



Guidance Document

Guidance for  
**SBP Standard 4:**  
**Chain of**  
**Custody**

**Sustainable Biomass Program**  
sbp-cert.org



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## Version 1.0

To be used in conjunction with SBP Standard 4 (v2.0)

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## Document history

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In the case of inconsistency between translations, the official English language version shall always take precedence.

SBP welcomes comments and suggestions for changes, revisions and / or clarifications on all of its Standards documentation. Please contact: [info@sbp-cert.org](mailto:info@sbp-cert.org)

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## Contents

A	Introduction	<b>1</b>
B	Purpose	<b>1</b>
C	Scope	<b>1</b>
D	How to use this document	<b>2</b>
E	Normative references	<b>2</b>
F	Glossary of terms and definitions	<b>2</b>
<hr/>		
1	Management System requirements	<b>3</b>
2	Feedstock sourcing requirements	<b>19</b>
3	Material handling	<b>20</b>
4	Traceability requirements	<b>22</b>

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## **A** Introduction

The Sustainable Biomass Program (SBP) is a certification scheme designed for biomass, mostly in the form of wood pellets and chips.

The SBP certification scheme provides assurance to stakeholders that biomass is sourced both legally and sustainably, and it provides a means to collect and communicate reliable and verified data throughout the supply chain, including energy data, allowing companies in the biomass sector to demonstrate their responsible sourcing achievement and compliance with regulatory requirements, and to calculate their Greenhouse Gas (GHG) footprint.

There are six SBP Standards, which collectively represent the SBP certification scheme, against which Organisations can be assessed (as applicable) for certification by independent third-party accredited Certification Bodies (CBs). The Standards were developed and revised following a rigorous process aligned with ISEAL Standard-Setting Code of Good Practice, considering and building on existing regulatory requirements, peer voluntary certification standards and stakeholders' input.

An Organisation that satisfactorily demonstrates conformance with applicable SBP Standards receives a certificate and may be entitled to make use of the SBP Data Transfer System (DTS) and SBP claims in relation to the biomass it produces, sells, buys and / or uses.

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## **B** Purpose

This guidance document provides explanation, clarification and interpretation of the requirements of the SBP Standard 4: Chain of Custody (v2.0). It is not normative; it provides information on requirements to support the Certificate Holder. Conformity must be assessed against SBP Standard 4, which sets out the requirements that Organisations along the supply chain must follow to trace and account for the purchases of SBP-compliant and SBP-controlled feedstock and biomass.

The SBP Secretariat will amend this guidance as new interpretations on requirements are given, and / or further guidance is determined to be required. Issues that require explanation, clarification and / or interpretation can be forwarded to the SBP Secretariat ([info@sbp-cert.org](mailto:info@sbp-cert.org)). Further guidance and / or interpretations are issued following relevant SBP procedures.

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## **C** Scope

SBP Standard 4, and thus this guidance document, is for use by Organisations taking legal ownership of certified biomass and wishing to make use of an SBP-compliant or SBP-controlled claim.

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## **D** How to use this document

This guidance follows the structure of SBP Standard 4: Chain of Custody.

Many of the requirements in SBP Standard 4: Chain of Custody are self-explanatory and consistent with many of the other Chain of Custody Certification Systems available. For this reason, those requirements might receive no or limited guidance.

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## **E** Normative references

SBP Standard 1: Feedstock Compliance

SBP Standard 2: Feedstock Verification

SBP Standard 3: Requirements for Certification Bodies

SBP Standard 5: Collection and Communication of Data

SBP Standard 6: Energy and Carbon Balance Calculation

SBP Glossary of Terms and Definitions

Instruction Document REDII: Bridging Requirements for Meeting REDII

Instruction Document 5E: Collection and Communication of Energy and Carbon Data

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## **F** Glossary of terms and definitions

Please refer to separate SBP Glossary of Terms and Definitions document.

# 1 Management System requirements

All requirements listed in Section 1 are to be included in the Organisation's Management System. During audits, the auditors will verify that the management system and performance conforms to the relevant Standards(s).

The SBP requirements for a management system follows conventional Chain of Custody systems. There are a number of example Chain of Custody Procedures available online. For this reason, limited guidance is provided for the requirements in this section.

## General requirements

Standard 4: Chain of Custody	Guidance
<b>1.1</b> There shall be demonstrated and documented commitment from senior management for maintaining certification and meeting all applicable requirements. The commitment of the Organisation shall be made available to its personnel, suppliers and customers, and to other stakeholders upon request.	–
<b>1.2</b> The Organisation shall have all necessary infrastructure and operating procedures in place to effectively operate the chain of custody system and ensure that feedstock / biomass can be tracked continuously without interruption through all internal processing steps from acquisition to transfer of material (or release for sale).	–
<b>1.3</b> The Organisation shall appoint a management representative who has overall responsibility and authority for the Organisation's conformance with all applicable certification requirements. The management representative shall have the required qualifications (competences, knowledge and experience) and / or training and sufficient resources to be effective.	–
<b>1.4</b> The scope of the Organisation's CoC certification shall define the product types, the processes applied to these products (including subcontracting), the accounting methodology, and applicable SBP Standards.	–

## Documented procedures

Standard 4: Chain of Custody	Guidance
<p><b>1.5</b> The Organisation shall maintain documented procedures (i.e. work instructions or equivalent documentation), covering all relevant requirements within the scope of the certificate and reflecting current organisational activities.</p> <p>Documented procedures shall include at a minimum:</p> <ul style="list-style-type: none"><li>– training,</li><li>– internal audits,</li><li>– record-keeping,</li><li>– stakeholder engagement, including management of comments and complaints,</li><li>– handling non-conforming products and non-appropriate documentation,</li><li>– material receipt: input / purchasing,</li><li>– material accounting,</li><li>– sales transactions: output / sales,</li><li>– claims,</li><li>– business integrity, social, and health and safety requirements,</li><li>– subcontracting activities / subcontractors (where applicable), and</li><li>– collection and communication of data for energy and carbon balance calculations.</li></ul>	<p>CoC documented procedures for management systems follow conventional Chain of Custody systems. An Organisation can utilise their existing CoC Management System (e.g. FSC, PEFC, or SFI Fiber Sourcing) as long as the Organisation considers and includes any additional SBP Standard 4 requirements. Instances of additionality include, but are not limited to the requirements for SEP (1.14 – 1.18) and business integrity (1.21 – 1.25).</p> <p>In addition to the minimum list of elements that must be covered by documented procedures, the Organisation will need to develop procedures for any and all system elements required by Instruction Documents applicable to the Organisation's certification scope (e.g. ID EU RED II bridging document, ID 5D, etc).</p>
<p><b>1.6</b> Documented procedures shall be reviewed at least annually for completeness and effectiveness.</p>	<p>Revising the procedures might be required after internal or external audits or changes in the scope of certification, for example if new product groups are manufactured or traded.</p>

## Training and qualifications

Standard 4: Chain of Custody	Guidance
<b>1.7</b> The Organisation shall have a training plan which is reviewed at least annually to ensure its effectiveness.	–
<b>1.8</b> The Organisation shall provide appropriate training for personnel carrying out tasks critical to the effective implementation of applicable requirements. Training shall be specific and relevant to the task(s) performed.	Training should be adapted to the audience and made relevant to the personnel's roles in conformity with the standards. Training should be delivered by competent personnel. The Organisation might want to evaluate the efficiency of their training.
<b>1.9</b> Records of training participants and content shall be maintained.	–

## Internal audits

Standard 4: Chain of Custody	Guidance
<b>1.10</b> The Organisation shall conduct an internal audit, not later than 12 months after the preceding audit (internal or external) for the purpose of evaluating the Organisation's conformance with SBP requirements, considering the size and scope of the Organisation and certificate.  NOTE: An internal audit is not required to be conducted before the external initial certification audit by the Certification Body (CB).	–
<b>1.11</b> The Organisation shall ensure that: a. Internal audits are conducted by personnel knowledgeable of the requirements of the standard(s); b. Internal auditors do not audit their own work; c. Internal audit documentation includes at minimum the scope of the internal audit, names of the internal auditor(s), date, conclusion of the evaluation of the Organisation's conformance with SBP requirements, and any corrective actions and associated deadlines; and d. Any non-conformances found during internal audits are recorded as corrective actions, and actions are taken in a timely and appropriate manner.	–

## Record keeping

Standard 4: Chain of Custody	Guidance
<p><b>1.12</b> The Organisation shall maintain accurate, complete, up to date and accessible records and reports covering all SBP requirements applicable to the certificate scope, including at least the following:</p> <ul style="list-style-type: none"><li>– training records,</li><li>– subcontractors,</li><li>– suppliers,</li><li>– purchases,</li><li>– determination of conversion rates,</li><li>– sales,</li><li>– material accounting including an annual summary,</li><li>– stakeholder comments, feedback and complaints,</li><li>– handling of non-conforming products,</li><li>– record to support Standard 5 requirements, and</li><li>– internal audit reports.</li></ul> <p>NOTE: The SBP DTS can be referenced for available records where applicable.</p>	–
<p><b>1.13</b> Records shall be retained for a minimum of five (5) years and comply with legal and regulatory requirements.</p>	–

## Stakeholder engagement

### Standard 4: Chain of Custody

### Guidance

**1.14** The Organisation shall identify stakeholders, develop, implement, monitor, evaluate and adapt as necessary, a Stakeholder Engagement Plan (SEP) appropriate for their business operations and scope of certification.

As defined in the glossary, a Stakeholder Engagement Plan (SEP) is a procedure that outlines how and when relevant stakeholders will be identified and contacted, what information will be shared with them, and how comments / feedback will be received, reviewed, addressed and responded to.

The intention of stakeholder engagement is to demonstrate a commitment to being open, transparent and responsible with regards to conformance with SBP requirements. SEPs can help the Organisation identify the most critical opportunities for collaboration, improvement and risk mitigation to address broader challenges in fulfilling their commitments in each context.

The SEP requirements 1.14 – 1.18 apply to all operations concerning the Organisation's Chain of Custody including operating sites, business offices and scope of their certificates. It is applicable to all Certificate Holders, regardless of whether or not the Organisation completes a Supply Base Evaluation (SBE) and is certified to Standard 2: Feedstock Verification.

NOTE: If the Organisation is certified to Standard 2, the SEP could also include the requirements to engage stakeholders specific to the SBE (Standard 2: Section 8 – Stakeholder Engagement) for their feedstock sourcing, in order to reduce the administrative burden of operating two parallel systems. Similarly if the Organisation operates another stakeholder engagement programme, the SEP can be merged with it as long all the requirements defined in the Standards are covered and complied with.

Guidance to Standard 2: Section 8 offers a good resource to design the SEP.

An Organisation's SEP outlines how the Organisation will engage with Stakeholders. A comprehensive process could include:

1. Commitment from Leadership: accountability
  - 1.1. Interest in providing and exchanging information
  - 1.2. Staff contacts
  - 1.3. Roles and responsibilities of all those involved in consultations are defined, especially regarding who is required to provide information and who will be making decisions throughout the process

## Stakeholder engagement continued

Standard 4: Chain of Custody	Guidance
<b>1.14 continued</b>	<ol style="list-style-type: none"><li>2. Identification of key stakeholders: steps are taken to identify potential key stakeholders<ol style="list-style-type: none"><li>2.1. 'Map' and understand the needs and expectations of stakeholders so as to determine if they are interested stakeholders or directly affected stakeholders.</li><li>2.2. Stakeholders should represent local, regional and national level interests and preferably with equal representation to ensure all viewpoints are considered.</li></ol></li><li>3. Propose schedule for consultation with appropriate timeframes and deadlines<ol style="list-style-type: none"><li>3.1. Involve participation as early as possible</li><li>3.2. Allow reasonable time for stakeholders to provide input</li></ol></li><li>4. Consultation methods: accessibility<ol style="list-style-type: none"><li>4.1. Consideration is given as to how information / documentation is provided to stakeholders and how their input / feedback can be provided to the Organisation, depending on the capacity / ability of participants to access the information (including in-person meetings, hard-copy documents by mail-out, e-mail attachments, or on-line documentation and feedback forms).</li></ol></li><li>5. Method to evaluate consultations: transparency<ol style="list-style-type: none"><li>5.1. Consultation process is documented, including: the participants, how they were consulted, the results of the consultation, and the decisions taken.</li></ol></li></ol> <p>Stakeholders from the following groups would be appropriate: the timber processing industry, provincial and federal government authorities, Indigenous People, non-governmental organisations working in environmental and social sectors, industry associations, associations of forest owners, certification bodies working in the forestry sector, customers. A comprehensive listing of stakeholder groups to be considered in the SEP can be found in SBP Regional Risk Assessment Procedure, Annex 1: Stakeholder groups to be consulted in the RRA process.</p> <p>Good practice: SEP is available on Organisation's website.</p>

## Stakeholder engagement continued

Standard 4: Chain of Custody	Guidance
<p><b>1.15</b> The Organisation shall implement a documented complaint procedure, which is available upon request and part of its SEP. The procedure shall clarify that the complaints must be applicable to the scope of the Organisation's certificate, and include at least the following:</p> <ul style="list-style-type: none"><li>– the person(s) or position(s) responsible for managing complaints;</li><li>– a timeline for confirming receipt, not to exceed 10 calendar days;</li><li>– provision for reviewing the complaint, determining the appropriate actions and responding to the complainant; and</li><li>– provision for monitoring the effectiveness of actions taken.</li></ul>	<p>A complaint procedure is a conventional practice for Organisation's implementing certification. It can only serve its purpose if it is effective in practice. The complaint should be applicable to the Organisation's conformity to the requirements applicable to the scope of the Organisation's CoC certificate.</p> <p>For a complaint's procedure to be effective, stakeholders need to know about it, have confidence in it and are able to use it. Poorly designed or executed complaint procedures or ones that are difficult to find can risk complaint amongst stakeholders further causing distrust and disrespect of the process.</p> <p>Any person or group or entity that is or likely to be affected by the Organisation's activities should be able to access the Organisation's complaint procedure. They include, but are not limited to: customers, suppliers, workers, local communities, other parties related to the chain of custody, but also stakeholders with complaints in regards to the SBE (Standard 2: Section 8), feedstock sourcing and / or other elements relevant to the Organisation's certification scope (beyond Standard 4).</p> <p>Requirement 1.15 provides minimal requirements for a complaint mechanism, but there are a number of good resources available on the internet.</p> <p><b>Good practice:</b> The complaint mechanism is publicly and easily available and is provided in the most relevant language(s).</p> <p><b>Good practice:</b> Typically complaints are received in writing including a name and contact details, a clear description of the issue, and evidence to support each element or aspect of the complaint.</p> <p><b>Good practice:</b> Safeguard to protect whistle blowers should be in place. In these cases, name and contact of the complainant should not be required; whistle blowers should be offered the possibility to identify a contact point (which might not be the complainant).</p> <p><b>Good practice:</b> Focus on dialogue as the means to resolve complaints.</p> <p><b>Good practice:</b> Records of complaint(s) and resolution are retained.</p> <p><b>Good practice:</b> Complaint procedure is contained within the SEP.</p> <p><b>Good practice:</b> Complaint procedure is available on Organisation's website, either as a stand-alone or within the SEP.</p>

## Stakeholder engagement continued

Standard 4: Chain of Custody	Guidance
<p><b>1.16</b> Evidence of effective implementation of the SEP shall be available for verification, such as meeting notes, email communications, records of participation in regional multi-stakeholder processes, responses to comments / feedback / complaints, etc.</p>	<p>–</p>
<p><b>1.17</b> The SEP shall be evaluated at least every five (5) years and adapted as necessary to ensure its effectiveness.</p>	<p>–</p>
<p><b>1.18</b> The SEP shall be available upon request in a language(s) that is/are accessible for the identified affected stakeholders.</p>	<p>–</p>

## Non-conforming products

Standard 4: Chain of Custody	Guidance
<p><b>1.19</b> The Organisation shall have documented procedures for identifying and ensuring that non-conforming products and / or associated claims are identified and controlled, and shall implement them as necessary.</p>	<p>Similar to other CoC Certification Systems, documented procedures are required by the Organisation for the identification and control of non-conforming products. This procedure is important to safeguard the credibility of the SBP claims and works in tandem with Section 3 – Material Handling.</p> <p>The Organisation is required to train its personnel on its procedures to ensure their successful implementation.</p> <p>See Section 3 – Material Handling for guidance on mixing and conforming products. Cases of non-conforming claims include but are not limited to:</p> <ul style="list-style-type: none"> <li>– Using non-eligible input material,</li> <li>– Physical mixing of certified and non-certified feedstock / biomass,</li> <li>– Overselling in mass balance account,</li> <li>– Using inaccurate or false sales claim,</li> <li>– Inaccurate or false supplier declaration / paperwork.</li> </ul> <p>The procedure should also address the cases where non-conforming products are identified after their utilisation (see 1.20 on page 11).</p> <p>The procedure must define the actions to be implemented should non-conforming products be detected, including, but not limited to, quarantine of nonconforming products and conditions for their release, clear sign-posting of storage locations, segregation procedures, stock management and stock handling, labelling procedures.</p>

## Non-conforming products continued

Standard 4: Chain of Custody	Guidance
<p><b>1.20</b> Where non-conforming products and / or associated claims are detected after they have been delivered, the Organisation shall undertake the following activities:</p> <ol style="list-style-type: none"> <li>notify its CB and all affected direct customers in writing within five (5) business days of the non-conforming product claim and maintain records of that notice;</li> <li>analyse causes for occurrence of non-conforming products claims, and implement measures to prevent their reoccurrence; and</li> <li>cooperate with its CB in order to allow them to confirm that appropriate actions were taken to correct the non-conformance.</li> </ol>	<p>–</p>

## Business integrity

Standard 4: Chain of Custody	Guidance
<p><b>1.21</b> The Organisation shall determine and implement effective measures to comply with all applicable laws, rules and regulations in countries where it conducts business activities.</p>	<p>Requirements 1.21 and 1.22 apply to the Organisation’s operating sites and business offices, as well arrangements with vendors and contractors. It is applicable to all Certificate Holders, regardless of whether or not the Organisation conducts feedstock sourcing and is certified to Standard 1 and Standard 2.</p>
<p><b>1.22</b> The Organisation shall determine and implement effective arrangements against corruption proportionate to the nature and the scale of the Organisation.</p>	<p>These requirements are meant to ensure that the Organisation is aware of, understands, and works proactively to comply with applicable legislation and to prevent corruption across its business activities.</p> <p>Parts of these requirements complements requirements for feedstock sourcing and biomass production in Standard 1. While Organisations who are also certified to Standard 1 may implement measures in line with these requirements, additional actions might also be needed by business Organisations not directly related to feedstock sourcing and biomass production.</p> <p>The Organisation should have a dedicated business function and / or personnel who are responsible for identification of applicable laws, rules, and regulations and for the management of a compliance program.</p>

#### 1.22 continued

The compliance program can be implemented via:

- compliance and anti-corruption policies covering all business activities as well as agreements with vendors, contractors, and other relevant external parties;
- identifying potential violations for which there exists a higher risk of occurrence and developing procedures to address issues;
- education for staff on these policies and procedures.

The compliance program should include the following:

- access to the registry of latest applicable laws and monitoring of any changes;
- education and training for staff on compliance and anti-corruption policies and procedures;
- communication to vendors, contractors, and other relevant external parties on the Organisation's compliance and anti-corruption policies;
- a reporting mechanism for staff and external parties;
- procedures to investigate, address, and correct issues or violations;
- monitoring and auditing systems to assess effectiveness of the Organisation's compliance program.

Applicable laws include but are not limited to:

- health and safety;
- employment;
- financial accounting, tax law, and other related topics;
- bribery and corruption;
- labour conditions;
- human rights and indigenous community rights;
- illegal logging and timber trade;
- waste and pollution;
- soil protection;
- water quality, use, and disposal;
- energy and air emissions;
- ecosystem conservation and preservation.

## Business integrity continued

Standard 4: Chain of Custody	Guidance
<p><b>1.23</b> The Organisation shall implement effective Occupational Health And Safety (OHAS) measures, including at minimum</p> <ul style="list-style-type: none"><li>– an OHAS responsible person (representative),</li><li>– OHAS procedures and processes which are appropriate to the complexity and operations of the Organisation, and</li><li>– training of staff.</li></ul>	<p>Requirement 1.23 applies to the Organisation's operating sites and business offices and is meant to ensure that the Organisation is dedicated to safeguarding the health and safety of workers.</p> <p>Parts of this requirement complement requirements for feedstock sourcing in Standard 1: Feedstock Compliance. The scope of this requirement covers business activities not only related to feedstock sourcing, but also biomass production, transportation, storage, and administration.</p> <p>Refer to guidance on Standard 1, 4.1.10 for more details.</p> <p>The Organisation should have a dedicated business function and / or personnel who are responsible for the development, implementation, and maintenance of an Organisation's Health And Safety (OHAS) management system which should cover:</p> <ul style="list-style-type: none"><li>– health and safety standards across the Organisation's operations</li><li>– processes to identify health and safety hazards and risks associated with jobs and tasks across all operations and provision of health and safety training</li><li>– development of protocols, processes, and resources to prevent injury and illness while performing job duties, including first aid procedures and training</li><li>– development of processes to address health and safety incidents when they occur, including the implementation of corrective actions to prevent repeat occurrences</li><li>– education and training for staff on safe work practices and health and safety management system procedures</li><li>– health and safety objectives and performance targets should be put in place for all relevant staff.</li></ul>
<p><b>1.24</b> The Organisation shall maintain an up-to-date self-assessment covering the implementation of 1.21, 1.22 and 1.23.</p>	<p>This requirement is meant to ensure that the Organisation implements the policies and procedures required by requirements 1.21-1.23.</p> <p>Each Organisation should complete a self-assessment in which they describe and present documentation demonstrating that they have implemented measures related to the requirements, as well as any available information regarding the effectiveness of those measures. Provided below is a list of questions Organisations can use in preparing their self-assessment, as well as examples of the types of evidence that may be provided to demonstrate compliance.</p>

## Business integrity continued

Standard 4: Chain of Custody	Guidance		
<b>1.24 continued</b>	Self-assessments are considered an effective element within internal management systems. Many certification systems utilise self-assessments. Self-assessments could be added to the Organisation's internal audits.		
	<b>Example self-assessment questions for legal compliance (1.21) and anti-corruption (1.22) requirements:</b>		
	<b>Question</b> Who is responsible for overseeing legal compliance and anti-corruption efforts?	<b>Evidence Examples</b> <ul style="list-style-type: none"> <li>- Organisation charts</li> <li>- Position descriptions</li> <li>- Offer of interviews with relevant staff</li> </ul>	
	Has the company adopted a legal compliance and anti-corruption policy?	<ul style="list-style-type: none"> <li>- Policy statement on public website or intranet</li> </ul>	
	What specific processes have been put in place to ensure business practices comply with applicable laws and regulations?	<ul style="list-style-type: none"> <li>- Examples of management system procedures</li> <li>- Example of their implementation</li> </ul>	
	How are the policies communicated to vendors and external partners?	<ul style="list-style-type: none"> <li>- Policy statements in boilerplate contracts</li> <li>- Vendor training materials</li> <li>- Examples of communication activities</li> </ul>	
	Are staff educated and trained on the policies?	<ul style="list-style-type: none"> <li>- Internal training materials</li> <li>- Staff training records</li> </ul>	
	Is there a way for staff and external stakeholders to report potential violations?	<ul style="list-style-type: none"> <li>- Reporting website or hotline</li> <li>- "Whistle blower policy"</li> <li>- Evidence that these reporting mechanisms have been communicated to staff and external stakeholders</li> </ul>	
	Are there procedures in place for investigating and addressing potential violations?	<ul style="list-style-type: none"> <li>- Provide description of methods / procedures</li> <li>- Description of any discovered violations and how the Organisation reacted to address and any changes put in place to prevent future occurrences</li> <li>- Example of records kept</li> </ul>	
Are internal and / or independent audits conducted to assess the effectiveness of the compliance program?	<ul style="list-style-type: none"> <li>- Internal and / or independent audit procedures, reports, and / or other documentation</li> <li>- Summary of audit findings and how the Organisation addressed them</li> </ul>		

## Business integrity continued

Standard 4: Chain of Custody	Guidance																			
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<p><b>1.25</b> The Organisation shall maintain an up-to-date self-assessment and create a statement that is available to its staff in which it describes how it applies SBP Standard 1 – Feedstock sourcing, Criterion 4.1 “Decent working conditions are provided, and labour rights are safeguarded” to its operations.</p> <p>NOTE: Level of effort required for documentation of conformance with criteria 1.21-1.25 should be proportionate to the activities and the scale of the Organisation.</p>	<p>This requirement is meant to ensure that the Organisation implements the policies and procedures to ensure that decent working conditions are provided and labour rights are safeguarded for the Organisation’s own employees and within its own operations.</p> <p>See Guidance for Standard 1, 4.1 for more details.</p> <p>Each Organisation should complete a self-assessment in which they describe and present documentation demonstrating that they have implemented measures related to the requirements, as well as any available information regarding the effectiveness of those measures.</p>																			

## Business integrity continued

Standard 4: Chain of Custody	Guidance																
<p><b>1.25 continued</b></p>	<p>Provided below is a list of questions Organisations can use in preparing their self-assessment, as well as examples of the types of evidence that may be provided to demonstrate compliance.</p> <p>Self-assessments are considered an effective element within internal management systems. Many certification systems utilise self-assessments.</p> <p><b>Example self-assessment questions for working conditions and labour rights (1.25) requirements</b></p> <table border="1"> <thead> <tr> <th data-bbox="1115 470 1615 496">Question</th> <th data-bbox="1615 470 2112 496">Evidence Examples</th> </tr> </thead> <tbody> <tr> <td data-bbox="1115 496 1615 584">Who is responsible for overseeing working conditions and labour rights?</td> <td data-bbox="1615 496 2112 584"> <ul style="list-style-type: none"> <li>– Organisation charts</li> <li>– Position descriptions</li> <li>– Offer of interviews with relevant staff</li> </ul> </td> </tr> <tr> <td data-bbox="1115 584 1615 703">Has the company adopted a working conditions and labour rights policy and / or are there laws in place in the area of operation covering these matters?</td> <td data-bbox="1615 584 2112 703"> <ul style="list-style-type: none"> <li>– Policy statement on public website or intranet</li> <li>– Description of applicable laws</li> </ul> </td> </tr> <tr> <td data-bbox="1115 703 1615 791">What specific processes have been put in place to ensure labour practices comply with company policy and / or applicable laws and regulations?</td> <td data-bbox="1615 703 2112 791"> <ul style="list-style-type: none"> <li>– Examples of management system procedures</li> </ul> </td> </tr> <tr> <td data-bbox="1115 791 1615 863">Are staff educated and trained on the policies?</td> <td data-bbox="1615 791 2112 863"> <ul style="list-style-type: none"> <li>– Internal training materials</li> <li>– Staff training records</li> </ul> </td> </tr> <tr> <td data-bbox="1115 863 1615 983">Is there a way for staff to report potential violations?</td> <td data-bbox="1615 863 2112 983"> <ul style="list-style-type: none"> <li>– Reporting website or hotline</li> <li>– Evidence that these reporting mechanisms have been communicated to staff</li> <li>– Offer of interviews with staff and /or unions</li> </ul> </td> </tr> <tr> <td data-bbox="1115 983 1615 1158">Are there procedures in place for investigating and addressing potential violations?</td> <td data-bbox="1615 983 2112 1158"> <ul style="list-style-type: none"> <li>– Provide description of methods / procedures</li> <li>– Description of any discovered violations and how the Organisation reacted to address and any changes put in place to prevent future occurrences</li> <li>– Offer of interviews with management and staff</li> </ul> </td> </tr> <tr> <td data-bbox="1115 1158 1615 1297">Are internal and / or independent audits conducted to assess the effectiveness of the compliance program?</td> <td data-bbox="1615 1158 2112 1297"> <ul style="list-style-type: none"> <li>– Internal and / or independent audit procedures, reports, and / or other documentation</li> <li>– Summary of audit findings and how the Organisation addressed them</li> <li>– Offers of interviews with internal auditors</li> </ul> </td> </tr> </tbody> </table>	Question	Evidence Examples	Who is responsible for overseeing working conditions and labour rights?	<ul style="list-style-type: none"> <li>– Organisation charts</li> <li>– Position descriptions</li> <li>– Offer of interviews with relevant staff</li> </ul>	Has the company adopted a working conditions and labour rights policy and / or are there laws in place in the area of operation covering these matters?	<ul style="list-style-type: none"> <li>– Policy statement on public website or intranet</li> <li>– Description of applicable laws</li> </ul>	What specific processes have been put in place to ensure labour practices comply with company policy and / or applicable laws and regulations?	<ul style="list-style-type: none"> <li>– Examples of management system procedures</li> </ul>	Are staff educated and trained on the policies?	<ul style="list-style-type: none"> <li>– Internal training materials</li> <li>– Staff training records</li> </ul>	Is there a way for staff to report potential violations?	<ul style="list-style-type: none"> <li>– Reporting website or hotline</li> <li>– Evidence that these reporting mechanisms have been communicated to staff</li> <li>– Offer of interviews with staff and /or unions</li> </ul>	Are there procedures in place for investigating and addressing potential violations?	<ul style="list-style-type: none"> <li>– Provide description of methods / procedures</li> <li>– Description of any discovered violations and how the Organisation reacted to address and any changes put in place to prevent future occurrences</li> <li>– Offer of interviews with management and staff</li> </ul>	Are internal and / or independent audits conducted to assess the effectiveness of the compliance program?	<ul style="list-style-type: none"> <li>– Internal and / or independent audit procedures, reports, and / or other documentation</li> <li>– Summary of audit findings and how the Organisation addressed them</li> <li>– Offers of interviews with internal auditors</li> </ul>
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## Business integrity continued

Standard 4: Chain of Custody	Guidance
<p><b>1.25 continued</b></p>	<p>An Organisation could develop a new or use an existing statement with regards to working conditions and labour rights. This statement demonstrates its responsibility, commitment and expectations for respecting human and labour rights. At a minimum a statement should:</p> <ul style="list-style-type: none"> <li>– be approved by senior management,</li> <li>– informed by relevant internal and external expertise,</li> <li>– list working conditions and labour rights expectations of personnel, partners and other parties linked to its operations, products or services, and</li> <li>– reflects the Organisation’s operational policies and procedures throughout the business entity and operations.</li> </ul> <p>Good practice: An Organisation’s statement should be publicly available and communicated internally and externally to all personnel, business partners and other relevant parties.</p>

## Outsourcing

Standard 4: Chain of Custody	Guidance
<p><b>1.26</b> In cases where an Organisation outsources activities to independent third parties, hereafter referred to as ‘subcontractors’, the Organisation shall ensure that they comply with applicable requirements of the SBP standards within the scope of the certificate.</p>	<p>The Organisation should follow the logic of conventional Chain of Custody systems when determining whether it is necessary to establish an outsourcing agreement with a subcontractor. Subcontractors are separate legal entities who take physical possession of feedstock and / or biomass but not legal ownership.</p>
<p><b>1.27</b> Outsourcing shall be included in the scope of the certificate.</p>	<p>Outsourcing agreements may be necessary when the subcontractor operates without continuous supervision or control from the Organisation and there exists a higher risk of nonconformance with the SBP standard requirements.</p>
<p><b>1.28</b> The Organisation shall retain legal ownership of material while in physical possession / under control of subcontractors.</p>	<p>Reasons to establish an outsourcing agreement could be to implement a temporary / short-term arrangement with the subcontractor or when the subcontractor’s operations present an identifiable risk of mixing or contamination.</p>
<p><b>1.29</b> A signed and enforceable agreement shall exist between Organisation and subcontractors.</p>	<p>All outsourcing agreements must meet or exceed the requirements described in 1.29–1.31.</p>
<p><b>1.30</b> The agreement shall be established prior to the actual starting of the outsourced activities.</p>	

## Outsourcing continued

Standard 4: Chain of Custody	Guidance
<p><b>1.31</b> The agreement shall include at minimum:</p> <ul style="list-style-type: none"><li>– name, business identity, and contact details of the subcontractor, outsourced activities,</li><li>– confirmation of the subcontractor that the subcontractor shall:<ul style="list-style-type: none"><li>– comply with the relevant requirements of the SBP Standards within the scope of the certificate;</li><li>– not make unauthorised claims and use of SBP trademarks;</li><li>– not further outsource the activities;</li><li>– allow the CB to audit the subcontractor; and</li><li>– allow access of the CB to the subcontractor’s operations, systems, documents and records as deemed necessary by the CB.</li></ul></li></ul>	<p><b>Good practice:</b> In addition to documented procedures for any outsourced activities for both the Organisation and the third party, the Organisation could organise training sessions.</p> <p><b>Good practice:</b> The Organisation’s procedures could include a periodic site inspection and / or internal audit to ensure conformance with the Outsourcing Agreement. The Organisation should consider scale and intensity of risk of mixing resulting in non-conforming products when implementing this good practice.</p>
<p><b>1.32</b> The Organisation and subcontractor shall have documented procedures for all outsourced activities.</p>	
<p><b>1.33</b> Record of names and contact details of subcontractors with scope of activities shall be maintained and kept up-to-date by the Organisation.</p>	

## 2 Feedstock sourcing requirements

Standard 4: Chain of Custody	Guidance
<b>2.1</b> The Organisation shall maintain up-to-date records about all suppliers who are supplying materials used for SBP product groups, including names, materials supplied, and certificate code where relevant.	See 4.12 for more information on SBP product groups.
<b>2.2</b> Feedstock inputs for production of SBP-certified biomass shall be categorised as follows: <ul style="list-style-type: none"><li>a. SBP-compliant: feedstock sourced in compliance with SBP Standard 1 and / or 2, and</li><li>b. SBP-controlled: feedstock sourced under an SBP-recognised controlled claim.</li></ul>	See Standard 2 for more information on SBP recognised claims.

### 3 Material handling

Standard 4: Chain of Custody	Guidance
<p><b>3.1</b> The Organisation shall ensure the accuracy of SBP claims made for biomass produced from a mixture of feedstock types per the table below.</p>	<p>The intent of this requirement is to ensure that SBP feedstock is not physically mixed with non-SBP feedstock. SBP does allow for the mixing of SBP-compliant feedstock with SBP-controlled feedstock. If any non-SBP feedstock is mixed with either SBP-compliant or SBP-controlled feedstock, the entire mixture loses its SBP status. For situations when an Organisation unknowingly accepts feedstock that does not meet either the SBP-compliant or SBP-controlled requirements (i.e. discovers after the fact that the feedstock is non-conforming), see guidance for requirements 1.19 and 1.20 above.</p> <p>Conventional CoC requirements / practices should be included in the Organisation's CoC procedures to ensure mixing of feedstock is in conformance. This could include assessment of critical control points as discussed in S.1.19 – 1.20 on non-conforming products.</p>
<p><b>3.2</b> In cases where there is a risk of mixing SBP-compliant and / or SBP-controlled feedstock with non-eligible input, the Organisation shall segregate the SBP-certified feedstock physically and / or temporally to maintain eligibility for an SBP claim.</p>	<p>If an Organisation chooses to implement either of these separation methods (physical or temporal) to ensure that SBP and non-SBP feedstock are not mixed, detailed documented procedures should be presented to demonstrate how the separation is maintained during feedstock receiving, feedstock storage, and throughout the biomass production process.</p> <p>Physical separation means physical segregation of products.</p> <p>Temporal separation means products are processed at different timing, in sequence.</p>
<p><b>3.3</b> SBP-certified biomass (SBP-compliant or SBP-controlled) shall not be mixed with non-SBP-certified woody biomass at any point after the biomass production (e.g. by Traders at the wood pellet storage facilities). Mixing of SBP-compliant and / or SBP-controlled biomass with woody biomass that is not SBP-certified (e.g. physically mixing of SBP-compliant and FSC certified biomass in a harbour storage) shall result in losing SBP claim for the whole mix.</p>	<p>The intent of these requirements is to ensure that SBP-certified biomass is not physically mixed with non-SBP woody certified biomass. SBP does allow for the mixing of SBP-compliant biomass with SBP-controlled biomass. This also allows for the mixing of SBP-certified woody biomass with non-woody biomass. If any non-SBP-certified woody biomass is mixed with either SBP-compliant or SBP-controlled biomass, the entire mixture loses its SBP status. For situations when an Organisation unknowingly accepts biomass that does not meet either the SBP-compliant or SBP-controlled requirements (i.e. discovers after the fact that the biomass is non-conforming), see guidance for requirements 1.19 and 1.20 above.</p>
<p><b>3.4</b> SBP-compliant and / or SBP-controlled biomass may be mixed with non-woody biomass. In this case the amount of SBP-certified biomass shall be proportionate to eligible input.</p>	

**Table 1: SBP claims for biomass produced from a mixture of feedstock types**

<b>Feedstock input combinations</b>	<b>SBP-compliant</b>	<b>SBP-controlled</b>	<b>Non-eligible input</b>
SBP-compliant	SBP-compliant	SBP-compliant and SBP-controlled (proportionate to the share of input)	no SBP claim
SBP-controlled	SBP-compliant and SBP-controlled (proportionate to the share of input)	SBP-controlled	no SBP claim
Non-eligible input	no SBP claim	no SBP claim	no SBP claim

## 4 Traceability requirements

### Input / purchasing

Standard 4: Chain of Custody	Guidance
<p><b>4.1</b> The SBP-certified Organisation shall ensure that all transactions of material included in its SBP product group schedule can be traced at least one step upstream and one step downstream from itself, and that all material is accounted for whilst under its legal ownership.</p>	<p>–</p>
<p><b>4.2</b> The Organisation shall ensure that the following minimum information is provided by the supplier in relation to the product received:</p> <ul style="list-style-type: none"> <li>a. a unique identification number for the document,</li> <li>b. date the document(s) is(are) issued,</li> <li>c. name and address of the buyer,</li> <li>d. name and address of the seller,</li> <li>e. CoC certificate code and claim of the seller, if relevant,</li> <li>f. loading or shipment delivery date,</li> <li>g. description of product,</li> <li>h. quantity of product delivered, and</li> <li>i. reference to any related transport documentation.</li> </ul>	<p>The Organisation should implement an appropriate control mechanism upon reception of goods.</p> <p>A current list of SBP-certified companies is available on the SBP website.</p>
<p><b>4.3</b> The Organisation shall be responsible for verifying conformance of all feedstock categories with all relevant SBP requirements, including the requirements specific to sourcing.</p>	<p>–</p>
<p><b>4.4</b> When receiving biomass with an SBP claim the Organisation shall ensure that documentation exchanged between itself and the seller, in particular reference sales and delivery documentation, includes a number which enables the delivery to be linked to the corresponding transaction in the DTS.</p>	<p>–</p>

## Material accounting

Standard 4: Chain of Custody	Guidance
<p><b>4.5</b> The Organisation shall ensure that the quantity of physical inputs and outputs are tracked and documented and that only eligible inputs are used in products sold with an SBP claim and within the scope of the certificate.</p>	<p>–</p>
<p><b>4.6</b> The Organisation shall have a justified and consistent methodology for calculating conversion factors, based on the actual output of a specific product group, and shall keep its conversion factor up to date.</p>	<p>The use of conversion factors should ensure that the feedstock group and other attributes of the biomass output align proportionately with the feedstock inputs on a dry weight basis.</p> <p>The Organisation must define and record the methodology for calculating the conversion factors and keep access to the records used. The determination of the conversion factors must be based on actual production data and records, including determined and undetermined losses which should also be recorded.</p>
<p><b>4.7</b> Organisations that are certified to additional certification schemes and that have inputs and outputs that simultaneously carry claims from these schemes shall demonstrate that the quantities of inputs / outputs are not counted multiple times.</p>	<p>This requirement is inspired by FSC and PEFC COC standards and is meant to prevent double-counting of sustainability claims across voluntary certification schemes and may require Organisations to operate a combined mass balance / credit ledger, depending on the schemes to which it maintains certification.</p> <p>Example: An Organisation has defined a three-month SBP fixed balancing period (as per EU REDII requirements) and chooses to demonstrate that their feedstock is SBP-compliant by sourcing feedstock which is certified under the PEFC forest management scheme with a 100% PEFC Certified claim (and which also meets the additional Standard 1 Criteria not covered by PEFC via Supply Base Evaluation.) The Organisation purchases 35,000 tons of feedstock which is PEFC certified as well as SBP-compliant. The Organisation produces 35,000 tons of biomass with this feedstock.</p> <p>Situation 1: If the Organisation produces and sells 35,000 tons of biomass with an SBP-compliant claim (which is generated by using PEFC certified feedstock), they must reduce their PEFC feedstock balance by 35,000 tons as they used the feedstock's PEFC certification to demonstrate compliance with SBP Standard 1, even if they didn't sell the biomass also with a PEFC certified claim.</p>

## Material accounting continued

Standard 4: Chain of Custody	Guidance
<p><b>4.7 continued</b></p>	<p>Situation 2: If the Organisation produces 35,000 tons of biomass and sells 20,000 tons of biomass with an SBP-compliant claim, they must reduce their PEFC biomass balance by 20,000 tons. The remaining 15,000 tons of biomass which were generated with a PEFC claim, can be managed either according to PEFC rules or SBP-compliant rules. The remaining volumes will expire after 3 months (unless physical stock is kept and transferred to the next 3-months period). If the PEFC rules is followed, the Organisation can continue storing the 15,000 PEFC credits on their ledger for up to 24 months, if desired. In this case, the volumes cannot be used for an SBP claim anymore.</p>
<p><b>4.8</b> Organisations not using a mass balance system shall keep feedstock and / or biomass with different material statuses physically separate and identifiable at all stages of the production and trading process.</p>	<p>The intent of this requirement is to ensure that SBP feedstock and biomass are not physically mixed with non-SBP feedstock and biomass. SBP does allow for the mixing of SBP-compliant feedstock with SBP-controlled feedstock and for the mixing of SBP-certified feedstock from different feedstock groups, with different GHG profiles, etc., so long as all of the feedstock is SBP-certified.</p> <p>If an Organisation chooses to implement a physical separation system to ensure that SBP and non-SBP feedstock are not mixed, documented procedures should be presented to demonstrate how physical separation is maintained throughout the entire process, including biomass production, storage, and transportation. This can include, for example, dedicating a certain reception area to store SBP-compliant feedstock, which will be labelled as such. Instructions should be passed on to anyone responsible for the reception of goods, e.g., delivery truck drivers and reception team members.</p>
<p><b>4.9</b> An Organisation trading biomass without physical possession and without mixing shall not utilise mass balance material accounting.</p>	<p>–</p>

## Mass balance system

General guidance for this section: The mass balancing section of this Standard should be read and assessed side-by-side with the latest version of the SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII, which is mandatory for all Certificate Holders. The REDII Instruction Document includes several additional requirements for designing and implementing the SBP mass balance system, as well as illustrative examples of how biomass can be organised into different product groups.

Standard 4: Chain of Custody	Guidance
<p><b>4.10</b> For Organisations opting to use a mass balance system for material accounting, the Organisation shall set up and maintain a mass balance account to which additions and deductions of eligible input for a single physical site shall be recorded.</p> <p>NOTE 1: A mass balance system allows consignments of feedstock or biomass with differing sustainability and greenhouse gas emissions saving characteristics to be mixed for instance in a container, processing or logistical facility, transmission and distribution infrastructure or site.</p> <p>NOTE 2: Site is a single functional unit of an Organisation situated at one physical location, which is geographically distinct from other units of the same Organisation. An Organisation's units with distinct physical locations may, however, be regarded as part of a site if they are an extension of it with no purchasing, processing, or sales functions of their own (e.g. a remote stockholding). A site can never include more than one legal entity. Subcontractors that are used within the terms of outsourcing agreements (e.g. outsourced warehouse) are not considered sites. Typical examples for sites are processing or trading facilities such as manufacturing sites, sales offices, or company-owned warehouse.</p>	
<p><b>4.11</b> The Organisation shall ensure for each site that the quantity of biomass sold with SBP claims does not exceed the quantity of inputs received that qualifies for said claims, within the defined balancing period.</p>	<p>The balance should be determined taking into account a duly justified conversion rate.</p> <p>In certain cases, an Organisation's mass balance may temporarily show negative balances for some product groups, or other imbalances between the characteristics of biomass produced and sold. This is permissible so long as any imbalances are resolved within the defined balancing period so that the characteristics of biomass produced during the balancing period align with the total characteristics of biomass sold and / or carried over to the next balancing period.</p>

## Mass balance system continued

Standard 4: Chain of Custody	Guidance
<p><b>4.12</b> When the Organisation is a Biomass Producer, the Organisation shall categorise product type (e.g. woodchips, pellets) into product groups for the purpose of mass balancing and controlling claims. Each product group may include one or more feedstock groups. As a minimum, the BP shall create separate product groups for each product type (e.g. pellets, wood chips) and assign a unique two-digit product group ID under the following feedstock 'classifications' rules:</p> <ul style="list-style-type: none"> <li>– Forest feedstock (1A)</li> <li>– Trees outside forest (TOF) – Urban and landscape feedstock (2A)</li> <li>– Trees outside forest (TOF) – Agricultural land feedstock (3A)</li> <li>– Processing residues feedstock (4A)</li> <li>– Post-consumer feedstock (5A)</li> </ul>	<p>–</p>
<p><b>4.12.1</b> The Biomass Producer might categorise product type into additional product groups based on the following voluntary characteristics:</p> <ul style="list-style-type: none"> <li>– Feedstock from different countries</li> <li>– Feedstock of different descriptions or origins (e.g. thinning, final harvest, forest residues, etc.)</li> <li>– Feedstock with different GHG characteristics (e.g. moisture content, transportation distance, transportation type, etc.)</li> <li>– Feedstock with different exclusions (e.g. forestry residues without stumps)</li> </ul>	<p>The decision to categorise biomass into additional product groups is optional. In most cases, a BP would choose to do this because of a specific claim or reporting requirement of the regulatory market the biomass is being sold into. To determine which product groups to include in their mass balance system, a BP should first start by determining the different types of claims or shipment-level reports required by their customers.</p>
<p><b>4.12.2</b> When categorising the product type, the Biomass Producer shall follow the instructions defined in the Product Group ID section of SBP Instruction Document 5E.</p> <p>NOTE: Feedstock data is collected in a SBP Audit Report on Energy and Carbon Data (SAR) (Section 2 – Feedstock Data). In the SBP system, GHG data (not GHG intensity values) is transferred through the supply chain and GHG emission calculations are carried out in the end by biomass End-users.</p>	<p>–</p>
<p><b>4.13</b> The Organisation shall set up and maintain a separate mass balance account for each Product Group.</p>	<p>–</p>
<p><b>4.14</b> The Organisation shall define a fixed balancing period and it shall not exceed 12 months.</p>	<p>The Organisation must also take into Instruction Document REDII: Bridging Requirements for Meeting REDII which includes more detail and additional balancing period requirements for some Organisations, depending on the types of product groups included in the mass balance system.</p>

## Mass balance system continued

Standard 4: Chain of Custody	Guidance
<p><b>4.15</b> By the end of the balancing period, the account balance shall always be neutral or positive. If a negative balance occurs at the end of a balancing period, the certified company must immediately and proactively inform the CB.</p> <p>NOTE: In case regulatory requirements for specific markets require different mass balance requirements (e.g. REDII), and SBP provides a related ID, the requirements in the ID supersede the requirements in this Standard.</p>	<p>A negative balance at the end of the balancing period is detrimental. In such a case, the Organisation should engage with their certification body on the course of action to be taken.</p>
<p><b>4.16</b> The transfer of sustainability characteristics shall always be accompanied by a physical transfer of material.</p>	<p>–</p>
<p><b>4.17</b> If more than one legal entity is operating at a single site (for example at a port), each legal entity shall operate its own mass balance system at the site covering the material that they own.</p>	<p>–</p>
<p><b>4.18</b> A positive balance may be carried over in the account (into the next fixed balancing period) up to the total corresponding amount of physical material that is in stock at the end of the balancing period.</p>	<p>–</p>
<p><b>4.19</b> The Organisation shall make available to the CB all mass balance data in advance of the planned audit.</p>	<p>–</p>

## Output / sales

Standard 4: Chain of Custody	Guidance
<p><b>4.20</b> The Organisation shall register each transaction of SBP-certified biomass in the DTS. See SBP Guidance document: Data Transfer System 2.0 User Guide for Certificate Holders.</p>	<p>–</p>
<p><b>4.21</b> The supplying site of the Organisation shall ensure that sales and delivery documentation exchanged between itself and its customer includes a unique identification number which enables the delivery to be linked to the corresponding DTS transaction.</p> <p>NOTE: Each DTS transaction has a unique ID. This is to ensure, that each sales invoice or delivery document could be linked to a DTS transaction. To ensure this, each DTS transaction must include an identification number that allows linking this to the sales invoice / delivery document.</p>	<p>The Organisation may need to change their practices to produce a unique ID for each transaction, in order to link the delivery to the claim transfer in the DTS.</p>

## Claims

Standard 4: Chain of Custody	Guidance
<b>4.22</b> The claim 'SBP-compliant' may be used on sales transactions related to biomass, only where it refers to products which are included in the Organisation's certificate scope and that meet the eligibility requirements for SBP-compliant claims.	–
<b>4.23</b> The claim 'SBP-controlled' may be used on sales transactions related to biomass produced from the feedstock category conforming with SBP-controlled or SBP-compliant definitions.	–