

NEPCon Evaluation of Graanul Invest AS - Imavere Factory Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

www.sbp-cert.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.sbp-cert.org*

Document history

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1 Overview

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Primary contact for SBP: Ondrej Tarabus, SBP Program Manager

Report completion date: 22/Jan/2018

Report authors: Asko Lust, Toomas Tammeleht, Eveli Aasa

Certificate Holder: AS Graanul Invest. Imavere plant – Imavere, 72401 Järvamaa, Estonia
(Head Office – Humala 2, 10617 Tallinn, Estonia)

Producer contact for SBP: Mihkel Jugaste, Head of Quality and Certification Systems

Certified Supply Base: Estonia

SBP Certificate Code: SBP-01-77

Date of certificate issue: 01/Jun/2017

Date of certificate expiry: 31/May/2022

| Indicate where the current audit fits within the certification cycle | | | | |
|--|-------------------------------------|---------------------------|--------------------------|---------------------------|
| Main (Initial) Audit | First Surveillance Audit | Second Surveillance Audit | Third Surveillance Audit | Fourth Surveillance Audit |
| <input type="checkbox"/> | <input checked="" 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 1; 2; 4; and 5. Graanul Invest AS undertakes a supply base evaluation for primary and secondary feedstock that is originating from Estonia.

Organization holds valid FSC COC certificate NC-COC-009116, covering FSC credit system. Controlled wood verification system for round wood originating from Estonia is included into the FSC certification scope of the company. Company has also PEFC certificate nr TT-PEFC- COC44.

Wood pellets might be produced from roundwood, sawdust, chips or wood shavings. Other types of feedstock: chips from forest residues, sawmill residues and bark, are used in the drier. Inputs that are used for pellet production and inputs for the drier go through the same control system upon receipt. 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.

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 through Bekkeri port in Tallin but due to fact that there is no active contract for selling SBP material the incoterm conditions are not yet agreed. Once this is agreed SREG document will be created for each destination.

Description of the scope: Production of wood pellets, for use in energy production and transportation through Bekkeri port in Tallinn to clients. The scope of the certificate includes Supply Base Evaluation for primary and secondary feedstock from Estonia.

| Scope Item | Check all that apply to the Certificate Scope | | Change in Scope (N/A for Assessments) |
|-----------------------------------|---|---|--|
| Approved Standards: | SBP Standard #1 V1.0; 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 type="checkbox"/> Pre-consumer Tertiary Feedstock | |

| | | | | | |
|--|---|---|--|------------------------------|--------------------------|
| | <input type="checkbox"/> SBP-approved Recycled Claim | <input type="checkbox"/> Post-consumer Tertiary Feedstock | | | |
| | | | | | |
| Chain of custody system implemented: | <input checked="" type="checkbox"/> FSC | <input checked="" type="checkbox"/> PEFC | <input type="checkbox"/> SFI | <input type="checkbox"/> GGL | <input type="checkbox"/> |
| | <input type="checkbox"/> Transfer | <input type="checkbox"/> Percentage | <input checked="" type="checkbox"/> Credit | | <input type="checkbox"/> |
| Points of sales | <input type="checkbox"/> Harbour (including own handling of material) | <input checked="" type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour | <input checked="" type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.) | | <input type="checkbox"/> |
| Provide name of all points of sales | | -Tallinn Bekkeri port (incoterm conditions will be set when SBP sales will be agreed with customers) | Gate of the BP | | |
| 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 checked="" type="checkbox"/> Sources with unspecified/ specified risk | | <input type="checkbox"/> |
| | New districts approved for SBP-Compliant inputs: Estonia | | | | |
| Sub-scopes | Only one sub-scope: Estonia | | | | <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 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
- Evaluation of mitigation measures implemented for SBE
- Evaluation of BP-s supplier audits (under SBE)

4 SBP Standards utilised

4.1 SBP Standards utilised

Feedstock Compliance Standard, SBP Standard 1, Version 1.0, March 2015

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

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

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

Instruction document 5A Collection and Communication of Data version 1.1. October 16

Instruction Document 5B: Energy and GHG Data version 1.1. October 16

Instruction Document 5C: Static Biomass Profiling Data version 1.1. October 16

<https://sbp-cert.org/documents>

4.2 SBP-endorsed Regional Risk Assessment

SBP-endorsed Regional Risk Assessment for Estonia (Published 22 April 2016)

<https://sbp-cert.org/documents/risk-assessments/estonia>

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

AS Graanul Invest is a private company, established in 2003, which operates in the fields of forestry, development of bioenergy and production of renewable energy. The company owns 11 wood pellet plants, Imavere plant being one of the largest.

All of the used primary and secondary feedstock originates from Estonia and Latvia, tertiary material may come from other countries mentioned in SBR.

Graanul Invest AS purchases only following raw materials to be used in pellet production: FSC certified and controlled primary feedstock, PEFC certified primary feedstock, FSC Controlled secondary feedstock, PEFC controlled secondary feedstock. Starting from 01.01.2017 only FSC or PEFC certified inputs are sourced but option to supply FSC Controlled Wood is left for cases suppliers don't have enough certified material.

More detailed description is provided in SBR (<http://www.graanulinvest.ee/eng/news/85/graanul-invest-hassuccessfully-completed-its-first-sbp-surveillance-audits>).

5.2 Description of Biomass Producer's Supply Base

Graanul Invest sources all its raw materials for pellet production through various suppliers from Estonia. The suppliers include forest harvesting companies, sawmills, planing mills, secondary producers and traders. According to the EUTR Regulation No. 995/2010 Graanul Invest AS 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 Graanul Invest AS defines its supply base as the countries and regions in the following list to cover all current and potential future suppliers:

- Estonia
- Latvia
- Germany
- Finland
- Sweden
- Russia
- Ireland

All of the used primary and secondary feedstock originates from Estonia and Latvia. There is reason to believe that through the certified supply chains of secondary processors there can be a marginal amount of tertiary feedstock within Imavere pellet plants supply base which originates from Germany, Finland or Sweden. This type of material can not be excluded but it is possible to make sure that it is 100% certified. Imavere plant also monitors and makes sure that the suppliers who source material outside of Estonia and Latvia would not sell them material which, on mass-balance basis, is not covered by wood that originates from Estonia. Physical segregation is not possible and not required. The potential impact of Imavere plant's operations on the forest resources of Finland, Sweden and Germany is negligible. Tertiary feedstock accounts for 6,7% of Imavere's feedstock and out of all secondary processors only 2-3 source wood outside

of Estonia. These suppliers assure to AS Graanul Invest that they sell less feedstock than they have Estonian wood input. The plant has around 20 stable suppliers out of which 4 are primary feedstock suppliers, 11 are secondary and the rest are tertiary suppliers.

Controlled Feedstock 00,00%

SBP-compliant Primary Feedstock 58,55%

SBP-compliant Secondary Feedstock 35,5%

SBP-compliant Tertiary Feedstock 5,95%

SBP non-compliant Feedstock 0%

Species: Picea abies; Pinus sylvestris; Alnus glutinosa; Alnus incana; Populus tremula; Betula pendula; Betula pubescens; Fraxinus excelsior; Tilia cordata; Salix spp.

More detailed description is provided in SBR (<http://www.graanulinvest.ee/eng/news/85/graanul-invest-hassuccessfully-completed-its-first-sbp-surveillance-audits>).

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 described in this legislation: commercial forests, protection forests 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 are certified according to FSC and PEFC forest management and chain of custody standards 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 Figure 1 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 2014, 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 exceed the annual increment and gives the potential to meet the long-term 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

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

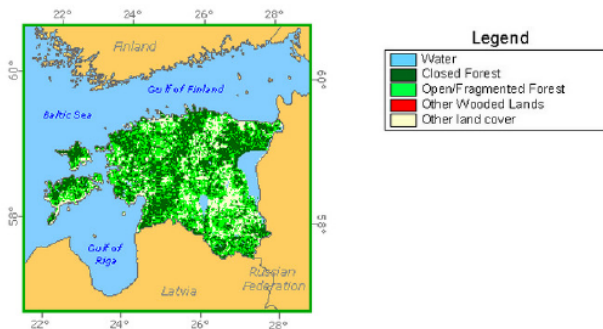
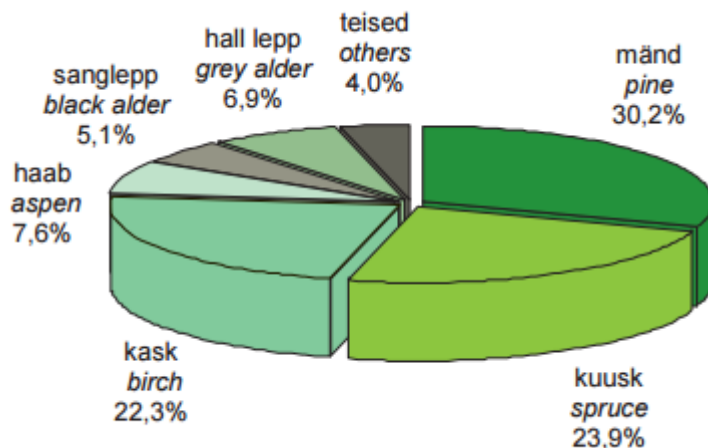


Figure 1. Forest cover of Estonia (FAO: <http://www.fao.org/forestry/country/en/est/>).²

Figure 2. The distribution of growing stock by tree species (Yearbook Forest 2014).



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 for 25.3% of the total forest area whereas 10% is considered to be under strict protection. The majority of protected forests are 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

² 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 2014 (all key figures, graphs and tables are bilingual)

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>

Fauna and Flora (CITES) in 1992 and joined the International Union for Conservation of Nature (IUCN) in 2007. There are no CITES or IUCN protected tree species naturally growing in Estonia.

According to the Forestry Yearbook 2014 the wood, paper and furniture industry (646.4 million euro) contributed 23.7% to the total sector providing 3.8% of the total value added. Forestry accounted for 1.5% 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 to 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 also provides education about the nature.

Latvia:

In Latvia, forests cover an 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), forest Land 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), the other 1 560 961 ha (51.68 % of the total forest area) belongs to private sector owners. Private forest owners in Latvia amount to approximately 144 thousand.

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 meters (State Forest Services: vmd.gov.lv, 2015).

Forest land consists of:

- forests 3 056 578 ha (91.3%);
- marshes 175 111.8 ha (5.3%);
- glades (forest meadows) 35 446.7 ha (1.1%);
- flooded areas 18 453.2 ha (0.5%);
- objects of infrastructure 61 813.4 ha (1.8%).

State Forest Services: vmd.gov.lv, 2015.

Distribution of forests by the dominant species:

- pine 34.3 %;
- spruce 18.0 %;
- birch 30.8 %;
- black alder 3.0 %;
- grey alder 7.4 %;
- aspen 5.4 %;
- oak 0.3 %;
- ash 0.5 %;
- other species 0.3 %.

State Forest Services: vmd.gov.lv, 2015.

Share of species used in reforestation, by planting area (2014):

- pine 20 %;
- spruce 17 %;
- birch 28 %;
- grey alder 12 %;
- aspen 20 %;
- other species 3 %.

State Forest Services: vmd.gov.lv, 2015.

Timber production by types of cuts, by volume produced (2014):

- final cuts 81.00 %;

- thinning 12.57 %;
- sanitary clear-cuts 3.63 %;
- sanitary selective cuts 1.43 %;
- deforestation cuts 0.76 %;
- other types of cuts 0.06 %.

State Forest Services: vmd.gov.lv, 2015.

In Latvia, the field of forestry 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 (www.zm.gov.lv). Implementation of requirements of the national law and regulations notwithstanding the type of tenure is carried out by the State Forest Service under the Ministry of Agriculture (State Forest Services: www.vmd.gov.lv). Management of the state-owned forests is performed by the Joint Stock Company “Latvia’s State Forests”, 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 (www.lvm.lv). Export yielded 1.978 billion euro (approx. 20 % of the total amount in 2014). Historically, extensive use of forests as a source of profit began later than in many other European countries, therefore a greater biological diversity has been preserved in Latvia. For the sake of conservation of natural values, a total number of 674 protected areas have been established. Part of the areas have been included in the European network of protected areas Natura 2000. Most of the protected areas are state-owned. In order to protect highly endangered species and biotopes located without the designated protected areas, if a functional zone does not provide that, micro-reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves is 40 595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously. Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Latvia.

Areas where recreation is one of the main forest management objectives add up to 8 % of the total forest area or 293 000 ha (2012y). 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.

Finland:

Finland is Europe's most heavily forested country, with over 3/4 of the land area representing 23 million hectares, under forest cover. Altogether forestry land accounts for 86% of the land area.

There are four coniferous species native to Finland, and over twenty species of deciduous trees. The most common species, which are also economically most significant, are Scots pine (*Pinus sylvestris*), Norway spruce (*Picea abies*), and silver and downy birch (*Betula pendula* and *Betula pubescens*).

Despite the 13% reduction in forest area in 1944 due to the losses of land in the war, Finland's wood resources are currently more plentiful than in the pre-war years. According to the 1st national forest inventory (1921–1924), the total growing stock volume was 1 588 million m³. The latest estimate, based on the 11th inventory, is 2 332 million m³ (103 m³/ha) with annual growth of 105 million m³ (4,6 m³/ha).

As in the majority of Western European countries, non-industrial forest ownership dominates in Finland. Private persons, ordinary Finnish citizens, own about 60% of all the forestry land. The Government owns 25%, forest industries 10%, and municipalities and parishes 5% of the Finnish forested area.

Finnish forestry is based on the management of native tree species. The management of forests seeks to

respect their natural growth and mimic the natural cycle of boreal forests. The objective is to secure the production of high-quality timber, and to preserve the biological diversity of forests as well as the preconditions for the multiple use of forest. Currently, about 120 000 hectares of forest land are planted or seeded annually favouring almost exclusively native tree species.

Today forestry and the forest industry make up about 5% of Finland's gross domestic product, and approximately 20% of Finnish exports. High-quality printing and writing paper make up over 40% of the total export value of forest industry products, while sawn goods and wood-based panels account for some 20% of export value.

<http://www.metla.fi/metla/finland/finland-forest-resources.htm>

Sweden:

Sweden is the third largest country by area in Europe, and 70% of it is forest. The total area of forest land is 28 million hectares.

Swedish forests are primarily boreal. The total standing volume is about 3 000 million m³, of which 41% is spruce/whitewood (*Picea abies*), also called Norwegian spruce, and 40% pine/redwood (*Pinus sylvestris*), also called Scots pine. 18% is birch and 6% consists of other deciduous trees.

50% of Sweden's forests are owned by private individuals, 25% by large forest companies and 25% by the state and other public organizations. A major part of the mountain forest is state-owned. The average size of a privately owned forest is roughly 50 hectares. In total, there are about 350 000 private forest owners in Sweden, of whom 70% live on their properties.

Annual growth is about 120 million m³ and annual felling is around 80 million m³. Each year the volume of standing timber increases by around 40 million m³ (net annual increment).

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. It includes companies within the pulp and paper industry, as well as the wood-mechanical industry. Close to 90 percent of paper and pulp production is exported, and the corresponding figure for sawn-wood products is almost 75 percent.

<http://www.svenskttra.se/siteassets/6-om-oss/publikationer/pdfer/swedish-forestry.pdf>

Germany:

In Germany, around 11,4 million hectares corresponding to one third of the national territory are covered with forests. The timber stocks in Germany account for 336 m³ per hectare, with the annual timber increment totalling around 76 million m³. The timber growth is 11.2 m³ / ha per year or 121.6 million m³ per year.

Approx. 73 % of German forests consist of mixed stands. Spruce accounts for the largest share among the tree species (28 %), followed by pine (23 %), beech trees (15 %) and oak trees (10 %).

Out of the total 11,4 million hectares 48% are private forests, about 33% are state owned and 19% are communal forests. The private forest in Germany is predominantly small structured and fragmented. About half of the private forest area share holdings with less than 20 hectares. Only 13% of private forest have a size of more than 1,000 hectares.

The forest and timber industry, including processing and paper as well as printing and publishing, accounts for nearly 1,3 million jobs with an annual turnover of about 170 billion euros. The socio-economic importance of forestry and the wood-based industry in Germany has so far been seriously underrated. Small- and medium-sized forest-based enterprises play a major role in rural employment structures.

<http://www.forstwirtschaft-in-deutschland.de/german-forestry/forest-facts/?L=1>

Russia:

Twenty two percent of all forest land mass and 25 % of the world's wood reserves belong to Russia. Forests

take up 69% of all land and the area occupied with forests amounts to 1,183.3 million ha. 1,144 million ha of which 97% is under federal ownership.

Most Russian forests are boreal. Predominant forest tree species are the larch, pine, spruce, Siberian pine, oak, beech, birch, and aspen. According to the 2010 forest account, the total growing stock of the forest estate is 80 billion m³. The country average growing stock of mature and overmature stands (without shrubs) is 132 m³ /ha. The mean annual increment in volume is rather low in Russia: it is no more than 1.23 m³ per hectare of forested land.

The annual allowable cut for 2010 was 634 million m³, including 61 million m³ for protection forests and 573 million m³ for production forests. The greatest allowable cut is set for coniferous forests (128 million m³).

The actual cut is below 28% of the allowable cut.

In 45 Russian regions, the shares of timber and paper outputs range from 10% to 50% in their total industrial outputs. Forest enterprises and organisations employ over one million people

<http://www.profor.info/sites/profor.info/files/Background-ForestGovernance-Russia-English.pdf>

Ireland:

At the end of 2015, forests covered 10.7% of Ireland's land area. This supports a sustainable, export-orientated forest products sector. The Irish forestry and forestry products sector contributes €2.3 billion to the Irish economy supporting 12,000 jobs.

The strengths of the sector include:

- A competitive, export oriented sawmilling and wood products sector.
- A young, highly productive forest estate
- A comparative advantage in growing trees
- Strong technical competence
- Highly mechanised contractor resource

Over the period 1996-2015, the national forest estate has increased from 576,000 hectares to 750,351 hectares. Since 1990, afforestation has been dominated by the private sector.

Ireland has a strong and well-developed wood processing sector, and is a net exporter of timber and timber related products. This arises from a combination of relatively high timber growth rates and investment in processing technology. There is strong on-going demand in the Republic of Ireland for wood fibre for use in sawmills, panel mills and for the provision of wood biomass energy. This is largely driven by the success of Irish forest products in export markets. Over the period 2016-2035, roundwood production from Irish forests is forecast to double to 7.90 million cubic metres. Almost all of this increase is expected to come from the private sector.

http://www.iffpa.ie/Sectors/IFFPA/IFFPA.nsf/vPages/Press_and_Publications~iffpa-annual-review-2016-18-01-2017

5.4 Chain of Custody system

Graanul Invest AS holds valid FSC CoC (NC-COC-009116) and PEFC (TT-PEFC- COC44) CoC certificate. FSC certificate also covers controlled wood verification program for Estonia. Graanul Invest AS is using FSC credit system, volume credit system is also used in PEFC system. Company has enforced procedures and system update that they will buy only FSC certified material from 01.12.2016. FSC Controlled Wood verification program is used

only for primary feedstock originating from Estonia. Primary feedstock is purchased only from Estonia. All secondary and tertiary (pre-consumer reclaimed) input comes with FSC claims.

BP is using FSC credit system for controlling the SBP volumes. FSC Controlled Wood verification program is used only for primary feedstock originating from Estonia. Primary feedstock is purchased only from Estonia. All secondary and tertiary (pre-consumer reclaimed) input comes with FSC claims.

Their product groups for the FSC CoC certification include wood pellets only.

FSC CoC system was used for this SBP evaluation.

6 Evaluation process

6.1 Timing of evaluation activities

Audit was carried out on 07-08.11.2017 and it included Graanul Invest HQ and Imavere production site. SBE supplier audits were carried out on 08.11.2017 and 14.11.2017.

Total of 5 days were used for this evaluation – 1 day of preparations, 3 days for on-site auditing and 1 day on reporting.

07.11. 2017 HQ in Tallin and Bekkeri and Muuga Port in Tallinn

| Activity | Location | Auditor(s) | Time |
|---|----------------------------|--------------|---------------|
| Opening meeting* | Office – Humala 2, Tallinn | ALU, TTA, EA | 09.00-09.15 |
| Interview with SBP responsible person; other responsible staff <i>Overview of procedures, SBP Risk Assessment, implementaiton of mitigation measures, review of documentation, review of GHG data, interviews with responsible personnell.</i> | Office – Humala 2, Tallinn | ALU, TTA, EA | 09.15-12.00 |
| Lunch break | | | 12:00-13.00 |
| Visiting Port in Tallinn | Bekkeri, Muuga | ALU, TTA, EA | 13:00 – 14:30 |
| Interview with SBP responsible person; other responsible staff <i>Overview of procedures, SBP Risk Assessment, implementaiton of mitigation measures, review of documentation, review of</i> | Office – Humala 2, Tallinn | ALU, TTA, EA | 14:30-17:00 |

| | | | |
|--|--------|--------------|-------------|
| <i>GHG data, interviews with responsible personnell.</i> | | | |
| Closing meeting – day 1 | Office | ALU, TTA, EA | 16.00-17:30 |

08.11.2017 – Imavere pellet factory + supplier audit

| Activity | Location | Auditor(s) | Time |
|--|--------------------------------------|--------------|-------------|
| Supplier audit (primary processor) | Stora Enso Eesti AS Imavere Saeveski | ALU, TTA, EA | 13:30-14:30 |
| Opening meeting* | Office – Imavere pellet factory | ALU, TTA, EA | 14:30-14:45 |
| Interview with factory responsibe staff; review of management system, review of mass balance, review of purchase documents. | Office - Imavere pellet factory | ALU, TTA, EA | 14:45-16:00 |
| Roundtrip in production facilities, interviews with responsible staff, reception of the material, evaluation of incoming feedstock | Production facilities/Office | ALU, TTA, EA | 16:00-17:00 |
| Closing meeting | Office – Imavere pellet factory | ALU, TTA, EA | 17:00-17:30 |

14.11.2017 –supplier audit

| Activity | Location | Auditor(s) | Time |
|------------------------------------|------------|------------|--------------|
| Supplier audit (primary processor) | Imprest OÜ | EA | 14:00 -17:00 |

6.2 Description of evaluation activities

First surveillance was carried out as an onsite audit in Graanul Invest AS HQ, Imavere production site. Separate supplier audits were conducted by the BP – Stora Enso Eesti AS Imavere Saeveski supplier audit was witnessed by the CB and Imprest AS supplier audit was done first by BP and later by CB (14.11.2017). Also review of procedures and other preparations were done prior to onsite audit.

During the onsite audit, all applicable indicators of applicable SBP standards were evaluated: review of procedures, SBP Risk Assessment, implementation of mitigation measures, interviews with responsible personnel, review of energy data, review of invoices, review of mass balance.

Audit was conducted by one lead auditor and two auditors in training.

Auditors reviewed Supply Base Report and company's SBP and FSC procedures. During the review, company demonstrated IT solutions, which is used to collect, store and report on all data. Also, data represented in the Supply Base Report was compared with data entered into the program.

Next, review of implementation of Supply Base Evaluation was evaluated, including review of supplier audit protocols, monitoring results and review of updated supplier declarations.

Review of SAR documents that were prepared by the BP together with standard 5 check-list was evaluated next. This included review of data presented and evaluating the sources of information for this.

Later the same day Bekkeri port and Muuga port and warehouses in Bekkeri port and Muuga port were visited.

Next day supplier audit was conducted by the BP and it was witnessed by the CB. Audit focused on WKH mitigation measures. Also, the review of procedures, and other preparations were done prior to onsite audit.

After supplier audit, auditors moved to Imavere pellet mill where purchase and sales documentation was reviewed and evaluated. Random sampling was implemented for purchase documentation and origin documents.

This was followed by roundtrip in production and storage areas and facilities. Interviews during the round-tour were conducted with responsible staff, also pictures of main processing units were taken. More detail interview was held material receiver who demonstrated what they control and demonstrated the origin control process.

One week after first surveillance audit, CB carried out audit to one Imavere Graanul's supplier. Audit focused on WKH mitigation measures. The auditor applied following sampling method – $0.8 \times \sqrt{z}$ (where z is number of suppliers). The BP has in total 6 secondary feedstock suppliers which gives 2 suppliers to be visited.

The audit ended with the closing meeting at the headquarter of the organization where final results of the evaluation were presented.

Composition of audit team:

| Auditor(s), roles | Qualifications |
|---|--|
| Asko Lust Lead auditor/audit team leader. Verification of SBP-compliant feedstock, Chain of Custody, SBP-compliant feedstock. | 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. Asko has also passed SBP training and has previous SBP auditing experience. He has conducted over 200 CoC audits/assessments and over 20 FM audits/assessments, earlier work experience from Board of Environment. |
| Toomas Tammeleht Auditor in training. | BSc in forestry and MSc in industrial ecology. Toomas has been working in NEPCon as an auditor since 2016. He has passed NEPCons forest management and chain of custody leadauditors training. He has previously worked for Environmental Inspectorate. |
| Eveli Aasa Auditor in training. | M.Sc in Environmental Engineering and Management from Tallinn University of Technology. Previous work experience from wooden window manufacturing. Working in NEPCon as auditor since 2017. |

6.3 Process for consultation with stakeholders

According to standard 2 p13 stakeholder consultation is not required for annual audits. Stakeholder consultation was conducted prior first assessment.

SBR is publicly available on company's web page but no stakeholders have sent company any comments regarding to that.

7 Results

7.1 Main strengths and weaknesses

Main strengths: all processes have been well documented; main database for material balances is well maintained and all relevant information can be reported

Weaknesses: See the non-conformities below

7.2 Rigour of Supply Base Evaluation

The SBE scope was decided based on Imavere plant's feedstock profile. After assessing the existing controlled feedstock suppliers and SBP-compliant material demand the preliminary suppliers list was put together. These suppliers were approached and informed about SBP and the WKH risk mitigation requirements. The suppliers who expressed readiness to implement the mitigation measures were further consulted and provided with guidelines on how to move forward with the WKH risk mitigation measures and documentation requirements. The suppliers who rejected the changes were removed from the GI suppliers' list and no longer supplied feedstock to Imavere pellet plant.

BP is using approved risk assessment and mitigation measures described in their SBR.

Based on the SBP endorsed regional risk assessment for Estonia, there is only one specified risk area in Estonia – indicator 2.1.2 referring to potential threats from forest management activities to areas with high conservation value. In case of Estonia the potential threats to Woodland Key Habitats (WKHs).

Controlled feedstock within Imavere plant's SBE is only considered to be low risk and SBP-compliant IF the mitigation measures have been applied. Once a feedstock supplier is listed in the GI suppliers' list they have proven that their wood origin documentation is maintained throughout the supply chain from the felling site to the biomass producer. Their WKH risk mitigation procedures are in place within the supply chain with credible evidence. All suppliers who are going to supply secondary feedstock via SBE must be audited before they will be accepted as supplier of SBP compliant feedstock. Primary feedstock that goes through SBE will be controlled each time material is received. This is done by material receiver at the gate who will control if the material is coming from WKH or not.

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.

Data is gathered from suppliers about the distances from where material is transported, all production data is recorded in BP production database, information about fossil fuels used is based on invoices and production logs. During the reporting period electricity was bought from grit, evidence based on invoices and meters. Transportation distances from pellet factories to harbours and pellet volumes are recorded in database. Information about energy and fuels used during the loading of the material in ports was asked from port operators and this information was available during the audit.

All the GHG information is indicated in SAR document. All evidence was provided to auditors, auditors considered it sufficient enough to fulfil the requirements.

7.4 Competency of involved personnel

Overall responsible person for implementing SBP together with SBE is Head of Quality and Certification Systems. Supply Base Evaluation was performed by internal personnel only. SBR was reviewed by central office's top management: CEO, COO, Head of Quality and Certification Systems, Biomass Purchasing Manager and the Head of Forestry.

Overall responsible person has all required competences, education and work experience from timber and industry sector, but these requirements are not described in procedures.

According to interviews, review of biomass producer quality manager's CV and set of procedures and documents that were composed for the SBP system, auditors evaluated the competency of main responsible staff to be sufficient.

7.5 Stakeholder feedback

No comments or concerns were received during the Biomass Producer's and CB-s stakeholder notification period that was conducted before assessment.

7.6 Preconditions

No open preconditions. All major non-conformities were closed before the report competition.

There were identified 1 MAJOR NCR and 1 MINOR NCR.

1 MAJOR NCR was related to missing information in SAR.

BP updated its SAR document. Additionally, BP explained to auditors the changes made in these documents and sent additional evidence. Auditors considered these actions enough to close these NCRs.

8 Review of Biomass Producer's Risk Assessments

SBP-endorsed Regional Risk Assessment for Estonia was used by the Biomass Producer. Risk ratings in table 1 are taken from the approved risk assessment, where one indicator has been evaluated as specified risk (indicator 2.1.2)

Table 1. Final risk ratings of Indicators

| Indicator | Risk rating (Low or Specified) | |
|-----------|-----------------------------------|-----------|
| | Producer | CB |
| 1.1.1 | Low | Low |
| 1.1.2 | Low | Low |
| 1.1.3 | Low | Low |
| 1.2.1 | Low | Low |
| 1.3.1 | Low | Low |
| 1.4.1 | Low | Low |
| 1.5.1 | Low | Low |
| 1.6.1 | Low | Low |
| 2.1.1 | Low | Low |
| 2.1.2 | Specified | Specified |
| 2.1.3 | Low | Low |
| 2.2.1 | Low | Low |
| 2.2.2 | Low | Low |
| 2.2.3 | Low | Low |
| 2.2.4 | Low | Low |
| 2.2.5 | Low | Low |
| 2.2.6 | Low | Low |
| 2.2.7 | Low | Low |
| 2.2.8 | Low | Low |
| 2.2.9 | Low | Low |
| 2.3.1 | Low | Low |
| 2.3.2 | Low | Low |

| Indicator | Risk rating (Low or Specified) | |
|-----------|-----------------------------------|-----|
| | Producer | CB |
| 2.3.3 | Low | Low |
| 2.4.1 | Low | Low |
| 2.4.2 | Low | Low |
| 2.4.3 | Low | Low |
| 2.5.1 | Low | Low |
| 2.5.2 | Low | Low |
| 2.6.1 | Low | Low |
| 2.7.1 | Low | Low |
| 2.7.2 | Low | Low |
| 2.7.3 | Low | Low |
| 2.7.4 | Low | Low |
| 2.7.5 | Low | Low |
| 2.8.1 | Low | Low |
| 2.9.1 | Low | Low |
| 2.9.2 | Low | Low |
| 2.10.1 | Low | Low |

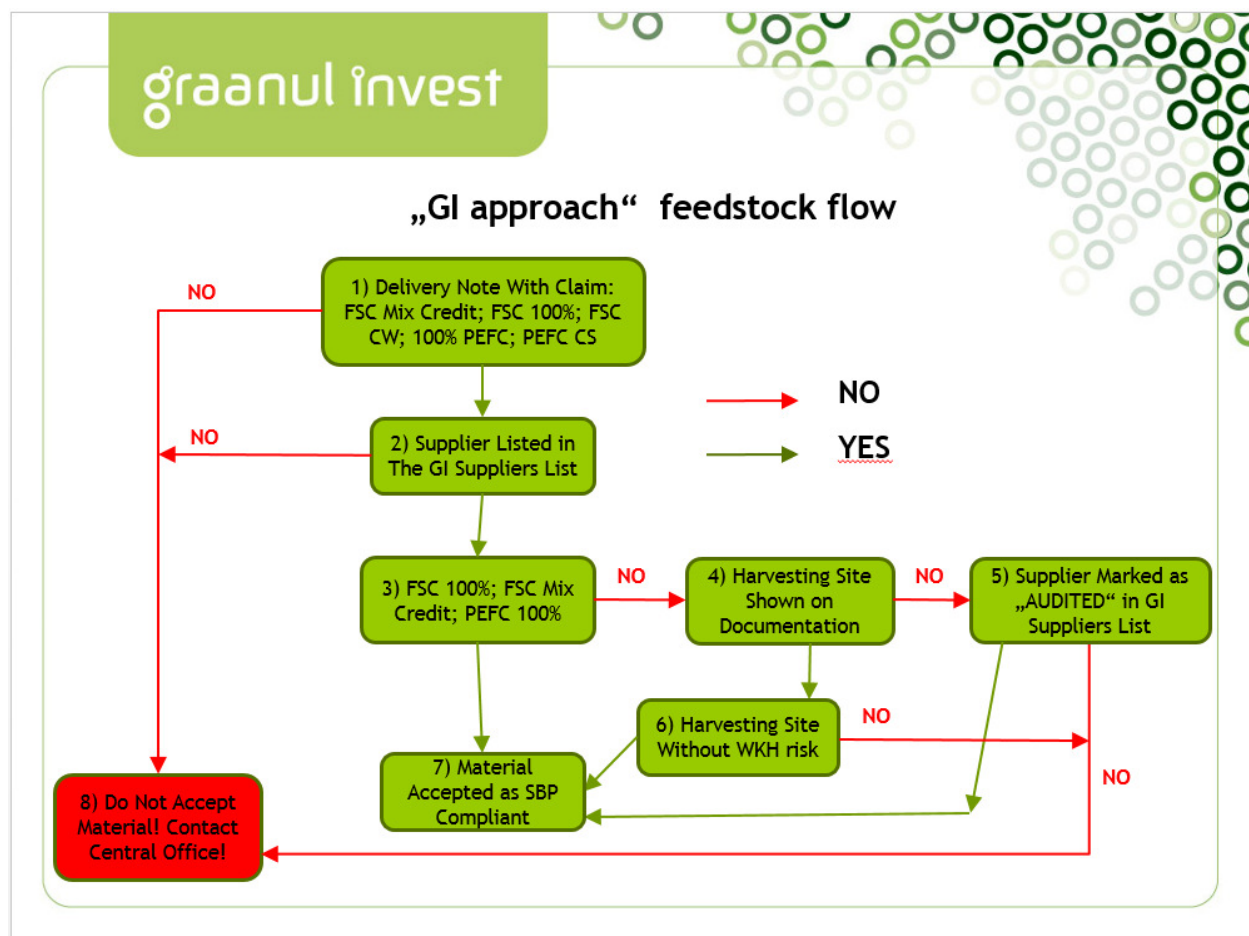
Table 2. Final risk ratings of Indicators as determined after the SVP and any mitigation measures.

| Indicator | Risk rating (Low or Specified) | |
|-----------|-----------------------------------|-----|
| | Producer | CB |
| 1.1.1 | Low | Low |
| 1.1.2 | Low | Low |
| 1.1.3 | Low | Low |
| 1.2.1 | Low | Low |
| 1.3.1 | Low | Low |
| 1.4.1 | Low | Low |
| 1.5.1 | Low | Low |
| 1.6.1 | Low | Low |
| 2.1.1 | Low | Low |
| 2.1.2 | Low | Low |
| 2.1.3 | Low | Low |
| 2.2.1 | Low | Low |
| 2.2.2 | Low | Low |
| 2.2.3 | Low | Low |
| 2.2.4 | Low | Low |
| 2.2.5 | Low | Low |
| 2.2.6 | Low | Low |
| 2.2.7 | Low | Low |
| 2.2.8 | Low | Low |
| 2.2.9 | Low | Low |
| 2.3.1 | Low | Low |
| 2.3.2 | Low | Low |

| Indicator | Risk rating (Low or Specified) | |
|-----------|-----------------------------------|-----|
| | Producer | CB |
| 2.3.3 | Low | Low |
| 2.4.1 | Low | Low |
| 2.4.2 | Low | Low |
| 2.4.3 | Low | Low |
| 2.5.1 | Low | Low |
| 2.5.2 | Low | Low |
| 2.6.1 | Low | Low |
| 2.7.1 | Low | Low |
| 2.7.2 | Low | Low |
| 2.7.3 | Low | Low |
| 2.7.4 | Low | Low |
| 2.7.5 | Low | Low |
| 2.8.1 | Low | Low |
| 2.9.1 | Low | Low |
| 2.9.2 | Low | Low |
| 2.10.1 | Low | Low |

9 Review of Biomass Producer's mitigation measures

Below is explained the whole cycle of feedstock flow through AS Graanul Invest direct and indirect mitigation measures "GI approach".



1) Every feedstock delivery has to have a delivery note with feedstock type, weight/volume, certification claim and code. The format and content have to be according to FSC and PEFC standards. This is examined by pellet plant personnel before the delivery is allowed through the gate.

2) The GI Suppliers List consist of the companies who are approved by central office and are allowed to deliver feedstock to Imavere's pellet plant. The list is updated every 3 months and a supplier only qualifies for the list if:

- a. They have a valid certificate visible in the certification scheme's online database.
- b. The certificate includes the feedstock types they supply.
- c. They source their controlled feedstock from inside Estonia's borders, inside the SBE (information from waybills).
- d. They have expressed readiness to implement the mitigation measures and provide evidence.
- e. They have signed a contract with AS Graanul Invest which included the WKH risk mitigation measures appendix (WKH information comes from public forest registry).
- f. In case they are not a contractual supplier they must have received the WKH risk mitigation measures' guidelines from AS Graanul Invest.

g. They must have attended the AS Graanul Invest suppliers training seminar (registration was recorded).

If one of the conditions from “d”, “e”, “f” or “g” is not met then the supplier only qualifies for the GI Suppliers List if they have been audited by AS Graanul Invest central office and approved. The conditions “a”, “b” and “c” have zero tolerance and not meeting them automatically disqualifies the supplier.

3) If the feedstock is forest management certified then it is SBP-compliant. The accepted certification claims are FSC 100%, FSC Mix Credit or 100% PEFC Certified Material.

4) If the feedstock is controlled feedstock then the harvesting site information has to be shown on the documentation. Controlled feedstock is defined as feedstock with certification claims “FSC Controlled Wood” and “FSC Controlled Sources”.

5) If controlled feedstock does not have the harvesting site information in the delivery documentation then the feedstock can only be accepted if the supplier has been audited by AS Graanul Invest central office and approved. Approved suppliers are marked as “AUDITED” in the suppliers list. This possibility exists because some feedstock suppliers have a WKH risk mitigation measure in place but do not segregate material for their clients. Therefore the risk is low but the exact harvesting site is not known. This system is accepted but has to be audited before.

6) If the controlled feedstock documentation includes the harvesting site information then the site is checked, by Imavere pellet plant personnel, from the Environmental Agency’s WKH database or Forest Registry’s WKH map. If the harvesting site does not have a WKH on it the material can be accepted as SBP-compliant.

7) SBP-compliant material is allowed to enter the pellet plant territory and is stored according to the storage plan. The compliant material is recorded according to its’ quality and sustainability characteristics.

8) Whatever the reason for feedstock rejection the pellet plant has to register and report the case to central office. Each case will be reviewed individually and measures will be taken to avoid similar issues in the future.

Suppliers supplying secondary material via SBE will be audited first by BP to ensure the material is not originating from WKH. During the supplier audit BP is controlling following aspects:

- demonstration of the control procedure carried out by the supplier’s responsible person(s);
- demonstration of recorded monitoring data;
- random selection of a sample of primary feedstock deliveries and the verification of the recorded monitoring results;
- demonstration of the supplier’s WKH register and corrective actions taken;
- feedstock storage conditions;

All audit findings and results are documented and these were reviewed by BP.

10 Non-conformities and observations

| | |
|--|--|
| NCR: 01/18 | NC Classification: major |
| Standard & Requirement: | SBP Standard #5B, requirement 3.1.1 |
| Report Section: | Appendix D p 6.1 |
| Description of Non-conformance and Related Evidence: | |
| <p>SAR was sent to CB before assessment. Latest template was used. During the audit, it turned out that SAR has some wrong information on some places: reporting period, average distances to the BP, energy data and consumption and sea transportation numbers.</p> <p>Since the same NCR was raised also last year auditors decided to raise a major NCR with one month deadline.</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: | 1 month |
| Evidence Provided by Organisation: | Before finalisation of the audit report: New SAR documents; interviews, updated SBP-procedures |
| Findings for Evaluation of Evidence: | <p>Before finalisation of the audit report: Before closing of the report BP sent updated SAR where all required information was updated and added.</p> <p>Auditors decided to close the NCR before closing the report.</p> |
| NCR Status: | CLOSED |
| Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |

| | | |
|--|---|--|
| NCR: 02/18 | NC Classification: Minor | |
| Standard & Requirement: | SBP Standard #2, requirement 2C 2.1 | |
| Report Section: | Appendix B p 2.6 | |
| Description of Non-conformance and Related Evidence: | | |
| <p>The company has updated the SBR English version, but has not updated the SBR Estonian version. The standard requires that the SBR shall be made available in English, and at least one official language of the country in which the BP is located. Since there is an English version of the SBR is up-to-date and the company is aware of the requirements, auditors decided to raise a minor NCR with twelve months deadline.</p> | | |
| Corrective action request: | <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> | |
| Timeline for Conformance: | 12 months from the report finalisation date | |
| Evidence Provided by Organisation: | | |
| Findings for Evaluation of Evidence: | | |
| 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: 02/17 | 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>Overall BP collects the information about the place of harvesting and primary wood processor upon <u>SBP-compliant</u> Secondary Feedstock is received.</p> <p>It turned out that during the assessment there was one trader who brought wet sawdust but had not informed the BP who the primary producer is and also no legally effective and enforceable agreement where determination of origin is requested, is signed with them. The potential countries of origin are known and all potential options are marked in SBR. The risk that material is coming outside SB is negligible since wet sawdust is produced from roundwood and potential countries from where Roundwood is imported to Estonia are mentioned in SBR. This is proved by the data of National Statistic Agency. All other suppliers are either primary producers or supply Roundwood.</p> <p>Since there is only one supplier out of 28 who is supplying that kind of material and amounts are small compared to total amounts sources, auditors decided to raise 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: | 12 months from the report finalisation date | |
| Evidence Provided by Organisation: | Interview with responsible staff; supplier declaration; supplier list | |
| Findings for Evaluation of Evidence: | BP has signed supplier declaration with the trader and supplier has informed who the primary producers are. Now all potential countries of origin are known and all potential options are marked in SBR. | |
| NCR Status: | CLOSED | |
| Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks? | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| NCR: 04/17 | NC Classification: minor | |
| Standard & Requirement: | SBP Standard 2, requirement 12.2 | |
| Report Section: | Appendix B p 5.2 | |
| Description of Non-conformance and Related Evidence: | | |
| <p>BP has determined competences for personnel working with SBE but these are not written in procedures. During the audit it was confirmed that overall responsible is competent enough for these tasks and he has appropriate work experience.</p> | | |

| | |
|---|--|
| Due to a fact that personnel working with SBE was competent, auditors decided to raise a minor NCR. | |
| 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: | 12 months from the report finalisation date |
| Evidence Provided by Organisation: | Interview with responsible staff; SBP procedures |
| Findings for Evaluation of Evidence: | Company sent updated SBP procedures, where it has been described in more detail, which competence requirements were set to staff implementing SBE. This included description of education, experience, knowledge of social and economic values and other. See Exhibit 1. |
| NCR Status: | CLOSED |
| Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks? | <p>Yes <input type="checkbox"/></p> <p>No <input checked="" type="checkbox"/></p> |

| | |
|---|-----------------------------------|
| NCR: 07/17 | NC Classification: minor |
| Standard & Requirement: | SBP Standard 4, requirement 6.3.2 |
| Report Section: | Appendix C p 7.2 |
| Description of Non-conformance and Related Evidence: | |
| <p>During the audit it was confirmed that all purchase and sales actions are done in written way, no cash is used, money is transferred via banks only. BP is not buying material from high corruption countries and is also not selling material to such countries. Raw material is bought only from Estonia where corruption index is considered to be low – 70 according to Transparency International. BP has also signed FSC CW policy.</p> <p>During the audit overall responsible was not sure if company has separate written anti-corruption policy.</p> | |

According to the information mentioned above auditors evaluated that the risk for corruption is low but due to fact that such big international company does not have written anti-corruption policy auditors decided to raise a minor NCR. See minor NCR 01/17.

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 finalisation date

Evidence Provided by Organisation: Interview with responsible staff; SBP procedures, Company's webpage

Findings for Evaluation of Evidence: Company sent updated SBP procedures, where it has been described how anti-corruption policy is implemented. Anti-corruption policy is added also to company's webpage. See Exhibit 1.

NCR Status: **CLOSED**

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 ☒

11 Certification decision

| | |
|--|---|
| Based on Organisation's conformance with SBP requirements , the auditor makes the following recommendation: | |
| <input checked="" type="checkbox"/> | Certification approved: Upon acceptance of NCR(s) issued above |
| <input type="checkbox"/> | Certification not approved: |
| Based on auditor's recommendation and NEPCon quality review following certification decision is taken: | |
| NEPCon certification decision: The certificate can be maintained | |
| Certification decision by: Ondrej Tarabus | |
| Date of decision: 22.01.2018 | |

12 Surveillance updates

12.1 Evaluation details

First annual surveillance evaluation took place on 8th of November 2017. Evaluation included visit of biomass producer at Imavere in Estonia and supplier (sawmill) visit, who is included in the SBE.

12.2 Significant changes

None

12.3 Follow-up on outstanding non-conformities

See Closed NCRs above.

12.4 New non-conformities

See NCRs above.

12.5 Stakeholder feedback

No stakeholder feedback has been received. No new stakeholder consultation processes have been initiated before annual audit.

12.6 Conditions for continuing certification

No conditions. See NCR-s above.

12.7 Certification recommendation

Certification maintained upon acceptance of NCR(s) issued above.