



NEPCon OÜ Evaluation of Latgranula SIA Compliance with the SBP Framework: Public Summary Report

NCR-verification audit

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1 Overview

Certification Body (CB) Name:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Olesja Puiso
Audit team members:	Olesja Puiso
Name of the Company:	Latgranula SIA
Company legal address:	Rūpniecības Street 10, Inčukalna district, LV-2141 Inčukalns, Latvia
Company contact for SBP:	Ojārs Bērziņš
Company contact email:	ojars.berzins@latgranula.lv
Company website:	N/A
SBP Certificate Code:	SBP-08-11
Date of certificate issue:	29 Jun 2020
Date of certificate expiry:	28 Jun 2025
Audit closing meeting date:	19 May 2021
Audit cycle:	NCR-verification audit

2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
Primary Activity:	Biomass Producer	<input type="checkbox"/>
Approved Standards:	SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction	<input type="checkbox"/>
Includes Supply Base Evaluation (SBE):	No	<input type="checkbox"/>
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	<input type="checkbox"/>
Includes Group Scheme	No	<input type="checkbox"/>
Products	Pellets	<input type="checkbox"/>

Feedstock types:	Tertiary	<input type="checkbox"/>
Feedstock origin (countries):	Latvia, Estonia	<input type="checkbox"/>
SBP-endorsed Regional Risk Assessments used:	Not applicable	<input type="checkbox"/>
Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/		<input type="checkbox"/>
Chain of custody system implemented:	FSC: NC-COC-060189	<input type="checkbox"/>
	Credit	<input type="checkbox"/>

2.1 Description of the company

BP is a pellet producing company located in Incukalna, Latvia. The designed production capacity of pellet plant is expected to be 34000 tones. Dry sawdust as well as shavings are used in pellet production. No biomass drying process is taking place. The tertiary feedstock used for pellet production originates from Latvia and Estonia and is both FSC certified and non FSC certified. The BP implements FSC credit system and produced biomass will be sold with FSC Mix credit claim or as non-certified. From non-certified feedstock, the BP is producing premium grade pellets and briquettes, whereas FSC certified feedstock is used for producing of FSC certified production – industrial pellets. The biomass is expected to be transported by trucks to different ports in Riga (DAP) as well as sold at factory gate (EXW/ FCA). Pellet plant was commissioned in 1998.

2.2 Detailed description of the Chain of Custody system

The Organisation holds a valid FSC chain of custody (COC) certificate NC-COC-060189, covering procurement of raw material, production of heating pellets and its sales. There are FSC procedures in place including the description of the FSC/SBP systems implemented and other documents. The organisation is using only tertiary feedstock for biomass production: wood industry residues – sawdust and shavings that is sourced from small number of suppliers – small and medium sized sawmills in the region. No biomass drying is taking place. For producing SBP-Compliant production the BP is using FSC credit system. In addition to this, non-certified inputs are segregated and processed separately. From non-certified feedstock the BP is producing premium grade pellets and briquettes, whereas FSC certified feedstock is used for producing of FSC certified production – industrial pellets.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer has undertaken sufficient measures to close open NCR.

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Olesja Puiso	1,0
2. On-site (excl. travel time)	Olesja Puiso	1,0
3. Report writing	Olesja Puiso	1,0
4. Other	N/A	N/A

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>document review, audit opening, staff interview</i>	Riga (desk evaluation)	Olesja Puiso	19 May 2021/8
<i>closing meeting</i>	Riga (desk evaluation)	Olesja Puiso	19 May 2021/9.45

Auditor qualification		
Auditor name	Role	Qualification

Olesja Puiso	Audit team leader	Audit team leader. Olesja has passed CoC/ FM lead auditor training, PEFC CoC, ISO 140001, SAN and Legal Source training courses. Previous experience in woodworking industry as well as many years of experience within CoC auditing. She has passed the SBP lead auditor training and has participated on several SBP assessments.
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4.2 Description of evaluation activities

Evaluation activities were focused on measures undertaken to close open NCR. Documented evidences were provided to the auditor in advance.

Audit was started with the opening meeting, followed by overall responsible staff interview and finished with summary of results overview.

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <http://www.nepcon.org/impartiality-policy>

4.3 Sampling methodology

During the audit, documented procedure of the BP was reviewed.

4.4 CB stakeholder engagement

Stakeholder consultation was not conducted for this audit

4.5 Stakeholder feedback

see above

5 Results

5.1 Main strengths and weaknesses

Strengths: Small number of the management staff, BP is EN+ certified and GHG data collection is set.

Weaknesses: -

5.2 Rigour of Supply Base Evaluation

not applicable

5.3 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 following energy sources are used by BP: electricity for pellet production; diesel for feedstock handling, shipping and for biomass transportation to customer.

No SAR evaluation done as a part of this NCR evaluation audit.

5.4 Competency of involved personnel

Overall, interviewed BP staff showed good understanding and knowledge of all applicable SBP requirements.

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

not applicable

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
N/A	N/A	N/A	N/A

7 Non-conformities and observations

NC number NC-000348	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.3 The BP management system shall document all necessary procedures.
Description of Non-conformance and Related Evidence:	
<p>All necessary procedures are documented. See Exhibits to this report. Most relevant SBP and Chain of Custody related processes are covered in the documented procedures: SBP procedure. Other SBP related documents (Product Group Schedule, Supply Base Report, 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 procedures indicated number of gaps, including reference to FOB not covered in SAR report (p.2.3. page 1; p.12.9 page 8), reference to outdated weblinks and wrong SBP contact persons (p.3.2. page 1; p.9, page 6; p.10.1.6 page 7; p.13.2 page 8), reference to FSC transfer system (p.6.2. page 3) , reference to documents does not exist such as anticorruption policy (p.15 page9). Minor NCR 02/20 is issued during the main assessment</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:	Updated SBP procedures of the Organisation
Findings for Evaluation of Evidence:	During the NCR evaluation audit updated procedures of the Organisation was reviewed. Based on the staff interview and auditor review auditor concluded the procedures are up to date and gaps mentioned above are eliminated.
NC Status:	Closed

NC number NC-000349	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3
Requirement:	3.1.9 An 'SBP Report on Energy and Carbon Data (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). Examples of when

	this will be required include: - a change of legal ownership occurs outside the scope of a BP's Scope End-point; - a different sea port is used than specified in the SDI; a different route or mode of transport to the sea port is used than specified in the SDI; and/or - the SDI end point is an inland terminal.
Description of Non-conformance and Related Evidence:	
The responsible person is aware in which case SREG needs to be produced, but the requirement is not explicitly contained in the documented procedures of the organization.	
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:	Updated procedures, staff interview.
Findings for Evaluation of Evidence:	During the staff interview it was confirmed the BP is not planning to apply SREG in the future. The opportunity to apply SREG is also excluded from the documented procedures of the BP.
NC Status:	Closed

NC number NC-000347	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.3
Requirement:	6.2.2 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%. 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. 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.
Description of Non-conformance and Related Evidence:	
Interview during the audit shows that BP is aware of the requirement to inform the CB in case of significant changes in the operation, but there are no requirement in SBP procedure to inform CB when a significant change in the operations occurs, resulting in a variation of electricity use or fossil fuel use greater than 25%.	
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:	updated procedures, staff interview
Findings for Evaluation of Evidence:	During the audit BP demonstrated understanding of the requirement and commitment to inform CB in case of the changes of the operations, resulting in a variation of electricity use or fossil fuel use greater than 25%. Procedure of the BP is updated as well and covers the standard requirement.
NC Status:	Closed

8 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Pilar Gorriá
Date of decision:	20 May 2021
Other comments:	N/A