Compliance with the SBP Framework: Public Summary Report

Preferred by Nature OÜ
Evaluation of Northflare Energy Operating LLC

Second Surveillance Audit

Sustainable Biomass Program
sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 2.1 and SBP Bridging Requirements for Meeting the Directive EU/2023/2413 (REDIII)

For further information on the SBP Framework and to view the full set of documentation see **www.sbp-cert.org**

Document history

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1 Overview

Certification Body (CB) Name:	Preferred by Nature OÜ
Primary CB contact for SBP:	Pilar Gorria Serrano
Primary CB contact email:	pgorria@preferredbynature.org
Audit team leader:	Mark Graveel
Audit team members:	NA
Name of the Company:	Northflare Energy Operating LLC
Company legal address:	440 Louisiana Street, Suite 2100, TX 77002 Houston, United States
Company contact for SBP:	Alex Hunt
Company contact email:	alex.hunt@cmbiomass.com
Company website:	
Date of installation:	
SBP Certificate Code:	SBP-13-18
Date of certificate issue:	01 Nov 2024
Date of certificate expiry:	31 Oct 2029
Audit closing meeting date:	23 Sep 2026
Audit cycle:	Second Surveillance Audit

2 Audit conclusions

2.1 Certification decision

Based on the auditor's recommendation and the Certification Body's technical review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Kersti Kuum
Date of decision:	20 Oct 2026
Other comments:	N/A

2.2 Open non-conformities and observations

2.2 Closed non-conformities

2.3 Actions taken by Organisation Prior to Report Finalisation

NA

2.4 Notes for the next Audit

Mobile Port visited 2026. Savannah port should be visited in 2027

3 Scope of the audit and SBP certificate

Scope item	Check all that apply to the Certificate scope
Primary activity	Trader
Secondary activity	
Approved Standards	SBP Standard 4: Chain of Custody v2.0; SBP Standard 5: Collection and Communication of Data v2.0; Instruction Document 5E: Collection and Communication of Energy and Carbon data. v2.1; Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII. v1.2
Product Group IDs	☒ Forest feedstock (1A) ☒ Trees outside forest (TOF) - Urban and landscape feedstock (2A) ☐ Trees outside forest (TOF) - Agricultural land feedstock (3A) ☒ Processing residues feedstock (4A) ☐ Post-consumer feedstock (5A) ☐ Other (please specify)
SBP Feedstock types	☒ SBP Compliant; ☒ SBP Controlled
Includes Supply Base Evaluation (SBE)	No
Includes EU RED Scheme	Yes
Includes EU RED Supply Base Evaluation (SBE)	No
Products	WB 1.1 Wood pellets
Feedstock origin (countries):	United States
SBP-endorsed Regional Risk Assessments used: **Public link:** https://sbp-cert.org/documents/standards-documents/risk-assessments/	Not applicable
Chain of custody system	☐ Physical separation ☒ Mass balance
Outsourcing	Yes
Changes in the scope	NA

3.1 Description of the company

Guidance: Please describe the type, structure and operations of the company including its role in the supply chain, its inputs and outputs as they related to SBP Standards.

CM Bio Operating, LLC (CMB) is a trading entity under the corporate umbrella of CM Bio Operating North America Holding which operates several mills and joint ventures in the USA. CMB is a wholesaler of biofuel in the form of wood pellets. CMB procures wood pellets from its own mills and several other biomass producers in the US, and arranges for their transport to the ports of Mobile, AL and Savannah, GA. The company's main customer is its sister company in the European Union, CM Bio Operating Partners A/S, Denmark. The Headquarters of CM Bio Operating is in Houston, US.

3.2 Site details

Legal entity name	Address	Site Activity	Visited during the audit
CM Bio Operating LLC	440 Louisiana Street, Suite 2100 Houston TX	Trader	☐
Port of Savannah	136 Marine Terminal Drive, Savannah GA 31404	Storage	☐
Port of Mobile	3800 Sollie Road Mobile, AL 36619	Storage	☒

3.3 Detailed description of the Chain of Custody system and Product Groups

Guidance: Please describe the operation of the CoC system including details of the mass balance management and a list of established Product Groups.

For the trader portion of its operations, the organization purchases and sells SBP-compliant biomass products (i.e., mass balance system). All purchases are complete through DTS which allows organization to track purchases and sales. *Its mills have separate SBP certificates and utilize the mass balance and transfer system pending each mills product group id's.

4 Specific objective of the audit

The specific objective of this evaluation was to confirm that the Traders management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification in addition to managing a mass balance system that allows for the correct outgoing SBP claims within the DTS. Additionally to confirm storage process at the port in Mobile, AL.

5 Evaluation process

5.1 Timing and duration of evaluation activities

Audit Level of Effort (LoE)		
Activity	**Auditors**	**Auditor hours**
1. Preparation	Mark Graveel	2.0
2. On-site (excl. travel time)	Mark Graveel	16.0
3. Report writing	Mark Graveel	8.0
4. Other	Mark Graveel	4.0

5.2 Auditor team qualification

Auditor qualification		
Auditor name	**Role**	**Qualification**
Mark Graveel	Lead Auditor	SBP Lead Auditor, FSC & SFI FM lead auditor, FSC PEFC SFI CoC Lead Auditor

5.3 Description of evaluation activities

The audit began with an opening meeting at 8:00, including introductions, the auditor's review of the audit scope and audit plan, an introduction and update to SBP, FSC, and Preferred by Nature standards and protocols, and the client's description of the organization. At 8:30, the auditor reviewed CoC/SBP procedures, products, and material accounting, including written procedures, work instructions, feedstock descriptions, the product group list, and the mass balance accounting system. At 10:00, the review continued with material balances and records through an auditor-selected sample of the material tracking system, summaries of purchases and sales, invoices, shipping documents, SREGs, training records, outsourcing agreements, other applicable SBP/CoC systems, procedures and records, and tracebacks from certified outputs to eligible inputs. At 11:30, the auditor verified calculations, including selected samples and the mass balance review. At 13:00, the audit addressed SBP ST 5 through a review of GHG data collection. At 14:30, the auditor evaluated trademark requirements, including SBP/FSC requirements and any on-product or promotional trademark uses. The auditor also visited one of two ports, with the onsite port visit at Mobile location and occurring on August 24 to verify storage, mass balance, handling of pellets, and sales. On September 24th the auditor prepared for the closing meeting by consolidating notes and reviewing audit findings for presentation. The closing meeting took place later on September 24th with all relevant staff to summarize audit findings and discuss next steps.

5.4 List of forest management units and feedstock suppliers visited

☒ N/A – No forest sites or suppliers visited during this evaluation
Organisation is a trader

5.5 Describe audit sampling methodology used

The Organization does not trade in feedstock; it only purchases and resells RED-compliant SBP biomass products. Procedures, mass balance accounts, and policies adapted to RED requirements were reviewed. A sample of DTS transactions, the Organization's invoicing cycle, and a sample of SREGs from purchases and sales were verified. All documents requested by the audit team were made available. The surveillance audit was conducted remotely in combination with on-site verification at one of the Organization's pellet mills and one of two ports it utilizes. The storage site at the port serves solely as a temporary facility where pellets are held while awaiting vessel loading and does not involve further processing, repackaging, or modification of the product. Traceability is ensured through strict internal procedures supported by a combination of the mass balance system, DTS transactions, and invoicing records, all of which were reviewed during the audit. While limited function at the ports because the organisation manages all incoming and outgoing pellets the Mobile Port was visited this year. The two ports and its respective outsourcing agreements are audited every other year to ensure conformance.

5.6 CB stakeholder engagement

☒ N/A – Certification Body stakeholder consultation not applicable for this evaluation

Guidance: Please specify the number and types of stakeholders engaged, method of engagement and its outcomes.

5.7 Stakeholder feedback and response

☒ N/A – Certification Body stakeholder consultation not applicable for this evaluation

5.8 Main strengths and weaknesses of the management system and operations

The organization has a robust set of procedures that detail all the requirements of the standards in scope. The organization has adapted its procedures and mass balance accounting system to RED requirements. The organization's staff has a thorough understanding of SBP's DTS. No nonconformities were raised during the audit.

5.9 Summary of evaluation activities for robustness of the Supply Base Evaluation

☒ N/A – Standard 1 not in the scope of the evaluation

5.10 Summary of evaluation activities for Processing residues and/or Post-consumer feedstock requirements per Standard 2 and EU RED

☒ N/A – processing residues and/or post-consumer feedstock not used.

5.11 Summary of evaluation activities for chain of custody system per Standard 4

Evaluation of BP's chain of custody system began with an overview and division of responsibilities. After such, review of the organisations procedures via interview and document review to confirm implementation. All CoC critical control points were verified and no nonconformities were found. The organisation has a robust management system to ensure its chain of custody system is implemented in conformance with the applicable requirements.

5.12 Summary of evaluation activities for collection and communication of data per Standard 5

The organization has adapted its procedures and mass balance accounting system to RED requirements. The organization's staff understand the SBP DTS and all transactions reviewed were in conformance. Auditor also reviewed SREGs for all transactions, organization has a thorough understanding of the requirements and a robust set of procedures that align with its operations. No nonconformities were detected during the audit.

5.13 Summary of audit findings for competency of involved personnel

The organization's staff understand the requirements of SBP, as was verified via interviews and document review. No nonconformities were detected during the audit.

5.14 Summary of audit findings for GHG methodology per Standard 6 (if applicable)

☒ N/A – Standard 6 not in the scope

6 Detailed evaluation of BP's Supply Base Evaluation (if applicable)

☒ N/A – Supply Base Evaluation not in the scope of the evaluation

6.1 Overview of BP's risk assessments and mitigation measures including EU RED scope

N/A

6.2 CB evaluation of specified risk indicators and mitigation measures