Sustainable Biomass Partnership

NEPCon Evaluation of Drax Power Limited Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

www.sustainablebiomasspartnership.org

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: 04/Sep/2017

Report authors: Ondřej Tarabus

Certificate Holder: Drax Power Limited, Selby, North Yorkshire, YO8 8PH, United Kingdom,

Producer contact for SBP: James Hubbard

Certified Supply Base: N/A - Trader

SBP Certificate Code: SBP-01-43

Date of certificate issue: 10/Oct/2016

Date of certificate expiry: 09/Oct/2021

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**
☐	☒	☐	☐	☐

2 Scope of the evaluation and SBP certificate

Drax Power Ltd is an energy producer from UK with both the office and the power plant located in the same place at Selby. Drax Power is procuring wood pellets from USA, Canada, Portugal and Baltic countries. The organization holds FSC and PEFC certificates with transfer system implemented (for this evolution FSC CoC system was used). The point of purchase varies, and can be either FOB or CIF at different ports in the world.

The scope of the evaluation includes all material procured as well as further trade. When the material is purchased it can be either delivered directly to the client by vessel or delivered to storage facilities in Tyne and then sold to the client. In Tyne harbour, physical separation of material is implemented. The material can potentially be sold to different customers in Europe and therefore the point of sale is very variable. The material is mostly delivered to ports in Europe but it can be also sold at the same port where the material was purchased.

Description of the scope: Procurement of wood pellets for the generation of electricity and heat, further sales and transportation to Europe.

The scope of the certificate does not include Supply Base Evaluation.

<table>
<tr><th>Scope Item</th><th colspan="4">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="4">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="4">Trader with physical possession</td><td>☐</td></tr>
<tr><td rowspan="5">Input Material Categories:</td><td colspan="2">☐ SBP-Compliant Primary Feedstock</td><td colspan="2">☐ SBP-Compliant Secondary Feedstock</td><td rowspan="5">☐</td></tr>
<tr><td colspan="2">☐ Controlled Feedstock</td><td colspan="2">☐ SBP non-Compliant Feedstock</td></tr>
<tr><td>☐ SBP-Compliant Tertiary biomass</td><td colspan="3">☐ Post-consumer Tertiary Feedstock</td></tr>
<tr><td>☐ SBP-approved Recycled Claim</td><td colspan="3">☐ Post-consumer Tertiary Feedstock</td></tr>
<tr><td></td><td colspan="3"></td></tr>
<tr><td></td><td>☒ FSC</td><td>☒ PEFC</td><td>☐ SFI</td><td>☐ GGL</td><td>☐</td></tr>
</table>

Chain of custody system implemented:	☒ Transfer	☐ Percentage	☐ Credit	☐
Points of sales	☐ Harbour (including own handling of material)	☒ Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour	☐ Other point of sale (e.g. gate of the BP, boarder, railway station etc.)	☐
Provide name of all points of sales	- Tyne - -	- Different harbours all over the world	- - -	
Use of SBP claim:	☒ Yes	☐ No		☐
SBE Verification Program:	☐ Low risk sources only	☐ Sources with unspecified/ specified risk		☐
	New districts approved for SBP-Compliant inputs:			
Sub-scopes				☐
Specify SBP Product Groups added or removed:				
Comments:				

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.

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

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

Instruction documents:

5A: Collection and Communication of Data, 1.1, October 2016

5B Energy and GHG Data, 1.1, October 2016

5C Static Biomass Profiling data version 1.1, October 2016

http://www.sustainablebiomasspartnership.org/documents

5 Chain of Custody system

The organization has implemented the FSC and PEFC transfer system for biomass (wood pellets only) in the scope of the certificate. The process covers trade with biomass as well as storage of the material in Tyne harbour where physical separation is applied. The material from different suppliers is stored in the same warehouse but in separate piles and therefore is physically separated (due to the traceability reasons). The material from different suppliers can be mixed on one ship once it´s loaded. However, in such cases individual batches with different claims would remain the same on input and output by using mass balance to distinguish between different materials (in order to follow the GHG, profiling and batch specific characteristics of the material). Furthermore, the organization is storing material in Liverpool, Hull and Immingham. Material from these storage facilities is not traded, but only used for generation. In all cases material received is always at least EUTR compliant biomass. In case the material would be uncertified it would not be received and non-conforming product procedure would be followed.

Each purchased material is recorded in the internal system. These records include the certification status of the material and the sales documents always contain the same type and quantity of material as purchased.

The FSC and SBP claim is mentioned on the sales invoices. The sustainability characteristics for each batch are mentioned in 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 audit was carried out on 13th and 14th July 2017. Two days were needed for the onsite audit and harbour visit.

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Office,	OT, EC	13/07/2017 09.00-09.30
Interview with the SBP and CoC responsible person; review of procedures and any open NCR(s) if applicable	Office,	OT, EC	09:30-11.00
Interview with Purchasing department representative (material sourcing and reception, purchasing documents)	Purchasing department	OT, EC	11:00-13:00
Break			13:00-13:30
Interviews with the responsible staff members for different sections of the SBP and CoC control system (storage, shipping, labelling, sales documents)	Sales department, logistic department	OT, EC	13:30-14:30
Interview with legal department (compliance with relevant legislation)	Legal department	OT, EC	14:30 – 15:00
Review of the summary volume figures,	CoC responsible person	OT, EC	15:00 – 16:00
Internal team meeting		OT, EC	16:00-16:30

Presentation of the results of the first day of assessment	Office,	OT, EC	16:30-17:00
Physical separation of material	Storage facilities in Tyne	OT, EC	9:00 – 10:30
Travel			10:30 – 12:00
Energy data collection and calculation, management of SBP batches and sustainability characteristics	Office,	OT, EC	12:00-14:00
Internal team meeting	Office	OT, EC	14:00 – 14:30
Closing meeting*	Office,	OT, EC	14:30 – 15:00

OT – Ondřej Tarabus, EC – Elisa Coplo

6.2 Description of evaluation activities

Auditor team was welcomed in Drax Power head office in Selby and audit started with an opening meeting attended by James Hubbard, Kate Rozanska and Simon Jeffreys.
Lead auditor introduced the audit team, provided information about audit plan, methodology and aim of the audit. CB's approval related issues and confidentiality issues were covered as well.
After that auditor went through all applicable requirements of the standard covering management system, CoC, recordkeeping requirements. Later on the purchasing and sales offices were audited. During the process the overall responsible person for SBP system and other responsible staff having key responsibilities within the system were interviewed.

The second day of the audit started with site visit at storage facilities in Tyne focus on evaluation of physical separation of the certified material and traceability of the material supplied. After that the emission and energy data vere evaluated and the sustainability team was interviewed.

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

The organizaiton has submitted SREG after the audit which was also reviewed.

Composition of audit team:

Auditor(s), roles	Qualifications
Ondrej Tarabus, Lead auditor for SBP, 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.
Elisa CoploTrainee auditor for SBP Lead auditor for FSC and PEFC	Elisa holds an MSc in Business Strategy and the Environment and a Degree in Natural Science, and she has a professional background of several years in the landscape and construction industries. Elisa has been trained as a Lead Auditor for Chain of Custody and has years of experience auditing companies in UK, Ireland and Italy; since 2015, she is NEPCon UK Regional Manager.

7 Results

7.1 Compilation of data on Greenhouse Gas emissions

Drax Power has previous experience with compilation of GHG and therefore all processes were already in place and the previous experience was materialized. The responsible person has a good overview about the energy data of the supplies and the system for recording this data is well managed.

7.2 Competency of involved personnel

The main responsible person in the company is the Biomass Sustainability Assurance Manager – James Hubbard supported by other colleagues from the sustainability department. Kate Rozanska is responsible for energy data collection, the Shipping Logistics team for verification of the correctness of claims and inputting data into the system and the Commercial Services team for processing sales documentation. All interviewed personnel provided good understanding of the requirements in relation to SBP certification.

7.3 Preconditions

No open preconditions

8 Non-conformities and observations

8.1 Open Non-Conformity Reports (NCRs)

Not applicable.

8.2 Closed Non-Conformity Reports (NCRs)

NCR number: 11576 NCR 03/16	**NC grading:**	**Major** ☐	**Minor** ☒
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 6.2.1		
Description of Non-conformance:			
In case new version of SBP Standard No. 5 would be issued the organization would be aware about it due to the fact that is participating on development of SBP system and would also be informed by the CB. The SBP responsible person claims that in case the material would be purchased at the moment when new version of SBP Standard No. 5 would be issued, they would ask the supplier to send updated energy and carbon data. In case the material is not purchased yet it is a responsibility of the supplier to provide updated data. However, the process is not described in the SBP 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.		
NCR conformance deadline:	12 months from report finalization (10/08/2016)		
Client evidence:	The organization has provided the updated SBP procedure (V 2.0). The procedure contains the information about the material must be delivered according the requirements of the SBP standard No. 5 in case it changes.		
Evaluation of Evidence:	The new procedure was evaluated on July 10th 2017 after it was send to the CB. The procedure (point 9) clearly specifies that before the SAR can be provided to the purchasing counterparty it is necessary to ensure that the		

	data collected is certified against the latest version of Standard 5. If Standard 5 has been updated while DPL has had the biomass in its ownership, the counterparty that DPL purchased the biomass from will be requested to provide updated energy and carbon data in line with the requirements of the new Standard 5.	
NCR Status:	**Closed**	
Comments (optional):		
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 number: 11579 **NCR 05/16**	**NC grading:**	**Major** ☐	**Minor** ☒
Standard & Requirement:	Instruction Document 5A - Collection and Communication of Data - 5.2.1		
Description of Non-conformance:			
The organization is operating the storage facilities in Tyne. The information about the consumption of diesel and electricity during the storage and handling of the material was not provided. Considering the small amount of energy compared to the total energy this is considered as minor non-conformity.			
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.		
NCR conformance deadline:	12 months from report finalization (10/08/2016)		
Client evidence:	The data from storage facilities were provided to the auditor.		
Evaluation of Evidence:	The data about the diesel and electricity consumption from port of Tyne were evaluated and the calculation of the final values was verified.		
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 number: 11573 NCR 01/16	**NC grading:**	**Major** ☒	**Minor** ☐
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 5.3.2		
Description of Non-conformance:			
The system for calculation of the proportions of biomass outputs is in place. The sustainability department is responsible for this. However, the SBP procedure does not clearly specify what the sustainability characteristics are, the system does not contain GHG and profiling information code and therefore this would not be checked on the reception nor it is provided to the customer.			
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.		
NCR conformance deadline:	Precondition for issuance of the certificate		
Client evidence:	The organization has provided just after the on-site audit a set of documents including updated CoC procedure, CoC instruction document, print-screens from the internal database and excel sheets where the purchases and sales will be recorded.		
Evaluation of Evidence:	The auditor reviewed the set of documents including updated CoC procedure, CoC instruction document, print-screens from the internal database and excel sheets where the purchases and sales will be recorded and these revealed that the system was updated at sufficient level in order to allow the organization to provide the correct claims and other relevant documentation.		
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 number: 11575 NCR 02/16	**NC grading:**	**Major** ☐	**Minor** ☒
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 6.1.3		
Description of Non-conformance:			
Based on the interview with the SBP responsible person the organization does support the customers in applying their EUTR due diligence if requested. However, it is not stated in the 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.		
NCR conformance deadline:	12 months from report finalization (10/08/2016)		
Client evidence:	Updated CoC procedure - point 10.		
Evaluation of Evidence:	The auditor has reviewed updated SBP procedure and the point of this procedure provided assurance that customers will be supported in their DDS.		
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 number: 11577 **NCR 04/16**	**NC grading:**	**Major** ☒	**Minor** ☐
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 4B - 1.2		
Description of Non-conformance:			
The Trade Mark Licence Agreement was not signed at time of 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.		
NCR conformance deadline:	Precondition for issuance of the certificate		
Client evidence:	The organization has provided signed TLMA.		
Evaluation of Evidence:	Signed TLMA was reviewed.		
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 ☐		

8.3 Observations

OBS number: 16860 OBS 01/17	Standard & Requirement:	Instruction Document 5A - Collection and Communication of Data V-1.1 - 4.1
Description of findings leading to observation:	The organization has used the DTS (version 0.5) during the last audit period. However, during the verification of the data recorded in the DTS (based on PTSR) and the volume summary from the internal system it was identified that the volumes does not match. The responsible person for filling in the data into the DTS was aware about the current system. It was not possible to identify during the audit if the difference between the DTS and internal records (236.000 t) was caused by wrong register of the volumes by the suppliers in DTS or responsible person for internal records in the organization. As current version of the DTS (V0.5) is only testing version and there will be implemented new DTS (V1.0) in upcoming weeks it is expected that such mistakes will be eliminated in the future. However, it is recommended to identify the root cause of the discrepancies and correct it.	
Observation:	The organization shall have a system in place which assures that the material volume summary of the organization match with the PTSR from the DTS.	

OBS number: 16861 OBS 02/17	Standard & Requirement:	Instruction Document 5B - Energy and GHG Data V-1.1 - 3.3.1
Description of findings leading to observation:	The organization has not done sales of SBP material so far. The data will be recorded in the SREG as required by the SBP procedure. However, the organization has not provided any example of SREG to be verified correct use of this document.	
Observation:	The organization should provide example of SREG document with energy data which should be provided to the customer with the first SBP sale. The organization has provided the example of SREG just after the audit. The SREG was reviewed and considered to be correct.	

OBS number: 16862 OBS 03/17	Standard & Requirement:	Instruction Document 5B - Energy and GHG Data V-1.1 - 6.2.3
Description of findings leading to observation:	The organization has collected the energy data from the organization doing the work in the harbour. During the verification of the data it was identified that that Drax has discounted the power energy which is spend when no operation is taking place in the harbour. As this energy is still connected with Drax operation in the harbour (the storage is solely used for Drax material) it should not be discounted. Also, the value was taken from one month only and not updated since.	
Observation:	The organization should base the data about the power consumption during the storage on a sample of more than one month. Additionally, the total power energy consumption should be included in the power energy used during the storage activities.	

Please list of the non-conformities which are likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?

None

9 Certification decision

Based on Organisation's conformance with **SBP requirements, the auditor makes the following recommendation:**	
☒	Certification approved: No non-conformities raised
☐	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: **The certificate can be maintained**	
Certi**fication decision by: Olesja Puiso**	
Date of decision**: September 4, 2017**	
Next surrveilance audit should take place:	☐within 12 months ☐more frequently (please specify)

10 Surveillance updates

10.1 Evaluation details

Please see in a section: p.6.2. Description of evaluation activities.

10.2 Significant changes

No changes

10.3 Follow-up on outstanding non-conformities

See information about the NCR reviewed during the surveillance audit is section 10 of the report. 10. Non-conformities and observations

10.4 New non-conformities

Observations raised, for details see section 10 of the audit report

10.5 Stakeholder feedback

N/A

10.6 Conditions for continuing certification

It is recommended to maintain the certificate, no non-conformities identified during the audit

10.7 Certification recommendation

It is recommended to maintain the certificate

11 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	James Hubbard - SBP responsible person
Auditor(s):	Ondrej Tarabus, Lead auditor Elisa Coplo, Trainee auditor
People Interviewed, Titles:	James Hubbard - SBP responsible person Kate Rozanska - Sustainability Data Verification Officer Nicola Garrett – Compliance Manager Emma Smith – Compliance Analyst Siobhan Hagerty – Deputy Head of Legal Laura Craggs – Group Sustainability Compliance Manager Rachel Grima - Sustainability Analyst Tom Halstead – Biomass Buyer Sarah Young – International Logistics Officer Beth Clifford – Commercial Services Supervisor Kath Brook – Credit Controller Martin Harris – Head of Tax Ian Lightfoot - Port of Tyne Simon Jeffreys - Consultant support
Brief Overview of Audit Process for this Location:	See audit plan.
Comments:	N/A