

SBP

Sustainable Biomass Partnership

NEPCoN Evaluation of Purutuli OÜ 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*

Template document history

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1 Overview

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Primary contact for SBP: Ondrej Tarabus, SBP Program Manager

Report completion date: 07/Jan/2015

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Certificate Holder: Purutuli OÜ, Magasini 3-4, 51005 Tartu, Estonia

Producer contact for SBP: Viljo Aros, quality- and environmental manager

Certified Supply Base: [Name of SB (if different from above) and location]

SBP Certificate Code: SBP-01-08

Date of certificate issue: 03/Mar/2016

Date of certificate expiry: 02/Mar/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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

Scope of this evaluation is based on SBP standards 2; 4 and 5 Organization holds valid FSC COC certificate TT-COC-004928/TT-CW-004928, covering both FSC transfer and FSC credit system. Credit system is implemented in case FSC certified and FSC Controlled Wood inputs are used, other materials are segregated. Controlled wood verification system for round wood is also included into the FSC certification scope of the company.

Wood pellets might be produced from roundwood, sawdust, chips or wood shavings. Other types of feedstock: chips from forest residues and bark, that are used in the drier.

Company is sourcing feedstock from logging companies and from primary and secondary producers

All inputs for SBP-Compliant biomass production are FSC or PEFC certified and FSC or PEFC controlled. There is a FSC transfer system in place to segregate non-certified material for drier. This non-certified material is not used as input for SBP product groups or used in drier for SBP production.

All incoming wood materials are weighted by weighbridge or measured by log receiver in case of logs, and measurement data is recorded.

Wood pellets are sold based on DAP, FOB and CIF incoterms conditions. Sale can be made through Riga Pärnu, Muuga, Bekkeri or Kunda ports.

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"/> Post-consumer Tertiary Feedstock			
	<input type="checkbox"/> SBP-approved Recycled Claim				
Chain of custody	<input checked="" type="checkbox"/> FSC	<input type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>

system implemented:	<input checked="" type="checkbox"/> Transfer	<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit	<input type="checkbox"/>
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

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

4.2 SBP-endorsed Regional Risk Assessment

N/A

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

Purutuli LLC is one of the largest bio-fuel producers in Estonia. Founded in 2003, its principal activities include the production and wholesale of wood pellets and flinders that provide an environmentally friendly and cost effective alternative to solid fuels. Most of the produce is exported to Sweden and Denmark where it is used as fuel in large boiler houses that provide central heating to the end consumers.

The production of the wood pellets was introduced in 2010 Sauga production facility with a projected capacity of 120 000 tons per year.

Purutuli OÜ main goal for the year of 2015 is to upgrade Sauga factory to the production capacity of 180 000 tons per year.

More detailed description is provided in SBR.

5.2 Description of Biomass Producer's Supply Base

Purutuli OÜ sources the majority (>90%) of its raw materials for pellet production through various suppliers from Estonia with a few suppliers delivering directly from Latvia. The suppliers include forest harvesting companies, sawmills, planing mills, secondary producers and traders. According to the EUTR Regulation No. 995/2010 Purutuli OÜ acts as "trader" and not as "operator" as the feedstock is purchased from other organizations within EU. However the supply base may extend beyond the borders of Estonia as some of the suppliers may source their raw material partially from the neighbouring countries. As such Purutuli defines its supply base, to cover all current and potential future suppliers, as follows:

- Estonia
- Latvia
- Lithuania
- Finland
- Sweden

All primary material harvested outside Estonia reaches Purutuli as secondary feedstock and originates from FSC or PEFC certified Forest Management or Chain of Custody schemes. Purutuli started to rearrange its supply base in second half of 2015 by urging suppliers to get a chain of custody certification. This progress is ongoing with the aim to have all feedstock at least with a FSC Controlled wood claim by Q2 2016. An overview of the proportions of SBP feedstock product groups over the last 12 months is presented in the table below:

More detailed description is provided in SBR.

5.3 Detailed description of Supply Base

Estonia:

Estonia is a member of the European Union since 2004. The Estonian legislation is in compliance with the EU's legislative framework and directives. National legislative acts make references to the international framework. All legislation is drawn up within a democratic system, subject to free comment by all stakeholders¹. The Estonian legislation provides strict outlines in respect to the usage of forestry land and the Estonian Forestry Development Plan 2020² has clear objectives and strategies in place to ensure the forestland is protected up to the standards of sustainable forest management techniques. The Ministry of the Environment coordinates the fulfilment of state duties in forestry. The implementation of environmental policies and its supervision are carried out by two separate entities operating under its governance. The Estonian Environmental Board monitors all of the work carried out in Estonia's forests whereas the Environmental Inspectorate exercises supervision in all areas of environmental protection.

The forest is defined in the Forest Act. There are three main forest categories are described in this legislation: commercial forest, protection forest and protected forests. According to the ownership, forests are also divided into private forests, municipality forests and state owned forests. The state owned forest represent approximately 40% of the total forest area³ and is certified according to FSC and PEFC forest management and chain of custody standard in which the indicators related to forest management planning, maps and availability of forest inventory records are being constantly evaluated and addressed⁴. The state forest is managed by State Forest Management Centre (RMK) which is a profit-making state agency founded on the basis of the Forest Act and its main duty lies in a sustainable and efficient management of state forest.

Currently more than 2 230 000 ha, equal to 51% of the Estonian land territory, is covered by forest as indicated in **Error! Reference source not found.** and the share of forest land is growing. According to FAO data, during 2000 - 2005, average annual change in the forest cover was +0.4 %⁵. Forestry Development Plan 2012-2020 and Yearbook Forest 2013, that gives annual reports and facts about the forest in Estonia, state that during last decade the cutting rate in Estonian forests is from 7 to 11 mill m³ per year⁶. The amount is in line with sustainable development principle when the cutting rate doesn't exceeds the annual increment and gives the potential to meet the long-term the economic, social and environmental needs. According to the Forestry Development Plan 2012-2020 the sustainable cutting rate is 12-15 mil ha per year.

¹ http://europa.eu/about-eu/countries/member-countries/estonia/index_en.htm

² Original title: „Eesti metsanduse arengukava aastani 2020“; approved by Estonians parliament decision nr 909 OE 15. February 2011.a

http://www.envir.ee/sites/default/files/elfinder/article_files/mak2020vastuvoetud.pdf

³ <http://www.rmk.ee/organisation/operating-areas>

⁴ <http://www.rmk.ee/organisation/environmental-policy-of-rmk/certificates>

⁵ <http://www.fao.org/forestry/country/32185/en/est/>

⁶ Yearbook Forest 2013 http://www.keskkonnainfo.ee/failid/Mets_2013.pdf (all key figures, graphs and tables are bilingual)

For logging in any type of forest, it is required that a valid forest inventory or forest management plan, along with a felling permit issued by the Environmental Board, is available. All issued felling permits and forest inventory data is available in the public forest registry online database⁷.

Area of protected forests accounts to 25.3% of the total forest area whereas 10% is considered to be under strict protection. The majority of protected forests is located on state property. The main regulation governing the preservation of biodiversity and the sustainable use of natural resources is the Nature Conservation Act⁸. Estonia has signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in 1992⁹ and joined the International Union for Conservation of Nature (IUCN) in 2007¹⁰. There are no CITES or IUCN protected tree species naturally growing in Estonia.

According to the Forestry Yearbook 2013 the wood, paper and furniture industry (503.5 million euro) contributed 21.6% to the total sector providing 3.3% of the total value added. Forestry accounted for 1.6% of the value added.

In Estonia, it is permitted to access natural and cultural landscapes on foot, by bicycle, skis, boat or on horseback. Unmarked and unrestricted private property may be accessed any time and pick berries, mushrooms, medicinal plants, fallen or dried branches, unless the owner forbids it. On unmarked and unrestricted private property camping is allowed for 24 hours. RMK creates exercising and recreational opportunities in nature and in recreational and protection zones and provides education about the natural environment which are free to access.¹¹

Latvia:

Latvia is a parliamentary republic that joined the EU in 2004. In Latvia, forests cover area of 3 056 578 hectares. According to the data of the State Forest Service (concerning the surveyed area allocated to management activities regulated by the Forest Law), woodness amounts to 51.8 % (ratio of the 3 347 409 hectares covered by forest to the entire territory of the country). The Latvian State owns 1 495 616 ha of forest (48.97% of the total forest area), while the other 1 560 961 ha (51.68 % of the total forest area) belong to other owners. The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture. Within the last decade, the timber production in Latvia has fluctuated between 9 and 13 million cubic metres.

Distribution of forests by the dominant species:

- pine 34.3 %;
- spruce 18.0 %;
- birch 30.8 %;
- black alder & grey alder 10.0 %; 4

⁷ <http://register.metsad.ee/avalik/>

⁸ <https://www.riigiteataja.ee/en/eli/517062015004/consolide>

⁹ <http://www.envir.ee/et/cites>

¹⁰ <http://www.envir.ee/et/iucn>

¹¹ https://www.eesti.ee/eng/topics/citizen/keskkond_loodus/maa/metsandus_1

- aspen 5.4 %

The field of forestry in Latvia is supervised by the Ministry of Agriculture, which in cooperation with stakeholders of the sphere develops forest policy, development strategy of the field, as well as drafts of legislative acts concerning forest management, use of forest resources, nature protection and hunting

Implementation of requirements of the national law and regulations issued by the Cabinet of Ministers notwithstanding the type of tenure is carried out by the State Forest Service under the Ministry of Agriculture

(Source: www.vmd.gov.lv).

Management of the state-owned forests is performed by the public limited company Latvijas Valsts Meži, established in 1999. The enterprise ensures implementation of the best interests of the state by preserving value of the forest and increasing the share of forest in the national economy. The share of forestry, wood-working industry and furniture production amounted to 6 % GDP in 2012, while export yielded 1.7 billion euro (17 % of the total amount).

(www.lvm.lv).

For the sake of conservation of natural values, a total number of 674 protected areas have been established. Part of the areas have been included in the European network of protected areas Natura 2000. Most of the protected areas are state-owned. In order to protect highly endangered species and biotopes located without the designated protected areas, if a functional zone does not provide that, microreserves are established. According to data of the State Forest Service (2015), the total area of micro reserves is 40 595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously. On the other hand, for preservation of biological diversity during forest management activities, general nature protection requirements binding to all forest managers have been developed. They stipulate that at felling selected old and large trees, dead wood, undergrowth trees and shrubs, land cover around micro-depressions are to be preserved, thus providing habitat for many organisms. Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, but there are no CITES tree species naturally growing in Latvia.

Areas where recreation is one of the main forest management objectives add up to 8 % of the total forest area or 293 000 ha (2012). Observation towers, educational trails, natural objects of culture history value, picnic venues: they are just a few of recreational infrastructure objects available to everyone free of charge. Special attention is devoted to creation of such areas in state-owned forests. Recreational forest areas include national parks (excluding strictly protected areas), nature parks, protected landscape areas, protected dendrological objects, protected geological and geomorphologic objects, nature parks of local significance, the Baltic Sea dune protection zone, protective zones around cities and towns, forests within administrative territory of cities and towns. Management and governance of specially protected natural areas in Latvia is co-ordinated by the Nature Conservation Agency under the Ministry for Environmental Protection and Regional Development.

All forest area of Latvijas valsts meži as well as some part of forests in private and other ownership are FSC and PEFC certified. From all totally forest area 3 056 578 ha is approximately 1.4 million ha of Latvian forest are certified according to FSC and PEFC certification scheme. Both the FSC and PEFC systems have found their way into Latvia.

Lithuania

Lithuania is a parliamentary republic that joined the EU in 2004. Forested land consists of about 28 percent, with 2,17 million ha, while land classified as forest corresponds to about 30 percent of the total land area. The southeastern part of the country is most heavily forested, and here forests cover about 45 percent of the land. The total land area under the state Forest Enterprises is divided into forest and non-forest land. Forest land is divided into forested and non-forested land. The total value added in the forest sector (including manufacture of furniture) reached LTL 4.9 billion in 2013 and was 10% higher than in 2012.

Forest land is divided into four protection classes: reserves (2 %); ecological (5.8 %): protected (14.9 %); and commercial (77.3 %). In reserves all types of cuttings are prohibited. In national parks, clear cuttings are prohibited while thinnings and sanitary cuttings are allowed. Clear cutting is permitted, however, with certain restrictions, in protected forests; and thinnings as well. In commercial forests, there are almost no restrictions as to harvesting methods.

Lithuania has been a signatory of the CITES Convention since 2001. CITES requirements are respected in forest management. 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. The dominant forest composition is the following:

- Scots pine - 37.6%,
- spruce - 24.0%,
- birch - 19.5%,
- alder – 11.2%,
- Ash - 2.7%;
- Aspen - 2.6%,
- Oak - 1.8%,

There are no CITES tree species naturally growing in Lithuania.

To secure and maintain SFM both state and private forests are monitored and inspected by the Lithuanian State Forest Department, which also develops the main forestry management rules. Before commercial activities in the forests can commence, the State Forest Department requires a long-term forest management plan for every forest unit and owner. After acceptance of the plan, the State Forest Department issues a Harvesting License for separate sites. The Harvesting Licence determines what kind of forest felling system is allowed and which species and in what amount can be harvested in the area. It also determines the forest regeneration method at each harvesting site. The Harvesting Licence (licence number) is the main document for suppliers to track the supply chain and secure sustainable log purchases.

Total annual growth comes to 11 900 000 m³ and current harvest has reached some 3.0 million m³ u.b. per year. The consumption of industrial wood in the domestic forest industry, including export of industrial wood, is estimated to be less than 2.0 million m³. The remainder is used for fuel or stored in the forests, with a deteriorating quality as a result. The potential future annual cut is calculated at 5.2 million m³, of which 2.4 million m³ is made up of sawn timber and the remaining 2.8 million m³ of small dimension wood for pulp or

board production, or for fuel. The figures refer to the nearest 10-year period. Thereafter a successive increase should be possible if more intensive and efficient forest management systems are introduced.

The total value added in the forest sector (including manufacture of furniture) reached EUR 1.2 billion in 2011 and was 25% higher than in 2010. Its share in the total national value added has increased from 3.7% (2010) to 4.2% (2011). The biggest share (EUR 520 million) of the value added in the sector was generated by the furniture industry.

Certification of all state forests in Lithuania is done according to FSC (Forest Stewardship Council) certificate.

(Source: <http://www.fao.org/docrep/w3722e/w3722e22.htm>)

Finland

Finland is a parliamentary republic that is a member of the EU since 1995.

Forests cover 75 percent of Finland's land area. The total volume of timber in Finnish forests is 2,306 million cubic metres. Almost half of the volume of the timber stock consists of pine (*Pinus sylvestris*). The other most common species are spruce (*Picea abies*) downy birch (*Betula pubescens*) and silver birch (*Betula pendula*). These species make for 97 percent of total timber volume in Finland.¹²

The Forest Act regulates the felling of timber in Finland. Regional Forestry Centres control the implementation of the forestry legislation and accept forest use declarations in which forest owners inform about the stand characteristics, intended measures, regeneration and ecological concerns on the site before the felling can take place. Regional Environment Centres control the implementation of Nature Conservation Act. The Finland's National Forest Programme also states the importance of legal wood and lists measures to promote sustainable wood and to control illegal logging both nationally and internationally.¹³

Private forest owners (mostly families) own the majority (60 %) of Finnish forests. The owner of the forest sells the timber which means that the obtaining logging authorisation through bribes does not exist in Finland. Owner needs to get acceptance for forest use declaration from regional forest centres. The state owns 26 percent of the Finnish forests, private industries, such as forest industry companies nine and other bodies five percent. The state forests are mainly situated in the north of Finland, and 45 percent of them are under strict protection. State lands are managed by Metsähallitus.

Certification is voluntary for the forest owner however around 95% of Finnish commercial forests have been certified under the PEFC certification system (Programme for Endorsement of Forest Certification). Certification criteria are stricter than decrees or legislation, which means that in practise, certification determines the standard of silviculture in Finland. Some Finnish forests have also been certified under the Forest Stewardship Council (FSC). The area of these forests is slightly below 2 percent of Finnish forests.

According to a report by UNECE the amount of illegal logging in Finland is negligible. An extensive national forest inventory, national forest programme and regional forest programmes, widely spread individual forest

¹² <http://www.smy.fi/en/forest-fi/finnish-forests-resources/>

¹³ <http://fsc.force.com/servlet/servlet.FileDownload?file=00P3300000YU8ihEAD>

management plans and large share of private non-industrial ownership of forests contribute to almost non-existence of markets for illegal timber and negligible amount of illegal logging in Finland.

Finland joined CITES in 1976. Nowadays the national legislation for the implementation of CITES and relating EU regulations is the Nature Conservation Act (1096/1996), which came into force in the 1st of January 1997. IUCN National Committee of Finland was approved by IUCN Council in 1999.

The forest sector is one of key supporters of Finland's economy. In 2011 it employed directly about 70,000 people in Finland, which was 2.8 percent of all employees. One fifth of Finland's export income comes from forest industries. More than 60 percent of the value added generated by the forest industries came from pulp and paper industries and the rest from wood products industries in 2011. Regionally, the importance of the forest sector is largest in southeastern corner of Finland and in Etelä-Savo and Central Finland regions, where the sector produces some ten percent of the regional GDP.

Similar to Estonia Finland has a relatively rare concept of Everyman's rights (Jokamiehenoikeus) which gives everyone, Finns and other nationalities alike, the right to move freely outdoors. Picking berries and mushrooms is permitted even on privately owned land; thus free forest access provides, in addition to products for local or family consumption, income-earning opportunities for those who sell non-wood forest products. Everyman's right has traditionally been exercised with due concern for the environment and common courtesy to the landowner or those living in the vicinity.

A group considered as an indigenous people in Finland is the Sámi. Their rights have been secured in many laws e.g. the Constitution, the Sámi Parliament Act, the Act on the Finnish Forest and Park Service and the Act on Reindeer Husbandry. The Sámi Parliament is the supreme political body of the Sámi in Finland. The Sámi Parliament represents the Sámi in national and international connections, and it attends to the issues concerning Sámi language, culture, and their position as an indigenous people. The Sámi Parliament can make initiatives, proposals and statements to the authorities. The Sámi Parliament Act also states that the authorities have an obligation to negotiate with the Sámi Parliament for all important measures that concern the Sámi people. These include for example the use of state land and conservation areas.

Sweden¹⁴

Sweden is a parliamentary constitutional monarchy that joined the EU in 1995.

The Swedish Forest Agency is the national authority responsible for matters relating to the forest. It strives to ensure that the nation's forests are managed in such a way as to yield an abundant and sustainable harvest while at the same time preserving biodiversity. The Agency also strives to increase awareness of the forest's significance, including its value for outdoor recreation. The Agency has offices throughout the country. Its most important tasks are to give advice on forest-related matters, supervise compliance with the Forest Act, provide services to the forest industry, support nature conservation efforts and conduct inventories.

Sweden has Europe's second biggest afforested area after Russia. Sweden's productive forests cover about 23 million hectares. However, if this area is calculated according to international forest land definitions, it is 27 million hectares. Spruce and pine are by large the predominant species in Swedish forests. These two

¹⁴ <http://www.nordicforestry.org/facts/Sweden.asp#En>
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species count for more than 80% of the timber stock. In northern Sweden pine is the most common species, whereas spruce, mixed with some birch, dominates in southern Sweden.

Due to effective and far-sighted forest management the timber stock in Sweden has increased by more than 60% in the last one hundred years and it is now 3000 million m³. In recent years felled quantities have been between 85 and 90 million m³, whereas annual growth amounts approximately to 120 million m³.

The amount of protected forests in Sweden amounts to circa 1.9 million hectares. A great extent, about 90% of these forests are the kind of forests in which minor interventions are allowed. The share of strictly protected forests, where no human interventions are allowed is 0.3 % from the forest area. National parks, nature reserves and nature conservation areas cover an area of 4.2 million hectares, i.e. 10% of Sweden's land area. There are at least 220.000 hectares of protected forests which still in terms of forest growth are productive. In addition, there are about 12.000 hectares of protected habitat types and 25.000 hectares of wood land set aside and protected by environment conservation agreements. Large forest areas are also protected through forest owners' voluntary activities. Sweden signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora in August 1974 and the convention entered into force in July 1975. Sweden has also established a IUCN National Committee.

Private forest owner families hold about 50% of Swedish forests, privately owned forestry companies about 25% and the State and other public owners have the remaining 25%. The ownership of forests in Sweden varies between regions. In Southern parts of the country forests are mainly owned by private persons whereas in Northern Sweden companies own more significant amounts of forests.

80% of the Swedish forest land is certified under either the FSC or under the PEFC certification scheme. FSC certified forests amount to 10.2 million hectares and PEFC certified to 7.5 million hectares. Of the total 7.5 million hectares certified under the PEFC scheme, 3 million hectares are family owned.

The forest products industry plays a major role in the Swedish economy, and accounts for between nine and 12 percent of Swedish industry's total employment, exports, sales and added value.

Similar to Estonia and Finland, Sweden everyone has the Right of Public Access to roam the Swedish countryside including walking, camping, climbing and picking flowers.

5.4 Chain of Custody system

Purutuli OÜ holds valid FSC CoC certificate since 2nd of April 2014, certificate code is TT-COC-004928/TT-CW-004928. FSC certificate also covers controlled wood verification program. Purutuli OÜ is using FSC credit system and FSC transfer system. Transfer system is being used to segregate uncertified materials in the storage area. Company has enforced procedures and system update that they will buy only FSC certified or FSC Controlled material (including heating material) by the 2nd quarter of year 2016.

Their product groups for the FSC CoC certification include wood chips, sawdust, wood pellets and fuel wood.

6 Evaluation process

6.1 Timing of evaluation activities

Assessment was carried out on 08.12.2015 and during 08-10.12.2015 all ports, where BP plans to store material, were visited (Pärnu, Bekkeri, Muuga and Kunda). BP might also use Riia harbour, but since supply clause is DAP, it was not visited. SBP pre-assessment was carried out in one of the other group-owned company – Warmeston OÜ Järvere production site. Overall responsible person for all group enterprises is the same quality manager and the scope and management system is also very similar in all evaluated enterprises.

6.2 Description of evaluation activities

Assessment was carried out as an onsite audit in Purutuli OÜ Sauga production site, including 4 harbours. One harbour was not visited (Riia), since it is Delivered At Place (DAP) and storage is not managed by the BP, it was not visited. Review of procedures and communication to client overall responsible was done prior to the onsite audit.

During the onsite audit all applicable indicators of applicable SBP standards were evaluated. All stages of the production were visited started from reception and ending with material dispatching. All responsible staff was interviewed during the audit. Auditors also reviewed all of the proof documentation for GHG data provided by BP.

Closing meeting was held on 10.12.2015 after the visit of Kunda port.

6.3 Process for consultation with stakeholders

Stakeholder consultation was carried out by BP.

BP conducted stakeholder consultation process by e-mail message to local municipalities, state institutions and authorities. In addition, BP made inquiries to government bodies to review if their suppliers have any recent violations of law related to their business.

Official replies to the inquiries were received on October 12, 2015. None of the suppliers of BP had any violations of law during the past year according to the reply from Governmental bodies, therefore there was no further communications with them after receiving the replies.

CB conducted stakeholder consultation on November 6, 2015 in purpose to receive comments for the main SBP assessment, but no comments were received by the time of assessment. Stakeholder consultation included Warmeston OÜ Järvere site, Warmeston OÜ Purila site and Purutuli OÜ, since all companies have common ownership and assessments were planned to the same week.

CB-s stakeholder consultation was sent via Loodusaja mailing list (ca 1000 followers) and to local NGO-s. In addition, CB-s stakeholder notification was printed in Estonian newspaper “Maaleht” (ca 45 000 subscribers).

7 Results

7.1 Main strengths and weaknesses

Strengths: SBP system procedures are very well compiled and implemented. Efficient online record keeping system is used for raw materials, production, products and materials/energy used.

Weaknesses: Big share of FSC Controlled Wood PEFC Controlled Sources material from secondary producers.

7.2 Rigour of Supply Base Evaluation

N/A

7.3 Compilation of data on Greenhouse Gas emissions

BP has a system to gather and record Greenhouse Gas emissions. During the audit, BP made detailed overview of the systems and databases to gather and record such data. Evidence was provided to auditors.

7.4 Competency of involved personnel

Auditor(s), roles	Qualifications
Asko Lust, lead auditor	BSc in Forest Industry, MSc in forest management. Asko is working as forest management and chain of custody auditor in NEPCon. He has passed SmartWood lead assessor training course in Forest Management and Chain of Custody certification. He has been participating in CoC audits and has an earlier work experience from Board of Environment. Asko has participated in training provided by SBP and has passed SBP exam. Asko has participated in SBP witness audit and couple of SBP pre-assessments in Estonia.
Lauri Kärmas, auditor in training	MSc in Industrial Ecology. Lauri has been working in NEPCon since autumn 2012, earlier work experience in wooden houses production field. He has successfully passed Rainforest Alliance lead auditor training course in Forest Management and Chain of Custody certification. He is working as Forest Management and Chain of Custody auditor. Lauri Has participated in training provided by SBP and passed SBP exam..

7.5 Stakeholder feedback

Only stakeholder comments received were official replies from state authorities about their suppliers. It turned out from these answers that no active violations were discovered among suppliers.

7.6 Preconditions

No preconditions to this certification were identified at the time of the assessment.

8 Review of Biomass Producer's Risk Assessments

N/A

9 Review of Biomass Producer's mitigation measures

N/A

10 Non-conformities and observations

NCR: 01/15	NC Classification: minor	
Standard & Requirement:	SBP Standard # 2 requirement 5	
Report Section:	Appendix B p 1.1	
Description of Non-conformance and Related Evidence:		
<p>BP has composed a SBR, where all areas where feedstock is purchased, are listed and described in detail. Supply Base Report is evaluated each year by BP.</p> <p>Countries where the material is originating are Estonia, Latvia, Lithuania, Sweden, Finland.</p> <p>BP has asked all of their suppliers to fill questionnaires about the origin of supplied material. Questionnaires are to be filled in by all suppliers before new contracts are signed. Additionally all suppliers need to sign an annex of the contract (Tarnija käitumiskoodeks) where agree to provide BP the information about origin of material, GHG and any changes in COC if these changes occur. It is also described in the supplier codecs, that in case supplier fails to fulfil the requirements set by the supplier codecs intentionally or by mistake several times, then BP has a right to end contract with the supplier. These contract together with connected documents mentioned above are reviewed at least annually (in case of Roundwood once a quarter).</p> <p>It turned out that BP is not conducting any additional on-site controls to determine if the information provided by the supplier is correct.</p> <p>Since the proof of the origin of supplied material is based on contractual level, signed by suppliers but not controlled on-site, auditors decided to raise a minor NCR.</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:	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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

NCR: 02/15	NC Classification: minor	
Standard & Requirement:	SBP Standard # 2 requirement 6.2	
Report Section:	Appendix B p 1.3	
Description of Non-conformance and Related Evidence:		
<p>BP collects the information about the place of harvesting and primary wood processor upon SBP-compliant Secondary Feedstock is received. All suppliers are signing an annex to contract (Tarnija</p>		

käitumiskoodeks) where agree to provide BP the information about origin of material, GHG and any changes in COC if these changes occur. All suppliers also fill in the material origin questionnaire before the contract is signed. All secondary input comes with FSC or PEFC claim and in these systems there same requirement to share origin information upon request. BP has made these requests before SBP assessment. BP has already made changes in their suppliers list according to the questionnaires received, these were presented to auditors during the audit.

Some suppliers are left out from the supplier list due to the origin from Russia.

The contracts for secondary inputs are reviewed once a year and contracts for roundwood once a quarter.

This is considered to be enough by BP to evaluate the primary wood processor and origin of secondary material, this is also supported by the low corruption level in country (CPI 69 <http://www.transparency.org/cpi2014/results>).

Same requirements are set to the material supplied for the drier - all material purchased for drier heating for SBP-compliant pellet production complies with FSC Controlled Wood requirements.

It turned out that BP is not conducting any additional on-site controls to determine if the information provided by the supplier is correct.

Since the proof of the origin of supplied material is based on contractual level and signed by suppliers, auditors decided to raise a minor NCR.

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

OBS: 01/15	Standard & Requirement:	SBP Standard 2, requirement 19.1
	Report Section	Appendix B p 12.1

<p>Description of findings leading to observation:</p>	<p>The content of Supply Base Report is appropriate to the context of the supply base, reviewed by senior management and by certifier and therefore may be considered as credible.</p> <p>The SBR includes links to sources of information and means of verification.</p> <p>BP has not sent the SBR to independent peer reviewer and therefore auditors decided to raise an observation.</p>
<p>Observation:</p>	<p>It is recommended for BP to send the SBR to peer reviewer.</p>

<p>OBS: 02/15</p>	<p>Standard & Requirement:</p>	<p>SBP Standard 5A, requirement 8.1</p>
	<p>Report Section</p>	<p>Appendix D p 9.1</p>
<p>Description of findings leading to observation:</p>	<p>BP has supply base report with all the data about material they are using, the only information that was not added to batch specific data was about the stump wood since company does not use any stump wood. However the information that company is not using stump wood should be added to batch specific data. Auditors decided to raise an observation.</p>	
<p>Observation:</p>	<p>It is recommended for BP to add information to supply base report that they are not using any stump wood.</p>	

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 NCRs.
<input type="checkbox"/>	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision:	
The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standards. The expiration of the certificate will be 5 years after the issuance of the certificate.	
Certification decision by:	
Date of decision: 07.01.2016	

12 Surveillance updates

N/A

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Viljo Aros, quality- and environmental manager
Auditor(s):	Asko Lust, lead auditor Lauri Kärmas, auditor in training
People Interviewed, Titles:	Viljo Aros, quality- and environmental manager Siim Pärn, manager Heilika Pärn, assistant Tanel Mihkelson, board member Andres Roosipuu, accountant Toomas Höövel, wheelloader operator Toivo Pärn, operator
Brief Overview of Audit Process for this Location:	Same as in 6.2 above
Comments:	