

NEPCon Evaluation of TANAC S.A. Compliance with the SBP Framework: Public Summary Report

Second Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.4

*For further information on the SBP Framework and to view the full set of documentation see
www.sbp-cert.org*

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 ot@nepcon.org, +420 606 730 382
Current report completion date:	16/Nov/2020
Report authors: :	Ondrej Tarabus
Name of the Company:	TANAS S.A.
Company contact for SBP:	Djones Roesler, DRoesler@tanac.com.br, Phone: +55 051999594595
Certified Supply Base:	Rio Grande do Sul, Brazil
SBP Certificate Code:	SBP-07-07
Date of certificate issue:	06/Nov/2018
Date of certificate expiry:	05/Nov/2023

This report relates to the Second Surveillance Audit

2 Scope of the evaluation and SBP certificate

The certificate scope covers pellets production site in Rio Grande, Brazil. The input material is acacia only which is sourced from plantations in Rio Grande do Sul region.

Scope description: Production of wood pellets, for use in energy production, at TANAC S.A. and sales at port of Rio Grande. The scope of the certificate does not include Supply Base Evaluation.

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 system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- Energy data collection analysis;

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

N/A, 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 was established in 1948, initially as a tannin producer. The organization has a sister company (TANAgro) which is managing 51.869,35 ha of acacia plantation and is supplying acacia wood to the BP. All the plantation under ownership of TANAgro is FSC certified. The BP is also sourcing from number of small holders in the same region, this material is not FSC certified but controlled by the BP according the FSC CW system.

The pellet plant started their activity in 2016 and the nominal capacity is 420.000 t annually. TANAC is producing both chips and pellets. Feedstock is received in form of acacia roundwood and either directly chipped or stored in the pile. Only primary feedstock is used. Around 100 trucks with acacia roundwood are received every day. When the material is chipped it is either directly transported by conveyor belt to the vessel and sold (not scope of this audit) or used in the pellet production. The share of the chips used in the pellet plant compared to the total chips production is approximately 19%. Since last year, the BP has started to source also Eucalyptus wood but this is physically separated and used only in wood chips production.

The pellet production is fully automatized, at the entrance there are chips coming by the conveyor belt and at the end of the production the pellets are either stored in the silo or directly transported to the vessel by conveyor belt. Chips are used in the boiler so far, but the BP is running a test with branches which are collected after the roundwood harvest (bark is used in the tannin production).

Pellets are sold in the port of Rio Grande under FOB incoterms.

5.2 Description of Company's Supply Base

TANAC S.A. was set up in 1948 and the Pellet Plant started their activity in 2016 and the capacity is 420.000 t annually. The plant is located near the port of Rio Grande and receive feedstock from different suppliers (small forest owners, holding and own forest) and the transport is made by trucks.

The 100% of feedstock comes from of Rio Grande do Sul State and the supply base come from:

- **Own Forest and term lease (Tanagro)**: Montenegro, Triunfo, Camaquã, Canguçu, Chuvisca, Cristal, Pedro Osório, Amaral Ferrador, Cachoeira do Sul, Dom Feliciano, Canguçu, Encruzilhada do Sul, Piratini, Arroio Grande, Bagé, Candiota, Cerrito, Dom Pedrito, Herval, Jaguarão, Pinheiro Machado e Piratini.

- **Suppliers**: Barão do Triunfo, Eldorado do Sul, General Câmara, Montenegro, São Jerônimo, Taquari, Triunfo, Bagé, Camaquã, Candiota, Canguçu, Cerro Grande do Sul, Chuvisca, Cristal, Dom Feliciano, Encruzilhada do Sul, Hulha Negra, Morro Redondo, Pedras Altas, Pinheiro Machado, Piratini, São Lourenço do Sul, Sentinela do Sul.

All data presented in this report take 2018 as reference. In figures 1 and 2 below, it is possible observe the localization of Rio Grande do Sul State, in Brazil, and the distribution of plantation with acácia:

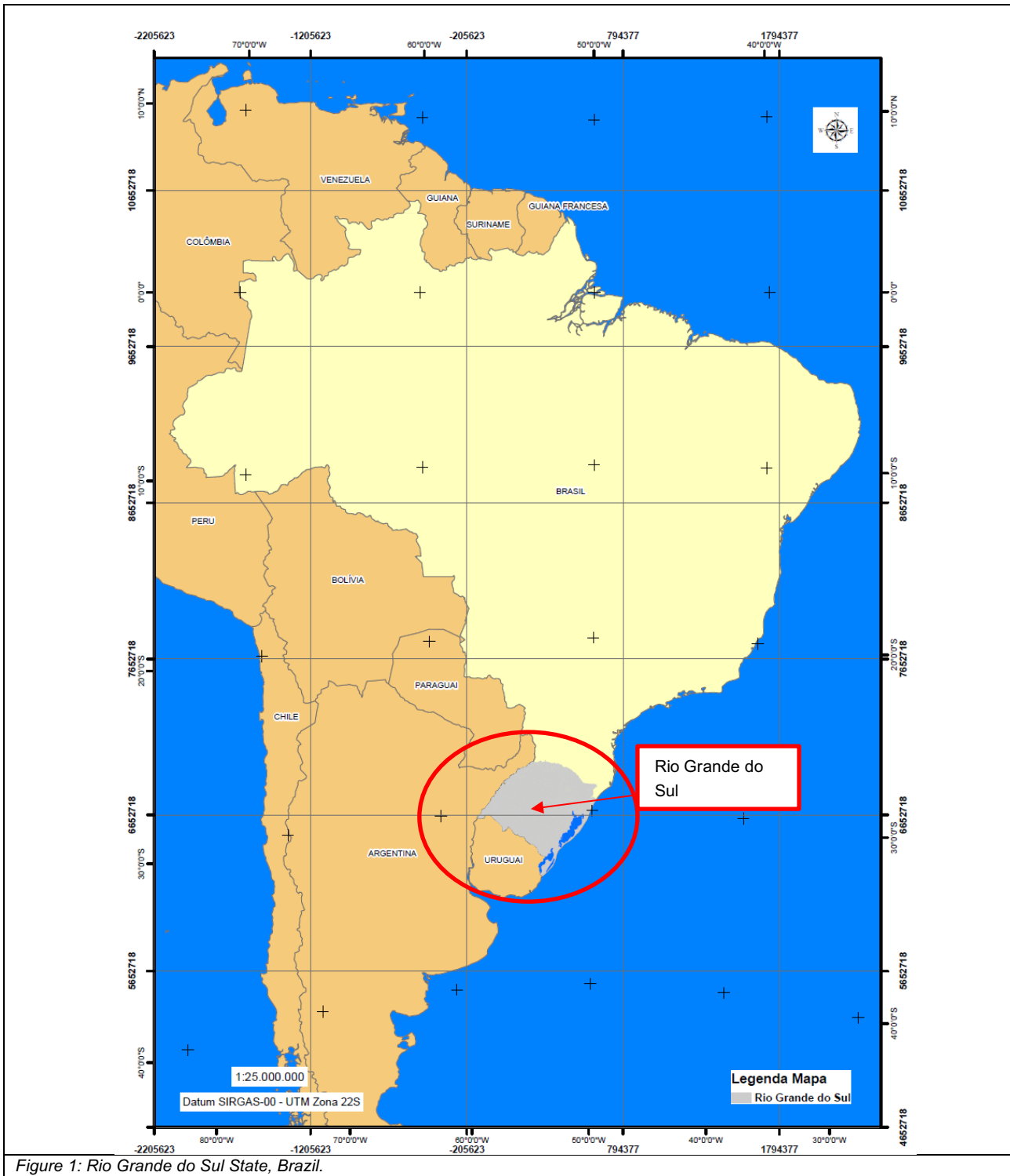
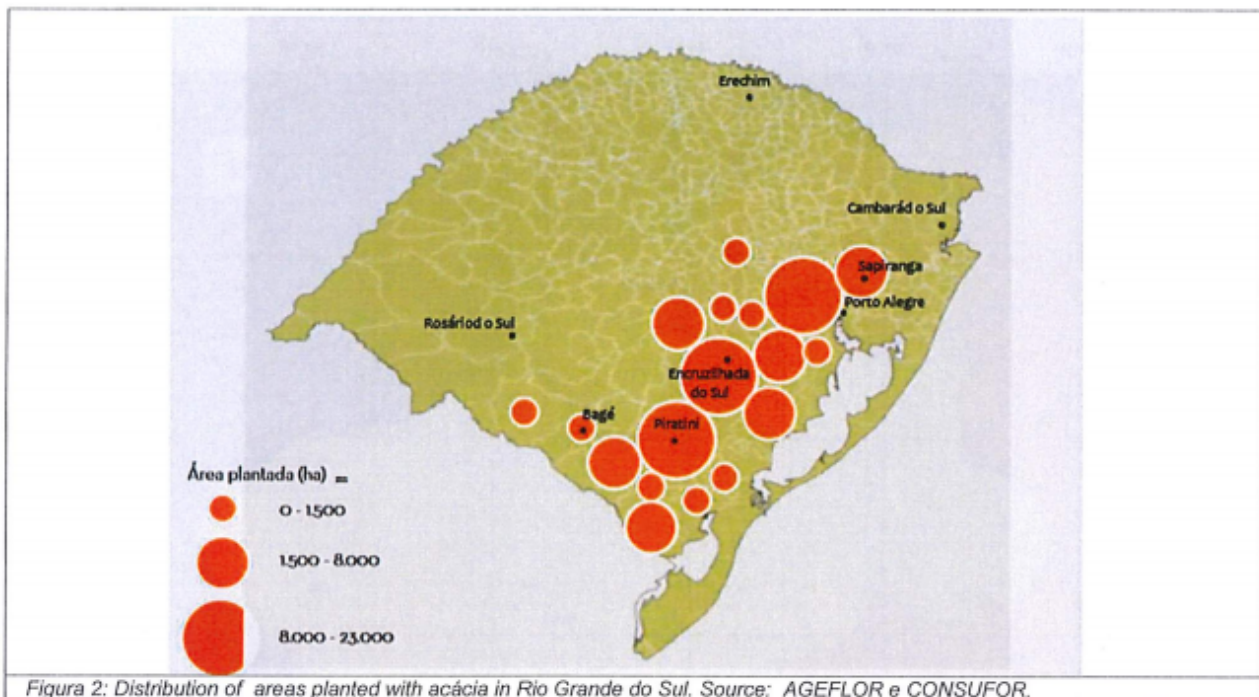


Figure 1: Rio Grande do Sul State, Brazil.



Encruzilhada do Sul is the municipality more important in terms of planted area of acácia - 22,5 % of total área. The acácia plantations is present in 84 municipalities of the 497 municipalities (17 % of total).

The forest management carried by TANAGRO consists of forest activities and composed by own properties distributed into 19 (twenty) municipalities in Rio Grande do Sul State. The company also develops forest partnerships with producers of acácia (*Acacia mearnsii*).

The 100% of feedstock (wood) of TANAGRO comes from plantation. The natural áreas within the geographic boundary of the management unit are protected and TANAGRO has politics and norms to preserve these areas. TANAGRO, through your time and experts, carried out environmental e social studies as “Identification of High Conservation Values” and Environmental Study” to identify species, including rare and threatened species of fauna e flora.

In the first study was identified the high conservation value, category 1:

HCV 1: Species diversity – Concentrations of biolofial diversity including endemic species and rare, threatened or endangered species, thath are significant at global, reginal or national levels (Common Guidance for the Identification o High Conservation Values, HCV network, 2013).

TANAGRO has carried out monitoring to ensure that management practices effectively maintain and/or enhance the HCV. From the Environmental Study TANAGRO has set:

- a) Actions to preserve native áreas;
- b) Actions to preserve rare, threatened or endangered animals;
- c) Actions to control access to the UMF (avoiding hunting);
- d) Environmental education to workers and local communities.

Chart 1: Fauna threatened or in risk of extinction observed in the Farm monitored in 2018.

Family	Scientific Name	Popular Name	Registration Site	Category
Cotingidae	<i>Pyroderus scutatus</i>	pavó	Ouro Verde	Vulnerable
Felidae	<i>Leopardus geoffroyi</i>	geoffroy's Cat	Ouro Verde	Vulnerable
Felidae	<i>Leopardus wieddi</i>	margay cat	Ouro Verde	Vulnerable
Procyonidae	<i>Nasua nasua</i>	coati	Ouro Verde	Vulnerable
Dasypodidae	<i>Cabassous tatouay</i>	soft-tailed armadillo	Ouro Verde	Insufficient data
Dasypodidae	<i>Dasypus hybridus</i>	armadillo mullite	Ouro Verde	Insufficient data
Cuniculidae	<i>Cuniculus paca</i>	paca	Ouro Verde	Vulnerable
Dasyproctidae	<i>Dasyprocta azarae</i>	agouti	Ouro Verde	Vulnerable

Source: Tecnicymb (Environmental Diagnosis) and State Decree n. 51.797/2014

Chart 2: Flora species threatened of extinction in Rio Grande do Sul, registered in the areas of Tanagro.

Family	Scientific Name	Popular Name	Category *	Occurrence (Region/Area)
Anacardiaceae	<i>Astronium balansae</i> (<i>Myracrodruon balansae</i>) ⁽¹⁾	aroeirão	In Danger	Encruzilhada do Sul / Coastal Plains
Araucariaceae	<i>Araucaria angustifolia</i> ⁽¹⁾	pinheiro-brasileiro	Vulnerable	Camaquã / Coastal Plains
Bromeliaceae	<i>Dyckia remotiflora</i> ⁽⁴⁾	gravatá	Vulnerable	Do Seival Farm
Cactaceae	<i>Frailea gracillima</i> ⁽⁴⁾	tuna	Vulnerable	Do Seival Farm
Cactaceae	<i>Frailea pygmaea</i> ⁽⁴⁾	tuna	Vulnerable	Do Seival Farm / Do Cerrito Farm
Cactaceae	<i>Gymnocalycium denudatum</i> ⁽⁴⁾	tuna	In Danger	Luis Rodrigues Farm
Cactaceae	<i>Parodia erinacea</i> ⁽⁴⁾	tuna	In Danger	Do Seival Farm
Cactaceae	<i>Parodia linkii</i> ⁽⁴⁾	tuna	Vulnerable	Do Seival Farm
Cactaceae	<i>Parodia mammulosa</i> ⁽⁴⁾	tuna	Vulnerable	Do Seival Farm
Cactaceae	<i>Parodia ottonis</i> ⁽⁴⁾	tuna	Vulnerable	Do Seival Farm / Do Cerrito Farm / Luis Rodrigues Farm
Cactaceae	<i>Parodia oxycostata</i> ⁽⁴⁾	tuna	Vulnerable	Do Seival Farm
Cactaceae	<i>Parodia permutata</i> ⁽⁴⁾	tuna	In Danger	Do Seival Farm
Lauraceae	<i>Licaria armeniaca</i>	canela	Critically Endangered	Camboatá Farm
Lauraceae	<i>Ocotea lanceolata</i> ⁽¹⁾	canela-amarela	In Danger	Camaquã / Piratini / Coastal Plains
Melastomaceae	<i>Tibouchina asperior</i> ⁽²⁾	douradinha	In Danger	Ouro Verde Farm
Myrtaceae	<i>Eugenia dimorpha</i> ⁽⁴⁾	-	Vulnerable	Luis Rodrigues Farm
Orchidaceae	<i>Baptistonia riograndense</i>	orquídea	Vulnerable	Ouro Verde Farm
Orchidaceae	<i>Cattleya intermédia</i> ⁽¹⁾	orquídea	Vulnerable	Ouro Verde Farm

Oxalidaceae	<i>Oxalis refracta</i>	azedinha	Critically Endangered	Santa Fé Farm
Poaceae	<i>Chascolytrum bulbosum</i> (<i>Erianthecium bulbosum</i>)	-	In Danger	Cerro Branco Farm / Santa Fé Farm
Solanaceae	<i>Solanum viscosissimum</i> ⁽²⁾	joá-cipó-melado	In Danger	Santa Fé Farm

Sources: (1) Tecnicyamb; (2) A. Guglieri & F.J.M. Caporal; (3) Silas Mochiutti; (4) Biota
 a) * According to State Decree n. 51.109/2014

Monitoring is performed to ensure compliance with the actions and if necessary act to mitigate threats and / or negative impacts. Results of the studies and monitoring performed are described in the TANAGRO Forest Management Plan. The Convention's list of international trade in endangered species of wild flora and fauna does not include *Acacia mearnsii* (checklist.cites.org).

Detailed information about the supply based can be found in the organization SBR available on the link below:

<http://www.tanac.com.br/en/about/certifications>

5.3 Detailed description of Supply Base

a. Total Supply Base area (ha): **41.004,70 ha (100% Rio Grande do Sul - Brasil): TANAGRO – 39.136,5 ha and suppliers – 1.868,20 ha**

Tanagro: Amaral Ferrador = 984,8ha, Arroio Grande = 2.552,5ha, Cachoeira do Sul = 346,0ha, Canguçu = 5.232,7ha, Cerrito = 404,5ha, Cristal = 2.329,4ha, Encruzilhada do Sul = 5.482,2ha, Herval = 374,9ha, Jaguarão = 2.858,1ha, Pedro Osório = 595,0ha, Pinheiro Machado = 2.463,7ha, Piratini = 15.500,8ha, Triunfo = 12ha.

Suppliers: Arroio dos Ratos = 16,82ha; Barão do Triunfo = 32,66ha; Capela de Santana = 3,17ha; Eldorado do Sul = 18,42ha; General Câmara = 171,14; Guaíba = 8,03ha Montenegro = 37,97ha; Pantano Grande = 2,07ha; Portão = 2,88ha; São Jerônimo = 114,96ha; Tabaí = 0,77ha; Triunfo = 81,92ha; Arroio Grande = 180,64ha; Bagé = 127,94ha; Camaquã = 47,41ha; Candiota = 219,46ha; Canguçu = 102,54ha; Cerro Grande do Sul = 89,65ha; Encruzilhada do Sul = 372,95ha; Mariana Pimentel = 4,54ha; Morro Redondo = 36,42ha; Pedras Altas = 18,49ha; Pinheiro Machado = 0,98ha; Piratini= 55,45ha; São Lourenço do Sul = 77,93ha; Sentinela do Sul = 35,96ha; Tapes = 7,05ha.

- b. Tenure by type (ha): Private 41.004,70 ha
- c. Forest by type (ha): Temperate 41.004,70 ha
- d. Forest by management type (ha): Plantation 41.004,70 ha
 Certified forest by scheme (ha): FSC FM - 39.136,50 ha

Detailed information about the supply based can be found in the organization SBR available on the link below:

<http://www.tanac.com.br/en/about/certifications>

http://www.tanac.com.br/sites/default/files/certificados/Supply-Base-Report-TANAC_English.pdf

5.4 Chain of Custody system

Organization holds a valid FSC Chain of Custody with FSC Controlled wood in the scope of the certificate; Certificate Code: BV-COC-013404. Critical control points of the FSC CoC system were evaluated also during this SBP audit.

Organisation has implemented credit system with 2 different credit accounts – one for chips and one for pellets. All the input material is received either with FSC Certified or the material is covered by organisation's own controlled sources verification system. One of the critical points is that while the supplier TANAgro is supplying material from their FSC certified plantations, it is also purchasing acacia wood from smallholder in the region and supply this uncertified wood.

Incoming wood reception records and supplier lists are maintained. All material is checked during the arrival and recorded in the internal system depending if it comes from certified FMU or not. No physical separation is needed as the non-certified feedstock is included in the organization CW verification system. Based on the proportion of certified and controlled wood material the proportion of the SBP-compliant and SBP-controlled biomass is calculated.

6 Evaluation process

6.1 Timing of evaluation activities

The annual audit was carried out on 22-23 September 2020. Two half days were needed for the remote audit and one additional day for the documentation review prior to and after the onsite audit. Due to a COVID-19 travel restrictions the audit could not be conducted on-site and therefore the auditor had to conduct remote audit instead, in line with SBP COVID-19 Normative Requirements.

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Remote	OT	September 22, 2020 9.00 - 9.30
Documents and procedures review, including review of: <ul style="list-style-type: none"> - Supply Base Report - Documented Control System for PEFC and SBP - Feedstock invoices - Training records 	Remote	OT	9:30 - 12.00
Chain of custody review (site tour); interview with feedstock reception department, production and shipping.	Remote	OT	12:00 - 13:00
Interview with Purchasing department representative	Remote	OT	13:00 - 13:30
Review of „SAR“ and GHG calculations, including documentation	Remote	OT	13:30 – 14:30
Opening meeting	Remote	OT	September 23, 2020 9:00 - 9:15
Review of „SAR“ and GHG calculations, including documentation (Continued)	Remote	OT	9:15 – 11:00

Interview with Sales and Marketing department representatives	Remote	OT	11:00 - 11:30
Documents and procedures review; staff interview.	Remote	OT	11:30 – 12:30
Internal team meeting	Remote	OT	12:30 – 13:00
Closing meeting*	Remote	OT	13:00 – 13:30
Estimated end of the evaluation			13:30

6.2 Description of evaluation activities

The audit was conducted remotely due the COVID-19 pandemic situation and the travel restrictions. The audit focused on management system evaluation: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC system and FSC system control points as well as energy data collected.

Description of the audit:

Audit started with an opening meeting attended by the SBP responsible person, production manager and managing director.

Auditor introduced himself, provided information about audit plan, methodology, confidentiality issues, audit methodology and clarified certification scope.

After that auditor went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction document 5E covering input clarification, existing chain of custody system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP compliant biomass.

Roundtrip around BP’s pellet production was undertaken using video call. During the site tour, reception process was observed, applicable records were reviewed, and FSC system critical control points were analysed.

The latter part of the audit was more focused on the CoC requirements. Credit account together with conversion factors were evaluated, records of purchased material were reviewed, volumes accumulated in the account as well as some additional energy data and additional management review records.

At the end of the audit finding were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the Production manager & SBP responsible person.

Composition of audit team:

Auditor(s), roles	Qualifications
Ondrej Tarabus Lead auditor Evaluation against all applicable requirements	Czech citizen, graduated in University of Life Sciences Prague, The Faculty of Forestry. He has participated in several FSC assessments in Czech Republic, Slovakia, Italy, Germany, Vietnam, Egypt, Spain, Romania, Bosnia and Herzegovina, Austria, etc. and FSC FM audits in Czech Republic and Lithuania. Ondřej Tarabus successfully completed SBP training course and he has practical experience with carbon footprint certification as well as biofuels certification.
Natali Vilas Boas Silveira Auditor in training, translator	Natali is Lead auditor for chain of custody and forest management FSC for Imaflora

6.3 Process for consultation with stakeholders

There has been no consultation with stakeholders as a part of this annual surveillance audit; neither the BP nor the CB has received any comments or complaints from stakeholders.

7 Results

7.1 Main strengths and weaknesses

Strengths: The BP has direct connection to the forest through the sister company. All the production is fully automatized. The organization has already implemented several other management systems such as (ISO 9001, ISO 14001 or GHG Protocol) and all process are well documented and controlled.

Weaknesses: See NCRs and OBSs.

7.2 Rigour of Supply Base Evaluation

N/A

7.3 Collection and Communication of Data

The organization has already been familiar with system for collection of energy data as they are certified for GHG Protocol. Actual data of energy is collected starting with nursery, plantation, harvesting, use of nutrition or pesticides until the whole production process. All data are well documented and available. There were some issues identified as nonconformities during the audit, however these are mostly about energy data administration rather than missing data or incorrect collection of data.

7.4 Competency of involved personnel

During the annual audit, it was identified that number of staff members are involved into the SBP system management and implementation. Interviewed staff demonstrated awareness of their responsibilities within SBP system. Overall responsible staff was familiar with the SBP requirements. The main responsible person for implementation and maintenance of SBP system is Djones Roesler (Quality Manager) supported by Anderson Costa Briao (Production manager) and other staff responsible for different aspects of the SBP system.

7.5 Stakeholder feedback

There has been no consultation with stakeholders as a part of this annual surveillance audit; neither the BP nor the CB has received any comments or complaints from stakeholders.

7.6 Preconditions

No preconditions have resulted from this audit.

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

9 Review of Company's mitigation measures

Not applicable

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- applicable requirement(s)
- grading of the non-conformity (major or minor) or observation with supporting rationale
- timeframe for resolution of the non-conformity
- a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

Open Non-Conformity Reports (NCRs)

NCR number: 48912 (01/20)	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Instruction Doc. 5E: Collection and Communication of Energy and Carbon Data v1.1 - 6.2.1		
Description of Non-conformance:			
<p>The reporting period defined by the organization is calendar year 2019 which means that the starting date is 21 months before the audit onsite closing meeting. The organization has justified this approach that their system is set up to get the details about the energy used in the pellet production for calendar year only. Due to the fact that the Instruction document has changed, and this requirement is new in the new version of the document the BP was not able to change the internal system in time. Considering the fact that the BP has justified the older reporting period and there are no changes in the production process which would affect the amount of energy used, this non-conformity is classified as minor.</p>			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		
Comments (optional):			

NCR number: 48913 (02/20)	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Instruction Doc. 5E: Collection and Communication of Energy and Carbon Data v1.1 - 6.9.4		
Description of Non-conformance:			
The organization has not provided detailed calculation of the heat consumption in the SAR. The process was described but no values are mentioned in the SAR.			
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		
Comments (optional):			

Closed Non-Conformity Reports (NCRs)

NCR number: 40563 (1/19)	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 15.1		
Description of Non-conformance:			
<p>Organisation has developed and implemented internal quality procedures. The BP holds the following certifications: Environment (ISO 9001 and 14001), Carbon footprint (GHG Protocol) and Chain of Custody. During the annual audit, internal audit procedures (No. 4200-003-1) were reviewed together with audits reports (04/04/2018), where NCRs were issued and followed up on them. "</p> <p>However, no internal audit had been conducted specifically for SBP and there were no immediate plans for doing so. Since most aspects of the SBP certification are covered CoC systems and the BP has not yet made any SBP claims, the NCR is classed as a minor.</p>			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:	The organization has provided internal audit report where the SBP was specifically covered.		
Evaluation of Evidence:	The auditor reviewed the internal audit report and find it compliant with the standard. SBP was specifically covered in the internal audit and compliance for number of requirements was evaluated.		
NCR Status:	Closed		
Comments (optional):			

NCR number: 48914 (03/20)	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Instruction Doc. 5E: Collection and Communication of Energy and Carbon Data v1.1 - 6.4.3		
Description of Non-conformance:			
The BP has provided arithmetic average distance instead of weighted average distance for transport of feedstock. As the final values of arithmetic and weighted average is quite similar, minor NCR is raised.			
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:	The BP has updated the SAR during the audit and weighted average distance was used.		
Evaluation of Evidence:	The auditor reviewed the values of the distance and volumes for feedstock sourced and verified that the weighted average was calculated correctly.		
NCR Status:	Closed		
Comments (optional):			

Observations

OBS number: 48915	Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 6.1
Description of findings leading to observation:	Logs are either sold by sister company TANAgro or by the forest manager's directly. There are some few cases where the material is sold by harvesting companies sourcing the material from different forest owners. As part of the FSC CW program, the FMUs are always checked prior acceptance of the material (repor from FMU visits is kept). The origin of the material is provided in the delivery notes coming with the material. Around two thirds of the material is supplied by the sister company TANAgro and remaining part of the material comes from the smallholders in the region. When material is received from TANAgro there is always FMU mentioned and based on this information it is clear if the material comes from certified or not certified FMUs. The small holders also provide the information about the origin and the delivery notes clearly identify the origin at the FMU level. However, when it comes to material received from the harvesting companies, it is not clearly specified which FMU it comes from but only the area. The BP keeps the contract between the supplier and the FMU	

	however there is still a risk that the material would be from other FMU which is not part of the FSC CW program.
Observation:	The BP should update their procedure and cooperation with the suppliers in a way that the supplier provides information about exact FMU on the delivery note. This will assure that the material is clearly linked with specific FMU not only through contract and harvesting permit (which are provided before the wood is delivered for the first time from a specific FMU) but also delivery documents.

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:	16/Nov/2020
Other comments:	<i>Click or tap here to enter text.</i>