

NEPCon Evaluation of SBE Latvia Ltd Compliance with the SBP Framework: Public Summary Report

Second Surveillance 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

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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: 16/Oct/2017

Report authors: Olesja Puiso (lead auditor),

Certificate Holder: SIA "SBE Latvia Ltd", "Griķi", Laucienes pagasts, Talsu novads, LV-3285, Latvia

Producer contact for SBP: Inga Luse, Quality Manager, ph: +371-29158241; email: luse@sbe.lv

Certified Supply Base: Latvia, Lithuania and Norway

SBP Certificate Code: SBP-01-01

Date of certificate issue: 25/Sep/2015

Date of certificate expiry: 24/Sep/2020

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"/>	X	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site and office in "Griķi", Laucienes pagasts, Talsu novads, LV-3285, Latvia

The Organisation holds FSC Chain of Custody and FSC Controlled wood certificate TT-COC-004922 and TT-CW-004922. Certificate covers both FSC certification as well as FSC Controlled wood certification and controlled wood verification system for feedstock originating from Latvia. In addition to this the Organisation holds valid single Chain of Custody PEFC certificate number TT-PEFC-COC71.

SIA "SBE Latvia SIA" purchases raw materials (only secondary and tertiary feedstock) from companies registered in Latvia. The feedstock itself originates from Latvia, Lithuania and Norway.

Since the beginning of year 2016, all secondary and tertiary feedstock is delivered as FSC/ PEFC certified or controlled.

It is planned that BP could sell pellets on EXW, FOB Mersrags, DAP Riga, DAP Ventspils. Pellets sold under the FOB Mersrags conditions are stored in the Mersrags harbour.

SBP certificate scope: Production of wood pellets, for use in energy production, at SBE Latvia Ltd SIA and transportation to Mersrags, Riga and Ventspils harbor. The scope of the certificate does not include Supply Base Evaluation. Procurement and sales of the pellets produced by other SBP certified BPs.

Scope Item	Check all that apply to the Certificate Scope		Change in Scope (N/A for Assessments)
Approved Standards:	SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0 http://www.sustainablebiomasspartnership.org/documents		<input type="checkbox"/>
Primary Activity:	Pellet producer; Broker/trader without physical possession		<input checked="" type="checkbox"/>
Input Material Categories:	<input 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"/> 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 checked="" 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 checked="" type="checkbox"/>
Points of sales	<input type="checkbox"/> Harbour – Permanent storage (Storage site)	<input 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	- - -	- DAP Riga - DAP Mersrags --DAP Ventspils - FOB Mersrags	- - -		
Use of SBP claim:	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No		<input type="checkbox"/>
SBE Verification Program:	<input type="checkbox"/> Low risk sources only		<input type="checkbox"/> Sources with unspecified/ specified risk		<input type="checkbox"/>
	New districts approved for SBP-Compliant inputs:				
Sub-scopes					<input type="checkbox"/>
Specify SBP Product Groups added or removed:					
Comments:					

3 Specific objective

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

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the production processes,
- Production and storage site visits;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis;
- Evaluation of the SBP sales documents;
- Witness origin confirmation audits conducted into the supplier premises.

4 SBP Standards utilised

4.1 SBP Standards utilised

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

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

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

SBP instruction documents 5A, 5B and 5C version 1.1.

<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

SIA "Sbe Latvia Ltd" is a biomass producer with a production site, office, small storage located in "Griķi", Laucienes pagasts, Talsu novads, LV-3285, Latvia and storage site situated in Mersrags harbour.

BP is sourcing secondary and tertiary feedstock for its pellet production.

Pellets are produced from secondary feedstock: (wood industry residues: sawdust, wood chips) and tertiary feedstock (dry sawdust with shavings) or mixture of these two feedstock types classified as a secondary feedstock.

FSC certified or FSC Controlled wood heating chips and bark is purchased for the use into the biomass drier. Pellets are used for the steam production as well.

All Feedstock types are delivered to the pellet plant by road transport, biomass is transported to harbour by road transport as well.

In SIA "SBE Latvia Ltd" most of the raw materials are secondary and tertiary material from feedstock originating from Latvia, Lithuania and Norway. All secondary and tertiary feedstock is delivered with FSC / PEFC certification or FSC Controlled Wood claim. No feedstock from Norway was delivered during the last reporting period.

From the beginning of the year 2016 all inputs materials delivered to the pellet production plant are FSC certified, PEFC certified, FSC controlled wood. The organisation is not applying Organisation's FSC Controlled wood verification system for Latvia, even though included in the FSC Controlled wood system of the organisation.

The information about Origin is kept and there is an agreement signed with all feedstock suppliers with requirement to provide the access to the information about origin. As a part of the origin verification program BP is conducting supplier audits.

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

After the production, pellets are transported into the harbour storage place by trucks

In addition to this BP planning to buy biomass (pellets) produced by other BP's and sold it unchanged to its buyers. Transfer system is implemented. Organisation will be operating as a broker without physical possession. No additional emissions will arise at the time biomass is owned by the BP. Procurement and sales incoterm is the same.

5.2 Description of Biomass Producer's Supply Base

BP is sourcing secondary and tertiary feedstock only for its production.

Latvia:

3.056 million ha of forest, agricultural lands 1,87 million ha. Forests cover 51% of the total area covered by forests is increasing. The expansion happens due to both natural afforestation of unused agricultural lands and by afforestation of low fertility agriculture land.

Forests lands consist of forests 91,3%, marshes 5.3%, open areas 1,1%), flooded areas 0,5% and objects of infrastructure 1,8%

The main wood species are pine 34.3%, birch 30.8% and spruce 18.0%. Other wood species are aspen, aspen, black alder, ash and oak.

51.8% of whole forest area is owned by state, 1.4% are in municipal ownership, but other 46.8% are private forests and other forest ownership types (data: State Forest Service statistics, 2014) . Management of the state-owned forests is performed by the public joint stock company AS Latvijas Valsts Meži, established in 1999. The enterprise ensures implementation of the best interests of the state by preserving value of the forest and increasing the share of forest in the national economy.

Historically, extensive use of forests as a source of profit began later than in many other European countries, therefore a greater biological diversity has been preserved in Latvia. For the sake of conservation of natural values, a total number of 674 protected areas have been established. Part of the areas have been included in the European network of protected areas Natura 2000. Most of the protected areas are state-owned.

In order to protect high nature conservation values such as rare and endangered species and habitats that are located outside designated protected nature areas, micro reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves constitutes 40 595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously primarily in state forests.

On the other hand, there are general nature protection requirements binding to all forest managers established in forestry and nature protection legislation aimed at preservation of biological diversity during forest management activities. They stipulate a number of requirements, for instance, preserving old and large trees, dead wood, undergrowth trees and shrubs, land cover around micro-depressions thus providing habitat for many organisms, including rare and/or endangered species.

Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, although none of local Latvian tree and shrub species are included in the CITES annexes. .

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

5% of Latvian inhabitants are employed in forestry, wood-working industry, furniture production Industry.

The share of forestry, woodworking industry and furniture production amounted to 6 % GDP in 2012, while export yielded 1.7 billion euro (17 % of the total volume of export).

State forests are FSC/ PEFC certified. In addition to state forest enterprise, 6 private forest managers are managing forests in accordance with FSC standard requirements. The FSC certified are in the country amounts to a total of 1,743,157 ha, including 248,021 ha of private forestland. A total of 1,683, 641 ha forests are also PEFC certified. The figures are correct as of April 2015.

Lithuania

Agricultural land covers more than 50 percent of Lithuania. Forested land consists of about 28 percent, with 2.17 million ha, while land classified as forest corresponds to about 30 percent of the total land area. The southeastern part of the country is most heavily forested, and here forests cover about 45 percent of the land. The total land area under the state Forest Enterprises is divided into forest and non-forest land. Forest land is divided into forested and non-forested land. The total value added in the forest sector (including manufacture of furniture) reached LTL 4.9 billion in 2013 and was 10% higher than in 2012. According to the ownership forests are divided into state (1.08 million ha), private forests (0,85 million ha) and other ownership types (0.2 million ha) .

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

Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests - especially spruce and birch - often grow in mixed stands. Pine forest is the most common forest type, covering about 38 percent of the forest area. Spruce and birch account for about 24 and 20 percent respectively. Alder forests make up about 12 percent of the forest area, which is fairly high, and indicates the moisture quantity of the sites. Oak and ash can each be found on about 2 percent of the forest area. The area occupied by aspen stands is close to 3 percent

Lithuania has been a signatory of the CITES Convention since 2001. CITES requirements are respected in forest management, although there are no local tree and shrub species included in the CITES annexes.

All state owned forests are is FSC certified.

Norway

About 38% of the surface area in Norway is covered by forest. The total forested area amounts to 12 million hectares, including more than 7 million hectares of productive forest. 15% of the productive forest has been estimated as non-economic operational areas due to difficult terrain and long distance transport, which means that economical forestry may only be operated in about 50% of the forested area. The most important species are Norway spruce (47%), Scots pine (33%) and birch (18%).

From the forest area: Privately owned forests 80 % ; State and municipalities 12%.

Industrial private 4 %; Local common land 4 %

All productive forests in Norway are certified, i.e. 7.397.000 hectares (both FSC and PEFC). The number of certified forest owners is approximately 43.000 (private, municipalities, state).

Approximately 6.4% of mainland Norway has protected area status. In addition, 15,000 square km of Spitsbergen is designated as conservation area - national parks, nature reserves or other kinds of protected area cover 10-12% of the area of the remote islands.

The total number of species in Norway is estimated to be 45,000, of which approximately 33,000 are known and described. It exists information enough to estimate whether a species is threatened or not for only 10,000 species. Of these, 150 are threatened by extinction, 279 are deemed vulnerable, 800 are categorized as rare (the last number also includes species, which are rare of natural causes and not only because of human intervention). 359 are deemed species of special concern, 36 species are indeterminate, while 169 species are classified as insufficiently known.

Species "Red lists" can be used to point out the habitats containing an especially rich variety of endangered species. Red list species have often proved to be the red warning lights of nature to tell us that a biotope is threatened or something else is wrong in nature. The red lists also give us a picture of the condition of our flora and fauna, and may contribute to the efforts of securing and improve the ecosystem for these species.
http://www.borealforest.org/world/world_norway.htm

In the country there are areas of endangered high conservation value forests. More specifically there are Global200 and IFL areas in the northern mountain regions.

Norway has been a signatory of the CITES Convention since 1976. CITES requirements are respected in forest management, although there are no local tree and brush species included in the CITES lists annexes.

Those regions identified by Conservation International as a Biodiversity Hotspot. Those forest, woodland, or mangrove ecoregions identified by World Wildlife Fund as a Global 200 Ecoregion and assessed by WWF as having a conservation status of endangered or critical. Those regions identified by the World Resources Institute as a Frontier Forest Intact Forests Landscapes, as identified by Greenpeace (www.intactforests.org)

In 2006 forestry and the forest industries accounted for about 0.8% of the Gross National Product in Norway. Of the total employment of 2.443.000 persons in Norway approximately 40.000 people receive their income from forestry and from the forest industry. 6.700 persons (0.3%) are directly employed in forestry. About 50 percent of the Norwegian round wood harvested is used by sawmills. There are 225 sawmills in Norway operating on an industrial scale.

Detailed information about the supply base region (general description of the forest resources and forest management practices within the Supply Base) is publicly available at the BP's homepage.
https://www.sbe.lv/SBR_LV.pdf
https://www.sbe.lv/SBR_ENG.pdf

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 12.2 million ha

Tenure by type (ha): 8.2 million ha state ownership, 2.2 million ha private forests and 1.8 million ha other ownership types.

Forest by type (ha): 5.2 million ha boreal, 7.0 million ha temperate forests

Forest by management type (ha): 12.2 million ha managed natural

Certified forest by scheme (ha): FSC, total certified area 4,5 million ha FSC, 1.69 million ha PEFC

5.4 Chain of Custody system

The Organisation holds FSC Chain of Custody and FSC Controlled wood certificate TT-COC-004922 and TT-CW-004922 and SBP chain of custody is based on FSC CoC system. Certificate covers both FSC certification as well as FSC Controlled wood certification and controlled wood verification system for feedstock originating from Latvia. In addition to this BP holds single Chain of Custody PEFC certificate number TT-PEFC-COC71.

Organisation is using for the pellet production... FSC Credit system is used for materials received as FSC certified, FSC Controlled wood and feedstock verified according to the Organisation's own Controlled wood verification system. Eventhought FSC Controlled Wood verification programm for Latvia is included into the FSC Controlled Wood certificate scope, since the beginning of year 2016 company was sourcing FSC/ PEFC certified and Controlled Wood only.

Organisation is also planning to deal with SBP biomass sells. Transfer system will be implemented for this purpose. Organsation will be operation as a broker without physical possession. No emissions will arise during then ownership of the SBE Latvia, as soon as the same incoterm will be used for purchase and sells.

Supplier list of primary suppliers is maintained.

After the reception, incoming feedstock is weighted and unloaded into piles according to type of feedstock and is registered into the recordkeeping system.

Moisture and weight is measured for each feedstock type. FSC credit account and PEFC mass balance accounts are updated once in a month: data about received raw materials by FSC/100% PEFC certified material certification status and volume of sold pellets as FSC and PEFC are recorded.

In case of the FSC and / or SBP sales, the volume of sold pellets is withdrawn from the credit account.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite second surveillance evaluation was conducted at July 20-21, 2017

Supplier visit was taking place at July 21, 2017

Totally 2,5 days was spent for this evaluation.: 2 days onsite and 0.5 day for the document review.

Additional scope expansion activities related to the planned activities of the Organisation as a biomass trader was held at October 3, 2017

Audit plan for the main part of the second surveillance evaluation is placed below.

Activities/ timing	Place	Auditors	Date
9.00- 9.30 Opening meeting	Office	O.Puišo	20.07.2017
9.00- 11.30 SBP Management system review, discussion of the changes taking part in a system Review of the documents and evidences related to implementation of the SBP standards 2,4. Office staff interview Review of the FSC and PEFC system control points	Office		
11.30-13.00- Harbour visit Interviews with harbour staff, verification of the provided GHG data	Mērsrags harbour		
13.00- 14.30 Factory visit Verified processes and involved departmentrs 1) Procurements and reception (office manager/ logistic specialist, tractor drivers) 2) Moisture measurements (operators/ laboratory); 3) Production and production records/ (accountancy/ production staff	Factory		

<p>4) Energy related recordkeeper (Energetics/ mechanics/ Mechatronics);</p> <p>5) Sales and client communication (sales department)</p>			
<p>14.30- 17.30</p> <p>Review of the documents and evidences related to implementation of the SBP standards 2,4.</p> <p>Review of the documents and evidences related to implementation of the SBP standard 5 and instruction document 5A. Office staff interview</p>	Office	O. Puišo	21.07.2016
<p>9.00- 14.00</p> <p>Supplier onsite audits</p>	Uzņēmuma piegādātāji	O. Puišo	21.07.2016
<p>14.00- 14.30</p> <p>Additional interviews, additional supplier related data verification</p> <p>Presentation of the results from day 1 and 2</p>	Office		

Audit plan for the main part of the second surveillance evaluation is placed below.

Activities/ timing	Place	Auditors	Date
Review of the documented procedures	Desk evaluation	O.Puišo	03.10.2017
Staff interview by phone			

6.2 Description of evaluation activities

The second surveillance audit visit was focused on practical evaluation of the SBP system, review of management system: 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 second surveillance audit evaluation:

All SBP related documentation connected to the SBP as well as FSC CoC/ CW system of the organisation, including SBP Procedures, GHG data calculations/ data sheet, Supply Base Reports, Biomass profiling data, Batch specific data, and FSC system description was provided by the company in advance as well as were reviewed during the desk verification conducted prior to the audit. Overall changes had been discussed.

Auditor was welcomed in SIA SBE Latvia office in Talsi parish. Audit started with an opening meeting attended by the management team of the biomass producer as well as other staff.

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

After this short introduction trip was taking place around the biomass storage and production facilities. During the trip production technology and information about the main production facilities was presented to the auditors.

After that auditor went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction documents 5a covering input clarification, existing chain of custody and controlled wood system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP compliant and SBP Controlled feedstock/ biomass. During the process, overall responsible person for SBP system and over responsible staff as well as other staff having responsibilities within the system were interviewed.

During the first day of the audit, roundtrip around BP's pellet production was undertaken. During the site tour reception, recordkeeping, production process was observed, applicable records were reviewed, pellet factory staff was interviewed and FSC system critical control points were analysed.

As a part of the main part of the assessment, 4 secondary feedstock suppliers selected by the auditor were visited; the supplier audit methodology: interviews, document verification, production site visit, report preparation done by the BP was observed and evaluated by the auditor. Number of the audits attended by the CB is calculated based on the equation $0.8 \times \text{Square root from number of suppliers}$. Total number of suppliers is 24.

As a part of the assessment a storage place in Mersrags harbour was visited. Responsible staff in the harbour had been interviewed, storage site and equipment/ machines used in the harbour were observed and document review provided by service provider was analysed for accuracy.

At the end of the audit finding were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the overall responsible person.

Final results of the evaluation were provided to BP in writing.

Composition of audit team:

Auditor(s), roles	Qualifications
<p>Olesja Puišo, Riga, Latvia Lead Auditor evaluation against all applicable requirements</p>	<p>MSc Logistics. Olesja is working as NEPCon Country Manager in Latvia. She is responsible for daily management of certification activities in the country. Olesja has passed CoC/ FM lead auditor training, PEFC CoC, ISO 140001, SAN and Legal Source training courses. Previous experience in woodworking industry as well as many years of experience within CoC auditing. She has passed the SBP lead auditor training and has participated on several SBP assessments.</p>

6.3 Process for consultation with stakeholders

Consultation was not conducted for this surveillance audit.

7 Results

7.1 Main strengths and weaknesses

Strength: SBP system elements are implemented at the time of the assessment. Use of the FSC credit system. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members. Feedstock delivered with FSC or PEFC certification claim or either FSC Controlled Wood claim.

Weaknesses: See in NCR section of the report.

7.2 Rigour of Supply Base Evaluation

Not applicable

7.3 Compilation of data on Greenhouse Gas emissions

Prior the assessment the organization has not recorded data on greenhouse gas emissions and has only started for purposes of the SBP certification. The data prepared for assessment had been updated and provided during the surveillance audit. The data is complete, accurate and is based on the records from the internal recordkeeping system.

7.4 Competency of involved personnel

During the audit it was identified that number of staff members are involved into the SBP system management and implementation, including Quality Manager, Director, Logistic Manager/ Office manager, Finance manager. Interviewed staff demonstrated awareness of their responsibilities within SBP system. Overall responsible staff was familiar

7.5 Stakeholder feedback

Not applicable.

7.6 Preconditions

Not applicable.

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

NCRs issues during the second surveillance evaluation:

NCR: 01/17	NC Classification: Minor
Standard & Requirement:	<p>SBP Standard 5, Instruction document 5B (ver. 1.a), p. 4.1.2 A single Input Group shall not include feedstock:</p> <p>From more than one of the following classifications:</p> <ul style="list-style-type: none"> • primary feedstock from forests (products or residues);; • woody energy crops (primary feedstock);; • wood industry residues (secondary feedstock);; • post-consumer wood (tertiary feedstock). • With significantly different transport distances. <i>Note: The ratio between maximal and average transport distance should not be over 1.5 (for 90% of the feedstock in that group). Any exceptions should be verified by the CB and explained in the SAR.</i> • Which is prepared or pre-processed on-site and subsequently mixed with feedstock that is not prepared or pre-processed onsite. <i>Note: 'Prepared or pre-processed' includes activities such as drying and grinding.</i>
Report Section:	Appendix C, p.9.2.
Description of Non-conformance and Related Evidence:	
<p>Product groups as well as feedstock groups are designated in the SBP product group schedule. BP had designated following feedstock: Woodchip s and Sawdust, allocated to the following product groups: wood industry residues (secondary feedstock)</p> <p>The following feedstock had been used into the biomass drier: Woodchips coming as residuals from the production, bark, woodchips and branch wood, classified as forestry residuals, and sawmill residuals.</p> <p>During the audit it was identified that transport distance difference between maximum and average is more than 1.5 for sawdust. It was explained by the BP that that there was few case then the feedstock was delivered from the longer distances. No explanation was provided in the SAR. Minor NCR 1/17 is issued</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>

Timeline for Conformance:	By next audit, but not later than 12 months after 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"/>

Closed NCRS

NCR: 01/16	NC Classification: minor	
Standard & Requirement:	SBP Standard # 2 requirement 6.2	
Description of Non-conformance and Related Evidence:		
<p>Supplier list is available. Suppliers are divided into 2 categories: supplier and trader. Both producers and traders are delivering feedstock directly from producer. BP is maintaining register covering both seller and supplier address. The register was reviewed during the audit. Each supplier of the material is signing co-product agreement with the BP. Additionally to this BP is conducting supplier audits with the aim to confirm that the place of harvest is within the supply base. Audit methodology for trader includes trader visit as well as all primary producers/ supplier visits. Please see additional information regarding supplier audits under p.1.4. below.</p> <p>During the audit, it was identified that trader Energoparks SIA does not state primary producer address in its delivery note and storage site is started in the documents instead. Sub-supplier Tikala AD does the same for 2 of its suppliers. Internal audit of the suppliers is conducted and names of the primary suppliers had been identified. However, it is not clear of how the trader would provide information to the BP about the new suppliers and how the BP will implement its supplier approval program in this case. At the time of the audit mutual agreement is obtained with the suppliers, that they will inform BP about the new potential sub-suppliers. Minor NCR 01/16 is issued. After the audit BP send a request to its supplier in a format of the email with the request to provide information about new suppliers prior to the delivery as a result 2 potential suppliers was audited by the BP. The NCR remains open with the aim to observe the implementation of the requirements for the future deliveries.</p>		
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 month from report finalization	
Evidence Provided by Organisation:	Supplier list; correspondence with suppliers	
Findings for Evaluation of Evidence:	During the audit, it was confirmed that BP is maintaining proper control over the supplier and sub-supplier activities:	

	1) both supplier and sub-suppliers are audited; 2) traders are providing timely information about the new potential sub-suppliers. During the audit BP had provided correspondence with 2 traders held in June 2017, there suppliers are informing about the 2 new-sub-suppliers
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 # 5/ Instruction document 5A requirement 2.0.3
Description of Non-conformance and Related Evidence:	
<p>The internal SBP procedure prescribes to provide Biomass profiling data, Batch specific data and GHG emission data sheet to the customers at the moment of sales upon request. During the surveillance audit it was confirmed that above mentioned information is provided by the BP.</p> <p>During the audit it was identified that GHG and biomass profiling data report provided to the buyer, contained no reference number, allowing to connect invoice with the report.</p>	
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 month from report finalization
Evidence Provided by Organisation:	Sales documents, biomass profiling data sheets
Findings for Evaluation of Evidence:	SDIs are used with the aim to connect SAR (GHG data sheet) and Biomass profiling data report.
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: 03/16	NC Classification: minor
Standard & Requirement:	SBP Standard # 5 / Instruction document 5A requirement 3.1.1
Description of Non-conformance and Related Evidence:	
<p>The organization classified the feedstock according to both EC and EU feedsatock classification. The BP is using sawdust for pellet production, wood industry residuals, sawmill residues (chips) and bark are burned out in driers, Additionally BP is using forest residues chips in driers and burning small part of the produced pellets for use in mixery.</p> <p>The BP is using wrong category for UK classification, classification : "chips " are used instead of the UK classification category "sawmill residues".</p>	
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 month from report finalization	
Evidence Provided by Organisation:	SAR, Biomass profiling data sheet	
Findings for Evaluation of Evidence:	Product classification used by the Organisation is in compliance with the latest standards and instruction documents 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 04/16 closed within the first surveillance evaluation, held in year 2016

NCR: 05/16	NC Classification: minor	
Standard & Requirement:	SBP Standard # 5 / Instruction document 5A requirement 8.4	
Description of Non-conformance and Related Evidence:		
BP produced single batch specific report, the report is send to the buyer together with the sales invoice, however the report is not linked with a unique batch code.		
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 month from report finalization	
Evidence Provided by Organisation:	Sales documents, biomass profiling data sheets	
Findings for Evaluation of Evidence:	SDIs are used with the aim to connect SAR (GHG data sheet) and Biomass profiling data report.	
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"/>

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: Certificate can be maintained	
Certification decision by: Ondrej Tarabus	
Date of decision: 16th October 2017	

12 Surveillance updates

12.1 Evaluation details

Please see in a section: p.6.2. Description of evaluation activities

12.2 Significant changes

Use of the new instruction documents 5A, 5B and 5C. New activities of the Organisation included in the scope is trading of biomass without physical possession and related to procurement and sales of biomass produced from other SBP certified biomass producer

12.3 Follow-up on outstanding non-conformities

See information about the NCR reviewed during the surveillance audit is section 10 of the report. 10. Non-conformities and observations

12.4 New non-conformities

See information about the new NCR identified during the surveillance audit is section 10 of the report. 10. Non-conformities and observations

12.5 Stakeholder feedback

No comments or comments from the stakeholders had been received.

12.6 Conditions for continuing certification

No preconditions are identified. List of open NCRs is available is section 10. Non-conformities and observations of the report.

12.7 Certification recommendation

It is recommended to maintain certification of the organisation. No Major NCRs had been identified during the evaluation.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Inga Lūse, Quality Manager
Auditor(s):	Olesja Puiso
People Interviewed, Titles:	Inga Lūse- quality manager Māris Ziediņš- Manager Ieva Braunfelde, Office administrator/ logistic manager Arvis Reinholds- operator, tractor driver; Mārtiņš Turkopulis- representative of stividor company Gamm RP Modris Jirgensons- production manager Staff of supplier companies; Vanagi SKO, Timberex group SIA, Tume Medis un Smaides Sene production site.
Brief Overview of Audit Process for this Location:	See under p.6.2. Description of evaluation activities
Comments:	