

NEPCon Evaluation of Rettenmeier Industry Latvia SIA Compliance with the SBP Framework: Public Summary Report

www.sustainablebiomasspartnership.org



Completed in accordance with the CB Public Summary Report Template Version 1.0

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

Document history

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1 Overview

On a title page, include the following information:

CB Name and contact: NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia

Primary contact for SBP: Ondrej Tarabus ot@nepcon.net, +420 606 730 382

Report completion date: 11th November 2015

Report authors: Oļesja Puišo

Certificate Holder: Rettenmeier Industry Latvia SIA (formerly IKEA Industry Latvia SIA), Plānupes iela 22, Incukalna parish, LV-2141, Latvia

Producer contact for SBP: Sigita Pivina- , Sigita.pivina@ikea.com, +371-6714629

Certified Supply Base: sourcing from Latvia, Lithuania, Belarus and Norway.

SBP Certificate Code: SBP-01-19

Date of certificate issue: 17/May/2016

Date of certificate expiry: 16/May/2021

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
X	☐	☐	☐	☐

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site and office in Incukalna parish, and storage place in Riga Mangalsala harbour.

The Organisation holds valid FSC Chain of Custody and FSC Controlled wood certificate, covering primary, secondary production and pellet production.

The Organisation is using only its own primary and secondary production waste for the pellet production. The input material used by the organisation for biomass production contains secondary and tertiary feedstock supplied by the Ikea Industry Latvia situated at the same location.

Logs used in primary production are supplied by companies registered in Latvia and Lithuania. The origin of the feedstock is Latvia, Lithuania and some small part from Belarus and Norway.

The sawdust from the previous production process is used for biomass production and chips and bark for biomass drying. Additionally, there is also purchased some amount of forest residuals supplied by external supplier which is used in the biomass drier.

All inputs materials delivered to the pellet production plant are FSC certified. Feedstock used in the biomass production originates from Latvia, Lithuania, Belarus and Norway.

Supply Base Evaluation is not included into the scope of the evaluation.

Scope of the evaluation is indicated in the table below:

Scope Item	Check all that apply to the Certificate Scope				Change in Scope (N/A for Assessments)
Approved Standards:	SBP Standard #2 V1.0 SBP Standard #4 V1.0; SBP Standard #5 V1.0 http://www.sustainablebiomasspartnership.org/documents				☐
Primary Activity:	Pellet producer				☐
Input Material Categories:	☐ SBP-Compliant Primary Feedstock		☒ SBP-Compliant Secondary Feedstock		☐
	☐ Controlled Feedstock		☐ SBP non-Compliant Feedstock		
	☒ SBP-Compliant Tertiary biomass	☐ Pre-consumer Tertiary Feedstock			
		☐ Post-consumer Tertiary Feedstock			
		☐ SBP-approved Recycled Claim			
Chain of custody system implemented:	☒ FSC	☐ PEFC	☐ SFI	☐ GGL	☐
	☒ Transfer		☐ Percentage	☐ Credit	☐

Use of SBP claim:	☒ Yes	☐ No	☐
SBE Verification Program:	☐ Low risk sources only	☐ Sources with unspecified/ specified risk	☐
	New districts approved for SBP-Compliant inputs:		
Sub-scopes			☐
Specify SBP Product Groups added or removed:			
Comments:			

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; and
- GHG data collection analysis.

4 SBP Standards utilised

4.1 SBP Standards utilised

Verification of SBP-compliant Feedstock, SBP Standard 2, Version 1.0, March 2015

Chain of Custody, SBP Standard 4, Version 1.0, March 2015

Collection and Communication of Data, SBP Standard 5, Version 1.0, March 2015

Instruction document 5A Collection and Communication of Data version 1.0. March 2015 was utilised for the evaluation as well.

<http://www.sustainablebiomasspartnership.org/documents>

4.2 SBP-endorsed Regional Risk Assessment

Not applicable. Supply Base Evaluation is not covered by the Scope of the Evaluation.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

BP is a biomass producer with a production situated in Incukalna parish.

BP is sourcing both secondary and tertiary feedstock from its own production. Pellets are produced from dry and wet sawdust (Wood industry residues). Pellets are sold in bulk.

Feedstock is delivered by Latvian and Lithuanian suppliers, however the place of harvesting of the feedstock is originating from Latvia, Lithuania, Belarus and Norway.

All Feedstock types used into the sawmill are delivered to the pellet plant by conveyor belt. ~~Aspiration~~ Aspiration system is used to transport dry sawdust into the production, internal transport is used for feedstock used into the drier transportation.

Incoming feedstock (logs), and feedstock used into a drier is either FSC certified, FSC Controlled or controlled according to the existing BP FSC Controlled wood verification program. FSC Controlled wood verification program is applicable for feedstock originating from Latvia, Lithuania and Belarus. The feedstock originating from Norway is always coming with FSC claim. The producer is having a system for identification of the origin in place.

The BP is implementing FSC credit system on its sawmill and FSC transfer system for the pellet production. Production is taking place in batches. The certification scope does cover SBP-compliant pellet production only.

After the production, pellets are stored in BP's production storage and then transported to the Riga harbour storage place. Later on when there is sufficient amount of pellets available in the port, the material is loaded into the ship and are sent to the buyer on FOB Riga incoterm conditions.

5.2 Description of Biomass Producer's Supply Base

BP is sourcing only secondary and tertiary feedstock coming from its own sawmill and furniture production. All feedstock is delivered by companies Registered in Latvia and Lithuania, however the feedstock may originate also from Latvia, Lithuania, Belarus and Norway.

3.2 million ha of forest, agricultural lands 1,87 million ha. Forests cover 51% of the total area. area covered by forests is increasing. The expansion happens due to both natural afforestation of unused agricultural lands and by afforestation of low fertility agriculture land.

Forests lands consist of forests 91,3%, marshes 5.3%, open areas 1,1%), flooded areas 0,5% and objects of infrastructure 1,8%

The main wood species are pine 34.3%, birch 30.8% and spruce 18.0%. Other wood species are aspen, aspen, black alder, ash and oak.

51.8% of whole forest area is owned by state, 1.4% are in municipal ownership, but other 46.8% are private forests and other forest ownership types (data: State Forest Service statistics, 2014) . Management of the state-owned forests is performed by the public joint stock company AS Latvijas Valsts Meži, established in 1999. The enterprise ensures implementation of the best interests of the state by preserving value of the forest and increasing the share of forest in the national economy.

Historically, extensive use of forests as a source of profit began later than in many other European countries, therefore a greater biological diversity has been preserved in Latvia. For the sake of conservation of natural values, a total number of 674 protected areas have been established. Part of the areas have been included in the European network of protected areas Natura 2000. Most of the protected areas are state-owned.

In order to protect high nature conservation values such as rare and endangered species and habitats that are located outside designated protected nature areas, , micro reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves constitute 40 595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously primarily in state forests.

On the other hand, there are general nature protection requirements binding to all forest managers established in forestry and nature protection legislation aimed at preservation of biological diversity during forest management activities. They stipulate a number of requirements, for instance, preserving old and large trees, dead wood, undergrowth trees and shrubs, land cover around micro-depressions thus providing habitat for many organisms, including rare and/or endangered species.

Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, although none of local Latvian tree and shrub species are included in the CITES annexes. .

Areas where recreation is one of the main forest management objectives add up to 8 % of the total forest area or 293 000 ha (2012). Observation towers, educational trails, natural objects of culture history value, picnic venues: they are just a few of recreational infrastructure objects available to everyone free of charge. Special attention is devoted to creation of such areas in state-owned forests. Recreational forest areas include national parks (excluding strictly protected areas), nature parks, protected landscape areas, protected dendrological objects, protected geological and geomorphologic objects, nature parks of local significance, the Baltic Sea dune protection zone, protective zones around cities and towns, forests within administrative territory of cities and towns. Management and governance of specially protected natural areas in Latvia is co-ordinated by the Nature Protection Board under the Ministry for Environmental Protection and Regional Development.

5% of Latvian inhabitants are employed in forestry, wood-working industry, furniture production Industry.

The share of forestry, wood-working industry and furniture production amounted to 6 % GDP in 2012, while export yielded 1.7 billion euro (17 % of the total volume of export).

State forests are FSC/ PEFC certified. In addition to state forest enterprise, 6 private forest managers are managing forests in accordance with FSC standard requirements. The FSC certified are in the country amounts to a total of 1,743,157 ha , including 248,021 ha of private forest land. A total of 1,683, 641 ha forests are also PEFC certified. The figures are correct as of April, 2015.

Lithuania:

Agricultural land covers more than 50 percent of Lithuania. Forested land consists of about 28 percent, with 2.17 million ha, while land classified as forest corresponds to about 30 percent of the total land area. The southeastern part of the country is most heavily forested, and here forests cover about 45 percent of the land. The total land area under the state Forest Enterprises is divided into forest and non-forest land. Forest land is divided into forested and non-forested land. The total value added in the forest sector (including manufacture of furniture) reached LTL 4.9 billion in 2013 and was 10% higher than in 2012. According to the ownership forests are divided into state (1.08 million ha), private forests (0,85 million ha) and other ownership types (0.2 million ha) .

Forest land is divided into four protection classes: reserves (2 %); ecological (5.8 %); protected (14.9 %); and commercial (77.3 %). In reserves all types of cuttings are prohibited. In national parks, clear cuttings are prohibited while thinnings and sanitary cuttings are allowed. Clear cutting is permitted, however, with certain restrictions, in protected forests; and thinnings as well. In commercial forests, there are almost no restrictions as to harvesting methods.

Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests - especially spruce and birch - often grow in mixed stands. Pine forest is the most common forest type, covering about 38 percent of the forest area. Spruce and birch account for about 24 and 20 percent respectively. Alder forests make up about 12 percent of the forest area, which is fairly high, and indicates the moisture quantity of the sites. Oak and ash can each be found on about 2 percent of the forest area. The area occupied by aspen stands is close to 3 percent

Lithuania has been a signatory of the CITES Convention since 2001. CITES requirements are respected in forest management, although there are no local tree and shrub species included in the CITES annexes.

All state owned forests are FSC certified.

Norway:

About 38% of the surface area in Norway is covered by forest. The total forested area amounts to 12 million hectares, including more than 7 million hectares of productive forest. 15% of the productive forest has been estimated as non-economic operational areas due to difficult terrain and long distance transport, which means that economical forestry may only be operated in about 50% of the forested area. The most important species are Norway spruce (47%), Scots pine (33%) and birch (18%).

From the forest area: Privately owned forests 80 % ; State and municipalities 12 %

Industrial private 4 %; Local common land 4 %

All productive forests in Norway are certified, i.e. 7.397.000 hectares (both FSC and PEFC). The number of certified forest owners is approximately 43.000 (private, municipalities, state).

Approximately 6.4% of mainland Norway has protected area status. In addition, 15,000 square km of Spitsbergen is designated as conservation area - national parks, nature reserves or other kinds of protected area cover 10-12% of the area of the remote islands.

The total number of species in Norway is estimated to be 45,000, of which approximately 33,000 are known and described. It exists information enough to estimate whether a species is threatened or not for only 10,000 species. Of these, 150 are threatened by extinction, 279 are deemed vulnerable, 800 are categorized as rare (the

last number also includes species which are rare of natural causes, and not only because of human intervention). 359 are deemed species of special concern, 36 species are indeterminate, while 169 species are classified as insufficiently known.

Species "Red lists" can be used to point out the habitats containing an especially rich variety of endangered species. Red list species have often proved to be the red warning lights of nature to tell us that a biotope is threatened or something else is wrong in nature. The red lists also give us a picture of the condition of our flora and fauna, and may contribute to the efforts of securing and improve the ecosystem for these species.

http://www.borealforest.org/world/world_norway.htm

In the country there are areas of endangered high conservation value forests. More specifically there are Global200 and IFL areas in the northern mountain regions.

Norway has been a signatory of the CITES Convention since 1976. CITES requirements are respected in forest management, although there are no local tree and brush species included in the CITES lists annexes.

Those regions identified by Conservation International as a Biodiversity Hotspot . Those forest, woodland, or mangrove ecoregions identified by World Wildlife Fund as a Global 200 Ecoregion and assessed by WWF as having a conservation status of endangered or critical. Those regions identified by the World Resources Institute as a Frontier Forest Intact Forests Landscapes, as identified by Greenpeace (www.intactforests.org)

In 2006 forestry and the forest industries accounted for about 0.8% of the Gross National Product in Norway. Of the total employment of 2.443.000 persons in Norway approximately 40.000 people receive their income from forestry and from the forest industry. 6.700 persons (0.3%) are directly employed in forestry. About 50 percent of the Norwegian round wood harvested is used by sawmills. There are 225 sawmills in Norway operating on an industrial scale.

Belarus:

In Belarus, forest land covers 9.5 million ha. Forests are quite evenly spread over the country's six regions with the average value of the forest cover (ratio between the stocked forest land and the total land) being 39.3% . Area of Agricultural area 8.7 million ha.

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture. Within the last decade, the timber production in Belorussia has fluctuated approx., 11 million cubic metres (<http://www.mlh.by> , 2015.)

Forest area of Belarus consists of Belarus consist of: forests- 7,89 million ha, Other wooded land 0.91 million ha.

The main wood species in Belarus are: pine 50,4%, spruce 9,2%; birch 23,1%; black alder 3,3%; grey alder 3,3 %: aspen 2,1%; other species 3,3%.

The forests in the Republic of Belarus are state property. Forests under the jurisdiction of the Ministry of Forestry (Minleshoz) cover 86% of the forest fund. Besides, a significant share of the forest fund is managed by the Administration of the President of the Republic of Belarus (8%) and by the Ministry of Emergency Situations of the Republic of Belarus (2%).

In Belarus an environmental protection system has been in place since 1960, from the time a Nature Protection Committee was established. Specially protected area accounts 7,7 % of the whole area of the country. However, together with the natural sites subject to special protection such as water conservation zones and areas of habit and growth of endangered wild animals and plant species, this figure increases to 22,1 % of the country's total area.

It is considered that about 75 % of the original Central European mixed forest cover is estimated to be lost. Pristine and relic stands of this forest type are believed to have been eliminated complete except in Belovezha Forest, which is located close to Belarus and Poland border. It is one of the largest and best presented forest tract in the lowlands Europe. It still contains a wide array of old-growth forest stands representing all the major habitat types, a rich variety of wildlife and a still not sufficiently studied numerous lower plants, fungi and slime moulds.

Belorussia has been a signatory of the CITES Convention since 1995. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Belorussia.

Forest regeneration is carried out annually over an area of 32,000 ha, including 81% of the forest planting and seeding and 19% by natural regeneration. There are 2 strictly protected Nation reserves and 4 National parks present in Belarus at the moment. Area of National reserves accounts 2,98 million ha and area of National parks is 3,98 million ha.

Forestry and the forest industry are essential parts of the republic's economy. In Belarus wood-based industry consists of forestry (13.5% of all production), Roundwood processing (69,5 % of all production), pulp and paper (16,4 % of all production) sectors.

All forest area is certified by PEFC certification scheme: 7,7 million. Ha (83 forestries) and FSC certification scheme 5,0 million. Ha (61 forestries)

Detailed information about the supply base region (general description of the forest resources and forest management practices within the Supply Base) is publically available at the BP's homepage.

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 21.71 million ha

Tenure by type (ha): 17.68 million ha State ownership, 2,2 million ha private forests, 0.6 million ha other ownership types.

Forest by type (ha): 14.71million Ha boreal and 7.million ha Temperate forests

Forest by management type (ha): 21.71 million ha Managed Natural

Certified forest by scheme (ha): FSC, total certified area 14.6million ha (FSC) and 17.3 million ha PEFC

Quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report :

http://www.incukalnstimber.lv/uploads/files/ikea_industry_latvia_sbr.pdf

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5.4 Chain of Custody system

The Organisation is holding valid FSC Chain of Custody and FSC Controlled wood certificate. Valid FSC system description and other documents exist.

The Organisation is implementing FSC credit system for sawmill, transfer system for production of solid glued panels (or board) and production of pellets. FSC Credit system is used for materials received as FSC certified, FSC Controlled wood and feedstock verified according to the Organisation's own Controlled wood verification system, in the sawmill of the company. The Controlled wood system of the organisation is covering Latvia, Lithuania and Belarus. Feedstock from Belarus and Norway is delivered by FSC certified suppliers and are coming with FSC certification or FSC Controlled wood claim. Supplier list is maintained.

Pellet production is operating according to transfer system. Only FSC mix sawdust are supplied into the pellet production. Feedstock volume is withdrawn from the credit account of the sawmill based on the internal transportation document. Feedstock used into the drier (forest chips) are bought from the external supplier. Delivery note include compartment and sub-compartments number and are compliant with requirements for FSC Controlled Wood

Some small volume of pellets are stored into the production site. Other pellets are transported into the port storage and shipped based on FOB Riga (Mangalsala) incoterm conditions.

6 Evaluation process

6.1 Timing of evaluation activities

Assessment was conducted at August 27-28, 2015

3 days: 2 day onsite + 1 day documented evidence review prior to the assessment

6.2 Description of evaluation activities

The assessment visit 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 assessment evaluation:

All SBP related documentation connected to the SBP as well as FSC CoC/ CW (transfer and credit) system of the organisation, including SBP Procedures, GHG data calculations/ data sheet, Supply Base Reports, Biomass profiling data, Batch specific data, and FSC system description was provided by the company in advance as well as were reviewed during the desk verification conducted prior to the assessment.

Auditor was welcomed in SIA Ikea Industries office in Incukalna. Audit started with an opening meeting attended by the sales and logistic manager Sigita Pivina.

Auditor introduced herself, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope

After that auditor went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction documents 5a covering input clarification, existing chain of custody and controlled wood system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP compliant and SBP Controlled feedstock/ biomass. During the process overall responsible person for SBP system and over responsible staff having key responsibilities within the system were interviewed.

After a roundtrip around BP's pellet production was undertaken. During the site tour reception process was observed, applicable records were reviewed, pellet factory staff was interviewed and FSC system critical control points were analysed.

During the assessment a storage place in Riga Mangalsala harbour was visited. Storage site and equipment/ machines used in the harbour were observed, interview with site manager was undertaken and data provided by service provider was analysed for accuracy.

At the end of the audit finding were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the factory manager and sales and logistic manager. Additional written results were provided to the BP as well.

Audit team composition:

Auditor(s), roles	Qualifications
Oļesja Puišo Lead auditor Evaluation against all applicable requirements	Auditor, evaluation against all applicable requirements. MSc in Logistics and has been working in NEPCon since 2005. She has participated in CoC and FM audits in Latvia and other countries. Olesja has passed FSC CoC/ FM and PEFC CoC lead auditor training course, Legal Source, SAN, ISO 14001 and SBP training coursed. Previous experience in woodworking industry and SBP pre-assessment and assessments in Latvia, Lithuania and Russia.

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on 24th of July, 2015 by sending direct mail to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions. No comments from the stakeholders were received. The stakeholder notification letter is added as an Exhibit nr.8 to this report.

7 Results

7.1 Main strengths and weaknesses

Strength: SBP system elements are implemented at the time of the assessment. Use of own production residuals. Efficient recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: See in NCR section of the report.

7.2 Rigour of Supply Base Evaluation

Not applicable

7.3 Compilation of data on Greenhouse Gas emissions

Prior the assessment the organization has not recorded data on greenhouse gas emissions and has only started for purposes of the SBP certification. This included the most part of the work spent on the preparation for the certification. The data at the end of the assessment were complete and accurate; however there are some minor non-conformities to be addressed. For details see below.

7.4 Competency of involved personnel

Supply Base Evaluation is not in the scope of the evaluation.

During the assessment it was identified that number of staff members are involved into the SBP system management and implementation, including Board Member, Logistics and Sales manager, Production manager, Production operators and accountant. Interviewed staff demonstrated awareness of their responsibilities within SBP system. Overall responsible staff was familiar with the SBP requirements.

7.5 Stakeholder feedback

No stakeholder comments are received.

7.6 Preconditions

No preconditions to this certification were identified at the time of the main assessment.

8 Review of Biomass Producer's Risk Assessments

Not applicable

9 Review of Biomass Producer's mitigation measures

Not applicable

10 Non-conformities and observations

NCR: 01/15	NC Classification: Major	
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 7.1.	
Report Section:	Appendix A p.2,1	
Description of Non-conformance and Related Evidence:		
At the time of the assessment the SBR was not publically available at the BP website		
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.	
Timeline for Conformance:	Prior to the certification	
Evidence Provided by Organisation:	Publically available SBR	
Findings for Evaluation of Evidence:	Organisation uploaded Supply Base Report endorsed by senior manager of the Organisation at : http://www.incukalnstimber.lv/uploads/files/ikea_industry_latvia_sbr.pdf As soon as Ikea Latvia does not have its own homepage it was published at the homepage of the daughter company - Inčukalns Timber AS. Ikea Latvia owns 50% of Incukalns Timber shares.	
NCR Status:	Closed	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☒ No ☐

NCR: 02/15	NC Classification: Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 2C, 4.1
Report Section:	Appendix B p.2.8.
Description of Non-conformance and Related Evidence:	
The Supply Base Report meets the requirements of SBP: covering figures designated in SBR report template and is completed by using the latest version of the SBR Template for Biomass producers. The following inaccuracies were identified into the report: a) FSC and PEFC certified area is not reported for Lithuania in the section 2.1. of the SBR report. b) Forest ownership data is not reported in the section 2.1. for Lithuania c) Standard nr. 6 not covered in the SBP evaluation scope is mentioned at page 1 of the supply base report; d) Overview of the proportions of SBP feedstock product groups as well as number of suppliers for each SBP product group is missing in the section p.2.1. The information about the suppliers is not entered as soon as it is considered by the BP to be commercially sensitive information; e) Volume of the tertiary feedstock and secondary feedstock are not reported separately in sections 2,5m and 2,5 l of the SBR. The total volume of the feedstock is reported under 2,5f of the report. f) 1. Overview section of the publicly available SBR report is prepared in Latvian, not in English;	
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.
Timeline for Conformance:	By the next annual surveillance audit
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks? Yes ☒ No ☐	

NCR: 03/15	NC Classification: Minor	
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 19.2	
Report Section:	Appendix A p.12.2.	
Description of Non-conformance and Related Evidence:		
At the time of the assessment the Supply Base Report was not signed by senior management of the Organization.		
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.	
Timeline for Conformance:	By the next annual surveillance audit	
Evidence Provided by Organisation:	Signed SBR was provided.	
Findings for Evaluation of Evidence:	Organisation uploaded Supply Base Report endorsed by senior manager of the Organisation at : http://www.incukalnstimber.lv/uploads/files/ikea_industry_latvia_sbr.pdf	
NCR Status:	CLOSED	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 04/15	NC Classification: Minor	
Standard & Requirement:	SBP Standard 4 (ver. 1.0), requirement 6.2.1.	
Report Section:	Appendix B p.6.1.	
Description of Non-conformance and Related Evidence:		
BP collected data in compliance with the latest version of SBP Standard 5. However SBP procedures does not foresee any actions shall be taken by the BP in case of changes into the SBP standards in general and changes related to the changes into standard nr.5. Besides this, responsible staff demonstrated understanding of the requirement and confirmed commitment to update GHG data file right after changes in standard will come into force.		
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.	
Timeline for Conformance:	Not applicable	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 05/15	NC Classification: Minor	
Standard & Requirement:	SBP Standard 5 (ver. 1.0)/ Instruction document 5A, requirement 5a, 2.1.1)	
Report Section:	Appendix D p.2.1.	
Description of Non-conformance and Related Evidence:		
During the assessment it was identified that explanation of ZZ identifier of the scope reference number done in SBP procedures p.9.3.. does not contain reference the reporting period, just production end points. During the audit staff confirmed understanding of the ZZ identifier.		
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.	
Timeline for Conformance:	By the next annual surveillance audit	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 06/15	NC Classification: Minor	
Standard & Requirement:	SBP Instruction document 5A (ver. 1.0), requirement 3.1.1	
Report Section:	Appendix C p.4.1.1.	
Description of Non-conformance and Related Evidence:		
The BP is applying EC and UK feedstock classification. The following feedstock categories are used for production of pellets: 1) wood Industry residues (EC); sawdust (dry and wet UK); And for biomass drying; 1) wood industry residuals (EC): bark and sawmill residuals (UK) 2) forest residues (EC): branch wood (UK). Following inaccuracies was identified in UK classification for the biomass used into the drier.: Bark and wood chips are classified as one category "wood chips", which is not properly classified according to UK classification.		
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.	
Timeline for Conformance:	Not applicable	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 07/15	NC Classification: Minor
Standard & Requirement:	SBP Instruction document 5A (ver. 1.0), requirement 3.3.1
Report Section:	Appendix C p.4.3.1
Description of Non-conformance and Related Evidence:	
The BP is using fuel chips fuel logs coming directly from Latvian forests. Emission data was provided by supplier by phone and is equal to 0.8 l./t of feedstock. No evidence confirming the data and no recalculation methodology from ha/t into l./t feedstock was available during the assessment, It was confirmed that data recorded into the GHG table is very close to the value used in the region 1.0l/t feedstock	
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.
Timeline for Conformance:	Not applicable
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	
Yes ☐ No ☒	

NCR: 08/15	NC Classification: Minor	
Standard & Requirement:	SBP Instruction document 5A (ver. 1.0), requirement 3.6.1.	
Report Section:	Appendix C p.4.6.1	
Description of Non-conformance and Related Evidence:		
The fuel use per cbm of fuel chips was available for the assessment and recalculated into l/t feedstock. The data was provided by LVM logging contractor SIA Rolek – A by phone. No written evidence is available for initial data provided by Rolek-A is available.		
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.	
Timeline for Conformance:	Not applicable	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 9/15	NC Classification: Minor	
Standard & Requirement:	SBP Instruction document 5A (ver. 1.0), requirement 8.1.	
Report Section:	Appendix C p.9.1.	
Description of Non-conformance and Related Evidence:		
The organization has Batch specific data in place, containing all requirements. No tertiary volume is indicated in the input type section of the report. All feedstock is accounted as secondary.		
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.	
Timeline for Conformance:	Not applicable	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 10/15	NC Classification: Minor	
Standard & Requirement:	SBP Instruction document 5A (ver. 1.0), requirement 4.2.5	
Report Section:	Appendix C p.5.2.4	
Description of Non-conformance and Related Evidence:		
No regular moisture measurements were done in the reporting period. Dry sawdust is transported by aspiration system via pipes directly from the solid glued panel production to the dry sawdust bunker, the moisture is equal to the moisture level of the produced panels. Moisture for the wet sawdust was started to measure from mid of October, for dry sawdust coming from the dry sawdust bunker as well. The requirement for constant moisture measurements are designated in the BP procedures as well. However the procedures of the BP does not require weighted average calculation for the moisture measurements		
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.	
Timeline for Conformance:	Not applicable	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 11/15	NC Classification: Minor	
Standard & Requirement:	SBP Instruction document 5A (ver. 1.0), requirement 4.12.1.	
Report Section:	Appendix C p.5.12.1.	
Description of Non-conformance and Related Evidence:		
Moisture of the material used in dryer is not provided per category of feedstock. Bark and wood chips are reported together. Volume of the feedstock used in the drier is recorded once in a day. Proportion data for each feedstock type is available.		
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.	
Timeline for Conformance:	Not applicable	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 12/15	NC Classification: Minor	
Standard & Requirement:	SBP Instruction document 5A (ver. 1.0), requirement 6.1	
Report Section:	Appendix C p.7.2.	
Description of Non-conformance and Related Evidence:		
In the Biomass profiling data sheet there is missing the description of forest management practices except for reference to SBR report and information that forests are managed naturally exist.		
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.	
Timeline for Conformance:	Not applicable	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 13/15	NC Classification: Minor	
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 19.2	
Report Section:	Appendix A, p. 2c -2	
Description of Non-conformance and Related Evidence:		
The SBR is prepared in English only and is not translated into the official language of the country: Latvian.		
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.	
Timeline for Conformance:	Not applicable	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	OPEN	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

OBS: 01/15	Standard & Requirement:	SBP Standard # 4 requirement 5.5.2
	Report Section	Appendix B p 4.4
Description of findings leading to observation:	Described is available in section 9.2 of the SBP procedure. The BP intends to use 'SBP-compliant biomass' claim Typing mistakes are present into the SBP sales related procedure p.9.2. the "SBP Compliant Biomass claim is used instead of 'SBP-compliant biomass'.	
Observation:	It is recommended to update procedure with the aim to avoid risk of wrong claims appear in the SBP biomass sales documents.	

OBS: 02/15	Standard & Requirement:	SBP Instruction document 5A (ver. 1.0), requirement 4.2.4.
	Report Section	Appendix C p.5.2.3
Description of findings leading to observation:	No regular moisture measurements were done in the reporting period. Dry sawdust is transported by aspiration system via pipes directly from the solid glued panel production to the dry sawdust bunker, the moisture is equal to the moisture level of the produced panels. Moisture for the wet sawdust was started to measure from mid of October, for dry sawdust coming from the dry sawdust bunker as well. The requirement for constant moisture measurements are designated in the BP procedures as well.	
Observation:	It is recommended to conduct regular moisture measurements and maintain measurements records.	

OBS: 03/15	Standard & Requirement:	SBP Instruction document 5A (ver. 1.0), requirement 4.12.3.
	Report Section	Appendix C p.5.12.3.
Description of findings leading to observation:	Data is recorded and is calculated as an average, beside the fact standard does recommend to apply weighted average calculation.	
Observation:	It is recommended to apply weighted average calculation for all average moisture measurements.	

11 Certification decision

Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:	
☒	Certification approved: Upon acceptance of NCR(s) issued above
☐	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: The Biomass trader has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after SBP technical committee will approve the report. The expiration of the certificate will be then 5 years.	
Certification decision by: Ondrej Tarabus	
Date of decision: 21st March 2016	

12 Surveillance updates

Note: Surveillance updates shall be provided to SBP as specified in SBP Standard 3: Certification Systems: Requirements for Certification Bodies.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Sigita Pivina- Sales and Logistic Manager
Auditor(s):	Oļesja Puišo- SBP Lead auditor
People Interviewed, Titles:	Sigita Pivina- sales and logistic manager; Maris Sulcs- logs procurement manager; Ilmars Trucis – Electric engineer; Vladislavs Bikovs – Kiln and pellet production manager; Raimonds Džatlovs -- Boiler system manager; Vineta Suhareva- Production Accountant Vladislavs Vilumovs- Vilkmanis- P&B terminal manager
Brief Overview of Audit Process for this Location:	See in section 6.2 Description of evaluation activities in the main part of the report.
Comments:	N/A