

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

Fourth Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.4

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

Document history

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1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus ot@nepcon.org, +420 606 730 382
Current report completion date:	08/Jan/2020
Report authors: :	Gerimantas Gaigalas
Name of the Company:	UAB "MK Laivyba"
Company 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

This report relates to the Fourth Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope of this evaluation is based on SBP standards 4 and 5.

Scope description:

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

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.

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 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;
- Instruction Document 5D Dynamic Batch Sustainability Data

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- ☐ SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- ☐ SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

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

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

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 Company's Supply Base

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

5.3 Detailed description of Supply Base

The Organization is the trader with physical possession, 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 purchased SBP products but haven't sold it yet.

6 Evaluation process

6.1 Timing of evaluation activities

One audit date was needed for completion of this audit (0,5 day onsite and 0.5 day for documentation check)

Activity	Location	Auditors	Date/time 4-12-19
Energy use calculations review	NEPCon office	Gerimantas Gaigalas	04/12/2019 9.00 – 12.15
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
- 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 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.
Povilas Misierauskas, Auditor in training	P. Misierauskas is NEPCon certification manager (auditor – apprentice). P. Misierauskas hold Bachelor degree in Ecology and Environment and Master in Forest Ecology. He graduated from the Lithuanian University of Agriculture. Mr Misierauskas taught laboratory work to Forest Ecology faculty dendrology discipline's students Forest Ecology faculty, implemented planting and green space inventory. He assessed green areas in 22 town and region municipalities. P. Misierauskas has a lot of experience in assessing preserved trees, identifying their state and value and implementing dendrological (decorative trees and bushes) expertise. He has been working as certification manager at NEPCon since 2013. Since 2018 he is implementing PEFC CoC audits, in 2018 completed PEFC CoC auditor training according to the Chain of Custody standard.

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 in selling SBP products because during the auditing period the Organization purchased SBP products but haven't sold it yet.

7.2 Rigour of Supply Base Evaluation

Not applicable

7.3 Collection and Communication of Data

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 purchased SBP products but haven't sold it yet. 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 Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

Not applicable

9 Review of Company's mitigation measures

Not applicable

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- *applicable requirement(s)*
- *grading of the non-conformity (major or minor) or observation with supporting rationale*
- *timeframe for resolution of the non-conformity*
- *a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.*

No NCRs issued

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Pilar Gorría Serrano
Date of decision:	08/Jan/2020
Other comments:	<i>Click or tap here to enter text.</i>