Control Union Certifications B.V. Evaluation of Krex Spólka Sp.z o.o. Compliance with the SBP Framework: Public Summary Report

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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.sbp-cert.org

Document history

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1 Overview

CB Name and contact:	Control Union Certifications; Meeuwenlaan 4-6; P.O.Box 161, 8000AD Zwolle, Netherlands. Tel: +31(0)38-4260100. Email: certification@controlunion.com
Primary contact for SBP:	Loek Verwijst; lverwijst@controlunion.com Tel: +351 235 240 940
Report completion date:	10/Aug/2017
Report authors:	Hubert Jurczyszyn – lead auditor
Certificate Holder:	Krex Spólka z o.o.
Producer contact for SBP:	Marek Świstak Mobile: +48 510 990 429 E-mail: marek.swistak@krex.com.pl
Certified Supply Base:	Poland, Belarus, regions according to the Supply Base Report
SBP Certificate Code:	SBP-06-09
Date of certificate issue:	30/Nov/2017
Date of certificate expiry:	29/Nov/2022

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 following SBP standards are applicable and form the scope of the evaluation and thus, the SBP certificate: Standard 2, Standard 4 and Standard 5: Producer of wood pellets without a SBE (standard 1) and all material is either SBP through FSC certified or PEFC certified.

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 the specified SBP Standards are implemented across the entire scope of certification.

4 SBP Standards utilised

4.1 SBP Standards utilised

SBP Standard 2: Verification of SBP-compliant Feedstock ***Version 1.0: published 26 March 2015*** ***http://www.sustainablebiomasspartnership.org/docs/2015-03/sbp-standard-2-verification-of-sbp-compliant-feedstock-v1-0.pdf***
SBP Standard 4: Chain of Custody ***Version 1.0: published 26 March 2015*** ***http://www.sustainablebiomasspartnership.org/docs/2015-03/sbp-standard-4-chain-of-custody-v1-0.pdf***
SBP Standard 5: Collection and Communication of Data ***Version 1.0: published 26 March 2015*** ***http://www.sustainablebiomasspartnership.org/docs/2015-03/sbp-standard-5-collection-and-communication-of-data-v1-0.pdf***

4.2 SBP-endorsed Regional Risk Assessment

Not applicable – only FSC 100% purchases.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

Company is located in Eastern Poland. Company is active as a supplier to the polish energy sector mostly coal but also other fuels. In the middle of 2017 company bought pellet mill and is planning to start industrial pellet production from sawdust. Sawdust is to be bought with FSC 100% claim only. Second part of the process is wood chips trade. Wood chips are bought in Belarus and delivered without processing to the customer. Also chips are to be bought with FSC 100% claim. Company has implemented also sophisticated DDS system in order to meet polish regulations regarding biomass supply to the energy sector. Company has implemented COC system based on FSC transfer system for both Wood chips and pellet product groups. Company is registered in Bielsk Podlaski where the main office is located but also has pellet mill located in Szepietowo where pellet production takes place.

5.2 Description of Biomass Producer's Supply Base

Krex sp. z o.o. is FSC certified and is purchasing material from different suppliers who can deliver FSC 100% sawdust. According to the Supply Base Report the Supply Base of the company includes Polish Reginal Directorates of State Forests which are FSC certified as well as Belarusian State Forest enterprises which are FSC certified .

5.3 Detailed description of Supply Base

A quantitative description of the Supply Base can be found in the Biomass Producer's Supply Base Report. Supply base covers area of Poland specifically area of State Forests which are FSC certified only as well as the area of Belarus also State Forest Enterprises which are FSC certified only.

5.4 Chain of Custody system

All inputs that are to be used are FSC 100% certified, no uncertified or controlled inputs, all biomass is eligible for being claimed SBP compliant. Company has two chains in the scope one is pellet production from sawdust and this is done at Szepietowo site – pellet mill owned by the company. Sawdust is delivered to the pellet mill on trucks, pellet is produced and delivered by trucks to the port in Gdansk where it is sold. Second channel is trade of wood chips from Belarus directly to the client. Wood chips are loaded on the railway wagons and delivered directly to the port in Klajpeda where the material is sold to the client. Company is operating FSC transfer system for FSC COC and the same system is used for SBP claim establishing. Company has registration office in Bielsk Podlaski and general office is located there. Wood chips trade is supervised from Bielsk Podlaski. Whole production supervision is done on Szepietowo site where the pellet is produced.

6 Evaluation process

6.1 Timing of evaluation activities

The onsite audit was carried out 25-26.07.2017 by the above mentioned audit team. This report is the result of the findings of a certification evaluation carried out by auditor representing Control Union Certifications. The purpose of the assessment was to evaluate the compliance of the client with respect to the standards used within the scope of the certificate.

Activity	***Date***	***Location***	***Executed by***
Preparation	19-06-2017 (telephone discussion, on scope)	Zielona Góra	Hubert Jurczyszyn
Stakeholders consultation	27.06.2017 – 30 days onwards.	Zielona Góra	Hubert Jurczyszyn
Desktop review	21-07-2017		Hubert Jurczyszyn
Onsite audit			
site audit – Bielsk Podlaski office	25-07-2017 (9:00-9:30) – opening meeting	Bielsk Podlaski office	Hubert Jurczyszyn
site audit – Bielsk Podlaski office	25-07-2017 (9:30 – 15.00 – on site compliance assessment review of records and interviews with appointed staff	Szepietowo	Hubert Jurczyszyn
Site audit – Szepietowo pellet mill.	25-07-2017 (9:00 – 13.00 – on site compliance assessment review of records and interviews with appointed staff	Szepietowo	Hubert Jurczyszyn
Site audit – Szepietowo pellet mill.	25-07-2017 (13:00 – 14.00 – preparation for closing meeting	Szepietowo	Hubert Jurczyszyn
Site audit – Szepietowo pellet mill.	25-07-2017 (14:00 – 15.00 – closing meeting – findings presentation	Szepietowo	Hubert Jurczyszyn
evidence review and certification process.	25-26-09-2017		Hubert Jurczyszyn Loek Verwijst

6.2 Description of evaluation activities

The audit did consist of an opening meeting, during which the scope was confirmed. The auditor has introduced the team which consist of lead auditor Hubert Jurczyszyn who did also explain the methods to be employed during the audit. After this introduction, all relevant requirements of the applicable SBP standard(s) were verified on compliance. All relevant documentation related to pellet production was verified on site together with interviewing key BP staff having SBP tasks delegated (Bielsk Podlaski). Findings were documented on audit checklists. Audit was also including visit to the production line where pellet is produced (Szepietowo). The audit was completed by filling in the audit report and discussing the audit results.

1. Names and affiliations of people interviewed	
Name:	Affiliation:
Marek Świstak	Quality Manager – SBP manager
Sergiusz Zinowczyk	V-ce Chief Executive Officer
Krzysztof Gawryluk	Pellet production manager
Marcin Wojno	Pellet production Director
Marek Szepietowski	Pellet production leader
Mateusz Olęcki	Reception and logistics responsible person

Critical control points, summary	
Identified CCP	Evaluation CCP
Very general procedures in relation to SBP, different elements described in different places	During the assessment it was found out that different aspects of SBP requirements are described in many different documents and places. There is one SBP "key" procedure which guides where to find certain element but this information is also very general
Responsibilities gathered mostly in one hands	In the company there is one person who is gathering most of the responsibilities regarding SBP program and due to its scale and also procedural description this determines the CCP.

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on 27 of June 2017 by email to different stakeholders: representatives of state institutions – State Forestry Districts, local NGOs active in the region, authorities responsible for Forest management planning in the region, local administration bodies, biomass purchasers and other local stakeholders. One positive comment was received, no other comments received.

7 Results

7.1 Main strengths and weaknesses

The Audit of Krex Sp z o.o. demonstrated a good level of compliance with the required criteria of Standard 2, 4 and 5. There was reasonable evidence provided to support compliance with the applicable SBP standards.

The existence of a Chain of Custody system is in combination with, FSC COC, DDS implemented to meet Polish legal requirements – DDS (SNS) and ENplus are considered a main strength with respect to Krexs´ overall conformity with the relevant SBP standards. Non conformities defined during assessment are a matter of improvement.

7.2 Rigour of Supply Base Evaluation

As Krex only sources FSC-certified materials (FSC 100%) of the total input volume they will deliver SBP compliant biomass thus no SBE is needed in order to increase the amount of SBP compliant biomass at this moment in time. Krex is promoting very strong FSC certification and put emphasis on this issue regarding sourcing.

7.3 Compilation of data on Greenhouse Gas emissions

Company is able to provide all necessary data for GHG calculations and emissions as well as is able to collect such information from it's suppliers which was verified during audit onsite.

7.4 Competency of involved personnel

No SBE was completed.

All personnel that is involved with SBP have received appropriate training whereby all relevant procedures and requirements have been covered. All training and instructions are based on the procedures as identified in company manuals, and training is provided by internal resources and recorded accordingly. Key personnel showed good knowledge of SBP requirements.

7.5 Stakeholder feedback

See 7.2. Since no SBE has been performed also no stakeholder consultation was done as part of the SBE process.

Consultation with stakeholders were done by notifying SBP stakeholders in a notice sent out from SBP office on June 27, 2017 with a deadline for submitting comments by July 11, 2017. One positive response was received during stakeholders consultation. Feedback received from Polish Pellet Board. Other invited stakeholders did not provide any feedback.

7.6 Preconditions

Organization is following SBP standards in their scope of the certification however due to the fact that major findings were raised those must be settled in sufficient way before certificate may be issued.

8 Review of Biomass Producer's Risk Assessments

No SBE is carried out only FSC certified inputs.

9 Review of Biomass Producer’s mitigation measures

No SBE is carried out only FSC certified inputs.

10 Non-conformities and observations

During main assessment 3 major non – conformities were raised, 6 minor no-conformities were raised and 4 observations were raised. As a precondition for certification at least major non-conformities have to be solved.

SBP Ind	Grading	Indicator requirement	Failing
Std 2, 5.1	Major	The BP shall define the Supply Base (SB) for all feedstock received which is used in the production of SBP compliant biomass. The SB is the area encompassing all places where pre-consumer feedstock was harvested from (i.e. the location of the tree stump). In recognition of the fact that the location of feedstock extraction may change from year to year, the SB should cover prospective future harvesting areas.	Supply base is defined and described in the supply base report. Company defines the supply base as the area of state forest holding certified in FSC system The area in ha described as SB does not fit to the factual area of FSC certified forests in Poland as well as in Belarus . Company verifying the information true their supply verification procedure which requires the definition of the area of origin for the supply material (declarations from the suppliers cross verified with the supply documentation true the entire supply chain and on site verification).Company is buying material with FSC 100% claim which is an SBP-approved Chain of Custody (CoC) System claims and according to the SBP standard in such case SBE is not required. SBR provided by the company differ in point 2.5 between polish and English version. Also Polish version of SBR is dated as 21.07.2017 when it is signed by senior management on the 20.07.2017. Having all above in mind and also the importance of SBR in SBP scheme NC is graded major.
Std 2, 6.2	Minor	The BP shall record the place of harvesting and the identity of the primary wood processor responsible for the supply of inputs classified as SBP-compliant secondary feedstock.	Area is defined in the SBR. Company is sourcing material which is sawdust which according to the definition of SBP is secondary feedstock. List of suppliers was verified during audit. All suppliers dedicated to this process (4 from Poland - sawdust and 1 from Belarus - chips)are either FSC certified . All the suppliers are to deliver material with FSC claims which is to be FSC 100%. During the review of the suppliers register Belarusian supplier was not there. Due to the fact that this supplier was defined in the other sources as well as that the company at the closing meeting has presented the updated suppliers list this nc is graded minor due to its limited impact on SBP supply chain.

Std 2, 6.3	Minor	The BP shall ensure that the place of harvesting is within the defined SB.	Company is checking this based on EUTR system implemented. FSC as well as EUTR requires from the company to have a system which allows to collect information about the origin of any material they buy. The company has implemented such system which allows to get the information about the origin of the material (declarations of the suppliers as well as verification of the supply documentation in different stages of the supply chain) in order to make sure that the declared and verified place of harvest is within the defined supply base. However the report presented as the one to be used for SBP area of origin verification does not define how and what kind of information must be verified during such assessment as it is done for other schemes for which the report was created., which is a key element of such verification. Since Mr Świstak has confirmed via interview how this is to be done as well as other implemented system SNS is also defining it, there was no SBP verification audit yet since this is main assessment, there is no evidence for nc but there is a risk of non-conformity appearing in this matter based on above description that is why this is treated as an observation.
Std 2, 15.1	Obs	The BP shall implement a management and monitoring system to maintain compliance with the requirements of this and all other relevant SBP Standards, together with a process of review and feedback into planning (CPET S6b1).	Procedure Psbp - 01 version 1 from 30.06.2017 is referring with the compliance reference to 4 main documents: form 16 - scope of responsibilities, FSC manual - (ZSKPP), DDS procedure - (SNS P-01) and Penplus-01. In most cases there is no direct reference saying which point or chapter of the reference document describes conformity with SBP requirement. More over in regards conformity with point 5.4.1 of standard 4 is described in relation to purchase not to sales, point 5.4.2 stated as not applicable where in fact delivery documents are to be used, 5.4.7 requires definition of product groups where decryption of conformity relates to the credibility of different schemes: FSC, SNS, EN plus. point 5.3.2 description of conformity refers to Methodology used in EN plus system which is not approved by SBP as an approved scheme to which conformity with SBP requirements may refer to. EN plus pellet is out of scope of SBP certificate. Digging into the exact sources compliance is met but due to the fact that it is not easy to find it especially if someone who is not familiar with was to find it and because of that fact there is a risk of non-conformity this finding is graded as an observation.

Std 2, 15.4	Obs	The management system shall identify the personnel responsible for implementing systems and procedures.	At the moment whole responsibility for SBP compliance is gathered by SBP manager Mr Marek Świstak. Due to the fact that this responsibility is very big and there is no clear way who and how shall take it over when sudden disappearance of SBP manager there is a risk of non-conformity with certain SBP requirements that is why this finding is graded as an observation.
Std 2, 19.1	Minor	The BP shall implement measures to support the credibility of the SBR, appropriate to the context of the SB, SBE and the BP.	This finding has its root cause in 5.1 since measures to support credibility of SBR such us data of main polish statistical office (Gus) as well as signature under polish version of SBP did not work as the major finding was raised under 5.1. To the fact that this is related to another finding from the assessment this finding is reside as a minor.
Std 2, 20.2	Minor	The BP shall inform SBP of any substantiated complaints within 30 days of the completion of the BP's analysis of the complaint.	Company has the system for complaints handling implemented using the same tool also for FSC - chapter 4 of FSC manual. But there is no definition of the need to inform SBP of any substantiated complaints within 30 days of the completion of the BP's analysis of the complaint. Due to limited impact of this finding it is graded as a minor non - conformity
Std 4, 5.4.2	Minor	Company is aware of that requirement but at the moment there is no defined customer. Company does not have a tool which is defined to record certificate nrs of customers. Due to the limited impact of this nc to the whole COC this finding is graded minor.	Company is aware of that requirement but at the moment there is no defined customer. Company does not have a tool which is defined to record certificate numbers of customers. Due to the limited impact of this non-conformity to the whole COC this finding is graded minor.
Std 4, 5.5.6	Obs	A single legal owner may supply SBP-compliant Biomass, SBP-controlled biomass, and Other Biomass. Other Biomass shall be physically separated and shall not be mixed in any Chain of Custody system.	In terms of chips company is to purchase FSC 100% chips and sell it without physical possession to the client, transport by railway. Company has implemented pellet production for 2 types of pellets. Industrial pellet is the one to be produced for FSC 100% sawdust and to be sold under transfer system with SBP compliant claim delivered by trucks and ships without special packaging. This pellet has diameter 8 mm. Another type of pellet which is to be produced by Biomass producer is the pellet on diameter 6 mm which is to be sold with EN plus claim to the non-industrial clients - in bags. Material in terms of characteristics is the same. During the site visit it was observed that material for EN plus pellet is stored next to the place designed for material eligible to be used for SBP production separated by plastic belt one from the another. In the place designed for SBP eligible input no stock was

			observed during the audit. Interviews confirmed that materials cannot be mixed. Due to the fact that the input materials are similar one to another and separation was week, and also there was no SBP eligible input on stock during the assessment to verify the effectiveness of the separation there is a risk of non-conformity in this aspect because EN plus inputs does not meet all SBP requirements in this aspect that is why this finding is graded as an observation.
Std 4B, 1.2	Minor	The Sustainable Biomass Partnership (SBP) owns three registered trademarks: the SBP logo artwork, the initials “SBP” and the name “Sustainable Biomass Partnership”. In order to use the SBP trademarks, the organisation shall have signed the SBP trademark licence agreement.	Company is using SBP trademark on their Psbp-01 Manual as well as a segregation mark on production and silo. There is no signed license agreement during audit. Due to the limited aspect of this requirement as well as the fact that trademarks are not used externally this finding is graded minor
Std 4B, 1.7	Minor	Only the SBP logo artwork provided directly from the SBP secretariat shall be used.	Company was using internally SBP logo which was not provided by SBP secretariat. Due to the limited aspect of this finding it is graded as a minor
Std 5B, 2.1.1	Major	Each Legal Owner shall record all data as speci fied in either the ‘SBP Audit Report for Energy and GHG data’ (SAR) or the ‘SBP Report on Energ y and GHG for Supplie d Biomass’ (SREG) whe re production or transportation of feed stock or biomass contrib utes to Energy or GHG values during the perio d of legal ownership: - The ‘SBP audit report for Energy and GHG d ata’ (SAR) shall be com pleted by BPs; - The SBP Report on E	Company has created SAR for pellet production as well as SREG for wooden chips trade. The description of the Krex process in SAR contain information about the processes and locations which are out of scope of the SBP certificate. There is an information about Ostrołęka and Siemianówka terminals, different biomass assortments including non-timber biomass. Also in SAR the inputs are defined as wood chips, sawdust, wood shavings and offcuts when the other sources of information define only sawdust as eligible input. At the side 3 there is a lack of license number, at the 5th page there is required to put information about county/region of origin where there is information about pellets including those non timber ones. Physical form is wood shavings, wood offcuts, sawdust and chips when SDI defines shavings and chips and on the suppliers list only sawdust. Page 10 lack of pictures which were added during assessment. At the page 14 there is no information about fuel usage by the loader when SDI contain this information, There is no information about possible bio-components in the fuel neither under loader nor in case of pellet transport to the port. For SREG there is no inconsistencies. Both

		nergy and GHG for Sup plied Biomass (SREG) s hall be completed by tr aders. BPs shall complete the SREG where biomass is supplied outside the sc ope of a Static Data Identifier (SDI).	documents are not approved by the top management during assessment. Due to the fact that information included in both SAR and SREG is key for the integrity of the SBP COC this non-conformity is graded Major.
Std 5C, 2.1.1	Major	Each Biomass Producer (BP) shall record data as specified in this Instr uction Document.	Company has provided filled 5c templet but several inconsistencies were found. The definition of the input material is 50% sawdust and 50% other wood residues which does not fit to SAR and also defined type of input by the company which is only sawdust. More over point 1.1.1 is empty shall be the country of origin, point 1.1.2 there is a country but no specific in regions as required, 1.1.3 it says other naturally regenerated when we know that in Poland mostly planting is used, 1.4.1 and 1.4.2 is filled as if company was sourcing logs which does not fit to the definition of inputs. Moreover there is a lack of this document related to the second route in the scope of the certificate which is wooden chips trade from Belarus. due to the fact that this is a key document in SBP process and several inconsistencies were found this finding is graded major.

After the audit major non conformities were solved by sending evidence to the auditor on 06/SEP/2017

11 Certification decision

The management system, procedures, and techniques of Krex Spółka z o.o. have been assessed by CUC according to the standard(s) described in chapter 4.1 of this summary. In the opinion of the lead auditor, Hubert Jurczyszyn:

Krex Sp z o.o. is in conformity with the certification requirements and a certificate should be issued. After review, Control Union Certifications B.V. confirms this decision

Date of certificate issue: 30/Nov/2017

Date of certificate expiry: 29/Nov/2022

Once certified, Krex Sp z o.o. will be audited at least annually to monitor its continued conformity with all applicable certification requirements.

12 Surveillance updates

12.1 Evaluation details

Main assessment.

12.2 Significant changes

Main assessment.

12.3 Follow-up on outstanding non-conformities

Main assessment.

12.4 New non-conformities

Main assessment.

12.5 Stakeholder feedback

Main assessment. One positive feedback received during consultation done by CUC.

12.6 Conditions for continuing certification

Main assessment.

12.7 Certification recommendation

Main assessment.