NEPCon OÜ Evaluation of Ekman Denmark ApS Compliance with the SBP Framework: Public Summary Report

Fourth Surveillance Audit

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The promise of good biomass

Completed in accordance with the CB Public Summary Report Template Version 1.5

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

Document history

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

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Table of Contents

1 Overview

Certification Body (CB) Name:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Ondrej Tarabus
Audit team members:	Simon Møller
Name of the Company:	Ekman Denmark ApS
Company legal address:	Islandsvej 7-9, 7480 Vildbjerg, Denmark
Company contact for SBP:	Ronnie Kristensen
Company contact email:	ronnie.kristensen@ekmangroup.com
Company website:	www.ekmangroup.com
SBP Certificate Code:	SBP-01-97
Date of certificate issue:	01 Jun 2018
Date of certificate expiry:	31 May 2023

Audit closing meeting date:	02 Feb 2022
Audit cycle:	Fourth Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
Primary Activity:	Trader	☐
Approved Standards:	SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction	☐
Includes Supply Base Evaluation (SBE):	No	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	No	☐
Includes Group Scheme	No	☐
Products	Pellets, Chips	☐

Feedstock types:	Other	☐
Feedstock origin (countries):	N/A	☐
SBP-endorsed Regional Risk Assessments used: **Public link:** https://sbp-cert.org/documents/standards-documents/risk-assessments/	Not applicable	☐
Chain of custody system implemented:	FSC: DNV-COC-000499-P	☐
	Transfer	☐

2.1 Description of the company

Ekman Denmark ApS, hereafter the Organisation, business is within sales and marketing of wood based bioenergy products. The company also operates a wood pellet factory in Vildbjerg, Denmark, although this is outside of the scope of its current SBP certificate. The company's trading activities is primarily within wood pellets but could possibly also include wood chips and fuel wood logs sold with SBP claim. The biomass is going to be delivered to several destinations and customers in Denmark for use in heat and power plants for production of sustainable and renewable heat and electricity. The traded woody biomass will be sourced from various ports in Europe and possibly also other parts of the world. Ekman Denmark is aware that it is responsible for compilation of GHG data in cases of any GHG emissions, i.e. in cases where the material is transported under the legal ownership of the organization. In these situations, the organization is responsible for collecting and reporting the GHG data for the transport in an SREG. The auditor notes that Ekman Danmark ApS is the acquisition target for CM Biomass A/S. This transaction is set to complete some time during Spring 2022, and it is likely to impact Ekman Danmark ApS' current scope.

2.2 Detailed description of the Chain of Custody system

Ekman Denmark ApS' SBP certification scope contain trading activities including transport. The Organisation is trading wood pellets, wood chips and wood logs. The corporate parent is an enterprise incorporated in Sweden. The Organisation retains a valid PEFC Chain of Custody certificate NC-PEFC/COC-030484. The CoC system is based on the PEFC transfer system with physical possession, and only SBP compliant biomass is used under the scope. The sales can be made in harbours (exporting and importing) or at the customers' sites; with or without storage or transportation by sea and/or road. The Organisation has procedures for calculation and communication of GHG profile when transporting pellets, chips or fuel logs under the Organisation's ownership by means of filling in the SREG document. Each purchase of material is recorded including the certification status of the material and the sales always contain the same type and quantity of material as purchased. The SBP claims are stated on the sales invoices, with the SBP Production Batch ID code being share through DTS.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Trader's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

· Review of the Biomass Trader's management procedures;

· Review of control points in the FSC CoC system that affects the SBP certificate;

· Interviews with responsible staff; and

· Review of the records

4 Evaluation process

4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	***Auditors***	**Auditor hours**
1. Preparation	Ondrej Tarabus, Simon Møller	3,0
2. On-site (excl. travel time)	Ondrej Tarabus, Simon Møller	8,0
3. Report writing	Ondrej Tarabus, Simon Møller	4,0
4. Other	Simon Møller	1,0

Audit Schedule			
Activity	**Location**	**Auditor name**	**Date/time**
Opening meeting	Virtual meeting through MS Teams	Ondrej Tarabus, Simon Møller	26 Jan 2022/9:30
Audit of Documented Control System	Virtual meeting through MS Teams	Ondrej Tarabus, Simon Møller	26 Jan 2022/10:00
Interview with Purchase and sales staff	Virtual meeting through MS Teams	Ondrej Tarabus, Simon Møller	26 Jan 2022/11:30
Interview with Head of Accounting and GHG data	Virtual meeting through MS Teams	Ondrej Tarabus, Simon Møller	26 Jan 2022/13:00

Interview with Site manager - Storage visit	Onsite	Simon Møller	02 Feb 2022/14:00
Closing Meeting	Onsite, MS Teams	Ondrej Tarabus, Simon Møller	02 Feb 2022/15:00

Auditor qualification		
Auditor name	**Role**	**Qualification**
Ondrej Tarabus	Team Leader	Czech citizen, graduated in University of Life Sciences Prague, The Faculty of Forestry. He has participated in several FSC FM, FSC CoC, PEFC CoC, ISCC certification assessments in Czech Republic, Slovakia, Italy, Germany, Vietnam, Egypt, Spain, Romania, Bosnia and Herzegovina, Austria, etc. Ondřej Tarabus has been through lead assessor SBP training course and is experienced with carbon calculation using standards such as ISO 14 064, Carbon Footprint management or ISCC.
Simon Møller	Auditor Trainee	Holds MA Finance and Business journalism from City University London, London, United Kingdom and Aarhus University, Denmark. Ongoing studies of Master of Science in Forestry Management, with concentration on Ecology and management. Previous experience within forestry and consulting. Completed FSC Forest Management lead auditor training course in 2021 and FSC Chain of Custody and Controlled Wood expert training course in 2020. Participated in capacity of auditor in training in FSC Chain of Custody audits in wood industry companies in Denmark and Sweden.

4.2 Description of evaluation activities

The audit kicked off with an opening meeting attended by Ronnie Kristensen, MD, and Preferred by Nature's audit team.

After a brief introduction followed a briefing on the audit plan, methodology and aim of the audit. The CB's reporting process and confirmation of confidentiality were covered as well.

This was followed by an introduction by the audit team on all applicable requirements of the standard covering management system, CoC, CCP, recordkeeping requirements and verification of SBP compliant biomass. The purchasing and logistics functions were audited afterwards. After this followed interviews with responsible person for the SBP system and staff retaining key responsibilities within the system. Afterwards, the onsite storage facility was visited to verify the CoC system, the physical form and the reception of the material.

During the closing meeting auditor presented the results of the audit for Organisation and the next steps for the audit were discussed.

4.3 Sampling methodology

The very SBP invoices that had been received and issued where all reviewed.

4.4 CB stakeholder engagement

None.

4.5 Stakeholder feedback

None.

5 Results

5.1 Main strengths and weaknesses

Strengths: Ekman Danmark ApS is only involved in trading activities and has a descriptive procedure addressing the requirements of Standard #4 and Standard #5, including instruction notes. The Organisation's parent company in Sweden is SBP-certified and has an advanced corporate setup that support’s Ekman Danmark ApS’ adherence to the Standard.

Although it is only a select number of employees with Ekman Danmark ApS that are involved in maintaining the SBP certificate, the Organisation showed an adequate understanding of the SBP system.

Weaknesses: The Organisation only has a limited number of experience with trading within the SBP system. This means the staff does not build much familiarity with the SBP systems such as DTS.

5.2 Rigour of Supply Base Evaluation

Not applicable

5.3 Collection and communication of data

The organization will be collecting and communication GHG and energy data when they are involved in transport. The organization has competence for this and will communicate the results via SREG to the customer.

5.4 Competency of involved personnel

The involved personnel was found competent in implementing the SBP CoC system, making correct claims and forward GHG/Transport data in SREG documents when required. All SBP responsibilities are handled by Managing Director Ronnie Kristensen and Head of accounting Majbritt Bech.

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

Not applicable

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
N/A	N/A	N/A	N/A

7 Non-conformities and observations

NC number NC-001168 (01/21)	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.1.2 The legal owner shall implement all aspects of the SBP-approved CoC system requirements for the SBP feedstock and biomass. Where there is a conflict between the requirements in the SBP-approved CoC system requirements and those specified in the SBP standards, the SBP standards shall have precedence. Note: SBP feedstock or biomass will not necessarily enter into the scope of the SBP-approved CoC system certification, but the SBP-approved CoC system CoC processes and requirements shall extend to SBP feedstock and biomass.
Description of Non-conformance and Related Evidence:	
The organization had documented a simple physical separation system for their trading activities, based on direct trade without physical ownership. The material is verified during the purchasing process, the certification status is evaluated together with the supplier certification and if everything is correct than sales documents are issued. However, during the audit, it became clear that the organization maintains stock at an outsourced storage facility at Shipping DK in the port of Køge, Denmark, and that there is also has been some biomass in stock temporarely at a logistics site near the town Vejen, Denmark. Immdiately following the audit, the organization submitted a updated documented procedure, that now also mentions the keeping of stocks in outsourced storage facilities. However, the actual procedures for keeping of stock are still not covered by the documented SBP procedure (section 4. COC system requirements and COC Control system) nor is a direct reference to the FSC procedures in place. As the outsourcing agreement required by the CoC system was in place, and the physical segregation has been ensured, this is seen as a minor NCR	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	The Organisation has updated its procedure to address this NCR.
Findings for Evaluation of Evidence:	During the audit the auditors confirmed that the Organisation had implemented the required changes to its procedure, and that the staff were aware of these. It is the opinion of the auditors that the Organisation has implemented the relevant changes in accordance with Standard's requirements.
NC Status:	Closed

NC number NC-001169 (Preferred by Nature)	NC Grading: Minor

Standard:	SBP Standard 4: Chain of Custody
Requirement:	2 Scope
Description of Non-conformance and Related Evidence:	
The auditor verified the DTS transaction and cross-reference it with the invoices issued. It was identified that in one case the invoice (date and invoice number) mentioned in the DTS under the specific transaction was not the one which was actually covering the specific material sold. As this is isolated case (only one invoice was identified) minor NCR is issued.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	OPEN
Findings for Evaluation of Evidence:	OPEN
NC Status:	Open

NC number NC-001199 (Preferred by Nature)	**NC Grading: Observation**
Standard:	SBP Standard 5: Collection and Communication of Data Instruction
Requirement:	5.1 All data submissions must be supported by appropriate evidence.
Description of Non-conformance and Related Evidence:	
The Organisation records the transactions in DTS. It was however revealed during the audit that in few cases the transaction was recorded in DTS only 6 or even 9 months after the material was sold. The transaction should be recorded in the DTS shortly after the material is sold in order to avoid problems of the buyers to claim the material as SBP certified.	
Timeline for Conformance:	N/A
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	N/A

8 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Pilar Gorría
Date of decision:	28 Apr 2022
Other comments:	N/A