

NEPCon Evaluation of SIA Ndinamika 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*

Document history

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

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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:	28/Jan/2020
Report authors: :	Ģirts Karss, Edgars Baranovs
Name of the Company:	SIA NDinamika
Company contact for SBP:	Nikolajs Domanickis, Rīga, Jēkaba iela 3/5-10, LV-1050, Latvia
Certified Supply Base:	Sourcing from the Republic of Latvia and the Republic of Belarus
SBP Certificate Code:	SBP-07-50
Date of certificate issue:	06/Feb/2020
Date of certificate expiry:	05/Feb/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

The scope of the certificate covers production of wood pellets and trading wood pellets: office of the organization – SIA NDinamika in Rīga, Jēkaba iela 3/5-10, LV-1050 and the production site of subcontracting organization SIA Vagonete in Pļaviņas, Pļaviņas municipality (Bebrulejas 3b, Pļaviņas, Pļaviņu n., LV-5120). The Biomass Producer’s (BP) primary activity is trading of wood pellets and secondary activity - production of wood pellets. SIA Ndinamika outsources biomass – wood pellets production to SIA Vagonete, which operates a wood pellet production site in Pļaviņas (one site).

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

Scope description:

Primary activity: trading of wood pellets, import from suppliers in Republic of Belarus and sales to customers in EU; Secondary activity: Production of wood pellets, for use in energy generation, using subcontractor SIA Vagonete at Pļaviņas pellet mill and transportation to Riga and Liepaja harbours. The scope of the certificate does not include Supply Base Evaluation. The scope includes communication of Dynamic Batch Sustainability Data.

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)
Approved Standards:	SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0 http://www.sbp-cert.org/documents		<input type="checkbox"/>
Primary Activity:	Pellet producer; trader		<input type="checkbox"/>
Input Material Categories:	<input type="checkbox"/> SBP-Compliant Primary Feedstock	<input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock	<input type="checkbox"/>
	<input checked="" type="checkbox"/> Controlled Feedstock	<input type="checkbox"/> SBP non-Compliant Feedstock	
	<input type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Post-consumer Tertiary Feedstock	

	<input type="checkbox"/> SBP-approved Recycled Claim		<input type="checkbox"/> Post-consumer Tertiary Feedstock			
Chain of custody system implemented:	<input checked="" type="checkbox"/> FSC	<input type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>	
	<input type="checkbox"/> Transfer		<input type="checkbox"/> Percentage		<input checked="" type="checkbox"/> Credit	<input type="checkbox"/>
Points of sales	<input type="checkbox"/> Harbour – Permanent storage (Storage site)		<input checked="" type="checkbox"/> Harbour – Temporarily storage (Logistic site)		<input type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)	
Provide name of all points of sales	-		<ul style="list-style-type: none"> • FAS/DAP Riga port (B Port terminal/harbour, Riga Freeport); • FAS/DAP Liepaja port truck; • FAS/DAP Liepāja port railway • Factory gate (EXW) 		-	<input type="checkbox"/>
Use of SBP claim:	<input checked="" type="checkbox"/> Yes			<input type="checkbox"/> No		<input type="checkbox"/>
SBE Verification Program:	<input type="checkbox"/> Low risk sources only			<input type="checkbox"/> Sources with unspecified/ specified risk		<input type="checkbox"/>
	New districts approved for SBP-Compliant inputs: N/A					
Sub-scopes	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 at subcontractor, 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 trader /producer with an office in Riga and an outsourced production site situated in Pļaviņas town, Latvia. The office and the biomass production site are situated in different physical locations (addresses) and are different legal entities. The scope of activities also include biomass – wood pellet trading – buying SBP certified biomass from suppliers in Republic of Belarus and selling to customers in the European Union within the FSC transfer system..

The Organisation holds a valid FSC Chain of Custody certificate NC-COC-021026-88, covering sourcing of both FSC certified feedstock – sawdust and chips and wood pellets as well as sales of both FSC certified feedstock and wood pellets.

The organisation sources and supplies secondary feedstock – wood industry residues (sawdust) to subcontractor SIA Vagonete for production of wood pellets. The feedstock is sourced from a number of suppliers – small and medium sized sawmills in both the Republic of Latvia and the Republic of Belarus.

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

The subcontractor to BP - SIA Vagonete is operating a pellets production facility for production of premium class and industrial grade pellets. Subcontractor also holds a FSC Chain of Custody certificate NC-COC-021026-89. The scope of FSC chain of custody certificate covers sourcing of FSC certified feedstock and sales of FSC certified production – wood pellets.

Supply base of the feedstock used for production of pellets is the territory of Republic of Latvia and the Republic of Belarus. For biomass drying the organisation is using FSC certified sawdust.

Both the BP and the contractor organizations are implementing the FSC credit system for control of feedstock sourced with FSC claims. For production of FSC certified and SBP-Compliant feedstock the BP is using FSC certified (FSC Mix Credit) inputs. In case of non-certified feedstock, it is segregated and processed separately. The BP is producing premium class pellets from non-certified inputs for sales in local market. The BP is planning to produce industrial grade pellets from SBP-Compliant feedstock for sales with SBP-Compliant claim.

The BP has some limited pellet storage capacity in the SIA Vagonete production site. The BP is selling wood pellets on FAS/DAP conditions in Riga Freeport (B Port terminal) and Liepāja port.

5.2 Description of Company's Supply Base

The BP is sourcing secondary feedstock – sawdust only. The origin of feedstock is the Republic of Latvia and the Republic of Belarus. 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 The Republic of 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 The Republic of Belarus

In Belarus forests cover area of 9,5 milj hectares. According to the data of the State Forest Ministry Woodness amounts to 39.3 %. The share of forest industry's input into GDP is 1.1%; 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 Belarus has fluctuated aprox., 11 million cubic metres (<http://www.mlh.by> , 2015.)

Total land area 20,748;; Inland water bodies 12;; Total area of country 20,76 Source: <http://www.mlh.by> , 2015.

Distribution of forests by the dominant species:

- pine 50,4%;
- spruce 9,2%;
- birch 23,1%;
- alder 3,3%;
- grey alder 3,3 %;
- aspen 2,1%;
- other species 3,3%.

Source: <http://www.mlh.by> , 2015.

Timber production by types of fellings, by volume produced (2013):

- final cuts 34,5 %;
- thinning 45,79 %;
- other types of cuts 19,62 %.

Source: <http://www.mlh.by>

Biological diversity

Belarus has been a signatory of the CITES Convention since 1995. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Belarus. Forest regeneration is carried out annually over an area of 32,000 ha, including 81% of the forest planting planting and seeding and 19% by natural regeneration. <http://belstat.gov.by/> (2015.y.) There are 2 strictly protected Nation reserves and 4 National parks present in Belarus at the moment. Area of National reserves accounts 2,98 milj ha and area of National parks is 3,98 milj ha.

Forest and community

In 2014 in all kinds of felling there were harvested 12,5 million m3 marketable timber. Foreign trade surplus made USD 104 million. 1.9 million cubic meter round timber and 191.8 thousand cubic meter sawn timber were sold abroad. Forest products and services were exported to 25 states, including 95,3% to the near abroad and 4,7% to the remote countries. Among the main forest export directions are Poland (47,9% of the total export volume in value terms), Germany (11,4%), Lithuania (10%), Latvia (8,62%), the Netherlands (3,3%), Belgium (3,46%), Sweden (3,25%).

All forest area is certified also by PEFC certification scheme.

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://vagonete.lv>

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 12.55 mln ha, including the Republic of Belarus 9,5 milj hectares; The Republic of Latvia 3,05 mln ha cumulative area of all forest types within SB;

Tenure by type (ha): 10.99 million ha in state ownership, 1.56 million ha private owned.

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

Forest by management type (ha): 12.55 million ha managed, semi-natural forests;

Certified forest by scheme (ha): Latvia - 1.737 mln are certified according FSC, 1,690 mln ha – according PEFC; The Republic of Belarus: 9.5 mln hectares certified according to FSC and PEFC schemes

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.vagonete.lv>

5.4 Chain of Custody system

The Organisation holds a valid FSC Chain of Custody certificate NC-COC-021026-88, covering sourcing of both FSC certified feedstock – sawdust; and wood pellets as well as sales of production - wood pellets and sales of pellets as part of trader activity. The scope of organization's FSC chain of custody certificate covers sourcing and sales of both FSC certified and FSC Controlled Wood feedstock (sawdust) for production of wood pellets and sales of wood pellets as part of trader activity. The organization's primary activity in relation to activities with FSC certified material is feedstock and biomass trading.

The organisation sources and supplies secondary feedstock – wood industry residues (sawdust) to a subcontractor SIA Vagonete for production of wood pellets. The organization is sourcing the feedstock from a number of suppliers – small and medium sized sawmills in both the Republic of Latvia and the Republic of Belarus.

The subcontractor to BP SIA Vagonete is operating a pellets production facility for production of premium class and industrial grade pellets. The subcontractor also holds a FSC Chain of Custody certificate NC-COC-021026-89. The scope of FSC chain of custody certificate covers sourcing of FSC certified feedstock and sales of FSC certified production – wood pellets. The subcontractor utilizes the FSC Transfer system of claims.

For producing SBP-Compliant production the subcontractor is using FSC certified inputs within the FSC credit system. Non-certified inputs are segregated and processed separately. 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.

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	SIA Vagonete Production site:	GK, EB	09.12.2019
09.15 -10.00 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 2,4,5. Interview to staff involved in maintaining the CoC and SBP systems. Review of the FSC system critical control points	Bebrulejas 3b, Pļaviņas, Pļaviņu n., LV-5120		
10.00- 14.00 Production site visit Verified processes, involved departments 1) Procurements and reception (production manager, operator, front loader operator) 2) Production and production records/ (accountancy/ production staff) 3) Energy related recordkeeper (production manager); 4) Sales and client communication (production manager)	SIA Vagonete Production site: Bebrulejas 3b, Pļaviņas, Pļaviņu n., LV-5120	GK, EB	09.12.2019
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	SIA NDinamika accountant office: Dārzaugļu 1, LV1034 Rīga	GK, EB	06.01.2020
16.30-17.00			

Audit outcomes wrap-up, preparation for closing meeting			
17.00 – 18.00 Closing meeting	SIA NDinamika	GK	07.01.2020

Auditors: GK – Ģirts Karss, EB – Edgars Baranovs – auditor in training

6.2 Description of evaluation activities

The assessment audit was carried out as an on-site audit in SIA NDinamika office followed with inspection of production facility in subcontractor’s production facility in Pļaviņas in December 2019 and subsequent office work and closing meeting in January 7, 2020. 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 was welcomed in subcontractor’s office in Pļaviņas. Audit began with an opening meeting attended by the responsible person – manager. In opening meeting auditor 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 auditor and auditor in training 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. Applicable requirements of the SBP standards no. 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 were evaluated. 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, auditor and auditor in training took a site tour to production facility, 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 (See p.5.4. for the certification scope description). After the onsite audit a brief overview of audit outcomes were provided to the responsible person – manager.

On January 6 accountancy office of the Organization – SIA NDinamika was visited to evaluate the remaining SBP certification questions. Auditor and auditor in training paid a visit to the accountancy office and met with the manager and the accountant. Auditor and auditor in training validated the information contained in the SBP Report on Energy and GHG data and discussed the remaining questions of SBP certification.

After the audit in accountant’s office a closing meeting was conducted. Findings of the assessment audit have been summarised and presented to the responsible at the BP – Manager. Audit findings were summarised based on 3 angle evaluation method and were provided to the responsible person.

Auditor team composition:

Auditor(s), roles	Qualifications
Ģirts Karss Lead auditor (Standards #2, #4 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 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.
Edgars Baranovs Auditor in training	Edgars Baranovs holds a Master’s degree in Environmental Sciences from the University of Latvia and a Bachelor degree in Forestry Sciences from University of Life Sciences and Technology. Previous work experience as district forester in the State Forest Service. Since 2018, he has been working for NEPCon as FSC Chain of Custody Auditor. In 2019 completed the SBP auditor training course and had participated in several SBP annual audits in capacity of auditor in training.

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 August 14, 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/regional representative, forest managers and other organizations. The CB notified stakeholders about the forthcoming assessment of SIA NDinamika and called on parties to comment on the BP business and feedstock sourcing and production practises related to SBP standards.

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 use only one type of feedstock - secondary feedstock (sawdust) sourced from a limited number of suppliers (sawmills) in Latvia and Belarus. All feedstock from the Republic of Belarus is received with FSC claim. The biomass is produced using the FSC credit system of claims. The organization has a small number of staff. No feedstock trans-shipment and handling in port / external storage is in the scope of SBP certification.

Weaknesses: non-conformances related to documenting and registering/storing GHG data were identified. See the Non-conformance Reports for details. The GHG data are incomplete, refers to relatively short time frame of plant operation since commissioning, and is based on assumptions, 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 compiled 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, engineering specifications and assumptions. Some data includes activities not directly related to production of pellets. The BP has partly developed and are implementing a system to collect and record data on Energy use and associated Greenhouse Gas emissions. The BP has provided 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 Pļaviņas and at the Riga and Liepāja ports. The accuracy and completeness of GHG data can be evaluated as average due to the fact that the 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. Few 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.

The 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, auditor evaluates 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

NC number 01/20 (43521)	NC Grading: Minor
Standard & Requirement:	SBP Standard #2, p. 6.3 1.4 The BP shall ensure that the place of harvesting is within the defined SB. (6.3): Note: 'Place of harvesting' in the standard means the place of growth of the feedstock, i.e. the location of the tree stump
Description of Non-conformance and Related Evidence:	
<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 verify the feedstock origin to make sure the feedstock origin is within the defined supply base. This information according to information from the responsible person has been obtained from the supplier in verbal. The BP is planning to conduct the visits to suppliers with purpose to check the origin of primary material. . Auditor decided to raise a minor NCR 01/20 due to non-confirmed information on the feedstock supply base and missing provisions in feedstock supply contracts allowing the BP to conduct audits with verify the feedstock origin.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>

NC Status:	Open
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NC number 02/19 (43522)	NC Grading: Minor
Standard & Requirement:	SBP Standard #5, Instruction document 5E, p. 3.1.9 3.1.9 An ‘SBP Report on Energy and Carbon (SREG) for Supplied Biomass for inland transport shall always be completed by BPs and Traders where biomass is supplied using inland transport outside the scope of a Static Data Identifier (SDI). (5E 3.1.9)
Description of Non-conformance and Related Evidence:	
The responsible person is aware of the requirement, but the requirement is not explicitly contained in the documented procedures of the organization. Since the organization is also a trader and the requirement of the standard is applicable to the scope of SBP certificate, a minor NCR 02/20 is raised.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 03/20 (43523)	NC Grading: Minor
Standard & Requirement:	SBP Standard #5, Instruction document 5E, p. 6.2.2 7.3 The BP must inform its CB when a significant change in the operations occurs, resulting in a variation of electricity use or fossil fuel use greater than 25%. In that case, a new audit shall be required as soon as stable operations have been reached during three (3) consecutive months after the change has occurred. Examples may result from a change of production process, a plant refurbishment after an incident, a major change in feedstock used (e.g. use of logs instead of saw mill residues), change of fuel for drying (e.g. fossil fuel instead of biomass) etc.
Description of Non-conformance and Related Evidence:	
the BP does not have procedure in place related to implementing the requirements of the standard. The responsible person is aware of the requirement, however, it is not clear from documented procedures how the requirement of the standard will be implemented. A minor NCR 03/20 raised.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>

Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 05/20 (43524)	NC Grading: Minor
Standard & Requirement:	SBP Standard #2, p. 15.4 3.4 The management system shall identify the personnel responsible for implementing systems and procedures. (15.4)
Description of Non-conformance and Related Evidence:	
<p>According to information from the responsible person at the BP, there are several staff members involved in maintaining the FSC Chain of Custody and SBP system at both organizations. At the NDinamika responsible personnel are the Manager and the accountant. At the biomass producer (subcontractor – SIA Vagonete) level responsible persons are the Manager, the Production Manager, the Warehouse manager and the Operator. Review of documented procedure (section 2.2.1 – Responsibilities) shows that the documented procedures do not reflect the actual situation in both organizations regarding the involved personnel and responsibilities in relation to SBP system. During the onsite audit the interviewed staff members (Manager, Accountant, Warehouse manager) demonstrated sufficient familiarity with SBP system requirements. Documented procedure “Руководство по системе SBP SIA N DINAMIKA/ VAGONETE SIA” (ver. 2, 26.01.2020) refers to following staff members: Director/CEO, Production manager, Manager for FSC/SBP systems and Quality manager. A minor NCR 05/20 raised.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

10.2 Observations

OBS 01/20 (43526)	Standard & Requirement:	SBP Standard #2, p. 15.3 15.3 The BP management system shall document all necessary procedures
Description of findings leading to observation:	<p>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 SIA N DINAMIKA/ VAGONETE SIA”. Other SBP related documents (Product Group Schedule, Supply Base Report, Biomass Profiling Data Information, SBP Report on Energy and GHG data as well as other documents and records) required by SBP standards have been prepared by the BP and made available to auditors during the on-site assessment audit. Review of documented procedures show that</p>	

	procedures are referring to outdated SBP standard instruction documents: Instruction Document 5A, 5B, 5C, 5D and does not have reference to SBP standard Instruction document 5E, which had replaced mentioned standard Instruction Documents. An observation OBS 01/20 raised.
Observation:	The BP management system shall document all necessary procedures

OBS 02/20 (43527)	Standard & Requirement:	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)
Description of findings leading to observation:	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.	
Observation:	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.	

10.3 Closed non-conformities

NC number 04/20 (43525)	NC Grading: Major
Standard & Requirement:	SBP Standard #5, Instruction document 5E, p. 6.4.3 6.4.3 For each Feedstock Group the following parameters are recorded: <ul style="list-style-type: none"> a) ID b) Feedstock Type c) Origin d) Physical Description e) Country of harvest (new row for each country) f) Raw mass as received in metric tonnes g) Moisture as received (weighted average, single figure) h) Weighted average distance (km) , i) Maximum distance (km) j) Type of vehicle used k) Fuel or driving force used by the vehicle, l) Weighted average truckload,

	m) Any pre-processing (chipping, drying, none)
Description of Non-conformance and Related Evidence:	
<p>review of feedstock records available at the BP during the onsite audit to subcontractor SIA Vagonete revealed that the subcontractor does not have records on moisture measurements of feedstock received. The BP is conducting moisture measurement of received feedstock with irregular frequency, but not keeping records. Upon validating the data in the SAR document, the responsible person at the SIA Vagonete could provide only average value of initial feedstock, based on experience. A major non-conformity NCR 04/20 identified by the auditor.</p>	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Moisture measurement template; update documented procedure
Findings for Evaluation of Evidence:	<p>After the onsite audit the responsible person at the BP had provided the auditors the updated documented procedure which outlines the order of moisture measurement as well as the template for moisture measurements (initial, received feedstock moisture, moisture after dryer and biomass moisture) containing some measurement data.</p> <p>A major NCR 04/20 closed.</p>
NC Status:	Closed

11 Certification decision

Based on the auditor’s recommendation and the Certification Body’s quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Olesja Puiso
Date of decision:	04/Feb/2020
Other comments:	<i>Click or tap here to enter text.</i>