

NEPCon Evaluation of CM Biomass Partners A/S Compliance with the SBP Framework: Public Summary Report

Fourth 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:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus otarabus@nepcon.org, +420 606 730 382
Current report completion date:	07/Aug/2020
Report authors: :	Christian Rahbek, Lead Auditor
Name of the Company:	CM Biomass Partners A/S
Company contact for SBP:	Vera Basharina, vera.basharina@cmbiomass.com, Ph: +7 931 233 64 08
Certified Supply Base:	Not applicable - Trader
SBP Certificate Code:	SBP-01-24
Date of certificate issue:	04/Aug/2016
Date of certificate expiry:	03/Aug/2021

This report relates to the Fourth Surveillance Audit

2 Scope of the evaluation and SBP certificate

The organization is a trader with biomass sourcing the material from different parts of the world (e.g. Russia, Belarus, Portugal, Latvia, Estonia, Lithuania, Germany, Norway, Sweden, USA, Canada). The material is mostly traded through ports which are logistic sites (storage is provided by the transporter or the harbour) and or remote storage facilities, where the material is handled by the organization's subcontractors. The use of storage sites is included in the scope of evaluation.

The material is delivered to several destinations and customers in Europe. The point of sale is variable. The material is mostly delivered to ports in Europe.

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 surveillance audit was to confirm that the trader's management system is being implemented in accordance with SBP standard requirements applicable to traders, including the use outsourced storage functions, and maintaining conformance with SBP CoC and FSC CoC requirements, including activities handled by subcontractors.

This report documents the fourth annual surveillance audit, which also includes the audits of outsourced storage of loose bulk pellets at subcontracted warehouses at the harbours in St. Petersburg, Russia, Savannah, Georgia, USA, and Aarhus, Denmark. Due to the COVID-19 situation at the time of the audit, the sites at Savannah and St. Petersburg were audited remotely, while it was possible to carry on-site an audit at Aarhus.

The organization holds a valid FSC certificate with transfer and credit systems implemented. The point of purchase varies, and can be FOB, storage facilities in several ports, borders between the countries or EXW at the biomass production facility. The scope of the FSC certificate includes the use of outsourced storage facilities, and also includes the facilities used for storage of SBP pellets.

The scope of the evaluation covered:

- Review of the BP's documented procedures;
- Review of the storage / logistics processes,
- Review of FSC system control points, analysis of the existing FSC CoC system;
- On-site visits and desk audits of outsourced storage facilities
- Interviews with responsible staff;
- Review of the records and calculations on-site

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, Trader only.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

The organization is a trader with biomass sourcing the material from different parts of the world (e.g. Russia, Belarus, Portugal, Latvia, Estonia, Lithuania Germany, Norway, Sweden, USA, Canada). The material is mostly traded through ports which are logistic sites (storage is provided by the transporter or the harbour) and only in some cases (St. Petersburg, Riga, Liepaja, Grenaa, Aalborg, Aarhus, Fredericia, Ghent, Norrsundet and Savannah) it is a remote storage facility (where the material is handled by the organization's subcontractor). These remote storage sites are included in the scope of evaluation.

The material is delivered to several destinations and customers in Europe. The point of sale is variable. The material is mostly delivered to ports in Europe

5.2 Description of Company's Supply Base

Not applicable, Trader.

5.3 Detailed description of Supply Base

Not applicable, Trader.

5.4 Chain of Custody system

The organization holds a valid FSC certificate with transfer and credit systems implemented. The point of purchase varies, and can be FOB, storage facilities in several ports, borders between the countries or EXW at the biomass production facility. The scope of the FSC certificate includes the use of outsourced storage facilities, includes the facilities used for storage of SBP pellets.

6 Evaluation process

6.1 Timing of evaluation activities

The surveillance audit was carried out as a desk audit on April 30, 2020 of the Main Office in Nordhavn, Copenhagen, and on the same day a desk audit of storage in St. Petersburg, Russia, was also conducted.

Further outsourced storage facilities were audited on: April 22, 2020, Desk audit of storage in Savannah, GA, USA; and May 13, 2020, On-site audit at Aarhus, DK.

The audit activities at the office took approximately 6 hours. App. 1 hour was needed for each of the onsite audits at the terminal in Aarhus, Denmark; while app 0,5 hours for the desk-based audit of storage facilities. One half day was used for the documentation review and reporting process.

The audit activities of the main office in Nordhavn, Copenhagen, Denmark, was carried out concurrently with annual FSC and PEFC audits and followed the audit plan below:

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Office	CAR	30/04/2019 9.00 - 10.00
Interview with the FSC, PEFC and SBP responsible personnel; review of procedures	Office	CAR	10:00 - 12.00
Break			12:00 - 12:30
Interview with Purchasing department representative (material sourcing and reception, purchasing documents)	Purchasing department	CAR	12:30 - 13:30
Interviews with the responsible staff members for different sections of the SBP control system (shipping, sales documents)	Sales department, logistic department	CAR	13:30 - 14:30
Energy data collection and calculation (SREG), communication of SBP batches and sustainability characteristics	SBP responsible person	CAR	14:30 – 15:00

Presentation of the results of the audit.	Office	CAR	15:00 - 15:30
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6.2 Description of evaluation activities

Audit at the main office in Nordhavn, Copenhagen, Denmark (30/4/2020). See also the description of the audit process in the section above.

Due to the COVID-19 outbreak the audit was conducted as a desk audit of the CM Biomass Partners main office in Copenhagen, Denmark. The remote audit was carried out in MS Teams, with the use of additional phone interviews with staff member not participating in the MS Teams meeting. Throughout the audit, documents and screens were shared and reviewed, forming the base of the interviews with staff.

The audit started with an opening meeting with the responsible staff Vera Basharina and Evgeniya Kiselyova, with management representation from COO Michael Hjorth Christensen.

Lead auditor introduced himself, provided information about audit plan, methodology and aim of the assessment. CB's accreditation related issues and confidentiality issues were covered as well.

After that auditor went through applicable requirements of the standard covering management system, CoC, recordkeeping/credit systems and volume accounting requirements, and procedures for maintaining control systems at the sites. During the process overall responsible person for SBP system and staff having key responsibilities within the system were interviewed and applicable documents reviewed.

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

Audit activities were carried out at three of the outsourced storage facilities. Hence a minimum sample of $0.6 \times \sqrt{6} \approx 2$ was surpassed. Logistics sites have not been included in the audit sampling.

The storage sites in St. Petersburg, Russian and Savannah, Georgia, U.S.A. were audited remotely, using Skype and MS Teams, respectively. The site in Aarhus, Denmark, was carried out on-site.

All three audits at subcontracted storage sites included review of local procedures, responsibilities, storage records and schematics of the sites, along with interviews with the storage site representatives from the subcontractor and the CM Biomass Partners representative. Photos were provided as evidence for the physical products in stock and the facilities in general. For the site in Aarhus, Denmark, the actual storage facilities were inspected.

The site visits started with an opening meeting with the staff responsible at the sites.

Lead auditor introduced herself/himself, provided information about audit plan, methodology and aim of the assessment. CB's accreditation related issues and confidentiality issues were covered as well.

After that auditor went through applicable requirements of the standard covering management system, CoC, recordkeeping/mass balance requirements, and procedures for physical segregation and credit system as relevant at the sites. During the process overall responsible person for SBP system and staff holding key responsibilities within the system were interviewed and storage sites were attended.

Analysis of CCPs: Auditor has analysed the Critical Control Points of all SBP-related activities under the scope of the SBP certification of CM Biomass and has found that the main CCPs are the purchase documents verification, sales documents issuing at the main office and the physical handling and segregation at the

outsourced storage facilities. The organization has established strong procedures for double-check of the purchase and sales documents by the sustainability team, and is further aided by the DTS, which effectively mitigates the risk of passing incorrect SBP claim to customers. The physical handling at the outsourced storage facilities requires that the subcontractor is aware that the biomass cannot be mixed during accepting, storage and releasing. This is governed by the outsourcing agreements and good awareness and local procedures were found during the audits. Segregation is a strict requirement for all product or commodities handled by the subcontracted facilities, and as such very much common practice at these bulk terminals.

During the closing meeting auditor explained the results of the audit to COO Michael Christensen and to Certification Manager Vera Basharina and further actions were discussed.

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>

The composition of the audit team:

Name	Qualifications	Role/focus during audit
Christian Rahbek	M.Sc. (Forestry) from the University of Copenhagen. Has passed NEPCon Lead Auditor Training for FSC and PEFC FM and CoC certification. Experience from more than 9 years of SBP, FSC and PEFC CoC audits in Denmark and abroad.	Lead Auditor (SBP) Auditor (FSC) Auditor (PEFC)

6.3 Process for consultation with stakeholders

Not applicable, Trader only.

7 Results

7.1 Main strengths and weaknesses

The main strengths of the organization lie with its very comprehensive system for recording all movements of product volumes under its ownership, and the associated procedures for verification, tracking and recording of biomass volumes. The staff carrying the main responsibilities for the SBP CoC system and biomass sustainability characteristics showed excellent competence and dedication to implementing and maintaining the system during the audit.

No specific weaknesses of the organization's SBP certification has been identified.

7.2 Rigour of Supply Base Evaluation

Not applicable

7.3 Collection and Communication of Data

The organization collect and communicates all relevant transport and GHG data in SREGs are required by standard 5 and related Instruction Documents. The SREGs have been reviewed and compared with the equipment in the export harbours audited, and transport GHG data has been compared with technical data for the vessels used and the actual length and duration of the sea journeys. All reviewed data was found to be plausible and well-supported.

7.4 Competency of involved personnel

The overall responsible person in the company is COO Michael Hjorth Christensen, but the responsibilities in relation to maintaining and implementing FSC and SBP CoC systems are handled by Sustainability Manager Ms. Vera Basharina. Ms. Basharina showed very good knowledge of the system and is also responsible for training of employees.

7.5 Stakeholder feedback

There has been no stakeholder consultation process conducted in connection with this audit, and neither the CH nor the CB has received any comments or complaints pertaining any element of the CoC system since the certificate was issued.

7.6 Preconditions

Not applicable

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.

No applicable, trader only.

9 Review of Company's mitigation measures

Not applicable, 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.*

No NCRs identified during the audit.

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	03.08.2020
Certification decision by (name of the person):	Ojesja Puišo
Date of decision:	07.08.2020
Other comments:	