **Nominations 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 2021, the Nominations Committee met six times. As at 31 December 2021, membership of the Committee was as follows:

Arnold Dale*	Thomas Lyse
Martin Porter	Francis Sullivan

* John Keppler replaced Arnold Dale from 1 January 2022.

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 2021, the Standards Committee met nine times.

"We look forward to the culmination of the efforts of various Working Groups and input from a variety of stakeholders to the Standards Development Process. EU regulatory changes have added complexity to the Process, but we are confident in the long-term viability of the SBP Standards."

Martin Junginger and **Mike Williams**
Co-Chairs, Standards Committee

Biographies of the Standards Committee are available here

Membership

As at 31 December 2021, membership of the Standards Committee was as follows:

Representing Civil Society interests


Martin Junginger, Co-Chair


Gary Q Bull


Richard Z Donovan


Pedro Faria


Nina Haase


Scott P Jones

Representing commercial interests:


Mike Williams, Co-Chair


Sune Balle Hansen


Mihkel Jugaste


Gordon Murray


Gabriele Rahn


Yves Ryckmans

Our multi-stakeholder governance approach (continued)

Technical Committee

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 2021, the Technical Committee met seven times.

Biographies of the Technical Committee are available here

Membership

As at 31 December 2021, membership of the Technical Committee was as follows:

Rob Shaw, Chair

Kim DuBose

Anders Hildeman

Brenda Hopkin

Peter Kofod Kristensen

Martin Walter

"The Technical Committee has continued to support the work of SBP and the Secretariat. All members of the Committee have devoted much time and effort to reviewing revision drafts of the Standards prior to the two rounds of public consultation held during the year. Amongst other things, we have also reviewed technical interpretations, reviewed and recommended endorsements of Regional Risk Assessments (RRAs,) and have been instrumental in updating the RRA Procedure."

Rob Shaw
Chair, Technical Committee

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 2021, the Stakeholder Advisory Group met three times.

Membership

As at 31 December 2021, there were 59 Stakeholder Advisory Group members registered, with around one-third representing Civil Society.

The Chair, Sarah Crow, and Vice-Chair, Ellen Kincaid, both concluded their terms of office in September.

Ways to improve the Stakeholder Advisory Group platform for stakeholder engagement are under consideration as part of our stakeholder engagement workstream.

Our multi-stakeholder governance approach (continued)

Secretariat

The day-to-day running of SBP is carried out by the Secretariat. In fulfilling the Secretariat function, as at 31 December 2021, SBP employed 5.4 full-time equivalent employees and procured the services of GE Public Relations Ltd and independent consultants.

SBP is a virtual organisation registered in England and Wales.

People

As at 31 December 2021, the employees and service providers were as follows:

Carsten Huljus,
Chief Executive Officer

Agita Nagle,
Office Manager

Lauri Kärmas,
Data Manager

Roman Polyachenko,
Assurance Manager

László Máthé,
Standards Manager

Melanie Wedgbury (GE Public Relations),
Communications

David McCallum,
Company Secretary

Biographies of the Secretariat are available here

Nicolas Viart joined the Secretariat as Technical Director on 1 January 2022.

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 2021, there were no Working Groups outside of the Standards Development Process.

Glossary

Assurance Services International (ASI)
An independent third-party accreditation body. ASI manages the SBP assurance program.

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

Bioeconomy
Economic activity involving the use of biotechnology and biomass in the production of goods, services or energy.

Biomass
Typically, wood pellets and woodchips.

Biomass Producer
A producer of wood pellets and/or woodchips.

Biomass Workshop Series
A series of workshops run by SBP in collaboration with other bodies.

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.

Document Development Procedure (DDP)
The DDP specifies the steps to be followed for the development and revision of SBP documentation related to the application of the SBP requirements.

End-user
User of biomass to produce energy.

European Green Deal
A set of policy initiatives by the European Commission with the overarching aim of making the EU climate neutral by 2050.

ETIP Bioenergy
European Technology and Innovation Platform Bioenergy, an industry-led stakeholder platform that brings together relevant actors from academia, industry and Civil Society, engaged in the development of sustainable bioenergy and competitive biofuel technologies.

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

EU ETS
The EU Emissions Trading System is a greenhouse gas emissions trading scheme, launched in 2005 to fight climate change.

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).

Feedstock
Woody material used to produce biomass.

Fit for 55
The EU plan to reduce greenhouse gas emissions by 55% by 2030 and is part of the European Green Deal.

Forest Stewardship Council (FSC)
A global forest certification scheme.

Greenhouse gas data
Data related to the calculation of energy and carbon savings.

IEA Bioenergy
An organisation set up by the International Energy Agency (IEA) with the aim of improving cooperation and information exchange between countries that have national programmes in bioenergy research, development and deployment.

ISEAL Alliance
The global membership association for credible sustainability standards.

ISEAL Codes of Good Practice
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 elements of a sustainability standard: standard-setting, assurance and impacts.

ISEAL Community Member
For ISEAL Community Members the emphasis is on improvement, sharing learning, building a community of trust and collaboration.

ISEAL Credibility Principles
The ISEAL Credibility Principles represent the core values on which effective sustainability standards are built.

Legality
The term legality is defined by SBP Standard 1, Feedstock Compliance Standard, version 1.0.

LULUCF
Land Use, Land-use Change and Forestry covers the following categories: forest land, cropland, grassland, wetlands, settlements, other land and harvested wood products.

MEP
Member of the European Parliament.

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

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 feedstock.

Sustainability
The term sustainability is defined by SBP Standard 1, Feedstock Compliance Standard, 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 carying 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 (pre-consumer) 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
Buyer and seller of biomass.

UNFCCC Paris Agreement
The 2016 Paris Agreement is an agreement within the United Nations Framework Convention on Climate Change (UNFCCC) dealing with greenhouse gas emissions mitigation, adaptation and finance.

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.

WPAC
Wood Pellet Association of Canada.

Contact us

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