

SBP

Sustainable Biomass Partnership

NEPCon Evaluation of Kurzemes Granulas 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

CB Name and contact: NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia

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

Report completion date: 30/Nov/2016

Report authors: Oļesja Puišo

Certificate Holder: SIA Kurzemes granulas, Kustes dambis 22, Ventspils, LV-3601, Latvia

Producer contact for SBP: Viesturs Grīnbergs, info@granulas.lv, +371-63662086

Certified Supply Base: sourcing from Latvia, Lithuania and Norway.

SBP Certificate Code: SBP-01-04

Date of certificate issue: 21/Jan/2016

Date of certificate expiry: 20/Jan/2021

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 and office in Ventspils, and storage place in Ventspils harbour.

The Organisation holds valid FSC Chain of Custody and FSC Controlled wood certificate, covering pellet production.

The input material used by the organisation for biomass production (both as raw material for pellet production and feedstock used into dryer) contains both primary and secondary feedstock supplied by local suppliers.

All inputs materials delivered to the pellet production plant are FSC certified, FSC controlled wood or included in the Organisation’s FSC Controlled wood verification system. Feedstock used in the biomass production originates from Latvia, Lithuania and Norway.

Supply Base Evaluation is not included into the scope of the evaluation.

Scope of the 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 checked="" 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 checked="" 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 checked="" 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 harbor	<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 Ventspils	
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 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 utilised for the evaluation as well.

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

4.2 SBP-endorsed Regional Risk Assessment

Not applicable. Supply Base Evaluation is not covered by 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 Ventspils Free Port area.

Kurzemes Granulas producing both Industrial and premium quality wood pellets. In 2014 Industrial pellets accounted 68% of the production volume whereas Premium quality pellets – 32%.

BP is sourcing both primary, secondary and tertiary feedstock for its production. Premium pellets are produced from secondary feedstock (Wood industry residues), including Sawdust and shavings. Premium pellets might be sold in bulk. Industrial pellets are produced from secondary feedstock: wood industry residues: sawdust, wood chips as well as primary feedstock (long rotation forestry): processes firewood logs.

Feedstock is delivered by the local suppliers, however the place of harvesting of the secondary feedstock is originating not only from Latvia but also from Lithuania and Norway.

All Feedstock types are delivered to the pellet plant by road transport.

Incoming feedstock is either FSC certified, FSC Controlled or controlled according to the existing BP FSC Controlled wood verification program. FSC Controlled wood verification program is applicable for feedstock originating from Latvia. The feedstock originating from Lithuania and Norway is always coming with FSC claim. Origin information is kept and origin information access agreements are signed with feedstock suppliers. As a part of the Verification program BP is conducting supplier audits.

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

After the production pellets are stored in BP's production storage or transported into the Ventspils harbour storage place. After this pellets are loaded into the ship and sent to the customer on FOB Ventspils incoterm conditions.

5.2 Description of Biomass Producer's Supply Base

BP is sourcing primary and secondary feedstock only for its production. All feedstock is delivered by companies registered in Latvia , however the feedstock may originate also from Lithiania, and Norway.

Latvia

3.2 million ha of forest, agricultural lands 1,87 million ha. Forests cover 51% of the total area covered by forests is increasing. The expansion happens due to both natural afforestation of unused agricultural lands and by afforestation of low fertility agriculture land.

Forests lands consist 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, aspen, black alder, ash and oak..

51.8% of whole forest area is owned by state, 1.4% are in municipal ownership, but other 46.8% are private forests and other forest ownership types (data: State Forest Service statistics, 2014) . Management of the state-owned forests is performed by the public joint stock company AS 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 high nature conservation values such as rare and endangered species and habitats that are located outside designated protected nature areas, micro reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves constitute 40 595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously primarily in state forests.

On the other hand, there are general nature protection requirements binding to all forest managers established in forestry and nature protection legislation aimed at preservation of biological diversity during forest management activities. They stipulate a number of requirements, for instance, preserving old and large trees, dead wood, undergrowth trees and shrubs, land cover around micro-depressions thus providing habitat for many organisms, including rare and/or endangered species.

Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, although none of local Latvian tree and shrub species are included in the CITES annexes. .

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 Protection Board 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 volume of export).

State forests are FSC/ PEFC certified. In addition to state forest enterprise, 6 private forest managers are managing forests in accordance with FSC standard requirements. The FSC certified are in the country amounts

to a total of 1,743,157 ha , including 248,021 ha of private forest land. A total of 1,683, 641 ha forests are also PEFC certified. The figures are correct as of April, 2015.

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. According to the ownership forests are divided into state (1.08 million ha), private forests (0,85 million ha) and other ownership types (0.2 million ha) .

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 local tree and shrub species included in the CITES annexes.

All state owned forests are is FSC certified.

Norway

About 38% of the surface area in Norway is covered by forest. The total forested area amounts to 12 million hectares, including more than 7 million hectares of productive forest. 15% of the productive forest has been estimated as non-economic operational areas due to difficult terrain and long distance transport, which means that economical forestry may only be operated in about 50% of the forested area. The most important species are Norway spruce (47%), Scots pine (33%) and birch (18%).

From the forest area: Privately owned forests 80 % ; State and municipalities 12 %

Industrial private 4 %; Local common land 4 %

All productive forests in Norway are certified, i.e. 7.397.000 hectares (both FSC and PEFC). The number of certified forest owners is approximately 43.000 (private, municipalities, state).

Approximately 6.4% of mainland Norway has protected area status. In addition, 15,000 square km of Spitsbergen is designated as conservation area - national parks, nature reserves or other kinds of protected area cover 10-12% of the area of the remote islands.

The total number of species in Norway is estimated to be 45,000, of which approximately 33,000 are known and described. It exists information enough to estimate whether a species is threatened or not for only 10,000 species. Of these, 150 are threatened by extinction, 279 are deemed vulnerable, 800 are categorized as rare (the last number also includes species which are rare of natural causes, and not only because of human intervention). 359 are deemed species of special concern, 36 species are indeterminate, while 169 species are classified as insufficiently known.

Species "Red lists" can be used to point out the habitats containing an especially rich variety of endangered species. Red list species have often proved to be the red warning lights of nature to tell us that a biotope is threatened or something else is wrong in nature. The red lists also give us a picture of the condition of our flora and fauna, and may contribute to the efforts of securing and improve the ecosystem for these species.
http://www.borealforest.org/world/world_norway.htm

In the country there are areas of endangered high conservation value forests. More specifically there are Global200 and IFL areas in the northern mountain regions.

Norway has been a signatory of the CITES Convention since 1976. CITES requirements are respected in forest management, although there are no local tree and brush species included in the CITES lists annexes.

Those regions identified by Conservation International as a Biodiversity Hotspot . Those forest, woodland, or mangrove ecoregions identified by World Wildlife Fund as a Global 200 Ecoregion and assessed by WWF as having a conservation status of endangered or critical. Those regions identified by the World Resources Institute as a Frontier Forest Intact Forests Landscapes, as identified by Greenpeace (www.intactforests.org)

In 2006 forestry and the forest industries accounted for about 0.8% of the Gross National Product in Norway. Of the total employment of 2.443.000 persons in Norway approximately 40.000 people receive their income from forestry and from the forest industry. 6.700 persons (0.3%) are directly employed in forestry. About 50 percent of the Norwegian round wood harvested is used by sawmills. There are 225 sawmills in Norway operating on an industrial scale.

Detailed information about the 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://granulas.lv/wp-content/uploads/2016/11/4_KG_SBR_EN_01Oct2016-2.pdf

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 17,236 million ha

Tenure by type (ha): 4,016 million ha state ownership, 12,018 million ha private forests and 1.198 million ha other ownership types.

Forest by type (ha): Hemi- boreal- 3,056 million ha, boreal 12,000 milj., ha ; Temperate 2,180 mil. ha

Forest by management type (ha): 17.236 million ha managed semi- natural

Certified forest by scheme (ha): FSC, total certified area): FSC, total certified area 3,907 million ha (FSC) and 9.087 million ha PEFC

Quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report published in BP homepage: www.granulas.lv

5.4 Chain of Custody system

The Organisation is holding valid FSC Chain of Custody and FSC Controlled wood certificate. Valid FSC system description and other documents exist.

The Organisation is implementing 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. The Controlled wood system or the organisation is covering only Latvia. Feedstock from Lithuania and Norway are delivered by FSC certified suppliers and are coming with FSC certification claim. Supplier list is maintained.

After the reception, incoming feedstock and unloaded into piles according to type of feedstock and load is registered into the recordkeeping system. For the credit account purposed the volume of feedstock is recalculated into the sawdust and then into the tons based on the conversion factors and volume into tons recalculation coefficient, FSC credit account is updated once in a month: data about received raw materials by FSC certification status and volume of sold pellets are recorded.

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

6 Evaluation process

6.1 Timing of evaluation activities

Onsite surveillance audit was conducted at September 7-8, 2016

Supplier audits was taking place at September 8, 2016.

Totally 2,5 days was spent for this evaluation: 2,0 days onsite and 0.5 day documented evidence review prior and after the surveillance audit.

Activities/ timing	Place	Auditors	Date
10.00- 10.15 Opening meeting	Office	O.Puišo	7.09.2016
10.15- 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		
12.30-14.00- Harbour visit Interviews with harbour staff, verification of the provided GHG data	Ventspils harbour	O.Puišo	7.09.2016
14.00- 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	Factory	O.Puišo	7.09.2016

<p>4) Energy related recordkeeper (Energetics/ mechanics/ Mechatronics);</p> <p>5) Sales and client communication (sales department)</p>			
<p>14.30- 17.30</p> <p>Review of the documents and evidences related to implementation of the SBP standards 2,4.</p> <p>Review of the documents and evidences related to implementation of the SBP standard 5 and instruction document 5A. Office staff interview</p>	Office	O.Puišo	7.09.2016
<p>9.00- 14.30</p> <p>Supplier onsite audits</p>	Supplier visits	O.Puišo	8.09.2016
<p>14.30- 15.10</p> <p>Additional interviews, additional supplier related data verification</p> <p>Presentation of the results from day 1 and 2</p>	Office	O.Puišo	8.09.2016

6.2 Description of evaluation activities

The 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 audit evaluation:

All SBP related documentation connected to the SBP as well as FSC CoC/ CW system of the organisation, including SBP Procedures, GHG data calculations/ data sheet, Supply Base Reports, Biomass profiling data, Batch specific data, and FSC system description was provided by the company in advance as well as were reviewed during the desk verification conducted prior and after the surveillance audit.

Auditor was welcomed in SIA Kurzemes granulas office in Ventspils. Audit started with an opening meeting attended by the CEO Viesturs Grīnbergs.

Auditor introduced herself, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and audit methodology and clarified verification scope. During the opening meeting the auditor explained 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 (CEO, production manager, accountant, assistant of the accountant) having key responsibilities within the system were interviewed.

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

During the audit a storage place in Ventspils harbour was visited. Storage site and equipment/ machines used in the harbour were observed and document review provided by service provider was analysed for accuracy.

As a part of the audit two secondary suppliers selected by the auditor were visited; the supplier audit methodology: interviews, document verification, production site visit, report preparation was observed and evaluated.

At the end of the audit, finding were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the CEO. Additional written results were provided to the BP as well.

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 140001, 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

Consultation was not conducted for this surveillance audit.

7 Results

7.1 Main strengths and weaknesses

Strength: SBP system elements are implemented at the time of the assessment. Use of the FSC credit system. Efficient recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: See in NCR section of the report.

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. The data prepared during the assessment had been updated and provided during the surveillance audit. The data is complete, accurate and is based on the records from the internal recordkeeping system and other data sources.

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 CEO, recordkeeper, accountant 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.

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: 01/15	NC Classification: Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 6.3.
Report Section:	Appendix A p.1.4.
Description of Non-conformance and Related Evidence:	
<p>BP is signing co-product wood origin agreements with all Suppliers. The agreement covering information about raw material origin as well as include responsibility of the supplier to inform BP in case of any changes in supply base. According to BP's procedures such agreement will be signed with new suppliers. Additionally, BP is implementing supplier internal audit verification program. According to p.5.3. of the procedures, each active primary supplier will be visited at least once in a year. At the date of the assessment 4 supplier audits were conducted, one more was conducted together with the auditor at the assessment day. Total number of the currently active primary suppliers (including primary suppliers selling their sawmill residues though trader) is 23. 8 suppliers from this list are FSC certified.</p> <p>FSC Controlled material sampling formula $0.8 * \sqrt{\text{number of suppliers}}$ was applied by the BP. Based on this formula 5 supplier audits were conducted prior to the assessment. NEPCOn auditor FSC Controlled wood sampling for calculating the auditor attended suppliers (supplier audits) equal to $0.8 * \sqrt{\text{number of suppliers audited by the BP}} = 2$.</p> <p>However all supplier audits were not conducted prior to the assessment and are scheduled until end of the year.</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:	Supplier list; Management review protocol
Findings for Evaluation of Evidence:	<p>The BP is signing origin confirmation agreements with all Suppliers. The agreement is covering information about raw material origin as well as include responsibility of the supplier to inform BP in case of any changes in supply base. Such agreements are signed with new suppliers also. Based on the agreement supplier is obligated to inform BP about changes in supply base. Additionally, BP is implementing supplier internal audit verification program. According to p.5.3. of the SBP procedures (this was confirmed by the responsible staff during the internal audit was well) BP each active primary supplier will</p>

	<p>be visited at least once in a year. 2 primary supplier audits were conducted by the BP together with the auditor, Total number of the currently active secondary feedstock suppliers (including primary suppliers selling their sawmill residues though trader) is 31.</p> <p>Supplier audit methodology covers interviews with person responsible for raw material procurement, review of the delivery notes and harvesting permits and harvest permit numbers. Volume of the production and volume of the supplied raw materials are analysed with the aim to make sure feedstock is delivered by the audited production site. During the audit log yard and production sites are visited. The aim of the supplier audit is get prove of the origin, to make sure all inputs are recorded and information about origin (cutting licence number) is available for all incoming logs, as well as to prove feedstock is delivered from the audited production and is not bought for sale.</p> <p>During the audit it was identified that supplier audits are conducted for all currently active suppliers. Number of suppliers had been excluded from the supplier list after the non-successful audits, for instance traders Flis Grupa, Tikala ID and Energoparks SIA had been excluded from the supplier list (see extract from management review protocol) shortly before the annual audit (last deliveries from these suppliers was taking place in July 2016. It was also a case there audits for non-active suppliers have not been conducted due to the reason: the suppliers stopped their operation as a site or as a legal entity, change the owner and legal name (audited under new legal entity), As soon as it was not possible to conduct audits for such a sites before NCR 01/15 is closed. Supplier are added to supplier register after the successful audit.</p>
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 4 (ver. 1.0), requirement 2C, 4.1	
Report Section:	Appendix B p.2.8.	
Description of Non-conformance and Related Evidence:		
<p>The Supply Base Report meets the requirements of SBP: covering figures designated in SBR report template and is completed by using the latest version of the SBR Template for Biomass producers. The following inaccuracies were identified into the report:</p> <ul style="list-style-type: none"> a) Final harvest sampling programme section p.2.3 is marked as a not applicable; b) Forest ownership structure for Lithuania is missing in section p.2.1.; c) Not applicable standard nr.6 is indicated in the title page of the report. d) Overview of the proportions of SBP feedstock product groups as well as number of suppliers for each SBP product group is missing in the section p.2.1. e) Certified forest area is not divided per type of certification FSC and PEFC in section p.2.5 f) Volume of secondary and tertiary feedstock is not reported in section 2.5 		
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 supply base report	
Findings for Evaluation of Evidence:	During the surveillance audit BP provided updated Supply Base report. The document had been updated and cover all necessary information.	
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"/>

NCR: 03/15	NC Classification: MAJOR	
Standard & Requirement:	SBP Standard 4 (ver. 1.0), requirement 4B,1.2.	
Report Section:	Appendix B p.9.1.	
Description of Non-conformance and Related Evidence:		
SBP Trademark Licence Agreement is not signed by the BP yet. According to the BP, the discussion regarding the SBP agreement content is taking place in between BP and SBP organisation.		
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:	Prior to certification	
Evidence Provided by Organisation:	signed Trademark licence agreement	
Findings for Evaluation of Evidence:	BP provided signed Trademark licence agreement at October 15 2015.	
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"/>

NCR: 04/15	NC Classification: Minor	
Standard & Requirement:	SBP Instruction document 5A (ver. 1.0), requirement 3.1.1	
Report Section:	Appendix C p.4.1.1.	
Description of Non-conformance and Related Evidence:		
<p>The BP is applying EC and UK feedstock classification.</p> <p>However following inaccuracies have been identified in UK classification use:</p> <ol style="list-style-type: none"> 1) UK classification is not applied for wood chips and sawdust from the planning mill, 2) Fuel wood logs are qualified as one feedstock category, beside the fact there are 2 feedstock type categories specified for this feedstock: Long rotation forestry (conifer) and Long rotation forestry (broadleaf)) is applied for this feedstock category as well. 		
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 GHG data sheet	
Findings for Evaluation of Evidence:	During the surveillance audit BP had provided updated GHG data sheet. UK classification had been applied for Sawdust and woodchips. Fuel wood category had been divided into 2 categories: Conifer and broadleaf.	
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: 05/15	NC Classification: Minor	
Standard & Requirement:	SBP Instruction document 5A (ver. 1.0), requirement 3.3.1	
Report Section:	Appendix C p.4.3.1	

Description of Non-conformance and Related Evidence:	
<p>The BP is using fuel logs coming directly from the forest. Emission data was provided by supplier by phone and is equal to 0.8 l./t of feedstock. No evidence confirming the data and no recalculation methodology from ha/t into l./t feedstock was available during the assessment..</p> <p>It was confirmed that data recorded into the GHG table is very close to the value used in the region 1.0l/t feedstock.</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:	Supplier evidence
Findings for Evaluation of Evidence:	During the surveillance audit, BP had provided a letter from logging company designating the use of the fuel in forest management and logging activities.
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 Instruction document 5A (ver. 1.0), requirement 4.2.3
Report Section:	Appendix C p.5.2.2
Description of Non-conformance and Related Evidence:	
<p>Findings: No regular moisture measurements are taking place for each delivery or batch. See NCR under Regular moisture measurements are done for sawdust coming from planning mill only. For other type of feedstock moisture is not measured on regular basis.</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:	Calculation for feedstock consumption for feedstock drying- See exh.5.
Findings for Evaluation of Evidence:	No regular feedstock moisture measurements are taking place for feedstock- other than tertiary feedstock. Company is using pellet production waste (inadequate quality pellets, sifting remains) as a feedstock for biomass drying

	As an alternative measure for this measurement BP had made a calculation for volume of the feedstock used for drying. According to the calculation 26.4% of the feedstock is used in drying process.
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: 07/15	NC Classification: Minor
Standard & Requirement:	SBP Instruction document 5A (ver. 1.0), requirement 3.6.1
Report Section:	Appendix C p.4.6.1
Description of Non-conformance and Related Evidence:	
The fuel use as per cbm of fire logs was available for the assessment and recalculated into l/t feedstock. The subcontractor providing chipping services is using diesel owned by the BP. BP is having record keeping system for each diesel filling done from the one of BP owned diesel tank, however the evidence data for this calculation was not prepared for 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:	Review of the subcontractor agreement and bill; Communication with accountant
Findings for Evaluation of Evidence:	During the assessment it was identified that firewood chipping is provided by the subcontractor and subcontractor was using its own petrol for this purpose. Subcontractor also provided information about the fuel used for chipping.
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 Instruction document 5A (ver. 1.0), requirement 4.7.3.	
Report Section:	Appendix C p.5.7.3.	
Description of Non-conformance and Related Evidence:		
Findings: During the assessment it was identified that chipping subcontractor is using the fuel from the BP fuel tank. The amount of petrol 24313 l(0,8l/t feedstock x 30391,2t) is recorded into GHG table twice, once in chipping section and second time with total fuel consumption.		
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:	Review of the subcontractor agreement and bill; Communication with accountant GHG data table	
Findings for Evaluation of Evidence:	During the assessment it was identified that firewood chipping is provided by the subcontractor and subcontractor was using its own petrol for this purpose. No double entry is present into the GHG data table at the moment.	
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 5A (ver. 1.0)/ Instruction document 5a requirement 6.1	
Report Section:	Appendix C p.7.2	
Description of Non-conformance and Related Evidence:		
Findings: No description of forest management practices except for reference to SBR report and information that forests are managed naturally exist in the biomass profiling data sheet.		
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 biomass profiling data report	
Findings for Evaluation of Evidence:	Minimal information about forest management practices is included into the biomass profiling data sheet. Additional information is available in the SBP data report.	

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: 10/15	NC Classification: Minor
Standard & Requirement:	SBP Standard 5A (ver. 1.0)/ Instruction document 5a requirement 8.1.
Report Section:	Appendix C p.9.1.
Description of Non-conformance and Related Evidence:	
Findings: The organization has Batch specific data in place, containing all requirements. No tertiary volume is indicated in the input type section of the report. Tertiary feedstock volume is included into the secondary feedstock volume.	
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 batch specific data report
Findings for Evaluation of Evidence:	During the surveillance audit BP provided updated Batch specific data report containing all necessary information including also proportion of the primary, secondary and tertiary feedstock.
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: 01/16-13115	NC Classification: Minor
Standard & Requirement:	SBP Standard 4 (ver. 1.0), requirement 5.1.2.
Report Section:	Appendix B p.1.1
Description of Non-conformance and Related Evidence:	
During the audit period BP obtained PEFC certificate : NC-PEFC/COC-023501. During the surveillance audit the following FSC system related gaps had been identified: <ol style="list-style-type: none"> 1) Sawdust and woodchips had been purchased from supplier Latigma, which does not have sawdust and wood chips included into their FSC product group; 2) Conversion coefficient in the credit account of the company is equal to 6.5 and 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. 	

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.
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"/>

NCR: 02/16-13116	NC Classification: Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 4c, 2
Report Section:	Appendix A p.2.6.
Description of Non-conformance and Related Evidence:	
At the moment of the assessment BP has presented SBR in both Latvian and English languages. Besides this updated SBR covering changes was taking place since assessment taking place in year 2015 are provided in English only. Minor NCR 02/16 is issued.	
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.
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"/>

NCR: 03/16	NC Classification: Minor
Standard & Requirement:	SBP Standard 4 (ver. 1.0), requirement 4B, 1.7
Report Section:	Appendix B p.9.6.
Description of Non-conformance and Related Evidence:	

<p>Organisation is aware that it must follow all applicable requirements of SBP Standard 4, Instruction note 4B in relation to SBP trademark off-product use. SBP trademark requirements are described in section 17 of the BP's SBP procedure. It was identified that BP had published information about its certification status (text: Kurzemes Granulas Ltd. is certified also according to the SBP (Sustainable Biomass Partnership) standards (see Supply Base Report 2015, Supply Base Report 2016), in its homepage : http://granulas.lv/eng/ and publish copy of its SBP certificate. SBP secretariat is not informed about this publication. NCR 03/16 is issued.</p>	
<p>Corrective action request:</p>	<p>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.</p>
<p>Timeline for Conformance:</p>	<p>12 months from the report finalization.</p>
<p>Evidence Provided by Organisation:</p>	<p>PENDING</p>
<p>Findings for Evaluation of Evidence:</p>	<p>PENDING</p>
<p>NCR Status:</p>	<p>OPEN</p>
<p>Comments (optional):</p>	
<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>	

<p>OBS: 06/15</p>	<p>Standard & Requirement:</p>	<p>SBP Standard/ Instruction # 5a requirement 6.1</p>
	<p>Report Section</p>	<p>Appendix C p 7.3.</p>
<p>Description of findings leading to observation:</p>	<p>The data about hardwood and softwood composition is provided with 10% accuracy (hardwood 20-30% and softwood 70-80%).</p>	
<p>Observation:</p>	<p>It is recommended to obtain more accurate data regarding the softwood and hardwood composition.</p>	

OBS: 08/15	Standard & Requirement:	SBP Standard 4 (ver. 1.0), requirement 6.3.2
	Report Section	Appendix B p.7.2.
Description of findings leading to observation:	According to the CEO company is applying good procurement practice: all payments are done based on bank transfer, raw material procurements is under management control and suppliers are approved by the management. However, lack of the written procurement policy might potentially cause the corruption related risks.	
Observation:	It is recommended to document the anti-corruption related risks and inform responsible personnel with the aim to minimise corruption related risks.	

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:	
<p>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 approval from SBP technical committee. The expiration of the certificate will be then 5 years.</p>	
Certification decision by: Ondrej Tarabus	
Date of decision: 30 November 2016	

12 Surveillance updates

12.1 Evaluation details

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

12.2 Significant changes

The BP obtained PEFC certificate and started PEFC product procurement.

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))	Viesturs Grīnbergs- CEO
Auditor(s):	Oļesja Puišo- SBP Lead auditor
People Interviewed, Titles:	Viesturs Grīnbergs- CEO; Andra Brūvele- Head accountant Ilona Drizko- receordkeeper; Jānis Rutkis- production manager; Māris Liegis – technical director Ventspils commercial port; Elvira Kuzmina- transport expedition manager Ventspils commercial port; Representatives of primary producers: SIA Kurekss, SIA Ciemgaļi.
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:	