

# SBP

Sustainable Biomass Partnership

## NEPCon Evaluation of MK Laivyba Compliance with the SBP Framework: Public Summary Report

[www.sustainablebiomasspartnership.org](http://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](http://www.sustainablebiomasspartnership.org)*

### *Document history*

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# 1 Overview

On a title page, include the following information:

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

Primary contact for SBP: Ondrej Tarabus [ot@nepcon.net](mailto:ot@nepcon.net), +420 606 730 382

Report completion date: February 15, 2016

Report authors: Olesja Puiso, Gerimantas Gaigalas

Certificate Holder: MK Laivyba UAB, Plytu str. 12, LT - 92121 Klaipeda, Lithuania  
 Tel.: +370 46 410 514 / E-mail: [info@mklaivyba.lt](mailto:info@mklaivyba.lt) Web: [www.mklaivyba.lt](http://www.mklaivyba.lt)

Producer contact for SBP: Jurate Zimkiene- deputy director

Certified Supply Base: N/A - Trader

SBP Certificate Code: SBP-01-15

Date of certificate issue: 07/Apr/2016

Date of certificate expiry: 06/Apr/2016

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
X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 2 Scope of the evaluation and SBP certificate

The organization is a trader with biomass (heating pellets, wood chips) sourcing the material from Belarus, Lithuania, Estonia and Latvia. The scope of the evaluation covers only heating pellets, wood chips are not covered by the SBP certification scope.

The organization holds a valid FSC certificate with transfer system implemented. The point of purchase varies, and can be FOB, DAP and FCA, storage facility is available in port of Klaipeda.

The material is delivered to several buyers in Europe. The points of sale is also variable. The material is mostly delivered to ports in Europe on CIF conditions.

Scope Item	Check all that apply to the Certificate Scope	Change in Scope (N/A for Assessments)
<b>Approved Standards:</b>	SBP Standard #4 V1.0; SBP Standard #5 V1.0 <a href="http://www.sustainablebiomasspartnership.org/documents">http://www.sustainablebiomasspartnership.org/documents</a>	<input type="checkbox"/>
<b>Primary Activity:</b>	Trader with physical possession	<input type="checkbox"/>
<b>Input Material Categories:</b>	<input type="checkbox"/> SBP-Compliant Primary Feedstock	<input type="checkbox"/>
	<input type="checkbox"/> SBP-Compliant Secondary Feedstock	
	<input type="checkbox"/> Controlled Feedstock	
	<input type="checkbox"/> SBP non-Compliant Feedstock	
<input type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Post-consumer Tertiary Feedstock	<input type="checkbox"/>
	<input type="checkbox"/> Post-consumer Tertiary Feedstock	
	<input type="checkbox"/> SBP-approved Recycled Claim	
<b>Chain of custody system implemented:</b>	<input checked="" type="checkbox"/> FSC <input type="checkbox"/> PEFC <input type="checkbox"/> SFI <input type="checkbox"/> GGL	<input type="checkbox"/>
	<input checked="" type="checkbox"/> Transfer <input type="checkbox"/> Percentage <input type="checkbox"/> Credit	<input type="checkbox"/>
<b>Use of SBP claim:</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/>
<b>SBE Verification Program:</b>	<input type="checkbox"/> Low risk sources only <input type="checkbox"/> Sources with unspecified/ specified risk	<input type="checkbox"/>
	New districts approved for SBP-Compliant inputs:	
<b>Sub-scopes</b>		<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,
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records and calculations; and
- GHG data collection analysis.

## 4 SBP Standards utilised

### 4.1 SBP Standards utilised

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

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

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

## 5 Chain of Custody system

The organization has implemented the FSC transfer system with biomass (wood pellets) in the scope of the certificate. The process covers trade with biomass as well as storage of the material in port of Klaipeda. The material from different suppliers while stored at the harbour is physically separated (due to the traceability reasons). SBP compliant biomass from different suppliers can be mixed at the ship once is loaded however in such case mass balance is applied to distinguish between different materials (in order to follow the GHG, profiling and batch specific characteristics of the material).

The FSC and SBP claim is mentioned on the sales invoices. The sustainability characteristics for each batch are mentioned on an annex to the invoice which always contains the number of the invoice as well.



## 6 Evaluation process

### 6.1 Timing of evaluation activities

The assessment was carried out on 21<sup>st</sup> December, 2015. One day was needed for the onsite audit and additional half day for the documentation review prior to the assessment and additional half of the day for additional document review taking place after the assessment at January 20, 2016.

Activity	Location	Auditors	Date/time
Opening meeting* <ul style="list-style-type: none"> <li>- Presentation of participants</li> <li>- Review of agenda</li> <li>- Presentation of organization and systems</li> </ul>	Main Office	OP/ GG/ SM	9.00 - 9:30
Review of Documented Control Systems for SBP <ul style="list-style-type: none"> <li>- SBP internal procedures</li> <li>- Training records SBP</li> <li>- Energy and Emission Calculations</li> </ul>	Main office	OP/ GG/ SM	9:30 – 11:00
<ul style="list-style-type: none"> <li>- Visit of Klaipeda terminal, harbour staff interview</li> </ul>	Klaipeda harbour	OP/ GG/ SM	11.00-12.30
Lunch break			12:30 – 13:30
Interviews with staff responsible for purchase, sales and logistics	Purchasing and sales department	OP/ GG/ SM	13:30 – 14:30
Auditors summarize the evaluation		OP/ GG/ SM	14:30- 15:00
Closing meeting*	Main office	OT/CAR	15:00 – 16:00

OP – Oļesja Puišo, GG- Gerimantas, SM- Siarhei Minkevich

### 6.2 Description of evaluation activities

Auditor team was welcomed in MK Laivyba UAB head office in Klaipeda. Audit started with an opening meeting attended by Director Mindaugas Karalius and deputy director Jurate Zemkiene.

Lead auditor introduced the audit team, provided information about audit plan, methodology and aim of the assessment. CB's accreditation related issues and confidentiality issues were covered as well.

After that auditor went through all applicable requirements of the standard covering management system, CoC, recordkeeping/mass balance requirements, emission and energy data and verification of SBP compliant and SBP Controlled feedstock. During the process overall responsible person for SBP system and over responsible staff having key responsibilities within the system was interviewed.

Harbour terminal in Klaipeda was visited during the SBP assessment as well. Terminal representative was interviewed, equipment observed and emission data was collected.

During the closing meeting auditor explained the results of the audit and further actions were discussed.

The auditor team composition

Auditor(s), roles	Qualifications
Olesja Puišo Lead auditor Evaluation against all applicable requirements	Auditor, evaluation against all applicable requirements. MSc in Logistics and has been working in NEPCon since 2005. She has participated in CoC and FM audits in Latvia and other countries. Olesja has passed FSC CoC/ FM and PEFC CoC lead auditor training course, as well Legal Source, SAN, ISO 14001 and SBP training course. Previous experience in woodworking industry and SBP pre-assessment and assessments in Latvia, Lithuania and Russia.
Gerimantas Gaigalas Auditor in training Document review in Local language, local expert	Gerimantas Gaigalas has Master's degree on Forestry (graduated in Lithuanian Academy of Agriculture), BSc degree in Law and Master's degree in International Law (graduated in University of Mykolas Romeris) and diploma in programming (Electronic College in Vilnius). He has experience leading the International Relations and Agreements Division in the Ministry of Environment as well as experience working in United Nations Development Programme (UNDP) Papua New Guinea regional office and Institute of Environment Sustainability of EU Commission in Italy. Gerimantas has successfully passed Forest Management and Chain of Custody lead auditor training. Gerimantas is working in UAB"NEPCon LT" as certification manager since 2013. Since 2014 he is implementing PEFC CoC audits, in 2013 completed PEFC CoC auditor training according to the new Chain of Custody standard. Gerimantas had attended SBP Training course and participated in 2 SBP witness assessments in Lithuania.
Siarhei Minkevich Trainee auditor	Belarusian citizen, graduated from the Belarusian State Technological University (Minsk), the Faculty of Forestry. Siarhei holds comprehensive experience as an FSC Chain of Custody and Forest Management Auditor (FM, CoC audits in Russia, Ukraine and Belarus), has practical experience working as a forest inventory engineer during the forest inventory seasons 2005 – 2007 – field forest stand level inventory works in Belarus. He holds

a PhD Degree in Specialty 06.03.02 Forest mensuration and Forest inventory (2003), docent degree (Ass. Prof.) in Specialty Forestry (2010). Siarhei has worked as a guest researcher at the Forest Biometry Department of Freiburg University, Germany, Department of Forest Resources Management, Swedish University of Agricultural Sciences (SLU), Center of Biostochastics (SLU) (PostDoc), and National Forest Inventory Department of the Finnish Forest Research Institute (Metla).

## 7 Results

### 7.1 Competency of involved personnel

The main responsible person for the SBP system in the company is Jurate Zimkiene – the Deputy Director. She is also responsible for SBP procedures and staff training. Director Mindaugas Karalius is responsible for pellet procurement and sales activities; Logistic Managers Evaldas Pranevicius and Gintaras Andrijauskas are responsible for warehouse management and quality and quantity management of the pellets; Chief accountant Edita Sapovalova is responsible for sales documents and sales recordkeeping.

All interviewed staff was well familiar with their responsibilities within SBP certification system, overall responsible person demonstrated knowledge and understanding of the applicable SBP standard requirements.

SBE is not in the scope of the evaluation.

## 8 Non-conformities and observations

<b>NCR: 01/16</b>	<b>NC Classification: Minor</b>	
<b>Standard &amp; Requirement:</b>	SBP Standard # 4 requirement 5.2.6	
<b>Report Section:</b>	Appendix A p 2.6	
<b>Description of Non-conformance and Related Evidence:</b>		
<p>The requirement for recording of the information regarding the incoming material is specified in the SBP certification procedure section 4.1. During the interviews with logistic manager it was confirmed that the incoming invoice/ load registration table, used for tracking of the incoming materials is created and maintained, however it is not updated with a certificate number and SBP status information. No pellets with SBP claims were purchased at the date of the assessment.</p>		
<b>Corrective action request:</b>	<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>	
<b>Timeline for Conformance:</b>	12 months from the report finalization	
<b>Evidence Provided by Organisation:</b>	PENDING	
<b>Findings for Evaluation of Evidence:</b>	PENDING	
<b>NCR Status:</b>	<b>OPEN</b>	
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"/>

<b>NCR: 02/16</b>	<b>NC Classification: Major</b>	
<b>Standard &amp; Requirement:</b>	SBP Standard # 4 requirement 5.3.1	
<b>Report Section:</b>	Appendix A p 3.1	
<b>Description of Non-conformance and Related Evidence:</b>		
During the assessment it was identified that the Organisation does not have proper system for output calculation, use of claims, batches, recordkeeping and preparation of the sales invoices.		
<b>Corrective action request:</b>	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.	
<b>Timeline for Conformance:</b>	Prior to the certification	
<b>Evidence Provided by Organisation:</b>	Updated SBP procedure- Exh.1. Batch code list- Exh.4.	
<b>Findings for Evaluation of Evidence:</b>	After the assessment, organisation has provided an auditor with an updated procedure for recordkeeping, storage and sales. It was decided that the Organisation will continue to apply transfer recordkeeping system. Pellets will be stored in 3 different warehouses A, B and C. Warehouse A will be used for mix of SBP-compliant suppliers, Warehouse B for one SBP-compliant material supplier (not more than ~2800t- vessels usually contains at least 3000t) and warehouse C for other feedstock. So at the beginning warehouse A will be cleaned and all volume stored in the warehouse (including data about suppliers, batches/ GHG) will be added into the sales documents, if necessary volume from warehouse B will be added and data about the supplier B (volumes batches, GHG will be added into the sales invoices). The Organisation also set batch code numbers for possible batches.	
<b>NCR Status:</b>	<b>CLOSED</b>	
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"/>

<b>NCR: 03/16</b>	<b>NC Classification: MAJOR</b>	
<b>Standard &amp; Requirement:</b>	SBP Standard # 4 requirement 6.1.1, 6.1.2	
<b>Report Section:</b>	Appendix A p 5.1, 5.2	
<b>Description of Non-conformance and Related Evidence:</b>		
<p>The organization has collected the information and prepared a summary file, however the risk is not evaluated at sufficient extend and the mitigation measures are not well implemented as the organization claims that the material is certified FSC, but it is not received as such (with FSC certification claim). It is also not clearly designated in the procedures that pellets received from non SBP suppliers are segregated.</p>		
<b>Corrective action request:</b>	<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>	
<b>Timeline for Conformance:</b>	Prior to the certification	
<b>Evidence Provided by Organisation:</b>	Updated SBP procedure	
<b>Findings for Evaluation of Evidence:</b>	<p>After the assessment, organisation provided an auditor with an updated procedure for recordkeeping, storage and sales. It was decided that the Organisation will continue to apply transfer recordkeeping system. Pellets will be stored in 3 different warehouses A, B and C. Warehouse A will be used for mix of SBP-compliant suppliers, Warehouse B for one SBP-compliant material supplier (not more than ~2800t- vessels usually contains at least 3000t) and warehouse C for other feedstock. So at the beginning warehouse A will be cleaned and all volume stored in the warehouse (including data about suppliers, batches/ GHG) will be added into the sales documents, if necessary volume from warehouse B will be added and data about the supplier B (volumes batches, GHG will be added into the sales invoices). In this way the Organisation had set a system, that SBP certified pellets are never mixed with other pellets and BP does not plan to mix SBP certified and EUTR compliant pellets together, so no EUTR DDS Is applicable.</p> <p>The Organisation also set batch code numbers for possible batches. NCR 03/16 is closed based on evidences provided after the assessment.</p>	
<b>NCR Status:</b>	<b>CLOSED</b>	
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"/>

<b>NCR: 04/16</b>	<b>NC Classification: MAJOR</b>	
<b>Standard &amp; Requirement:</b>	SBP Standard # 5 Instruction document 5a, p 5.0.2	
<b>Report Section:</b>	Appendix B	
<b>Description of Non-conformance and Related Evidence:</b>		
The organization provide incomplete list of transport routes. The data for procurement incoterm was present, however data for sales incoterm was completely missing. E.g. no data was available for travel from port in Klaipeda to buyer.		
<b>Corrective action request:</b>	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.	
<b>Timeline for Conformance:</b>	Prior to certification	
<b>Evidence Provided by Organisation:</b>	-GHG data table;	
<b>Findings for Evaluation of Evidence:</b>	Organisation provided information sales incoterm as well as collected all required information for the GHG calculation. Overall responsible person demonstrated understanding of the standard requirements and know how to make calculations for different incoterms Sales incoterms indicate that pellets are shipped by the sea.	
<b>NCR Status:</b>	<b>Closed</b>	
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"/>



<b>NCR: 05/16</b>	<b>NC Classification: Minor</b>	
<b>Standard &amp; Requirement:</b>	SBP Standard # 5, instruction document 5A requirement 5a, 5.1.2	
<b>Report Section:</b>	Appendix B p 5.3	
<b>Description of Non-conformance and Related Evidence:</b>		
The organization is using truck and railway transportation for the delivery of biomass to storage place in harbour and ship for transportation from Klaipeda port into port of destination. The fuel consumption data and data about length of the trip was provided by the haulers by phone and no written evidence was provide by the organisation with an aim to provide the evidence for the data.		
<b>Corrective action request:</b>	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.	
<b>Timeline for Conformance:</b>	12 months from the report finalization	
<b>Evidence Provided by Organisation:</b>	Fuel use evidence for transportation from Klaipeda port to port of destination provided by service provided.	
<b>Findings for Evaluation of Evidence:</b>	Data for length of travel and fuel used for transportation from Klaipeda port to port of destination was provided after the assessment.	
<b>NCR Status:</b>	<b>CLOSED</b>	
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"/>

<b>NCR: 06/16</b>	<b>NC Classification: Minor</b>	
<b>Standard &amp; Requirement:</b>	SBP Standard # 5, instruction document 5A requirement 5a, 5.1.5	
<b>Report Section:</b>	Appendix B p 5.6	
<b>Description of Non-conformance and Related Evidence:</b>		
Calculation of the transport from port of Klaipeda to port of the destination was not presented during the assessment. The requirement to apply ( <a href="http://www.axsmarine.com/distance/">http://www.axsmarine.com/distance/</a> ) is mentioned in The SBP procedure p.18.1. Responsible staff confirmed understanding.		
<b>Corrective action request:</b>	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.	
<b>Timeline for Conformance:</b>	12 months from the report finalization	
<b>Evidence Provided by Organisation:</b>	Updated GHG data calculation	
<b>Findings for Evaluation of Evidence:</b>	After the assessment BP provided updated GHG data table covering calculation of distances from the port of Klaipeda to the port of destination. It was confirmed that Axmarine distance tool was used for this calculation.	
<b>NCR Status:</b>	<b>Closed</b>	
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"/>

<b>OBS: 01/16</b>	<b>Standard &amp; Requirement:</b>	SBP Standard # 5, instruction document 5A requirement 5a, 5.1.3
	<b>Report Section</b>	Appendix B p 5.4
<b>Description of findings leading to observation:</b>	Share of biofuel use is not reported into the GHG data table for the EXW incoterm for pellet procurement.	
<b>Observation:</b>	The organization should report the share of biodiesel used diesel during the transport of the biomass.	

## 9 Certification decision

<b>Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:</b>	
<input checked="" type="checkbox"/>	Certification approved: Upon acceptance of NCR(s) issued above
<input type="checkbox"/>	Certification not approved:
<b>Based on auditor's recommendation and NEPCon quality review following certification decision is taken:</b>	
<b>NEPCon certification decision:</b> The Biomass trader has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after SBP technical committee will approve the report. The expiration of the certificate will be then 5 years.	
<b>Certification decision by: Ondřej Tarabus</b>	
<b>Date of decision: 11th March 2016</b>	

## 10 Surveillance updates

Not applicable.

## 11 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Jurate Zimkiene- Deputy Director
Auditor(s):	Olesja Puiso- Lead auditor; Gerimantas Gaigalas- Auditor in training, local expert responsible for documentation review in Lithuanian; Siarhei Minkevich- Trainee auditor
People Interviewed, Titles:	Jurate Zimkiene – the Deputy Director.  Mindaugas Karalius- Director;  Evaldas Pranevicius- Logistic Manager;  Gintaras Andrijauskas- Logistic Manager;  Edita Sapovalova – Chief accountant.
Brief Overview of Audit Process for this Location:	See audit plan.
Comments:	