



NEPCon OÜ Evaluation of Gustaf Kähr AB Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

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1 Overview

Certification Body (CB) Name:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Rebecka McCarthy Tune
Audit team members:	Rebecka McCarthy Tune
Name of the Company:	Gustaf Kähr AB
Company legal address:	Dunderbergsgatan 10, 382 30 Nybro, Sweden
Company contact for SBP:	Bruce Uhler
Company contact email:	bruce.uhler@kahrs.com
Company website:	N/A
SBP Certificate Code:	SBP-07-47
Date of certificate issue:	30 Jan 2020
Date of certificate expiry:	29 Jan 2025
Audit closing meeting date:	16 Dec 2020
Audit cycle:	First Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
Primary Activity:	Biomass Producer	<input type="checkbox"/>
Approved Standards:	SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction; Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3	<input type="checkbox"/>
Includes Supply Base Evaluation (SBE):	No	<input type="checkbox"/>
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	<input type="checkbox"/>
Includes Group Scheme	No	<input type="checkbox"/>
Products	Pellets	<input type="checkbox"/>

Feedstock types:	Tertiary	<input type="checkbox"/>
Feedstock origin (countries):	Australia, Austria, Bosnia-Herzegovina, Bulgaria, Brazil, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Indonesia, Latvia, Lithuania, Moldova, republic of, Norway, Poland, Romania, Russia, Serbia, Sweden, Ukraine, United States	<input type="checkbox"/>
SBP-endorsed Regional Risk Assessments used: Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/	Not applicable	<input type="checkbox"/>
Chain of custody system implemented:	PEFC, FSC: PEFC: 2013-SKM-PEFC-67 FSC: DNV-COC-000027	<input type="checkbox"/>
	Credit	<input type="checkbox"/>

2.1 Description of the company

AB Gustaf Kähr (Gustaf Kähr) is a global parquet and wood floor producer located in southern Sweden. Gustaf Kähr have production in several locations and sales their floors in more than 70 countries. For the scope of the SBP certification, the only the Nybro site is included. For the production of parquet and wood flooring, Gustaf Kähr use stem-wood of oak and other hardwood species for the top layer and stem-wood of softwood species for the middle layer and backside. Gustaf Kähr implements its SBP system on dry sawdust originating from its secondary production of parquet and wood flooring in Nybro in southern Sweden. The sawdust is transported on a conveyor belt to the pellet plant where the material is transformed into wood pellets. The wood pellets are sold as either SBP-compliant, SBP-controlled biomass or without a certification claim (other biomass). Under a transition period when Gustaf Kähr still have non-certified and non-controlled material in its procession, Gustaf Kähr will implement a separation system in time. Pellets produced under this separation system will be sold without any SBP claim. Gustaf Kähr have a total of about 480 suppliers, whereof approximately 60 are either FSC or PEFC certified. About 40 % of the volume is FSC/PEFC certified and about 60 % is FSC Controlled Wood or PEFC Controlled Sources. The BP's supply base includes, can potentially contain wood from, the following countries: Australia, Austria, Bosnia-Herzegovina, Bulgaria, Brazil, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Latvia, Lithuania, Indonesia, Moldova, Norway, Poland, Romania, Russia, Serbia, Sweden, Ukraine, United States of America. The BP has chosen to implement a volume credit system and only source material that is eligible input to the SBP-system. Material that is purchased without PEFC or FSC claims are controlled under the BP's own PEFC Due Diligence System (DDS) for Controlled Sources. The BP holds both a valid PEFC (2013-SKM-PEFC-67) and FSC (DNV-COC/CW-000027) certificate, but the PEFC system is the underlying system for SBP implementations. The BP started up the production of wood pellets during the

first quarter of 2019. After production, the pellets are transported by truck to the storage facility located in the nearby harbour in the port of Kalmar, where the material can be stored until a vessel will be loaded. Pellets can alternatively be sold Ex Works at the factory gate in Nybro. The SBP-compliant biomass is expected to be sold at Kalmar harbour under the FOB incoterms alternatively be sold Ex Works at the factory gate in Nybro.

2.2 Detailed description of the Chain of Custody system

The BP has chosen to implement a volume credit system and only source material that is eligible input to the SBP-system. Material that is purchased without PEFC or FSC claims are controlled under the BP's own PEFC Due Diligence System (DDS) for Controlled Sources. The BP holds both a valid PEFC (2013-SKM-PEFC-67) and FSC (DNV-COC/CW-000027) certificate, but the PEFC system is the underlying system for SBP implementations. The BP has implemented a system for conversion factors for different layers of the floor in order to calculate the input of SBP-compliant/controlled feedstock that will enter the pellet plant and the credit system. The feedstock will already be dry when entering the pellet plant and therefore no conversion factors for moisture is needed. Available credits are recorded for the storage facility at the harbour when sales takes place.

3 Specific objective

The objective of this annual surveillance audit was to confirm that the Biomass Producer's management system ensures that all applicable requirements in Standard 2, 4 and 5 are implemented over the entire scope of the certification.

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Rebecka McCarthy Tune	4,0
2. On-site (excl. travel time)	Rebecka McCarthy Tune	11,0
3. Report writing	Rebecka McCarthy Tune	5,0
4. Other	N/A	N/A

<i>Audit Schedule</i>			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	Web-based Teams	Rebecka McCarthy Tune	01 Dec 2020/14:00
<i>On-site audit (desk-based)</i>	Web-based Teams	Rebecka McCarthy Tune	15 Dec 2020/8:30
<i>On-site audit (desk-based)</i>	Web-based Teams	Rebecka McCarthy Tune	16 Dec 2020/8:30

Auditor qualification

Auditor name	Role	Qualification
Rebecka McCarthy Tune	Lead auditor. Responsible for all audit aspects.	PhD in forestry and M.Sc. in forest management (Swedish University of Agricultural Sciences). Has passed the SBP (Sustainable Biomass Program) auditor training programme and the NEPCo Lead auditor training for FSC and PEFC FM and CoC certification. Has experience from certification within forest management (FSC / PEFC FM), traceability (FSC / PEFC CoC) and SBP. Rebecka also works with risk assessments of supply chains, education and support related to legality and the EU Timber Regulation (EUTR).

4.2 Description of evaluation activities

All SBP related documents connected to the SBP, as well as PEFC/FSC CoC system, was provided by the company prior to the audit. This including SBP and PEFC procedures, GHG data presentation and Supply Base Report. The audit started with an opening meeting attended by the SBP responsible person, pellet plant operative manager, purchasing manager, quality and safety manager and environmental and production manager.

The lead auditor introduced herself and provided information about audit plan, methodology, auditor qualification, confidentiality, and clarified certification scope.

After this, the auditor went through all applicable requirements of the SBP standards no. 2, 4, 5 and related instruction documents covering input clarification, existing chain of custody system, management system, SBP CoC system, recordkeeping/mass balances, emission and energy data, etc. During the process, the overall responsible person for the SBP system and other relevant staff were involved and interviewed.

The auditor visited the pellet production facility (through Teams video). Output of feedstock from the flooring industry was visually inspected since this is the entry point for SBP feedstock. The flooring industry itself is not part of the SBP scope, but records, CoC-system and other applicable features related to the flooring industry and that would affect the biomass production and input of feedstock was reviewed and evaluated.

At the end of the audit, findings were summarised, and conclusions based on use of 3 angle evaluation method were provided to SBP responsible person during the closing meeting. The following program was used as a guidance:

Activity

	Location	Auditor(s)	Date/time
Opening meeting*	Gustaf Kähr AB Main Office	RMcT	December 1st, 2020 14:00 – 15:00
Short opening meeting and presentation of agenda*	Gustaf Kähr AB Main Office	RMcT	December 15th, 2020 8:30 – 8:45
Documents and procedures review, including review of:			
- Supply Base Report			
- Management system			
- Training records	Office	RMcT	8:45 – 12:00
Lunch break			12:00 – 12:45
Chain of custody review (site tour); interview with feedstock reception department, production and shipping.	Production facilities, Offices	RMcT	12:45 - 14:30
Interview with Purchasing department representative			
- Feedstock invoices	Purchasing department	RMcT	14:30 - 15:00
Interview with Sales and Marketing department representatives			
- Biomass invoices	Sales department	RMcT	15:00 - 15:30
- DTS records			
Presentation of the results of the first day of assessment	Office	RMcT	15:30 - 16:00
Opening meeting	Office	RMcT	December 16th, 2020 8:30 – 8:45
Review of „SAR“ and GHG calculations, including data	Office	RMcT	8:45 – 11:45

records and documentation

Auditor's own time

Closing meeting*

Estimated end of the evaluation

Office

RMcT

11:45 – 12:00

Office

RMcT

12:00 – 12:30

12:30

4.3 Sampling methodology

A sample of all documents were taken during audit. Purchase invoices were randomly checked from a list of all invoices for different months from the period from last audit. All sales invoices was reviewed, since there was not many. SAR data was verified through summaries made by the BP and a sample of invoices these summaries were based on. Data collected from analyzing institute was observed and compared to the BP's summaries and mean values. Volume summaries where verified through purchase documents and DTS registrations and calculations of conversion factors were analyzed. Records in DTS were analyzed for abnormalities, but only few sales had taken place. The whole pellet plant was shown with camera during live streaming including entry of feedstock and output of biomass. One of three employees at the pellet plant was interviewed. All people involved in the administration of certification was interviewed regarding their responsibilities.

4.4 CB stakeholder engagement

No stakeholder consultation was conducted as part of this annual audit, and neither the BP nor NEPCon had received any comments from stakeholders in the reporting period.

4.5 Stakeholder feedback

No stakeholder consultation was conducted as part of this annual audit, and neither the BP nor NEPCon had received any comments from stakeholders in the reporting period.

5 Results

5.1 Main strengths and weaknesses

Strengths: The pellet plant is run by few people and is automatically driven. Therefore, only two employees and the pellet plant manager are involved on a daily basis. The input is all pre-consumed tertiary feedstock transported on a conveyor belt directly from the flooring factory to the pellet plant. There is no risk of mixing with other material at the pellet plant.

Weaknesses: The BP has a very high number of countries in their supply base and many people that have to be involved for correct classification of SBP-feedstock that cannot be mixed during production of SBP pellets. In some cases, the BP's own verification system for PEFC CS must be implemented. From now on all material is achieved with at least PEFC CS or FSC CW claims on invoices which decreases any risk related to this.

5.2 Rigour of Supply Base Evaluation

N/A

5.3 Collection and communication of data

The company provided the auditor with recoded data for energy use in the pellet plant. A separate meter for electricity consumption is installed at the pellet plant, recordings were the same as registrations shown on the screen in the control room. The data recorded in the SAR was evaluated to be correct. A few justifications were required before the SAR could be finalized.

5.4 Competency of involved personnel

All personnel that is involved with SBP certification have received appropriate training from external consultants that have been involved in the developing the management system. All relevant procedures and requirements have been covered in this training. The SBP responsible staffs have shown good understanding of the requirements in relation to SBP certification and of the PEFC/FSC CoC system that will be used for SBP material.

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

N/A

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
N/A	N/A	N/A	N/A

7 Non-conformities and observations

NC number NC-000019	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2C; 5.1 The SBR shall be formally updated every year (i.e. every 12 months). Each annual update shall provide actual values for the previous 12 months and forecast values for the following 12 months.
Description of Non-conformance and Related Evidence:	
The requirement is specified in written SBP procedure (Exh 1). The BP has provided an updated SBR, but actual values for the last reporting is missing in this update.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-000020	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.6 The BP shall implement a management review system, which has the authority to make appropriate improvements to the management system.
Description of Non-conformance and Related Evidence:	
The BP has a written procedure corresponding to this requirement (Exh 1). The Quality and Safety manager is responsible for performing the internal review and control. The SBP responsible person has the authority to make changes in the SBP procedures, but if it is necessity to make substantial changes in procedures, the SBP responsible person will bring this up with the top management for approval. The BP informed during interview that they have done an internal review of the SBP system in relation to their	

annual CoC audit. However, no proof was sent directly after the audit as discussed during the audit. Therefore, a minor non-conformity is raised on this point.	
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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-000021	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3
Requirement:	3.1.2 Each Legal Owner shall record data as specified in this Instruction Document (5E)
Description of Non-conformance and Related Evidence:	
The BP has filled out data in the latest version of the SAR document. However, some fields had incorrect data that needed update in accordance to the records shown during the audit (Exh 5 and 13).	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

8 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:	18 Jan 2021
Other comments:	N/A