

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

Scope Change 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](http://www.sbp-cert.org)*

### *Document history*

*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.org, +420 606 730 382
Current report completion date:	11/Oct/2019
Report authors: :	Ģirts Karss
Name of the Company:	AKZ SIA, Matrozu iela 15, Riga, LV-1048, Latvia
Company contact for SBP:	Germans Savickis, sales manager, +371 25915552, germans.savickis@akz.lv
Certified Supply Base:	Sourcing from Republic of Latvia, Republic of Lithuania
SBP Certificate Code:	SBP-01-02
Date of certificate issue:	29/Sep/2015
Date of certificate expiry:	28/Sep/2020

This report relates to the Scope Change Audit

## 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 Mangalsala harbour.

The Organisation holds valid FSC Chain of Custody certificate, covering both the sawmill and the pellet mill.

The organisation is using for biomass production only secondary and tertiary 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, controlled materials included in the Organisation's FSC Controlled wood verification system or PEFC certified feedstock ( at the moment PEFC feedstock does not give any input into SBP mass-balance account). The material used in the biomass production originates from Latvia and Lithuania.

The organization has sales department selling and buying lumber. The sales department is responsible for these activities. The flows are totally different and are divided into the recordkeeping system.

The Sawmill of the organisation is using logs as a 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 description: Production of wood pellets, for use in energy production, at AKZ Aizkraukle pellet mill and transportation to Riga harbour. The scope of the certificate does not include Supply Base Evaluation.

The organization had added the Instruction Document #5D: Dynamic Batch Sustainability Data to the scope of the certificate.

Scope of evaluation is indicated in the table below:

Scope Item	Check all that apply to the Certificate Scope				Change in Scope (N/A for Assessments)	
<b>Approved Standards:</b>	SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0 <a href="http://www.sustainablebiomasspartnership.org/documents">http://www.sustainablebiomasspartnership.org/documents</a>				<input type="checkbox"/>	
<b>Primary Activity:</b>	Pellet producer				<input type="checkbox"/>	
<b>Input Material Categories:</b>	<input type="checkbox"/> SBP-Compliant Primary Feedstock	<input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock			<input type="checkbox"/>	
	<input checked="" type="checkbox"/> Controlled Feedstock	<input type="checkbox"/> SBP non-Compliant Feedstock				
	<input checked="" type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Post-consumer Tertiary Feedstock				
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock				
<b>Chain of custody system implemented:</b>	<input checked="" type="checkbox"/> FSC	<input checked="" type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>	
	<input type="checkbox"/> Transfer	<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit		<input type="checkbox"/>	
<b>Points of sales</b>	<input type="checkbox"/> Harbour – Permanent storage (Storage site)	<input checked="" type="checkbox"/> Harbour – Temporally storage (Logistic site)		<input type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)	<input type="checkbox"/>	
<b>Provide name of all points of sales</b>	-	- FOB RIGA (Mangalsala)		-		
<b>Use of SBP claim:</b>	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No		<input type="checkbox"/>	
<b>SBE Verification Program:</b>	<input type="checkbox"/> Low risk sources only		<input type="checkbox"/> Sources with unspecified/ specified risk		<input type="checkbox"/>	
	New districts approved for SBP-Compliant inputs: N/A					

<b>Sub-scopes</b>	N/A	<input type="checkbox"/>
Specify SBP Product Groups added or removed:		
Comments: The BP has added SBP Instruction Document 5D: Dynamic Batch Sustainability Data v1.1 to the scope.		

### 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;
- GHG data collection analysis and review of applicable reports, SAR analysis and review;
- review of the BP's management procedures, including requirements designated in SBP standards Standard #1 V1.0, Standard #2 V1.0;
- review of updated Supply Base Report;
- storage site visits in Riga port;
- review of the reports and records
- SBP Instruction Document 5D: Dynamic Batch Sustainability Data v1.1



## 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

SBE is not included in the scope of the evaluation.

## 5 Description of Company, Supply Base and Forest Management

### 5.1 Description of Company

The organization is a biomass producer with a production site situated in Aizkraukle, Latvia, office in Riga and storage site in Riga (Mangalsala harbour, Riga freeport). The biomass production is located at the same site as the sawmill (under the same ownership) which is the only supplier of raw material to the biomass producer.

The organization is employing appr. 250 employees, 7 of them are employed in the pellet production site.

For production of pellets the BP is sourcing secondary and tertiary feedstock provided by the organisation's own sawmill. The sawmill is using logs for its production and is providing pellet mill with wood industry residues.

The roundwood used in the sawmill (logs for primary production) is originating from Latvia and Lithuania. The volume of the secondary/ tertiary feedstock (sawdust, woodchips, bark, shavings) delivered from the sawmill to the pellet production (both for production purposes and use into driers) is recorded on regular basis. For use into driers 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 is implementing the 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. Company owns PEFC certificate as well. However, PEFC feedstock is not accounted per use of the SBP mass-balance system.

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

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

### 5.2 Description of Company's Supply Base

The BP is sourcing secondary feedstock only. Feedstock originates from Latvia and Lithuania. Forests within the Supply Base are temperate. 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 Forests).

#### **Latvia**

3.2 million ha of forest, agricultural lands 1,87 million ha. Woodness of Latvia amount 51%.

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture.

Forests lands 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, 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. Part 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 percent of Lithuania. Forested land consists of about 28 percent, with 2.17 million ha, while land classified as forest corresponds to about 30 percent of the total land area. The southeastern part of the country is most heavily forested, and here forests cover about 45 percent 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 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 percent of the forest area. Spruce and birch account for about 24 and 20 percent respectively. Alder forests make up about 12 percent 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 percent of the forest area. The area occupied by aspen stands is close to 3 percent

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.

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

[http://www.akz.lv/sites/default/files/izejmaterialu\\_piegazu\\_parskats\\_lv.pdf](http://www.akz.lv/sites/default/files/izejmaterialu_piegazu_parskats_lv.pdf)

[http://www.akz.lv/sites/default/files/supply\\_base\\_report\\_en.pdf](http://www.akz.lv/sites/default/files/supply_base_report_en.pdf)

## 5.3 Detailed description of Supply Base

Total Supply Base area (ha): 5.583 million. ha

Tenure by type (ha): 2.75 million ha in state ownership, 2.57 million ha private owned.

Forest by type (ha): 5.583 million ha Temperate forest according to FSC classification

Forest by management type (ha): 5.583 million ha managed natural forests

Certified forest by scheme (ha): FSC, total certified area 2.53 million ha for Latvia and Lithuania

Quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report

[https://www.akz.lv/sites/default/files/izejmaterialu\\_piegazu\\_parskats\\_lv\\_1.3.pdf](https://www.akz.lv/sites/default/files/izejmaterialu_piegazu_parskats_lv_1.3.pdf)

[http://www.akz.lv/sites/default/files/supply\\_base\\_report\\_en\\_1.3.pdf](http://www.akz.lv/sites/default/files/supply_base_report_en_1.3.pdf)

## 5.4 Chain of Custody system

The Organisation holds FSC chain of custody (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.

In addition to FSC Chain of Custody system, the BP holds a PEFC chain of custody certificate TT- PEFC-COC90. The PEFC certified material does not give any input into SBP mass-balance account. PEFC CoC system is not used for SBP.

The Organisation is implementing a FSC 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 secondary feedstock - co-products and tertiary feedstock of timber primary processing originating 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 is implementing 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 surveillance audit took place on October 7, 2019

Totally 0.25 days was spent for this evaluation: 1review of documented evidence – documented procedures and the feedstock accounting – the SBP credit account

Activities/ timing	Place	Auditors	Date
09.00- 11.00 SBP documented system review: Review of the documents and evidences related to implementation of the SBP standard 5, Instruction Document #5D: Dynamic Batch Sustainability Data, submitted by the organization. Review of the documents and evidences related to implementation of the SBP standard 5, Instruction document 5D, the SBP credit accounting system	Office of certification body	GK	07.10.2019

### 6.2 Description of evaluation activities

The scope change audit was focused on evaluation of changes in the BP's management system and scope with regard to compliance to Instruction document 5D that was added to the scope of BP's SBP certification system, including review of relevant documents – evaluation of document control system and analysis of the existing provisions contained in the FSC and PEFC chain of custody systems with regard to accounting of SDE+ feedstock and production.

The audit was conducted as a desk audits, where the documentation – updated documented procedures and the SBP credit accounting system was reviewed by the auditor.

Auditor team composition:

Auditor(s), roles	Qualifications
Ģirts Karss Lead auditor (Standards #2 and #5),	Works for NEPCon since 2011 Ģirts Karss holds MSc in Environmental Science from the Lund University and the University of Latvia. He has passed the Rainforest Alliance lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC lead auditor qualification. In 2016 Ģirts had acquired the SBP auditor qualification and participated in a number of SBP assessments, scope change and annual audits including SBE (Supply Base Evaluation) in Latvia.

## 6.3 Process for consultation with stakeholders

No Consultation was conducted for this surveillance audit.

## 7 Results

### 7.1 Main strengths and weaknesses

Strength: Main SBP system elements are implemented. All the material used for production of pellets is being sourced from the company's own production (sawmill) as co-products/ production waste. All logs used in the sawmill are at least FSC Controlled wood / PEFC Controlled Sources (either purchased as FSC certified, FSC Controlled wood or controlled through the company's PEFC Controlled wood verification system). The organization is operating a small number of management staff with clearly designated responsibilities.

Weaknesses: none identified during the scope change audit.

### 7.2 Rigour of Supply Base Evaluation

N/A

### 7.3 Collection and Communication of Data

The organization had waived the previous audit period. The organization had recorded data on greenhouse gas emissions for the SBP certification and during the first audit period, which has been reviewed during the first surveillance audit in 2017. Additional information was collected by the BP during the second surveillance audit. Quality of GHG data was improved. The available data collected at the time of second surveillance audit had been updated and provided prior the third surveillance audit and verified and validated at the time of audit. The data is complete, accurate and is based on the records from the internal recordkeeping system.

No data collection is applicable to this scope change

### 7.4 Competency of involved personnel

The personnel involved in the management and maintenance of SBP system was identified and interviewed during the audit. Those include: sales manager, certification manager (responsible for the responsible person for FSC/PEFC certification systems), and the production manager. Interviewed staff demonstrated awareness of their responsibilities within SBP system. Overall responsible staff was familiar with the SBP system requirements.

### 7.5 Stakeholder feedback

Not applicable. No stakeholder consultation was conducted.



## 7.6 Preconditions

Not applicable for surveillance audits

## 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.*

**Not applicable, SBE not included in the scope**

## 9 Review of Company's mitigation measures

Not applicable

## 10 Non-conformities and observations

*Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:*

- applicable requirement(s)
- grading of the non-conformity (major or minor) or observation with supporting rationale
- timeframe for resolution of the non-conformity
- a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

Open NCR from previous annual audit 2019:

<b>NC number</b> 01/19	<b>NC Grading:</b> Major
<b>Standard &amp; Requirement:</b>	Standard 2: Verification of SBP-compliant Feedstock 2 Woody fuel used during the drying process of biomass shall meet the SBP requirements for SBP-compliant feedstock or Controlled feedstock.
<b>Description of Non-conformance and Related Evidence:</b>	
According to interview with responsible persons and as can be concluded by reviewing documents related to sourcing of fuel for biomass drying, the organization is using chips produced from logging residues (forest chips) for biomass drying purpose. Forest chips are supplied by several suppliers and this type of feedstock is not included in any of organization's chain of custody system Due Diligence systems – neither FSC Controlled Wood Due Diligence system nor PEFC Due Diligence System. Thus, it is concluded that the organization's current practice in sourcing woody fuel – chips from logging residues do not meet SBP requirements to use at least Controlled feedstock for drying of the biomass. A major NCR raised.	
<b>Timeline for Conformance:</b>	3 months from the report finalisation (by 09.12.2019)
<b>Evidence Provided by Company to close NC:</b>	Pending
<b>Findings for Evaluation of Evidence:</b>	Pending
<b>NC Status:</b>	Open

## 11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
<b>Certification decision:</b>	Certification approved
<b>Certification decision by (name of the person):</b>	Pilar Gorría Serrano
<b>Date of decision:</b>	11/Oct/2019
<b>Other comments:</b>	<i>Click or tap here to enter text.</i>