

Policy on SBP Funding of Regional Risk Assessments

Sustainable Biomass Program
sbp-cert.org



Version 1.0

Formal status of document: approved by the Board

Approval date: 21 July 2023

Publication date: 26 July 2023

Effective date: 26 July 2023

Document history

Version 1.0: Published 26 July 2023

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

© Copyright Sustainable Biomass Program Limited 2023

Objective

The oversight, development (including funding), approval and operation of Regional Risk Assessments (RRAs) is an operational matter and is under the delegated authority of the SBP Secretariat.

The requirements and processes for the initial development and any subsequent revision of RRAs are defined in the “SBP Regional Risk Assessment Procedure”, as published on SBPs website and amended from time to time. The Procedure is subsidiary to this policy and should read accordingly. Through applying the procedure SBP is in control of the processes around RRAs ensuring the ongoing rigour, consistency, objectivity and effectiveness of the RRAs.

The Procedure prescribes, that RRAs are funded by a Sponsoring Body, which may be SBP or an external body. The role of RRAs is an important one and the success and credibility of RRAs is important to and closely aligned to the success and credibility of SBP.

The funding, in whole or in part of RRAs by SBP aims to support the implementation and wider adoption of the SBP Standards and enhance the assessment of risks associated with biomass supply chains in specific regions. The purpose of this policy is to outline the criteria for determining which (if any) RRAs and/or RRA revisions will be partially or fully funded by SBP.

The funding allocated by SBP for particular RRAs should be based on the available budget at that particular time and the alignment of the proposed RRA/RRA revision with the criteria outlined below. Proposals for new RRAs can originate from both the SBP Secretariat itself, stakeholders and external parties. The SBP Secretariat will use this policy to assist in its evaluation of the viability of all new proposed RRAs (and including the viability and suitability of the proposal for SBP funding support), regardless of the proponent.

Background

SBP certificate holders have always been required to identify and mitigate the risks of unintentionally sourcing illegal and unsustainable (or otherwise non SBP-compliant) feedstock from their supply base. This can currently be achieved through two methods:

- **Certificate Holder-specific Risk Assessment:** Certificate Holders can conduct their own risk assessment (Supply Base Evaluation) to evaluate and address the risks within their supply base.
- **Regional Risk Assessment (RRA):** SBP Standards mandate that if a certificate holder's supply base is covered by an RRA, it is obligatory for the Certificate Holder to utilise the RRA and discontinue the use of its own risk assessment. If a Certificate Holder's supply base is not or ceases to be covered by an RRA, it must develop its own Certificate Holders-specific risk assessment (as above).

The purpose of an RRA is to efficiently assess an entire geographic region and determine the risks associated with sourcing feedstock for woody biomass pellet or chip production from that region. By implementing RRAs, individual Biomass Producers can avoid conducting multiple risk assessments, ensuring consistency among producers, and increasing transparency in and around risk mitigation. Moreover, the development of RRAs involves crucial control steps, including two public consultations and a review by the SBP Technical Committee, which enhances the robustness of the RRA compared to a Certificate Holders-specific risk assessment. Additionally, RRAs greatly streamline the identification of risks and prevent duplicative efforts within the same sourcing area, making them an efficient approach.

Criteria for funding

SBP may elect to fund all or a part of the development or revision of an RRA. The SBP Secretariat will consider the following criteria as part of its determinations on RRA funding:

Geographic Relevance: The geographic relevance of the proposed RRA is an essential criterion for funding consideration. The RRA should focus on a specific region that is relevant to SBP-certified Biomass Producers or potential biomass supply chains. Priority for SBP funding will be given to new RRAs designed to cover regions with a significant volume of SBP-certified biomass production or regions with significant growth potential in terms of SBP-certified biomass and the number of Certificate Holders or potential Certificate Holders that could make best use from improved risk assessment and sustainable practices.

Supply Chain Integrity Risks: Ensuring the integrity and resilience of biomass supply chains is a crucial aspect of the SBP certification scheme. RRAs play a vital role in evaluating the risks associated with maintaining a sustainable biomass supply chain that is capable of meeting SBP requirements. In countries characterised by a higher risk profile, relying on RRAs rather than Company-specific Risk Assessments is desirable for the credibility and reputation of the SBP certification scheme and its Certificate Holders and the trust put in its certification mark. Indicators of integrity risks, such as Corruption Perception Index, Rule of Law, Timber Legality Risk Assessments, or other national/regional sources, will be considered as well as integrity risks associated with forest management certification schemes, such as FSC or PEFC, including serious allegation, demonstrated systematic breakdown or fraudulent activities.

Environmental and Social Impacts: SBP funding of RRAs should prioritise regions where the opportunities for improvement and mitigation of key environmental and social negative impacts associated with biomass production and supply chain integrity are greater. Proposals for RRAs should demonstrate how they will contribute to enhancing sustainability practices, reducing environmental impacts, protecting biodiversity, and promoting positive social benefits in the region.

Collaboration Potential: Collaboration and the involvement of diverse perspectives and local knowledge are crucial for the development of robust RRAs and enhances the credibility and effectiveness of the assessment process. Priority will be given to regions where the development of an RRA provides a unique opportunity to foster collaboration across the biomass sector and to develop a comprehensive engagement plan involving relevant stakeholders, including local communities, indigenous groups, NGOs, and government agencies.

Alignment with SBP Strategic Objectives: The proposed RRA should align with the strategic objectives of SBP. The Secretariat will prioritise assessments that support the promotion of sustainable biomass production, enhance transparency within identified biomass supply chains, and safeguard the integrity of SBP certification. The proposals for RRAs should clearly articulate how they contribute to these strategic objectives.

Management and financial control: Any financial support from SBP in relation to RRAs should be demonstrably cost effective and deliver best value for stakeholders. It should not be determined or controlled by third parties. Care should be taken, in every instance, to establish that no actions are taken that establish unwanted precedents or cut across any regulatory or competition requirements.

Conditional to SBP funding, whether SBP sponsors the RRA development or revision in full or partially, SBP will be the body to commission work to and pay external bodies (subject to the upper limit of that agreed funding) as well as be responsible for quality control and compliance with the RRA Procedure. For works exceeding 30k EUR per contract, a simple tender process

should be implemented which will aim to receive at least two comparable quotes from potential service providers or explain why that is not possible. The Secretariat should document all considerations for SBP funding in a consistent and transparent way.

The SBP Secretariat should prioritise the allocation of its RRA budget based on the criteria outlined above. The SBP Secretariat will also take into consideration the long-term funding requirements of each RRA. It is important to note that all RRAs necessitate periodic minor and major updates (such as updating to support periodic standards revision), which can incur substantial costs in terms of direct expenses, such as consultants and consultations, as well as indirect expenses, such as staff time and Technical Committee costs.

SBP funding must always be assessed in the context of the overall financial requirements of the proper operation and maintenance of the certification scheme, availability of approved budget and the viability of SBP as a going concern.