

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

Fourth Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.4

*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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1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus ot@nepcon.org, +420 606 730 382
Current report completion date:	14/Apr/2020
Report authors:	Christian Rahbek, Lead auditor
Name of the Company:	Verdo Trading A/S, Kulholmsvej 22, 8930 Randers NØ, Denmark
Company contact for SBP:	Line Risgaard Mortensen, Sustainability coordinator, limo@verdo.com, phone: +45 8911 4734
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/2021

This report relates to the Fourth Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope Description: Trading and transportation of wood chips, wood pellets and fuel wood logs, for use in energy production. The scope of the certificate does not include Supply Base Evaluation.

The organization is sourcing from the Biomass Producers globally and usually transports the biomass directly to customers by vessel, but the organization may also transport to the customer via storage facilities at its own address or logistics facilities in the port of Aarhus in accordance with the implemented FSC transfer system. The company is trading SBP-compliant biomass but could potentially also sell SBP-controlled biomass. Since the organization could possibly also include transport of the traded goods and has the capacity to report GHG data under Verdo Trading's ownership in a SREG when applicable.

The organization holds valid FSC and PEFC CoC certificates (NC-COC/CW-021375 and NC-PEFC/COC-021375). The SBP CoC system is based on the FSC transfer system.

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
- GHG data collection analysis

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- ☐ SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- ☐ SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

Not applicable, Trader only.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

The organization is a biomass trader trading both pellets and chips, sourced from different parts of Europe (e.g. Latvia, Estonia, Lithuania or Croatia). The organization holds valid FSC and PEFC certificates 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 usually delivered to the Randers, where Verdo Produktion A/S (Power plant) takes ownership and stores the materials purchased – both chips and pellets, but SBP products are also sold to other customers in Europe (e.g. Ørsted, Drax or Vattenfall), optionally with Verdo Trading A/S physically handling the biomass at an external logistics site. The point of sale is variable. The material is mostly delivered to ports in Europe, but it can be also sold at the generator facilities.

5.2 Description of Company's Supply Base

Not applicable, Trader.

5.3 Detailed description of Supply Base

Not applicable, Trader.

5.4 Chain of Custody system

The organization holds valid FSC and PEFC CoC certificates (NC-COC/CW-021375 and NC-PEFC/COC-021375). The SBP CoC system is based on the FSC transfer system. The process covers trade with biomass as well as storage of the material at Randers, where the Main office is also located. The material is purchased from different suppliers in Europe and transported to Randers for own consumption or sold to other customers as full, direct shipments. 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 claims are stated on the sales invoices, and all transaction are documented in the DTS, where the PBID is also transferred.

6 Evaluation process

6.1 Timing of evaluation activities

The annual surveillance audit was carried out on Thursday, January 23, 2020. One day was needed for the onsite SBP audit and the concurrent FSC and PEFC audits 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	CAR	Jan 23, 2020 8:00 - 8:30
Review of Documented Control Systems for FSC, SBP and PEFC - Documented procedures - FSC and PEFC Product Group Schedules - Supplier Records - Annual volume data - Internal audit procedures - Training records - GHG/emissions reporting (SREG)	Main office	CAR	8:30 – 11:30
Interviews with staff responsible for purchase and sales	Purchasing department	CAR	11:30 – 12:00
Lunch break			12:00 – 12:30
Inspection and interviews in storage and productions facilities	Storage and production facilities	CAR	12:30 – 13:00
Evaluation of FSC, SBP and PEFC logo use	Main office	CAR	13:00 – 13:30
Audit team summarizes the FSC, SBP and PEFC evaluation	Main office	CAR	13:30- 14:30
Evaluation of Verdo Produktion A/S compliance with the industry agreement on sustainable biomass:	Main office	CA	14:30 – 16:30

- Evaluation of purchases of biomass inputs - Evaluation of volume records of received and used wood chips and wood pellets - Evaluation of emissions reduction calculations in BioGrace II			
Closing meeting*	Via Telephone	CAR	January 31, 2020 14:30 – 15:00

6.2 Description of evaluation activities

The audit was carried out in accordance with the audit plan described under 6.1 above.

Auditor was welcomed in Verdo Trading head office in Randers. Audit started with an opening meeting attended by Benny Corneliusen, Line Risgaard Mortensen, Mette Brandt, and Henrik Nørbo Mosegaard.

The auditor introduced himself, provided information about audit plan, methodology and aim of the assessment. CB's accreditation related issues and confidentiality issues were covered as well. The audit was carried out concurrently with the FSC reassessment audit and the PEFC annual audit.

After that lead auditor went through all applicable requirements of the standard covering management system, CoC, recordkeeping requirements, emission and energy data and verification of SBP compliant biomass. During the process overall responsible person for SBP system and over responsible staff having key responsibilities within the system were interviewed. The critical control points (such as storage of the material, reception of the material and keeping records) was inspected during the audit.

During the closing meeting held via telephone on January 31st, auditor explained the results of the audit and further actions were discussed.

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <http://www.nepcon.org/impartiality-policy>

The composition of the audit team:

Name	Qualifications	Role/focus during audit
Christian Rahbek	M.Sc. (Forestry) from the University of Copenhagen. Has passed NEPCon Lead Auditor Training for FSC and PEFC FM and CoC certification. Experience from more than 9 years of	Lead Auditor (SBP) Auditor (FSC) Auditor (PEFC)

	SBP, FSC and PEFC CoC audits in Denmark and abroad.	
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6.3 Process for consultation with stakeholders

Not applicable, Trader only.

7 Results

7.1 Main strengths and weaknesses

The main strengths of the organization lie within the strong human resources, sufficient technical facilities and administrative procedures. Furthermore, that business activities of the organization are relatively simple in relation to the SBP standards. No NCRs were identified during the audit.

7.2 Rigour of Supply Base Evaluation

Not applicable

7.3 Collection and Communication of Data

The organization showed very good awareness of the requirements related to collection and communication of GHG and emissions data, and responsible staff demonstrated during the audit how GHG data is collected and reported as required. It was verified that Verdo Trading has required data in place, based on communication with the shipping companies. Verdo Trading has provided documentation for the required energy and emission data where transport occurs under Verdo Trading ownership. The energy connected with transportation is calculated per each shipment as the distance change almost for every delivery of biomass.

7.4 Competency of involved personnel

The overall responsible person in the company Henrik Nørbo Mosegaard, but all practical responsibilities are handled by Bioenergy Manager and Purchaser Benny Corneliusen and Purchase and Sustainability Coordinator Line Risgaard Mortensen. They are supported by Bioenergy manager and purchase Mette Brandt, and all showed good understanding of the requirements in relation to SBP certification and of the already implemented FSC CoC system.

7.5 Stakeholder feedback

There has been no stakeholder consultation process conducted in connection with this audit, and neither the CH nor the CB has received any comments or complaints pertaining any element of the CoC system since the certificate was issued.

7.6 Preconditions

Not applicable

8 Review of Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

No applicable, trader only.

9 Review of Company's mitigation measures

Not applicable, trader only

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- *applicable requirement(s)*
- *grading of the non-conformity (major or minor) or observation with supporting rationale*
- *timeframe for resolution of the non-conformity*
- *a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.*

No NCRs identified during the audit.

11 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):	Ondrej Tarabus
Date of decision:	14/Apr/2020
Other comments:	N/A