

SBP

Sustainable Biomass Program

NEPCon Evaluation of Ørsted Bioenergy & Thermal Power A/S Compliance with the SBP Framework: Public Summary Report

Second Surveillance Audit

www.sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 1.2

*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

© Copyright The Sustainable Biomass Program Limited 2018

Table of Contents

1	Overview
2	Scope of the evaluation and SBP certificate
3	Specific objective
4	SBP Standards utilised
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
5	Description of Company, Supply Base and Forest Management
5.1	Description of Company
5.2	Description of Company's Supply Base
5.3	Detailed description of Supply Base
5.4	Chain of Custody system
6	Evaluation process
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
7	Results
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Compilation of data on Greenhouse Gas emissions
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
8	Review of Company's Risk Assessments
9	Review of Company's mitigation measures
10	Non-conformities and observations
11	Certification recommendation
12	General information

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:	08/Jun/2018
Report authors:	Rebecka McCarthy
Name of the Company:	Ørsted Bioenergy & Thermal Power A/S
Company contact for SBP:	Peter Kofod Kristensen
Certified Supply Base:	N/A -Trader
SBP Certificate Code:	SBP-01-22
Date of certificate issue:	27/Jun/2016
Date of certificate expiry:	26/Jun/2021

This report relates to the Second Surveillance Audit

2 Scope of the evaluation and SBP certificate

Ørsted Bioenergy & Thermal Power A/S (here after called Ørsted) is an energy producer from Denmark combusting biomass at different power plants. The SBP certification scope however contain trading activities only. Ørsted is trading both pellets and chips and the material is sourced from different parts of the world. Wood pellets are mostly sourced from Baltic countries, Poland, Russia, Belorussia, Germany, Sweden, Portugal, Spain, US and Canada. The chips are traded from Denmark, but possibly also from Norway, Germany, UK or Baltics countries. The organization is FSC and PEFC certified with transfer system implemented. The point of purchase varies, and can be FOB, CIF or CFR. When the material is purchased it is delivered directly to the client by vessel or sold at the same port as purchased. The scope of the certificate does not include physical possession of the material. The material can be sold to different customers in Europe (e.g. Denmark, UK, Nederland, Germany or Sweden). The point of sale is also very variable. The material is mostly delivered to ports in Europe, but it can also be sold out at the same port where the material was purchased.

Scope description: Trading and transportation of wood pellets and wood chips for use in energy production to Europe. The scope of the certificate does not include Supply Base Evaluation.

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 and PEFC system control points, analysis of the existing FSC and PEFC CoC system;
- Interviews with responsible staff;
- Review of 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

N/A - Trader.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Ørsted is an energy producer from Denmark combusting biomass at different power plants. The SBP certification scope contain trading activities only. Ørsted is trading both pellets and chips and the material is sourced from different parts of the world. Wood pellets are mostly sourced from Baltic countries, Russia, Portugal and US. The chips are sourced mainly from Denmark, Norway, France and the Baltics countries. The organization is FSC and PEFC certified with transfer system implemented. When the material is purchased it is delivered directly to the client by vessel or sold at the same port as purchased. The material can be sold to different customers in Europe (e.g. Denmark, UK, Nederland, Germany or Sweden). The point of sale is also very variable. The material is mostly delivered to ports in Europe, but it can also be sold out at the same port where the material was purchased.

5.2 Description of Company's Supply Base

N/A - Trader.

5.3 Detailed description of Supply Base

N/A - Trader.

5.4 Chain of Custody system

The organization holds a FSC and PEFC CoC certificates with transfer systems and physical separation and without physical possession. Both certificates have biomass (wood pellets, wood chips and fuel logs) in the scope of the certificate.

The material is purchased from different suppliers in all over the world and sold either at the same harbour (FOB, CFR or CIF incoterm conditions) or during the transport itself (which is much less common case). Each purchased material is recorded including the certification status of the material and the sales always contain the same type and quantity of material as purchased.

The FSC, PEFC and SBP claims are mentioned on the sales invoices. The sustainability characteristics for each batch are foreseen to be switched from supplier to customer directly.

6 Evaluation process

6.1 Timing of evaluation activities

The annual audit was carried out on 22nd May 2018. For the on-site audit, see overview schedule below. Additionally, half day was needed for the documentation review.

Activity
10:00 Opening meeting (via Skype or video link)* <ul style="list-style-type: none"> • Presentation of participants • Changes in the organization since last audit • Changes in standards and requirements
Review of Documented Control Systems for FSC, PEFC and SBP <ul style="list-style-type: none"> • FSC Product Group Schedule • FSC Supplier Records • FSC Volume data • SBP internal procedures • SBP Energy and GHG Calculations, including DTS system • SBP Training records • SBP Trademark use
12:00 Lunch break
Interviews with staff responsible for purchase
Interviews with staff responsible for sales
Evaluation of energy data collection
Auditor summarizes the evaluation
14:00 Closing meeting*
14:30 End of audit

* It is expected that management will be present during opening and closing meeting.

6.2 Description of evaluation activities

The SBP lead auditor was welcomed in Ørsted office in Gentofte. The FSC and PEFC CoC lead auditor and administrative staff was participating through video link from the Ørsted office in Skærbæk, Fredericia. Audit started with an opening meeting where SBP lead auditor introduced the audit team, provided information about the audit plan, methodology and aim of the audit. CB's approval related issues and confidentiality issues were covered as well.

After that auditors went through all applicable requirements of the standard covering management system, CoC, recordkeeping requirements, emission and energy data and verification of SBP-compliant biomass.

Later on the purchasing and sales functions was audited. During the process overall responsible person for the SBP system and over responsible staff having key responsibilities within the system was interviewed.

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

6.3 Process for consultation with stakeholders

N/A - Trader

7 Results

7.1 Main strengths and weaknesses

Ørsted is mainly buying biomass for production of heat and power, but also sell part of the purchased biomass. The organization's SBP activities are quite straight forward and involves trading activities where transport can be involved during Ørsted's ownership. Ørsted has a descriptive procedure addressing most of the requirements in standard 4 and 5 including instruction notes. Relative to the size of Ørsted, it is only a small group of people that is working with SBP related activities and the responsible staff showed good knowledge about the SBP system and how it will be implemented in the organization.

For weaknesses, see the non-conformity section

7.2 Rigour of Supply Base Evaluation

N/A - Trader

7.3 Collection and Communication of Data

The organization collects and communicates GHG and energy data when they are involved in transport. The organization has competence for this activity and communicates the results via SREG to the customer.

7.4 Competency of involved personnel

The personnel involved in the SBP certification is well aware about their responsibilities and how the standard is implemented in the organization. The overall responsible staff showed good knowledge about the SBP system and its requirements.

7.5 Stakeholder feedback

N/A - Trader

7.6 Preconditions

No preconditions remain in the audit report.

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.

N/A - Trader

Table 1. Final risk ratings of Indicators as determined BEFORE the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

Table 2. Final risk ratings of Indicators as determined AFTER the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

9 Review of Company's mitigation measures

N/A - Trader.

10 Non-conformities and observations

Identify all non-conformities and observations raised during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. Click on the [+](#) symbol on the right bottom corner of the table to repeat the table. 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 01/18	NC Grading: Minor
Standard & Requirement:	Standard #5, Instruction Note 5B, requirement 3.3.1 and 6.1.7
Description of Non-conformance and Related Evidence:	
The organization has not sold much biomass where they are responsible for the transport. The responsible person has filled out SREGs for each of these transports, but has not reported energy use for the vessels. The organization had not always filled out the right incoterms as described on the selling contract.	
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:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 01/16	NC Grading: Observation
Standard & Requirement:	Standard #4, Instruction Note 4B, requirement 1.3
Description of Non-conformance and Related Evidence:	
2016: The organization claims that they will not use SBP trademark and in case they will the trademark should be used in line with SBP requirements. However, the SBP procedure of the organization does not provide link to any SBP standard where the individual requirements could be found. 2018: The responsible person is aware about this requirement. The organization did not have the trademark requirements fully covered in their SBP procedure, but the organization does not plan to use the trademark, with the exception of using it in the annual report. The organization has used the SBP logo in their annual report (audit 2018), but the usage is by auditor used correctly. The organisation has a TLA and approval for the	

use from SBP. Exhibit 1a.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	The organization has directly after the audit followed up with an updated procedure where there is a link to the SBP guidance for certificate holders. Exhibit 1b.
Findings for Evaluation of Evidence:	The auditor finds this measure sufficient to close the observation.
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):	Olesja Puiso
Date of decision:	18/08/2018
Other comments:	<i>Click or tap here to enter text.</i>

12 General information

Dispute resolution: If NEPCon clients encounter organisations or individuals having concerns or comments about NEPCon services, these parties are strongly encouraged to contact the relevant NEPCon regional office or any member of the NEPCon Chain of Custody Programme. Formal complaints and concerns should be sent in writing.

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>