The promise of good biomass

Sustainable Biomass Program
Annual Review 2020

Welcome to our fifth Annual Review

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.

Through its credible and robust certification system, 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.

SBP is a not-for-profit, voluntary certification system designed for biomass used in energy production and is driven by the aim of the UNFCCC Paris Agreement to combat climate change. 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.

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Introduction by the Chair

The year of 2020 was one for the history books. Characterised by the COVID-19 pandemic, we all had to learn a new way of living and working. A new everyday language, with terms such as social-distancing and lockdown, emerged and PPE found its way into every home as a must-have.

For SBP, already a virtual organisation, remote working in a day-to-day sense came naturally. Less natural was the inability to meet face-to-face with the members of our governing bodies and enjoy the networking opportunities usually provided by the biomass sector's conference circuit.

Like all businesses worldwide, we closely monitored the impact that COVID-19 was having on our business, colleagues, Certificate Holders and business partners. We were ever mindful of the advice issued by national governments. We quickly took steps to safeguard the continuity of our operations and therefore that of our certifications, allowing us to uphold our promise of good biomass.

Our governing bodies

Our multi-stakeholder governance arrangements continued to function well. Thanks to 21st Century technology, remote meetings were easily scheduled and conducted. Members of our Board, Standards Committee, Technical Committee and Stakeholder Advisory Group demonstrated their commitment to SBP, amidst other important calls on their time, not least for some the demands of home schooling. All rose to the challenge with intense professionalism, for which I am extremely grateful.

We were sorry to say goodbye to Kathy Willis, Professor of Biodiversity in the Department of Zoology at the University of Oxford, who stood down from the Board in December 2020. Kathy's association with SBP goes back to 2015 when she joined the independent Advisory Board, which amongst other things was tasked with providing advice on the strategic direction of SBP. We are very grateful to Kathy for the support and advice given during her time with us.

We also said farewell to Dave Tenny, founding President and CEO of the National Alliance of Forest Owners (NAFO), who stood down from the Standards Committee at the end of the year. Dave too has had a long association with SBP, having also served on the independent Advisory Board and I thank him for his support.

Stepping into Dave's shoes, at the start of 2021 we welcomed Scott Jones as a new member of our Standards Committee. Scott is the Chief Executive Officer of the Forest Landowners Association in the USA and brings with him wide experience of forest land management, procurement and ownership.

I am sure Scott will contribute greatly to the work of the Committee.

Delivering on climate change

The UN climate change conference, COP26, set to take place in November 2020 was one of a number of conference casualties due to COVID-19. However, that did not lessen the focus on matters of climate change. National governments and businesses continued to step up their actions in response to climate goals and ambitions.

In the EU, the Commission announced its work programme for 2021. The 'Fit for 55' package encompasses revisions and initiatives linked to the European Green Deal climate actions and the climate target plan's 55% net reduction in carbon emissions (compared to 1990 levels) for 2030.

Of the revisions and initiatives announced, the amendment of the recast Renewable Energy Directive (REDII), to meet the new ambition, revision of the regulation on the inclusion of greenhouse gases and removals from land use, land use change and forestry (LULUCF) and the proposal for binding EU nature restoration targets, emerging from the EU Biodiversity Strategy, hold most interest for SBP. We will continue to inform the biomass debate in those areas, based on our experience.

With renewed focus on climate goals, and the increasing importance of safeguarding biodiversity and the circular economy, we are acutely aware that knowledge of those issues in relation to biomass has improved tremendously over recent years. It is our duty as a responsible certification scheme to respond to new theories and advances.

Through our Standards Development Process, we aim to do exactly that by reviewing our Standards in the context of current thinking. Importantly, the development of our Standards will continue to be informed by our stakeholders, as well as being market driven.

We will continue to serve key biomass markets, whilst striving for a higher level of excellence where practicable and beneficial to climate goals.

Concluding remarks

We have a part to play in enabling climate goals to be met. The service we provide to our Certificate Holders facilitates the economically, environmentally and socially responsible management of biomass.

In our quest to position SBP as the biomass certification scheme of choice, we will maintain a globally applicable independent, third-party certification scheme for biomass supply chains. We will also continue to provide assurance for existing markets and explore new markets where there is an identified need and where SBP can make a difference.

I am grateful for the continued support shown by our stakeholders, it is essential to the success of SBP. And I trust 2021 will see a similar degree of stakeholder engagement.

Finally, I should especially like to thank the Secretariat for the commitment shown and for keeping things running smoothly – I know just how challenging that has been since the first lockdown.

Francis Sullivan
Chair

31 March 2021

SBP today

Our purpose

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

The promise of good biomass.

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:

Assurance
Ensure our certification system 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.

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 system of choice.

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

Our values

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

Our four values:

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 system of choice.

Transparency
Open and honest in all that we do.

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

Our market footprint

During 2020, 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.

12,292

Number of transactions recorded in the Data Transfer System (DTS) in 2020
(2019: 5,195)

14.40Mt

Total SBP-compliant biomass produced and sold in 2020
of which 12.80Mt (2019: 10.50Mt) pellets and 1.60Mt (2019: 1.05Mt) chips (2019 total: 11.55Mt)

14.95Mt

Total SBP-certified biomass produced and sold in 2020
of which 13.35Mt (2019: 10.90Mt) pellets and 1.60Mt (2019: 1.05Mt) chips (2019 total: 11.95Mt)

13.55Mt

Total SBP-certified biomass consumed in 2020[1]
of which 12.40Mt (2019: 8.80 Mt) pellets and 1.15Mt (2019: 0.90Mt) chips (2019 total: 9.70Mt)

0.55Mt

Total SBP-controlled biomass produced and sold in 2020
of which 550kt (2019: 400kt) pellets and 2kt (2019: 7kt) chips (2019 total: 0.40Mt))

76.8%

SBP-certified pellets consumed in 2020
accounts for 76.8% of the EU-28 pellet consumption[2]
(2019: 61.3%)

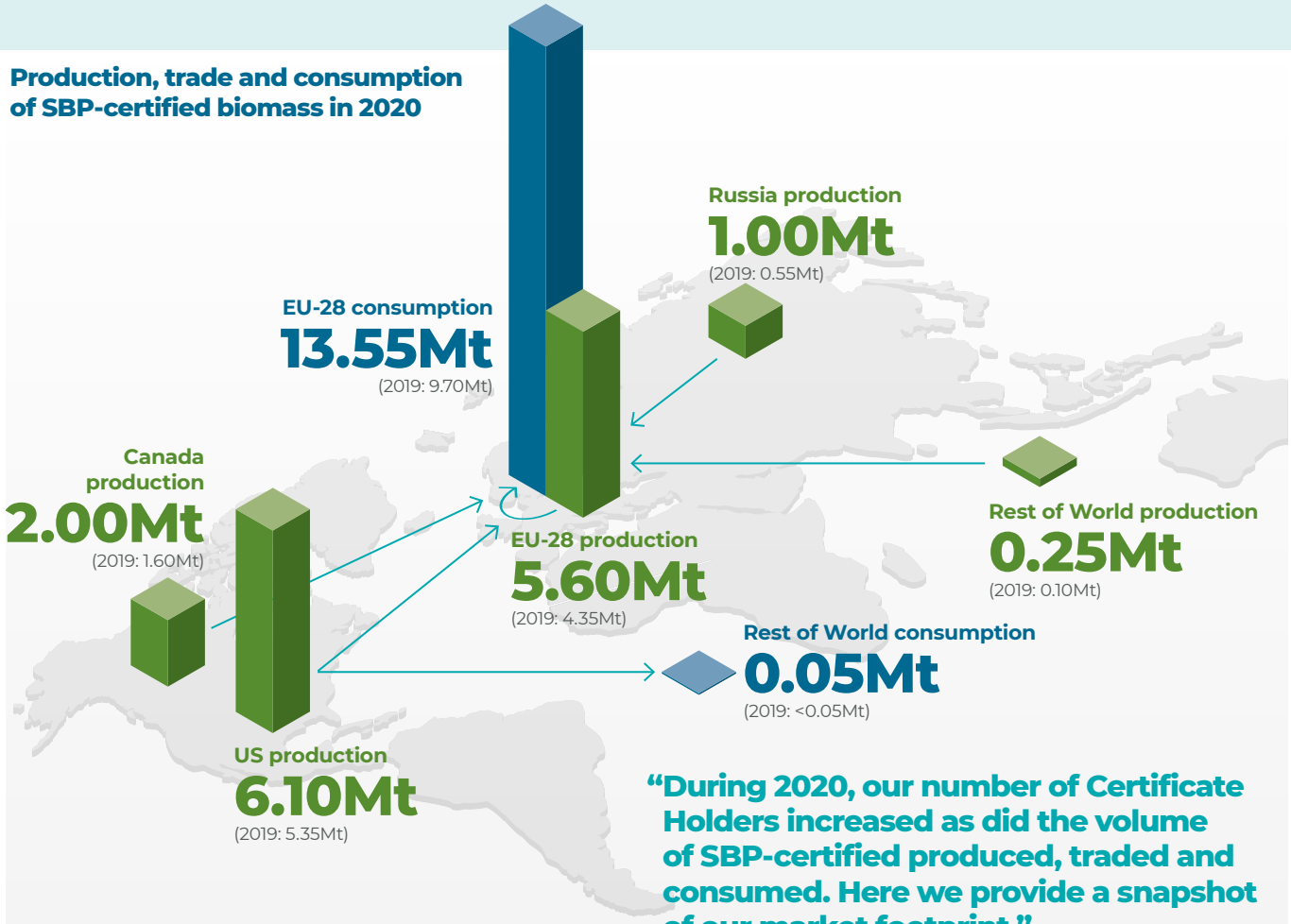
314

Number of Certificate Holders at the end of 2020
(2019: 210)

Notes:
SBP-certified biomass refers to all pellets and chips carrying an SBP claim.
There are two SBP claims: SBP-compliant and SBP-controlled – see page 42 for explanation.
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, 2020 industrial pellet consumption data for combined heat and power, and dedicated power.

Our market footprint (continued)

Production, trade and consumption of SBP-certified biomass in 2020



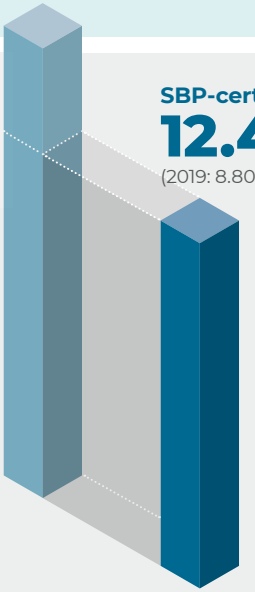
"During 2020, our number of Certificate Holders increased as did the volume of SBP-certified produced, traded and consumed. Here we provide a snapshot of our market footprint."

Carsten Huljus
Chief Executive Officer

Trade flows	
US to EU-28	**6.05Mt** (2019: 5.35Mt)
US to Rest of World	**0.05Mt** (2019: <0.05Mt)
Canada to EU-28	**2.00Mt** (2019: 1.60Mt)
Russia to EU-28	**1.00Mt** (2019: 0.55Mt)
Rest of World to EU-28	**0.25Mt** (2019: 0.10Mt)

Notes:
Figures are derived from unaudited Data Transfer System (DTS) data.
Tonnages are rounded to the nearest 0.05Mt.
Discrepancy between production and consumption volumes is accounted for by biomass not sold to End-users, still on Traders' accounts and/or sold as non-certified biomass.
[1] Hawkins Wright, 2020 industrial pellet consumption data for combined heat and power, and dedicated power.

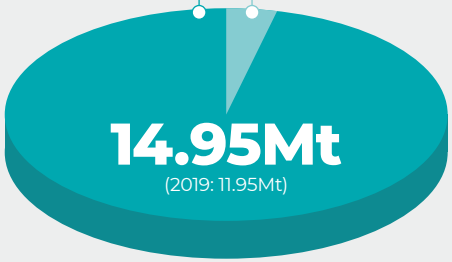
EU-28 industrial pellet consumption in 2020[1]



Production of SBP-certified biomass by claim type

SBP-compliant
96.3%
(2019: 96.7%)
Pellets: 12.80Mt
(2019: 10.50Mt)
Chips: 1.60Mt
(2019: 1.05Mt)

SBP-controlled
3.7%
(2019: 3.3%)
Pellets: 550kt
(2019: 400kt)
Chips: 2kt
(2019: 7kt)



Statement by the Chief Executive Officer

I echo the sentiments expressed by our Chair with regard to the unprecedented events of 2020. We had to re-think our approach to our assurance operations to maintain confidence in the SBP claim, the meeting arrangements of our governing bodies and the significant task of reviewing our Standards, which has stakeholder engagement at the very heart of what we are trying to achieve.

Despite the challenging times, I am pleased to report that we continued to see growth in our Certificate Holder base during the year, and we extended our geographic reach. The volume of SBP-certified biomass in the market place reached a record high, with every tonne produced and sold carrying the promise of good biomass.

We have also made solid progress in what was the first year of our three-year work plan to deliver our strategy. Below I give an account of our activities during 2020 and introduce our key priorities for 2021.

Our strategy

Our strategy has been developed with a focus on four objectives encapsulated in the areas of:

- **Assurance**
- **Certification**
- **Communications**
- **Organisational development and resource**

In delivering on those objectives we will protect our core business and build on our existing strengths to improve what we are and what we do. Our strategy also gives us the scope to explore and exploit new markets and products to meet our purpose.

Our three-year work plan, implemented at the start of 2020, has supported our strategy and underpins our desire to be the biomass certification scheme of choice. See page 05 to see how our purpose, strategy, business model and values are linked.

Key priorities for 2020

Standards development

Our Standards Development Process represents an important and significant piece of work. After much consultation with our Standards Committee, Technical Committee and Stakeholder Advisory Group and an initial stakeholder consultation in February 2020, we developed the Terms of Reference and launched our Standards Development Process in May 2020.

We had some 240 participants registered for the launch webinar and around 170 on the day, with a wide range of our stakeholder groups represented across both industry and Civil Society.

Our remote working arrangements have fared well and have facilitated an inclusive process, allowing all voices to be heard. Over 1,500 hours of stakeholder participation were chalked up by the end of the year, representing a huge commitment from all concerned.

Monitoring and evaluation system

For the last four years, we have reported against six key impacts that have defined the desired and intended outcomes from implementation of the SBP certification scheme. Monitoring those impacts has assisted in tracking the progress we have made towards establishing a credible and robust certification scheme for sustainable biomass.

During 2020, we took the first steps to evolve those six key impacts into a more sophisticated monitoring and evaluation system commensurate with the certification scheme that we have become. Through that system we aim to demonstrate that our Standards are delivering our purpose and strategic objectives, as well as abiding by our set of values.

Digitalisation

Our new audit management platform – the Audit Portal – was launched in October 2020, and represents a significant leap in realising best practice across our operations.

Through revolutionising the routine aspects of certification, in terms of reporting requirements and processes, data entry and collection is much simpler and more robust.

Digitalisation will unlock a host of benefits, not least the reduced level of effort required by Certificate Holders and Certification Bodies to complete and submit the various audit reports. Further benefits will include improved data integrity and security. And through facilitating smarter data collection, we will improve data-driven analysis in support of monitoring and evaluating our impacts.

Additional highlights

Working with our stakeholders

In addition to the significant interaction with stakeholders through our Standards Development Process, we benefited from stakeholder participation in our Biomass Workshop Series, which we organised in collaboration with ETIP Bioenergy and IEA Bioenergy. The series of five workshops was devised to complement our Standards Development Process through providing an accessible and interactive platform for all of our wide-ranging stakeholders, which meant that even the time-poor could get involved.

The workshops spanned a range of issues, including forest carbon, biodiversity and social impact. With over 650 delegates in total participating in the series, a spirited exchange of thoughts and perspectives was fostered, offering us great insights into those key issues.

Statement by the Chief Executive Officer (continued)

Increasing Certificate Holder numbers and spread

In October 2020, we celebrated a landmark 300 certifications. By the end of the year, that number had risen to 314, an increase of almost 50% on 2019. Our pipeline of 27 applicants is set to improve on those numbers during 2021.

Our geographic reach increased too, with the addition of Bulgaria, Chile, Côte d'Ivoire, Finland, Malaysia and Vietnam taking the number of countries to 31, up six from the end of 2019.

Informing policy

During 2020, we undertook to increase our efforts to inform policy and the biomass debate. With energy central to the climate policies of national governments and the European Union (EU), issues surrounding the use of biomass for energy continue to receive attention.

We see ourselves as an honest broker between policy makers and regulators and the practitioners in the biomass to energy sector. Through being in the beneficial position of being able to look from one side to the other, we are able to comment on what works and what does not as policy intent is transposed from the written word of legislation and regulations through certification standards to practical implementation in the field.

Key priorities for 2021

Core systems development

Our core systems, from governance through Standards development to monitoring and evaluation of our impact, are the backbone of our business. During 2021, we will continue to reimagine our systems ensuring that they are agile and responsive to the needs of our Certificate Holders and the sector.

Work on the development of our Standards is set to continue throughout 2021, with the aim of publishing the revised Standards at the end of the year. The development of our Monitoring and Evaluation system is closely linked to our Standards Development Process and our Theory of Change, which sets out the pathways for achieving our purpose and intended impact. As work progresses on the development of both, our monitoring and evaluation system will advance.

Digital innovation has already found its way into our day-to-day operations through our unique Data Transfer System and our re-platformed customer relationship management and audit management tools. And we will continue to refresh our digital systems to deliver efficiency benefits.

External recognition

We will continue to further the recognition of our certification scheme. Our focus in 2021 will be on achieving recognition under the re-cast Renewable Energy Directive (REDII) and membership of the ISEAL Alliance.

Our application to the European Commission for recognition of our scheme under REDII was submitted during the year.

Our submission comprised a complete set of documentation describing how SBP certification will demonstrate compliance with the sustainability and greenhouse gas saving criteria and provide the necessary assurances. We await confirmation of our recognition.

In November 2020, ISEAL Alliance, the global membership organisation for sustainability standards and similar schemes, launched its new membership structure better equipping its members to innovate, scale and demonstrate impact. We have applied for the ISEAL Community Member category of membership, through which we will commit to continually improving our scheme and sustainability impacts by taking part in ISEAL's learning, collaboration and innovation activities. We await news of our application.

In addition, we will ensure that SBP remains compliant in those markets that we already serve. And for those markets currently developing their requirements, we will continue to promote our scheme as a working solution.

Presenting the case for SBP certification

We will continue our efforts to present the case for SBP certification through stakeholder outreach and engagement.

Our Standards Development Process and Biomass Workshop Series successfully encouraged a wide range of stakeholders to engage with us and facilitated quality debate on the key issues surrounding the use of biomass for energy. We will continue to take every opportunity to engage with our stakeholders through our Working Group arrangements, public consultations and workshops to deliver a set of Standards that is fit-for-purpose.

Through our efforts to inform policy and the biomass debate, we will take every opportunity to engage with policy makers, Civil Society and industry as we explore ways to impove current certification and regulation for biomass. In our relatively short existence, we have learnt many lessons and would like to put those learnings to practical use.

We will continue to champion the role of good biomass as an integral part of the solution for tackling climate change. And promoting how our certification scheme can deliver the promise of good biomass.

Final word

We have come out of 2020 stronger than we were before, taking ourselves to the next level as we negotiated different ways of functioning under the restrictions and constraints that were placed on all businesses.

As a virtual organisation, we had a solid foundation on which to build and we have now fully embraced the concept of remote working and employed a variety of platforms in such a way that has seen the best year of stakeholder outreach and engagement to date.

We will continue to make best use of those new working arrangements as we forge ahead with our work plan for 2021.

Carsten Huljus
Chief Executive Officer
31 March 2021

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, whether through industry agreements or legislation. The SBP certification scheme not only enables organisations operating in those biomass markets to demonstrate compliance with the requirements, but further it provides an off-the-shelf biomass sustainability standard for emerging markets. Policy makers need look no further than our certification scheme.

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

SBP essentials

The SBP 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 Standard, and each has specific guidelines and reporting requirements. SBP Standard 1 sets SBP's definition of legality and sustainability.

SBP's 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 which 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. The 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, SBP offers a certification scheme for woody biomass used in energy production.

The first point of certification

The first point of certification in the SBP certification scheme is the biomass producer (usually a wood pellet/chip producer). The biomass producer 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). SBP has 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 biomass producer (wood pellet/chip producer) that satisfactorily demonstrates compliance receives a certificate and is entitled to produce and sell biomass with an SBP claim, provided the feedstock meets SBP requirements and the SBP-certified management system is implemented during production (see page 11).

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.

The process of evaluating feedstock is termed the Supply Base Evaluation (SBE). The biomass producer must carry out a risk assessment to identify the risk of 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 biomass producer 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 biomass producer must consult with a range of stakeholders and provide a public summary of the assessment for transparency purposes.

Promoting sustainable sourcing solutions (continued)

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

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

Transfer of data along the supply chain

SBP requires 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.

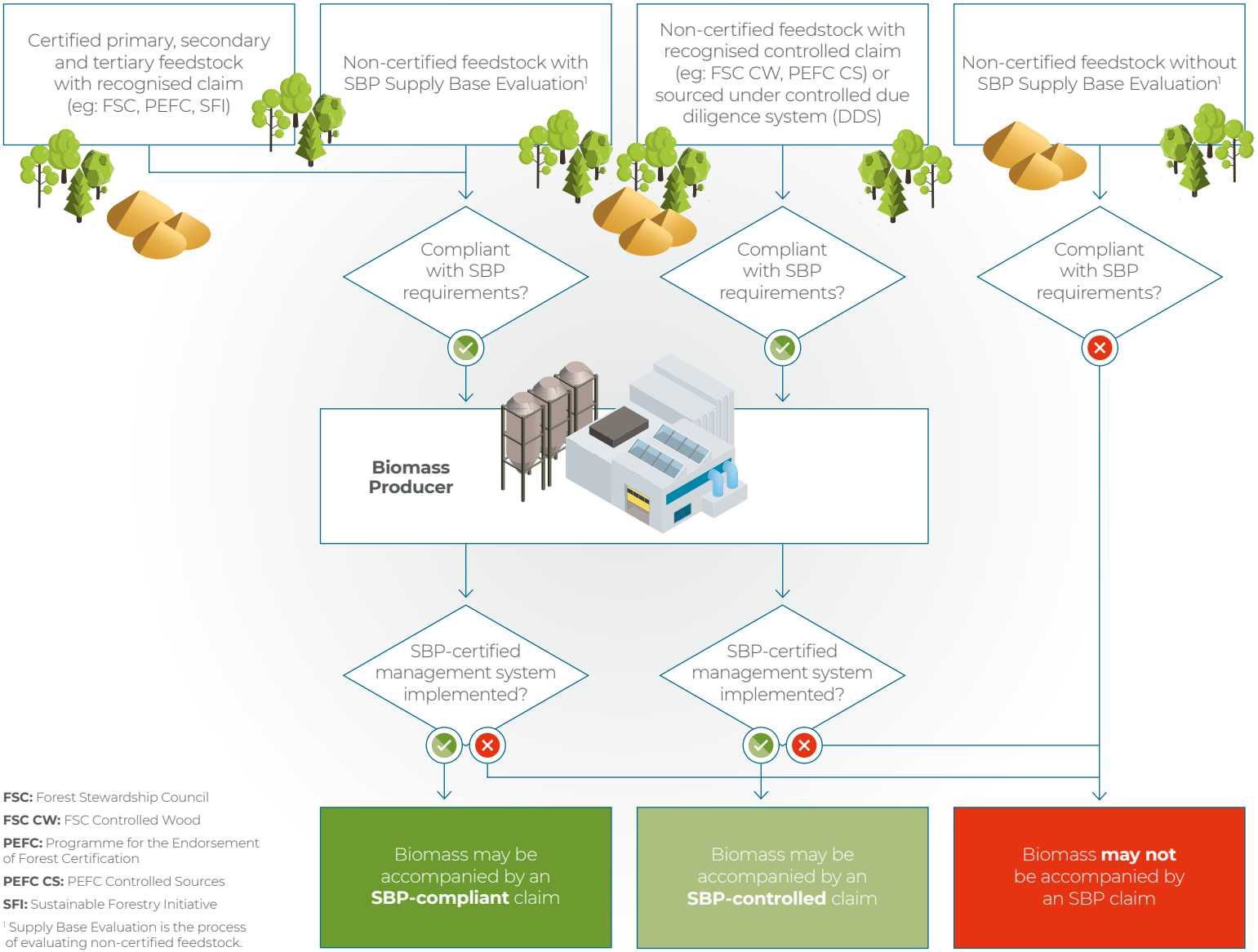
Independent scrutiny

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.

The SBP Certification Body 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 system 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. For 2020, we report against those key impacts. 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.

The Standards Development Process will ensure the relevance of our certification scheme, revising our Standards where necessary in line with advances in thinking and knowledge of sustainability issues and market developments. The Process will enable us to set appropriate principles, criteria and indicators in our Standards framework, which support our desired long term impact, as articulated in our purpose statement.

Our Theory of Change will convey how we plan to deliver that long term impact, as well as informing the development of our short and medium term intended outcomes and the design of appropriate M&E indicators to measure progress towards them. With a focus on outcomes and how to get there, our Theory of Change will be heavily linked to our M&E system.

Through our M&E system we aim to demonstrate that our Standards are delivering on our purpose and strategic objectives, as well as abiding by our set of values.

Mindful of global initiatives

Our Standards Development Process and M&E system will also consider global initiatives. An important consideration is the connections with the UN Sustainable Development Goals (SDGs). Credible sustainability standards can contribute to a number of the SDGs through setting management practices, providing transparency within supply chains, informing the sustainability debate, and strengthening relationships throughout the supply chain.

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

We will aim for our M&E system to 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.

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.

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

Highland Pellets is the owner and operator of the 675,000 tonne production capacity pellet plant in Pine Bluff, Arkansas, USA. The company is committed to sustainability, starting with its contribution to the local economy. Sourcing its sustainable feedstock from a rural area where forestry and agriculture underpin the local economy, Highland Pellets makes its contribution through direct and indirect employment and the associated tax base.

The company's sustainability credentials do not stop there. With conversion of land for development purposes a real threat to the forest resources that make up the company's supply base, Highland Pellets believes that fostering demand for wood is the best defence.

Producing pellets from low value wood, such as forest thinnings and tree tops, helps to improve forest health conditions, minimise wildfire and facilitate reforestation, amongst delivering other benefits. Importantly, maximising the resource efficiency of the forest provides an economic incentive to landowners to keep land in forest production.

Some 50% of the feedstock sourced by Highland Pellets is SFI/PEFC certified and, therefore, SBP-compliant. Any remaining feedstock is evaluated in accordance with SBP's Supply Base Evaluation.

The company has conducted a rigorous Supply Base Evaluation. It does not accept material from late successional bottomland hardwoods, a swampland ecosystem known for clarifying water and protecting against flooding. Control measures to exclude any late successional bottomland hardwoods have been implemented, including an annual outreach program to educate landowners on Best Management Practices.

Not a landowner itself, Highland Pellets cannot directly control how forests are managed and harvested. However, the State Forestry Commission and Department of Agriculture and Forestry of both Arkansas and Louisiana, that make up the company's supply base, are large and well-funded, and administer comprehensive programs and regulations that help to ensure the sustainability of the forest resource.

Highland Pellets works hard to complement State programs and regulations and indirectly influence forest management through policies, supply agreements and monitoring of suppliers. For example, through its supply agreements, the company maintains the right to reject any feedstock that is not compliant with Highland Pellets' sustainability requirements. The company ensures that all precautions are taken to reduce negative environmental impacts and protect ecosystems by conducting regular checks of its suppliers against Best Management Practices.

Highland Pellet's commitment to sustainability recognises the need for continuous improvement wherever possible, aspiring to adhere to the highest achievable sustainability standards. The company is proud to be an active member of SBP and will continue to work with the industry, local landowners and stakeholder community to ensure that the best sustainability practices are maintained at all times.

Highland

"Highland's commitment to sustainability is at the core of its foundation. Our pledge to operating in a transparent, ethical manner is essential to how we conduct business with our customers, our partners and our own stakeholders."

Thomas Reilley
Chairman and Co-Founder

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

Case study

Drax Power Limited (Drax) is part of the Drax Group of companies and owner and operator of Drax Power Station located in North Yorkshire, UK. With two-thirds of the power station converted to use sustainable biomass instead of coal, it is the UK's biggest renewable power generator and the largest decarbonisation project in geographic Europe. It is also the site of the company's groundbreaking BECCS (Bioenergy with Carbon Capture and Storage) pilot project, which promises negative carbon emissions.

drax

"Sustainably-sourced forest biomass is at the heart of Drax's purpose to enable a zero carbon, lower cost energy future. Using only sustainably-sourced wood pellets from working forests, primarily in the US South but also in Europe, Canada and South America, we are committed to delivering positive impact for the climate, environment and for the communities in which we operate."

Michael Goldsworthy
Sustainability Manager

Drax uses wood pellets sourced from sustainably managed working forests and residues from forest industries to generate low-carbon, renewable power. Through a combination of proactive supplier engagement, third-party certification schemes and its own audits and checks, Drax ensures that the biomass it uses is sustainable and compliant with appropriate legislation.

The company's Responsible Sourcing policy for biomass provides further assurance that the sustainable biomass sourced makes a net positive contribution to climate change, protects and enhances biodiversity and has a positive social impact on local communities.

Drax's Catchment Area Analysis (CCA) provides evidence that the company is meeting its biomass sustainability commitments.

Drax's biomass sustainability commitments:

- **To reduce carbon dioxide emissions**
- **To protect the natural environment**
- **To support people and communities**
- **To invest in research, outreach and intervention**

The CAA process explores the key metrics and keeps a track of the carbon storage and sequestration dynamics in each catchment or sourcing area, such as how forests are growing and what they are being used for. Third parties with expert knowledge of the geographies of each catchment area are used to collate information and give their views on the dynamics.

The company keeps its sourcing guidelines under review by following the latest science and continually developing best practices. Drax has established an Independent Advisory Board of scientists, civil society and leaders in the field of sustainability to provide impartial advice on sustainable biomass and its role in Drax's transition to net zero emissions.

As part of Drax's commitment to go beyond regulatory compliance and lead sustainable biomass practices, it has partnered with non-profit organisation Earthworm Foundation to develop the Healthy Forest Landscapes (HFL) programme. HFL is a tool that defines the landscapes and then applies critical metrics, such as biodiversity, carbon and socio-economic impacts, to biomass sourcing over time, pre-dating the commencement of the biomass market. Thereby offering further transparency on the impacts Drax is having on its catchment areas.

Another tool developed by Drax is the Biomass Carbon Calculator, which allows accurate calculation of wood pellet supply chain greenhouse gas emissions in accordance with UK and EU regulations.

The company is a firm believer that biomass can only be considered a low carbon, sustainable solution when it can be evidenced that significant greenhouse gas emission savings, compared to alternative technologies, are delivered on a lifecycle basis, considering emissions across the entire supply chain.

Through the strength of its collaboration with others, including governments, non-governmental organisations, academia and other stakeholders, Drax is committed to improving its biomass sourcing choices and developing best practices.

Earthworm

"Drax and Earthworm Foundation have together developed and piloted the Healthy Forest Landscape approach. HFL uses the best available data to monitor a concise set of critical ecological and socioeconomic indicators and it uses this information, combined with local stakeholder engagement, to spot needs and opportunities to improve conditions on the ground. The approach has potential to transform downstream companies' understanding of their sourcing landscapes, and during 2021 Earthworm will pilot HFL with Drax in new landscapes, and with forest industry beyond biomass."

Björn Roberts
Senior Adviser

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

Case study

German woodchip producer, claus rodenberg waldkontor, is located in northern Germany, close to the city of Lübeck.

The main business activity of the company is timber harvesting, trading and associated logistics. With its own fleet of trucks and vessels, claus rodenberg waldkontor has established itself as a one-stop-shop and secured a position as a reliable supplier of wood-based products, with customers ranging from power plants to saw and paper mills.

With those credentials the move to supplying biomass for energy production was an obvious step. Affording top priority to customers' needs for security of supply is something the company prides itself on as claus rodenberg waldkontor dedicates itself to becoming the perfect partner in business.

The woodchips are mainly produced at the company's storage facilities at the two German ports of Lübeck and Greifswald. Primary feedstock accounts for 75% of the total feedstock for the woodchips. Only low quality roundwood, diseased wood or thinnings from the forest are used in woodchip production, alongside non-forest wood harvested from landscapes, riverside and/or roadside. The forest-based woodchips produced by the company are supplemented by woodchips from Poland, produced directly in the forest. Processing residues from sawmills in Germany make up the remaining 25%.

All feedstock, apart from the primary feedstock sourced from Germany, is either FSC 100% or PEFC 100%, or FSC Controlled Wood. Initially, claus rodenberg waldkontor chose not to include a Supply Base Evaluation in its certification scope.

Some months on from receiving its SBP certificate, the company decided to extend its scope making it the first German company to include a Supply Base Evaluation in its certification. The Supply Base Evaluation risk assessment allows claus rodenberg waldkontor to source primary feedstock from Germany.

The company is passionate about its values: fairness, humanity and respect; quality, authenticity and diversity; and independence, reliability and sustainability. Forming the basis of their vision and representing a promise for the future, the values underpin claus rodenberg waldkontor's aspiration to form an emotional connection both to its customers and employees.

claus rodenberg waldkontor gmbh

"Sustainability is a key element of forestry and is lived by waldkontor staff every day. Becoming SBP certified, therefore, was the logical next step to make sustainability and carbon emissions transparent for our partners. Helping our customers to be evidently more sustainable is a constant motivation for us."

Holger Schwarz
Biomass Manager

Key impact 2

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.

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

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

We require independent Certification Bodies (CBs) to become accredited before they can offer SBP certification services to prospective Certificate Holders (CHs). The SBP assurance program is 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 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, ASI gave special attention to developing the training process and e-learning for ASI assessors to prepare for remote assessments. All head office audits and half of the witness audits were carried out remotely.

Since managing the SBP assurance program, ASI has accredited five CBs; the fifth, Forest Certification, was accredited during 2020.

CONTROLUNION — Control Union Certifications

DNV·GL — DNV GL Business Assurance Finland

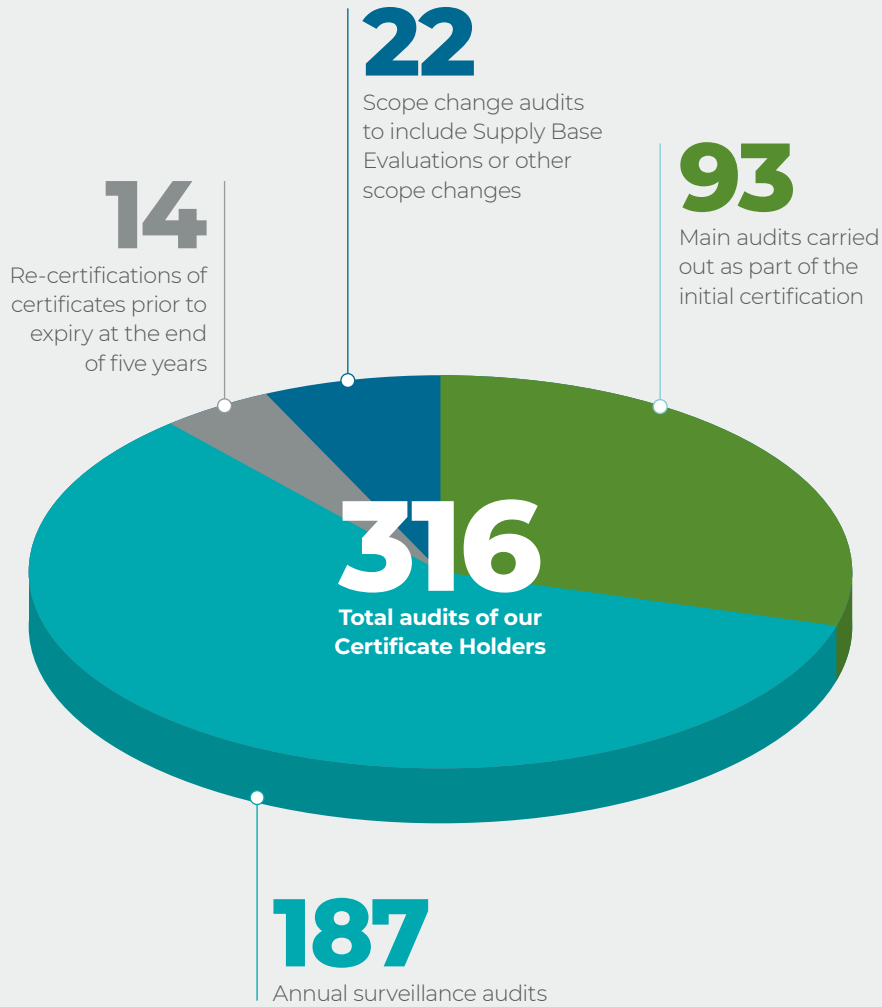
FC FOREST CERTIFICATION — Forest Certification

Preferred by Nature — Preferred by Nature

SCSglobal SERVICES — SCS Global Services

Between them, in 2020 our CBs conducted a total of 316 (2019: 252) audits of our CHs, of which 93 (2019: 74) were main audits carried out as part of the initial certification, 187 (2019: 148) were annual surveillance audits, 14 (2019: 0) were re-certifications of those early CHs whose certificates were due to expire at the end of five years, and 22 (2019: 30) were scope change audits of CHs wishing to expand the scope of their certificates to include Supply Base Evaluations or other scopes.

Certification Body audits carried out during 2020



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

Some audits were waived during 2020 due to no sales of SBP-certified biomass, others were postponed or conducted in two stages due to the COVID-19 pandemic.

During 2020, 22 (2019: 15) assessments of CBs were completed by ASI as part of the SBP accreditation program. An additional three assessments were started during the year but not completed until 2021.

Of the 22, 11 were done outside the annual plan upon SBP's request, two were compliance assessments, two were desk reviews of audits, four were desk reviews of publicly available CB and Certificate Holder documents, and three were witness assessments of remote CB audits.

The remaining 11 were conducted in line with the ASI assessment plan, of which one was waived due to the low risk and activity of the associated CB.

Included in the 11 assessments were six witness assessments. 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, 58 findings were raised, of which 41 were non-conformities. Those translate to an average of 1.8 (2019: 2.7) non-conformities per SBP assessment.

During 2020, ASI recorded and investigated 10 incidents (2019: 11) 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 accreditation 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 development 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 2.9 (2019: 2.7) on a scale from 0 to 3, indicating good and improving auditor competence.

In every Head Office assessment, ASI assessors evaluate the CB against 11 indicators of performance. Three CBs were rated as B, one as C and one as D on a scale of E (low) to A (high). Of those, two had lowered their ratings on 2019, two had remained the same and one was the newly accredited CB.

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.

No complaints or appeals were received by SBP or ASI in relation to the SBP certification scheme during 2020 (2019: 0). 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.

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

- **KPI 1 measures the proportion of tasks that were finalised within the specified timeline: 95% (2019: 73%) versus a target of 80%; and**
- **KPI 2 measures the selection of suitable targets for witness assessments: Very good representation (2019: very good representation) and target met.**

22
Assessments of Certification Bodies

10
Incidents investigated

0
No complaints or appeals received

1.8
Average of 1.8 non-conformities per SBP assessment

Key impact 3

Realising best practice

SBP aspires to introduce best practice across all our operations. In May 2020, we launched our Standards Development Process, a significant piece of work that aims to review and, where necessary, revise our Standards in the light of advances in the understanding of key sustainability issues, market requirements and international best practice for effective and credible certification schemes.

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

We are guided by our Document Development Procedure (DDP) and 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 (see table below).

ISEAL Credibility Principles	Our Standards Development Process aims to:
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.

Scope of the Standards Development Process

Our Standards Development Process is designed to facilitate an open, inclusive and constructive sharing of views amongst our stakeholder community. Recognising that current thinking has moved on since our Standards were first published in 2015, an important part of the Process is to fully consider advances in best practice and increased knowledge of key issues, including forest carbon, biodiversity and social impact. And where both practicable and beneficial to meeting our purpose to enable climate goals to be met, we aim to develop our Standards such that, as a minimum, they continue to serve key biomass markets and, where there is consensus across our stakeholders, go beyond.

In delivering a set of revised Standards we are mindful of our strategic objectives (see page 5). To that end, we will ensure that, as part of our certification system, the revised Standards meet our promise of good biomass and are robust and credible, whilst challenging ourselves to reach a higher level of excellence.

The Standards Committee has ultimate responsibility for approving the revised Standards and has set out eight guiding principles for the Process.

The Standards must:

- **Be credible**
- **Be commercially viable**
- **Be legally implementable**
- **Be auditable**
- **Deliver regulatory compliance (as a minimum)**
- **Be fit-for-purpose**
- **Facilitate fungibility of SBP-certified product**
- **Be workable, consistent and effective**

Structuring the Standards Development Process

Three Working Groups:

- **Working Group A for Standards 1 and 2**
  Adam Harrison, Chair

- **Working Group B for Standards 3 and 4**
  Alasdair McGregor, Chair

- **Working Group C for Standards 5 and 6**
  Julien Blondeau, Chair

A comprehensive structure of three umbrella Working Groups and several topic-specific Sub-groups is responsible for developing the technical content of each of the Standards.

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

Decisions are made by consensus allowing the Sub-groups to put forward proposals for discussion by the Working Groups, that in turn make recommendations to the Secretariat. During the second half of 2020, the Working Groups and Sub-groups began their work at pace. By the end of the year, the 70 active participants involved across the various groups had recorded some 1,500 hours of stakeholder participation. Every week, an average of three Sub-group meetings and one Working Group meeting took place, together amounting to 89 meetings in total.

A multi-stakeholder process

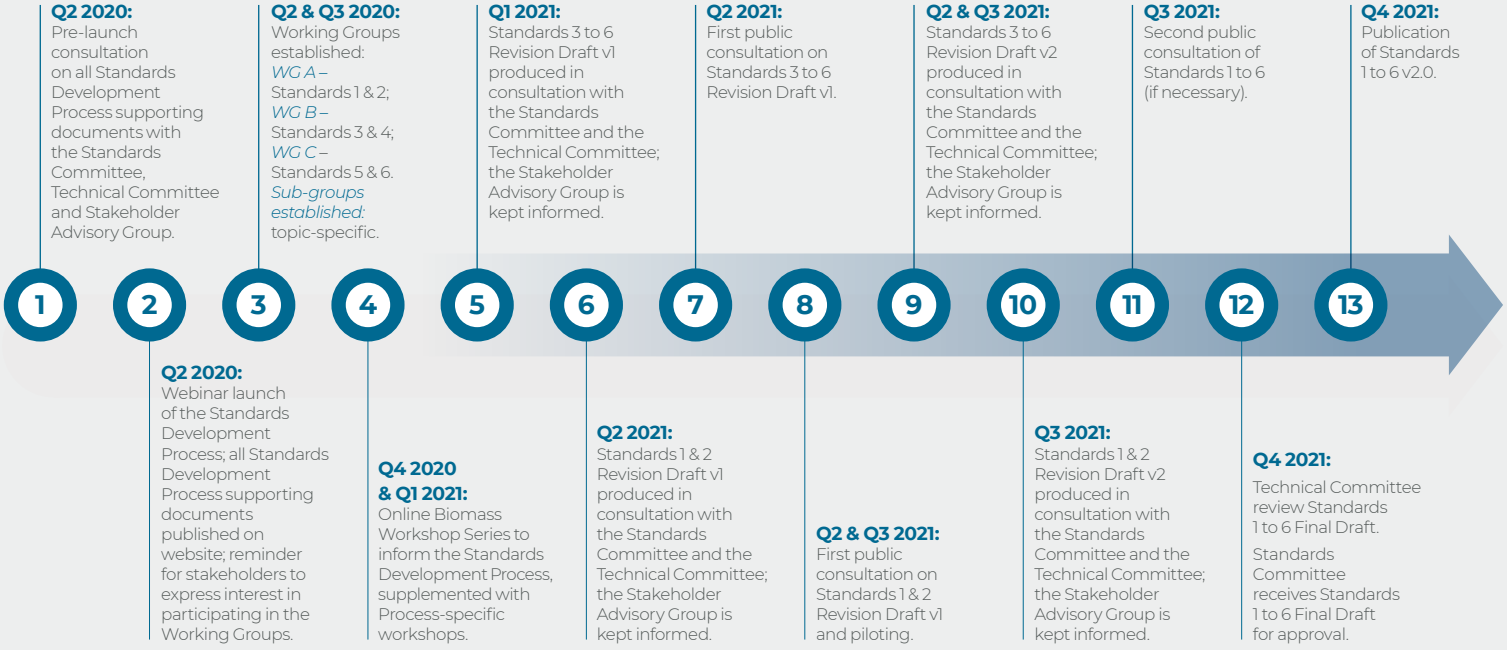
At the outset, we sought to engage fully with all our stakeholders in an open and transparent way offering a number of routes for engagement. Our remote working arrangements fared well and facilitated an inclusive process, allowing all voices to be heard. We also invited recognised experts to address Working Groups, which stimulated discussion around some of the more contentious issues.

In addition to our comprehensive meetings schedule, our complementary biomass workshop series, organised in collaboration with ETIP Bioenergy and IEA Bioenergy, provided an alternative route to engage with us.

With some 650 delegates in total participating in the series of five workshops, we were able to explore a number of the key issues, including forest carbon, biodiversity and social impact, and successfully inform the Standards Development Process.

Stakeholder landscape

Timeline



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.

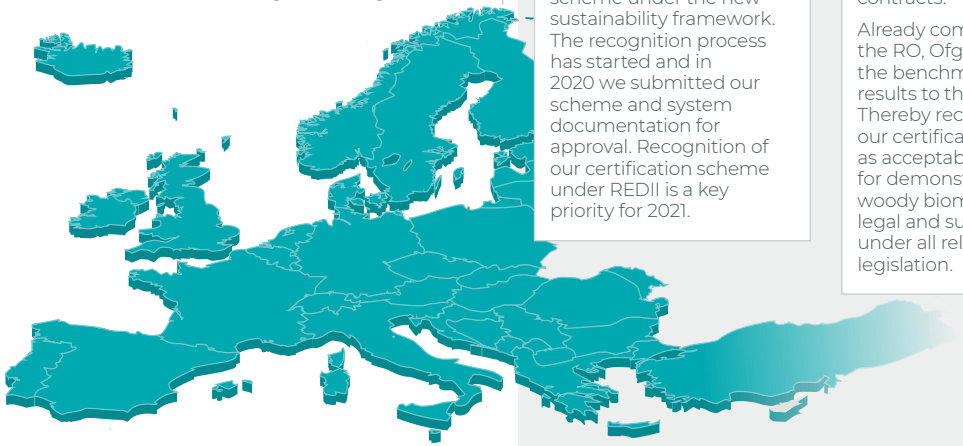
Making a difference (continued)
Key impact 4: Achieving recognition by regulatory authorities (continued)

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 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 in our Standards Development Process and we must be mindful of changes in the regulatory landscape that have implications for our Standards today and in the future. Here we present an overview of some of the considerations that emerged during 2020.



European Union

Part of the Clean Energy for all Europeans package, in 2016 the European Commission (the Commission) proposed an update to the Renewable Energy Directive for the period from 2021 to 2030, known as the re-cast Renewable Energy Directive or REDII. A final compromise document was agreed among European institutions in June 2018 and REDII entered into force in December the same year. The new elements introduced by REDII need to be transposed into Member States' national law by the end of June 2021.

With REDII introducing sustainability criteria for solid biomass used in energy production, our certification scheme needs to be recognised by the Commission as a voluntary scheme under the new sustainability framework. The recognition process has started and in 2020 we submitted our scheme and system documentation for approval. Recognition of our certification scheme under REDII is a key priority for 2021.

United Kingdom

In December 2015, UK energy regulator, Ofgem, published a summary of the results of its benchmarking exercise of voluntary certification schemes against the UK's Renewables Obligation (RO) land criteria for woody biomass. Following evaluation, our certification scheme was found to be fully compliant with the legislation.

In February 2017, the UK Department for Business, Energy & Industrial Strategy (BEIS) published its Woodfuel Guidance (version 2). The suite of three documents set out how to comply with the woody biomass land criteria as defined in all relevant UK legislation, namely, the RO and the Renewable Heat Incentive (RHI) regulations, and as written into Contract for Difference investment contracts.

Already compliant with the RO, Ofgem extended the benchmarking results to the RHI. Thereby recognising our certification scheme as acceptable evidence for demonstrating that woody biomass is both legal and sustainable under all relevant UK legislation.

Belgium

A workable solution allowing SBP-certified biomass to enter the Flemish market was progressed during 2020. Country or market-specific requirements have been addressed through the SBP Data Transfer System consistent with our adaptation approach and which will apply only to biomass purchased and used for energy production by End-users located in Flanders.

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. In the interim, verification of the criteria and calculations is being carried out by Certification Body, SGS, which is recognised by the Flemish regulator, VEKA.

The Netherlands

Since the end of 2019, SBP has offered an end-to-end solution for the full range of woody biomass types recognised by the Dutch authorities. Again, as an example of our adaptive approach at work, additional modules were developed to meet the market-specific requirements of the Netherlands. Biomass Producers must be compliant with the requirements of those modules if they wish to sell biomass into the Dutch market. During 2020, a number of Biomass Producers extended their certification scope to meet those requirements.

In 2020, the Dutch Cabinet requested the Social and Economic Council (SER) and PBL, the Netherlands Environmental Assessment Agency, to research the outline of a new sustainability framework for biomass. The Cabinet's appreciation of the SER's advice made it clear that the government is planning to fully implement the recommendations made. A start on the new sustainability framework is expected to be made in the second half of 2021 or early 2022.

SBP will monitor developments and ensure that our certification scheme remains relevant for the Dutch biomass market.

Denmark

Since 2014, Denmark has had a voluntary industry agreement in place, the Danish Industry Agreement for Sustainable Biomass. The sustainability requirements were developed on the basis of the most comprehensive biomass sustainability legislation in existence at that time, namely those of the UK. SBP is recognised as a means of documenting compliance with the industry agreement.

It had been signalled for some time by Danish policymakers that the industry agreement would be replaced by regulation as part of the implementation of REDII. In 2020, the Danish government and eight signatory parties across the political spectrum entered into an agreement on legal requirements for woody biomass used in the production of heat and power in Denmark.

The regulation, which will come into force in July 2021, goes 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.

Key impact 5

Providing greater visibility on biomass supply chains

Our Data Transfer System holds a wealth of information on biomass supplied with an SBP claim. With complete visibility of the biomass supply chain, we are continually looking at ways to use that information to inform the biomass to energy debate.

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

We collect a considerable amount of data from our Certificate Holders (CHs). Standard 5 and its associated Instruction Document define the data that CHs must submit via our Data Transfer System (DTS) if the biomass produced is to carry an SBP claim.

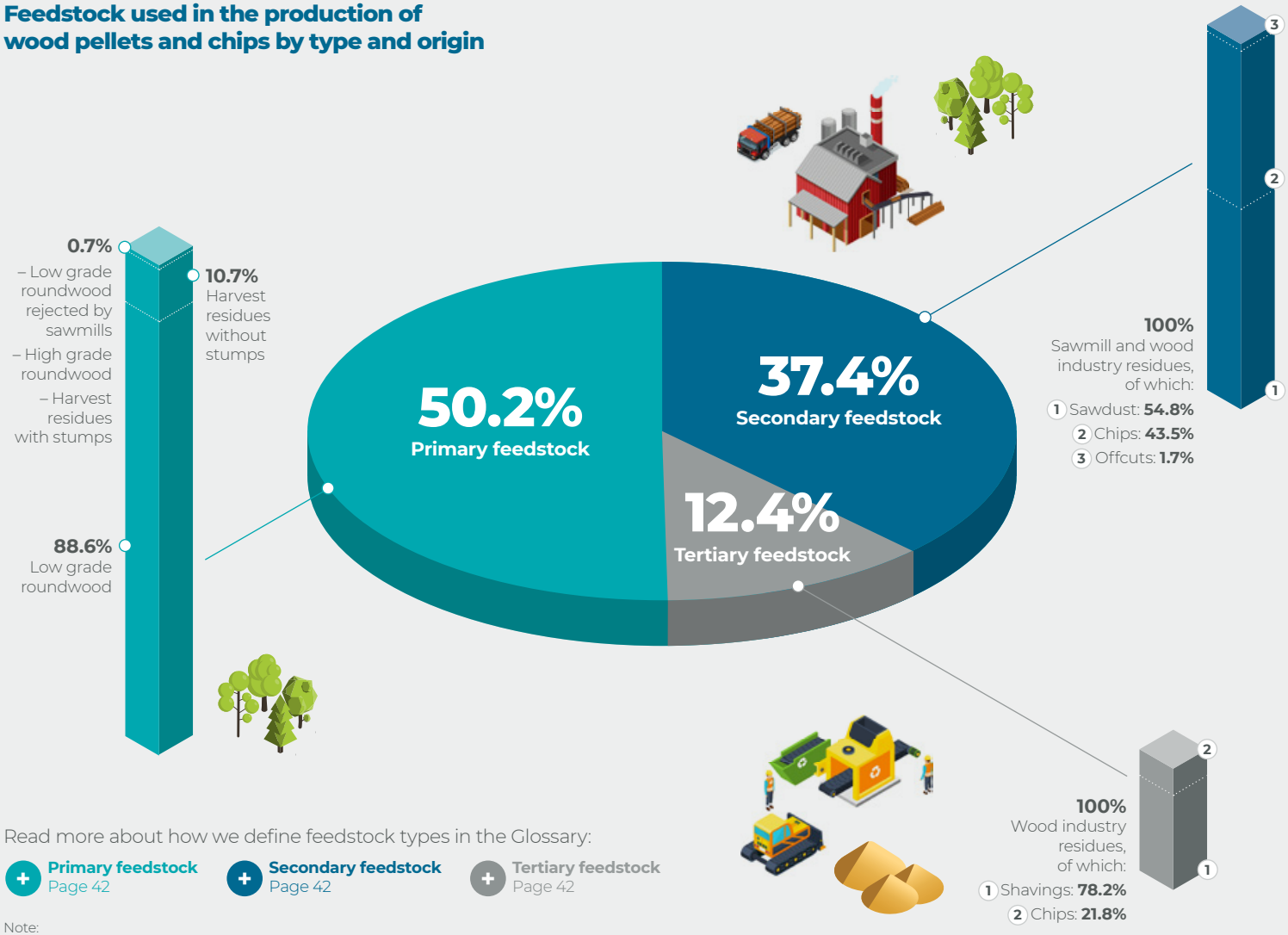
Those data include feedstock type and origin, tonnages of wood pellets and chips produced and sold, and energy data associated with the biomass production process and transportation, storage and handling of the biomass. The energy data allows End-users to calculate greenhouse gas emissions associated with the supply chain.

The feedstock data gives us visibility on 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[1] reported by Biomass Producers that made SBP claims in 2020 shows that half (50.2%) of the feedstock used in production came from primary feedstock, over one-third (37.4%) came from secondary feedstock, and the remainder from tertiary feedstock.

The vast majority of the primary feedstock came from low grade roundwood (of which 21.4% was from plantations), 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 type and origin



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

Primary feedstock Page 42
Secondary feedstock Page 42
Tertiary feedstock Page 42

Note:
[1] Feedstock data reported in 2020 relates to historic annual reporting periods, not necessarily the calendar year. Only the feedstock data of those Biomass Producers that made SBP claims in 2020 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 and is 25%.

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

"We pursued SBP certification because it facilitates trade and provides reassurance to our customers about the sustainability credentials of biomass. We are pleased that SBP has become so widely recognised in many countries, and we are proud to be a member of that community."

Mindaugas Karalius
Director

Currently celebrating its 30th anniversary, MK Laivyba UAB (MK Laivyba) was founded in 1991 as one of the first logistics companies in the port of Klaipeda, Lithuania. Armed with rich experience in bulk shipping and a healthy outlook for growth in wood pellet production and consumption, the company decided to invest in bulk trade.

Since 2005, the company has been trading biomass in the form of wood pellets; adding woodchips to its portfolio in 2010. The geographical location of the port ideally places MK Laivyba as a bridge for Biomass Producers to the east to reach End-users to the west.

The company immediately recognised the benefit of a unified certification scheme that would make trading across all countries in geographic Europe easier and more transparent. And in 2016, MK Laivyba became the first Trader to achieve SBP certification. Certified as a Trader with physical possession activities, MK Laivyba stores biomass at the port of Klaipeda ready for its onward journey to the company's customers. The SBP certificate is valid for five years and recently the company successfully completed its re-certification audit.

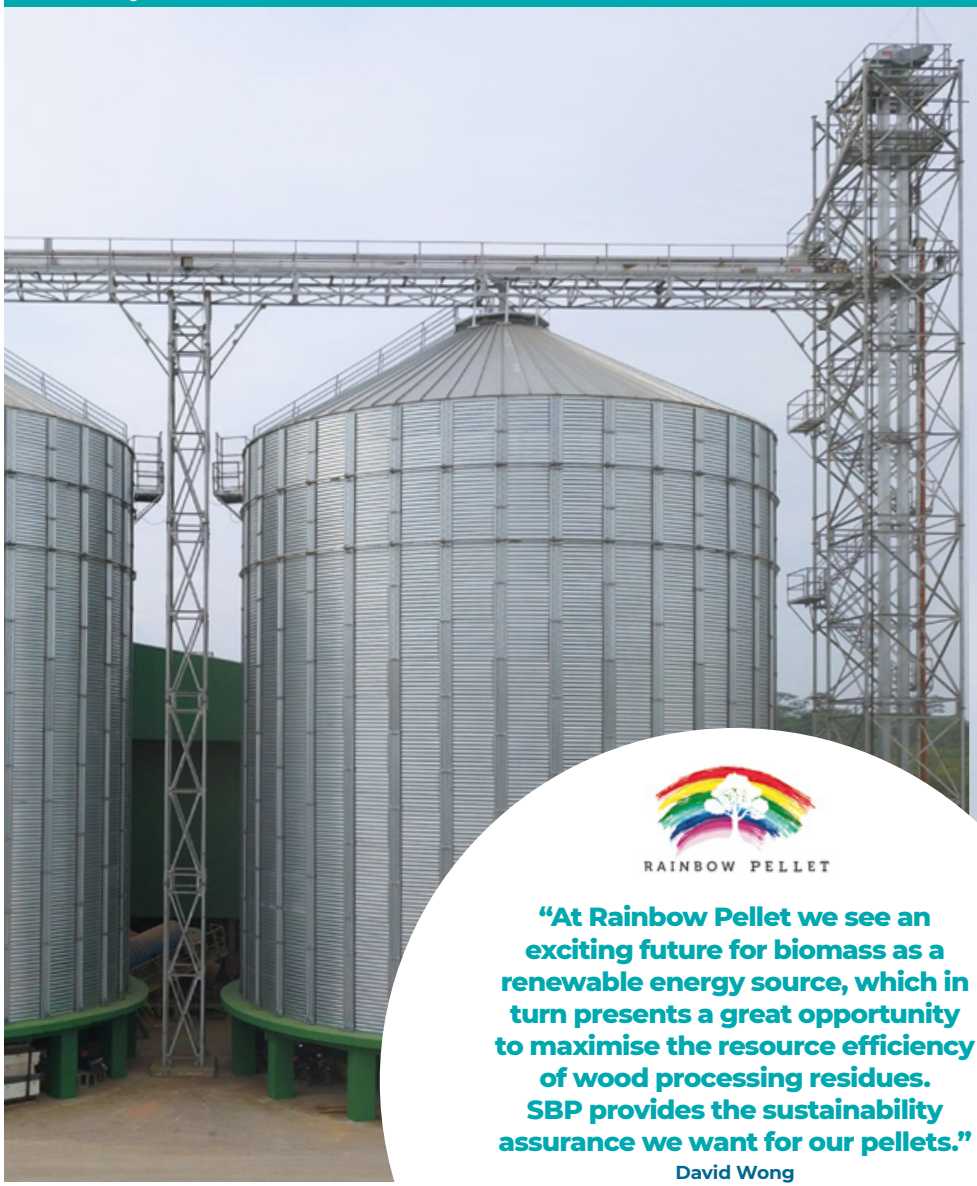
MK Laivyba credits SBP with establishing good practice in the biomass to energy sector, and notes that sustainability has emerged as the most important condition in all trade activities. Through practical knowledge of the SBP certification scheme, the company has developed a keen understanding of its supply chain and the operations of its suppliers. MK Laivyba happily shares its knowledge on certification matters and the latest developments in the sustainability arena with current and future suppliers.

The company values long-term business relationships and always strives for flexibility in its transactions with both customers and suppliers alike to give the best outcome for all. At times, the company's clients may need to meet a short-term demand through spot and small volume transactions, and again SBP's unified requirements facilitate such trades.

During its time as a biomass trader, MK Laivyba has built up a wide network of suppliers across Lithuania, Belarus, Latvia, Russia and Ukraine and counts the major utility companies of geographic Europe amongst its customers. With many years' experience in logistics services, MK Laivyba, in conjunction with its reliable partners, offers its customers the full package, from bulk trade through freight transportation to port services.

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

Case study



RAINBOW PELLET

"At Rainbow Pellet we see an exciting future for biomass as a renewable energy source, which in turn presents a great opportunity to maximise the resource efficiency of wood processing residues. SBP provides the sustainability assurance we want for our pellets."

David Wong
Executive Director

Rainbow Pellet Sdn Bhd (Rainbow Pellet), founded in 2014, is one of the largest wood pellet producers in Malaysia. In 2020, the company's first pellet plant became the first Biomass Producer in Malaysia to achieve SBP certification. The pellet plant is located in the state of Pahang.

The pellet plant produces biomass for the export market and has a nameplate production capacity of 400,000 tonnes.

Although currently exporting mainly to Japan and Korea, Rainbow Pellet is keen to venture into the biomass markets of geographic Europe and saw SBP certification as a prerequisite to doing trade in those countries. The company is also seeing signs of interest in SBP certification by Asian markets, so it is preparing itself for the future.

The company has its own saw-milling operation and recognised the potential for added value to both the bottom line and the environment through maximising resource efficiency and producing wood pellets for renewable energy production.

All feedstock currently used in the production of pellets carrying an SBP claim can be traced back to the forests of the four Malaysian states of Negeri Sembilan, Pahang, Perak and Terengganu. The state-owned forests are certified by the PEFC-endorsed Malaysian Timber Certification Scheme, which promotes sustainable forest management in Malaysia.

All wood pellets are produced from secondary feedstock, including sawdust, shavings and slabs. All feedstock entering the pellet plant and destined to produce pellets carrying an SBP claim is PEFC-certified.

Certifying Rainbow Pellet's management systems for feedstock with both PEFC 100% and PEFC Controlled Sources claims gives the company an additional feedstock option and ability to supply biomass with either an SBP-compliant or SBP-controlled claim.

As the demand for pellets increases, Rainbow Pellet aims to increase the volume of certified material used in pellet production and is set to encourage more suppliers to become certified to meet that need.

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

Case study

"Recognising the global increase in demand for biomass as a renewable energy source, Eco Indef was established to explore business opportunities for the feedstock sourced by sister company, Biomasa Chile. Identifying export as a key area of growth for the company, Eco Indef chose SBP certification to facilitate its route to market."

Alvaro Mundaca
Corporate Manager

In 2020, Eco Indef Ltda (Eco Indef) became the first Biomass Producer in Chile to achieve SBP certification. Eco Indef is a subsidiary of holding company Indef S.A. (Engineering and Forestry Development), which is also the parent company of Biomasa Chile, the largest producer of biomass in Chile.

Biomasa Chile was founded in 2005 with the aim of processing harvest and forest management residues that had previously been left to rot or burnt in the forest, before replanting took place.

The parent company recognises the win-win outcome of supplying an alternative renewable energy source and underpinning the principles of sustainability, through adding economic value to the forest processing chain and protecting biodiversity.

The Eco Indef pellet plant is located in the BioBio Province, one of four provinces of the Chilean region of BioBio (VIII), some 23km north of its capital, Los Ángeles. Construction of the plant began in 2019 and commercial operations began in 2020. On completion, the pellet plant will have three production lines with a total name plate capacity of 375,000 tonnes per year.

Currently, the first production line is operational, with the other two under construction.

With around 80% of the pellet plant's production output destined for export, it was important for the pellets to meet international standards and Eco Indef chose SBP certification as the vehicle to open up access to the industrial biomass to energy market.

During the main audit for certification, Eco Indef was commended on its robust record keeping system and awareness of certification requirements.

Currently, the feedstock used in biomass production is supplied by Biomasa Chile and comes from secondary (sawdust) and tertiary (shavings or sawdust) feedstock. The secondary feedstock is supplied as green sawdust, which is outsourced to a Combined Heat and Power plant, fuelled by forest residues, for drying. The tertiary feedstock is supplied dry. All feedstock entering the pellet plant is either FSC 100% or FSC Controlled Wood.

Looking to the future, Eco Indef plans to bring the drying function in-house as well as expand its feedstock sourcing to forest residues such as branches, tree tops and small diameter logs.

Performance

Performance review

Our key priorities and other highights for 2020 have been reported on in full on pages 08 and 09 of the CEO Statement and pages 13 to 31 – the Making a difference section. In this section, we report on other key achievements of the year.

Accreditations and certifications

During 2020, we gained another Certification Body (CB), Forest Certification. Together with Control Union Certifications, DNV GL Business Assurance Finland, Preferred by Nature (formerly NEPCon) and SCS Global Services, we now have five accredited CBs.

Marking five years since the launch of our Standards, 2020 saw the first 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[1] and a peer review[2] of the audit reports, but with actual transaction data from the previous 12 months.

At the end of 2020, the total number of CHs was 314, of which 250 were Biomass Producers, 56 Traders and eight End-users.

SBP's geographic spread increased by six countries during the year taking it to 31 countries in total, with the addition of Bulgaria, Chile, Côte d'Ivoire, Finland, Malaysia and Vietnam.

Also, by the end of the year, a further 27 organisations had applications in the pipeline for SBP certification through our accredited CBs.

5

Accredited Certification Bodies
(2019: 4)

Notes:

Tonnages are rounded to the nearest 0.05Mt.

[1] A stakeholder consultation will be conducted by the CB for certification scopes including Standards 1 and/or 2. A stakeholder consultation will only be conducted by the Biomass Producer if the certification scope includes Standard 1.

[2] A peer review will only be conducted for certification scopes including Standard 1.

314

Certificate Holders – 250 Biomass Producers; 56 Traders; and eight End-users
(2019: 210)

14.95Mt of SBP-certified biomass (wood pellets and chips) produced and sold by Biomass Producers in 2020
(2019: 11.95Mt)

14.95Mt

27

Additional organisations had applications in the pipeline for SBP certification
(2019: 40)

31

Countries making up the geographic spread of Certificate Holders
(2019: 25)

- Australia
- Belarus
- Belgium
- Brazil
- Bulgaria
- Canada
- Chile
- China
- Côte d'Ivoire
- Denmark
- Estonia
- Finland
- France
- Germany
- Italy
- Japan
- Latvia
- Lithuania
- Malaysia
- Netherlands
- Norway
- Poland
- Portugal
- Russian Federation
- Spain
- Sweden
- Switzerland
- Turkey
- UK
- USA
- Vietnam

Performance review (continued)

Maintaining up-to-date standards

The suite of SBP documentation was updated throughout the year to provide additional guidance and, where necessary, clarification and interpretation of our Standards, processes and procedures.

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

In response to COVID-19, in March 2020 we issued guidance on increased flexibility for certification audit requirements during the pandemic whilst still ensuring a robust process. That guidance was quickly followed by normative requirements in April, which were reviewed and updated quarterly thereafter.

We took care in tracking the auditing activities of our CBs during the pandemic and concluded that our certification scheme remained robust and that all stakeholders could continue to have confidence in the SBP claim and associated promise of good biomass.

Data Transfer System

In the first half of the year, we worked on an upgrade to the Data Transfer System (DTS). Certificate Holders were given the opportunity to trial the upgraded system and provide feedback prior to go-live. Migration to the upgraded DTS 2.0 was completed at the end of May 2020 and made available to users from the beginning of June.

DTS 2.0 marks a significant upgrade to the previous DTS platform, with a brand new user interface and many additional functionalities to make usage of the platform more user-friendly and efficient.

Training and events

Throughout 2020, we continued to actively engage with all our stakeholders, albeit remotely. We made full use of the variety of the technology available to ensure good quality engagement. Through the use of an interactive platform we were able to boost engagement and deliver facilitator-led workshops.

Such stakeholder engagement is critical to the success of SBP. It is important that a two-way communication channel is established with all our stakeholders and we welcome the opportunity to engage with all interested parties.

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.

DTS training

In support of the upgrade to DTS 2.0, we updated the user guides both for CHs and CBs and held two webinar training sessions, with good attendance. In addition, we produced a series of eight short training videos each focusing on specific elements of the system.

Biomass Workshop Series

We launched our Biomass Workshop Series in 2020, primarily to boost stakeholder engagement on topics of relevance to our Standards Development Process.

In collaboration with ETIP Bioenergy and IEA Bioenergy, we hosted five workshops during the period October 2020 to January 2021. Under the banner of REDII implementation and beyond, the workshops looked at developments in the EU Member States and the role of REDII, biomass supply from inside and outside the EU, and the topics of forest carbon, biodiversity and social impact.

A total of around 650 of our wide-ranging stakeholders participated across all five workshops, and through the use of an interactive platform we were able to engage in a spirited exchange of ideas on key issues before, during and after each of the workshops. The output was extremely useful in informing not only our Standards Development Process but the biomass debate in general.

In November 2020, we hosted a workshop aimed at introducing SBP to the emerging biomass market in Germany. In an interactive session, participants were able to engage on topics ranging from the EU energy consumption outlook to 2050, through wood resources in Germany, to German NGOs' views on the use of biomass for energy, as well as hearing from a Biomass Producer, a Trader and SBP.

Encouraged by the success of the workshops, we intend to continue the series in collaboration with relevant organisations to further our work plan objectives during 2021.

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.

Two training sessions were delivered in 2020, one for prospective auditors in Europe and Asia and the second for those in the USA. Including the newly qualified SBP auditors from 2020, we now have a total of 127 auditors worldwide who have successfully completed the SBP auditor training programme.

Performance review (continued)

Events

Although many of the usual, annual biomass sector events were postponed due to COVID-19, some did go ahead remotely and we participated where possible. We had a presence at the Argus Biomass Live conference, the CMT Biomass Pellets Trade and Power conference and the annual conference organised by the trade association, WPAC.

Working remotely, we hosted our fourth Certification Body Forum in the last quarter of 2020. 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.

The CB Forum was followed by the Certification Forum, the third we have convened. Again, working remotely we brought together CHs, CBs and ASI. The event allowed for an exchange of views on technical issues and updates on various SBP workstreams.

Certificate Holder feedback

Providing a good service to all our CHs is important to us. At the end of April 2020, we contacted all our CHs with a request to complete a short survey to tell us how we were doing.

Some 16% of our CHs responded to the survey and the headline results were as follows:

- **The vast majority of respondents were either satisfied or very satisfied with SBP in terms of our responsiveness, professionalism, appropriate resource and communication of information.**
- **Our role in facilitating trade in the biomass market was the benefit valued the most by respondents.**
- **Satisfaction with our DTS scored highly, with the vast majority of respondents being either satisfied or very satisfied with ease-of-use, reliability, functionality and the support desk.**
- **The vast majority of respondents were either satisfied or very satisfied with our website in terms of ease-of-use, content, timeliness of content and the CH database.**
- **Approaching two-thirds of the respondents felt that our written materials, including the annual review, Standards documents and process documents, were about right in terms of presentation and ease of reading.**

"The feedback we receive is extremely helpful in focusing our efforts on improving our service and better meeting our Certificate Holders' needs. With Certificate Holder numbers increasing, it is useful to hear from new and old Certificate Holders alike to make sure we do our very best."

Carsten Huljus
Chief Executive Officer

SBP Working Groups

The Working Groups play an important role in addressing specific, technical challenges and issues. Membership of the Working Groups is drawn from a pool of technical and issue-specific 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 make up the comprehensive working arrangements of the Process.

Existing Working Groups, for example, those addressing forest carbon and feedstocks, were absorbed into the Sub-group structure and with the addition of new members continued their work.

Outside of the Standards Development Process, the Informing Policy Working Group was convened to identify opportunities for informing the biomass policy debate in the EU and key EU Member States and other countries.

Having identified the main debates for SBP to become a part of, we embarked on an engagement programme primarily with the key EU institutions and those countries that were reviewing biomass-related legislation and regulations. That work continues.

Financial information

Funding model

SBP is a not-for-profit organisation, with the intention to break even over the financial year. 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

Should any profit be generated, those monies will be re-invested into the organisation.

Income and expenditure

Total income in 2020 amounted to €2,267,243 (2019: €1,716,655).

Total expenditure in 2020 amounted to €1,942,419 (2019: €1,569,439). The increase in overall expenditure principally reflects the spend on the implementation of SBP's strategic priorities, an increase in headcount, and an increase in the running costs of the Data Transfer System (DTS).

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 2020 will be approved and published separately in due course.

Secretariat

Just under half of the expenditure was invested in the people who carry out the day-to-day running of SBP (see page 41). The increase in 2020 is due to additional headcount and salary increases.

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 2020: the Standards Development Process, Monitoring and Evaluation, and digitalisation.

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 reduction in 2020 compared to 2019 is related to the increase in headcount within the Secretariat, which brought some of the consultancy costs 'in-house', and to one-time legal fees incurred in 2019 that did not recur in 2020.

IT software

Includes the cost of running and developing the DTS, and licences for the use of various software products. The increase in 2020 was due to an increased number of CHs being registered on the platform.

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.

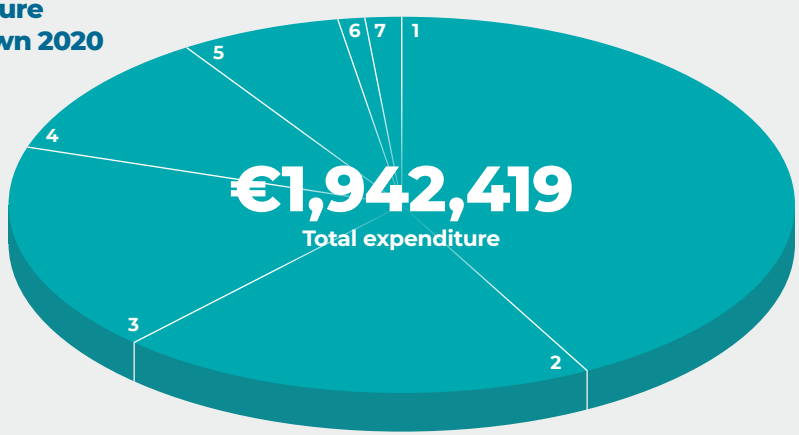
Travel, subsistence and meetings

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 in 2020 decreased substantially due to the restrictions caused by the COVID-19 pandemic.

Depreciation and amortisation

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

Expenditure breakdown 2020



	2020	% of total expenditure	2019
1 Secretariat	**€820,384**	42.2%	€707,917
2 Strategy projects	**€382,139**	19.7%	–
3 Consultants and services	**€350,687**	18.0%	€424,389
4 IT software	**€209,016**	10.8%	€122,010
5 Governance	**€127,819**	6.6%	€131,437
6 Travel, subsistence and meetings	**€22,014**	1.1%	€141,180
7 Depreciation and amortisation	**€30,360**	1.6%	€42,506
Total expenditure	**€1,942,419**	100%	€1,569,439

Governance

Governance

Our balanced approach – SBP recognises the value and benefit of good governance. Our governance arrangements bring together stakeholder groups representing Civil Society interests, 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 2020, the Board of Directors met four times.

Membership

As at the end of December 2020 membership of the Board of Directors was as follows:

Independent Chair:


Francis Sullivan

Representing Civil Society interests:


Arnold (Arnie) Bercov


Martin Porter


Katherine (Kathy) Willis*

*Kathy Willis stood down from the Board on 1 December 2020. There is currently a vacancy for the position of a Board member to represent Civil Society.

Representing Biomass Producer interests:


Vaughan Bassett


Arnold Dale


John Keppler

Representing End-user interests:


Will Gardiner


Thomas Lyse


Peter-Paul Schouwenberg

Biographies of the Board of Directors are available here

Governance (continued)

"The Committee looks forward to advancing the suite of SBP Standards based on consideration of recommendations from the various Working Groups involved in the Standards Development Process. We appreciate the input provided from a variety of stakeholders through Working Group meetings as well as feedback received during the Beyond REDII Workshop Series in the second half of 2020 and early 2021."

Martin Junginger and Mike Williams
Co-Chairs, Standards Committee

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 2020, the Standards Committee met eight times and held an in camera session.

Membership

As at the end of December 2020, 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


Dave Tenny*

*Dave Tenny stood down from the Standards Committee on 31 December 2020. Scott Jones (not pictured) joined the Standards Committee on 1 January 2021.

Representing commercial interests:


Mike Williams, Co-Chair


Sune Balle Hansen


Mihkel Jugaste


Gordon Murray


Gabriele Rahn


Yves Ryckmans

Biographies of the Standards Committee are available here

Governance (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 2020, the Technical Committee met five times as well as conducting much of its work remotely.

"The Technical Committee has continued to support the work of SBP and the Secretariat, despite having to switch to remote working during the pandemic. We have responded to Regional Risk Assessment evaluations, urgent standards interpretations and managed a planned programme of review and analysis of the Standards Development Process. I would like to thank each Committee member for their continued efforts and for being flexible and quick to respond."

Rob Shaw
Chair, Technical Committee

Membership

As at the end of December 2020, membership of the Technical Committee was as follows:


Rob Shaw, Chair


Kim Cesafsky


Anders Hildeman


Brenda Hopkin


Peter Kofod Kristensen


Martin Walter

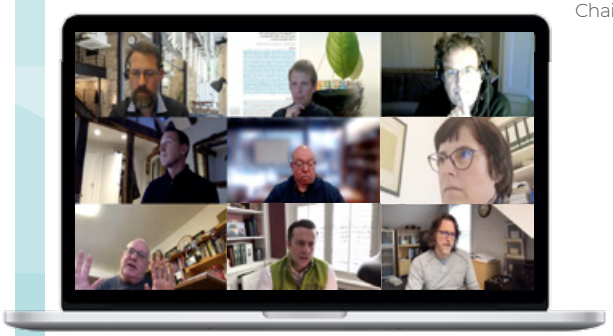
+ Biographies of the Technical Committee are available here

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 2020, the Stakeholder Advisory Group met three times.



Membership

As at the end of December 2020, there were 47 Stakeholder Advisory Group members registered, with around one-third representing Civil Society. The Chair and Vice-Chair were as follows:


Sarah Crow, Chair


Ellen Kincaid, Vice-Chair

+ Biographies of the Chair and Vice-Chair of the Stakeholder Advisory Group are available here

"SBP is an important scheme designed to ensure that only biomass from sustainable sources is used for energy production. We are hopeful that stakeholder engagement will continue to grow as the scheme matures."

Sarah Crow and Ellen Kincaid
Chair and Vice-Chair, Stakeholder Advisory Group

Governance (continued)

Secretariat

The day-to-day running of SBP is carried out by the Secretariat. In fulfilling the Secretariat function, as at the end of December 2020, SBP employed 5.4 full-time equivalent employees and procured the services of GE Public Relations Ltd and other independent consultants.

SBP is a virtual organisation registered in England and Wales.

People

As at the end of December 2020, the employees and service providers were as follows:

Carsten Huljus
Chief Executive Officer

Simon Armstrong
Chief Technical Officer

Lauri Kärmas
Data Manager

David McCallum
Company Secretary

Agita Nagle
Office Manager

Roman Polyachenko
Assurance Manager

Melanie Wedgbury
(GE Public Relations),
Communications

+ Biographies of the Secretariat are available here

"As a virtual organisation, remote working was already a way of life for the day-to-day operations of SBP. However, 2020 saw us take remote working to the next level as we negotiated different ways of engaging with our governing bodies and wider stakeholder groups."

Carsten Huljus
Chief Executive Officer

Working Groups

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

During 2020, Working Groups met on an 'as-needed' basis consistent with the demands of their objectives. The technical Working Groups were absorbed into the Sub-group structure of the Standards Development Process. See page 35 for more on the Working Groups' objectives and outputs during 2020.

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.

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.

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-28
The 28 Member State countries of the EU (including the UK until the end of the Brexit transition period on 31 December 2020).

EU Renewable Energy Directive II (RED II)
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.

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

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 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.

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 system.

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 system designed for woody biomass used in industrial, large-scale energy production.

SBP certification system
The Standards, processes and procedures that together define the cert ification system.

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 system 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 articulate the pathways for achieving our purpose and intended impact.

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

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

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technical@sbp-cert.org

For all media and general information enquiries, please contact:
info@sbp-cert.org

Keep up-to-date and find more information online:
www.sbp-cert.org