

SBP

Sustainable Biomass Partnership

NEPCon Evaluation of Warmeston OÜ Järvere Compliance with the SBP Framework: Public Summary Report

Scope Extension Audit

www.sustainablebiomasspartnership.org



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

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

Document history

Version 1.0: published 26 March 2015

© Copyright The Sustainable Biomass Partnership Limited 2015

Contents

1	Overview	1
2	Scope of the evaluation and SBP certificate	2
3	Specific objective	5
4	SBP Standards utilised	6
4.1	SBP Standards utilised	6
4.2	SBP-endorsed Regional Risk Assessment	6
5	Description of Biomass Producer, Supply Base and Forest Management	7
5.1	Description of Biomass Producer	7
5.2	Description of Biomass Producer’s Supply Base	7
5.3	Detailed description of Supply Base	8
5.4	Chain of Custody system	15
6	Evaluation process	16
6.1	Timing of evaluation activities	16
6.2	Description of evaluation activities	16
6.3	Process for consultation with stakeholders	17
7	Results	18
7.1	Main strengths and weaknesses	18
7.2	Rigour of Supply Base Evaluation	18
7.3	Compilation of data on Greenhouse Gas emissions	18
7.4	Competency of involved personnel	18
7.5	Stakeholder feedback	19
7.6	Preconditions	19
8	Review of Biomass Producer’s Risk Assessments	20
9	Review of Biomass Producer’s mitigation measures	22
10	Non-conformities and observations	25
11	Certification decision	31
12	Surveillance updates	32
12.1	Evaluation details	32
12.2	Significant changes	32
12.3	Follow-up on outstanding non-conformities	32

12.4	New non-conformities	32
12.5	Stakeholder feedback	32
12.6	Conditions for continuing certification	32
12.7	Certification recommendation	32
13	Evaluation details.....	33

1 Overview

CB Name and contact: NEPCon OÜ. Filosoofi 31, 51009 Tartu, Estonia

Primary contact for SBP: Ondrej Tarabus, SBP Program Manager

Report completion date: 28/Aug/2016

Report authors: Asko Lust, Lauri Kärmas

Certificate Holder: Warmeston OÜ. Järvere Küla, Sõmerpalu vald, Võrumaa 66629, Estonia

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

Certified Supply Base: Estonia

SBP Certificate Code: SBP-01-09

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"/>

Additional notes: Scope change audit

2 Scope of the evaluation and SBP certificate

Scope of this evaluation is based on SBP standards 1; 2; 4; and 5. During this scope change evaluation, standard 1 was added to the scope of the certificate. Reason for this scope change audit is that the demand for SBP-compliant biomass is exceeding the volumes of FSC/PEFC certified feedstock that is available for pellet production in the Baltic region. To meet the demand, Warmeston OÜ undertakes a supply base evaluation for primary and secondary feedstock that is originating from Estonia.

In addition – CIF Hull port has been highlighted in this report to be added to the scope. Hull port (CIF) was evaluated already during initial assessment in December 2015, but was left out of the scope. All findings concerning CIF Hull are the same compared to assessment report.

Organization holds valid FSC COC certificate TT-COC-005268, covering both FSC transfer and FSC credit system. Credit system is the main control system used and is implemented when FSC certified and FSC Controlled Wood inputs are used. Controlled wood verification system for round wood originating from Estonia is also included into the FSC certification scope of the company. FSC transfer system is exclusively used only to segregate uncontrolled materials and PEFC materials, in case such are received.

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. There is a FSC transfer system in place to segregate non-certified material for drier in case such materials need to be used. This non-certified material is not used as input for SBP product groups or used in drier for SBP production. Since company is not holding PEFC certificate, material received only with PEFC claim is also segregated with FSC transfer system. Company has not used PEFC inputs so far, but is aware that it can be used in SBP system when segregated from FSC material.

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 according to DAP and FOB and from Pärnu, Bekkeri and Kunda ports to Hull port according to CIF.

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 checked="" type="checkbox"/>
Primary Activity:	Pellet producer				<input type="checkbox"/>
Input Material Categories:	<input checked="" type="checkbox"/> SBP-Compliant Primary Feedstock	<input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock			<input type="checkbox"/>
	<input checked="" type="checkbox"/> Controlled Feedstock	<input type="checkbox"/> SBP non-Compliant Feedstock			
	<input checked="" type="checkbox"/> SBP-Compliant Tertiary biomass	<input checked="" type="checkbox"/> Pre-consumer Tertiary Feedstock			
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
Chain of custody system implemented:	<input checked="" type="checkbox"/> FSC	<input type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>
	<input checked="" 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 checked="" type="checkbox"/>
Provide name of all points of sales		- Pärnu Port FOB -Kunda port FOB -Muuga port FOB -Tallinn Bekkeri port FOB		- Riia port DAP -Hull CIF (loading port Kunda) - Hull CIF (loading port Pärnu) - Hull CIF (loading port Tallinn, Bekkeri)	
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 checked="" type="checkbox"/>
	New districts approved for SBP-Compliant inputs: Estonia		
Sub-scopes	Only one sub-scope: Estonia – material from private forest owners		<input checked="" type="checkbox"/>
Specify SBP Product Groups added or removed:			
Comments: Hull port and Supply Base Evaluation was added to the scope			

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 this evaluation covered only adding Supply Base Evaluation to the scope.

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 (port Hull)
- Evaluation of mitigation measures implemented

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 1.0. March 2015 was utilised for the evaluation as well.

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

4.2 SBP-endorsed Regional Risk Assessment

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

<http://www.sustainablebiomasspartnership.org/documents/risk-assessments/regional-risk-assessments-for-the-baltic-states/estonia>

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

Warmeston OÜ has a pellet factory in Järvere that was opened in the winter of 2014. Planned production capacity of the factory is 110,000 tons of bulk wood pellets per year. Warmeston OÜ produces mainly 6mm premium pellets packed in 15kg packages and big bags, but can also load pellets on ships, bulk vehicles or containers, if required. Company plans to sell material to European union and Wood pellets are sold based on DAP, FOB and CIF incoterms conditions.

Warmeston 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.

More detailed description is provided in SBR.

5.2 Description of Biomass Producer's Supply Base

Warmeston OÜ 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 Warmeston 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 Warmeston defines its supply base as the countries and regions in the following list to cover all current and potential future suppliers:

- Estonia
- Latvia
- Lithuania
- Finland
- Sweden

All primary feedstock sourced outside Estonia reaches Warmeston as secondary feedstock and originates from FSC or PEFC certified Forest Management or Chain of Custody schemes. BP is also buying tertiary feedstock from secondary production (sawdust and shavings) but this is all purchased with FSC claims.

Currently all feedstock used for pellet production is at least FSC controlled wood. An overview of the proportions of SBP feedstock product groups received during the last 12 months (including the period prior FSC certification) is presented in the table below:

Table 1. Overview of Warmeston SBP feedstock profile (1.12.2014-30.11.2015)

Feedstock groups	product	Estimated Proportion ¹	Indicative number of suppliers	Species mix
Controlled (FSC), (Primary)	Feedstock	2%	1	<i>Alnus spp: Alnus glutinosa; Alnus incana (L.) Moench; Betula spp: Betula Pendula, Betula verrucosa; Picea abies; Pinus sylvestris; Populus spp: Populus tremula;</i>
Controlled (FSC), (Secondary)	Feedstock	50	11	<i>Alnus spp: Alnus glutinosa; Alnus incana (L.) Moench; Betula spp: Betula Pendula, Betula verrucosa; Picea abies; Pinus sylvestris; Populus spp: Populus tremula;</i>
SBP-compliant Feedstock (FSC),	Primary	0%	0	<i>Alnus spp: Alnus glutinosa; Alnus incana (L.) Moench; Betula spp: Betula Pendula, Betula verrucosa; Picea abies; Pinus sylvestris; Populus spp: Populus tremula;</i>
SBP-compliant Feedstock (FSC),	Secondary	7%	3	<i>Alnus spp: Alnus glutinosa; Alnus incana (L.) Moench; Betula spp: Betula Pendula, Betula verrucosa; Picea abies; Pinus sylvestris; Populus spp: Populus tremula;</i>
SBP Feedstock	non-compliant	41%	27	<i>Alnus spp: Alnus glutinosa; Alnus incana (L.) Moench; Betula spp: Betula Pendula, Betula verrucosa; Picea abies;</i>

During this evaluation, company added supply base evaluation to the scope of their certificate.

More detailed description is provided in SBR (<http://www.warmeston.ee>).

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

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

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 exceed 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.

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.

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)

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>

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), woodenness 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 %;
- 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).

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

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 south-eastern 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

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

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 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 south-eastern 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.

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

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 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

¹⁴ <http://www.nordicforestry.org/facts/Sweden.asp#En>

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

Warmeston OÜ holds valid FSC CoC certificate since 3rd of February 2015, certificate code is TT-COC-005268/TT-CW-005268. FSC certificate also covers controlled wood verification program for Estonia. Warmeston is using FSC credit system and FSC transfer system for heating material (not certified). There are some uncertified leftovers for heating but these are kept physically separately and these are used for non-SBP production. BP does not plan to buy any additional uncertified material. Company has enforced procedures and system update that they will buy only FSC certified or FSC Controlled material (including heating material). The non-certified (FSC- or PEFC controlled) material in stock will be segregated from production of SBP compliant or SBP controlled material.

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

6 Evaluation process

6.1 Timing of evaluation activities

Scope change audit was carried out on 05.07.2016 and it included Warmeston Järvere factory visit and also a supplier audit.

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

Activity	Location	Auditor(s)	Time
Opening meeting*	Office	AL, LK	10.00-10.15
Interview with SBP responsible person <i>SBP Risk Assessment, implementation of mitigation measures,</i>	Office	AL, LK	10.15-11.00
Interview with Purchasing department representative, reception of the material, evaluation of incoming feedstock	Office	AL, LK	11.00 – 12.00
Lunch break			12:00-13.00
Supplier visit <i>Evaluation of Warmeston OÜ supplier audit with focus on mitigation of HCV issues</i>	Supplier site	AL, LK	13.00-16:00
Internal team meeting	Office	AL, LK	16:00-16:30
Presentation of the initial results of the audit	Office	AL, LK	16:30-17:00

6.2 Description of evaluation activities

Current evaluation was carried out as an onsite audit in Warmeston OÜ Järvere production site. Later the same day supplier audit was conducted by the BP and it was witnessed by the CB. As only one supplier is included in the

SBE at this point, the sampling rate of supplier audits was 100%. Also review of procedures, stakeholder consultation and other preparations were done prior to onsite audit.

During the onsite audit all applicable indicators of applicable SBP standards were evaluated, with a focus to supply base evaluation.

Composition of audit team:

Auditor(s), roles	Qualifications
Lauri Kärmas, lead auditor/audit team leader. Verification of SBP-compliant feedstock.	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 NEPCon lead auditor training course in Forest Management and Chain of Custody certification. Lauri has also passed SBP lead auditor training course and has previous SBP auditing experience. He has conducted more than 150 CoC audits.
Asko Lust, Audit team member. Verification of SBP-compliant feedstock. Chain of Custody	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 SBP auditing experience from Warmeston OÜ and Purutuli OÜ assessments. He has conducted over 200 CoC audits/assessments and over 20 FM audits/assessments, earlier work experience from Board of Environment.

6.3 Process for consultation with stakeholders

Stakeholder consultation was carried out by both – Biomass Producer and Certification Body

BP conducted stakeholder consultation process that started on 4th of May 2016. Total of 223 stakeholders were notified by e-mail, this included local municipalities, state authorities, local FSC and PEFC offices, Environmental inspectorate, local NGOs and associations. Full list of stakeholders is available at BP. No comments or issues were received after the 30-day consultation period.

CB conducted stakeholder notification process by e-mail message to state authorities, forestry related institutions and NGOs on 04.06.2016 with a purpose to receive comments for the SBP scope change audit, where SBE is added to the scope. No comments were received by the time of the audit. Stakeholder consultation included Warmeston OÜ Järvere site, Warmeston OÜ Purila site and Purutuli OÜ, since all companies applied for the scope change at the same time and have common ownership.

7 Results

7.1 Main strengths and weaknesses

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

Weaknesses: See the non-conformities below

7.2 Rigour of Supply Base Evaluation

The Supply Base Evaluation was implemented for primary and secondary feedstock sourced from Estonia only. Warmeston OÜ has implemented SBE for primary feedstock (forest products) that are originating from Estonia and is sold without SBP-approved Forest Management Scheme claim, SBP-approved Forest Management partial claim, SBP-approved Chain-of-Custody (CoC) System claim. Risk mitigation measures are also applied for secondary feedstock (e.g. sawdust from local sawmills) that originates from Estonian forest and is delivered with a SBP-approved Controlled Feedstock System claim. This will be used in the production of SBP-compliant biomass.

The scope of the SBE was chosen based on the availability of the SBP-endorsed Regional Risk assessments whereas the possibility to mitigate the identified “specified risk” with reasonable efforts was considered.

The stakeholder consultation process for Warmeston’s SBE was undertaken from 4th May 2016 to 3rd June 2016 by e-mail message to local municipalities, state institutions and authorities, State Forest Management Centre, Foundation Private Forest Centre, Estonian Private Forest Association, FSC Estonia, PEFC Estonia and the Estonian Forest and Wood Industries Association and to Loodusaeg’s mailing list covering app 1000 subscribers including various nature conservation and protection organisations. No comments from the stakeholders were received.

The risk assessment used by the organization was the Approved Regional SBP Risk Assessment for Estonia available at the SBP website. One indicator is identified as specified risk in this risk assessment and the organization has implemented mitigation measures (see section 9 of SBR).

7.3 Compilation of data on Greenhouse Gas emissions

BP has a system to gather and record Greenhouse Gas emissions. During the initial audit, BP made detailed overview of the systems and databases to gather and record such data. Evidence was provided to auditors. During this scope change audit, Hull port (CIF, with various loading ports) was added to the scope.

7.4 Competency of involved personnel

Overall responsible person for implementing SBP together with SBE is quality and environmental manager. Supply Base Evaluation was performed by internal personnel only, although BP has also procedures in place to use external expert for SBR peer review. This is planned to be finalised before next annual audit.

BP has maintained written qualification requirements for personnel involved in SBP system, these are described in SBP-24 (internal procedure).

Minimum qualification requirements for main SBP system responsible staff is as follows:

- Higher education (Forestry/Environmental)
- Fluent in Estonian and English
- Minimum of 3 years working experience in related sector
- Experience in FSC/PEFC systems
- Experience in reporting, conducting risk assessments
- Good teamwork skills
- Familiar with relevant regulations

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 nor CB stakeholder notification period.

7.6 Preconditions

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

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

The mitigation measures described below is only applied for feedstock that is in the scope of the SBE as described in section 4.1 of SBR. The responsible person for the implementation of the SBE is the Quality and Environmental manager of Warmeston who is also the overall responsible person for the company's FSC and SBP certification systems.

Primary feedstock

All deliveries of primary feedstock that has been harvested in Estonia, but are not FSC or PEFC certified, Warmeston has implemented a system where they verify that it has not been sourced from WKHs. Additional control procedures, e.g. procedures according to FSC-STD-40-005: FSC Standard For Company Evaluation of FSC Controlled Wood, are applied if applicable. All feedstock subject to SBE must meet prior the evaluation at least SBP-approved Controlled Feedstock System requirements.

Warmeston will use the delivery documents, a list of approved suppliers and publicly available databases (e.g. maps at: <http://register.metsad.ee/avalik/> or at least biannually renewed databases from competent authorities) to verify that the delivered primary feedstock has not been sourced from WKHs. All primary feedstock is sourced from Estonia. During the reception and registration of primary feedstock the assistants will carry out the following control procedure within the SBE for each single delivery:

1. *Has the supplier signed an agreement and committed not to supply wood from WKHs?*

1.1 *If yes, go to 2.*

1.2 *If no, the products cannot be sourced.*

2. *Can the products be traced back to the logging site in forest?*

2.1 *If yes, go to 3.*

2.2 *If no, the products cannot be sourced.*

3. *Is there a felling permit issued?*

3.1 *If yes go to 5*

3.2 *If no go to 4.*

4. *Fellings without felling permit (according to forest act).*

4.1 *If there is no WKHs on the FMU according to available information: the products can be sourced.*

4.2 *If there is a WKHs on FMU the products cannot be sourced as SBP-compliant.*

5. *Does the logging site defined in the felling permit, provided with the supplied material, match with the WKH location using the available information resources (updated maps or databases)?*

5.1 *If yes: the products cannot be sourced as SBP-compliant*

5.2 *If no: the products can be sourced.*

All instances where primary feedstock from WKHs has been offered will be reported to the Quality and Environmental manager and recorded in a register.

Secondary feedstock

To mitigate the risks associated with secondary feedstock subject to SBE, Warmeston will:

- i) train its suppliers to apply the risk mitigation measures described above in points 2-5 and
- ii) verify during annual audits that the mitigation measures 2-5 have been properly implemented.

The trainings and annual audits will be carried out by Warmeston's Quality and Environmental manager who is also responsible for collecting and analysing suppliers' monitoring results of the WKHs.

The supplier audits will cover the following aspects:

- the scope of the suppliers FSC/PEFC certification;
- Depending on the scope of the supplier's certificate, company's procedures on sourcing materials and the verification of origin (according to FSC-STD-40-005)
- demonstration of the control procedure carried out by the supplier's responsible person(s);
- demonstration of recorded monitoring data (screenshots or printouts of the databases etc.);
- 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.

During this audit, company conducted supplier audit, that was witnessed by CB. Since company has only one supplier included in the SBE, the sampling rate on the suppliers were 100%, but it is also described in the SBE procedures, that all suppliers included in SBE will be annually audited by the company to check compliance.

During the supplier audit, company's overall responsible person conducted the visit to supplier's factory. Supplier has active FSC and PEFC CoC certificates. During the supplier audit, company's auditor interviewed supplier's purchase assistant, who is responsible for all purchases and entering the information to the system. Purchase assistant explained the procedures for this, demonstrated the IT system and showed a sample of origin documents chosen by the auditor. Auditor also interviewed accountant, who demonstrated conversion factor calculations. Interview with the purchase assistant focused on mitigation measure (2.1.2 according to SBP approved regional risk assessment for Estonia). The supplier has a system in place, where all incoming roundwood deliveries are registered by cadastre unit in the IT system and also in Excel files. Each delivery record contains information about origin (cadastre unit number, cadastre name, felling permit number or copy of felling permit), volumes, supplier, costs etc. Cadastre unit number formats and also log waybills are different for Estonian and Latvian supplies. Since the delivery record in the system includes also information about the country of origin, it is possible to create reports in the system to calculate the volume of Estonian and Latvian logs.

Supplier is also using a database of WKH cadastre units, sent by Warmeston OÜ (database verified by CB), that is used to verify, if purchased material origin (cadastre unit) is matching with any of the WKH's (the database includes

all cadastre units in Estonia, where WKH is present). This is an automatic inquiry by the system. If there is a match – a separate warning will pop up during entering of the delivery information.

This information about the presence of materials matching from WKH cadastre unit will be sent periodically to BP, this also includes share of roundwood purchased from Estonia/Latvia by the supplier.

See more detailed BP's supplier audit report in Exhibit 7.

Warmeston will accept the delivered secondary feedstock only as "low risk" if:

- the supplier has been trained;
- the supplier has been audited (supplier audit) and no substantial issues in the WKH control procedures have been raised during the annual audits;
- the delivered feedstock can be traced back to an **Estonian** forest where no WKH are present at the felling site.

- If a supplier is sourcing its feedstock from different countries a mass balance approach for determining the proportion of Estonian feedstock will only be accepted if i) the supplier holds a valid SBP-approved chain of custody certificate and ii) all primary feedstock of the supplier meets at least the requirements of an SBP-approved Controlled Feedstock System. The supplier must demonstrate during the supplier audit, that this information is monitored and recorded on a regular basis. If this information is not available, the material will not be accepted as SBP-compliant feedstock.

In case BP discovers that a supplier violates these terms repeatedly or on purpose and is not willing to take measures to avoid sourcing material from WKHs, or presents false information to BP, will be excluded from the suppliers list and all deliveries will be stopped.

During this scope change audit, also a supplier audit was conducted by the BP and the audit was witnessed by the CB. Currently there is only one supplier included in the SBE, but the same approach will be used for other suppliers if these are added to SBE.

10 Non-conformities and observations

NCR: 01/16	NC Classification: minor	
Standard & Requirement:	SBP Standard 1 requirement 2.5	
Description of Non-conformance and Related Evidence:		
<p>According to SBP-endorsed Regional Risk Assessment for Estonia, there is one specified risk in the risk assessment - indicator 2.1.2 that is related to Woodland Key Habitats (WKH). All other indicators are low risk.</p> <p>The BP has developed systems and procedures to ensure that all indicators are low risk, which includes mitigation measures for indicator 2.1.2, detailed description is available in section 9 in the Supply Base Report of the company. This includes supplier agreements and declarations, usage of online and offline databases of WKH-s, trainings of suppliers and annual supplier audits with sampling rate of 100%. See SBR for more detailed description.</p> <p>During the scope change audit, supplier audit was conducted by the BP as one of the measures to mitigate the risk for this indicator. This supplier audit was witnessed by the CB. General quality of the supplier audit conducted by the BP was high, however auditors noticed low sampling rate of origin documents by BP's auditor to compare this with information provided by supplier to BP via WKH declarations.</p> <p>As for the BP auditor asked supplier to demonstrate the system for verifying WKH presence in incoming roundwood supplies, which was automatic and covering all incoming supplier, then 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:	12 months from the report finalisation date	
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: 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 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:	12 months from the report finalisation date	
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, including FSC certified, are signing an annex to contract (Tarnija 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. 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. All secondary input comes with FSC claim. Company is also aware of the option to use PEFC certified material inputs, but will segregate this material from FSC material under FSC transfer system in such case. PEFC inputs have not been used so far.</p> <p>All inputs undergoing company's own controlled wood verification program are always received together with origin information, including felling permit.</p> <p>Some suppliers are left out from the supplier list due to the origin from Russia.</p> <p>The contracts for secondary inputs are reviewed once a year and contracts for roundwood once a quarter.</p> <p>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).</p> <p>Same requirements are set to the material supplies for the drier - all material purchased for drier heating for SBP-compliant pellet production complies with FSC Controlled Wood requirements.</p> <p>It turned out that BP is not conducting any additional on-site controls to determine if the information provided by the suppliers is correct.</p> <p>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.</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:	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: 03/15	NC Classification: minor
Standard & Requirement:	SBP Standard # 2 requirement 7.4 (# Instruction Note 2C; 4.1)
Report Section:	Appendix B p 2.8
Description of Non-conformance and Related Evidence:	
<p>Assessment: BP has compiled Supply Base Report (SBR), that is concise and completed on the latest available template at the time of the assessment. However written SBR is lacking more detailed summary why the SBE was determined not to be required.</p> <p>This was however discussed during the on-site evaluation with the general responsible person, who explained the background and the scope of the certification process. Company is purchasing SBP-Compliant and SBP-Controlled primary, secondary and tertiary feedstock.</p> <p>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:	12 months from the report finalisation date
Evidence Provided by Organisation:	Scope change audit 2016: SBR including SBE part and interviews with responsible staff.
Findings for Evaluation of Evidence:	Scope change audit 2016: SBR is fulfilling the requirements and chapters for SBE are filled according to requirements.
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: 02/16	NC Classification: MINOR	
Standard & Requirement:	SBP Standard 2, requirement 19.1	
Report Section:	Appendix B p 12.1	
Description of Non-conformance and Related Evidence:		
<p>The Supply Base Report (SBR) of the BP is reviewed by senior management and it includes links to sources of information and means of verification, BP's Supply Base (SB) has not changed from the initial assessment and BP' scope of Supply Base Evaluation (SBE) is limited to Estonia only.</p> <p>BP has partly implemented measures to support the credibility of the SBR, by implementing SBP-endorsed Regional Risk Assessment for Estonia and making draft SBR version available for public consultation during stakeholder consultation period before implementing SBE. No comments were received from stakeholders. BP has also a plan in place to send the SBR to third-party peer review before the first annual audit.</p> <p>However, taking the context of SB, SBE and BP into account, measures taken by the BP to support robust and credible SBR, are not fully implemented.</p> <p>Since BP has taken steps to support credibility of the SBR, but has not fully implemented these, the NCR was raised as 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:	12 months from the report finalization date	
Evidence Provided by Organisation:	OPEN	
Findings for Evaluation of Evidence:	<u>OPEN</u>	
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: 02/15	Standard & Requirement:	SBP Standard 5A, requirement 8.1
	Report Section	Appendix D p 9.1
Description of findings leading to observation:	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 must be added to batch specific data. Auditors decided to raise a observation.	
Observation:	It is recommended for BP to add information to supply base report that they are not using any stump wood.	

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 Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be extended immediately after NEPCon obtain the approval of the report from SBP technical committee. The expiration of the certificate will be then 5 years since the original certificate was issued.	
Certification decision by: Ondřej Tarabus	
Date of decision: 28.08.2016	

12 Surveillance updates

[N/A]

12.1 Evaluation details

[N/A]

12.2 Significant changes

[N/A]

12.3 Follow-up on outstanding non-conformities

[N/A]

12.4 New non-conformities

[N/A]

12.5 Stakeholder feedback

[N/A]

12.6 Conditions for continuing certification

[N/A]

12.7 Certification recommendation

[N/A]

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Viljo Aros, quality and environmental manager
Auditor(s):	Lauri Kärmas, audit team leader Asko Lust, audit team member
People Interviewed, Titles:	Viljo Aros, quality and environmental manager Ly Ustav, assistant Argo Tõnuri, factory manager Tanel Mihkelson, board member Elika Aasmets (Toftan AS), purchase assistant Triin Ivask, accountant (Toftan AS)
Brief Overview of Audit Process for this Location:	Same as in 6.2 above
Comments:	