

DNV GL Business Assurance Finland Oy Ab Evaluation of Ekman & Co AB Compliance with the SBP Framework: Public Summary Report

Third 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

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1 Overview

CB Name and contact:	DNV GL Business Assurance Finland Oy Ab
Primary contact for SBP:	Jyrki Sopanen
Current report completion date:	04/Oct/2019
Report authors:	Karina Seeberg Kitnaes
Name of the Company:	Ekman & Co AB, Polhemsplatsen 5, 3rd fl, SE-401 23 Gothenburg, Sweden
Company contact for SBP:	Katarina Stenseke, e-mail: Katarina.Stenseke@Ekmangroup.com
Certified Supply Base:	N/A (Biomass Trader only)
SBP Certificate Code:	SBP-05-08
Date of certificate issue:	21/Jun/2017
Date of certificate expiry:	20/Jun/2021

This report relates to the Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

Trading and shipping of wood pellets and wood chips from various harbours around the world to harbours in Europe for use in energy production. The scope of the certificate does not include Supply Base Evaluation.

Ekman & Co AB is a biomass trader based in Sweden. In the context of SBP, Ekman ships vessels of pellets or wood chips produced by SBP certified Biomass Producers in Russia, the Baltic Countries and USA to power plants in Western and Central Europe. The period of ownership begins when the pellets or the wood chips are loaded in to vessels on ships and ends when the wood pellets or wood chips are delivered to the client harbour (always FOB terms applied). There are no other processes involved other than shipping.

3 Specific objective

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

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

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Ekman & Co AB is a biomass trader organization with its head quarter based in Sweden. Ekman is a global sales and marketing organization, strategically aligning buyers and sellers of forest products around the world. Ekman is one of the world's leading sales and marketing organizations, focusing on the global forest industry. Ekman offers a wide range of services, covering the entire forest products supply chain from marketing, logistics, financial services, and risk management tools.

In the context of SBP, Ekman ships vessels of pellets or wood chips produced by SBP certified Biomass Producers in Russia, the Baltic Countries and USA to power plants in Western and Central Europe. The period of ownership begins when the pellets or the wood chips are loaded in to vessels on ships and ends when the wood pellets or wood chips are delivered to the client harbour (always FOB terms applied). There are no other processes involved other than shipping.

5.2 Description of Company's Supply Base

N/A. Ekman & Co AB is a biomass trader only.

5.3 Detailed description of Supply Base

N/A. Ekman & Co AB is a biomass trader only.

5.4 Chain of Custody system

Ekman & Co AB has valid Chain of Custody certificates, issued by DNV GL Sweden, for FSC (certificate DNV-COC-000499, expiry date 2020-10-31) and for PEFC (certificate 2012-SKM-PEFC-47, expiry date 2020-10-31). Both certificates include wood chips and pellets within their scopes.

The company applies the FSC transfer system and the PEFC Physical Separation system with physical separation in all phases. The scope of the FSC and PEFC system is trading of FSC and/or PEFC certified paper, pulp, fuel wood, wood chips and wood pellets without any conversion or processing.

Based on suppliers' invoices and delivery documentation and own sales invoices and delivery documentation, claims are being transferred correctly in both systems. The corresponding transfer system is applied for SBP as well, with wood pellets (and wood chips) transported in vessels on ships. All orders are delivered with FOB terms. Ekman is also aware of using the same SBP claims and SDI/batch specific coding system from the supplier invoices/transactions to the company's own sales invoices and transactions. Ekman maintains clear SBP volume summary of all transactions with inputs=outputs.

6 Evaluation process

6.1 Timing of evaluation activities

Activity	Date	Location	Persons involved	Duration
Audit planning, document review	September and October 2019	DNV GL office and home office, Espoo Finland	Lead Auditor	4 hrs
On-site audit	04 October 2019	Ekman & CO AB, Head Quarters, Gothenburg Sweden	Lead Auditor, SBP responsible, CoC systems' responsible, accountant	8 hrs
Report writing, assessment of corrective actions, technical review	October 2019	DNV GL office and home office, Espoo Finland	Lead auditor, Technical reviewer, Certification decision maker	4 hrs

6.2 Description of evaluation activities

Prior to the on-site audit, the auditor prepared the audit agenda and send it to the company, reviewed existing documentation and checked the DTS database for transaction data.

The on-site audit contained opening meeting, review of the Chain of Custody System, verification of the management system and GHG profiling data, and a closing meeting. Means of verification included document reviews, record reviews, interviews of responsible personnel and calculation verifications. Critical control points included verification of purchased raw material category (SBP-compliant biomass). During the audit, the SBP checklist report was completed.

After the audit, the auditor completed and finalized the report package and passed it further on to Technical Review.

6.3 Process for consultation with stakeholders

N/A. Ekman & Co AB is a biomass trader only.

7 Results

7.1 Main strengths and weaknesses

Ekman has a solid basis for SBP, as there is a proven COC system covering schemes (SBP, FSC and PEFC) in place and competent professionals in charge. Overall, the implementation of SBP requirements is rather simple in the Ekman context, since the company is a trader without any conversion or processing.

During the audit, it was noted that the SBP training of the Ekman personnel has been well implemented, especially with focus on the relevant administrative staff. The SBP responsible staff member has solid knowledge and experience with the SBP standard requirements. It was also noted that the responsible personal maintains good procedures for revising and updating existing written certification procedures to secure safe and good implementation.

7.2 Rigour of Supply Base Evaluation

N/A. Ekman & Co AB is a biomass trader only.

7.3 Collection and Communication of Data

Ekman & Co AB has years of experience for GHG calculations and profiling, as some clients have required GHG emissions data for wood pellets delivered also before the SBP certification.

In terms of SBP, the calculation consists of shipping emissions only, as all biomass is purchased and delivered with FOB terms – no handling, no loading or unloading take place during the period of ownership. The emissions are based on the vessel characteristics and distances given by the AXS Marine webtool and by the shipping company.

7.4 Competency of involved personnel

Based on the audit interviews, all personnel are aware of the SBP requirements even on detailed level and have the adequate competencies and knowledge for their tasks. For example, the accountants and CoC responsible have been involved in CoC systems and GHG profiling systems for years. Furthermore, the SBP responsible has been involved in the development of the SBP framework.

7.5 Stakeholder feedback

N/A. Ekman & Co AB is a biomass trader only.

7.6 Preconditions

None

8 Review of Company's Risk Assessments

N/A. Ekman & Co AB is a biomass trader only.

9 Review of Company's mitigation measures

N/A. Ekman & Co AB is a biomass 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.

NC number PA2-1-STD4-2018	NC Grading: Minor
Standard & Requirement:	SBP STD 4, 5.5.2
Description of Non-conformance and Related Evidence:	
During the audit, it appeared that one customer had requested the company to include 100% on the invoice, which the company had done to satisfy the customer, i.e. 100% SBP-compliant biomass. However, the SBP system does not include applying a percentage of the supplied biomass and the correct claim is simply SBP-compliant biomass.	
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:	Correct invoice with SBP certificate code and the products SBP claim.
Findings for Evaluation of Evidence:	The company's sales invoice for the only sale of SBP Compliant Biomass since the last audit included correct SBP code and SBP claim (SBP-compliant biomass).
NC Status:	Closed

NC number PA2-2-STD4-2018	NC Grading: Observation
Standard & Requirement:	SBP Std. 4, 5.4.1
Description of Non-conformance and Related Evidence:	
During the audit, it was noted that the supplier had written SPB instead of SBP on invoices (Supplier's SBP certificate code). The company had not noticed this although having system in place to check that suppliers include correct SBP code and claim.	
Timeline for Conformance:	Other

Evidence Provided by Company to close NC:	Examples of purchase documentation and transactions in the DTS database.
Findings for Evaluation of Evidence:	The company has clear procedures of checking incoming invoices and the transaction data in the DTS database. Suppliers invoices checked had correct SBP certificate codes. All transaction data correctly included in the DTS, including correct SBP claims and codes.
NC Status:	Closed

NC number PA2-3-STD5-2018	NC Grading: Observation
Standard & Requirement:	SBP Std. 5, 3.3.2
Description of Non-conformance and Related Evidence:	
SREG prepared by the company for each transaction. Examples corresponding to invoices and transactions checked during the audit and verified to include correct data. However, during the audit, the SREG reports were checked and verified but were found to be missing information in one section of the SREG reports: Address of carrier and information on Backhaul.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	SREG report completed with all data.
Findings for Evaluation of Evidence:	SREG report prepared by the company for one relevant transaction. Examples of corresponding invoice and other sales and shipping documents checked during the audit and verified to include correct data. The SREG report now included all information, including address of carrier and information on backhaul. The SREG report turned out later not to be relevant since the sale was credited and not sold as SBP-compliant biomass anyway. But the SREG report functions here as an example of completing the template correctly.
NC Status:	Closed

NC number PA1-1-STD5-2017	NC Grading: Minor
Standard & Requirement:	SBP Std. 5, instruction document 5B, 2.1.1, 3.3.1
Description of Non-conformance and Related Evidence:	
During the audit, the company became aware that they need to complete the SREG report with data for the end-user. The company downloaded the template from the SBP webpage and filled in one SREG report during the audit. It was not clear from the SBP standard if the SREG report is an annual report or one for each transaction=each batch. After the audit, the auditor communicated with the SBP and it was clarified that the biomass trader needs to complete one SREG report for each transaction made in the DTS. The company has not yet prepared one SREG report for each of the three transactions.	

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:	One SREG report prepared and issued for every transaction made in the DTS.
Findings for Evaluation of Evidence:	SREG prepared by the company for each transaction. Examples corresponding to invoices and transactions checked during the audit.
NC Status:	Closed

NC number PA1-2-STD5-2017	NC Grading: Minor
Standard & Requirement:	SBP Std. 5, instruction document 5B, 2.1.2; 2.1.4; 6.1.2; 6.1.7
Description of Non-conformance and Related Evidence:	
The data in the SREG reports will be based on the setup excel sheet with data on transport at sea (vessels on ship), where the data will be recorded for each transaction. The company has prepared example of data calculations and maps with visualising the seaway. However, at the time of the audit, the data recordings for each transaction=each batch was not systematic and not fully recorded on: country of origin, total travel/haulage distance, place of departure and arrival, transportation means/type of vehicle, fuel type and consumption per day and no of days at sea.	
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:	Transaction volume summary with requested information and records prepared
Findings for Evaluation of Evidence:	Transaction volume summary received and found in good order with all required data, supported by supplier and shipping documentation, as well as cross-checked with transaction data in DTS.
NC Status:	Closed

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):	Kimmo Haarala, Technical Manager
Date of decision:	07/Oct/2019
Other comments:	Based on the Third Surveillance Audit, it has been shown that the management system implemented by the BP meets the requirements of the applicable SBP standards and the certificate remains valid.