

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

First Surveillance Audit

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*

Document history

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1 Overview

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Primary contact for SBP: Ondrej Tarabus ot@nepcon.net, +420 606 730 382

Report completion date: 08/Dec/2016

Report authors: Olesja Puiso

Certificate Holder: AKZ SIA, Matrozu iela 15, Riga, LV-1048, Latvia

Producer contact for SBP: Gints Hansons- Biomass sales manager, (+371)67327740; Fax:(+371) 67327744; E-mail: gints.hansons@akz.lv

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				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
<input type="checkbox"/>	X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 COC and FSC Controlled wood certificate, covering both sawmill and 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 exist PEFC feedstock does not give any input into SBP mass-balance account). The material used in the biomass production originates from Latvia, Lithuania, Russia (Pskov region) and Belarus.

AKZ is also having sales department selling and buying lumber. The sales department is responsible for this 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 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)
Approved Standards:	SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0 http://www.sustainablebiomasspartnership.org/documents		<input type="checkbox"/>
Primary Activity:	Pellet producer		<input type="checkbox"/>
Input Material Categories:	<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"/> Pre-consumer Tertiary Feedstock		
	<input type="checkbox"/> SBP-approved Recycled Claim		<input type="checkbox"/> Post-consumer Tertiary Feedstock		
Chain of custody system implemented:	<input checked="" type="checkbox"/> FSC	<input checked="" type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input checked="" type="checkbox"/>
	<input type="checkbox"/> Transfer		<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit	<input type="checkbox"/>
Points of sales	<input type="checkbox"/> Harbour (including own handling of material)	<input checked="" type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour		<input type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)	<input type="checkbox"/>
Provide name of all points of sales	-	-FOB Rīga		-	
	-	-		-	
Use of SBP claim:	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No		<input type="checkbox"/>
SBE Verification Program:	<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:				
Sub-scopes					<input type="checkbox"/>
Specify SBP Product Groups added or removed:					
Comments:					

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;

4 SBP Standards utilised

4.1 SBP Standards utilised

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

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

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

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

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

4.2 SBP-endorsed Regional Risk Assessment

SBE 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, 7 of them are employed in pellets production site.

BP is sourcing secondary and tertiary 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/ 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 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. 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 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 are sourced from Belarus, and Russia (Pskov Region).

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.

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.

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.

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 aprox., 11 million cubic metres (<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 forestries) and FSC certification scheme 5,0 million. Ha (61 forestries)

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 619 821.4 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.

The total forest area in the Pskov region is 2.36 million hectares, which is about 38% of the total area, total forest stock is 321.3 million m³. Pskov region today there are 196 forest plots lease agreements for a total area of 1,258,400 hectares, among them: a) under Forest Management usage - 135 contracts for a total area of 998,200 hectares. Additional information about Pskov region may be obtained by visiting the website:

<http://priroda.pskov.ru/vidy-deyatelnosti/vidy-deyatelnosti/deyatelnost-v-sfere-lesnyh-otnosheniy/ispolzovanie-lesov>

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:

http://www.akz.lv/sites/default/files/izejmaterialu_piegazu_parskats_lv.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): 15,76 million. ha

Tenure by type (ha): 13.23 million. ha State ownership, 1.829 million ha private owned and million ha private owned, 0,701 million ha owned by municipalities and other forest ownership.

Forest by type (ha): 15,76 million ha Temperate forest according to FSC classification

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.

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

http://www.akz.lv/sites/default/files/izejmaterialu_piegazu_parskats_lv.pdf

http://www.akz.lv/sites/default/files/supply_base_report_en.pdf

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.

In additional to this BP is having PEFC certificate TT- PEFC-COC90. At the moment PEFC certified material does not give any input into SBP mass-balance account.

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.

AKZ is also having sales department selling and buying lumber. The sales department is responsible for this activities. The flows are totally different and are divided into the recordkeeping system.

6 Evaluation process

6.1 Timing of evaluation activities

The surveillance audit was taking place on September 15, 2016 and November 7, 2016

Totally 2,0 days was spent for this evaluation: 1,25 days onsite and 0.75 day documented evidence review prior and after the surveillance audit.

Activities/ timing	Place	Auditors	Date
09.00- 09.15 Opening meeting	Office	O.Puišo	15.09.2016
09.15- 12.30 SBP Management system review, discussion of the changes taking part in a system Review of the documents and evidences related to implementation of the SBP standards 2,4. Office staff interview Review of the FSC and PEFC system control points	Office		
12.30- 14.30 Factory visit Verified processes and involved departments 1) Procurements and reception (office manager/ logistic specialist, tractor drivers) 2) Moisture measurements (operators/ laboratory); 3) Production and production records/ (accountancy/ production staff 4) Energy related recordkeeper (Energetics/ mechanics/ Mechatronics); 5) Sales and client communication (sales department)	Factory	O.Puišo	15.09.2016

Review of the documents and evidences related to implementation of the SBP standards 2,4. Review of the documents and evidences related to implementation of the SBP standard 5 and instruction document 5A. Office staff interview	Factory office	O.Puišo	15.09.2016
16.00- 17.00 Additional evaluation of procurement invoices, Interview with staff responsible for sales	Head Office	O.Puišo	15.09.2016
17.00-17.30Closing meeting Presentation of the results from day 1 and 2	Head office	O.Puišo	15.09.2016
Harbour visit 12.00-14.00 Providing of written results from day 1 and 2	Harbour visit	O.Puišo	07.11.2016
CVA audit focused on the Major NCR identified	Desk-based	O.Puišo	05.12.2016

BP had submitted evidence for closing of the NCR 01/16. CVA process had been started, Evidences had been reviewed by the lead auditor, report is updated and send to the reviewer for the additional review.

6.2 Description of evaluation activities

The surveillance audit 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:

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, surveillance audit 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 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 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.

Preliminary results of the surveillance audit were presented by the auditor.

At November 7, 2016 pellet storage place in Mangalsala, Riga had been visited. During the terminal visit pellet storage warehouse, existing loading machines were observed and ship loading process and internal recording system of the service provider was discussed.

BP had submitted evidence for closing of the NCR 01/16 at December 5, 2016. CVA process had been started, Evidences had been reviewed by the lead auditor, report is updated and send to the reviewer for the additional review.

After the visit a written audit results were provided to the company. Composition of audit team:

Auditor(s), roles	Qualifications
Olesja Puišo, Riga, Latvia Lead Auditor evaluation against all applicable requirements	MSc Logistics. Olesja is working as NEPCon Country Manager in Latvia. She is responsible for daily management of certification activities in the country. Olesja has passed CoC/ FM lead auditor training, PEFC CoC, ISO 14001, SAN and Legal Source training courses. Previous experience in woodworking industry as well as many years of experience within CoC auditing. She has passed the SBP lead auditor training and has participated on several SBP assessments.

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 at the moment of the assessment last year. 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 part above.

7.2 Rigour of Supply Base Evaluation

Not applicable

7.3 Compilation of data on Greenhouse Gas emissions

Prior the assessment held in year 2015 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. Additional information was collected by the BP during the time until the first surveillance audit. Quality of GHG data was improved. During the surveillance audit the organization has already implemented all the requirements for collection of energy data.

7.4 Competency of involved personnel

During the audit it was identified that number of staff members are involved into the SBP system management and implementation, including Sales manager, logistic manager and production manager.

Interviewed staff demonstrated awareness of their responsibilities within SBP system. Overall responsible staff was familiar with the SBP requirements.

7.5 Stakeholder feedback

No stakeholder comments are received

7.6 Preconditions

No preconditions to this certification were identified at the time of the main assessment and surveillance audit.

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

NCR: 01/16 (13223)	NC Classification: Major
Standard & Requirement:	SBP Standard # 2 requirement 7.1 The BP shall prepare a Supply Base Report (SBR) which shall be made readily accessible on the BP's website. Commercially sensitive and confidential information may be excluded from the SBR.
Report Section:	Appendix A p 2.1
Description of Non-conformance and Related Evidence:	
SBR prepared before the assessment in 2015 is made available in BP's website in both English and Latvian language: http://akz.lv/sites/default/files/supply_base_report_en.pdf http://akz.lv/sites/default/files/izejmaterialu_piegazu_parskats_lv.pdf During the annual audit it was identified that updated SBR version covering information about new reporting period is not published in the BP homepage.	
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:	3 months from the report finalization (30.02.2017)
Evidence Provided by Organisation:	Updated Supply base report uploaded to the BP homepage in latvian: http://www.akz.lv/sites/default/files/izejmaterialu_piegazu_parskats_lv_2016.pdf In English: http://www.akz.lv/sites/default/files/supply_base_report_en_2016.pdf
Findings for Evaluation of Evidence:	At 5 th of December BP provided a link to the new SBR version on both English and Latvian published in BP homepage: Latvian: http://www.akz.lv/sites/default/files/izejmaterialu_piegazu_parskats_lv_2016.pdf English: http://www.akz.lv/sites/default/files/supply_base_report_en_2016.pdf
NCR Status:	CLOSED
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 <input checked="" type="checkbox"/>

	No <input type="checkbox"/>
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NCR: 02/16 (13224)	NC Classification: minor	
Standard & Requirement:	SBP Standard # 4 requirement 5.1.2 The legal owner shall implement all aspects of the the SBP approved CoC system requirements for the SBP feedstock or biomass. Where there is a conflict between the requirements in the SBP-approved CoC system requirements and those specified in the SBP standards, the SBP standards shall have precedence. (5.1.2) <i>Note: SBP feedstock or biomass will not necessarily enter into the scope of the SBP Approved CoC system certification, but the SBP Approved CoC system CoC processes and requirements shall extend to the SBP feedstock or biomass.</i>	
Report Section:	Appendix B p 1.1	
Description of Non-conformance and Related Evidence:		
Conversion coefficient in the credit account of the company remains fixed for number for previous year, based on the rough calculation provided during the surveillance audit, the value is very close to the designated coefficient. In addition to this, pellets sold with BSL claim are not withdrawn from the FSC credit account.		
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:	12 months from the report finalization date	
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

Closed Non-conformities

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)
Report Section:	Appendix B p 12.1
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 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:	Peer review acknowledgement letter provided by Latvian Biomass Association LATBIO- Guna Rasa
Findings for Evaluation of Evidence:	Peer review of the Supply Base report provided by the organisation had been conducted by the representative of the Latvian Biomass Association LATBIO- Guna Rasa. Reviewer provided positive feedback to the SBR. No comments and concerns had been raised during the SBR peer review.
NCR Status:	CLOSED
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

NCR: 02/15	NC Classification: minor
Standard & Requirement:	SBP Standard # 5 p.5.1. All data submitted must be supported by appropriate evidence. (5.1)
Report Section:	Appendix D p 1.1
Description of Non-conformance and Related Evidence:	
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.	
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:	GHG data evidence data	
Findings for Evaluation of Evidence:	BP collected additional evidence for heating chips production and transportation, moisture measurements and others. Biograce Reference value is used for fuel use in forestry. Responsible staff is familiar with requirements to provide evidence for all GHGF data.	
NCR Status:	CLOSED	
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

NCR: 03/15	NC Classification: minor	
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)	
Report Section:	Appendix D p 5.2.1.	
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:	Moisture measurement summary- available in GHG data summary file	
Findings for Evaluation of Evidence:	Moisture of the incoming mix is measured once in a day. Measurement records from September 2015 back to the audit date was demonstrated by the BP.	
NCR Status:	CLOSED	
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

NCR: 04/15	NC Classification: minor
Standard & Requirement:	<p>SBP Standard # 5 instruction document 5a, 4.4.1-3</p> <p>5.4.1 The legal owner shall provide the data necessary to calculate the average moisture content of the processed feedstock leaving the plant.</p> <p>Ideally the legal owner should introduce a continuous measurement of the moisture content of the processed feedstock in order to produce an annual average.</p> <p>The legal owner shall justify any lower frequency of moisture measurements to the auditor. (5a, 4.4.1-3)</p>
Report Section:	Appendix D p 5.4.1
Description of Non-conformance and Related Evidence:	
<p>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 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.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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.</p>
Timeline for Conformance:	By the next annual surveillance audit
Evidence Provided by Organisation:	Moisture measurement summary- available in GHG data summary file
Findings for Evaluation of Evidence:	Moisture of the pellets leaving the plant is recorded once in a day. Measurement records from September 2015 back to the audit date was demonstrated by the BP.
NCR Status:	CLOSED
Comments (optional):	
<p>Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?</p>	
<p>Yes <input type="checkbox"/></p> <p>No <input checked="" type="checkbox"/></p>	

NCR: 05/15	NC Classification: minor
Standard & Requirement:	<p>SBP Standard # 5 instruction document 5a, 4.10.1</p> <p>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</p>

	reported shall be based on supplier invoices or other appropriate evidence. (5a, 4.10.1)
Report Section:	Appendix D p 4.10.1
Description of Non-conformance and Related Evidence:	
The GHG data sheet does not cover data about the fossil oils used for oiling of the presses.	
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:	Accountancy data on amount of the oils used for oiling of the presses. SBP clarification on reporting of fossil oils used for oiling of the presses.
Findings for Evaluation of Evidence:	According to the SBP interpretation provided in year 2015 GHG fossil oils used for oiling of the presses are not supposed to be accounted into the GHG data table.
NCR Status:	CLOSED
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 <input type="checkbox"/>	
No <input checked="" type="checkbox"/>	

NCR: 06/15	NC Classification: minor
Standard & Requirement:	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
Report Section:	Appendix D p 5.12
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 month 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:	Moisture measurement summary- available in GHG data summary file
Findings for Evaluation of Evidence:	Moisture of the mixture of feedstock used into biomass drier is recorded once in a day. Measurement records from September 2015 back to the audit date was demonstrated by the BP.
NCR Status:	CLOSED
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?	<div>Yes <input type="checkbox"/></div> <div>No <input checked="" type="checkbox"/></div>

NCR: 07/15	NC Classification: minor
Standard & Requirement:	SBP Standard # 2 requirement 2C, 4.1
Report Section:	<p>Appendix B p 2.8.</p> <p>The report shall be concise, covering the most important features, and shall be completed using the latest versions of the SBR Template for Biomass Producers downloaded from the SBP website.</p>
Description of Non-conformance and Related Evidence:	
<p>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.</p> <p>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</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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.</p>
Timeline for Conformance:	By the next annual surveillance audit
Evidence Provided by Organisation:	Updated supply base data report
Findings for Evaluation of Evidence:	The BP prepared updated SBR, covering concise information about: number of are for designated forest type. The SBR is updated about information about Pskov region of Russia- one of the regions in Russian BP is sourcing feedstock of FSC Controlled wood category.
NCR Status:	CLOSED

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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

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.
Report Section:	Appendix D p 5.12
Description of Non-conformance and Related Evidence:	
<p>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.</p> <p>It was confirmed that data recorded into the GHG table complied with values used in the region and are not understated.</p>	
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:	Biograce reference values
Findings for Evaluation of Evidence:	The BP is using forest chips coming directly from the forest. Biograce reference value was applied by the BP. The reference value had been as soon as BP does not have accurate data available. AKZ is not involved in forest management or logging.
NCR Status:	CLOSED
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

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.
Report Section:	Appendix D p 4.6.1.
Description of Non-conformance and Related Evidence:	
<p>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</p> <p>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.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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.</p>
Timeline for Conformance:	By the next annual surveillance audit
Evidence Provided by Organisation:	Letters from both heating chips suppliers
Findings for Evaluation of Evidence:	The BP is using forest chips for the use in biomass dryer only coming directly from the forest. The data was provided based on evidences provided by forest chips suppliers in writing.
NCR Status:	CLOSED
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?	
<div style="text-align: right;"> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> </div>	

NCR: 10/15	NC Classification: minor
Standard & Requirement:	<p>SBP Standard # 5 instruction document 5a,p.6.1</p> <p>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.</p>
Report Section:	Appendix D p 7.2.
Description of Non-conformance and Related Evidence:	
<p>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.</p>	
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:	Updated profiling data report	
Findings for Evaluation of Evidence:	The report was updated with information about forest management in Russia Pskov region	
NCR Status:	CLOSED	
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

Observations

OBS: 01/16	Standard & Requirement:	SBP Standard # 5, instruction document 5A requirement 5.2.1
	Report Section	Appendix C p 6.1.
Description of findings leading to observation:	Operator in harbour provided information about loading speed, transport/ handling units used into the process. Fuel and electricity consumption was provided for each unit of machine as well. Diesel use is reported in litres/t biomass, electricity use in kWh/t biomass. The data was provided by service provided a year ago. During the harbour visit it was confirmed that no significant changes was taking place in machines and processes and values are close to ones provided in year 2015.	
Observation:	It is recommended to obtain information from harbour operator more frequently.	

OBS: 02/16	Standard & Requirement:	SBP Standard # 5, instruction document 5A requirement 8.1.
	Report Section	Appendix C p 9.1
Description of findings leading to observation:	The organization has Batch specific data in place, containing all requirements. The section a) does not name each type of feedstock specifically, however says the pellets are produced from sawmill waste.	
Observation:	It is recommended to name feedstock categories according to SBP classification (possible options: primary, secondary, tertiary) in Batch specific data report.	

11 Certification decision

Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification approved: Upon acceptance of NCR(s) issued above
<input type="checkbox"/>	Certification not approved:
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 report will be approved as soon as NEPCon will obtain the aproval from the SBP technical committee. The expiration of the certificate will be then 5 years.	
Certification decision by: Ondřej Tarabus	
Date of decision: 8.12.2016.	

12 Surveillance updates

12.1 Evaluation details

Please see in a section.6.2. Description of evaluation activities

12.2 Significant changes

No changes. No SBP sales was taking place during the audit period.

12.3 Follow-up on outstanding non-conformities

See information about the NCR reviewed during the surveillance audit is section 10 of the report. 10. Non-conformities and observations

12.4 New non-conformities

See information about the new NCR identified during the surveillance audit is section 10 of the report. 10. Non-conformities and observations

12.5 Stakeholder feedback

No comments or comments from the stakeholders had been received.

12.6 Conditions for continuing certification

No preconditions are identified. List of open NCR is available is section 10. Non-conformities and observations of the report.

12.7 Certification recommendation

It is recommended to maintain certification of the organisation.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Gints Hansons- Biomass Sales Manager;
Auditor(s):	Oļesja Puišo- SBP Lead auditor
People Interviewed, Titles:	Gints Hansons- Biomass Sales Manager; Aigars Abolins- Pellet Production Manager; Arturs Velde- receptionist, sorting line operator; Viktors Spaks- operator of pellet production/ truck driver; Sergejs Loparevs - operator of pellet production/ truck driver; Ilgvars Stiprais- manager of the department.
Brief Overview of Audit Process for this Location:	See in section 6.2 Description of evaluation activities in the main part of the report.
Comments:	