

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

Second 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

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	4
4	SBP Standards utilised	5
4.1	SBP Standards utilised	5
4.2	SBP-endorsed Regional Risk Assessment	5
5	Description of Biomass Producer, Supply Base and Forest Management	6
5.1	Description of Biomass Producer	6
5.2	Description of Biomass Producer’s Supply Base	6
5.3	Detailed description of Supply Base	6
5.4	Chain of Custody system	6
6	Evaluation process	7
6.1	Timing of evaluation activities	7
6.2	Description of evaluation activities	7
6.3	Process for consultation with stakeholders	8
7	Results	9
7.1	Main strengths and weaknesses	9
7.2	Rigour of Supply Base Evaluation	9
7.3	Compilation of data on Greenhouse Gas emissions	9
7.4	Competency of involved personnel	9
7.5	Stakeholder feedback	9
7.6	Preconditions	9
8	Review of Biomass Producer’s Risk Assessments	10
9	Review of Biomass Producer’s mitigation measures	11
10	Non-conformities and observations	12
11	Certification decision	13
12	Surveillance updates	14
12.1	Evaluation details	14
12.2	Significant changes	14
12.3	Follow-up on outstanding non-conformities	14

12.4 New non-conformities 14

12.5 Stakeholder feedback 14

12.6 Conditions for continuing certification 14

12.7 Certification recommendation 14

13 Evaluation details..... 15

1 Overview

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

Primary contact for SBP: Ondrej Tarabus ot@nepcon.net, +420 606 730 382

Report completion date: 09/Feb/2018

Report authors: Gerimantas Gaigalas

Certificate Holder: MK Laivyba UAB, Plytu str. 12, LT - 92121 Klaipeda, Lithuania

Producer contact for SBP: Jurate Zimkiene, deputy director, phone: +370 46 410 514 / E-mail: info@mklaivyba.lt, www.mklaivyba.lt

Certified Supply Base: N/A - Trader

SBP Certificate Code: SBP-01-15

Date of certificate issue: 07/Apr/2016

Date of certificate expiry: 06/Apr/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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

The organization is a trader with biomass (heating pellets) sourcing the material from Belarus, Lithuania, Estonia and Latvia. The scope of the second surveillance audit covers heating pellets. During the auditing period the Organization didn't purchased or sold any SBP products.

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

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

Scope Item	Check all that apply to the Certificate Scope			Change in Scope (N/A for Assessments)	
Approved Standards:	SBP Standard #4 V1.0 SBP Standard #5 V1.0 http://www.sustainablebiomasspartnership.org/documents			<input type="checkbox"/>	
Primary Activity:	Broker/trader with physical possession			<input type="checkbox"/>	
Input Material Categories:	<input type="checkbox"/> SBP-Compliant Primary Feedstock	<input type="checkbox"/> SBP-Compliant Secondary Feedstock		<input type="checkbox"/>	
	<input type="checkbox"/> Controlled Feedstock	<input type="checkbox"/> SBP non-Compliant Feedstock			
	<input type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
	<input type="checkbox"/> 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 type="checkbox"/> Credit	<input type="checkbox"/>

Points of sales	<input checked="" type="checkbox"/> Harbour – Permanent storage (Storage site)	<input checked="" type="checkbox"/> Harbour – Temporarily storage (Logistic site)	<input 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	Klaipeda FOB	CIF Ghent CIF Hull CIF Copenhagen	
Use of SBP claim:	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No	<input type="checkbox"/>
SBE Verification Program:	<input type="checkbox"/> Low risk sources only	<input type="checkbox"/> Sources with unspecified/ specified risk		<input type="checkbox"/>
	New districts approved for SBP-Compliant inputs:			
Sub-scopes				<input type="checkbox"/>
Specify SBP Product Groups added or removed:				
Comments:				

3 Specific objective

The specific objective of the second surveillance audit was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the transportation, storage and deliverance processes,
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records and calculations;
- SREG data analysis.

4 SBP Standards utilised

4.1 SBP Standards utilised

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

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

Instruction documents:

5A: Collection and Communication of Data, 1.1, October 2016

5B Energy and GHG Data, 1.1, October 2016

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

4.2 SBP-endorsed Regional Risk Assessment

Not applicable. Supply Base Evaluation is not covered by the Scope of the Evaluation

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

MK Laivyba has been trading wood pellets since 2005 and has a wide network of suppliers in Lithuania, Belarus and other countries. They store the pellets in Klaipeda. Their customers are the major European energy companies.

5.2 Description of Biomass Producer's Supply Base

The Organization is the trader with physical procession, therefore this section is not applicable.

5.3 Detailed description of Supply Base

The Organization is the trader with physical procession, therefore this section is not applicable.

5.4 Chain of Custody system

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

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

During the auditing period the Organization didn't purchased or sold any SBP products.

6 Evaluation process

6.1 Timing of evaluation activities

Activity	Location	Auditors	Date/time
Opening meeting* <ul style="list-style-type: none"> - Presentation of participants - Review of agenda - Presentation of organization and systems 	Main Office	Gerimantas Gaigalas	13.00 - 13:30
<ul style="list-style-type: none"> - Visit of Klaipeda terminal, harbour staff interview 	Klaipeda harbour	Gerimantas Gaigalas	13.30 - 14.30
Review of Documented Control Systems for SBP <ul style="list-style-type: none"> - SBP internal procedures - Training records SBP - Energy and Emission Calculations 	Main office	Gerimantas Gaigalas	14:30 - 15.30
Interviews with staff responsible for purchase, sales and logistics	Purchasing and sales department	Gerimantas Gaigalas	15:30 - 16:30
Auditors summarize the evaluation	Main office	Gerimantas Gaigalas	16:30- 16:45
Closing meeting*	Main office	Gerimantas Gaigalas	16:45 - 17:00

6.2 Description of evaluation activities

Auditor(s), roles	Qualifications
Gerimantas Gaigalas Lead auditor Evaluation against all applicable requirements	He has Master 's degree on Forestry (graduated in Lithuanian Academy of Agriculture), BSc degree in Law and Master 's degree in International Law (graduated in University of Mykolas Romeris) and diploma in programming (Electronic College in Vilnius). He has experience leading the International Relations and Agreements Division in the Ministry of Environment as well as experience working in United Nations Development Programme (UNDP) Papua New Guinea regional office and Institute of Environment Sustainability of EU Commission in Italy. Gerimantas has successfully

	<p>passed Forest Management and Chain of Custody lead auditor training. Gerimantas is working in UAB "NEPCon LT" as certification manager since 2013. Since 2014 he is implementing PEFC CoC audits, in 2013 completed PEFC CoC auditor training according to the new Chain of Custody standard. In 2016, he got the SBP lead auditor qualification and started to audit according to SBP scheme.</p>
--	---

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <http://www.nepcon.org/impartiality-policy>

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

Description of the audit:

Auditor was welcomed in UAB "MK Laivyba" head office in Klaipeda. Audit started with an opening meeting attended by deputy director Jurate Zemkiene. Lead auditor provided information about audit plan, methodology and aim of the second surveillance. CB's accreditation related issues and confidentiality issues were covered as well. After that auditor went through all applicable requirements of the standard covering management system, CoC, recordkeeping/mass balance requirements, emission and energy data. During the process overall responsible person for SBP system and over responsible staff having key responsibilities within the system was interviewed. Harbour terminal in Klaipeda was visited as well. Terminal representative was interviewed, equipment observed and emission data was collected. During the closing meeting auditor explained the results of the audit.

6.3 Process for consultation with stakeholders

Not applicable.

7 Results

7.1 Main strengths and weaknesses

The Organization is the trader with physical possession having the well-developed input controlled system (transfer system) as well as well-trained responsible personnel. However, it has not yet the experience of purchase and sell of SBP products because during the auditing period no purchase or sales of SBP material took place.

7.2 Rigour of Supply Base Evaluation

The Organization is the trader with physical possession, therefore this section is not applicable.

7.3 Compilation of data on Greenhouse Gas emissions

The Organization provided all necessary information about Greenhouse Gas emissions data according to the new 5A standard together with all relevant justification and evidences. During the auditing period the Organization didn't have any purchase or sell of SBP material/products. No NCR were issued.

7.4 Competency of involved personnel

The SBP responsible staff has shown good understanding of the requirements in relation to SBP certification and of the FSC CoC system. The following positions of the staff are mainly involved into the SBP system management: Director, Deputy Director, Logistic Manager, Chief accountant, Bulk and Liquid Terminal Manager.

7.5 Stakeholder feedback

Not applicable

7.6 Preconditions

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

8 Review of Biomass Producer's Risk Assessments

Not applicable

9 Review of Biomass Producer's mitigation measures

Not applicable

10 Non-conformities and observations

OBS: 01/18	Standard & Requirement:	SBP Standard # 5 requirement 5b, 3.3.1
	Report Section	Appendix B p 8.1
Description of findings leading to observation:	The Organization provided a modelling example of SBP Report on Energy and GHG for Supplied Biomass (SREG) using the latest version (Exh.3) as the Organization haven't yet purchased or sold any SBP products.	
Observation:	It is recommended for the Organization before first time preparing the real SREG, to send it to CB for verification.	

11 Certification decision

Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification approved: No NCR(s) issued
<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 maintained.	
Certification decision by: Ondřej Tarabus	
Date of decision: 09.02.2018	
Next surveillance audit should take place:	<input checked="" type="checkbox"/> within 12 months <input type="checkbox"/> more frequently (please specify)

12 Surveillance updates

12.1 Evaluation details

Please see sections 6.1 and 6.2 above in this report.

12.2 Significant changes

N/A

12.3 Follow-up on outstanding non-conformities

No NCR opened

12.4 New non-conformities

No NCR issued.

12.5 Stakeholder feedback

No comments or concerns have been raised by stakeholders and received by NEPCon about the Biomass Producer since the previous evaluation.

12.6 Conditions for continuing certification

No new conditions

12.7 Certification recommendation

It is recommended to maintain the SBP certification for the Biomass trader.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Jurate Zimkiene- Deputy Director
Auditor(s):	Gerimantas Gaigalas- Lead auditor
People Interviewed, Titles:	Mindaugas Karalius- Director; Jurate Zimkiene – the Deputy Director; Evaldas Pranevicius- Logistic Manager; Gintaras Turčinskas, UAB “Vakarų krova” manager.
Brief Overview of Audit Process for this Location:	See in section 6.2 “Description of evaluation activities” in the main part of the report.
Comments:	