



Standards Document

# SBP Standard 4: Chain of Custody

**Sustainable Biomass Program**

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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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## 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 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 the 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.

## B Purpose

The SBP *certification scheme* provides *assurance* to *End-users* that the *biomass* is sourced from legal and sustainable *feedstock* as defined in SBP Standard 1. SBP *certification* relies on a third-party, independent *certification* process carried out by accredited *CBs*.

SBP Standard 4 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*.

SBP Standard 4 is used by *Organisations* in the *biomass* supply chain to have confidence that the *biomass* purchased with an *SBP claim* has originated from sourcing areas where the *risk* of *non-conformance* with SBP Standard 1 is low. SBP has adopted the traceability concept of *mass balance*, which accounts for certified volumes purchased and sold. It is used to ensure that certified *Organisations* do not sell more certified *biomass* than the volumes of eligible input purchased.

Used in conjunction with SBP Standard 5, the certified *Organisations* collect and transfer robust data, including energy-related data for GHG *emissions* calculations, to their customers.

The application of SBP Standard 4 along the supply chain provides *End-users* with the confidence that the *biomass* purchased is supported by verified data and is linked to *low risk* sourcing.

Once granted a certificate, an *Organisation* is entitled to use the *SBP-compliant* and/or *SBP-controlled* claims, provided the *SBP-certified* management system is implemented during production. *Organisations* must use the *DTS* to pass those claims down the supply chain in *conformance* with the requirements set in SBP Standard 4. The *Organisation* will also collect the data required by SBP Standards 5 and 6 and use the *DTS* to communicate all data to their customers.

## C Scope

SBP Standard 4 applies to any *Organisation* taking legal ownership of certified *biomass* and wishing to make use of an *SBP-compliant* or *SBP-controlled* claim. The *Organisation* shall also be certified against SBP Standard 5.

Parties that are not certified against SBP Standard 4 cannot make use of an *SBP claim*. Service providers that are part of the SBP supply chain but do not take legal ownership of the *biomass* (e.g., transport companies, storage platforms) may choose whether or not they wish to be certified against SBP Standard 4.

Each *Biomass Producer (BP)* site shall be certified individually.

## D How to use this document

SBP Standard 4 specifies the requirements that *Organisations* along the supply chain shall implement in terms of management systems and management of input. It defines the rules for mixing *feedstock* and *biomass* and the eligibility to make *SBP claims*. SBP Standard 4 also indicates how *Organisations* shall organise their accounting methodology to manage incoming and outgoing volumes of certified material.

The following terms are used by SBP in its normative documents to indicate requirements, recommendations, permissions, and possibilities or capabilities:

“shall” indicates a requirement,

“should” indicates a recommendation,

“may” indicates a permission, and

“can” indicates a possibility or a capability.

SBP Standard 4 may be accompanied by guidance published from time-to-time by SBP to support the implementation of the requirements.

The *Organisation* shall also refer to the SBP Instruction Documents and/or Normative Interpretations related to Standard 4 as published by SBP.

The *CB* will evaluate conformance of the *Organisation* against SBP Standard 4 using the general certification rules set in SBP Standard 3.

## 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

## F Glossary of terms and definitions

Please refer to separate SBP Glossary of Terms and Definitions document. Defined terms are shown in italics in each instance where the definition applies.

## 1 Management System requirements

### General requirements

- 1.1 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.
- 1.2 The *Organisation* shall have all necessary infrastructure and operating procedures in place to effectively operate the *Chain of Custody (CoC)* 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).
- 1.3 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.
- 1.4 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

- 1.5 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.

Documented procedures shall include at a minimum:

- training,
- internal *audits*,
- record-keeping,
- *stakeholder engagement*, including management of comments and complaints,
- handling non-conforming products and non-appropriate documentation,
- material receipt: input/purchasing,
- material accounting,
- sales transactions: output/sales,
- claims,
- business integrity, social, and health and safety requirements,
- subcontracting activities/subcontractors (where applicable), and
- collection and communication of data for energy and carbon balance calculations.

**1.6** Documented procedures shall be reviewed at least annually for completeness and effectiveness.

### Training and qualifications

**1.7** The *Organisation* shall have a training plan which is reviewed at least annually to ensure its effectiveness.

**1.8** 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.

**1.9** Records of training participants and content shall be maintained.

### Internal audits

**1.10** 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 CB.

**1.11** 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

**1.12** The *Organisation* shall maintain accurate, complete, up to date and accessible records and reports covering all applicable SBP requirements applicable to the certificate scope, including at least the following:

- training records,
- *subcontractors*,
- *suppliers*,
- purchases,
- determination of conversion rates,
- sales,
- material accounting including an annual summary,
- *stakeholder* comments, feedback and complaints,
- handling of non-conforming products,
- record to support Standard 5 requirements, and
- internal audit reports.

Note: the *DTS* can be referenced for available records where applicable.

**1.13** Records shall be retained for a minimum of five (5) years and comply with legal and regulatory requirements.

### Stakeholder engagement

**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*.

**1.15** 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:

- the person(s) or position(s) responsible for managing complaints;
- a timeline for confirming receipt, not to exceed 10 calendar days;



- provision for reviewing the complaint, determining the appropriate actions and responding to the complainant; and
- provision for monitoring the effectiveness of actions taken.

**1.16** 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.

**1.17** The *SEP* shall be evaluated at least every five (5) years and adapted as necessary to ensure its effectiveness.

**1.18** The *SEP* shall be available upon request in a language(s) that is/are accessible for the identified affected *stakeholders*.

### **Non-conforming products**

**1.19** 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.

**1.20** Where non-conforming products and/or associated claims are detected after they have been delivered, the *Organisation* shall undertake the following activities:

- a. 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;
- b. analysis of causes of the occurrence of *non-conforming products* claims, and implement measures to prevent their re-occurrence; and
- c. cooperate with its *CB* in order to allow them to confirm that appropriate actions were taken to correct the *non-conformance*.

### **Business integrity**

**1.21** The *Organisation* shall determine and implement effective measures to comply with all *applicable laws*, rules and regulations in countries where it conducts business activities.

**1.22** The *Organisation* shall determine and implement effective arrangements against corruption proportionate to the nature and the scale of the *Organisation*.

**1.23** The *Organisation* shall implement effective Occupational Health And Safety (OHAS) measures, including at minimum:

- an OHAS responsible person (representative),
- OHAS procedures and processes which are appropriate to the complexity and operations of the *Organisation*, and
- training of staff.

**1.24** The *Organisation* shall maintain an up-to-date self-assessment covering the implementation of 1.21, 1.22 and 1.23.

**1.25** 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.

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*.

### Outsourcing

**1.26** 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.

**1.27** Outsourcing shall be included in the scope of the certificate.

**1.28** The *Organisation* shall retain legal ownership of material while in physical possession/ under control of *subcontractors*.

**1.29** A signed and enforceable agreement shall exist between *Organisation* and *subcontractors*.

**1.30** The agreement shall be established prior to the actual starting of the outsourced activities.

**1.31** The agreement shall include at minimum:

- Name, business identity, and contact details of the *subcontractor*, outsourced activities;
- Confirmation of the *subcontractor* that the *subcontractor* shall:
  - comply with the relevant requirements of the SBP Standards within the scope of the certificate;
  - not make unauthorised claims and use of SBP trademarks;
  - not further outsource the activities;
  - allow the *CB* to *audit* the *subcontractor*; and
  - allow access of the *CB* to the *subcontractor’s* operations, systems, documents and records as deemed necessary by *CB*.

**1.32** The *Organisation* and *subcontractor* shall have documented procedures for all outsourced activities.

**1.33** Record of names and contact details of *subcontractors* with scope of activities shall be maintained and kept up to date by the *Organisation*.

## 2 Feedstock Sourcing Requirements

**2.1** 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.

- 2.2** *Feedstock* inputs for production of *SBP-certified biomass* shall be categorised as follows:
- SBP-compliant*: *feedstock* sourced in conformance with SBP Standard 1 and/or 2, and
  - SBP-controlled*: *feedstock* is sourced under an *SBP-recognised* controlled claim.

### 3 Material handling

- 3.1** The *Organisation* shall ensure the accuracy of *SBP claims* made for *biomass* produced from a mixture of *feedstock types* per the table below.

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

- 3.2** 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*.

- 3.3** *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.

- 3.4** *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.

- 3.5** *SBP-compliant biomass* may be downgraded to *SBP-controlled*.

### 4 Traceability Requirements

#### Input / purchasing

- 4.1** 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.

- 4.2** The *Organisation* shall ensure that the following minimum information is provided by the *supplier* in relation to the product received:
- a. a unique identification number for the document,
  - b. date the document(s) is(are) issued,
  - c. name and address of the buyer,
  - d. name and address of the seller,
  - e. CoC certificate code and claim of the seller, if relevant,
  - f. loading or shipment delivery date,
  - g. description of product,
  - h. quantity of product delivered, and
  - i. reference to any related transport documentation.

**4.3** The *Organisation* shall be responsible for verifying conformance of all *feedstock categories* with all relevant SBP requirements, including the requirements specific to sourcing.

**4.4** 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*.

### **Material accounting**

**4.5** 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.

**4.6** 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.

**4.7** *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.

**4.8** *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.

**4.9** An *Organisation* trading *biomass* without physical possession and without mixing shall not utilise *mass balance* material accounting.

## Mass balance system

### 4.10

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.

Note 1: A *mass balance system* allows consignments of *feedstock* or *biomass* with differing sustainability and greenhouse gas emissions savings characteristics to be mixed for instance in a container, processing or logistical facility, transmission and distribution infrastructure or site.

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.

### 4.11

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.

### 4.12

When the *Organisation* is a *BP*, 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 2-digit product group ID under the following *feedstock* classifications' rules:

- *Forest feedstock* (1A)
- *Trees Outside the Forest (TOF) – Urban and landscape feedstock* (2A)
- *Trees Outside the Forest (TOF) – Agricultural land feedstock* (3A)
- *Processing residues feedstock* (4A)
- *Post-consumer feedstock* (5A)

#### 4.12.1

The *BP* might categorise product type into additional product groups based on the following voluntary characteristics:

- *Feedstock* from different countries
- *Feedstock* of different descriptions or origins (e.g., thinning, final harvest, *forest residues*, etc.)
- *Feedstock* with different GHG characteristics (e.g., moisture content, transportation distance, transportation type etc.)
- *Feedstock* with different exclusions (e.g., *forestry residues* without stumps)

**4.12.2** When categorising the product type, the *BP* shall follow the instructions defined in the Product Group ID section of SBP Instruction Document 5E.

Note: *Feedstock* data is collected in a *SBP Audit Report on Energy and Carbon Data (SAR)* (Section 2 *Feedstock* Data). In the *DTS*, *GHG* data (not *GHG* intensity values) is transferred through the supply chain and *GHG* emissions calculations are carried out in the end by *biomass End-users*.

**4.13** The *Organisation* shall set up and maintain a separate *mass balance* account for each product group.

**4.14** The *Organisation* shall define a fixed balancing period and it shall not exceed 12 months.

**4.15** 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*.

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.

**4.16** The transfer of *sustainability characteristics* shall always be accompanied by a physical transfer of material.

**4.17** 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.

**4.18** 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.

**4.19** The *Organisation* shall make available to the *CB* all *mass balance* data in advance of the planned *audit*.

### Output/sales

**4.20** 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*.

**4.21** 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*.

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.

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## Claims

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- 4.22** 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-complaint* claims.
- 4.23** 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.