



DNV GL Business Assurance Finland Oy Ab Evaluation of Norsk Biobrensel AS 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

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018; re-published 3 April 2020

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1 Overview

CB Name and contact:	DNV GL Business Assurance Finland Oy Ab
Primary contact for SBP:	<i>Jyrki Sopanen /Jyrki.sopanen@dnvgl.com</i>
Current report completion date:	30/Mar/2020
Report authors:	Karina Seeberg Kitnaes
Name of the Company:	Norsk Biobrensel AS
Company contact for SBP:	Ole Kristian Hodnemyr
Certified Supply Base:	Norway
SBP Certificate Code:	SBP-05-05
Date of certificate issue:	04/Apr/2017
Date of certificate expiry:	03/Apr/2022

This report relates to the Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

Introduction

Norsk Biobrensel AS is a biomass trader and producer of wood chips based in Norway. In the context of SBP, Norsk Biobrensel purchases primary feedstock delivered by Norwegian PEFC certified suppliers at four harbour log yards/storages, where Norsk Biobrensel chips the roundwood to wood chips and loads the biomass onto ship vessels transported to the customer in Denmark.

The period of ownership begins when the feedstock is either 1) transported from the forest to the log yard at the harbour or 2) offloaded at the log yard at the harbour. The period of ownership ends when the biomass (wood chips) are loaded onto the ships (always FOB terms applied).

Scope

Purchase of primary feedstock (roundwood) and sale of wood chips for energy production. Purchase and sales at the Head Office of Norsk Biobrensel. The processes involve transport, chipping, storage and loading of wood chips at terminal facilities on four harbours in Norway. 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 Producer's 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. Norsk Biobrensel is PEFC COC certified and purchases PEFC certified feedstock with Norwegian origin from Norwegian PEFC certified suppliers.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Norsk Biobrensel AS is a Norwegian company under the NEG-gruppen. The company produces and trades wood chips. The company office is located in Kristiansand responsible for the trading, chain-of-custody and wood chipping. In the context of SBP, the company has four storage facilities at four Harbours in Norway. The raw materials are primary feedstock (roundwood) and secondary bark from sawmills, all originating from Norwegian forests, which are either occasionally chipped in the forest before transported to the permanent storage facilities at the harbor or transported as logs to permanent storage facilities at the harbour, where the wood is then chipped by a mobile chipper. The wood chips are loaded onto ships (FOB terms), where the buyer takes over the responsibilities. The company holds valid PEFC COC certificate. All feedstock supplies are exclusively from PEFC certified sources within the supply base.

5.2 Description of Company's Supply Base

Description of how the BP sources feedstock: The company sources feedstock from the supply Base: Norway and mainly from the two regions Telemark and Agder. The feedstock is supplied by the PEFC certified suppliers as primary feedstock, mainly as low grade roundwood from final harvest or occasionally as wood chips produced in the forest of origin or as residues roundwood from parks or landscapes. The feedstock is always purchased with the claim: 100% PEFC certified. The BP receives proof of origin and municipalities from their suppliers. No supply base evaluation required, so no link to the Supply Base Evaluation on the Company's website.

General description of the forest resources and forest management practices within the Supply Base:

Land use and forest composition: About 37 percent of the surface area in Norway is covered by forest. The total forested area amounts to 12 million hectares, including 7 million hectares of productive forest. 15 percent of the productive forest has been estimated as non-economic operational areas due to difficult terrain and long distance transport, which means that economical forestry may only be operated in 50 percent of the forested area. The most important species are Norway spruce (47%), Scots pine (33%) and birch (18%). Standing volume of forest is about 600 million cubic metres, compared with 300 million when the first national forest survey was carried out in 1919. The tremendous increase is a result of a forest policy with the main objective of restoring the forest resources. Each year the standing forest volume increases by approx. 20 million cubic metres through its annual ingrowth. The total annual harvest is less than 50 percent of this growth, which again means that the forest volume increases every year. There is approximately 75 000 km² of productive forest area in Norway, of which Telemark and Agder holds 10 828 km². Standing volume has been double since 1925 and the harvesting is less than the increment every year.

Land use and ownership status: The total forest supply base covers 12 million ha, with 9,6 million ha privately owned and 2,4 million ha publicly owned. Of the 12 mill. Ha, 9,1 mill ha is PEFC certified. There are a total of 125,000 forest holdings in Norway with more than 2,5 hectares of forest land. The average size is about 50 hectares. About 120,000 of these holdings are family owned. Small forest properties, the steep and varying terrain conditions and the alternating production possibilities have created great variations within the forest landscape. Approx. 80 percent of the forest is owned by families, mainly farmers that manage their

forest in combination with farming. State and community forests amount to 12 percent of the productive forest area, while 4 percent is owned by private companies.

The silvicultural practice in Norway includes regeneration, either by natural regeneration or planting, followed by nursing, 1-2 thinnings and final harvest. The final harvest is done on smaller size harvesting plots taking due account of nature values, landscape values and social values, which is monitored before and after harvest. Mostly, the forest operations are performed by contractors.

Socio-economic conditions: Forestry and the forest industry are important trades in Norway. In 2001, the gross production value for the forestry sector, including primary forestry and the forest industry, was valued at NOK 41,000 million (EUR 5,125 million). The export value was about NOK 17,000 million (EUR 2,125 million). Approx. 40,000 people receive their income from primary forestry and the forest industry. The forest activities provide about 7 million cubic meters of wood annually for the forest industry. An increasing part of the felling and transport of timber is taken care of by contractors. However, 15 percent of the forest owners are still working in their own forest with felling and/or transport during the winter season. The total work contribution in primary forestry is estimated to 5,000 man-years.

There is a year-round access for the general public to non-cultivated land in Norway. Free access is an ancient public right, and has since 1957 been stated by law. Motorised recreational activities are generally prohibited off road. A lot of people use the forest for recreational activities, both traditional and modern. The public has a right to walk anywhere in the forests, berries and mushrooms may be picked, and dry wood may be collected for campfires during the period mid-September to mid-April. There is a widely distributed web of marked walking-paths as well as prepared tracks for cross-country skiing to be used free of charge. Hunting and fishing are important activities for a large number of people. Hunting and fishing rights are the property of the landowners. Fishing licenses are available, to some extent also hunting licenses.

5.3 Detailed description of Supply Base

Norsk Biobrensel sources approx. 100 000 tonnes of primary feedstock (99%) from mainly Telemark and Agder and originating from PEFC certified forest managements or small amounts of secondary feedstock (1%) from PEFC certified sawmills and originating from same regions. The species are mainly *Picea abies* and *Pinus sylvestris*, and to some extent also *Populus* spp., *Populus tremula*, *Betula* spp., *Fraxinus excelsior*, *Quercus* spp., *Fagus sylvatica*, *Alnus glutinosa*, *Alnus incana* and *Picea sitchensis*. A more detailed quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report.

5.4 Chain of Custody system

Norsk Biobrensel holds a valid PEFC COC certificate (207927-2016-AE-NOR-NA) and purchases primary feedstock from five Norwegian suppliers, also holding valid PEFC certificates. All feedstock is purchased with the PEFC claim: 100% PEFC certified. The scope of the PEFC system is physical separation in all phases, with product categories 12000 Energy, 02010 fuelwood and others. Based on the reviewed supplier invoices, claims are transferred to sales documents. This system is applied for SBP as well, since the only processes are transport, storage, chipping and loading from storage facilities with only PEFC certified inputs from the PEFC certified suppliers delivering only PEFC certified feedstock and since all orders are delivered with FOB terms. Norsk Biobrensel sells the wood chips with the SBP claim SBP-compliant biomass and with the batch specific coding system used on the sales invoices at four end-points (not all used every year), which are four harbours.

6 Evaluation process

6.1 Timing of evaluation activities

Feb. 2020: Audit planning, document review (location: Home office and DNV GL office, Espoo Finland), performed by the Lead Auditor, Karina Seeberg Kitnaes and DNVGL staff responsible at DNV GL. Duration: ½ person-day.

28 Feb. 2020: PA3 On-Site audit (locations: Company Office of Norsk Biobrensel, and storage and chipping facility at the harbour) performed by the Lead Auditor Karina Seeberg Kitnæs (*biologist, M.Sc., approved SBP auditor, 24 years of professional international experience with forest biodiversity, forestry, forest industry, certification, Natura 2000 implementation, key biotope mapping from working as senior expert on targeted international projects in Northern, North-eastern and Eastern Europe and many other countries*) and with participation of BP representatives: the SBP responsible, COC systems responsible, managing director, accounting responsible. Duration: 1 person-day:

09:00-09:30 Opening meeting: Introduction of participants, roles and confidentiality; Short introduction of the company, SBP audit process overview

Review of open Non-compliances

09:30-14:00 SBP Standard 2: Verification of feedstock; incl. feedstock data, origin and Supply Base Reports

SBP Standard 4: Chain of Custody, incl. DTS records

SBP Standard 5: Collection and Communication of Data; and Instruction Document 5E - requirements review of data and records; SBP Audit Report for Energy and GHG data (SAR), Verification of profile and energy data, monitoring and calculations.

14:00-16:00 Site visit to storage facility: harbor (storage, receipt, measurement station, chipping, loader and end-point).

16:00-16:30 Closing meeting

Mar 2020: Off-site audit with system and procedures review, assessment of corrective actions, reporting, technical review (location: Home office and DNV office, Espoo Finland) performed by the Lead auditor, Technical reviewer and Certification decision maker. Duration: 1 person-days.

6.2 Description of evaluation activities

The audit method included: a) records verification, document and report review and interviews of staff regarding the management system descriptions, calculations and invoicing arrangements at the office and b) site visit at the measurement, storage and chipping facility at one of the two harbours used for storage in 2019.

The P3 On-site Audit contained:

- Review of all relevant data and records related to SBP Std. 2 on verification of feedstock, including calculation verifications, control of data on origin crosschecked with supply base and review of supply base reports in English and Norwegian. Completion of DNVGL checklist for std. 2.
- Review of all relevant data and records related to SBP Std. 4 on Chain of Custody, including volume calculation verification, classification and crosscheck with DTS database records
- Review of all relevant data and records related to SBP Std. 5 on collection and communication of GHG data and review and verification of data recorded and reported in the SAR for mobile chipping.
- Site inspection at storage and chipping facility at the harbour and tracking of timber batches and measurement and classification of feedstock.

Critical control points included verification of feedstock classification and category (SBP-compliant biomass; PEFC certified) within the defined supply base and checking the chain-of-custody volume accounting and supplier documentation thoroughly against DTS recordings, as well as the data and records available as specified in SBP std. 5 and the Instruction note 5E on collection and communication of data and the resulting SAR report for mobile chipping in correct format.

The P3 resulted in closure of nonconformities and no identification of new nonconformities.

6.3 Process for consultation with stakeholders

N/A. This is a surveillance audit.

7 Results

7.1 Main strengths and weaknesses

Norsk Biobrensel has a solid basis for SBP, as the supply base contains only certified inputs, the COC system is in place and the SBP system is rather simple in terms of risk management. The BP is PEFC certified as well as ISO 14001, ISO 9001 and There is also proven competent professionals in the management team of Norsk Biobrensel.

7.2 Rigour of Supply Base Evaluation

N/A

7.3 Collection and Communication of Data

In terms of SBP, the calculations consist only of transport, chipping and loading onto the ship (all biomass is delivered with FOB terms). Data calculation excel sheet has been prepared and data are either calculated on real data or by use of reference values (Biograce; Instruction document 5E). The baseline and general procedures are in line with the requirements in the Instruction Note 5E. The BP has prepared and maintained data for the SAR report for Woodchips with mobile chipping v2.0.

7.4 Competency of involved personnel

Norsk Biobrensel has only one employee, i.e. the managing director, while the CEO and the administration staff are shared with the sister companies under the holding NEG Gruppen through contract arrangements. Based on audit interviews, all personnel are aware of the SBP requirements on detailed level and have the adequate competencies and knowledge for their tasks. The managing director and the production manager has developed the SBP framework to be implemented by Norsk Biobrensel, while the CEO has overseen and approved the process and the accountant has been and will be instructed when the certification has been granted.

7.5 Stakeholder feedback

N/A. No comments received.

7.6 Preconditions

None.

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.

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.

NC number P2-STD2-2019-01	NC Grading: Observation
Standard & Requirement:	SBP STD 2, 5; 8.1-8.5
Description of Non-conformance and Related Evidence:	
The BP is considering to start purchasing non-certified feedstock of Norwegian origin, i.e. the following specialised types: 1) feedstock from arboricultural araising (domestic garden work purchased through recycling/waste stations) and 2) primary feedstock from road building projects performed by the Norwegian Public Roads Administration. If the BP decides to go ahead with this, the company should bear in mind to request CB for scope extension including SBE and to perform full SBE for these sub-scopes of the supply base, incl. RA, SVP and stakeholder consultation.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	Records of all feedstock purchased as 100% PEFC certified.
Findings for Evaluation of Evidence:	The BP has decided not to move on with SBE and thus not to use non-certified feedstock of Norwegian origin. No garden waste purchased nor sold as SBP compliant. For the road project, this has been a process related to the BPs PEFC certification and with PEFC Norway, where the final conclusion and result is that the feedstock from such projects are covered by the suppliers PEFC certificates and the BP purchases the feedstock as 100% PEFC certified and sells it as 100% PEFC certified (not involved in the SBP certification).
NC Status:	Closed

NC number P2-STD2-2019-02	NC Grading: Minor
Standard & Requirement:	SBP STD 4, 5.2.2
Description of Non-conformance and Related Evidence:	
During the audit it was identified that from one supplier, some of the invoices turned out to state "PEFC Controlled Sources" instead of 100% PEFC. Immediately after the audit, the company contacted the supplier about the mistake and the supplier confirmed by issue credit nota and new invoice that the	

feedstock was 100% PEFC certified. The company had not identified this during the reporting period and had thus not had sufficient purchase documentation control procedures in place to secure picking up the mistake.	
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:	Supplier invoices and delivery documentation for all purchased feedstock.
Findings for Evaluation of Evidence:	During the audit, all agreements, invoices and data on origin were checked. the BP has improved purchase documentation control. During the audit, invoices from one new supplier appeared to be missing correct PEFC claim. The BP immediately asked the supplier to correct the invoices. The supplier did so and all documentation was then in good order.
NC Status:	Closed

NC number P2-STD2-2019-03	NC Grading: Minor
Standard & Requirement:	SBP STD 4, 5.2.4
Description of Non-conformance and Related Evidence:	
During the audit it appeared that from one supplier, two small amounts were purchased as 95% PEFC certified + 05% PEFC controlled sources. The company had not realised that this must be reflected in the PEFC and SBP categorisation of the sold amounts to the customer.	
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:	Supplier invoices and delivery documentation for all purchased feedstock. BP sales documentation.
Findings for Evaluation of Evidence:	During the audit, all agreements, invoices and data on origin were checked. the BP has improved purchase documentation control. During the audit, invoices from one new supplier appeared to be missing correct PEFC claim. The BP immediately asked the supplier to correct the invoices. The supplier did so and all documentation was then in good order. The sales documentation with PEFC and SBP claims were correct.
NC Status:	Closed

NC number IA-01-2017	NC Grading: Minor
Standard & Requirement:	SBP STD 2_6.2-6.4SBP STD 5 Instruction Note 5C_4.1.1
Description of Non-conformance and Related Evidence:	
The BP has supplier declarations on forest of origin and has measurement list ID to trace back origin. The BP has planned to conduct annual sample of measurement lists with ID of origin to ensure that place of harvest is within the defined SB. But the BP has not specified nor implemented the annual sampling	

methodology of measurement list ID and origin stated by supplies to ensure that the place of harvest is within the defined SB.	
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:	The BP has gathered data from the suppliers on all regions of origin of the feedstock. Data available during the audit.
Findings for Evaluation of Evidence:	P1 audit: The BP has not updated this, nor implemented own developed system for sampling and checking forest of origin. Observation raised to a MINOR NC. P2 audit: The BP has requested suppliers to deliver data on all regions of origin and the BP has cross-checked this with supply base area and with supplier information. Several examples of origin seen.
NC Status:	Closed

NC number IA-05-2017	NC Grading: Major
Standard & Requirement:	SBP STD 5_Instruction Note 5A_2.2.4-2.2.6
Description of Non-conformance and Related Evidence:	
The company has set up system for Static Data Identifiers in the report and document templates but had not put the system correctly and therefore not correctly allocated the Static Data Identifiers - one for each scope-end-point - in the form: SBP--XX--YY--ZZ to be included in the SAR and profiling data sheets.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	List of SDI numbers, All transaction batch data, sales invoices delivery specifications, ID5B and ID5C reports, and transaction data in DTS with correct SDI numbers.
Findings for Evaluation of Evidence:	P1 audit: The BP has set up system for Static Data Identifiers and has put the system into action. The SDIs have been reported consistently in the DTS, the invoices and annex to the customer and in the SAR. The BP had used the ZZ position as a standard for each end-point and the AA position for forthcoming numbers for each month, while AA shall be 00 and only the ZZ shall be allocated in ascending linear numerical order. These incorrect SDIs have also been reported in the DTS. The BP cannot change these backwards, but must correct these for the remaining reporting period 2018. Minor NC raised to a MAJOR. P2: The BP has after the receipt of the audit reports and the last audit corrected the way of issuing correct SDI numbers. Now each transaction batch gets a correctly build number and thus having correct list of SDIs in transaction documents, sales documents, reports and DTS.
NC Status:	Closed

NC number P1-01-2018	NC Grading: Minor
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Standard & Requirement:	SBP Std 4, 5.5.2; instruction note 4B, 2.2
Description of Non-conformance and Related Evidence:	
The SBP claim is "SBP Compliant" on data sheet accompanying the BP's invoice to the customer. Only the following SBP claim is admitted: '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:	System and correct invoice with correct claim: SBP-compliant biomass
Findings for Evaluation of Evidence:	During the audit, the company showed not to have corrected the claim on invoices and delivery documentation. However also during the audit, the company revised the claim in the system and prepared an example of correct invoice with correct claim: SBP-compliant biomass.
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
Date of decision:	08/Apr/2020
Other comments:	Based on the assessment process, 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.