

SBP

Sustainable Biomass Program

NEPCon Evaluation of Vattenfall Energy Trading Netherlands N.V. 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 1.3

*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:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus ot@nepcon.org, +420 606 730 382
Current report completion date:	29/Oct/2018
Report authors: :	Ondrej Tarabus
Name of the Company:	Vattenfall Energy Trading Netherlands N.V.
Company contact for SBP:	Gabriele Rahn
Certified Supply Base:	N/A
SBP Certificate Code:	SBP-01-49
Date of certificate issue:	07/Nov/2016
Date of certificate expiry:	06/Nov/2021

This report relates to the Second Surveillance Audit

2 Scope of the evaluation and SBP certificate

Audit scope description: Trading and transportation of wood pellets and wood chips, for use in energy production, to Europe, USA and Asia. 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.sbp-cert.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 type="checkbox"/> Transfer	<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit		<input type="checkbox"/>
Points of sales	<input checked="" 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"/>

Provide name of all points of sales	- Riga	- DAP and FOB purchase, sales DAP and CIF - different harbours in Europe, USA and Asia	- - -	
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	N/A			<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;
- Interviews with responsible staff;
- Review of the records and calculations

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

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Vattenfall Energy Trading Netherlands N.V. (henceforth VET NL), Amsterdam, located in Hamburg, is the energy trading office of Vattenfall, Sweden, and the sister company of Vattenfall Energy Trading GmbH, located in Hamburg, Germany. The SBP certification scope contains trading activities only. VET is trading pellets and chips and the material is sourced from different parts of the world with a focus on USA, Canada, Baltics, Portugal and North-west Europe. The organization holds a FSC CoC certificate with the certificate number CU-COC-839814. The CoC system is based on a credit system (for details see below). The purchase is made FOB or DAP and sales DAP or CIF, and the GHG emissions occur during transport, handling and storage of the biomass. The scope of the certificate does include physical possession of the material in one Baltic harbour. The material is at the time of the audit sold to different customers over the world.

5.2 Description of Company's Supply Base

N/A

5.3 Detailed description of Supply Base

N/A

5.4 Chain of Custody system

The organization has implemented both the FSC credit and transfer system for biomass (wood pellets and chips) in the scope of the certificate (CU-COC-839814). The process covers trade with biomass without physical possession or with physical possession in one Baltic harbour. The material is sourced from different parts of the world with a focus on USA, Canada, Baltics, Portugal and North-west Europe.

Once the material is purchased it is either directly sold to the customer (transfer system) or stored in one Baltic harbour (different locations) and sold from this harbour (in which case credit system applies). The storage location is defined for each material based on the supplier and certification claim by the head office in Hamburg. This information is given to the workers at the harbour.

The credit account is set up with monthly claim period and thus updated monthly. When the supplier invoice arrives, the material is recorded in the internal system and this volume (if certified) at the end of the month recorded on the SBP credit account.

The organization keeps separate credit account for each storage and each supplier which provides the assurance that the material with different SDI is not mixed. The organization plans to keep this system in the future as well.

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 and SBP claim is mentioned in the DTS. The sustainability characteristics for each batch are also included. This consist of the SDI from the Biomass producer, and GHG data relating to the transport, which are updated by VET NL.

6 Evaluation process

6.1 Timing of evaluation activities

The annual audit was carried out on August 16, September 10th and 26th 2018. One and half day was needed for the desk-based audit and additional half day for the documentation review.

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Desk Based – phone conference	OT	16.08.2018 09.30-10.00
Interview with the SBP responsible person; review of procedures	Desk Based – phone conference	OT	10:00-10.30
Interview with Purchasing department representative (material sourcing and reception, purchasing documents)	Desk Based – phone conference	OT	10:30-11:00
Interviews with the responsible staff members for different sections of the SBP control system (shipping, sales documents)	Desk Based – phone conference	OT	11:00-11:30
Energy data collection and calculation, management of SBP batches and sustainability characteristics	Desk Based – phone conference	OT	11:30 – 12:00
Presentation of the results of the first day of assessment	Desk Based – phone conference	OT	12:00-12:30
Evaluation of the chain of custody system (physical separation, traceability, interview with workers)	Port warehouse in seaport Riga Nordic Terminal,	GK	10.09.2018 10:00 – 13:00
Evaluation of the chain of custody system (physical	Port warehouse in seaport Logistika AG,	GK	26.09.2018 10:00 – 13:00

separation, traceability, interview with workers)			
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OT – Ondrej Tarabus, GK – Girts Karss

6.2 Description of evaluation activities

Audit started with an opening meeting attended by Gabriele Rahn, Sarah Drees, Christoph Donner and Christian Jaore. The audit took place online via phone conference with all responsible workers.

Lead auditor introduced himself, provided information about audit plan, methodology and aim of the annual audit. The Certification Body’s approval process and confidentiality approach were covered as well.

After that auditor went through all applicable requirements of the standard covering management system, CoC, recordkeeping requirements, DTS records, emission and energy data and verification of SBP compliant biomass. Later on the purchasing and logistics functions were audited. Overall responsible person for the SBP system and staff having key responsibilities within the system was interviewed during the audit process.

After the audit with the main office evaluation of the storage sites in Riga took place. There are two storage providers (Logistika and Riga Nordic Terminal with 3 storage sites in total). The auditor applied sampling 0.8 x √number of sites which resulted of two onsite visits. These were done in separate days on 10 and 26 September.

During the closing meeting, the lead auditor presented the outcome of the audit and further actions to be taken were discussed.

Composition of audit team:

Auditor(s), roles	Qualifications
Ondrej Tarabus Lead auditor 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.
Girts Karss Lead Auditor, NEPCon Latvia	Works for NEPCon since 2011 Girts Karss holds MSc in Environmental Science from the Lund University and the University of Latvia. He has passed the Rainforest Alliance lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC lead auditor qualification. Girts Karss has conducted of FSC Chain of Custody audits in wood industry companies in Latvia and FSC forest management assessments and annual audits in Baltic countries and

	<p>Russia. Girts had completed SBP training course and obtained a SBP auditor qualification. He has participated in capacity of auditor and lead auditor in a number of SBP assessments, scope change and annual audits including SBE in Latvia.</p>
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6.3 Process for consultation with stakeholders

N/A

7 Results

7.1 Main strengths and weaknesses

Good overview of SBP system in general. The credit system as the CoC system is easy to follow as it is done for each storage site separately. The activities were moved from Amsterdam to Hamburg and the same personnel is in charge of purchasing and sales which eliminates any possible mistakes.

For the weaknesses, see open NCR in section 10

7.2 Rigour of Supply Base Evaluation

N/A

7.3 Collection and Communication of Data

VET NL is responsible for emission occurred during transport, storage and handling of the material. The organization has well implemented the measures to calculate the energy from transport and has used default values for energy from storage and handling of the material which was accepted considering the insignificant amount of energy used during storage and handling. The default values are realistic

7.4 Competency of involved personnel

The main responsible person in the company is Gabriele Rahn, Manager Biomass Business Development. The overall responsible person showed very good understanding of the requirements in relation to SBP certification and of the already implemented FSC CoC system. All other interviewed staff showed good competence, good awareness of standard requirements and own responsibilities.

7.5 Stakeholder feedback

N/A

7.6 Preconditions

N/A

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

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

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.*

Open Non-Conformity Reports (NCRs)

NCR number: 23651	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 5.1.2		
Description of Non-conformance:			
<p>The organization has implemented credit system for their trading activities. The material is verified during the purchasing process, the certification status is evaluated together with the supplier certification and if everything is correct than the material is uploaded to the credit account.</p> <p>The organization keeps a separate credit account for each supplier and assures that the SDIs are not mixed. There is a separate credit account for FSC and SBP. As for the SBP account, the volumes were crosschecked with the DTS data and it was revealed that the values are correct.</p> <p>However, the organization (while applying the 24 month rule for accumulation of the claims) is counting with previous 24 months and the actual month which gives 25 months in total. As the organization has not yet reached 2 years with accumulation of the certified material on their credit system, this non-conformity is thus classified as minor.</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):			

Closed Non-Conformity Reports (NCRs)

NCR number: 17557	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 5.1.2		
Description of Non-conformance:			
<p>The organization has implemented simple physical separation system for their trading activities. The material is check during the purchasing process in the Hamburg office and information in which storage the material shall be placed is given to the logistic company before the material arrives. The logistic company records also the claim of the material and provide this information back to the Hamburg office. It was identified during the site visits that there were wrong FSC claim recorded in the FSC certified materials (FSC MIX instead of FSC CW). As the main document which defines if the material is SBP certified or not is invoice delivered directly to the Hamburg office and DTS this is considered as minor non-conformity.</p>			
Corrective action request:	<p>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.</p>		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:	<p>The organization has changed the CoC system to credit and the claims are not controlled at the port anymore as they all arrive to the HQ of the organization where are verified. Additionally, all claims are recorded in the DTS and each operation must be approved by both the seller and buyer before it can be completed which provides additional control over the claims passed.</p>		
Evaluation of Evidence:	<p>The purchases done through the DTS as well as interview with responsible person and cross check with the credit account was done by the auditor and it was revealed that all claims are recorded correctly.</p>		
NCR Status:	Closed		
Comments (optional):			

NCR number: 17558	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 5.2.7		
Description of Non-conformance:			
The audit revealed that for each material delivered the SBP claim is received and correctly recorded in the internal system and DTS. However, it was identified that one invoice from supplier Gairelita did not contain the SBP claim but in the DTS the material was received as SBP compliant while in the internal system the SBP claim was SBP controlled.			
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:	The organization has provided sample of purchase invoices as well as DTS report to support the correct and complete claims received. Since the last reporting period, no claim is required on the purchasing documents.		
Evaluation of Evidence:	The purchases in the DTS were evaluated and the claim as well as volumes at the input and output were checked.		
NCR Status:	Closed		
Comments (optional):			

NCR number: 17559	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:			
Sales of SBP compliant biomass or SBP- controlled biomass took place already. There are only two customers. The sales invoices were verified during the audit. It was revealed that in some case the formal claim was not used and claim “SBP compliant wood pellets” was used instead.			
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 all the sale transfers in the DTS.		
Evaluation of Evidence:	The organization has used DTS for passing the claim in the audit period. All claims used were correct and complete.		
NCR Status:	Closed		
Comments (optional):			

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):	Pilar Gorría Serrano
Date of decision:	29/Oct/2018
Other comments:	<i>Click or tap here to enter text.</i>