NEPCon Evaluation of Verdo Energy A/S Compliance with the SBP Framework: Public Summary Report

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Completed in accordance with the CB Public Summary Report Template Version 1.0

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

Document history

Version 1.0: published 26 March 2015

Contents

1 Overview

CB Name and contact: NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia

Primary contact for SBP: Ondrej Tarabus ot@nepcon.net, +420 606 730 382

Report completion date: 10/Feb/2016

Report authors: Ondřej Tarabus and Christian Rahbek

Certificate Holder: Verdo Energy A/S, Kulholmsvej 22, Randers NØ, 8930, Denmark

Producer contact for SBP: Benny Corneliusen

Certified Supply Base: N/A - Trader

SBP Certificate Code: SBP-01-11

Date of certificate issue: 09/Mar/2016

Date of certificate expiry: 08/Mar/2016

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
X	☐	☐	☐	☐

2 Scope of the evaluation and SBP certificate

The organization is a trader with biomass (both pellets and chips) sourcing the material from different parts of Europe (e.g. Latvia, Estonia, Lithuania or Croatia). The organization holds a valid FSC certificate with transfer system implemented. The point of purchase varies, and can be FOB and very limited part of material (only pellets) as CIF. When the material is purchased it is delivered to the Randers, where Verdo is storing the material purchased – both chips and pellets. The material is delivered to several generators in Europe (e.g. Dong, Drax or Vattenfall). The point of sale is also variable. The material is mostly delivered to ports in Europe but it can be also sold out at the generator facilities.

<table>
<tr><th>Scope Item</th><th colspan="6">Check all that apply to the Certificate Scope</th><th>Change in Scope
(N/A for Assessments)</th></tr>
<tr><td>Approved Standards:</td><td colspan="6">SBP Standard #4 V1.0; SBP Standard #5 V1.0
http://www.sustainablebiomasspartnership.org/documents</td><td>☐</td></tr>
<tr><td>Primary Activity:</td><td colspan="6">Trader with physical possession</td><td>☐</td></tr>
<tr><td rowspan="5">Input Material Categories:</td><td colspan="3">☐ SBP-Compliant Primary Feedstock</td><td colspan="3">☐ SBP-Compliant Secondary Feedstock</td><td rowspan="5">☐</td></tr>
<tr><td colspan="3">☐ Controlled Feedstock</td><td colspan="3">☐ SBP non-Compliant Feedstock</td></tr>
<tr><td colspan="2" rowspan="3">☐ SBP-Compliant Tertiary biomass</td><td colspan="4">☐ Post-consumer Tertiary Feedstock</td></tr>
<tr><td colspan="4">☐ Post-consumer Tertiary Feedstock</td></tr>
<tr><td colspan="4">☐ SBP-approved Recycled Claim</td></tr>
<tr><td rowspan="2">Chain of custody system implemented:</td><td>☒ FSC</td><td colspan="2">☐ PEFC</td><td colspan="2">☐ SFI</td><td>☐ GGL</td><td>☐</td></tr>
<tr><td colspan="2">☒ Transfer</td><td colspan="3">☐ Percentage</td><td>☐ Credit</td><td>☐</td></tr>
<tr><td>Use of SBP claim:</td><td colspan="3">☒ Yes</td><td colspan="3">☐ No</td><td>☐</td></tr>
<tr><td rowspan="2">SBE Verification Program:</td><td colspan="3">☐ Low risk sources only</td><td colspan="3">☐ Sources with unspecified/ specified risk</td><td rowspan="2">☐</td></tr>
<tr><td colspan="6">New districts approved for SBP-Compliant inputs:</td></tr>
<tr><td>Sub-scopes</td><td colspan="6"></td><td>☐</td></tr>
<tr><td colspan="8">Specify SBP Product Groups added or removed:</td></tr>
<tr><td colspan="8">Comments:</td></tr>
</table>

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 FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records and calculations; and
- GHG data collection analysis.

4 SBP Standards utilised

4.1 SBP Standards utilised

List each SBP Standard used. Include full name, version number and publication date. Provide a link to the website address where each document can be accessed or requested.

SBP Standard 4, Version 1.0, Chain of Custody, March 2015

SBP Standard 5, Version 1.0, Collection and Communication of Data, March 2015

http://www.sustainablebiomasspartnership.org/documents

5 Chain of Custody system

The organization has implemented the FSC transfer system for biomass (wood pellets and chips) in the scope of the certificate. The process covers trade with biomass as well as storage of the material in the harbour of Randers, where the Main office is also located. The material is purchased from different suppliers in Europe, transported to Randers. While stored at the harbour of Randers the material from different suppliers is physically separated (due to the traceability reasons). There are several warehouses which are used for different biomass material. The material in one warehouse is not mixed with material from other supplier (or different claim) which provides assurance that the separation is well implemented. There are also records of stored material and based on input and output material for each warehouse each delivery can be traced.

The FSC and SBP claim is mentioned on the sales invoices. The sustainability characteristics for each batch are mentioned on an annex to the invoice which always contains the number of the invoice as well.

6 Evaluation process

6.1 Timing of evaluation activities

The assessment was carried out on 26th November 2015. One day was needed for the onsite audit and additional half day for the documentation review.

Activity	Location	Auditors	Date/time
Opening meeting* - Presentation of participants - Changes in the organization since last audit - Changes in standards and requirements	Main Office	OT/CAR	8:30 - 9:00
Review of Documented Control Systems for FSC and SBP - FSC Documented procedures - FSC Produt Group Schedule - FSC Supplier Records - FSC Volume data - SBP internal procedures - Training records FSC and SBP - Energy and GHG Calculations	Main office		9:00 – 11:30
Interviews with staff responsible for purchase	Purchasing department	OT/CAR	11:30 – 12:00
Lunch break			12:00 – 12:30
Interviews with staff responsible for sales	Sales department	OT/CAR	12:30 – 13:15
Inspection and interviews in storage and productions facilities	Storage and production facilities	OT/CAR	13:15 – 14:00

Evaluation of FSC logo use	Main office	OT/CAR	14:00 – 14:30
Auditors summarize the evaluation		OT/CAR	15:00- 15:30
Closing meeting*	Main office	OT/CAR	15:30 – 16:00

OT – Ondřej Tarabus, CAR – Christian Anton Rahbek

On January 26th the organization has submitted additional documentation with emission and energy data and updated SBP procedure. Following this, the emission and energy data were explained during skype call with Jens Aaen Albrechtsen.

6.2 Description of evaluation activities

Auditor team was welcomed in Verdo Energy head office in Randers. Audit started with an opening meeting attended by Benny Cornelisusen, Mette Brandt and Henrik Mosegaard.

Lead auditor introduced the audit team, provided information about audit plan, methodology and aim of the assessment. CB's accreditation related issues and confidentiality issues were covered as well.

After that auditor went trough all applicable requirements of the standard covering management system, CoC, recordkeeping requirements, emission and energy data and verification of SBP compliant biomass. During the site tour physical separation of certified and non-certified material was evaluated. During the process overall responsible person for SBP system and over responsible staff having key responsibilities within the system was interviewed.

The composition of the audit team:

Auditor(s), roles	Qualifications
Ondrej Tarabus, Lead auditor, evaluation against all applicable requirements	Czech citizen, graduated in University of Life Sciences Prague, The Faculty of Forestry. He has participated in several FSC assessments in Czech Republic, Slovakia, Italy, Germany, Vietnam, Egypt, Spain, Romania, Bosnia and Herzegovina, Austria, etc. and FSC FM audits in Czech Republic and Lithuania. Ondřej Tarabus successfully completed SBP training course and he has practical experience with carbon footprint certification as well as biofuels certification.
Christian Rahbek Trainee auditor	M.Sc. (Forestry) from University of Copenhagen. Has passed NEPCon Lead Auditor Training for FSC and PEFC FM and CoC certification. Experience from more than 180 FSC and PEFC CoC audits in Denmark and Europe.

During the closing meeting auditor explained the results of the audit and further actions were discussed.

7 Results

7.1 Competency of involved personnel

The main responsible person in the company is Bioenergy Manager and Purchaser Benny Corneliusen . The overall responsible is supported by Bioenergy manager and purchase Mette Brandt, and both showed good understanding of the requirements in relation to SBP certification and of the already implemented FSC CoC system.

7.2 Compilation of data on Greenhouse Gas emissions

During the on-site audit it was revealed that the responsible person is aware about how the energy and emission data shall be collected and communicated, but did not fully implemented the system and the values were not provided to the auditor. However, the during the audit it was verified that Verdo Energy has required data in place, but not summarized and recalculated per tonne. After the audit Verdo Energy has provided required energy and emission data and these data were compared to the data gathered during the audit by the auditor. Both the electricity and diesel consumption for storing and handling of biomass is calculated per reporting period (calendar year 2015) and the energy connected with transportation is calculated per each shipment as the distance change almost for each delivery of biomass.

8 Non-conformities and observations

NCR: 01/15	NC Classification: Minor
Standard & Requirement:	SBP Standard # 4 requirement 5.4.1
Report Section:	Appendix A p 4.1
Description of Non-conformance and Related Evidence:	
The organization has established documented procedures where the content of the sales invoice is described and is in compliance with SBP sales requirements (Exhibit 1, point 4) and responsible personnel showed good awareness of this requirement. The organization has also prepared the sample on the sales invoice, however the profiling information code of the material nor the batch specific code was not mentioned on this sample invoice.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	12 months from the report finalization
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 02/15	NC Classification: MAJOR	
Standard & Requirement:	SBP Standard # 4 requirement 6.2.1	
Report Section:	Appendix A p 6.1	
Description of Non-conformance and Related Evidence:		
The SBP procedures does not cover the requirement that the organization will checks the updates neither is mentioned what would follow up when the standard No. 5 would change.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	Prior the certification	
Evidence Provided by Organisation:	The organization has updated their SBP procedure just after the assessment and included the requirement for adjusting the system for collecting of energy and emission data after new version of SBP standard 5 is released.	
Findings for Evaluation of Evidence:	Updated version of the SBP procedure was evaluated by the auditor and the section 7 of this procedure provides assurance that in case the SBP standard No. 5 will change the organization will adjust their system immediately.	
NCR Status:	**CLOSED**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 03/15	**NC Classification: MAJOR**	
Standard & Requirement:	SBP Standard # 5 requirement 5.1	
Report Section:	Appendix A p 1.1	
Description of Non-conformance and Related Evidence:		
The organization has not submitted any data about the diesel and power consumption during the storage and handling and therefore no evidence was about the energy consumption was provided either.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	Prior the certification	
Evidence Provided by Organisation:	Verdo Energy has provided table with energy and emission data for storage and handling of material. The table contains also background data of individual deliveries and energy consumptions in regards to allow the auditors evaluate the methodology applied.	
Findings for Evaluation of Evidence:	The auditor has evaluated table with energy and emission data for storage and handling of material provided by Verdo Energy after the assessment. The data contains all individual deliveries which were already checked during the onsite visit and now compared to the values mentioned in this table. The methodology applied by Verdo Energy is correct and based on actual data from the storage facility.	
NCR Status:	**CLOSED**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☒ No ☐

NCR: 04/15	**NC Classification: MAJOR**
Standard & Requirement:	SBP Instruction document # 5A requirement 5.0.2
Report Section:	Appendix B p 5.1
Description of Non-conformance and Related Evidence:	
The organization did not provide list of transport routes or ports where/to material can be delivered.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior the certification
Evidence Provided by Organisation:	Verdo Energy has provided list of harbours containing both the loading as well as discharge ports.
Findings for Evaluation of Evidence:	The auditor has evaluated the list of harbours provided by the organization based on the purchasing and sales records collected during the onsite visit. This evaluation has revealed that there are included all ports where/to the material is sourced.
NCR Status:	**CLOSED**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☒ No ☐

NCR: 05/15	**NC Classification: MAJOR**	
Standard & Requirement:	SBP Instruction document # 5A requirement 5.2.1	
Report Section:	Appendix B p 6.1	
Description of Non-conformance and Related Evidence:		
Tool for calculation of the fuel and power used during storage and handling was not presented during the assessment.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	Prior the certification	
Evidence Provided by Organisation:	Verdo Energy has provided table with energy and emission data for storage and handling of material. The table contains also background data of individual deliveries in regards to allow the auditors evaluate the methodology applied.	
Findings for Evaluation of Evidence:	The auditor has evaluated table with energy and emission data for storage and handling of material provided by Verdo Energy after the assessment. The data contains all individual deliveries which were already checked during the onsite visit and now compared to the values mentioned in this table. The methodology applied by Verdo Energy is correct and based on actual data from the storage facility.	
NCR Status:	**CLOSED**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☒ No ☐

NCR: 06/15	NC Classification: MAJOR	
Standard & Requirement:	SBP Instruction document # 5A requirement 5.2.2	
Report Section:	Appendix B p 6.2 The legal owner should provide an annual overview of the quantity of biomass handled by the facilities involved, as well as the annual fuel and/or power use of those facilities. Supporting material shall include: fuel invoices, power invoices, meter readings and fuel logbooks. The operator shall calculate the specific consumption during the reference period.	
Description of Non-conformance and Related Evidence:		
The annual overview of the quantity of biomass handled nor the annual fuel and power used was not presented during the assessment.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	Prior the certification	
Evidence Provided by Organisation:	Verdo Energy has provided table with energy and emission data containing information about all purchased material during the reporting period as well as the power and diesel usage during this period. The table contains also background data of individual deliveries in regards to allow the auditors evaluate the methodology applied.	
Findings for Evaluation of Evidence:	The auditor has evaluated table with energy and emission data for storage and handling of material provided by Verdo Energy after the assessment. The data contains all individual deliveries which were already checked during the onsite visit and now compared to the values mentioned in this table. The methodology applied by Verdo Energy is correct and based on actual data from the storage facility.	
NCR Status:	**CLOSED**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☒ No ☐

OBS: 01/15	**Standard & Requirement:**	SBP Standard # 4 requirement 5.5.2
	Report Section	Appendix A p 4.4
Description of findings leading to observation:	The organization has presented the sample on the sales invoice containing the SBP claim. The SBP claim presented by the organization was “SBP-Compliant woodchips” instead of “SBP-compliant biomass”.	
Observation:	In order to avoid future non-conformities the organization should use the formal SBP claim.	

NCR: 07/15	**NC Classification: Minor**	
Standard & Requirement:	SBP Standard # 4 instruction note 4B	
Report Section:	Appendix A p 9.2	
Description of Non-conformance and Related Evidence:		
The organization has presented the SBP procedure covering most of the SBP requirements. However, requirements for the trademark are not covered by this procedure.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	12 months from the report finalization	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	**OPEN**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

9 Certification decision

Based on Organisation's conformance with **SBP requirements, the auditor makes the following recommendation:**	
☒	Certification approved: Upon acceptance of NCR(s) issued above
☐	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: **The Biomass trader has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after SBP technical committee will approve the report. The expiration of the certificate will be then 5 years.**	
Certi**fication decision by: Olesja Puiso**	
Date of decision**: 24.02.2016**	

10 Surveillance updates

Not applicable.

11 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Henrik Nørbo Mosegaard, Administration Manager
Auditor(s):	Ondrej Tarabus, Lead auditor Christian Rahbek, Trainee auditor
People Interviewed, Titles:	Henrik Nørbo Mosegaard, Administration Manager Benny Corneliusen, Bioenergy Manager & Purchaser Mette Brandt, Bioenergy Manager & Purchaser Jens Aaen Albrechtsen, Logistic Coordinator & Purchaser Michael Urbak, Warehouse
Brief Overview of Audit Process for this Location:	See audit plan.
Comments:	