

# NEPCon Evaluation of VPV SIA Compliance with the SBP Framework: Public Summary Report

Main (Initial) 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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# 1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus otarabus@nepcon.org, +420 606 730 382
Current report completion date:	03/Dec/2019
Report authors: :	Ģirts Karss, Ēriks Lidemanis
Name of the Company:	SIA VPV Pellets
Company contact for SBP:	"Gaismas", Raiskuma pagasts Pārgaujas novads, LV-4146 Latvia
Certified Supply Base:	Sourcing from Republic of Latvia and Republic of Estonia
SBP Certificate Code:	SBP-07-38
Date of certificate issue :	05/Dec/2019
Date of certificate expiry:	04/Dec/2024

This report relates to the Main (Initial) Audit

## 2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site of the organization – Biomass producer SIA VPV in “Gaismas” Lenči village, Raiskuma parish, Pārgauja municipality and the office in Riga. The Biomass Producer’s (BP) primary activity is production of wood pellets and secondary activity - trading of wood pellets.

The Organisation holds a valid FSC Chain of Custody certificate TT-COC-006995, covering the supplies of feedstock, production of pellets and sales of certified production from the pellet mill through Riga Freeport.

The organisation is using only secondary feedstock for biomass production: wood industry residues – sawdust that is sourced from a number of suppliers – small and medium sized sawmills in the region. The BP does not use biomass for biomass drying.

For producing SBP-Compliant production the BP is using FSC certified inputs within the FSC Transfer system. Non-certified inputs are segregated and processed separately. The origin of feedstock used for biomass production is Latvia and Estonia.

As part of trading activities the BP is importing wood pellets from wood pellet manufacturers in Republic of Belarus and Russian Federation and exporting to clients in European Union with and without physical possession of material.

Scope description: Production of wood pellets, for use in energy production, at Lenči pellet mill and transportation to Riga harbour. The scope of the certificate does not include Supply Base Evaluation. Trading of wood pellets, import from suppliers in Republic of Belarus and sales to customers in EU.

Scope of evaluation is indicated in the table below:

Scope Item	Check all that apply to the Certificate Scope		Change in Scope (N/A for Assessments)
<b>Approved Standards:</b>	SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0 <a href="http://www.sbp-cert.org/documents">http://www.sbp-cert.org/documents</a>		<input type="checkbox"/>
<b>Primary Activity:</b>	Pellet producer; trader		<input type="checkbox"/>
<b>Input Material Categories:</b>	<input type="checkbox"/> SBP-Compliant Primary Feedstock	<input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock	<input type="checkbox"/>
	<input checked="" type="checkbox"/> Controlled Feedstock	<input type="checkbox"/> SBP non-Compliant Feedstock	

	<input type="checkbox"/> SBP-Compliant Tertiary biomass		<input type="checkbox"/> Post-consumer Tertiary Feedstock		
	<input type="checkbox"/> SBP-approved Recycled Claim		<input type="checkbox"/> Post-consumer Tertiary Feedstock		
<b>Chain of custody system implemented:</b>	<input checked="" type="checkbox"/> FSC	<input type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>
	<input checked="" type="checkbox"/> Transfer		<input type="checkbox"/> Percentage	<input type="checkbox"/> Credit	<input type="checkbox"/>
<b>Points of sales</b>	<input type="checkbox"/> Harbour – Permanent storage (Storage site)		<input checked="" type="checkbox"/> Harbour – Temporally storage (Logistic site)		<input type="checkbox"/>
<b>Provide name of all points of sales</b>	-		DAP Riga port B Port (B Port terminal/harbour, Riga Freeport)		
<b>Use of SBP claim:</b>	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No		<input type="checkbox"/>
<b>SBE Verification Program:</b>	<input type="checkbox"/> Low risk sources only		<input type="checkbox"/> Sources with unspecified/ specified risk		<input type="checkbox"/>
	New districts approved for SBP-Compliant inputs: N/A				
<b>Sub-scopes</b>	N/A				<input type="checkbox"/>
Specify SBP Product Groups added or removed:					
Comments:					

### 3 Specific objective

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

The scope of the evaluation covered:

- review of the BP's management procedures;
- review of the production processes, production site visit;
- review of FSC system control points, analysis of the existing FSC CoC / CW system;
- interviews with responsible staff;
- review of the records, calculations and conversion coefficients;
- GHG data collection analysis and review of applicable reports, SAR analysis and review;
- review of the BP's management procedures, including requirements designated in SBP standards Standard #1 V1.0, Standard #2 V1.0;
- review of updated Supply Base Report;
- review of the reports and records

## 4 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 Standards utilised

- ☐ 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*)

### 4.1 SBP-endorsed Regional Risk Assessment

Not applicable, the Supply Base Evaluation is not included in the scope of the evaluation.



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

### 5.1 Description of Company

The organization is a biomass producer with a production site situated in Lenči village “Gaismas”, Raiskuma parish, Beverīna municipality, Latvia and the office in Riga. The office and the biomass production site are situated in different physical locations (addresses). The scope of activities also include biomass – wood pellet trading – buying from suppliers in Republic of Belarus, Russian Federation and selling to customers in European Union.

The BP is operating the pellets production site for production of premium class and industrial grade pellets. For production of pellets the BP is sourcing secondary feedstock from external suppliers - sawmills. The sawmills – primary wood processors are providing pellet mill with wood industry residues – sawdust of primary wood processing residues.

Supply base of the feedstock used for production of pellets is the territory of Republic of Latvia and the Republic of Estonia. For use into driers the organisation is using diverted – produced biomass – pellets or imported pellets.

The organization is employing appr. 7 employees, most of them are employed in the pellet production site.

The Organisation is implementing the FSC transfer system for flow control of feedstock sourced with FSC claims. For production of FSC certified and SBP-Compliant feedstock the BP is using FSC certified (FSC 100%, FSC Mix Credit) inputs. Non-certified feedstock is segregated and processed separately. The BP is producing premium class pellets from non-certified inputs. The BP is planning to produce industrial grade pellets from SBP-Compliant feedstock for sales with SBP-Compliant claim.

The BP has some pellet storage capacity in the production site. The BP is selling pellets on DAP incoterm conditions in Riga Freeport B Port terminal.

### 5.2 Description of Company's Supply Base

The BP is sourcing secondary feedstock – sawdust only. The origin of feedstock is Latvia and Estonia. Forests within the Supply Base are temperate and hemi-boreal. The dominating species are pine and spruce. Other main wood species growing in the supply base area are: birch, alder, ash, aspen, oak.

#### 5.2.1 Latvia:

3.2 million ha of forest, agricultural lands 1,87 million ha. Forest covered area of Latvia amounts to 51%.

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture.

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

The main wood species are pine 34.3%, birch 30.8% and spruce 18.0%. Other wood species are aspen 7.4%, aspen 5.4%, black alder 3%, ash 0.5% and oak 0.3% .

46.3% of whole forest area is owned by state, other 53.7 are private forests and other forest ownership types. 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.

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

In order to protect highly endangered species and biotopes located without the designated protected areas, if a functional zone does not provide that, micro reserves 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 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, although there are no species included in the CITES lists 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.

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

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

Latvian State forests are FSC (50%) and PEFC certified (100%). Small forest groups of FSC forest owners exist in Latvia. Total FSC certified area is estimated ca 30%. PEFC certified area is appr. 60% of the total forest area.

## 5.2.2 Estonia

The forest is defined in the Forest Act. There are three main forest categories described in this legislation: commercial forests, protection forests 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<sup>3</sup> and are certified according to FSC and PEFC forest management and chain of custody standards in which the indicators related to forest management planning, maps and availability of forest inventory records are being constantly evaluated and addressed<sup>4</sup>. 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.

Currently more than 2 230 000 ha, equal to 51% of the Estonian land territory, is covered by forest as indicated in Figure 1 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 %<sup>5</sup>. Forestry Development Plan 2012-2020 and Yearbook Forest 2014, 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<sup>6</sup>. 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 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<sup>7</sup>.

Area of protected forests accounts for 25.3% of the total forest area whereas 10% is considered to be under strict protection. The majority of protected forests are located on state property. The main regulation governing the preservation of biodiversity and the sustainable use of natural resources is the Nature Conservation Act<sup>8</sup>. Estonia has signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in 1992<sup>9</sup> and joined the International Union for Conservation of Nature (IUCN) in 2007<sup>10</sup>. 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.

More detailed information about each supply base region (general description of the forest resources and forest management practices within the Supply Base) is publicly available at the BP's homepage: <http://www.vpvpellet.com>. ENG version : [http://vpvpellet.com/Content/images/4\\_VPV\\_SBR\\_August2019.pdf](http://vpvpellet.com/Content/images/4_VPV_SBR_August2019.pdf)  
LV version: [http://vpvpellet.com/Content/images/4\\_VPV\\_SBR\\_LV.pdf](http://vpvpellet.com/Content/images/4_VPV_SBR_LV.pdf).

## 5.3 Detailed description of Supply Base

Total Supply Base area (ha): 5.28 million. ha

Tenure by type (ha): 2.65 million ha in state ownership, 2.63 million ha private owned.

Forest by type (ha): 59% hemi-board forest according to FSC classification, 41% temperate forests

Forest by management type (ha): 5.28 million ha managed, semi-natural forests

Certified forest by scheme (ha): PEFC, total certified area 3.907 million ha for Latvia and Estonia, 1.690 million ha – FSC forest management scheme

Quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report, published in the organization's website: <http://www.vvpellet.com>

## 5.4 Chain of Custody system

The Organisation holds a valid FSC chain of custody (COC) certificate TT-COC-006995, covering the biomass production and biomass trading processes. There are FSC procedures in place including the description of the FSC/SBP systems implemented and other documents.

The Organisation is implementing the FSC transfer system. The FSC Transfer system is used for accounting and control of flow of feedstock received as FSC certified. Non-certified feedstock is accepted and is segregated and processed separately. From non-certified feedstock the BP is producing premium grade pellets, whereas FSC certified feedstock is used for producing of FSC certified production – industrial pellets.

The organisation is using secondary feedstock - co-product of timber primary processing companies – sawdust.

List of active suppliers exists, certification status of each supplier is verified on regular basis.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

The main assessment audit was conducted in accordance with the audit agenda described below, which had been provided to the BP prior to the audit. No supplier visits had been conducted.

In total 1.5 days were spent for the assessment audit: 1 days onsite and 0.5 day for the document evidence review prior to the assessment audit.

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

Activities/ timing	Place	Auditors	Date
09.00- 09.15 Opening meeting	Office: Ganību dambis 24, Rīga, LV-5101, Latvia	GK, EL	04.11.2019
09.15- 11.30 SBP Management system review, discussion of the changes taking part in a system Review of the documents and evidences related to implementation of the SBP standards 2,4. Office staff interview Review of the FSC and PEFC system control points	Office: Ganību dambis 24, Rīga, LV-5101, Latvia		
13.00- 14.00 Factory visit Verified processes and involved departments 1) Procurements and reception (office manager/ logistic specialist, tractor drivers) 2) Moisture measurements (operators/ laboratory); 3) Production and production records/ (accountancy/ production staff 4) Energy related recordkeeper (mechanics/ mechatronics); 5) Sales and client communication (sales department)	Production site: "Gaismas", Raiskuma pagasts Pārgaujas novads, LV-4146 Latvia	GK, EL	04.11.2019
14.00 - 16.30 Review of the documents and evidences related to implementation of the SBP standards 2,4. Review of the documents and evidences related to implementation of the SBP standard 5 and instruction document 5A. Office staff interview Review of the purchasing and sales documents and evidences related to implementation of the SBP standards 2,4.. Interview to responsible person for exports	Production site: "Gaismas", Raiskuma pagasts Pārgaujas novads, LV-4146 Latvia	GK, EL	04.11.2019

16.30-17.00 Audit outcomes wrap-up, preparation for closing meeting			
17.00 – 17.30 Closing meeting	Production site: "Gaismas", Raiskuma pagasts Pārgaujas novads, LV-4146 Latvia	GK, EL	04.11.2019

Auditors: GK – Ģirts Karss, EL – Ēriks Lidemanis

## 6.2 Description of evaluation activities

The assessment audit was carried out as an on-site audit in SIA VPV office followed with inspection of production facility in Lenči and subsequent office work and closing meeting. The aim of the assessment audit is to evaluate the SBP system in place for compliance with SBP standard requirements. The purpose of the assessment is to evaluate the SBP system in place for compliance with SBP standard requirements – SBP standards #2, #4 and #5.

The audit was focused on evaluation of BP's overall management system, including review of documents and system, input material classification (reception and registration), analysis of the existing FSC chain of custody systems and evaluation of critical control points as well as analysis and review of GHG data.

Description of the assessment process:

Auditor team was welcomed in SIA VPV office in Rīga. Audit began with an opening meeting attended by the responsible person – Commerce manager and the Consultant. In opening meeting auditors introduced themselves, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope. During the opening meeting the auditor explained CB's accreditation related issues and discussed the audit timetable and planned activities.

After the opening meeting auditors reviewed and discussed the overall system for SBP and reviewed all applicable requirements of the SBP standards nr. 2, 4 and 5 and instruction document 5E with regard to sourcing secondary feedstock and the overall management system. During the process the overall responsible person for the SBP system having key responsibilities within the system were interviewed.

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

After the document review at the office, auditors visited production facility in Lenči village, where a roundtrip to BP's pellet production was undertaken. During the site tour the following were observed: production processes, including feedstock reception and handling process and storage of ready pellets, including

machinery for feedstock and pellet handling. Applicable records were reviewed, pellet factory staff interviewed and FSC chain of custody system control points analysed.

After the audit in production facility a closing meeting was conducted. Findings of the assessment audit have been summarised and presented to the responsible BP staff – Commerce Manager and production manager. Audit finding were summarised based on use of 3 angle evaluation method were provided to the responsible persons.

Auditor team composition:

Auditor(s), roles	Qualifications
Ģirts Karss Lead auditor (Standards #2 and #5),	Works for NEPCon since 2011 Ģirts Karss holds MSc in Environmental Science from the Lund University and the University of Latvia. He has obtained a Rainforest Alliance lead auditor qualification in FSC Forest Management and FSC Chain of Custody certification system and been working as FSC Chain of Custody and FSC Forest Management auditor. In 2016 Ģirts had acquired the SBP auditor qualification and participated in a number of SBP assessments, scope change and annual audits including SBE (Supply Base Evaluation) in Latvia.
Ēriks Lidemanis Auditor (Standard #4)	Joined NEPCon in 2017. Holds bachelor degree from Latvia University of Agriculture Forest Faculty (forest management). Previous work experience in wood processing industry and roundwood measurement. Ēriks has passed the NEPCon lead assessor training course in FSC Chain of Custody operations and obtained the FSC CoC auditor qualification. Ēriks is working as FSC Chain of Custody auditor. In 2019 Ēriks acquired SBP auditor qualification and had participated in SBP audits in Latvia.

## 6.3 Process for consultation with stakeholders

Stakeholder consultation was carried out by the Certification Body

The stakeholder consultation was initiated by the Certification Body on October 2, 2019 by notifying different stakeholder categories via email. In total representatives of 45 stakeholders has been notified. The stakeholder structure according to type is as following: authorities and forestry and nature protection supervising institutions (35%), timber industry and nature conservation associations (30%), non-governmental organizations (20%), academia and scientific institutions (8%); and 6% - FSC national representative, forest managers and other organizations. The CB notified stakeholders about the forthcoming assessment of SIA VPV and called on parties to comment on the BP business and feedstock sourcing and production practises related to SBP standards. Later on, selected stakeholders were contacted directly with a purpose to receive comments for the SBP assessment audit. No comments on organization's practices regarding sourcing of feedstock and production of sustainable biomass were received during the stakeholder consultation process.



## 7 Results

### 7.1 Main strengths and weaknesses

Strength: the BP operates a simple chain of custody and SBP system. The BP only one type of feedstock - secondary feedstock (sawdust) sourced from limited number of suppliers (sawmills), production produced within the FSC transfer system. The organization is operating a small number of management staff with clearly designated responsibilities. No feedstock trans-shipment and handling in port / external storage is in the scope of SBP certification.

Weaknesses: minor non-conformances related to documentation and GHG data were identified. See the Non-conformance Reports. The GHG data are not complete, refers to relatively short time frame of plant operation since commissioning, and is based partly on few empirical data and data from engineering specifications.

### 7.2 Rigour of Supply Base Evaluation

Not applicable, Supply Base Evaluation is not the scope of certificate

### 7.3 Collection and Communication of Data

The organization has compiled emission data in the SBP Energy and GHG report (SAR) as a part of preparation process for the SBP assessment. The data had been provided prior to the assessment audit and verified and validated at the time of audit. The data are not complete, refers to relatively short time frame of plant operation, and includes records from the recordkeeping system and engineering specifications. The BP has developed and are implementing a system to collect and record data on Energy use and associated Greenhouse Gas emissions. The BP has provided detailed overview of the systems and databases to collect and record Greenhouse Gas data during the assessment audit. All related evidence with regard to GHG calculation and assumptions were provided to auditors.

The BP uses secondary feedstock only, has documentation for energy and fuel use in the production of pellets, and a simple transport scheme with endpoints at the BP pellet mill in Lenči, Raiskuma parish and at the Riga port. The accuracy and completeness of GHG data can be evaluated as average due to the fact that plant has been operating in testing mode during the reporting period and thus reliable, stable biomass processing related data are not available.

### 7.4 Competency of involved personnel

The SBP system in the organization has been designed and been implemented with the help of consulting organization, that has assisted in developing documented procedures, Supply Base Report and relevant Energy and GHG data related records. The Consultant also provided external training to the overall responsible person for SBP certification system at the organization. Staff members are responsible for various aspects of the SBP certification system, but training records reveal only the Commerce Manager, who has received the training in SBP certification. The manager is also responsible for FSC chain of custody certification system



and holds the overall responsibility for SBP system. As can be concluded from audit outcomes, the manager has sufficient knowledge of the SBP requirements especially in chain of custody or and sourcing of raw material and has experience in forestry/biomass processing industry.

Commerce manager is also responsible for entering agreements with supplier and buyers as well as claim review. Responsible for sales of FSC/SBP production, communication to clients, accounting of raw data for GHG calculations.

In overall, auditors evaluate the competency of main responsible staff to be sufficient for implementing the SBP system. It is based on interviews, review of qualification documents, training records and set of procedures and documents that were composed for the SBP system as well as observations during the assessment audit.

### 7.5 Stakeholder feedback

No feedback or comments from stakeholders has been received prior and after the assessment audit by the time of completing the assessment report.

### 7.6 Preconditions

No pre-conditions had been issued to the organization.

## 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, Supply Base Evaluation is not included in the scope

## 9 Review of Company's mitigation measures

*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, Supply Base Evaluation is not included in the scope

## 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.

### 10.1 Open non-conformities

<b>NC number</b> 01/19 (41849)	<b>NC Grading:</b> Minor
<b>Standard &amp; Requirement:</b>	SBP Standard #2, Instruction document 2C, p. 4.1 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest versions of the SBR Template for Biomass Producers downloaded from the SBP website. (2C, 4.1)
<b>Description of Non-conformance and Related Evidence:</b>	
<p>The Supply Base Report meets the minimum requirements of SBP: covering relevant data and is completed by using the latest version of the SBR Template for Biomass producers. Upon reviewing of Supply Base Report few minor non-conformances were identified: In section 2 (2.1 General description) the BP has indicated that during the reporting period the BP has sourced 100% SBP-Compliant secondary feedstock. Review of procurement data shows and as can be concluded from interview to responsible person, the BP had actually sourced 1725 m3 of FSC certified feedstock which constitutes less than 30% of the feedstock sourced, which does not conform with the statement in the Supply Base Report. The rest of the feedstock was sourced with FSC Controlled Wood claims or without certification claim. In section 2.5 incorrect information on Supply Base has been provided in sub-section (d) regarding information on forests by certification type.</p> <p>Due to non-significant impact of identified issues, a minor NCR 01/19 has been raised.</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>	<i>Click or tap here to enter description provided by Company to close the NC.</i>
<b>Findings for Evaluation of Evidence:</b>	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
<b>NC Status:</b>	Open

<b>NC number 02/19 (41850)</b>	<b>NC Grading: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP Standard #5, Instruction document 5E, p. 6.5.2 6.5.2 Allocation of fossil fuel for production should be based on appropriate metering. The fuel allocation system is especially important where the storage is not dedicated to biomass production and some vehicles or machinery unrelated to the biomass production may also use the fossil fuel from the same storage. In some cases, a practical alternative is to measure and record the specific (hourly) fossil fuel consumption of all the machinery/vehicles used, and the number of operating hours.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>The data from internal fuel consumption data records – logbook for the four months of the pellet plant operation have been used to compile this data. Information is based on the data obtained during the reporting period: June 1, 2019 – September 30, 2019. A detailed analysis of fuel consumption shows that the fuel consumption is exceeding the typical range . In particular, the fuel consumption indicated in the SAR is evaluated as ca 2 litres of diesel fuel per metric ton of pellets. Additional information from responsible person shows that diesel fuel consumption data provided for the reporting period includes not only fuel consumption for feedstock and pellet handling, but also fuel use for other purposes, such as building material handling in relation to plant commissioning works and others. According to information from responsible person, the fuel consumption for feedstock handling is estimated 0.9-1.1 l/mt pellets. Since there are no records based, confirmed data on fuel consumption compiled, a minor NCR 02/19 is raised.</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>	<i>Click or tap here to enter description provided by Company to close the NC.</i>
<b>Findings for Evaluation of Evidence:</b>	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
<b>NC Status:</b>	Open

## 10.2 Observations

<b>OBS 01/19 (41851)</b>	<b>Standard &amp; Requirement:</b>	SBP Standard #2, p. 15.3 15.3 The BP management system shall document all necessary procedures
<b>Description of findings leading to observation:</b>	Most relevant SBP and Chain of Custody related processes are covered in the documented procedures: both FSC Chain of Custody documented procedure and a dedicated SBP documented procedure – “Руководство по системе SBP SIA VPV PELLET”. Review of documented procedures show that procedures are referring to outdated SBP standard instruction documents: Instruction Documents 5A, 5B, 5C and does not have reference to SBP standard Instruction document 5E, which had replaced mentioned SBP standard 5 Instruction Documents.	
<b>Observation:</b>	The BP management system shall document all necessary procedures	

<b>OBS 02/19 (41852)</b>	<b>Standard &amp; Requirement:</b>	SBP Standard #5, Instruction document 5E, p. 6.10.3 15.2 To determine the effective load in metric tonnes per vehicle: in the case of trucks, the weight should be measured by a weighbridge, or equivalent, and recorded in a control system.  Note: For transport by truck, train or flatboat the most important parameters are the distance and the capacity of the vehicle. It is usually enough to make a good estimate of the transport energy, based on proposed references by JRC and BioGrace. There is the option to record fuel use for transport, but this is not mandatory. For (long distance) sea transport fuel usage data must be provided. (5E, 6.10.3)
<b>Description of findings leading to observation:</b>	The BP does not have weighbridge installed. All feedstock is received and accounted in volume units. For volume-mass conversions the BP uses conversion tables. The BP is using conversion (reference) table provided by purchasers for estimating the mass of timber in bulk based on the average moisture content of feedstock.	
<b>Observation:</b>	To determine the effective load in metric tonnes per vehicle: in the case of trucks, the weight should be measured by a weighbridge, or equivalent, and recorded in a control system.	

<b>OBS 03/19 (41974)</b>	<b>Standard &amp; Requirement:</b>	SBP Standard #2, p. 6.3 1.4 The BP shall ensure that the place of harvesting is within the defined SB. (6.3):
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		Note: 'Place of harvesting' in the standard means the place of growth of the feedstock, i.e. the location of the tree stump
<b>Description of findings leading to observation:</b>	<p>In order to ensure the place of harvesting is within the defined Supply Base, the BP will validate the timber origin in planned supplier audits. According to documented procedures, the BP shall review timber origin documents based on sampling during the on-site audits to suppliers, confirming that "place of harvesting" is within the designated Supply Base. In order to implement this, the BP will complement the existing supply contracts with requirement allowing the BP to conduct a supplier verification audit. See the requirement (section 5) in documented procedures of the organization. (see Exhibit 1).</p> <p>According to information from the responsible person, until the assessment audit the BP had not carried out actions to make sure the feedstock origin is within the defined supply base and the BP had made decisions on the supply base based on information from suppliers. Auditors decided to raise an observation OBS 03/19 due to non-confirmed information on the feedstock supply base and missing provisions in feedstock supply contracts allowing the BP to conduct audits with purpose to verify the feedstock origin.</p>	
<b>Observation:</b>	The BP should ensure that the place of harvesting is within the defined SB.	

## 10.3 Closed non-conformities

There are no closed non-conformities

## 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>	Olejsja Puiso
<b>Date of decision:</b>	03/Dec/2019
<b>Other comments:</b>	<i>Click or tap here to enter text.</i>