



NEPCon OÜ Evaluation of MK Laivyba UAB Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.5

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

Certification Body (CB) Name:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Povilas Misierauskas
Audit team members:	None
Name of the Company:	MK Laivyba UAB
Company legal address:	Plytu str. 12, LT-92121 Klaipeda, Lithuania
Company contact for SBP:	Jurate Zimkiene
Company contact email:	deputy@mklaivyba.lt
Company website:	www.mklaivyba.lt
SBP Certificate Code:	SBP-01-15
Date of certificate issue:	07 Apr 2021
Date of certificate expiry:	06 Apr 2026
Audit closing meeting date:	26 Nov 2021
Audit cycle:	First Surveillance 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:	Trader	☐
Approved Standards:	SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction	☐
Includes Supply Base Evaluation (SBE):	No	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	☐
Includes Group Scheme	No	☐
Products	Pellets	☐

Feedstock types:	N/A	☐
Feedstock origin (countries):	N/A	☐
SBP-endorsed Regional Risk Assessments used: Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/	Not applicable	☐
Chain of custody system implemented:	FSC: NC-COC-024573	☐
	Transfer	☐

2.1 Description of the company

MK Laivyba has been trading wood pellets since 2005 and has a wide network of suppliers in Lithuania, Belarus and other countries. They store the pellets in Klaipeda. Their customers are the major European energy companies. The Organisation is a trader with physical possession trading the wood pellets. Biomass is stored in harbour of Klaipeda, Lithuania and sold worldwide at different incoterm conditions. The organization holds a valid FSC certificate with transfer system implemented. The point of purchase varies, and can be FOB, DAP and FCA, storage facility is available in port of Klaipeda. The scope of the certificate cover wood pellets. Organisation is certified as broker with physical possession activities.

2.2 Detailed description of the Chain of Custody system

The organization has implemented the FSC transfer system with biomass (wood pellets) in the scope of the certificate. The process covers trade with biomass as well as storage of the material in port of Klaipeda. The material from different suppliers while stored at the harbour is physically separated (due to the traceability reasons). SBP compliant biomass from different suppliers can be mixed at the ship once is loaded however in such case mass balance is applied to distinguish between different materials (in order to follow the GHG, profiling and batch specific characteristics of the material). The FSC and SBP claim is mentioned on the sales invoices. The sustainability characteristics are mentioned on an annex to the invoice which always contains the number of the invoice as well.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Trader'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 Biomass Trader's management procedures;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records and calculations
- GHG data collection analysis;
- SREG data analysis.

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Povilas Misierauskas	2,0
2. On-site (excl. travel time)	Povilas Misierauskas	5,0
3. Report writing	Povilas Misierauskas	5,0
4. Other	N/A	N/A

<i>Audit Schedule</i>			
Activity	Location	Auditor name	Date/time
<i>Opening meeting*</i>	Main office	Povilas Misierauskas	26 Nov 2021/9.00
<i>Energy use calculations review</i>	Main office	Povilas Misierauskas	26 Nov 2021/9.15
<i>Interview with the SBP responsible person; review of SBP related procedures, schedules, and records,</i>	Main office	Povilas Misierauskas	26 Nov 2021/10.30

<i>recordkeeping, custom processes</i>			
<i>Visit of Klaipeda terminal, harbour staff interview</i>	Klaipeda harbour	Povilas Misierauskas	26 Nov 2021/11.30
<i>Review of procurement, sales, recordkeeping, GHG data accounting processes.</i>	Main office	Povilas Misierauskas	26 Nov 2021/12.30
<i>Closing meeting</i>	Main office	Povilas Misierauskas	26 Nov 2021/13.30

Auditor qualification		
Auditor name	Role	Qualification
Povilas Misierauskas	Audit team leader	P. Misierauskas is NEPCon certification manager (auditor – apprentice). P. Misierauskas hold Bachelor degree in Ecology and Environment and Master in Forest Ecology. He graduated from the Lithuanian University of Agriculture. Mr Misierauskas taught laboratory work to Forest Ecology faculty dendrology discipline's students Forest Ecology faculty, implemented planting and green space inventory. He assessed green areas in 22 town and region municipalities. P. Misierauskas has a lot of experience in assessing preserved trees, identifying their state and value and implementing dendrological (decorative trees and bushes) expertise. He has been working as certification manager at NEPCon since 2013. Completed SBP auditor training course and acquired SBP auditor qualification in 2020.

4.2 Description of evaluation activities

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: <https://preferredbynature.org/impartiality-policy>

The audit was 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 GHG data availability.

Description of the audit:

Auditor was welcomed in UAB "MK Laivyba" head office in Klaipeda. Audit started with an opening meeting attended by deputy director, Jurate Zemkiene. Lead auditor provided information about audit plan, methodology and aim of the second surveillance. CB's accreditation related issues and confidentiality issues were covered as well. After that auditor went through all applicable requirements of the standard covering management system, CoC, recordkeeping/mass balance requirements, emission and energy data. During the process overall responsible person for SBP system and over responsible staff having key responsibilities within the system was interviewed. Harbour terminal in Klaipeda was visited as well. Terminal representative was interviewed, equipment observed and emission data was collected, critical control points in place were evaluated. During the closing meeting auditor explained the results of the audit.

4.3 Sampling methodology

All storages were visited in Klaipeda port, DTS data was checked as well all responsible personnel was interviewed. Please see section above 4.2 Description of evaluation activities.

4.4 CB stakeholder engagement

N/A.

4.5 Stakeholder feedback

N/A.

5 Results

5.1 Main strengths and weaknesses

Strengths: The internal system is well organized, small number of suppliers, small number of the responsible staff simple management system.

Weaknesses: no weaknesses.

5.2 Rigour of Supply Base Evaluation

N/A.

5.3 Collection and communication of data

Only SREG reporting is included into the scope of the evaluation.

5.4 Competency of involved personnel

The SBP responsible staff has shown good understanding of the requirements in relation to SBP certification and of the FSC CoC system. The following positions of the staff are mainly involved into the SBP system management: Director, Deputy Director, Logistic Manager, Chief accountant, Bulk and Liquid Terminal Manager.

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

N/A.

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**

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:	Certification approved
Certification decision by (name of the person):	Olesja Puiso
Date of decision:	29 Dec 2021
Other comments:	N/A