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

Re-assessment

www.sbp-cert.org

Table of Contents

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:	Toomas Tammeleht
Audit team members:	Georg Sten Andrejev
Name of the Company:	Warmeston OÜ - Järvere production
Company legal address:	Järvere küla Võru vald, 66629 Võru maakond, Estonia
Company contact for SBP:	Viljo Aros
Company contact email:	viljo.aros@warmeston.ee
Company website:	N/A
SBP Certificate Code:	SBP-01-09
Date of certificate issue:	03 Mar 2021
Date of certificate expiry:	02 Mar 2026
Audit closing meeting date:	10 Dec 2020
Audit cycle:	Re-assessment

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	☐
Approved Standards:	SBP Standard 1: Feedstock Compliance Standard; SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction	☐
Includes Supply Base Evaluation (SBE):	Yes	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	☐
Includes Group Scheme	No	☐
Products	Pellets	☐

Feedstock types:	Primary, Secondary, Tertiary	☐
Feedstock origin (countries):	Estonia, Latvia, Lithuania, Finland, Sweden, Russia	☐
SBP-endorsed Regional Risk Assessments used: **Public link:** **https://sbp-cert.org/documents/standards-documents/risk-assessments/**	Estonia	☐
Chain of custody system implemented:	PEFC, FSC: NC-COC-024339, NC-CW-024339, NC-PEFC/COC-024339	☐
	Credit, Transfer	☐

2.1 Description of the company

Warmeston OÜ is one of the largest bio-fuel producers in Estonia. Founded in 2003, its principal activities include the production and wholesale of wood pellets and flinders that provide an environmentally friendly and cost effective alternative to solid fuels. Most of the products are exported to Sweden and Denmark where it is used as fuel in large boiler houses that provide central heating to the end consumers. Warmeston OÜ has a pellet factory in Järvere that was opened in the winter of 2014. Planned production capacity of the factory is 100 000 tons of bulk wood pellets per year. Warmeston OÜ produces mainly 6mm premium pellets packed in 15kg packages and big bags, but can also load pellets on ships, bulk vehicles or containers, if required. Company also sells material to European union and Wood pellets are sold based on DPU, FOB and EXW incoterms conditions. More detailed description is provided in SBR and homepage (www.warmeston.ee).

2.2 Detailed description of the Chain of Custody system

Warmeston OÜ (including Järvere production unit) holds valid FSC CoC certificate since 3rd of February 2015, certificate code is NC-COC-024339 and PEFC CoC certificate no NC-PEFC/COC-024339 covering also PEFC Controlled Sources part from 07.06.2018. FSC Controlled Wood standard was added to the certificate scope 16.06.2020. Warmeston is using FSC credit system and FSC transfer system for heating material and for trading chips that was added to their scope during previous audit. BP does not buy any uncertified material. Company has enforced procedures and system update that they will buy FSC certified or FSC Controlled material (including heating material). They also buy PEFC certified and PEFC Controlled Sources material. Also they implement supplier audits for secondary and tertiary feedstock (PEFC system). Warmeston is using PEFC certification system for material receiving and FSC certification requirements for volume control and sales. Their product groups for the FSC CoC certification include fuel wood (W1.2), wood chips (W3.1), sawdust (W3.2), wood shavings (W3.3), wood pellets (W3.6), sawdust briquettes (W3.7); offcuts (W19) and bark (N1). In PEFC system company has following product groups: 01030 – chips and

particles (sawdust, chips), 02010 - Fuel Wood (pellets) and 01050 Other industrial Roundwood.

3 Specific objective

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

The scope of the evaluation covered:

-Review of the BP's management procedures;

-Review of FSC system control points, analysis of the existing FSC & PEFC CoC system;

-Interviews with responsible staff;

-Review of the records, calculations and conversion coefficients;

-GHG data collection analysis

-Evaluation of mitigation measures implemented

-Evaluation of SBE monitoring results

-Evaluation of BP-s supplier audits (under SBE)

4 Evaluation process

4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	***Auditors***	**Auditor hours**
1. Preparation	Toomas Tammeleht, Georg Sten Andrejev	12,0
2. On-site (excl. travel time)	Toomas Tammeleht, Georg Sten Andrejev	16,0
3. Report writing	Toomas Tammeleht, Georg Sten Andrejev	8,0
4. Other	N/A	N/A

Audit Schedule			
Activity	**Location**	**Auditor name**	**Date/time**
Opening meeting (for all sites)*	Office - Ardor OÜ	Toomas Tammeleht, Georg Sten Andrejev	07 Dec 2020/10:00
Visiting Port of Kunda	Port of Kunda	Georg Sten Andrejev	07 Dec 2020/11:00
Visiting Port of Muuga	Port of Muuga	Toomas Tammeleht, Georg Sten Andrejev	08 Dec 2020/15:30
Visiting Port of Pärnu and	Pärnu Port (+Savi str and old	Toomas Tammeleht,	09 Dec 2020/11:00

Supplier audit	airstrip); Valmos OÜ	Georg Sten Andrejev	
*Opening meeting**	Warmeston OÜ Järvere production unit	Toomas Tammeleht	10 Dec 2020/09:00
Supplier audits	Toftan AS, Barrus AS	Toomas Tammeleht	10 Dec 2020/09:30
Interviews, procedures, Risk Assess, etc	Warmeston OÜ Järvere production unit	Toomas Tammeleht	10 Dec 2020/11:00
Roundtrip, interviews, feedstock; purchase & sales	Warmeston OÜ Järvere production unit	Toomas Tammeleht	10 Dec 2020/13:45
Closing meeting	Warmeston OÜ Järvere production unit	Toomas Tammeleht, Georg Sten Andrejev	10 Dec 2020/15:00

Auditor qualification		
Auditor name	**Role**	**Qualification**
Toomas Tammeleht	Audit team member	BSc in forestry and MSc in industrial ecology. Toomas has been working in NEPCon as an auditor since 2016. He has passed NEPCons forest management and chain of custody leadauditors training. Has participated in over 10 FSC forest management audits and has conducted over 100 Chain of Custody audits. He has previously worked for Environmental Inspectorate. Toomas successfully completed SBP training course and he has practical experience with carbon footprint certification.
Georg Sten Andrejev	Lead auditor	BSc in Forest Industry. Works for NEPCon since august 2019. He has passed NEPCons chain of

		custody and forest management leadauditors training. Has working experience in timber industry. Georg Sten has successfully completed SBP training course.

4.2 Description of evaluation activities

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

Separate supplier SBE audits were conducted by the BP in Barrus AS, Toftan AS and Valmos OÜ remotely supplier audits were witnessed by the CB. Audits focused on WKH mitigation measures. The auditor applied following sampling method – 0.6 x √z (where z is number of suppliers). The BP has in total 13 SBE secondary feedstock suppliers which gives 3 suppliers to be visited. Also review of procedures and other preparations were done prior to onsite audit.

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

Audit was conducted by 2 auditors who split during the audit.

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

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

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

After that, purchase and sales documentation was reviewed and evaluated. Random sampling was implemented for purchase documentation and origin documents and SBP sales documents.

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

Ports were visited on the same day and separate days, see above. Supplier audits were done remotely using MS Teams.

Audit day ended with the closing meeting for the day.

BP has 3 permanent storage sites in total and all of them were visited during the audit.

Requirements regarding ID5E were also evaluated.

4.3 Sampling methodology

Random sampling was implemented for purchase documentation and origin documents (different feedstock types were covered - sawdust, shavings, wood chips and roundwood) and for SBP sales documents (including DTS transactions). All storage sites were visited during the audit. The auditor applied following sampling method for supplier audits – 0.6 x √z (where z is number of suppliers). The BP has in total 13 SBE secondary feedstock suppliers which gives 3 suppliers to be visited. Auditors interviewed random responsible workers on the production site.

4.4 CB stakeholder engagement

Stakeholder consultation was carried out by BP for the re-assessment audit.

CB conducted stakeholder consultation on 01.09.2020 to receive comments for the SBP re-assessment of Warmeston OÜ - Järvere production, but no comments were received by the time of re-assessment. Stakeholder consultation included Warmeston OÜ Järvere site, Warmeston OÜ Purila site and Warmeston OÜ Sauga site, since all companies have common ownership and assessments were planned to the same week.

CB-s stakeholder consultation was sent via Loodusaeg mailing list (ca 1000 followers) and 30 other stakeholders - wood production industry, state agencies and to local NGO-s.

4.5 Stakeholder feedback

No feedback reiceived.

5 Results

5.1 Main strengths and weaknesses

Main strengths: SBP system procedures are very well compiled and implemented. Efficient online record keeping system is used for raw materials, production, products and materials/energy used.

Weaknesses: None identified.

5.2 Rigour of Supply Base Evaluation

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

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

Prior to reassessment audit in 2020, the stakeholder consultation process for Warmeston’s SBE was undertaken from 1st September 2020 to 2nd October 2020 by e-mail message to local municipalities, state institutions and authorities, State Forest Management Centre, Foundation Private Forest Centre, Estonian Private Forest Association, FSC Estonia, PEFC Estonia and the Estonian Forest and Wood Industries Association and to Loodusaeg’s mailing list covering app 1000 subscribers including various nature conservation and protection organisations. No comments from the stakeholders were received.

The risk assessment used by the organization is the Approved Regional SBP Risk Assessment for Estonia available at the SBP website. One indicator is identified as specified risk in this risk assessment and the organization has implemented mitigation measures (see section 7 of SBR).

5.3 Collection and communication of data

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

5.4 Competency of involved personnel

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

BP has maintained written qualification requirements for personnel involved in SBP system, these are described in job description (internal document).

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

- Higher education (Forestry/Environmental)

- Fluent in Estonian and English

- Minimum of 3 years working experience in related sector

- Experience in FSC/PEFC systems

- Experience in reporting, conducting risk assessments

- Good teamwork skills

- Familiar with relevant regulations

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

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

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
Estonia	2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.	WKH are forest habitats with high probability of present occurrence of endangered, vulnerable and rare species. WKH system is a tool to address high conservation value forest habitats in managed forests thus they are the primary mechanism for protection of ecologically valuable areas which are located within commercially managed forests. According to the Estonian legislation WKHs protection is optional for private forest owners. They can sign a contract with state and protect the WKH. In this case, the state pays compensation to the owner for protecting the WKH. If private forest owner do not want to protect the WKH then it is allowed to cut it. It is possible to determine the location of WKHs in Public Forest Registry and in case felling permit is issued it is possible to see if the material is cut from WKH or not. In case the fellings are done without felling permit (it is allowed to do small scale sanitary cutting without felling	The mitigation measures described below will only be applied for feedstock that is in the scope of the SBE as described in section 4.1 in SPR. The responsible person for the implementation of the SBE is the Quality and Environmental manager of Warmeston OÜ who is also the overall responsible person for the company's FSC, PEFC and SBP certification systems. Primary feedstock Warmeston OÜ will verify all deliveries of primary feedstock which have been harvested in Estonia and are sold without an FSC or PEFC certified claim, whether they have been sourced from WKHs. All feedstock subject to SBE must meet prior the evaluation at least SBP-approved Controlled Feedstock System requirements. Warmeston OÜ will use the delivery documents, a list of approved suppliers and publicly available databases (e.g. maps at: https://register.metsad.ee/ or at least biannually renewed databases from competent authorities) to verify that the

		permit) then on site visit is only way to see if the WKH is untouched or not. Please see Section 7 for a description of the detailed mitigation actions. In state forest and in FSC and/or PEFC certified private forest and in private forests where WKH contract has been signed, WKH are protected.	delivered primary feedstock has not been sourced from WKHs. During the reception and registration of primary feedstock the assistants will carry out the following control procedure within the SBE: 1. Has the supplier signed a code of conduct? 1.1 If yes, go to 2. 1.2 If no, the products cannot be sourced. 2. Can the products be traced back to the logging site in forest? 2.1 If yes, go to 3. 2.2 If no, the products cannot be sourced. 3. Is there a felling permit issued? 4.1 If yes go to 5 4.2 If no go to 4. 4. Fellings without felling permit (according to forest act). 4.1 If there is no WKHs on the FMU according to available information: the products can be sourced. 4.2 If there is a WKHs on FMU the products cannot be sourced as SBP-compliant. 5. Does the logging site defined in the felling permit, provided with the supplied material, match with the WKH location using the available information resources (updated maps or databases)? 5.1 If yes: the products cannot be sourced as SBP-compliant 5.2 If no: the products can be sourced as SBP-compliant. All instances were primary feedstock from WKHs has been offered will be recorded.

			Secondary feedstock To mitigate the risks associated with secondary feedstock subject to SBE, Warmeston OÜ will: i)train its suppliers to apply the risk mitigation measures described above in points 2-5 and ii)verify during supplier audits that the mitigation measures 2-5 have been properly implemented. The trainings and supplier audits are the responsibility of Warmeston OÜ's Quality and Environmental manager who is also responsible for collecting and analysing suppliers' monitoring results of the WKHs. The supplier audits will cover the following aspects: •the scope of the suppliers FSC and/or PEFC certification •demonstration of the control procedure carried out by the supplier's responsible person(s); •demonstration of recorded monitoring data (screenshots or printouts of the databases etc.); •random selection of a sample of primary feedstock deliveries and the verification of the recorded monitoring results; •demonstration of the supplier's WKH register and corrective actions taken; •feedstock storage conditions; All audit findings and results will documented. Warmeston OÜ will accept the delivered secondary feedstock only

			as “low risk” if: •the supplier has been trained; •the supplier has been audited (supplier audit) and no substantial issues in the WKH control procedures have been raised during the supplier audits; •the delivered feedstock can be traced back to an Estonian forest where no WKH are present at the felling site. •If a supplier is sourcing its feedstock from different countries a mass balance approach for determining the proportion of Estonian feedstock will only be accepted if othe supplier holds a valid SBP-approved chain of custody certificate and oall primary feedstock of the supplier meets at least the requirements of an SBP-approved Controlled Feedstock System oThe supplier must demonstrate during the supplier audit, that this information is monitored and recorded on a regular bases. If this information is not available the material will not be accepted as SBP-compliant feedstock. Frequency of supplier audits Warmeston OÜ has 2 supplier groups in the SBE system to determine the frequency of the SBE supplier audits (all suppliers are audited during certification period): 1.Suppliers without an FSC CoC certificate are audited annually 2.Suppliers with a FSC CoC certificate and selling the material at least with a FSC Controlled

			Wood claim are audited sample based. The minimum number of audits carried out each year (y) is calculated according to the formula y=0,5√x, where x is the number of suppliers in the SBE supplier group 2. Warmeston OÜ has considered sample based audits for SBE group 2 sufficient for the following reasons: •The FSC's Centralised National Risk Assessment for Estonia has determined sourcing material from WKH as a spefcified risk (indicator 3.3 HCV 3). •Companies that sell material which has been harvested in Estonia with a valid FSC claim must mitigate the risk associated with WKH's. •FSC certified companies are in addition to the supplier audits audited annually by an independent FSC cerfication Body.

7 Non-conformities and observations

N/A

8 Certification decision

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