

# NEPCon Evaluation of TimberHof GmbH Compliance with the SBP Framework: Public Summary Report

Second 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](http://www.sbp-cert.org)*

### *Document history*

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# Table of Contents

<b>1</b>	<b>Overview</b>
<b>2</b>	<b>Scope of the evaluation and SBP certificate</b>
<b>3</b>	<b>Specific objective</b>
<b>4</b>	<b>SBP Standards utilised</b>
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
<b>5</b>	<b>Description of Company, Supply Base and Forest Management</b>
5.1	Description of Company
5.2	Description of Company's Supply Base
5.3	Detailed description of Supply Base
5.4	Chain of Custody system
<b>6</b>	<b>Evaluation process</b>
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
<b>7</b>	<b>Results</b>
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Compilation of data on Greenhouse Gas emissions
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
<b>8</b>	<b>Review of Company's Risk Assessments</b>
<b>9</b>	<b>Review of Company's mitigation measures</b>
<b>10</b>	<b>Non-conformities and observations</b>
<b>11</b>	<b>Certification recommendation</b>

# 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:	19/Feb/2019
Report authors: :	Nikolai Tochilov
Name of the Company:	TimberHof GmbH, 31 Jägerhofstraße, 40479 Düsseldorf, Germany
Company contact for SBP:	Marina Sutter, Finance and accounting; phone: +4921152289997; Email: m.sutter@timberhof.de
Certified Supply Base:	not applicable for trader
SBP Certificate Code:	SBP-01-60
Date of certificate issue:	16/Mar/2017
Date of certificate expiry:	15/Mar/2022

This report relates to the Second Surveillance Audit

## 2 Scope of the evaluation and SBP certificate

Description of certificate scope: Trading of wood pellets for use in energy production, including transport from Biomass Producers in Russia to the Liepaja harbor in Latvia.

The material is delivered to Russian/Latvian border by train where possession is taken by TimberHof GmbH and then transported to Liepaja harbor by train. In harbor biomass is unloaded into warehouse and then loaded to vessel. Organization sells biomass on FOB Liepaja port delivery conditions of Incoterms.

Material is controlled through FSC COC transfer system. All claims used during the reporting period is SBP Compliant Biomass.

### 3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Trader'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 Biomass Trader's management procedures;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records and calculations;
- Review of the transportation, storage and deliverance processes

## 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.

## 5 Description of Company, Supply Base and Forest Management

### 5.1 Description of Company

Organization is a biomass trader sourcing the biomass from one pellet producer in Russia. The material is delivered to Russian/Latvian border by train where possession is taken by TimberHof GmbH and then transported to Liepaja harbor by train. In harbor biomass is unloaded into warehouse and then loaded to vessel. Organization sells biomass on FOB Liepaja port delivery conditions of Incoterms.

### 5.2 Description of Company's Supply Base

Not applicable for trader.

### 5.3 Detailed description of Supply Base

Not applicable for trader.

### 5.4 Chain of Custody system

The Organization has implemented the FSC transfer system with biomass (wood pellets) in the scope of the certificate - NC-COC-017117. The process covers trade with biomass with physical possession. The material is delivered by supplier to Russian/Latvian border by train (Posin / Zilupe eksp. Railway station) where possession is taken by TimberHof GmbH and then transported to Liepaja harbor by train. In harbor biomass is unloaded into warehouse and then loaded to vessel. Organization sell biomass on FOB Liepaja port delivery conditions of Incoterms. Organization works exclusively with one supplier located in Russia. Non-certified biomass (other biomass) is handled separately (physical segregation at Liepaja port is ensured by outsourcing staff).



## 6 Evaluation process

### 6.1 Timing of evaluation activities

Activity	Location	Date/time
Desk audit via skype with TimberHof staff in Germany, including: <ul style="list-style-type: none"> <li>- Opening meeting</li> <li>- Review of FSC product group schedule, FSC supplier records. FSC volume data</li> <li>- Review of SBP internal procedures, SBP training records, SBP trademark use, input record in Radix system, review of sales and transport documents.</li> <li>- Staff interview</li> </ul>	Skype	29.11.2018  11:00-13:30
Onsite visit of production facilities at harbour, including: <ul style="list-style-type: none"> <li>- Opening meeting</li> <li>- Review of FSC product group schedule, FSC supplier records. FSC volume data</li> <li>- Review of SBP internal procedures, energy use data</li> <li>- Staff interview and inspection of warehouse</li> </ul>	Liepaja harbor	10.12.2018  10:45 - 12:30
Closing meeting	Skype	27.12.2018  13:00 - 14:00

### 6.2 Description of evaluation activities

Audit started via skype. Auditor introduced himself, provided information about audit plan, methodology and aim of the assessment. 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 and verification of SBP compliant feedstock.

On 10.12.2018 audit was continued in Liepaja Harbour. After the opening meeting, staff interviews and onsite inspection of production facilities have been conducted.

During the closing meeting (skype) auditor explained the results of the audit and further actions were discussed.

Composition of audit team:

Auditor(s), roles	Qualifications
Nikolai Tochilov	Audit team leader.  NEPCon SBP lead auditor. He has successfully passed SBP auditor training in Tallinn in January 2015; previous experience with more than 30 SBP assessments and annual audits in Russia and Europe.

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>

## 6.3 Process for consultation with stakeholders

No stakeholder consultations conducted prior, during and after this audit.

## 7 Results

### 7.1 Main strengths and weaknesses

Strengths: limited number of staff; transfer system of FSC and SBP claims.

Weaknesses: please see list of major and minor NCRs below in this report.

### 7.2 Rigour of Supply Base Evaluation

Not applicable.

### 7.3 Collection and Communication of Data

Auditor identified some gaps in Organisation's management system in relation to collection of energy use data. Please see details in list of major and minor NCRs below in this report.

### 7.4 Competency of involved personnel

Overall, during the interviews the Organisation staff, as well as the representatives of stevedore company showed good awareness of certification requirements. There are, however, some gaps in division of responsibilities between staff members. Please see major NCRs 03/19 and 08/19.

### 7.5 Stakeholder feedback

No stakeholder consultations conducted prior, during and after this audit.

### 7.6 Preconditions

None.

## 8 Review of Company's Risk Assessments

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.

<b>NC number</b> 01/19	<b>NC Grading:</b> Minor
<b>Standard &amp; Requirement:</b>	SBP Instruction Note 4B, requirement 1.3: The SBP trademarks shall not be used in a way that could cause confusion, misinterpretation or loss of credibility to the SBP. SBP reserves the right to suspend or terminate permission to use the SBP trademarks if the organization is failing to comply with the SBP trademark requirements as set out in this document. The interpretation of these rules is at the sole discretion of SBP.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>Organisation posted SBP certificate at their homepage <a href="http://timberhof.de/products/wooden-pellets/">http://timberhof.de/products/wooden-pellets/</a> - the title of the link leading to certificate is “Sustainable Partnership Biomass”, which is not correct and may cause confusion.</p> <p>Организация разместила сертификат SBP на своей домашней странице <a href="http://timberhof.de/products/wooden-pellets/">http://timberhof.de/products/wooden-pellets/</a> - его можно увидеть, пройдя по ссылке “Sustainable Partnership Biomass”, что не является правильным и может ввести в заблуждение.</p>	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	Pending
<b>Findings for Evaluation of Evidence:</b>	Pending
<b>NC Status:</b>	Open

<b>NC number</b> 02/19	<b>NC Grading:</b> Minor
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<b>Standard &amp; Requirement:</b>	SBP Trademark License Agreement (V2-0), section 7.2: As and when required by the Licensor, the Licensee shall send to the Licensor for its prior written approval, the text and layout of any material relating to Products containing the Mark. In the event that the Licensor disapproves of such material, it shall give written notice of such disapproval to the Licensee within 5 days of receipt by the Licensor of the material. The Licensee shall not use any material with the Mark (including but not limited to advertising, marketing or promotion of Products) that has not been approved by the Licensor. In the absence of a written notice of non-approval within 5 days of receipt of such materials, the materials shall be deemed to have been approved by the Licensor.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>Organisation posted SBP certificate at their homepage <a href="http://timberhof.de/products/wooden-pellets/">http://timberhof.de/products/wooden-pellets/</a> - the title of the link leading to certificate is “Sustainable Partnership Biomass”, which is not correct and may cause confusion. Promotional use of SBP trademark furthermore has not been sent to Licensor for approval.</p> <p>Организация разместила сертификат SBP на своей домашней странице <a href="http://timberhof.de/products/wooden-pellets/">http://timberhof.de/products/wooden-pellets/</a> - его можно увидеть, пройдя по ссылке “Sustainable Partnership Biomass”, что не является правильным и может ввести в заблуждение. Использование товарного знака SBP в целях продвижения не было согласовано с SBP.</p>	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	Pending
<b>Findings for Evaluation of Evidence:</b>	Pending
<b>NC Status:</b>	Open

<b>NC number</b> 03/19	<b>NC Grading:</b> Major
<b>Standard &amp; Requirement:</b>	SBP Instruction Document 5A, requirement 2.1.3: Each Legal Owner shall operate a management system to ensure that data recorded is consistently compliant with the requirements specified in SBP Standards and Instruction documents.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>Auditor asked for the evidences which could confirm the energy use data specified in SREG (for example, railway delivery distance to Liepaja port, diesel consumption by train, diesel and electricity consumption during biomass storage and handling in harbour). Finance and accounting specialist, who is responsible for GHG data collection (SBP Procedure, section 2.3) could not submit such evidences and applied to chief engineer who was not available during the audit. Finally, auditor got some evidences from the staff of stevedore company, and from the representative of organisation’s customer. Auditor came to conclusion that the management system does not operate properly; non-conformity is classified as major.</p>	

Аудитор попросил подтверждение расчетов данных по энергозатратам, указанных в документе SREG. Например, подтверждение расстояния доставки до порта Лиепая, расхода дизельного топлива тепловозом, расхода дизельного топлива и электричества в порту при хранении и перевалке биотоплива. Специалист по финансам и бухгалтерии, ответственный за сбор данных по энергозатратам (Процедура SBP, раздел 2.3) не смог предоставить такие подтверждения и перенаправил запрос к главному инженеру, который отсутствовал на момент аудита. В конечном итоге, аудитор получил некоторые подтверждения от компании-стивидора, а также от представителя покупателя биомассы. Аудитор пришел к выводу, что система управления в Организации функционирует не должным образом; несоответствие классифицировано как значительное.

<b>Timeline for Conformance:</b>	3 months from the report finalisation
<b>Evidence Provided by Company to close NC:</b>	Pending
<b>Findings for Evaluation of Evidence:</b>	Pending
<b>NC Status:</b>	Open

<b>NC number</b> 04/19	<b>NC Grading:</b> Major
<b>Standard &amp; Requirement:</b>	<p>SBP Instruction Document 5B, requirement 6.1.2: For all Legal Owners, the following data shall be reported for transport:</p> <ul style="list-style-type: none"> <li>• place of departure;</li> <li>• place of arrival;</li> <li>• transportation mode;</li> <li>• type of vehicle used (i.e. truck, diesel or electric train, river barge, ship);</li> <li>• type of fuel used (see fossil fuels listed in production section as well as transport section for details);</li> <li>• for feedstock: average and maximum travel distance; and</li> <li>• for biomass: total travel distance.</li> </ul>
<b>Description of Non-conformance and Related Evidence:</b>	
<p>According to SREG prepared by Organisation, the railway distance between Zilupe eksp. and Liepaja eksp. railway stations is 434 km. However, during stevedore staff interview and documents review at Liepaja harbour auditor was provided with the other figures: 472 between Zilupe eksp. and Liepaja eksp. railway stations, and 2 to 3 km from Liepaja eksp. railway station to storage facilities in harbour (source: LDZ Cargo). Incorrect distance was provided to Organisation’s customer in SREG. Non-conformity is classified as major, because it is related to improper operation of Organisation’s management system and continues over a long period of time.</p> <p>Согласно документу SREG, составленному Организацией, расстояние по железной дороге между станциями Zilupe eksp. и Liepaja eksp. составляет 434 км. Однако, в ходе опроса представителей компании-стивидора и проверки документации в порту Лиепая аудитору были предоставлены другие данные: 472 км между станциями Zilupe eksp. и Liepaja eksp., а также 2-3 км от станции Liepaja eksp. до склада в порту (источник: LDZ Cargo). Документ SREG с некорректным расстоянием доставки был предоставлен Организацией ее покупателю. Несоответствие</p>	



классифицировано как значительное, поскольку оно связано с некорректно функционирующей системой управления в Организации, и длится долгое время.	
<b>Timeline for Conformance:</b>	3 months from the report finalisation
<b>Evidence Provided by Company to close NC:</b>	Pending
<b>Findings for Evaluation of Evidence:</b>	Pending
<b>NC Status:</b>	Open

<b>NC number 05/19</b>	<b>NC Grading: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP Instruction Document 5B, requirement 6.1.5: If transport fuels are blended with biofuels, the share of biofuel shall be reported.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>According to legal requirements in Latvia ("Regulations on assessment of compliance of petrol and diesel fuel" #332 by Cabinet of Ministers, dated of 26/09/2000, with updates from 23/01/2018), share of biofuel in diesel during the warm season (April 15 – October 31) shall be at least 4,5%. This is, however, not specified in SREG.</p> <p>Согласно действующему законодательству в Латвии («Правила об оценке соответствия бензина и дизельного топлива» №332, утвержденные Кабинетом Министров 26.09.2000, с изменениями от 23.01.2018), примесь биотоплива в дизельном топливе в теплое время года (15 апреля – 31 октября) должна составлять как минимум 4,5%. Это, однако, не указано в документе SREG.</p>	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	Pending
<b>Findings for Evaluation of Evidence:</b>	Pending
<b>NC Status:</b>	Open

<b>NC number 06/19</b>	<b>NC Grading: Minor</b>
<b>Standard &amp; Requirement:</b>	<p>SBP Instruction Document 5B, requirement 6.1.7: Fuel consumption of the vehicle (mass or volume per metric tonne and per km) used for transport should be recorded where this will have a significant effect on the GHG balance. In this situation, the following approaches can be applied. The data and methodology used shall be justified to the CB, and the methodology and justification shall be recorded in the SAR or SREG, as appropriate.</p> <ul style="list-style-type: none"> <li>• Reference fuel consumption can be collected from the transport company including backhaul:</li> </ul>

	<ul style="list-style-type: none"> <li>• for sea vessels it is usually expressed in fuel consumption per day at sea and number of days at sea between both harbours; and</li> <li>• for trucks, fuel consumption is usually specified in litre of diesel per 100 km.</li> <li>• Actual fuel records (tank level and uplifts) for each vehicle or vessel along the relevant travel route can be reported.</li> </ul>
<b>Description of Non-conformance and Related Evidence:</b>	
<p>SREG contains information on diesel consumption by train during biomass transportation from Zilupe railway station to Liepaja port – 0,65 litre / tonne. This figure, however, could not be confirmed by Organization, neither relevant justification included into SREG. Representative of stevedore company explained that they got this figure from Latvian railways verbally.</p> <p>Документ SREG содержит информацию о расходе дизельного топлива тепловозом при доставке биомассы от станции Zilupe до порта Лиепая – 0,65 л / тонну. Эта цифра, однако, не была подтверждена Организацией, и соответствующее объяснение не включено в документ SREG. Представитель компании-стивидора объяснил, что получил ее в устной форме от Латвийских железных дорог.</p>	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	Pending
<b>Findings for Evaluation of Evidence:</b>	Pending
<b>NC Status:</b>	Open

<b>NC number</b> 07/19	<b>NC Grading:</b> Major
<b>Standard &amp; Requirement:</b>	SBP Instruction Document 5B, requirement 6.2.3: Where energy usage data is available for these facilities, the Legal Owner may report the fuel and power used by the facilities involved.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>The following energy is used during biomass storage and trans-shipment at Liepaja harbour: diesel for front-end loaders, truck and crane; electricity for conveyer belt to transport the biomass from the wagons to the storage. Data on energy use was submitted to auditor by the representative of Organisation customer, who obtained it from port terminal. Final results of electricity and diesel use there, however, are different from the figures specified in SREG, Part 3.</p> <p>Следующие виды энергии используются ходе хранения и перевалки биомассы в порту Лиепая: дизельное топливо для фронтального погрузчика, автомашины и крана; электричество для конвейерной ленты при транспортировке биомассы от железнодорожного вагона до склада продукции. Данные о затратах энергии были получены аудитором у представителя покупателя Организации, который, в свою очередь, получил их у портового терминала. Финальные результаты расхода электроэнергии и дизельного топлива отличаются от результатов, приведенных в документе SREG, часть 3.</p>	

<b>Timeline for Conformance:</b>	3 months from the report finalisation
<b>Evidence Provided by Company to close NC:</b>	Pending
<b>Findings for Evaluation of Evidence:</b>	Pending
<b>NC Status:</b>	Open

<b>NC number 08/19</b>	<b>NC Grading: Major</b>
<b>Standard &amp; Requirement:</b>	SBP Instruction Document 5B, requirement 6.2.6: The Legal Owner shall justify the approach followed and the values used to the CB, and this information shall be recorded in the SAR or SREG, as appropriate.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>There is no justification on the approach followed and the values used in SREG submitted to auditor. Furthermore, SREG contains factual errors in description of the working processes at Liepaja port, such as:</p> <ul style="list-style-type: none"> <li>-Use of 5 conveyor belts for biomass transportation to storage (in fact there is only one belt);</li> <li>-Description of biomass transport by sea, although the biomass delivery conditions to customer are FOB vessel Liepaja harbour.</li> </ul> <p>Аудитору не было предоставлено обоснование используемого подхода и полученных результатов по затратам энергии, указанных в документе SREG. Кроме того, этот документ содержит фактические ошибки, например:</p> <ul style="list-style-type: none"> <li>-Использование пяти конвейерных лента для транспортировки биомассы на склад (на самом деле используется только одна лента)</li> <li>-Описание транспортировки биомассы морским транспортом – хотя условия доставки биомассы покупателю – FOB, судно в порту Лиепая.</li> </ul>	
<b>Timeline for Conformance:</b>	3 months from the report finalisation
<b>Evidence Provided by Company to close NC:</b>	Pending
<b>Findings for Evaluation of Evidence:</b>	Pending
<b>NC Status:</b>	Open

## 11 Certification decision

**Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:**

<b>Certification decision:</b>	Certification approved
<b>Certification decision by (name of the person):</b>	Pilar Gorría Serrano
<b>Date of decision:</b>	19/Feb/2019
<b>Other comments:</b>	