SBP

Sustainable Biomass Partnership

NEPCon Evaluation of NewFuels RSEZ SIA Compliance with the SBP Framework: Public Summary Report

www.sustainablebiomasspartnership.org

Completed in accordance with the CB Public Summary Report Template Version 1.0

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

Document history

Version 1.0: published 26 March 2015

Contents

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, +420 606 730 382
Report completion date:	March 3rd, 2016
Report authors:	Olesja Puiso
Certificate Holder:	SIA NewFuels RSEZ, Atbrivosanas aleja 169a, Rezekne LV-4604, Latvia LV
Producer contact for SBP:	Ints Timinskis , ints.timinskis@newfuels.eu,, +371-64605786
Certified Supply Base:	Sourcing from Latvia and Lithuania
SBP Certificate Code:	SBP-01-16
Date of certificate issue:	05/May/2016
Date of certificate expiry:	04/May/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	☐	☐	☐	☐

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site and production office facility in Rezekne, Latvia as well as sales office in Riga.

The Organisation holds valid FSC Chain of Custody and FSC Controlled wood certificate (TT-COC-003837, TT-CW-003837), covering FSC certified (FSC Mix Credit) and FSC Controlled Wood pellet production. http://info.fsc.org/details.php?id=a0240000007SrFZAA0&type=certificate&return=certificate.php

The input material used by the organisation for biomass production (both as raw material for pellet production and feedstock used into dryer) contains 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 and Lithuania only.

It is planned that BP will sell pellets on FCA Incoterm conditions and will be delivered to Riga harbour. In the past Liepaja harbour was used as well, however BP does not intend to transport pellets to Liepaja any longer.

Supply Base Evaluation is not included into the scope of the evaluation as soon as there is no approved Regional risk assessment (RRA) for Latvia at the moment, and there is a discussion around risk level for number of RRA indicators

Scope of the evaluation is indicated in the table below:

<table>
<tr><th>Scope Item</th><th colspan="4">Check all that apply to the Certificate Scope</th><th>Change in Scope
(N/A for Assessments)</th></tr>
<tr><td>Approved Standards:</td><td colspan="4">SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0

http://www.sustainablebiomasspartnership.org/documents</td><td>☐</td></tr>
<tr><td>Primary Activity:</td><td colspan="4">Pellet producer</td><td>☐</td></tr>
<tr><td rowspan="5">Input Material Categories:</td><td colspan="2">☒ SBP-Compliant Primary Feedstock</td><td colspan="2">☒ SBP-Compliant Secondary Feedstock</td><td rowspan="5">☐</td></tr>
<tr><td colspan="2">☒ Controlled Feedstock</td><td colspan="2">☐ SBP non-Compliant Feedstock</td></tr>
<tr><td rowspan="3">☐ SBP-Compliant Tertiary biomass</td><td colspan="3">☒ Pre-consumer Tertiary Feedstock</td></tr>
<tr><td colspan="3">☐ Post-consumer Tertiary Feedstock</td></tr>
<tr><td colspan="3">☐ SBP-approved Recycled Claim</td></tr>
<tr><td rowspan="2">Chain of custody system implemented:</td><td>☒ FSC</td><td>☐ PEFC</td><td>☐ SFI</td><td>☐ GGL</td><td>☐</td></tr>
<tr><td>☐ Transfer</td><td colspan="2">☐ Percentage</td><td>☒ Credit</td><td>☐</td></tr>
</table>

Use of SBP claim:	☒ Yes	☐ No	☐
SBE Verification Program:	☐ Low risk sources only	☐ Sources with unspecified/ specified risk	☐
	New districts approved for SBP-Compliant inputs:		
Sub-scopes			☐
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 and storage site visits;
- 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; and
- 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

http://www.sustainablebiomasspartnership.org/documents

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

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

SIA NewFuels RSEZ is a biomass producer with a production site, production office located in Rezekne, Latvia and sales office in Riga. No storage sites in harbour and other places are included into the scope of the verification and haven't been visited

SIA NewFuels RSEZ is producing industrial quality wood pellets.

BP is sourcing primary and secondary feedstock for its pellet production. Pellets are produced from primary feedstock (firelogs – both conifer and broadleaf), and secondary feedstock: (wood industry residues: wet sawdust, wood chips) . Bark, forest residuals: branch wood are used in the biomass drier.

During the last few months BP had minimised volume of the secondary feedstock and mainly primary feedstock was used for the production. Feedstock is delivered by the local suppliers. Feedstock is originating from Latvian and Lithuania. BP is prioritising suppliers and signing agreements with suppliers sourcing raw materials inside the designated supply base.

All Feedstock types are delivered to the pellet plant using road transport. There is a railway near the production site, which is used for transportation of pellets to harbours only, but was not used for the feedstock supply.

Incoming feedstock used in the production and in biomass drier 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 and Lithuania.

Origin information is available in the delivery documents for the primary feedstock, as for the secondary feedstock as well as feedstock used into the driers origin information is available into the origin information access agreements, signed with feedstock suppliers. As a part of the Verification program BP is conducting supplier audits for secondary feedstock suppliers as well as for suppliers delivering feedstock for use into the biomass drier.

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

After the production, pellets are stored in small BP production storage (silos) or transported to Riga and Liepaja harbour by railway. Ownership rights to the biomass are transferred to buyer at the time railway wagon reaches storage site.

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 and also originating in Latvia and Lithuania.

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, woodworking 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 forestland. 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.

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 5.377 million ha

Tenure by type (ha): 2.681 million ha state ownership, 2,355 million ha private forests and 0.341 million ha other ownership types.

Forest by type (ha): 3.2 million ha hemi-boreal forests, 2,177million million ha temperate forests

Forest by management type (ha): 5.377 million ha managed natural

Certified forest by scheme (ha): FSC, total certified area 3.07 million ha (FSC) and 1.68 million ha PEFC

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

http://www.newfuels.eu/wp-content/uploads/2016/03/SBP_report_EN.pdf

http://www.newfuels.eu/wp-content/uploads/2016/03/SBP_zi%C5%86ojums_LV.pdf

5.4 Chain of Custody system

The Organisation is holding valid FSC Chain of Custody and FSC Controlled wood certificate (TT-COC-003837, TT-CW-003837 valid until the 31-07-2016 http://info.fsc.org/details.php?id=a0240000007SrFZAA0&type=certificate&return=certificate.php. 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 of the organisation is covering Latvia and Lithuania.

Supplier list is maintained.

After the reception, incoming feedstock is unloaded in specially designated places according to type of feedstock and is registered into the recordkeeping system.

The production technology of the BP foresee that all feedstock is stored in a way of chips for long time period with an aim to reach same moisture value for all the feedstock. 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 are withdrawn from the credit account.

Audit team composition:

Auditor(s), roles	Qualifications
Oļesja 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 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment in NewFuels production office and production site was conducted at January 11-12, 2016.

2 supplier audits were conducted by BP and attended by the auditor as a part of the evaluation.

Onsite visit in Riga office was conducted at January 15, 2016

Totally 4.0 days was spent for this evaluation: 2,5 days onsite + 0.5 day supplier visit + and 1.0 day documented evidence review prior and after the main assessment

6.2 Description of evaluation activities

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

Description of the assessment evaluation:

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 to the assessment.

Auditor was welcomed in SIA NewFuels RSEZ office in Rezekne. Audit started with an opening meeting attended by all management staff of the Organisation.

Auditor introduced herself, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope.

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 reception, recordkeeping, production process were observed, applicable records were reviewed, pellet factory staff was interviewed and FSC system critical control points were analysed.

As a part of the assessment 2 supplier audits conducted by the BP. Two suppliers were 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 Organisation.

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out by the Certification Body on 9th of December, 2015 by sending direct email to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions. No comments were received from the stakeholders.

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. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

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

7.4 Competency of involved personnel

Not applicable as soon as Supply Base Evaluation is not in the scope of the evaluation.

During the assessment it was identified that number of staff members are involved into the SBP system management and implementation, including Raw material procurement manager, Director, Accountant, Assistant of the head accountant, Office manager, Stockfile Controller, Mechanic, Loading truck drivers, chipper and pellet production operators. Interviewed staff demonstrated awareness of their responsibilities within SBP system.

7.5 Stakeholder feedback

No comments are received.

7.6 Preconditions

No open preconditions to this certification exist.

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 (08877)	**NC Classification:** Minor	
Standard & Requirement:	SBP Standard 2, requirement 6.2. The BP shall record the place of harvesting and the identity of the primary wood processor responsible for the supply of inputs classified as SBP-compliant Secondary Feedstock. (6.2)	
Report Section:	Appendix A p.1.3.	
Description of Non-conformance and Related Evidence:		
Supplier list is available. Secondary feedstock suppliers are divided into 2 categories: direct suppliers: producers (primary processors) and traders. Both producers and traders (SiA Atvarps and SIA PA Energy) are delivering feedstock directly from producer. Traders are signing Supply Base declaration with the BP. covering Supply Base of its sub-suppliers (primary producers). BP is maintaining register of direct suppliers only. In case the feedstock is delivered by trader, the primary producer is still known as the address is stated in the delivery note (as a loading address). The place of harvesting is than verified at the primary producer level. However the BP does not keep the list of these primary producers as a separate register and therefore even though the origin is know the place of origin is not recorded for each separate primary producer.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	By the next annual surveillance audit	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	**OPEN**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 02/16 (08878)	**NC Classification:** Minor
Standard & Requirement:	SBP Standard 2, requirement 6.3. The BP shall ensure that the place of harvesting is within the defined SB. (6.3): Note: 'Place of harvesting' in the standard means the place of growth of the feedstock, i.e. the location of the tree stump
Report Section:	Appendix A p.1.4.
Description of Non-conformance and Related Evidence:	
The BP is using cutting licences as a Supply Base evidence for primary feedstock. Besides the fact that during the GHG reporting period, the proportion of secondary feedstock was rather big, during the last 4 months, due to the change in production technique, BP was using primary feedstock for the biomass producton only, it is possible that BP will work with secondary feedstock and have secondary feedstock suppliers in a future. BP evaluated risk of sourcing from Supply Base outside the designated Supply Base. BP requested its secondary feedstock suppliers to sign origin confirmation agreements with the existing feedstock 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 and will be re-signed annually. Additionally BP is implementing supplier internal audit verification program. In addition to this supplier audits, or other measures for instance verification of incoming documentation, are used with the aim to prove feedstock used into the drier is compliant with the Controlled wood requirements. As soon as no secondary feedstock procurements used for biomass production was taking place since the new system was implemented (during the last few months) at the date of the assessment, no supplier audits were conducted by the BP and two audits for potential secondary feedstock suppliers was conducted by the BP accompanied by the auditor, with an aim to make sure responsible person is implementing its own internal audit procedures and methodology described in the BP written procedures. Audited suppliers are also delivering feedstock for drying. Requirements for origin confirmation for feedstock used into a drier (compliance with FSC Controlled wood requirements) is recorded into the section 9 of the written procedures. During the assessment it was identified that these requirements are not fully implemented in a practice: documentation proving feedstock origin was missing for few deliveries of materials coming from non-forest lands, even though procedure for document verification and storage exist and responsible staff is familiar with the new requirements, only few audits for suppliers delivering production by-products are conducted for suppliers delivering feedstock for drying. The methodology of such audits is described in Internal audit procedure document (p.5.3).	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 03/16	**NC Classification:** Minor
Standard & Requirement:	SBP Standard # 2 requirement 2c, p.4.1. 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. (2C, 4.1)
Report Section:	Appendix A p 2.8
Description of Non-conformance and Related Evidence:	
The Supply Base Report meets the requirements of SBP: covering figures designated in SBR report template is completed by using the latest version of the SBR Template for Biomass producers. The following inaccuracies were identified into the report: - Overview of the proportions of SBP feedstock product groups (Controlled Feedstock, SBP-compliant Primary Feedstock, SBP-compliant Secondary Feedstock) showing the proportions certified and uncertified material as well as an indication of the number of suppliers for each SBP feedstock product group are missing in SBR section 2.1. General Description. The information is considered to be confidential and is partly available in other sections of the SBR as well as other SBP related reports submitted directly to the customers. - Calculation mistake had been identified into the SBR section 2.5. Quantification of the Supply base, indicator g. Company is using both coniferous (22091.55t) and deciduous (60480,48t) logs, however only deciduous logs are reported. - Section 3. Requirements for Supply Base Evaluation contains information that SBE is not completed, however concise summary of why a SBE was determined to be required or not required is missing.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 04/16 (08880)	**NC Classification:** Minor	
Standard & Requirement:	SBP Standard # 2 requirement 15.7 3.7 Relevant personnel shall be informed promptly of any changes to management systems. (15.7).	
Report Section:	Appendix A p 3.7.	
Description of Non-conformance and Related Evidence:		
During the staff interview, responsible staff demonstrated good understanding and knowledge of FSC and SBP requirements within their responsibilities. Product manager is responsible for staff training. According to SBP procedure p.4.3. additional trainings are provided at least once in a year. During the assessment in Riga office of the organisation it was identified that head accountant dealing with client communication with clients received all reports and training materials by email, however until the time of the assessment she did not get herself familiar with the documentation. On the other side head accountant who is working in the close cooperation with accountant in Rezekne is verywell familiar with head accountant responsibilities within the SBP system and demonstrated commitment to provide necessary support, if required.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	By the next annual surveillance audit	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	**OPEN**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

OBS: 01/16 (08881)	**Standard & Requirement:**	SBP Standard # 4 requirement 5.3.2
	Report Section	Appendix B p 3.2.
Description of findings leading to observation:	BP is applying FSC credit system for output calculation. Credit account calculation as well as conversion factors applied were reviewed during the assessment. During the assessment it was also identified that credit account was not withdrawn timely during 2 months of year 2015 and was withdrawn with 2 months delay. Auditor concluded, that besides the delay in withdrawal of the credit older than 12 months, the amount if the credit available in the credit account is correct.	
Observation:	It is recommended to follow FSC COC requirements and withdrawn credit older than 12 months on regular basis, even though no FSC product sales was taking place.	

OBS: 02/16 (08882)	**Standard & Requirement:**	SBP Standard # 4 requirement 5.5.2
	Report Section	Appendix B p 4.4
Description of findings leading to observation:	Possible SBP biomass claims are described is available in section 9.23 of the SBP-01 procedure. The BP intends to use both 'SBP-compliant biomass' and 'SBP-controlled biomass' claims. Typing mistakes are present into the SBP sales related procedure p.10.2. the "SBP Compliant Biomass claim is used instead of 'SBP-compliant biomass' and "SBP Controlled Biomass" instead of SBP-controlled biomass'.	
Observation:	It is recommended to update procedure with the aim to avoid risk of wrong claims appear in the SBP biomass sales documents.	

NCR: 05/16 (08883)	**NC Classification: Minor**
Standard & Requirement:	SBP Standard # 4 requirement 6.2.1
Report Section:	Appendix A p 6.1
Description of Non-conformance and Related Evidence:	
The SBP procedures requires that the organization follow changes in SBP standards. The person responsible for GHG data sheet also confirmed during the interview that she is familiar with requirements to update GHG data sheet immediately after change in standard nr, 5 and related instruction document 5A, however the requirement is not mentioned in the SBP procedures of the BP.	
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**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 06/16 (08884)	**NC Classification: minor**
Standard & Requirement:	SBP Standard # 5, Instruction document 5a requirement 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. (5a, 3.3.1) Note that default values are available for this parameter but shall be able to justify, to the auditor, the lack of availability of applicable data.
Report Section:	Appendix C p.4.3.1.
Description of Non-conformance and Related Evidence:	
The BP is using fuel logs coming directly from Latvian forests. Emission data for soil preparation, planting, forest management methods (such as short rotation forestry) and harvesting of forest products was provided by supplier by phone. No written evidence was submitted the BP.	
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**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 07/16 (08885)	NC Classification: minor
Standard & Requirement:	SBP Standard # 5, Instruction document 5a requirement 3.6.1. 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 C p.4.6.1.
Description of Non-conformance and Related Evidence:	
Chipping data for branch wood chipping is reported. Information was provided supplier by phone and is not supported by evidence.	
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**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

OBS: 03/16 (08887)	**Standard & Requirement:**	SBP Standard # 5, Instruction document 5A, requirement 4.5.3.
	Report Section	Appendix C p 5.5.3.
Description of findings leading to observation:	Consumption of the office is excluded from the GHG data table. The power consumption of the offices is calculated based on electricity consumption used for the office facilities. The small production laboratory is situated in the pellet plant. The electricity used by the laboratory is not excluded from the electricity consumption, however, the consumption is very insignificant in comparison with the volume of electricity used into the production.	
Observation:	It is recommended to take electricity consumption used into the lab out of the total electricity consumption used for pellet production.	

NCR: 08/16 (08889)	**NC Classification: minor**
Standard & Requirement:	SBP Standard # 5, Instruction document 5a requirement 5.1.1.The legal owner shall provide the data necessary to enable the calculation of energy consumption during transport of biomass. As a minimum, the legal owner needs to specify the transport mode of that travel (i.e. truck, diesel or electric train, river barge or ship) and the distance travelled. For simplicity only the one-way journey is required in the data collection. (5a, 5.1.1)
Report Section:	Appendix C p.6.3
Description of Non-conformance and Related Evidence:	
The data about the fuel consumption for transportation into harbours by railway is provided by the haulers by phone. No written evidence was demonstrated to prove fuel consumption for railway transportation.	
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**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 09/16 (08886)	**NC Classification: minor**
Standard & Requirement:	SBP Standard # 5, Instruction document 5a requirement 4.2.1. An average moisture value should be provided per category of feedstock. (5a, 4.2.1)
Report Section:	Appendix C p.5.2.1.
Description of Non-conformance and Related Evidence:	
Average moisture coefficients are designated for each feedstock category. Besides this no measurements records were demonstrated by the company to prove the moisture measurement value. It was explained during the assessment, that the BP is trying to store raw materials in a way of chips for long time period with the aim to achieve moisture level for feedstock entering the production .	
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**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 10/16 (08888)	**NC Classification: minor**
Standard & Requirement:	SBP Standard # 5, Instruction document 5a requirement 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 C p.5.12.
Description of Non-conformance and Related Evidence:	
Average moisture coefficients are designated for each feedstock category used into a drier. Besides this no measurements records were demonstrated by the company to prove the moisture measurement value. It was explained during the assessment, that the BP is trying to store all feedstock for drying together materials in a way the moisture is balanced.	
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**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

OBS: 04/16 (09009)	**Standard & Requirement:**	SBP Standard # 5, Instruction document 6A, requirement 6.1. Description of the forestry management practices or land management practices used in the forest or other location where the biomass feedstock was grown;
	Report Section	Appendix C p.8.2.
Description of findings leading to observation:	Very general information about the forest and Land management practices is available in the Biomass profiling data sheet. Additional more detailed information is available in SBR. It is recommended to company to include broader description of the above mentioned point.	
Observation:	It is recommended to update Biomass profiling data report with broader description of the forest and land management practices.	

11 Certification decision

Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:	
☒	Certification approved: Upon acceptance of NCR(s) issued above
☐	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 certificate can be issued immediately after SBP technical committee will approve the report. The expiration of the certificate will be then 5 years.**	
Certification decision by: Ondřej Tarabus	
Date of decision: 13th April 2016	

12 Surveillance updates

N/A

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Ints Timskis- Raw material procurement manager;
Auditor(s):	Olesja Puiso- Lead Auditor
People Interviewed, Titles:	Ints Timskis - Raw material procurement manager, Mareks Reizens – Director Svetlana Poplavska- Accountant, Jevgenija Treikule - Assistant of the head accountant, Agita Nagle- Office manager, Inga Pranča - Stockfile Controller,
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:	