NEPCon Evaluation of AKZ Compliance with the SBP Framework: Public Summary Report

www.sustainablebiomasspartnership.org
Completed in accordance with the CB Public Summary Report Template Version 1.0

For further information on the SBP Framework and to view the full set of documentation see www.sustainablebiomasspartnership.org

Template document history

CB Public Summary Report Template Version 1.0: published 26 March 2015

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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.net, T: +420 606 730 382
Report completion date: 02/Sep/2015
Report authors: Olesja Puiso
Certificate Holder: AKZ SIA, Matrozu iela 15, Riga, LV-1048, Latvia
Producer contact for SBP: Gints Hansons, Biomass Sales Manager, gints.hansons@akz.lv, T: +371 6732 7740
Certified Supply Base: Sourcing from Republic of Latvia, Lithuania, Russia (Pskov) and Belarus
SBP Certificate Code: SBP-01-02
Date of certificate issue: 29/Sep/2015
Date of certificate expiry: 28/Sep/2020

Indicate where the current audit fits within the certification cycle

<table>
<thead>
<tr>
<th>Main (Initial) Audit</th>
<th>First Surveillance Audit</th>
<th>Second Surveillance Audit</th>
<th>Third Surveillance Audit</th>
<th>Fourth Surveillance Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site in Aizkraukle, office in Riga and storage place in Riga Mersrags harbour.

The Organisation holds valid FSC COC and FSC Controlled wood certificate, covering both sawmill and pellet mill.

The organisation is using for biomass production only secondary feedstock: own wood industry residues coming from the Organisation’s sawmill and planning mill. No feedstock for production is sourced from external suppliers, except for the heating chips used for biomass drying.

All inputs delivered to the sawmill (and later on the residues from this production used for biomass production and for biomass driers) are FSC certified, FSC controlled wood or included in the Organisation’s FSC Controlled wood verification system. The material used in the biomass production originates from Latvia, Lithuania, Russia (Pskov region) and Belarus.

The Sawmill of the organisation is using logs as raw materials for its production. The origin of the round wood at the stump level is verified at the reception process based on: cutting licence number indicated in the supplier documentation, compartment or sub-compartment information in delivery documentation.

Scope of evaluation is indicated in the table below:

<table>
<thead>
<tr>
<th>Scope Item</th>
<th>Check all that apply to the Certificate Scope</th>
<th>Change in Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate Type</td>
<td>☑ Single ☐ Multi-site</td>
<td>☐</td>
</tr>
<tr>
<td>Approved Standards</td>
<td>SBP Standard #2 V1.0, SBP Standard #4 V1.0, SBP Standard #5 V1.0</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.sustainablebiomasspartnership.org/documents">http://www.sustainablebiomasspartnership.org/documents</a></td>
<td>☐</td>
</tr>
<tr>
<td>Primary Activity</td>
<td>Pellet Producer</td>
<td>☐</td>
</tr>
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<td>Input Material Categories</td>
<td>☐ SBP-Compliant Primary Feedstock ☐ SBP-Compliant Secondary Feedstock</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td>☐ Controlled Feedstock ☐ SBP non-Compliant Feedstock</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td>☐ SBP-Compliant Tertiary biomass ☐ Pre-consumer Tertiary Feedstock</td>
<td>☐</td>
</tr>
<tr>
<td></td>
<td>☐ Post-consumer Tertiary Feedstock ☐ SBP-approved Recycled Claim</td>
<td>☐</td>
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<tr>
<td>Chain of Custody system implemented</td>
<td>☑ FSC ☐ PEFC ☐ SFI ☐ GGL ☐ Transfer ☐ Percentage ☑ Credit</td>
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<tr>
<td><strong>Use of SBP Claim</strong></td>
<td>☑ Yes</td>
<td>☐ No</td>
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<tr>
<td>---------------------</td>
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<td><strong>SBP Verification Program</strong></td>
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<td>☐ Sources with unspecified/specified risk</td>
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<td>New districts approved for SBP-Compliant inputs:</td>
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<td><strong>Sub-scopes</strong></td>
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<tr>
<td>Comments:</td>
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</tbody>
</table>

Focusing on sustainable sourcing solutions

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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.

The scope of the evaluation covered:

- Review of the BP’s management procedures;
- Review of the production processes, production site visit;
- Review of FSC system control points, analysis of the existing FSC CoC/CW system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients; and
- GHG data collection analysis.
4 SBP Standards utilised

4.1 SBP Standards utilised

Standard 2 Verification of SBP-compliant Feedstock, Version 1.0, 26 March 2015

Standard 4 Chain of Custody, Version 1.0, 26 March 2015

Standard 5 Collection and Communication of Data, Version 1.0, 26 March 2015

Instruction document 5A Collection and Communication of Data, Version 1.0, 26 March 2015 was used for the evaluation as well.

http://www.sustainablebiomasspartnership.org/documents/standards-documents/standards

4.2 SBP-endorsed Regional Risk Assessment

Supply Base Evaluation is not included in the scope of the evaluation...
5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

BP is a biomass producer with a production situated in Aizkraukle, Latvia, office in Riga and storage site in Riga (Mangalsala harbour). At the same site is located the biomass production and also the sawmill (under the same ownership) which is the only supplier of the biomass producer.

Company is employing appr. 250 employees, seven of them are employed in pellets production site.

BP is sourcing only secondary feedstock for its production coming from the organisation’s own sawmill. The sawmill is using logs for its production and is providing pellet mill with wood industry residues.

The round wood used in the sawmill (logs for primary production) is originating from Latvia, Lithuania, Russian Pskov (FSC certified suppliers) and Belarus. The volume of the secondary feedstock (sawdust, woodchips, bark, shavings) delivered from the sawmill to the pellet production and into driers is recorded on regular basis. For use in the drier the organisation is also buying forest residues delivered by external suppliers and coming from Latvian forests. The volume of incoming material and volume of materials used is recorded.

The Organisation has implemented FSC credit system for feedstock coming under FSC certified and FSC Controlled wood system. Incoming material is either FSC certified, FSC Controlled Wood or Controlled according to the organisation’s own controlled wood verification program.

The amount of the biomass produced according to FSC credit system might be sold as SBP-compliant or SBP-controlled.

After production the pellets are transported to the BP’s storage site in Mangalsala Riga.

5.2 Description of Biomass Producer’s Supply Base

BP is sourcing secondary feedstock only. Feedstock originates from Latvia, Lithuania, Russia (Pskov region) and Belarus. Forests within the Supply Base are boreal. The dominating species are pine and spruce. Other main wood species growing in the supply base area are: birch, alder, ash, aspen, oak. FSC certified feedstock is sourced from: Latvia (mainly Latvian State Forests), Lithuania (mainly Lithuanian State Forestry). FSC Controlled wood feedstock is sourced from Belarus, and Russia (Pskov Region).

Latvia

3,2 million ha of forest, agricultural lands 1,87 million ha. Woodiness of Latvia amounts to 51%.

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture.
Forests land consists of forests 91.3%, marshes 5.3%, open areas 1.1%, flooded areas 0.5% and objects of infrastructure 1.8%.

The main wood species are pine 34.3%, birch 30.8% and spruce 18.0%. Other wood species are aspen 7.4%, aspen 5.4%, black alder 3%, ash 0.5% and oak 0.3%.

46.3% of whole forest area is owned by state, other 53.7% are private forests and other forest ownership types. Management of the state-owned forests is performed by the public limited company, Latvijas Valsts Meži, which was established in 1999. The enterprise ensures implementation of the best interests of the state by preserving value of the forest and increasing the share of forest in the national economy.

Historically, extensive use of forests as a source of profit began later than in many other European countries, therefore a greater biological diversity has been preserved in Latvia. For the sake of conservation of natural values, a total number of 674 protected areas have been established. Parts of the areas have been included in the European network of protected areas Natura 2000. Most of the protected areas are state-owned.

In order to protect highly endangered species and biotopes located without the designated protected areas, if a functional zone does not provide that, micro reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves is 40,595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously.

On the other hand, for preservation of biological diversity during forest management activities, general nature protection requirements binding to all forest managers have been developed. They stipulate that at felling selected old and large trees, dead wood, undergrowth trees and shrubs, land cover around micro-depressions are to be preserved, thus providing habitat for many organisms.

Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Latvia.

Areas where recreation is one of the main forest management objectives add up to 8% of the total forest area or 293,000 ha (2012). Observation towers, educational trails, natural objects of culture history value, picnic venues: they are just a few of recreational infrastructure objects available to everyone free of charge. Special attention is devoted to creation of such areas in state-owned forests. Recreational forest areas include national parks (excluding strictly protected areas), nature parks, protected landscape areas, protected dendrological objects, protected geological and geomorphologic objects, nature parks of local significance, the Baltic Sea dune protection zone, protective zones around cities and towns, forests within administrative territory of cities and towns. Management and governance of specially protected natural areas in Latvia is co-ordinated by the Nature Conservation Agency under the Ministry for Environmental Protection and Regional Development.

5% of Latvian inhabitants are employed in forestry, wood-working industry, furniture production Industry.

The share of forestry, wood-working industry and furniture production amounted to 6% GDP in 2012, while export yielded 1.7 billion euro (17% of the total amount).

All Latvian State forests are FSC and PEFC certified. Small forest groups of FSC forest owners exist in Latvia. Total FSC and PEFC certified are is appr. 1.4 million ha.


**Lithuania**

Agricultural land covers more than 50% of Lithuania. Forested land consists of about 28%, with 2.17 million ha, while land classified as forest corresponds to about 30% of the total land area. The southeastern part of the country is most heavily forested, and here forests cover about 45% of the land. The total land area under the state Forest Enterprises is divided into forest and non-forest land. Forest land is divided into forested and non-forested land. The total value added in the forest sector (including manufacture of furniture) reached LTL 4.9 billion ha in 2013 and was 10% higher than in 2012.

Forest land is divided into four protection classes: reserves (2%); ecological (5.8%); protected (14.9%); and commercial (77.3%). In reserves all types of cuttings are prohibited. In national parks, clear cuttings are prohibited while thinnings and sanitary cuttings are allowed. Clear cutting is permitted, however, with certain restrictions, in protected forests; and thinnings as well. In commercial forests, there are almost no restrictions as to harvesting methods.

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Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests - especially spruce and birch - often grow in mixed stands. Pine forest is the most common forest type, covering about 38% of the forest area. Spruce and birch account for about 24 and 20% respectively. Alder forests make up about 12% of the forest area, which is fairly high, and indicates the moisture quantity of the sites. Oak and ash can each be found on about 2% of the forest area. The area occupied by aspen stands is close to 3%.

Lithuania has been a signatory of the CITES Convention since 2001. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Lithuania.

All state forests owned forests are is FSC certified.

**Belarus**

In Belarus, forest land covers 9.5 million ha. Forests are quite evenly spread over the country’s six regions with the average value of the forest cover (ratio between the stocked forest land and the total land) being 39.3%. Area of Agricultural area 8,7 million ha.

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture. Within the last decade, the timber production in Belorussia has fluctuated approx., 11 million m³ (http://www.mlh) by 2015.

Forest area of Belarus consists of Belarus consist of: forests 7,89 million ha, other wooded land 0,91 million ha.

The main wood species in Belarus are: pine 50.4%, spruce 9.2%; birch 23.1%; black alder 3.3%; grey alder 3.3 %; aspen 2.1%; other species 3.3%. 
The forests in the Republic of Belarus are state property. Forests under the jurisdiction of the Ministry of Forestry (Minleshoz) cover 86% of the forest fund. Besides, a significant share of the forest fund is managed by the Administration of the President of the Republic of Belarus (8%) and by the Ministry of Emergency Situations of the Republic of Belarus (2%).

Belorussia has been a signatory of the CITES Convention since 1995. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Belorussia.

Forest regeneration is carried out annually over an area of 32,000 ha, including 81% of the forest planting and seeding and 19% by natural regeneration. There are 2 strictly protected Nation reserves and 4 National parks present in Belarus at the moment. Area of National reserves accounts 2,98 million ha and area of National parks is 3,98 million ha.

Forestry and the forest industry are essential parts of the republic’s economy. The share of forest sector in GNP is 4-5%, 3.2% of local inhabitants are employed in forest sector.

All forest area is certified by PEFC certification scheme: 7,7 million ha (83 forestrys) and FSC certification scheme 5,0 million ha (61 forestrys).

**Russia (Pskov Region)**

Forests cover 46.6% of the area of Russian Federation or 764 million ha. Supply base of the designated region is 12,8 million ha.

In accordance with Russian legislation all forest fund land are state property. Legal entities can use forest areas in lease and short-term use. Lease relations are the dominant legal form of forests using. The lease term may continue from 10 to 49 years. The using of forests as an entrepreneurial activity, can be given to entities registered in the territory of the Russian Federation as a legal entity or individual entrepreneur.

Forests within the supply base are mainly boreal. The main wood species are pine, spruce, birch, aspen. Areas occupied by the main wood species plantations remain rather stable within last decades. Hardwood species compose 68.4% and softwood accounts for 21.7%. Other wood species compose less than 1% of the forests.

Forest section is generating 1.3% of the state GNP.

The total area of FSC certified forests is 619,821 ha. The portion of certified suppliers accounts about 40% of the total supply of raw materials. Up to autumn 2015 it is foreseen to increase the proportion of certified raw material not less than 60%.

Allowable wood-cutting area in the Russian Federation is about 660 million m³, including softwood - 370 million m³. Using the allowable wood-cutting area does not exceed 35% of the country territory. According to Rosleskhoz (Russian Forestry) data the total recourses of increased volumes of cutting with the aim of cutting within the country is about 400 million m³ per year.

High quality reproduction of forest resources and protective forestation is a prerequisite for use of forests. All reforestation activities in leased forest areas are planned and carried out by forest users at their own
expense in accordance with the forest management projects. The main way of reforestation in the Russian Federation is the procurement of natural regeneration.

Forest complex of the supply bases, including the forestry and forest industry of harvesting and wood handling occupies an important place in the economy of the country. Products of forest complex are widely used in many industries, construction, agriculture, printing, trade and medicine.

Detailed information about each supply base region (general description of the forest resources and forest management practices within the Supply Base) is publically available at the BP’s homepage:


5.3 Detailed description of Supply Base

Total Supply Base area (ha): 15,76 million ha

Tenure by type (ha):
13,23 million. ha - State ownership
1,829 million ha private owned and 1 million ha private owned,
0,701 million ha owned by municipalities and other forest ownership.

Forest by type (ha):
15,76 million ha Boreal forest

Forest by management type (ha):
15,76 million ha Managed Natural

Certified forest by scheme (ha):
FSC, total certified area 2,53 million ha for Latvia and Lithuania, and Belarus 5,8 million ha

Total volume of Feedstock:
chips 255 500 m\(^3\), Sawdust 201,500 m\(^3\) (used for pellet production)

Quantitative description of the Supply Base can be found in the Biomass Producer’s Supply Base Report


5.4 Chain of Custody system

The Organisation holds active FSC COC/ CW certificate FSC-C008827, covering also the biomass production. There are FSC procedures in place including the description of the FSC/SBP systems implemented and other documents.

The Organisation has implemented credit system. FSC Credit system is used for materials received as FSC certified, FSC Controlled wood and feedstock verified according to the Organisation’s own Controlled wood verification system. Non-controlled material is not accepted.
The organisation is using by-product coming from the Organisation’s own sawmill and planning mill.

List of active suppliers exist, certification status of each supplier is verified on regular basis.

The Organisation has implemented FSC credit system calculation. The volume of the incoming feedstock received from the sawmill production is recalculated into the volume of pellets based on conversion coefficient and volume into tone coefficient.

In case of the FSC and/ or SBP sales the volume of sold pellets is withdrawn from the existing credit account.
6 Evaluation process

6.1 Timing of evaluation activities

The pre-assessment took place on 16/Jun/2015

2,0 days: 1,0 day onsite + 1 day document review prior to the pre-assessment.

Assessment was conducted on 16/Jul/2015

2,5 days: 1,5 full day onsite + 1 day documented evidence review prior to the assessment.

6.2 Description of evaluation activities

The pre-assessment visit was focused on management system evaluation: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC system and FSC system control points as well as GHG data availability.

Description of the assessment evaluation:

16/Jul/2015:

Auditor was welcomed in AKZ SIA office in Aizkraukle. Audit started with an opening meeting attended by production manager and biomass sales manager.

Auditor introduced herself, provided information about audit plan, methodology, auditor qualification, confidentiality issues, assessment methodology and clarified verification scope. During the opening meeting the auditor explain CB’s accreditation related issues.

After that auditor went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction documents 5a:d covering input clarification, existing chain of custody and controlled wood system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP compliant and SBP Controlled feedstock/biomass. During the process overall responsible person for SBP system and over responsible staff having key responsibilities within the system were interviewed.

After a roundtrip around BP’s pellet production was undertaken. During the site tour applicable records were reviewed, pellet factory staff was interviewed and FSC system control points were analysed.

After the site visit an assessment preliminary results were discussed and auditor moved to pellet storage place in Mangalsala, Riga. During the terminal visit pellet storage warehouse and ship loading process were observed.

Next day a company’s office in Riga was visited. Procurement and sales documents were verified. Responsible staff in office was interviewed and short closing meeting was conducted.
After the visit a written audit results were provided to the company.

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on 2/Jun/2015 by sending direct mail to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions. No comments from the stakeholders were received.
7 Results

7.1 Main strengths and weaknesses

Strengths: Main SBP system elements are implemented at the moment of the assessment. All the material used for production is coming from the company's own production (sawmill) as co-products/production waste. All logs used in the sawmill are at least FSC Controlled wood (either purchased as FSC certified, FSC Controlled wood or controlled through the company's Controlled wood verification system). The company is having small number of management staff with clearly designated responsibilities.

Weaknesses: See in NCR report (Section 10).

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Compilation of data on Greenhouse Gas emissions

Prior the assessment the organization has not recorded data on greenhouse gas emissions and has only started for purposes of the SBP certification. This included the most part of the work spent on the preparation for the certification. The data at the end of the assessment were complete and accurate, however there are some minor non-conformities to be addressed. For details see below.

7.4 Competency of involved personnel

<table>
<thead>
<tr>
<th>Auditor(s), roles</th>
<th>Qualifications</th>
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</thead>
<tbody>
<tr>
<td>Olesja Puišo</td>
<td>Auditor, evaluation against all applicable requirements.</td>
</tr>
<tr>
<td>Lead auditor</td>
<td>MSc in Logistics and has been working in NEPCon since 2005. She has participated in CoC and FM audits in Latvia and other countries. Olesja has passed FSC CoC/ FM and PEFC CoC lead auditor training course, Legal Source, SAN, ISO 14001 and SBP training course. Previous experience in woodworking industry and SBP pre-assessment and assessments in Latvia, Lithuania and Russia.</td>
</tr>
</tbody>
</table>

7.5 Stakeholder feedback

No stakeholder comments were received.
7.6 Preconditions

No preconditions to this certification were identified at the time of the main assessment.
8 Review of Biomass Producer’s Risk Assessments

Not applicable.
9 Review of Biomass Producer’s mitigation measures

Not applicable.
10 Non-conformities and observations

During the assessment no non-conformances influencing system integrity were been identified.

No observations.
### NCR: 01/15  
**NC Classification:** minor

#### Standard & Requirement:
SBP Standard # 2 requirement 19.1.  
The BPs shall implement measures to support the credibility of the SBR, appropriate to the context of the supply base, SBE and the BP. (19.1)

#### Description of Non-conformance and Related Evidence:
The content of Supply Base Report is appropriate to the context of the supply base and therefore may be considered as credible. The report had been prepared in cooperation and reviewed by the representatives of procurement, production, pellet sales, finance departments, however the report was not reviewed by an independent and competent party.

#### 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.

#### Timeline for Conformance:
By the next annual surveillance audit.

#### Evidence Provided by Organisation:
PENDING

#### Findings for Evaluation of Evidence:
PENDING

#### NCR Status:
OPEN

#### Comments (optional):
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?  
- Yes  
- No
### NEPCon Evaluation of AKZ: Public Summary Report

<table>
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<th>NCR: 02/15</th>
<th>NC Classification: minor</th>
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<tr>
<td><strong>Standard &amp; Requirement:</strong></td>
<td>SBP Standard # 5 p.5.1. All data submitted must be supported by appropriate evidence. (5.1)</td>
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<tr>
<td><strong>Description of Non-conformance and Related Evidence:</strong></td>
<td>Data submitted during the assessment were mainly supported by appropriate evidences, except the data used for forest works, in-forest chipping and to plant delivery applicable for forest chips-forest residue used in drying process (616 t per year- other heating chips are coming from the own production). According to BP, feedstock suppliers were interviewed by phone and no written evidence was provided. It was also confirmed that data recorded into the GHG table are in line with common values used in the region and are not understated.</td>
</tr>
<tr>
<td><strong>Corrective action request:</strong></td>
<td>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.</td>
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<tr>
<td><strong>Timeline for Conformance:</strong></td>
<td>By the next annual surveillance audit.</td>
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<td><strong>Findings for Evaluation of Evidence:</strong></td>
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<td><strong>NCR Status:</strong></td>
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<td><strong>Comments (optional):</strong></td>
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**Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?**

- Yes [ ]
- No [x]
<table>
<thead>
<tr>
<th>NCR: 03/15</th>
<th>NC Classification: minor</th>
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</table>
| **Standard & Requirement:** | SBP Standard # 5 instruction document 5a, 4.2.1  
An average moisture value should be provided per category of feedstock. (5a, 4.2.1) |
| **Description of Non-conformance and Related Evidence:** | BP is indicating moisture content designated in production plan (prepared based on experience from the previous production periods) as a moisture indicator for all type of feedstock. Actual moisture measurement is done. However, no analysed data of average moisture indicator for every feedstock summarized for the reporting period was demonstrated during the assessment. |
| **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. |
| **Timeline for Conformance:** | By the next annual surveillance audit. |
| **Evidence Provided by Organisation:** | PENDING |
| **Findings for Evaluation of Evidence:** | PENDING |
| **NCR Status:** | OPEN |
| **Comments (optional):** |  |
| **Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?** | Yes ☐  
No ☒ |
**Standard & Requirement:**
SBP Standard # 5 instruction document 5a, 4.4.1-3  
5.4.1 The legal owner shall provide the data necessary to calculate the average moisture content of the processed feedstock leaving the plant. Ideally the legal owner should introduce a continuous measurement of the moisture content of the processed feedstock in order to produce an annual average. The legal owner shall justify any lower frequency of moisture measurements to the auditor. (5a, 4.4.1-3)

**Description of Non-conformance and Related Evidence:**
Moisture measurement for biomass is conducted in BP's laboratory on regular basis and samples are kept. Measurement data are recorded in the laboratory reports. Additional measurements are done by an independent company after the material is loaded to the boat. The results are reported to the BP. The moisture value indicated in the GHG data sheet is target moisture value, not the average moisture content for previous 12 months. Based on the field observation the reported value exceeded observed actual measurement values.

**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.

**Timeline for Conformance:**
By the next annual surveillance audit.

**Evidence Provided by Organisation:**
PENDING

**Findings for Evaluation of Evidence:**
PENDING

**NCR Status:**
OPEN

**Comments (optional):**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td></td>
<td>X</td>
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<tr>
<td>NCR: 05/15</td>
<td>NC Classification: minor</td>
</tr>
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</tr>
<tr>
<td>Standard &amp; Requirement:</td>
<td>SBP Standard # 5 instruction document 5a, 4.10.1&lt;br&gt;The BP shall provide the data necessary to report the amount of any other fossil fuel used by machinery and/or vehicles to produce the wood pellets (in kg or litres per year). The amount reported shall be based on supplier invoices or other appropriate evidence. (5a, 4.10.1)</td>
</tr>
<tr>
<td>Description of Non-conformance and Related Evidence:</td>
<td>The GHG data sheet does not cover data about the fossil oils used for oiling of the presses.</td>
</tr>
<tr>
<td>Corrective action request:</td>
<td>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.</td>
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<tr>
<td>Timeline for Conformance:</td>
<td>By the next annual surveillance audit.</td>
</tr>
<tr>
<td>Evidence Provided by Organisation:</td>
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<td>Findings for Evaluation of Evidence:</td>
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<td>Comments (optional):</td>
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Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks? Yes ☐ No ☒
<table>
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<tr>
<th>NCR: 06/15</th>
<th>NC Classification: minor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard &amp; Requirement:</strong></td>
<td>SBP Standard # 5 instruction document 5a, 4.12.1 An annual average moisture value of the biomass used in the dryer/CHP should be provided per category of feedstock</td>
</tr>
</tbody>
</table>

**Description of Non-conformance and Related Evidence:**
In the GHG data sheet the BP indicated the moisture value of the feedstock materials used in a dryer as a targeted moisture value, but not the average value for the last 12 months aggregated from the moisture regular measurements done by the BP for the purpose of the caloric value designation.

**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.

**Timeline for Conformance:**
By the next annual surveillance audit.

**Evidence Provided by Organisation:**
PENDING

**Findings for Evaluation of Evidence:**
PENDING

**NCR Status:**
OPEN

**Comments (optional):**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?

<table>
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</tr>
<tr>
<td>Standard &amp; Requirement:</td>
<td>SBP Standard # 2 requirement 2C, 4.1</td>
</tr>
<tr>
<td><strong>Description of Non-conformance and Related Evidence:</strong></td>
<td></td>
</tr>
<tr>
<td>The latest SBR report template was used by the BP. However, some pages were omitted (title page and table of content are excluded). Therefore, part of the information related to the report version is missing. Even though, it was identified that in section 2.5. of the SBR (Quantification of the supply base) are presented in indicator plus value format, however for indicator: „forest by type”, type of forest: temperate is indicated without stating actual value/ are of the forest per type, even it is clear that forest type is related to the whole supply base area -15.76ha.</td>
<td></td>
</tr>
<tr>
<td>The SBR includes also the description of the forestry management practices in Russian Federation. The description is quite general and does not focus on the concrete supply base.</td>
<td></td>
</tr>
<tr>
<td><strong>Corrective action request:</strong></td>
<td>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.</td>
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<td><strong>Timeline for Conformance:</strong></td>
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<td><strong>Evidence Provided by Organisation:</strong></td>
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<tr>
<td><strong>Findings for Evaluation of Evidence:</strong></td>
<td>PENDING</td>
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<td><strong>NCR Status:</strong></td>
<td>OPEN</td>
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<tr>
<td><strong>Comments (optional):</strong></td>
<td></td>
</tr>
<tr>
<td>Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?</td>
<td>Yes ☐ No ☒</td>
</tr>
</tbody>
</table>
### NCR: 08/15

**NC Classification:** minor  
**Standard & Requirement:** SBP Standard # 5 instruction document 5a.p.3.3.1  
The BP shall calculate the total energy used for soil preparation, planting, forest management methods (such as short rotation forestry) and harvesting of forest products. The energy used in chipping (if applicable) is reported separately.

**Description of Non-conformance and Related Evidence:**  
The BP is using forest chips coming directly from the forest. The provided evidence of the energy used was only information from the forest chips suppliers via phone and it was not clear what emissions were included to this calculation.  
It was confirmed that data recorded into the GHG table complied with values used in the region and are not understated.

**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.

**Timeline for Conformance:**  
By the next annual surveillance audit.

**Evidence Provided by Organisation:** PENDING

**Findings for Evaluation of Evidence:** PENDING

**NCR Status:** OPEN

**Comments (optional):**

| Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks? | Yes ☐ | No ☒ |
### NCR: 09/15

**NC Classification:** minor

| Standard & Requirement | SBP Standard # 5 instruction document 5a, p.4.6.1  
The BP shall provide the data necessary to calculate the energy used to chip forest products or forest residues. This is reported in litre diesel/t chips (or in kWh/t chips in the case of electricity) and can be measured as the specific energy use for in-forest chipping through field trials (5a, 3.6.1)  
Note that default values are available for this parameter but the legal owner shall be able to justify, to the auditor, the lack of availability of applicable data. |
| --- | --- |

### Description of Non-conformance and Related Evidence:

The BP is using forest chips coming directly from the forest. The provided evidence of the energy used was only information from the forest chips suppliers via phone. It was also confirmed that in-forest chipping data recorded into the GHG table complied with values used in the region and are not understated.

### 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.

### Timeline for Conformance:

By the next annual surveillance audit.

### Evidence Provided by Organisation:

PENDING

### Findings for Evaluation of Evidence:

PENDING

### NCR Status:

OPEN

### Comments (optional):

Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?  
Yes ☐  
No ☒
**NCR: 10/15**  
**NC Classification: minor**

**Standard & Requirement:**  
SBP Standard # 5 instruction document 5a,p.6.1  
Biomass profiling information shall include: description of the forestry management practices or land management practices used in the forest or other location where the biomass feedstock was grown.

**Description of Non-conformance and Related Evidence:**  
The biomass profiling information includes the description of the forestry management practices in Russian Federation. The description is quite general and does not focus on the concrete supply base in Russia- Pskov region.

**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.

**Timeline for Conformance:**  
By the next annual surveillance audit.

**Evidence Provided by Organisation:**  
PENDING

**Findings for Evaluation of Evidence:**  
PENDING

**NCR Status:**  
OPEN

**Comments (optional):**

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<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
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</tbody>
</table>
## 11 Certification decision

Based on Organisation’s conformance with SBP requirements, the auditor makes the following recommendation:

<table>
<thead>
<tr>
<th></th>
<th>Certification approved:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Upon acceptance of NCR(s) issued above</td>
</tr>
</tbody>
</table>

Based on auditor’s recommendation and NEPCon quality review following certification decision is taken:

**NEPCon certification decision:**

The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after NEPCon will obtain the recognition as SBP certification body. The expiration of the certificate will be then 5 years.

Certification decision by: **Ondřej Tarabus**

Date of decision: **02/Sep/2015**

*Post Script:*

AKZ has been certified by NEPCon as of 29 September 2015 as meeting the requirements of Sustainable Biomass Partnership (SBP) v1.0, 26 March 2015 Standards 2, 4 and 5.

The expiration date of the certificate is 28 September 2020.
12 Surveillance updates

Note: Surveillance updates shall be provided to SBP as specified in SBP Standard 3: Certification Systems: Requirements for Certification Bodies.