SBP

Sustainable Biomass Partnership

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

First 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

Version 1.0: published 26 March 2015

Contents

1 Overview

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Certified Supply Base:	Estonia
SBP Certificate Code:	SBP-01-09
Date of certificate issue:	03/Mar/2016
Date of certificate expiry:	02/Mar/2021

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	**First Surveillance Audit**	**Second Surveillance Audit**	**Third Surveillance Audit**	**Fourth Surveillance Audit**
☐	☒	☐	☐	☐

2 Scope of the evaluation and SBP certificate

Scope of this evaluation is based on SBP standards 1; 2; 4; and 5. To meet the demand, Warmeston OÜ undertakes also a supply base evaluation for primary and secondary feedstock that is originating from Estonia.

Organization holds valid FSC COC certificate NC-COC-027173/NC-CW-027173, covering both FSC transfer and FSC credit system. Credit system is the main control system used and is implemented when FSC certified and FSC Controlled Wood inputs are used. Controlled wood verification system for round wood originating from Estonia is also included into the FSC certification scope of the company. FSC transfer system is exclusively used only to segregate uncontrolled materials and PEFC materials, in case such are received.

Wood pellets might be produced from roundwood, sawdust, chips or wood shavings. Other types of feedstock: chips from forest residues, sawmill residues and bark, are used in the drier. Inputs that are used for pellet production and inputs for the drier go through the same control system upon receipt. Company is sourcing feedstock from logging companies and from primary and secondary producers.

All inputs for SBP-Compliant biomass production are FSC or PEFC certified and FSC or PEFC controlled. There is a FSC transfer system in place to segregate non-certified material for drier in case such materials need to be used. This non-certified material is not used as input for SBP product groups nor used in drier for SBP production. Since company is not holding PEFC certificate, material received only with PEFC claim is also segregated with FSC transfer system. Company has not used PEFC inputs so far, but is aware that it can be used in SBP system when segregated from FSC material.

All incoming wood materials are weighted by weighbridge or measured by log receiver in case of logs, and measurement data is recorded.

Wood pellets are sold based on DAP, FOB and CIF incoterms conditions. Sale can be made through Riga, Pärnu, Muuga, Bekkeri or Kunda ports according to DAP and FOB and from Pärnu, Bekkeri, Muuga and Kunda ports to Hull port according to CIF.

Scope Item	**Check all that apply to the Certificate Scope**		**Change in Scope** (N/A for Assessments)
Approved Standards:	*SBP Standard #1 V1.0; SBP Standard #2 V1.0; SBP Standard #4 V1.0; SBP Standard #5 V1.0* http://www.sustainablebiomasspartnership.org/documents		☐
Primary Activity:	Pellet producer		☐
Input Material Categories:	☒ SBP-Compliant Primary Feedstock	☒ SBP-Compliant Secondary Feedstock	☐
	☒ Controlled Feedstock	☐ SBP non-Compliant Feedstock	

	☒ SBP-Compliant Tertiary biomass	☒ Pre-consumer Tertiary Feedstock			
	☐ SBP-approved Recycled Claim	☐ Post-consumer Tertiary Feedstock			
Chain of custody system implemented:	☒ FSC	☐ PEFC	☐ SFI	☐ GGL	☐
	☒ Transfer	☐ Percentage	☒ Credit		☐
Points of sales **Provide name of all points of sales**	☐ Harbour (including own handling of material)	☒ Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour	☒ Other point of sale (e.g. gate of the BP, boarder, railway station etc.)		☐
		- Pärnu Port FOB - Kunda port FOB - Muuga port FOB - Tallinn Bekkeri port FOB	- Riia port DAP -Hull CIF (loading port Kunda) - Hull CIF (loading port Pärnu) - Hull CIF (loading port Tallinn, Bekkeri) - Hull CIF (loading port Tallinn, Muuga)		
Use of SBP claim:	☒ Yes	☐ No			☐
SBE Verification Program:	☐ Low risk sources only	☒ Sources with unspecified/ specified risk			☐
	New districts approved for SBP-Compliant inputs: Estonia				
Sub-scopes	Only one sub-scope for SBE: Estonia – material from private forest owners				☐
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. This is first annual evaluation of SBP system.

The scope of the evaluation covered:

- Review of the BP’s management procedures;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis
- Evaluation of mitigation measures implemented
- Evaluation of SBE monitoring results
- Evaluation of BP-s supplier audits (under SBE)

4 SBP Standards utilised

4.1 SBP Standards utilised

Feedstock Compliance Standard, SBP Standard 1, Version 1.0, March 2015

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

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

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

Instruction document 5A Collection and Communication of Data version 1.1. October 16

Instruction Document 5B: Energy and GHG Data version 1.1. October 16

Instruction Document 5C: Static Biomass Profiling Data version 1.1. October 16

http://www.sustainablebiomasspartnership.org/documents

4.2 SBP-endorsed Regional Risk Assessment

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

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

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

Warmeston OÜ has a pellet factory in Järvere that was opened in the winter of 2014. Planned production capacity of the factory is 100 000 tons of bulk wood pellets per year. Warmeston OÜ produces mainly 6mm premium pellets packed in 15kg packages and big bags, but can also load pellets on ships, bulk vehicles or containers, if required. Company also sells material to European union and Wood pellets are sold based on DAP, FOB and CIF incoterms conditions.

More detailed description is provided in SBR.

5.2 Description of Biomass Producer's Supply Base

Warmeston OÜ sources all its raw materials for pellet production through various suppliers from Estonia. The suppliers include forest harvesting companies, sawmills, planing mills, secondary producers and traders. According to the EUTR Regulation No. 995/2010 Warmeston OÜ acts as "trader" and not as "operator" as the feedstock is purchased from other organizations within EU. However the supply base may extend beyond the borders of Estonia. As such Warmeston defines its supply base, to cover all current and potential future suppliers, as follows:

- Estonia
- Latvia
- Lithuania
- Finland
- Sweden

All primary material harvested outside Estonia reaches Warmeston as secondary feedstock that meets at least controlled feedstock criteria e.g. through FSC or PEFC certified Forest Management or Chain of Custody schemes. An overview of the proportions of SBP feedstock product groups is presented in the table below:

Table 1. Overview of Warmeston SBP feedstock profile 1st December to 15th November 2016

Feedstock product groups	Estimated Proportion[1]	Indicative number of suppliers	*Species mix*
Controlled Feedstock (primary)	5%	3	Alnus spp: Alnus glutinosa; *Alnus incana (L.) Moench; Betula spp: Betula Pendula,* Betula verrucosa; *Picea abies; Pinus sylvestris; Populus spp: Populus tremula;*
Controlled Feedstock (Secondary)	63%	14	Alnus spp: Alnus glutinosa; *Alnus incana (L.) Moench; Betula spp: Betula Pendula,* Betula verrucosa; *Picea abies; Pinus sylvestris; Populus spp: Populus tremula;*
SBP-controlled Feedstock (Tertiary)	15%	7	Alnus spp: Alnus glutinosa; *Alnus incana (L.) Moench; Betula spp: Betula Pendula,* Betula verrucosa; *Picea abies; Pinus sylvestris; Populus spp: Populus tremula;*
SBP-compliant Primary Feedstock,	5%	2	Alnus spp: Alnus glutinosa; *Alnus incana (L.) Moench; Betula spp: Betula Pendula,* Betula verrucosa; *Picea abies; Pinus sylvestris; Populus spp: Populus tremula;*
SBP-compliant Secondary Feedstock,	12%	7	Alnus spp: Alnus glutinosa; *Alnus incana (L.) Moench; Betula spp: Betula Pendula,*

More detailed description is provided in publicly available SBR (www.warmeston.ee)

5.3 Detailed description of Supply Base

Estonia:

Estonia is a member of the European Union since 2004. The Estonian legislation is in compliance with the EU's legislative framework and directives. National legislative acts make references to the international framework. All legislation is drawn up within a democratic system, subject to free comment by all stakeholders[1].The Estonian legislation provides strict outlines in respect to the usage of forestry land and the Estonian Forestry Development Plan 2020[2] has clear objectives and strategies in place to ensure the forestland is protected up to the standards of sustainable forest management techniques. The Ministry of the Environment coordinates the fulfilment of state

[1] http://europa.eu/about-eu/countries/member-countries/estonia/index_en.htm
[2] Original title: „Eesti metsanduse arengukava aastani 2020"; approved by Estonians parlament decision nr 909 OE 15.February 2011.a http://www.envir.ee/sites/default/files/elfinder/article_files/mak2020vastuvoetud.pdf

duties in forestry. The implementation of environmental policies and its supervision are carried out by two separate entities operating under its governance. The Estonian Environmental Board monitors all of the work carried out in Estonia's forests whereas the Environmental Inspectorate exercises supervision in all areas of environmental protection.

The forest is defined in the Forest Act. There are three main forest categories are described in this legislation: commercial forest, protection forest and protected forests. According to the ownership, forests are also divided into private forests, municipality forests and state owned forests. The state owned forest represent approximately 40% of the total forest area[3] and is certified according to FSC and PEFC forest management and chain of custody standard in which the indicators related to forest management planning, maps and availability of forest inventory records are being constantly evaluated and addressed[4]. The state forest is managed by State Forest Management Centre (RMK) which is a profit-making state agency founded on the basis of the Forest Act and its main duty lies in a sustainable and efficient management of state forest. Overall there is Overall there is 1 265 000 ha of FSC certified and 1 132 000 ha of PEFC certified forest.

Currently more than 2 230 000 ha, equal to 51% of the Estonian land territory, is covered by forest and the share of forest land is growing. According to FAO data, during 2000 - 2005, average annual change in the forest cover was +0.4 %[5]. Forestry Development Plan 2012-2020 and Yearbook Forest 2013, that gives annual reports and facts about the forest in Estonia, state that during last decade the cutting rate in Estonian forests is from 7 to 11 mill m³ per year[6]. The amount is in line with sustainable development principle when the cutting rate doesn't exceed the annual increment and gives the potential to meet the long-term the economic, social and environmental needs. According to the Forestry Development Plan 2012-2020 the sustainable cutting rate is 12-15 mil ha per year For logging in any type of forest, it is required that a valid forest inventory or forest management plan, along with a felling permit issued by the Environmental Board, is available. All issued felling permits and forest inventory data is available in the public forest registry online database[7].

Area of protected forests accounts to 25.3% of the total forest area whereas 10% is considered to be under strict protection. The majority of protected forests is located on state property. The main regulation governing the preservation of biodiversity and the sustainable use of natural resources is the Nature Conservation Act[8]. Estonia has signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in 1992[9] and joined the International Union for Conservation of Nature (IUCN) in 2007[10]. There are no CITES or IUCN protected tree species naturally growing in Estonia.

According to the Forestry Yearbook 2014 the wood, paper and furniture industry (646,4 million euro) contributed 23.7% to the total sector providing 3.8% of the total value added. Forestry accounted for 1.5% of the value added.

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[3] http://www.rmk.ee/organisation/operating-areas
[4] http://www.rmk.ee/organisation/environmental-policy-of-rmk/certificates
[5] http://www.fao.org/forestry/country/32185/en/est/
[6] Yearbook Forest 2013 http://www.keskkonnainfo.ee/failid/Mets_2013.pdf (all key figures, graphs and tables are bilingual)
[7] http://register.metsad.ee/avalik/
[8] https://www.riigiteataja.ee/en/eli/517062015004/consolide
[9] http://www.envir.ee/et/cites
[10] http://www.envir.ee/et/iucn

In Estonia, it is permitted to access natural and cultural landscapes on foot, by bicycle, skis, boat or on horseback. Unmarked and unrestricted private property may be accessed any time and pick berries, mushrooms, medicinal plants, fallen or dried branches, unless the owner forbids it. On unmarked and unrestricted private property camping is allowed for 24 hours. RMK creates exercising and recreational opportunities in nature and in recreational and protection zones and provides education about the natural environment which are free to access.[11]

Latvia is a parliamentary republic that joined the EU in 2004. In Latvia, forests cover area of 3 354 000 hectares. According to the data of the State Forest Service (concerning the surveyed area allocated to management activities regulated by the Forest Law), woodenness amounts to 55.8%. The Latvian State owns 1 755 000 ha of forest, while 1 594 000 ha is privately owned. The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture. Within the last decade, the timber production in Latvia has fluctuated between 9 and 13 million cubic metres.

Distribution of forests by the dominant species:

- pine 34.3 %;
- spruce 18.0 %;
- birch 30.8 %;
- black alder & grey alder 10.0 %; 4
- aspen 5.4 %

The field of forestry In Latvia is supervised by the Ministry of Agriculture, which in cooperation with stakeholders of the sphere develops forest policy, development strategy of the field, as well as drafts of legislative acts concerning forest management, use of forest resources, nature protection and hunting

Implementation of requirements of the national law and regulations issued by the Cabinet of Ministers notwithstanding the type of tenure is carried out by the State Forest Service under the Ministry of Agriculture

(Source: www.vmd.gov.lv).

Management of the state-owned forests is performed by the public limited company Latvijas Valsts Meži, established in 1999. The enterprise ensures implementation of the best interests of the state by preserving value of the forest and increasing the share of forest in the national economy. The share of forestry, wood-working industry and furniture production amounted to 6 % GDP in 2012.

(www.lvm.lv).

For the sake of conservation of natural values, a total number of 674 protected areas have been established. Part of the areas have been included in the European network of protected areas Natura 2000. Most of the protected areas are state-owned. In order to protect highly endangered species and biotopes located without the designated protected areas, if a functional zone does not provide that, microreserves are established. According to data of the State Forest Service (2015), the total area of micro reserves is 40 595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously. On the other hand, for

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

preservation of biological diversity during forest management activities, general nature protection requirements binding to all forest managers have been developed. They stipulate that at felling selected old and large trees, dead wood, undergrowth trees and shrubs, land cover around micro-depressions are to be preserved, thus providing habitat for many organisms. Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, but there are no CITES tree species naturally growing in Latvia.

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

All forest area of Latvijas valsts meži as well as some part of forests in private and other ownership are FSC and PEFC certified. All together there is ca 1 300 000 ha FSC certified and 1 700 000 PEFC certified forest in Latvia.

Lithuania

Lithuania is a parliamentary republic that joined the EU in 2004. Forested land consists of about 34.5% percent, with 2.17 million ha. Approximately 837 000 ha of the forest is privately owned. The southeastern part of the country is most heavily forested, and here forests cover about 45 percent of the land. The total value added in the forest sector (including manufacture of furniture) reached LTL 4.9 billion in 2013 and was 10% higher than in 2012.

Forest land is divided into four protection classes: reserves (2 %); ecological (5.8 %): protected (14.9 %); and commercial (77.3 %). In reserves all types of cuttings are prohibited. In national parks, clear cuttings are prohibited while thinnings and sanitary cuttings are allowed. Clear cutting is permitted, however, with certain restrictions, in protected forests; and thinnings as well.

Lithuania has been a signatory of the CITES Convention since 2001. CITES requirements are respected in forest management. Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests - especially spruce and birch - often grow in mixed stands. The dominant forest composition is the following:

- Scots pine - 37.6%,
- spruce - 24.0%,
- birch - 19.5%,
- alder – 11.2%,
- Ash - 2.7%;
- Aspen - 2.6%,
- Oak - 1.8%,

There are no CITES tree species naturally growing in Lithuania.

To secure and maintain SFM both state and private forests are monitored and inspected by the Lithuanian State Forest Department, which also develops the main forestry management rules. Before commercial activities in the forests can commence, the State Forest Department requires a long-term forest management plan for every forest unit and owner. After acceptance of the plan, the State Forest Department issues a Harvesting License for separate sites. The Harvesting Licence determines what kind of forest felling system is allowed and which species and in what amount can be harvested in the area. It also determines the forest regeneration method at each harvesting site. The Harvesting Licence (licence number) is the main document for suppliers to track the supply chain and secure sustainable log purchases.

Total annual growth comes to 11 030 000 m^3 and current harvest has reached some 9 million m^3 u.b. per year. The consumption of industrial wood in the domestic forest industry, including export of industrial wood, is estimated to be less than 2.0 million m^3. The remainder is used for fuel or stored in the forests, with a deteriorating quality as a result. The potential future annual cut is calculated at 5.2 million m^3, of which 2.4 million m^3 is made up of sawn timber and the remaining 2.8 million m^3 of small dimension wood for pulp or board production, or for fuel. The figures refer to the nearest 10-year period. Thereafter a successive increase should be possible if more intensive and efficient forest management systems are introduced.

The total value added in the forest sector (including manufacture of furniture) reached EUR 1.2 billion in 2011 and was 25% higher than in 2010. Its share in the total national value added has increased from 3.7% (2010) to 4.2% (2011). The biggest share (EUR 520 million) of the value added in the sector was generated by the furniture industry.

There is ca 1 100 000 ha FSC certified forest in Lithuania, but no PEFC certified forest area.

(Source: http://www.fao.org/docrep/w3722e/w3722e22.htm)

Finland

Finland is a parliamentary republic that is a member of the EU since 1995.

Forests cover 75 percent of Finland's land are which accounts to ca 22 218 000 ha. Almost half of the volume of the timber stock consists of pine (*Pinus sylvestris*). The other most common species are spruce (*Picea abies*) downy birch (*Betula pubescens*) and silver birch (*Betula pendula*). These species make for 97 percent of total timber volume in Finland.[12]

The Forest Act regulates the felling of timber in Finland. Regional Forestry Centres control the implementation of the forestry legislation and accept forest use declarations in which forest owners inform about the stand characteristics, intended measures, regeneration and ecological concerns on the site before the felling can take place. Regional Environment Centres control the implementation of Nature Conservation Act. The Finland's National Forest Programme also states the importance of legal wood and lists measures to promote sustainable wood and to control illegal logging both nationally and internationally.[13]

Private forest owners (mostly families) own the majority (60 %) of Finnish forests. Owner needs to get acceptance for forest use declaration from regional forest centres. The state owns 26 percent of the Finnish forests, private

[12] http://www.smy.fi/en/forest-fi/finnish-forests-resources/
[13] http://fsc.force.com/servlet/servlet.FileDownload?file=00P3300000YU8ihEAD

industries, such as forest industry companies nine and other bodies five percent. The state forests are mainly situated in the north of Finland, and 45 percent of them are under strict protection. State lands are managed by Metsähallitus.

Certification is voluntary for the forest owner however around 75% of Finnish forests have been certified under the PEFC certification system (Programme for Endorsement of Forest Certification). Certification criteria are stricter than decrees or legislation, which means that in practise, certification determines the standard of silviculture in Finland. Some Finnish forests have also been certified under the Forest Stewardship Council (FSC), however this forms only approximately 6% of the total forest area..

According to a report by UNECE[14] the amount of illegal logging in Finland is negligible. An extensive national forest inventory, national forest programme and regional forest programmes, widely spread individual forest management plans and large share of private non-industrial ownership of forests contribute to almost non-existence of markets for illegal timber and negligible amount of illegal logging in Finland.

Finland joined CITES in 1976. Nowadays the national legislation for the implementation of CITES and relating EU regulations is the Nature Conservation Act (1096/1996), which came into force in the 1st of January 1997. IUCN National Committee of Finland was approved by IUCN Council in 1999.

The forest sector is one of key supporters of Finland's economy. In 2011 it employed directly about 70,000 people in Finland, which was 2.8 percent of all employees. One fifth of Finland's export income comes from forest industries. More than 60 percent of the value added generated by the forest industries came from pulp and paper industries and the rest from wood products industries in 2011. Regionally, the importance of the forest sector is largest in southeastern corner of Finland and in Etelä-Savo and Central Finland regions, where the sector produces some ten percent of the regional GDP.

Similar to Estonia Finland has a relatively rare concept of Everyman's rights (Jokamiehenoikeus) which gives everyone, Finns and other nationalities alike, the right to move freely outdoors. Picking berries and mushrooms is permitted even on privately owned land; thus free forest access provides, in addition to products for local or family consumption, income-earning opportunities for those who sell non-wood forest products. Everyman¿s right has traditionally been exercised with due concern for the environment and common courtesy to the landowner or those living in the vicinity.

A group considered as an indigenous people in Finland is the Sámi. Their rights have been secured in many laws e.g. the Constitution, the Sámi Parliament Act, the Act on the Finnish Forest and Park Service and the Act on Reindeer Husbandry. The Sámi Parliament is the supreme political body of the Sámi in Finland. The Sámi Parliament represents the Sámi in national and international connections, and it attends to the issues concerning Sámi language, culture, and their position as an indigenous people. The Sámi Parliament can make initiatives, proposals and statements to the authorities. The Sámi Parliament Act also states that the authorities have an obligation to negotiate with the Sámi Parliament for all important measures that concern the Sámi people. These include for example the use of state land and conservation areas.

Sweden

[14] http://www.unece.org/fileadmin/DAM/timber/docs/sem/2004-1/full_reports/Finland.pdf

Sweden is a parliamentary constitutional monarchy that joined the EU in 1995.

The Swedish Forest Agency is the national authority responsible for matters relating to the forest. It strives to ensure that the nation's forests are managed in such a way as to yield an abundant and sustainable harvest while at the same time preserving biodiversity. Its most important tasks are to give advice on forest-related matters, supervise compliance with the Forest Act, provide services to the forest industry, support nature conservation efforts and conduct inventories.

Sveaskog is Sweden's largest forest owner and is owned by the State. Sveaskog owns 14% of forest land in Sweden, spread across the entire country.

Sweden has Europe's second biggest afforested area after Russia. Sweden's productive forests cover about 28 million hectares. Spruce and pine are by large the predominant species in Swedish forests. These two species count for more than 80% of the timber stock. In northern Sweden pine is the most common species, whereas spruce, mixed with some birch, dominates in southern Sweden.

Due to effective and far-sighted forest management the timber stock in Sweden has increased by more than 60% in the last one hundred years and it is now 3000 million m3. In recent years felled quantities have been between 85 and 90 million m3, whereas annual growth amounts approximately to 120 million m3.

The amount of protected forests in Sweden amounts to circa 1.9 million hectares. A great extent, about 90% of these forests are the kind of forests in which minor interventions are allowed. The share of strictly protected forests, where no human interventions are allowed is 0.3 % from the forest area. National parks, nature reserves and nature conservation areas cover an area of 4.2 million hectares, i.e. 10% of Sweden's land area. There are at least 220.000 hectares of protected forests which still in terms of forest growth are productive. In addition, there are about 12.000 hectares of protected habitat types and 25.000 hectares of wood land set aside and protected by environment conservation agreements. Large forest areas are also protected through forest owners' voluntary activities. Sweden signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora in August 1974 and the convention entered into force in July 1975. Sweden has also established an IUCN National Committee.

Private forest owner families hold about 50% of Swedish forests, privately owned forestry companies about 25% and the State and other public owners have the remaining 25%. The ownership of forests in Sweden varies between regions. In Southern parts of the country forests are mainly owned by private persons whereas in Northern Sweden companies own more significant amounts of forests.

FSC certified forests amount to 12.2 million hectares and PEFC certified to 11.4 million hectares.

The forest products industry plays a major role in the Swedish economy, and accounts for between nine and 12 percent of Swedish industry's total employment, exports, sales and added value.

Similar to Estonia and Finland, Sweden everyone has the Right of Public Access to roam the Swedish countryside including walking, camping, climbing and picking flowers.

5.4 Chain of Custody system

Warmeston OÜ holds valid FSC CoC certificate since 3rd of February 2015, certificate code is NC-COC-027173/ NC-CW-027173. FSC certificate also covers controlled wood verification program for Estonia and is also using standard FSC-STD-40-007 V2-0 for pre-consumer inputs. Warmeston is using FSC credit system and FSC transfer system for trading of materials without physical possession and if needed, transfer system is also used for segregating uncertified materials. Company has enforced procedures and system update that they will buy only FSC certified or FSC Controlled material (including heating material).

Their product groups for the FSC CoC certification include fuel wood (W1.2), wood chips (W3.1), sawdust (W3.2), wood shavings (W3.3), wood pellets (W3.6), sawdust briquettes (W3.7); offcuts (W19) and bark (N1).

6 Evaluation process

6.1 Timing of evaluation activities

Audit was carried out on 30.11.2016 and it included Warmeston OÜ Järvere factory visit and also a supplier audit.

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

Activity	Location	Auditor(s)	Time
Opening meeting*	Office	AL, LK	09.00-09.15
Interview with SBP responsible person *Overview of procedures, Supply Base Report, SBP Risk Assessment, implementation of mitigation measures, collection of energy data, interviews with responsible personnel.*	Office	AL, LK	09.15-12.30
Lunch break			12:30-13.00
Supplier audit	Sõmeru parish, Estonia	AL, LK	13:00-14:00
Review of purchase documentation; material origins, review of sales documentation – interview with responsible staff.	Office	AL, LK	14:00-15:30
Roundtrip in production facilities, interviews with responsible staff, Interview with purchase assistant, reception of the material, evaluation of incoming feedstock	Production facilities/Office	AL, LK	15.30-16:30
Closing meeting	Office	AL, LK	16:30-17.30

6.2 Description of evaluation activities

Current evaluation was carried out as an onsite audit in Warmeston OÜ Järvere production site.

Evaluation started with an opening meeting, where auditors described the audit criteria, principles, standards and audit agenda.

Audit was conducted by two auditors and whenever needed, auditors divided and evaluated separate standards.

This was followed by review of updated Supply Base Report and company's SBP and FSC procedures. During the review, company demonstrated IT solution, which is used to collect, store and report on all data. Also, data represented in the Supply Base Report was compared with data entered into the program.

Next, review of implementation of Supply Base Evaluation was evaluated including monitoring results, supplier audit report, review of updated supplier declarations and communication with agency issuing databases with WKH cadastre units as a part of mitigation measure taken by the company.

Review of SAR documents that were prepared by the BP together with standard 5 check-list was evaluated next. This included review of data presented and evaluating the sources of information for this.

Next, supplier audit was conducted by the quality and environmental manager of the company. This was witnessed by the CB. As there is currently only one secondary processor included in the SBE, sampling of suppliers included in the SBE was 100%.

Purchase and sales documentation was reviewed and evaluated after arriving back to the office. Random sampling was implemented for purchase documentation and origin documents, for SBP sales documents, 100% sampling was implemented.

This was followed by roundtrip in production and storage areas and facilities. Interviews during the round-tour were conducted with responsible staff, also pictures of main processing units were taken.

Audit day ended with the closing meeting. As some standard points were discussed during following audit days, final results of the evaluation were presented after the final audit day (after visiting of all factories belonging to same group, but covered with a separate SBP certificate. Also different harbours were visited during period of 28.11-02.12.2016). Review of procedures, stakeholder consultation and other preparations were done prior to onsite audit.

Composition of audit team:

Auditor(s), roles	Qualifications
Lauri Kärmas, lead auditor/audit team leader. Verification of SBP-compliant feedstock.	MSc in Industrial Ecology. Lauri has been working in NEPCon since autumn 2012, earlier work experience in wooden houses production field. He has successfully passed NEPCon lead auditor training course in Forest Management and Chain of Custody certification. Lauri has also passed SBP lead auditor training course and has previous SBP auditing experience. He has conducted more than 150 CoC audits.

Asko Lust, Audit team member. Verification of SBP-compliant feedstock. Chain of Custody	BSc in Forest Industry, MSC in forest management. Asko is working as forest management and chain of custody auditor in NEPCon. He has passed SmartWood lead assessor training course in Forest Management and Chain of Custody certification. Asko has also passed SBP training and has SBP auditing experience. He has conducted over 200 CoC audits/assessments and over 20 FM audits/assessments, earlier work experience from Board of Environment.

6.3 Process for consultation with stakeholders

According to standard 2 p13 stakeholder consultation is not required for annual audits. Stakeholder consultation was conducted prior first assessment and before SBE scope change audit.

SBR is publicly available on company`s web page but no stakeholders have sent company any comments regarding to that.

7 Results

7.1 Main strengths and weaknesses

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

Weaknesses: See the non-conformities below.

7.2 Rigour of Supply Base Evaluation

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

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

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

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

7.3 Compilation of data on Greenhouse Gas emissions

BP has a system to gather and record Greenhouse Gas emissions. During the initial audit, BP made detailed overview of the systems and databases to gather and record such data. Evidence was provided to auditors.

7.4 Competency of involved personnel

Overall responsible person for implementing SBP together with SBE is quality and environmental manager. Supply Base Evaluation was performed by internal personnel and the SBR with SBE was reviewed by third independent and competent party.

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

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

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

According to the interviews, review of biomass producer quality manager's CV and set of procedures and documents that were composed for the SBP system, auditors evaluated the competency of main responsible staff to be sufficient.

7.5 Stakeholder feedback

No comments or concerns were received during the Biomass Producer's stakeholder notification period that was conducted before main assessment and before SBE scope change audit.

7.6 Preconditions

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

8 Review of Biomass Producer's Risk Assessments

SBP-endorsed Regional Risk Assessment for Estonia was used by the Biomass Producer. Risk ratings in table 1 are taken from the approved risk assessment, where one indicator has been evaluated as specified risk (indicator 2.1.2)

Table 1. Final risk ratings of Indicators

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Specified	Specified
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

Table 2. Final risk ratings of Indicators as determined after the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

9 Review of Biomass Producer's mitigation measures

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

Primary feedstock

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

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

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

1.1 If yes, go to 2.

1.2 If no, the products cannot be sourced.

2. Can the products be traced back to the logging site in forest? (cadastre unit/felling permit marked on delivery documents)

2.1 If yes, go to 3.

2.2 If no, the products cannot be sourced.

3. Is there a felling permit issued?

3.1 If yes go to 5

3.2 If no go to 4.

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

4.1 If there is no WKHs on the FMU according to available information (checked from register.metsad.ee by cadastre unit): the products can be sourced.

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

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

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

5.2 If no: the products can be sourced.

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

Secondary feedstock

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

i) train its suppliers to apply the risk mitigation measures described above in points 2-5 and

ii) verify during annual audits that the mitigation measures 2-5 have been properly implemented.

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

The supplier audits will cover the following aspects:

- the scope of the suppliers FSC/PEFC certification;

- Depending on the scope of the supplier's certificate, company's procedures on sourcing materials and the verification of origin (according to FSC-STD-40-005)

- demonstration of the control procedure carried out by the supplier's responsible person(s);

- demonstration of recorded monitoring data (screenshots or printouts of the databases etc.);

- random selection of a sample of primary feedstock deliveries and the verification of the recorded monitoring results;

- demonstration of the supplier's WKH register and corrective actions taken;

- feedstock storage conditions;

All audit findings and results are documented.

During this audit, company conducted a supplier audit, that was witnessed by CB. Since company has only one supplier included in the SBE at the moment, the sampling rate on the suppliers were 100%, it is also described in the SBE procedures, that all suppliers included in SBE will be annually audited by the company to check compliance and all new companies that are included in the SBE are audited by the BP before the approval of a new SBE supplier.

During the supplier audit, company's overall responsible person conducted the visit to supplier's factory. Supplier has active FSC CoC and PEFC CoC certificate. During the supplier audit, company's auditor interviewed supplier's purchase assistant, who is responsible for all purchases and entering the information to the system. Purchase assistant explained the procedures for this, demonstrated the excel tables and showed a sample of origin documents chosen by the BP's auditor. Interview with the purchase assistant focused on mitigation measure (2.1.2 according to SBP approved regional risk assessment for Estonia). The supplier has a system in place, where all incoming roundwood deliveries are registered by cadastre unit in the Excel files. Each delivery record contains information about origin (cadastre unit number, cadastre name, felling permit number or copy of felling permit), volumes, supplier, costs etc. (Cadastre unit number formats and also log waybills are different for Estonian and Latvian supplies, no Latvian supplies were noticed). Also the purchase manager was interviewed, who demonstrated renewing WKH cadastre unit database in the company.

Supplier is also using a database of WKH cadastre units, sent by Warmeston OÜ (database verified by CB), that is used to verify, if purchased material origin (cadastre unit) is matching with any of the WKH's (the database includes all cadastre units in Estonia, where WKH is present). This is an automatic inquiry by the system. If there is a match – a separate warning will pop up during entering of the delivery information.

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

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

- the supplier has been trained;

- the supplier has been audited (supplier audit) and no substantial issues in the WKH control procedures have been raised during the annual audits;

*- the delivered feedstock can be traced back to an **Estonian** forest where no WKH are present at the felling site.*

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

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

10 Non-conformities and observations

NCR: 01/16	NC Classification: minor
Standard & Requirement:	SBP Standard 1 requirement 2.5
Description of Non-conformance and Related Evidence:	
According to SBP-endorsed Regional Risk Assessment for Estonia, there is one specified risk in the risk assessment - indicator 2.1.2 that is related to Woodland Key Habitats (WKH). All other indicators are low risk. The BP has developed systems and procedures to ensure that all indicators are low risk, which includes mitigation measures for indicator 2.1.2, detailed description is available in section 9 in the Supply Base Report of the company. This includes supplier agreements and declarations, usage of online and offline databases of WKH-s, trainings of suppliers and annual supplier audits with sampling rate of 100%. See SBR for more detailed description. During the scope change audit, supplier audit was conducted by the BP as one of the measures to mitigate the risk for this indicator. This supplier audit was witnessed by the CB. General quality of the supplier audit conducted by the BP was high, however auditors noticed low sampling rate of origin documents by BP's auditor to compare this with information provided by supplier to BP via WKH declarations. As for the BP auditor asked supplier to demonstrate the system for verifying WKH presence in incoming roundwood supplies, which was automatic and covering all incoming supplier, then auditors decided to raise a minor NCR.	
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 months from the report finalisation date
Evidence Provided by Organisation:	Interview with responsible staff; supplier audit; supplier audit report
Findings for Evaluation of Evidence:	Since the SBE scope change audit took place and initial supplier audit was undertaken by the BP, one more supplier audit had been carried through before the annual surveillance audit. Report of this audit was available for review for auditors during the audit. Procedures for carrying out the supplier audit was also discussed with BP's quality manager. During the annual surveillance audit, BP conducted one more supplier audit, which was witnessed by the CB. Overall auditing technics together with sampling rate of origin documents was found sufficient.
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 ☐ No ☒

NCR: 01/15	NC Classification: Minor
Standard & Requirement:	SBP Standard # 2 requirement 5
Report Section:	Appendix B p 1.1
Description of Non-conformance and Related Evidence:	
BP has composed a SBR, where all areas where feedstock is purchased, are listed and described in detail. Supply Base Report is evaluated each year by BP. Countries where the material may originate are Estonia, Latvia, Lithuania, Sweden, Finland. BP has asked all of their suppliers to fill questionnaires about the origin of supplied material. Questionnaires are to be filled in by all suppliers before new contracts are signed. Additionally, all suppliers need to sign an annex of the contract (Tarnija käitumiskoodeks) where agree to provide BP the information about origin of material, GHG and any changes in COC if these changes occur. It is also described in the supplier codecs, that in case supplier fails to fulfil the requirements set by the supplier codecs intentionally or by mistake several times, then BP has a right to end contract with the supplier. These contracts together with connected documents mentioned above are reviewed at least annually (in case Roundwood once a quarter). It turned out that BP is not conducting any additional on-site controls to determine if the information provided by the supplier is correct. Since the proof of the origin of supplied material is based on contractual level, signed by suppliers but not controlled on-site, auditors decided to raise a minor NCR.	
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 months from the report finalisation date
Evidence Provided by Organisation:	Supplier audit protocols; interviews; supplier list; reports from “toormebaas” software
Findings for Evaluation of Evidence:	**Annual audit 2017:** BP gave an overview of the corrective actions taken by the company to close the NCR. This included a risk assessment based on the different feedstock. This risk assessment concluded that the only feedstock type which has a specified risk to originate outside the defined supply base is tertiary feedstock from secondary producers. There is an option of physical segregation described in BP-s procedures to segregate co-products from secondary processing and use it for non-SBP production – like premium pellets. During the annual audit, auditors noted BP has been producing only premium pellets for the last half of the year. Premium pellets are not sold with SBP claim. Tertiary feedstock is used for premium pellet production only. Overall responsible person explained, that in the future, tertiary feedstock is not used for SBP pellet production and it is always segregated from SBP production. Tertiary feedstock is dry material and is in all cases segregated from rest of the materials – it is stored inside not outside as rest of the materials.

	As secondary and primary feedstock origin is known and described in the SBR and tertiary feedstock is not used in SBP production any more, auditors decided to close this NCR.	
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 ☐ No ☒

NCR: 02/15	NC Classification: Minor
Standard & Requirement:	SBP Standard # 2 requirement 6.2
Report Section:	Appendix B p 1.3
Description of Non-conformance and Related Evidence:	
BP collects the information about the place of harvesting and primary wood processor upon SBP-compliant Secondary Feedstock is received. All suppliers, including FSC certified, are signing an annex to contract (Tarnija käitumiskoodeks) where agree to provide BP the information about origin of material, GHG and any changes in COC if these changes occur. All suppliers also fill in the material origin questionnaire before the contract is signed. BP has made these requests before SBP assessment. BP has already made changes in their suppliers list according to the questionaries' received, these were presented to auditors during the audit. All secondary input comes with FSC claim. Company is also aware of the option to use PEFC certified material inputs, but will segregate this material from FSC material under FSC transfer system in such case. PEFC inputs have not been used so far. All inputs undergoing company's own controlled wood verification program are always received together with origin information, including felling permit. Some suppliers are left out from the supplier list due to the origin from Russia. The contracts for secondary inputs are reviewed once a year and contracts for roundwood once a quarter. This is considered to be enough by BP to evaluate the primary wood processor and origin of secondary material, this is also supported by the low corruption level in country (CPI 69 http://www.transparency.org/cpi2014/results). Same requirements are set to the material supplies for the drier - all material purchased for drier heating for SBP-compliant pellet production complies with FSC Controlled Wood requirements. It turned out that BP is not conducting any additional on-site controls to determine if the information provided by the suppliers is correct. Since the proof of the origin of supplied material is based on contractual level and signed by suppliers, auditors decided to raise a minor NCR.	
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 months from the report finalisation date
Evidence Provided by Organisation:	Supplier lists, volume summaries, interviews.
Findings for Evaluation of Evidence:	BP gave an overview of the corrective actions taken by the company to close the NCR. This included a risk assessment based on the different feedstock, supplier audit, review of FSC database. Risk assessment concluded, that according to official

	statistics, 99% of total sawlogs imported to Estonia originated from countries listed in BP-s SBR. In addition, BP has validated supplier FSC certificates from FSC database, including checking public CW risk assessments. It is a requirement in FSC system to provide information about material origin to the client. BP has also included biggest secondary feedstock supplier to SBE and has visited this supplier on-site, checking the origin of materials. See updated origin risk assessment and mitigation procedures in exhibit 1. Auditors reviewed the supplier list presented by the BP and also compared it with volume summary during the audit. The BP has recorded the place of harvesting and the identified of the primary wood processor responsible for the supply of inputs classified as SBP-compliant secondary feedstock – chips, bark, wet sawdust. All suppliers have signed and updated the material origin questionnaire, biggest supplier was visited on-site during SBE scope change audit. Company has conducted risk assessment to evaluate and mitigate the risk of secondary feedstock origin. Suppliers who did not meet BP requirements were excluded from supplier list (some traders).
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 ☐ No ☒

NCR: 02/16	**NC Classification: MINOR**
Standard & Requirement:	SBP Standard 2, requirement 19.1
Report Section:	Appendix B p 12.1
Description of Non-conformance and Related Evidence:	
The Supply Base Report (SBR) of the BP is reviewed by senior management and it includes links to sources of information and means of verification, BP's Supply Base (SB) has not changed from the initial assessment and BP' scope of Supply Base Evaluation (SBE) is limited to Estonia only. BP has partly implemented measures to support the credibility of the SBR, by implementing SBP-endorsed Regional Risk Assessment for Estonia and making draft SBR version available for public consultation during stakeholder consultation period before implementing SBE. No comments were received from stakeholders. BP has also a plan in place to send the SBR to third-party peer review before the first annual audit. However, taking the context of SB, SBE and BP into account, measures taken by the BP to support robust and credible SBR, are not fully implemented. Since BP has taken steps to support credibility of the SBR, but has not fully implemented these, the NCR was raised as a minor NCR.	
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 months from the report finalization date
Evidence Provided by Organisation:	SBR, interviews, peer review report
Findings for Evaluation of Evidence:	BP has sent SBR to third party peer review before first annual audit. Peer review report was reviewed during the audit and auditors found it sufficient to support the credibility of the SBR. Also the person selected for peer review is considered to be well qualified for peer review.
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 ☒ No ☐

NCR: 01/17	**NC Classification: Minor**
Standard & Requirement:	SBP Instruction Document 5B; 4.1.2
Report Section:	Appendix D; 9.2
Description of Non-conformance and Related Evidence:	
For primary feedstock, approximately 90% of the volume is delivered from a radius which is less than 1.5 times the average transportation distance As for secondary feedstock, approximately 70% of the sawmill residues are delivered within a radius of 1,5 times of average transportation distance. This is caused by the fact that one of the biggest supplier who is located only 7km away is delivering ca 38% of all input to this feedstock input group. Since BP has not seprarated feedstock feedstock input with significant different transport distances, but has only added explanation to this, minor NCR was raised.	
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 months from the report finalisation date
Evidence Provided by Organisation:	Supplier audit protocols; interviews

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 ☐ No ☒

11 Certification decision

Based on Organisation's conformance with **SBP requirements, the auditor makes the following recommendation:**	
☒	Certification approved: Upon acceptance of NCR(s) issued above
☐	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 Standards, the certificate can be maintained.	
Certi**fication decision by:**	
Date of decision**: 08 February 2017**	

12 Surveillance updates

12.1 Evaluation details

First annual surveillance evaluation took place on 29th of November 2016. Evaluation included visit of biomass producer at Järvere parish in Estonia and supplier (sawmill) visit, who is included in the SBE as only supplier at the moment.

12.2 Significant changes

Warmeston OÜ Järvere factory has been producing premium pellets only during the previous half year, that are not sold with SBP claims.

12.3 Follow-up on outstanding non-conformities

See closed NCR-s above.

12.4 New non-conformities

See NCR-s above.

12.5 Stakeholder feedback

No stakeholder feedback has been received. No new stakeholder consultation processes have been initiated before annual audit.

12.6 Conditions for continuing certification

No conditions. See NCR-s above.

12.7 Certification recommendation

Certification approved upon acceptance of NCR(s) issued above.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Viljo Aros, quality and environmental manager
Auditor(s):	Lauri Kärmas, audit team leader Asko Lust, audit team member
People Interviewed, Titles:	Viljo Aros, quality and environmental manager Argo Tõnuri, factory manager Tarmo Kaldma, operator Agu Saar, operator Külli Laos, bookkeeper Tanel Mihkelson, board member Kerli Mustrik, assistant Triin Ivask, bookkeeper (Toftan AS) Elika Aasmets, purchase manager (Toftan AS) Jaanus Lehes (Toftan AS)
Brief Overview of Audit Process for this Location:	Same as in 6.2 above
Comments:	-