



Preferred by Nature OÜ Evaluation of SE-BA Orman Ürünleri San. Tic. Ltd. Şti. Compliance with the SBP Framework: Public Summary Report

Reinstatement Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.8

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

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1 Overview

Certification Body (CB) Name: Preferred by Nature OÜ

Primary CB contact for SBP: Pilar Gorria Serrano

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Audit team leader: Jacob Lindhardt Palm

Audit team members: -

Name of the Company: SE-BA Orman Ürünleri San. Tic. Ltd. Şti.

Company legal address: OSB 6. Cadde No:1, 17100 Çanakkale, Turkey

Company contact for SBP: Elvan Göynüer

Company contact email: e.goynuer@sebabioenergy.com

Company website: www.sebabioenergy.com

Installation date: N/A
(production of heat, cooling or electricity from biomass has started)

SBP Certificate Code: SBP-07-42

Date of certificate issue: 19 Dec 2019

Date of certificate expiry: 18 Dec 2024

Audit closing meeting date: 12 Jan 2024

Audit cycle: Reinstatement 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	☐
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; Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5	☐
Includes Supply Base Evaluation (SBE):	No	☐
Includes REDII scheme	No	☐
Includes REDII SBE	No	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	No	☐
Includes Group Scheme	No	☐
Products	Pellets	☐

Feedstock types:	Secondary, Primary	☐
Feedstock origin (countries):	Turkey	☐
SBP-endorsed Regional Risk Assessments used:	Not applicable	☐
Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/		☐
Chain of custody system implemented:	FSC: TT-COC-006548	☐
	Transfer	☐

2.1 Description of the company

The Organization operates a pellet mill and acts as a Biomass Producer with production of wood pellets from secondary feedstock in the town of Çanakkale, Çanakkale, Turkey (Çanakkale Organize Sanayi Bölgesi 6. Cadde No:1, 17100 Çanakkale Turkey. The biomass processing plant has been commissioned in May 2019 . The feedstock for the production of wood pellets is sourced from a sawmill located next to the pellet mill via pipeline and from other suppliers of secondary feedstock – primary timber processors in the region. The feedstock includes material from a Supply Base consisting areas fully contained within the province of Çanakkale. The BP use secondary feedstock for the pellet production. For production of biomass the BP is using secondary feedstock containing wood industry residues – sawdust and wood chips. No tertiary feedstock (dry sawdust with shavings) is planned as feedstock. The range of suppliers is in reporting period extended, and include several more suppliers located in the province of Çanakkale. The scope of the certification does not include storage sites, but the organization is operating a logistics site in the port of Çanakkale. Feedstock to the biomass production plant is delivered by pneumatic pipeline from the nearby sawmill and the rest by road transport, i.e., bulk carrier trucks. Ready-made pellets will be transported by bulk carrier trucks to logistics site, where pellets will be unloaded in warehouse for following storage and sales on FOB/CIF Çanakkale port conditions. The information about feedstock origin is expected to be available from agreements signed with all certified feedstock suppliers with requirement to provide the access to the information about origin.

2.2 Detailed description of the Chain of Custody system

The Organisation was in the reporting period producing wood pellets from secondary feedstock, i.e., residues of primary wood processing. Non-certified feedstock will no longer be purchased, as segregation will not be feasible. At the time of on-site audit the organisation was sourcing FSC certified feedstock from neighboring sawmill, and also sourcing other biomass from other sawmills. No primary feedstock has been sourced, but the Organisation may source primary feedstock in the future if it is certified. For the reception

of feedstock via trucks, incoming loads of feedstock are weighted and moisture determined, feedstock unloaded into feedstock storage site and is registered into the recordkeeping system. In case of sawdust received via pneumatic pipeline, it is continuous process and the feedstock is delivered to warehouse by a front-loader to the feeder. The control system is transfer system.

3 Specific objective

The specific objective of this evaluation was to evaluate the Major NCR issued during the surveillance audit.

4 Evaluation process

4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	Auditors	Auditor hours
4. Other	N/A	
2. On-site (excl. travel time)	Jacob Palm	0.5
3. Report writing	Jacob Palm	1.5
1. Preparation	Jacob Palm	1.0

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>Communications with the Biomass Producer to evaluate the implementation of the Major NCRs</i>	Remote/mail	Jacob Palm	07 Jan 2024/1700

Auditor qualification		
Auditor name	Role	Qualification
Jacob Palm	Lead auditor	Jacob has a master's degree in forestry from 2006 and has 13 years of experience in the green energy sector, mostly in the procurement of

		biomass, but also in project and business development. Jacob also has experience as a small forestry business owner in advising and servicing local forest owners. He joined Preferred by Nature in March 2023 and is a qualified auditor in the schemes FSC CoC, PEFC CoC+FM, SBP and RBP.
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4.2 Description of evaluation activities

The Corrective action verification audit consisted on communication with client to evaluate the implementation of the Major NCRs issued during the annual audit. During the evaluation the BP informed the auditor about the corrective action plan, and issued comprehensive RCA together with an procedure. Auditor finds the evidence convincing, and the NCRs are closed. The certificate is recommended for reinstatement.

CH change to transfer system. Will no longer purchase non-compliant material.

4.3 Sampling methodology

Interview with relevant staff and evidences related to the Major NCRs

4.4 CB stakeholder engagement

Stakeholder consultation was not conducted during this audit

4.5 Stakeholder feedback

Stakeholder consultation was not conducted during this audit

5 Results

5.1 Main strengths and weaknesses

Strengths: small number of the management staff and clearly designated responsibilities within the staff members. Experienced and qualified staff. Mainly FSC certified feedstock is planned to be sourced for production of SBP-compliant biomass. Commitment and reliance on measurement-based data acquisition and reporting. In overall the main strength of the BP is in relatively simple scope and reliance mainly on FSC certified secondary feedstock input.

Weaknesses: Minor and major non-conformities (NCRs) were identified during the annual audit. See the NCRs in Section 10 of this report.

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 audit. The data had been provided prior to the assessment audit and verified and validated at the time of audit. The data includes records from the recordkeeping system and engineering specifications. BP has developed and implemented a system to collect and record data on Energy use and associated Greenhouse Gas emissions. BP has provided detailed 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 the auditor.

The BP uses only secondary feedstock, and holds documentation for energy and fuel use in the production of biomass, and a simple transport scheme with endpoints at BP pellet mill in Çanakkale, and at the Çanakkale port. The accuracy and completeness of GHG data has been evaluated to be of satisfactory quality.

5.4 Competency of involved personnel

During the audit, responsibilities and competencies of staff members involved in the SBP system, management and maintenance, were evaluated.

The General Manager has been appointed the overall responsible for the SBP and FSC CoC system. The plant manager was found to have detailed knowledge of all aspects of the feedstock sourcing, pellet production and final product characteristics and logistics. He is supported by administrative staff: quality manager, and process engineers, who handle all daily responsibilities for the SBP and FSC systems. The BP responsible staff demonstrated a good understanding of both the overall objectives and specific requirements of the SBP system and standards.

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:

N/A

Indicator:

N/A

Specific risk description:

N/A

Mitigation measure:

N/A

7 Non-conformities and observations

NC number NC-004059 (01/22)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2C; 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest version of the SBR template for Biomass Producers downloaded from the SBP website. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The relevant requirement is specified in documented SBP procedure, See Section 9.3 of the BP SBP documented procedure. The BP has prepared Supply base report using Audit portal. During review it was found out that the SBR is not concise and not cover the most important features: 1) mistakes in feedstock type 2) description of supply base is too short and not cover all requirements 3) number of supplier is missed 4) reporting period is not correct. Taking in account the number of mistakes the Major NCR 01/22 was issued	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Updated SBR
Findings for Evaluation of Evidence:	The BP has updated SBR and provided it to auditor prior audit closing day. During review it was found out that the SBR is concise and cover the most important features. The Major NCR is closed.
NC Status:	Closed

NC number NC-004055 (02/22)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.3 The BP management system shall document all necessary procedures. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
Review of SBP documented procedure (PR-25) show that the procedure is still referring to outdated SBP standard instruction documents: Instruction Documents 5A, 5B, 5C and does not have reference to SBP standard Instruction document 5E, which had replaced mentioned standard Instruction Documents. The procedure include not applicable indicator (f.e regarding SBE) and do not include applicable (f.e DBSD). The OBS 01/19 (from assessment) was upgraded to Minor NCR 02/22.	

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:	For the 2022 audit, NCR 02/22 was issued due to references to IDs 5A, 5B, 5C; but not to 5E. Procedures have been updated, so that references appropriately refer to ID 5E.
Findings for Evaluation of Evidence:	Updated procedures refer correctly to Instruction Document 5E, whenever appropriate, hence NCR 02/22 is closed.
NC Status:	Closed

NC number NC-004056 (03/22)	NC Grading: Major
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.3.1 All requirements of the relevant chain of custody control system specified in the SBP-approved CoC system shall be implemented to calculate outputs. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
From audit 2022: The BP is receiving feedstock in bulk via blowpipe from nearby sawmill ((De-Re Orman Urunleri, which holds FSC Chain of Custody certificate TT-COC-007039) and with trucks in case of supplies from other external suppliers. The BP has weighbridge and all truck coming in with feedstock and coming out with biomass go through the weighbridge. In reporting period all feedstock received by BP via blowpipe is considered FSC certified and the volume of delivered feedstock is not measured but calculated according to mass balance principles by the supplier – De-Re Orman Urunleri (De-Re). The BP does not measure feedstock received via blowpipe but rely on information provided by De-Re as both companies are related and the BP has access to De-Re's input material and production data. There is a brief information on calculation methodology of sawdust and sawmill residue amount received from the Dere's sawmill provided in documented procedure (p. 10.2). On the other side the General director explained that the BP has a system of feedstock measuring. The loader driver count the number of shovels with feedstock loaded in the feeder. It was found out that the volume of feedstock registered in database in accordance with invoices is 4845.78 t, but the volume of measured feedstock is 5089.05 t. This difference was not registered or explained in any documents. The general director supposed that difference is due to incorrect conversion factor of sawmill. The volume of biomass produce in accordance with measurements is 3429.81 t, the volume of sold biomass is 2805.560 t, the end stock is 120,3 t The difference which is 503.95 is not registered in accounting system. It was explained that biomass was used for nearby sawmill boiler. Taking in account that the Chain of Custody system at the organization contains all necessary provisions for implementing the FSC transfer system, staff is well trained, all input and output volumes comes thru weighbridge with proper registration, the BP has not sold any SBP certified biomass auditor issued Minor NCR 03/22 Updated after audit 2023: The spillage resulting in the minor NCR 03/22 is during 2023 audit found to be within what is reasonable, and the output is calculated within what is realistic and reasonable. However, in the reporting period, BP has sourced other biomass, without claims, and mixed it with SBP-compliant feedstock in production, calculating a total output. The credit account is not properly managed. BP was of the understanding that the non-compliant feedstock could be mixed into the production under the credit system / mass balance, in the same way as SBP controlled feedstock. BP had contemplated to be able to sell the corresponding proportion of the SBP compliant biomass production as SBP compliant, while the remaining biomass would be considered non-compliant. No segregation occurred. The BP did not sell	

any biomass with SBP compliant biomass claims in the reporting period. However, to prevent risk of sales of non-compliant material in the coming audit period and due to the different requirements not met connected to the CoC, auditor decided to upgrade the minor NCR to a major NCR 03/22.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	Root Cause Analysis and Corrective Actions: 1. Problem Definition: There is a risk of sales of non-compliant material due to different requirements not being met connected to the Chain of Custody (CoC). 2. Data Collection: - Non-compliant feedstock purchased from third parties - SBP compliant feedstock purchased from Dere - Lack of segregation and improper credit account practices - Mixed feedstock usage in production - Non-proper and miscalculation of bucket accounting - Differences between feedstock received and biomass produced [3. A fishbone diagram is used to illustrate the challenges] 4. Whys: a. Sawdust and Sawmill Residue Measurement: - Why is the methodology unreliable? Lack of reliability in the SBP Procedure PR-26 page 12 article 10.2. b. Bucket Loader Measurement: - Why is the measurement not exact? Variability in loading amounts and counting errors by operators. c. Purchase of Non-Compliant Feedstock: - Why did Seba engage with third parties? Initial commitment to professional ethics and responsibilities to other sawmills. d. Improper Credit System Management: - Why was the credit system not managed? Lack of plans to sell SBP compliant biomass and insufficiently trained staff. e. Lack of Segregation: - Why is there no segregation? Facility limitations and the inability to allocate a separate storage area. f. Unmeasured Biomass Consumption: - Why is biomass in the Kiln Dryer not measured? Management's perception of insignificance. g. Unmeasured Bagging Spillage: - Why is spillage not measured? Considered contaminated and used as fuel, management perception of insignificance. 5. Corrective Actions: Review and Measuring Upgrades: Install an inline 'mass flowmeter' for the drying system to measure the feedstock entering biomass production. Supplier Management: Refrain from purchasing any non-compliant material from third parties. Encourage suppliers to obtain certification through the FSC certification scheme. Ensure a stable supply of SBP compliant feedstock from Dere. Credit System and Training: Remove the mass balance/credit system both in practice and from SBP procedures. Implement solely SBP compliant raw material usage. Implement proper management of SBP procedures and ensure staff are adequately trained. Segregation Solutions: Remove segregation both in practice and from SBP procedures. Implement solely SBP compliant raw material usage. Measurement of Biomass: Establish protocols for measuring all biomass consumed in the production process, including Kiln Dryer and bagging spillage by weighing each container before dumping in fuel storage. Continuous Monitoring: Regularly monitor and update processes to ensure ongoing compliance and quality assurance.
Findings for Evaluation of Evidence:	The corrective actions outlined in response to NCR 03/22 demonstrate a thoughtful and comprehensive approach to address the identified non-conformities. The fishbone diagram and the 5 Whys analysis delve into the root causes, revealing issues such as unreliable methodologies in measurements, variability in loading amounts, and challenges in supplier engagement. By understanding these underlying problems, the corrective actions propose practical solutions. The

	installation of an inline 'mass flowmeter' for the drying system addresses the unreliability in measurements, ensuring more accurate data. Additionally, initiatives to refrain from purchasing non-compliant material from third parties and encourage FSC certification for suppliers contribute to a more compliant supply chain. The corrective actions also encompass improvements in transfer system, staff training, and the removal of segregation, aligning with the goal of enhancing overall integrity in the production process. Continuous monitoring and periodic reviews are emphasized to sustain the effectiveness of the corrective actions over time, ensuring ongoing compliance, and quality assurance. This approach reflects a commitment to addressing root causes and preventing the recurrence of non-conformities.
NC Status:	Closed

NC number NC-004060 (04/22)		NC Grading: Minor	
Standard:		Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5	
Requirement:		5.2.1 Additional requirements apply to those SBP Certificate Holders wishing to supply certain markets, e.g. the Netherlands or Flanders. These additional requirements include transferring additional data about characteristics of the feedstock through the DTS by using DBSD. In order to be able to use the additional functionality of transferring DBSD through the DTS, the Biomass Producer's SBP certificate scope shall include communication of Dynamic Batch Sustainability Data (DBSD). DBSD data allocation must follow the Mass Balance (Credit) systems rules set out in SBP approved CoC systems, as per SBP Standard 4, section 5.3.2, currently FSC, SFI and PEFC endorsed schemes. N/A N/A N/A	
Description of Non-conformance and Related Evidence:			
It was found out that in SBP procedure DBSD requirements are not described. The organization has described only the mass balance system approach which maybe used for accounting of SDE+ category 5 feedstock. The definitions of DBSD, PBid 'AA', SDE categories are missed in the procedure. During the interview the General director demonstrated weak knowledge of DBSD requirements. Taking in account the small size of the company, lack of SBP sales the auditor has issued the Minor NCR			
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:		During audit, BP explained it is no longer wishing to attempt supplying the markets in the Netherlands and Flanders, hence DBSD is not required.	
Findings for Evaluation of Evidence:		DBSD is no longer required for BP.	
NC Status:		Closed	

NC number NC-004052 (05/22)		NC Grading: Minor	
Standard:		Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5	
Requirement:		6.7.2 The quantity shall be evaluated by one or both of the following methods: • Monitoring by the BP at the plant gate (weighbridge) and/or at the end of the production chain. If the production amount is based on the quantity of biomass leaving the plant, any significant stock variation between the beginning and end of the production period shall be taken into account. The BP shall justify any changes in stock levels to the CB, and this shall be recorded in the SAR; or • Invoices to the End-users covering the sales during the period, if the accounting system guarantees that all invoices are taken into consideration. Sales	

	figures and transport documents can be used for verification, and they shall be consistent with the production volume (including adjustments reflecting any stock variation). Note: It is recommended that both methods are used together. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The BP measure volume on at the plant gate (weighbridge) as well as invoices to the End-users covering the sales during the period. In reporting period the volume of biomass produced in accordance with measurements is 3429.81 t, the volume of sold biomass is 2805.560 t, the end stock is 120,3 t. The difference which is 503.95 is not registered in accounting system and not recorded in the SAR. It was explained that biomass was used for nearby sawmill boiler. The auditor came to conclusion that the BP do not properly register the volume of biomass leaving the processing plant. Taking in account that the BP has system of measuring produced biomass, staff is well trained, the BP has not sold any SBP certified biomass auditor issued Minor NCR	
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:	SAR for October 1 – September 30: The real production is 4683.65 mt from feedstock input of 6,547.9 mt, excluding 210.56 mt utilized in the dryer. The theoretical production is $6,547.9 \text{ mt} \times 0.7189 = 4,707.29$ which is 1.7% more than real production. The 23 mt missing pellet is probably due to spillages from production and filling the bags. Spillage is considered contaminated, and will not be bagged, but sent to the boiler of the sawmill next door. The Organisation does not register the spillage being transported back to the sawmill, which is less than a ton per day.
Findings for Evaluation of Evidence:	Auditor considers the above spillage to be reasonable low, hence compliant, and the NCR is closed.
NC Status:	Closed

NC number NC-004058 (NCR 01/23)	NC Grading: Major
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	3.1.8 Each BP shall record all data as specified in one of the three "SBP Audit Report (SAR) for Energy and Carbon data" templates, where production and transportation of feedstock or biomass contributes to energy or carbon balance during the period of legal ownership by the BP: - BPs producing wood pellets shall complete the "SBP Audit Report (SAR) for Energy and Carbon data for pellets"; - BPs producing only woodchips and energy logs and no other biomass with an SBP Claim shall complete one of the following templates: o "SBP Audit Report (SAR) for Energy and Carbon data for pellets" if both stationary chipping and thermal treatment are carried out on a separate processing site. Any specific reference to pelletisation in the document may be ignored; o "SBP Audit Report (SAR) for Energy and Carbon data for woodchips with stationary chipping" if only stationary

	chipping is carried out on a separate processing site, with or without phytosanitary treatment (see definition in section 2); or o "SBP Audit Report (SAR) for Energy and Carbon data for woodchips with mobile chipping" if there is no separate processing site with chipping or thermal treatment, other than a standard phytosanitary treatment (see definition in section 2). N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The original SAR from October 19 2023 (exhibit 5) has several gaps, leading to other gaps: 1. kWh consumption is 19% off: □ SAR indicates an electricity consumption of 651,072 kWh, but review of evidence shows only a consumption of 529,861 kWh in the reporting period □ As a consequence, electricity use per production is not 139.01 kWh/mt as reported in the SAR 2. 70.18 mt olive stones is included as SBP compliant feedstock in SAR tables 2.1 and 3.4 3. 452.84 mt non-compliant and non-controlled sawdust is included in SAR table 2.1 as a feedstock type without any additional clarification 4. SAR exhibits inconsistencies in the representation of energy units concerning diesel consumption, necessitating a comprehensive review and rectification of the observed discrepancies. Examples for SAR tables 4.1, 4.2, 4.4; for example one cell states 1.84 liters of diesel per mt pellet production, another cell states 1.84 kWh diesel per mt 5. In the justification of the methodology for calculating consumption for biomass fuel in the drier (SAR table 3.4.1), there is an inconsistency in the calculations. Specifically, when producing 1 metric ton of pellets, the reported quantities for individual feedstocks (499 kg olive stones or 616 kg chip dust) do not align with the stated mixed feedstock requirement of 60 kg. While the resulting consumption of 60 kg per metric ton is accurate, there is a need for clarification and correction in the intermediate calculations leading to this conclusion. It is likely that the figures of 499 kg or 616 kg for biomass represent the consumption per hour in the dryer during pellet production, and not the consumption per ton of production Indicator 6.1.4 of ID 5E states: The SAR shall not be approved by the CB if one or more of the following non-conformances are raised: 1. Incoming mass flows of feedstock and outgoing product cannot be reconciliated together with moisture content information on the basis of consistent and verifiable data 2. The BP cannot provide consistent and verifiable figures on the use of fossil fuels for processing (including drying) 3. The BP cannot provide consistent and verifiable data for the transport of the feedstock 4. The BP cannot provide consistent and verifiable data for the transport of the product 5. The BP has used falsified or incorrect evidence for justifying data in the SAR 6. The claims that were established in the DTS by the BP in the reporting period do not correspond to the effective production 7. It is established that the BP has used feedstock, electricity or fossil fuels whose records have deliberately been hidden from the CB. Given that the SAR cannot be approved, the auditor issued a major NCR 01/23.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	The root causes for the non-compliance concerning the mixing of non-controlled feedstock, or utilizing it in the dryer, i.e., 2+3 above: 1. Procuring from new suppliers is a new activity 2. The responsible staff is convinced that those new suppliers purchase exclusively FSC 100%-certified primary feedstock from same supply base as the BP, but there is no claims, because those suppliers are not FSC CoC certified 3. The responsible staff was until audit not aware that the resulting secondary feedstock would no longer be considered neither SBP compliant nor SBP controlled 4. The responsible staff was until audit not aware that uncertified residues from olive oil production cannot be SBP compliant or controlled per default, despite the fact that it is a biological waste product The root causes for the non-compliance concerning electricity and diesel consumption, and calculation methodology can be attributed to a lack of quality control measures in the process. The absence of robust quality control mechanisms has led to inaccuracies in monitoring and recording energy consumption data. This, in turn, has impacted the precision of calculations related to electricity and diesel consumption. Establishing a comprehensive quality control framework is crucial to

	ensure accurate data collection and analysis, thereby addressing the identified non-compliance issues. Corrective action: The Organization updated training procedures, so that all relevant staff is aware that non-compliant material at all times must stay segregated from SBP-compliant material, if the output is planned to have a SBP claim. General Director will implement increased focus on quality control. A new SAR has been uploaded post-audit, which can be approved by the auditor.
Findings for Evaluation of Evidence:	A new SAR has been uploaded post-audit, correcting the above listed incompliance. SAR can be approved by the auditor.
NC Status:	Closed

NC number NC-004061 (NCR 02/23)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2C; 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest version of the SBR template for Biomass Producers downloaded from the SBP website. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The relevant requirement is specified in documented SBP procedure, See Section 9.3 of the BP SBP documented procedure. The BP has prepared Supply base report using Audit portal. During review it was found that the SBR was not concise and did not cover correctly or adequately the following features: 1. Scope was not complete, as ID 5E was not included in scope 2. Description of supply base was incomplete and did not cover all requirements 3. Reporting period was not correct 4. Location had wrong coordinates Taking in account that the original SBR could not be approved, a Major NCR 02/23 was issued.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	Root cause for the errors was based in IT challenges, i.e., a misunderstanding of how to record or copy the data of SBR 2022 into the new SBR. The BP has during audit updated SBR and provided it to auditor prior audit closing meeting. During new review it was found that the new SBR is concise and complete, covering the various features.
Findings for Evaluation of Evidence:	During review it was found that the new SBR is concise and complete, covering the various features. The Major NCR 02/23 is closed.
NC Status:	Closed

NC number NC-004054 (NCR 03/23)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.3 The BP management system shall document all necessary procedures. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
Documented procedures and documents related to the requirements of SBP standards have been reviewed. Most relevant SBP and Chain of Custody related processes are covered in FSC Chain of Custody documented procedures and a dedicated SBP documented procedure "PR-26 SBP procedure". In addition, several processes in relation to Chain of Custody issues are described in documented procedures: feedstock reception process is described in documented procedure "PR-17 Acceptance Of The Goods To Facilities"; weighbridge and quality control processes are covered in the documented procedures "PR-08 Quality Control Procedure" and "PR-24 Pellet RM QC and Storage Instruction rev02". All procedures have the purpose, scope, responsibilities, procedure description and records defined. See procedures in Exhibit 1. However, during audit interviews, significant deviations appeared between written procedures and findings from interviews and observations: 1. While written procedures in "PR-24..." and "PR-17..." determine that BP receives all feedstock via weighbridge, which is not quite accurate; as this is actually handled by the affiliated entity, Dere, which is the only supplier of SBP compliant feedstock to BP □ "PR-26..." is unclear about the matter as well, as the Dere weighbridge is also incorrectly indicated as a BP entity (for example section 5.7, "Weighbridge Personnel"), while there is also a reference under section 17, "Special Procurements", to sawdust being supplied from Dere via pneumatic pipeline □ Interview and also review of SAR, section 2.2, indicate however, that flows of sawdust and chips to production from storage is measured using a weighbridge and the "shovel counting method". Further elaborations and observations revealed that weighbridge is used for sales from Dere to third parties, despite already blown into BP storage, while front-loader transport to BP production should be counted. In reality, it is rather calculated rather loosely based upon production, and relevant staff could not present records of input, except monthly invoices from Dere (see also NCR 03/22) 2. Written procedure "PR-24..." states under section 4, "Procedure", that if any feedstock input is not having an FSC claim, it is stored in the 'other feedstock' area, and is not used as SBP compliant feedstock in production. Interviews and observations verify however, that all feedstock (except SAR group 4, which is sent straight to dryer) is mixed, indiscriminately of SBP compliance, and there is no system of segregation (see also NCR 04/23) 3. Written procedure "PR-26..." states under section 10.2, "Input and Output Material Recording", that BP calculates the proportion of the feedstock or biomass that is SBP-compliant feedstock and the corresponding proportion that is Controlled feedstock in-line with the SBP approved CoC system being implemented by the SEBA to determine output claims. This is a compliant procedure. However, interview and review of documents show evidence a non-compliant procedure, i.e., SBP non-compliant biomass is mixed into the same production, and calculated into the mass balance as controlled feedstock (see also NCR 04/23) 4. Calculation and implementation of conversion factor and mass balance is unclear in the procedures (see also NCR 03/22) The identified discrepancies between documented procedures and actual practices suggest an opportunity for improvement in maintaining SBP certification commitments. Above deviations are considered significant due to their potential impact on the integrity of the certification process and the need for a comprehensive corrective action plan to ensure alignment with SBP standards. Nevertheless, auditor does not consider the deficiencies of the procedures to be the cause for the above-mentioned major NCRs. Therefore, a minor NCR is issued to address and rectify these concerns. NCR 03/23.	
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:	N/A
Findings for Evaluation of Evidence:	N/A

NC Status:	Open
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NC number NC-004057 (NCR 04/23)	NC Grading: Major
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.2.3 Only the following feedstock inputs shall be considered to be Controlled Feedstock. • Feedstock received with an SBP-approved - controlled feedstock systems claim. • Feedstock sourced within the scope of the BP's own SBP-approved controlled feedstock system certification, for example, non-certified feedstock sourced in compliance with the FSC® Standard for Company Evaluation of FSC® Controlled Wood, FSC-STD-40-005. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
In the reporting period, BP has sourced both SBP non-compliant feedstock and SBP compliant feedstock. The BP has no segregation system in place for the various types (except for feeding of the dryer), hence SBP non-compliant feedstock is mixed with SBP compliant feedstock for pellet production. BP was of the understanding that the non-compliant feedstock could be mixed into the production under the credit system / mass balance, in the same way as SBP controlled feedstock. BP had contemplated to be able to sell the corresponding proportion of the SBP compliant biomass production as SBP compliant, while the remaining biomass would be considered non-compliant. No segregation occurred. (See also NCR 03/22). Total pellet production in the audit period was 4,683.65 mt, and until audit, approximately 93% was considered SBP compliant, while 100% of the production was in fact non-compliant. This procedure appears unclear both in the SAR and in the documented procedure (Exh 1). However, clarification was obtained during an interview conducted as part of the audit process. See also NCR 03/23. As stated in SAR, in the reporting period the BP sourced 6,305.56 mt FSC 100% feedstock, and 452.84 mt non-compliant feedstock. Responsible staff (general manager) explained that it came from 10-12 independent entities (sawmills), and he expressed confidence that all the material would be from FSC certified forests. However, no evidence could be provided, to confirm this claim. Of the SBP compliant feedstock, 210.5 mt woodchips were utilized on the dryer. All the feedstock is averaging 34.23% moisture. Consequently, 6.84w% of the input was SBP non-compliant, making the entire production non-compliant. During the audit, auditor explained that only SBP compliant feedstock and SBP controlled feedstock may be utilized for SBP compliant biomass, and SBP non-compliant feedstock must remain segregated from feedstock for production of SBP compliant biomass. The BP did not sell any biomass with SBP compliant biomass claims in the reporting period. However, to prevent risk of sales of non-compliant material in the coming audit period, auditor decided to raise a major NCR 04/23. The Organisation may not sell any products with an SBP-claim until this NCR has been closed	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	Root Cause Analysis and Corrective Actions: 1. Problem Definition: There is a risk of sales of non-compliant material due to the mixing of SBP non-compliant feedstock with SBP compliant feedstock for pellet production. No segregation system is in place, and there is uncertainty about the origin of the sourced feedstock. 2. Data Collection: Sourced both SBP non-compliant and SBP compliant feedstock. Lack of segregation system; non-compliant feedstock mixed with compliant feedstock for pellet production. Misunderstanding about the credit system/mass balance, leading to the incorrect classification of

biomass. Total pellet production in the audit period was inaccurately considered SBP compliant (93%), while it was entirely non-compliant. The SAR and documented procedure lacked clarity on the mixing procedure. Lack of evidence supporting the claim that all material from independent entities (sawmills) was from FSC certified forests. Utilization of SBP non-compliant feedstock on the dryer, making the entire production non-compliant. [3. Fishbone Diagram illustrates the challenges] 4. Whys: a) Lack of Segregation: Why was there a lack of segregation for feedstock? Facility limitations and the inability to allocate a separate storage area. b) SBP Standards: Why was there a misunderstanding about the credit system/mass balance? Improper Credit System Management. Insufficient training on SBP standards and procedures. Inadequate communication and clarification regarding credit system/mass balance. c) SBP Procedures: Why did the SAR and documented procedure lack clarity on the mixing procedure? Lack of reliability in the SBP Procedure PR-26 page 12 article 10.2. Poor documentation practices. Insufficient periodic review and update of procedures. d) Documentations: Why was there unclear sourcing evidence for FSC 100% and non-compliant feedstock? Inadequate record-keeping of sourcing information. Lack of verification processes for the FSC 100% claims. e) CoC and Due Diligence: Why was there a lack of evidence supporting the claim that material from third parties was from FSC certified forests? Insufficient due diligence in verifying the certification of material from third parties. Lack of a standardized process for verifying the feedstock certification status. f) Production Process: Why was SBP non-compliant feedstock utilized on the dryer, making the entire production non-compliant? Lack of plans to sell SBP compliant biomass. Inaccurate assessment of the feedstock's compliance status. 5. Corrective Actions: Segregation Solution: Remove segregation both in practice and from SBP procedures. Remove the mass balance/credit system both in practice and from SBP procedures. Refrain from purchasing any non-compliant material from third parties. Encourage suppliers to obtain certification through the FSC certification scheme. Ensure a stable supply of SBP compliant feedstock from Dere. Implement solely SBP compliant raw material usage. Improving implementation of SBP Standards: Conduct comprehensive training programs on SBP standards and procedures. Establish a continuous training schedule to keep staff updated on changes and best practices. Implement a communication plan for clear information dissemination regarding proper practice of SBP procedures. Lack of Clarity in SBP Procedures: Review and update SBP procedures. Improve documentation practices for clarity and accuracy. Ensure periodic training on updated procedures. Unclear Sourcing Evidence for Feedstock: Implement a robust record-keeping system for sourcing information. Introduce verification processes to validate FSC 100% claims. Lack of Evidence Supporting FSC Certification: Strengthen due diligence processes for third-party material. Establish a standardized verification process for feedstock certification. Encourage suppliers to obtain certification through the FSC certification scheme. Inadequate Quality Control Measures: Develop and implement comprehensive quality control guidelines. Ensure proper training for personnel involved in quality control measures. Continuous Monitoring: These corrective actions aim to address the

	root causes identified in the analysis, promoting compliance with SBP standards, improving documentation practices, and enhancing overall quality control measures in the pellet production process. Regular monitoring and periodic reviews should be instituted to ensure the effectiveness of these corrective actions.
Findings for Evaluation of Evidence:	The corrective actions seem thorough and well thought out, addressing the root causes, and implementing measures to prevent such non-conformities in the future. The fishbone diagram and the 5 Whys analysis provide a clear understanding of the underlying issues, ranging from facility limitations to insufficient training and documentation practices. Establishing that segregation will not be feasible, the corrective actions, such as refraining from purchasing non-compliant material, and implementing comprehensive training programs, seem comprehensive and should contribute to a more robust and compliant production process. The emphasis on continuous monitoring and periodic reviews is crucial to ensuring the long-term effectiveness of the corrective actions. It's a solid approach to promote compliance with SBP standards, improve documentation practices, and enhance overall quality control measures.
NC Status:	Closed

NC number NC-004062 (OBS 01/23)	NC Grading: Observation
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.7 Relevant personnel shall be informed promptly of any changes to management systems. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
Interviewed personnel are aware of SBP procedures and systems, training records (November, 2022) have been submitted to auditor. In accordance with SBP procedure training will be provided once per year or after significant changes in procedure, standards. New staff is to be trained according to their responsibilities before commencement. In accordance with procedure training shall be conducted after each audit in case of non-conformance or before audit. (See exh 3 for training record). Written procedure "PR-26..." indicates under section 16, "Training", that relevant training is conducted to staff before new tasks. However, during audit, when responsible staff was asked to provide daily records of counting transports of sawdust from storage to production, no such records existed. It was explained that this day it was not the usual operator of the front loader, and the person operating on that day did not know that each shovel should be counted, to document exact input. This indicates insufficient training. This was observed at a critical control point, but the audit revealed that the issue stemmed from a lack of proficiency in the double-checking process, and not a fundamental flaw in the control itself. As the identified deficiency was one of two measures, the overall integrity of the system was not compromised, and no serious violation of the standard occurred. Therefore, while an observation is warranted to address the training gap and reinforce the importance of correct execution, it does not warrant the issuance of a Non-Conformity Report due to the isolated nature of the incident, but an observation. OBS 01/23.	
Timeline for Conformance:	N/A
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-004053 (OBS 02/23)	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody
Requirement:	6.3.1 The legal owner shall implement the requirements of either: PEFC 2002:2013 Section 9: Social, Health and Safety requirements in CoC, Or FSC-STD-40-004 V2-1 EN Section 1.6: Occupational Health and Safety Or the latest versions of these documents N/A N/A N/A
Description of Non-conformance and Related Evidence:	

BP follows and demonstrates adherence to the FSC Chain of Custody standard FSC-STD-40-004 V3 (Section 1.6), with a well-established Health & Safety (H&S) system. This includes documented H&S procedures and comprehensive training records, along with the designation of responsible H&S staff. The overall safety culture within the facility is commendable, with personnel consistently utilizing available personal protection measures. However, during a thorough site tour of the production area, a few opportunities for improvement were identified: 1. In a particularly noisy section of the production, one individual was observed without ear protection, despite the challenging auditory conditions. The nature of the work being stationary made the absence of ear protection noteworthy. 2. In an area characterized by significant sawdust, one person was observed without respiratory equipment. This observation raises concerns about the potential health impact on the worker. 3. A potential hazard was identified in an area frequented by many workers, where large saws were positioned with sharp edges facing outward. This configuration posed a risk of injury to individuals passing by who might not be fully attentive. (See photo at exhibit 7) Upon highlighting these observations to the general manager, a positive and serious response was observed. Remarkably, within half an hour, the saws were repositioned to eliminate the potential danger to passing personnel. Given the prompt corrective action and the manager's evident commitment to safety, the decision was made to classify the findings as a minor NCR, rather than issuing a major NCR. Minor NCR 05/23. A corrective action to avoid the above 3 findings are needed to close this minor NCR. The recommendation moving forward is to intensify the emphasis on safety throughout the organization and foster a robust safety culture. Encouraging proactive responses from all staff when identifying potential risks will contribute to a safer working environment.

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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

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 Gorria Serrano
Date of decision:	25 Jan 2024
Other comments:	N/A