

NEPCon Evaluation of Macquarie Physical Commodities LLC Compliance with the SBP Framework: Public Summary Report

www.sbp-cert.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.sbp-cert.org*

Document history

Version 1.0: published 26 March 2015

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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.net , +420 606 730 382
Report completion date:	13/Feb/2018
Report authors:	Ondřej Tarabus
Certificate Holder:	Macquarie Physical Commodities LLC, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom
Producer contact for SBP:	Jane Magill
Certified Supply Base:	N/A - Trader
SBP Certificate Code:	SBP-01-93
Date of certificate issue:	28/Feb/2018
Date of certificate expiry:	27/Feb/2023

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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

Macquarie Physical Commodities LLC is a bank trading with biomass. The organization is registered in US but the responsible people for biomass trading are based in London office. Macquarie Physical Commodities LLC is trader procuring wood pellets (and potentially wood chips) from different countries. The organization holds FSC CoC certificate with transfer system implemented.

The organization does not store the material, the point of purchase varies, and can be FOB/CIF/CFR/DES at different ports in the world and the material can potentially be sold to different customers worldwide 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 as well.

Description of the scope: Procurement of wood pellets and wood chips, further sales and transportation worldwide.

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

Scope Item	Check all that apply to the Certificate Scope				Change in Scope (N/A for Assessments)	
Approved Standards:	SBP Standard #4 V1.0; SBP Standard #5 V1.0 http://www.sustainablebiomasspartnership.org/documents				<input type="checkbox"/>	
Primary Activity:	Trader without physical possession				<input type="checkbox"/>	
Input Material Categories:	<input type="checkbox"/> SBP-Compliant Primary Feedstock	<input type="checkbox"/> SBP-Compliant Secondary Feedstock			<input type="checkbox"/>	
	<input type="checkbox"/> Controlled Feedstock	<input type="checkbox"/> SBP non-Compliant Feedstock				
	<input type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Post-consumer Tertiary Feedstock				
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock				
Chain of custody system implemented:	<input checked="" type="checkbox"/> FSC	<input type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>	
	<input checked="" type="checkbox"/> Transfer	<input type="checkbox"/> Percentage		<input type="checkbox"/> Credit	<input type="checkbox"/>	

Points of sales	<input type="checkbox"/> Harbour (including own handling of material)	<input checked="" type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour	<input type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)	<input type="checkbox"/>
	- - -	- Different harbours all over the world	- - -	
Provide name of all points of sales				
Use of SBP claim:	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No	<input type="checkbox"/>
SBE Verification Program:	<input type="checkbox"/> Low risk sources only	<input type="checkbox"/> Sources with unspecified/ specified risk		<input type="checkbox"/>
	New districts approved for SBP-Compliant inputs:			
Sub-scopes				<input type="checkbox"/>
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 transfer system for biomass (wood pellets and wood chips) in the scope of the certificate. The process covers trade with biomass without physical possession. In the future the organization might use some storages but if that would happen, no mixing of materials from different vessels or suppliers would be foreseen.

Each purchased and sold material is recorded in the internal system and it is checked that the volume, claim and other attributes match together. At the same time, DTS is filled in. 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 together with the batch ID.

6 Evaluation process

6.1 Timing of evaluation activities

The audit was carried out on 31st January 2018. One day was needed for the onsite audit.

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Office,	OT,	31/01/2018 09.00-09.30
Interview with the SBP responsible person; review of procedures, open non-conformities from last audit if applicable	Office,	OT,	09:30-11.00
Interview with Purchasing department representative (material sourcing and reception, purchasing documents)	Purchasing department	OT,	11:00-12:00
Interviews with the responsible staff members for different sections of the SBP control system (shipping, sales documents)	Sales department, logistic department	OT,	12:00-13:00
Break			13:00-13:30
Energy data collection and calculation, management of SBP batches and sustainability characteristics	SBP responsible person	OT,	13:30 – 15:00
Internal team meeting		OT,	15:00-15:30
Presentation of the results of the first day of audit	Office,	OT,	15:30-16:00

OT – Ondřej Tarabus,

6.2 Description of evaluation activities

Auditor was welcomed in Macquarie Physical Commodities LLC head office in London and audit started with an opening meeting attended by Jane Magill, Scott Learoyd and Lisa Lai.

Lead auditor introduced himself, provided information about audit plan, methodology and aim of the audit. Report 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. After that the emission and energy data were evaluated and the sustainability team was interviewed.

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

Composition of audit team:

Auditor(s), roles	Qualifications
Ondrej Tarabus	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.

7 Results

7.1 Compilation of data on Greenhouse Gas emissions

Macquarie Physical Commodities LLC has not previous experience with compilation of GHG but the applicable requirements for energy data to be recorded are very limited and contains only sea transport (and potentially storage of material in the future). 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 Commodities and Global Markets Managing Director – Jane Magill supported by other colleagues from the sustainability department. Lisa Lai is responsible for energy data collection and for verification of the correctness of claims and inputting data into the system as well as for processing sales documentation. Lisa Lai is responsible for shipping and logistics. 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)

NCR number: 19538 NCR 01/18	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Instruction Document 5A - Collection and Communication of Data V-1.1 - 2.1.3		
Description of Non-conformance:			
The organization has a procedure in place which describes who is responsible for collection of the data and how these data will be collected. However, it is not specified there that when purchasing the material the responsible person should check the SAR or SREG to verify if the end point match with the agreed end point in the contract.			
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:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		
Comments (optional):			

NCR number: 19539 NCR 02/18	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 5.5.2		
Description of Non-conformance:			
<p>No sales of SBP compliant biomass or SBP-controlled biomass took place so far. The SBP responsible person is aware about the applicable claims. The system is set up and correct SBP claim is implemented in the system.</p> <p>The instructions for the sales department contains the SBP claim.</p> <p>The organization in their contract specifies that the material provided by the supplier should be SBP certified but does not specifies exact claim which might cause problems in the future as the required SBP claim would not be clear. Additionally, the SBP claims were not mentioned during the SBP training provided to the workers.</p>			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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.</p>		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		
Comments (optional):			

8.2 Closed Non-Conformity Reports (NCRs)

8.2.1 Observations

OBS number: 19540 OBS 01/18	Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 6.1.2
Description of findings leading to observation:	<p>The organization does import material from non-EU countries – US and Canada but is not considered as first placer as the material is sold at the water before it arrives to the harbour.</p> <p>There is a whole department which is dealing with the DDS system for many different commodities. The responsible person is very well informed about what are the steps to implement proper DDS system and the risk is evaluated for each individual supplier.</p> <p>During the interview with the responsible person it was identified that the DDS system is not clearly described and is quite general. The organization should have a written procedures how the DDS system will be carried out.</p>	

	The organization does not plan to mix SBP-compliant and non-SBP compliant biomass. The vessel is always either certified or non-certified material and it is also stored separately.
Observation:	The organization should developed written procedures to have their DDS system better documented.

OBS number: 19541 OBS 02/18	Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 6.4.1
Description of findings leading to observation:	<p>The SBP procedure (point 19) designate the process which shall be followed in case of any complaints.</p> <p>The complaint mechanism specifies that SBP will be informed only in case the organization can not resolve the complaint. SBP should be informed each time substantial complaint is received. As the responsible person is aware about the requirement this is classified as an observation.</p>	
Observation:	The organization should assure that any substantial complaint will be shared with SBP within the deadline.	

8.2.2 Non-conformities

None

9 Certification decision

Based on Organisation's conformance with SBP requirements , the auditor makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification approved: No non-conformities raised
<input type="checkbox"/>	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. The expiration of the certificate will be then 5 years.	
Certification decision by: Olesja Puiso	
Date of decision: 13.02.2018	
Next surveillance audit should take place:	<input checked="" type="checkbox"/> within 12 months <input type="checkbox"/> more frequently (please specify)

10 Surveillance updates

10.1 Evaluation details

Not applicable for the main evaluation

10.2 Significant changes

Not applicable for the main evaluation

10.3 Follow-up on outstanding non-conformities

Not applicable for the main evaluation

10.4 New non-conformities

Not applicable for the main evaluation

10.5 Stakeholder feedback

Not applicable for the main evaluation

10.6 Conditions for continuing certification

Not applicable for the main evaluation

10.7 Certification recommendation

Not applicable for the main evaluation

11 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Jane Magill - SBP responsible person
Auditor(s):	Ondrej Tarabus, Lead auditor
People Interviewed, Titles:	<p>Jane Magill – SBP responsible person</p> <p>Lisa Lai – Logistics</p> <p>Scott Learoyd - Logistics</p> <p>Onboarding: Michael O’nion (Vice President)</p> <p>Client Relationship: Miria Torres (Senior Vice President), Nicolas Ginman (Head of Pulp and Paper Sales)</p> <p>Legal: Philippa Rowe (Vice President)</p> <p>Environment and Social Risk: Claire Orton (Associate Director)</p>
Brief Overview of Audit Process for this Location:	See audit plan.
Comments:	N/A