

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

First Surveillance Audit

[www.sustainablebiomasspartnership.org](http://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](http://www.sustainablebiomasspartnership.org)*

### *Document history*

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# 1 Overview

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

Primary contact for SBP: Ondrej Tarabus [ot@nepcon.net](mailto:ot@nepcon.net), +420 606 730 382

Report completion date: 28/Dec/2016

Report authors: Gerimantas Gaigalas

Certificate Holder: MK Laivyba UAB, Plytu str. 12, LT - 92121 Klaipeda, Lithuania

Tel.: +370 46 410 514 / E-mail: [info@mklaivyba.lt](mailto:info@mklaivyba.lt) Web: [www.mklaivyba.lt](http://www.mklaivyba.lt)

Producer contact for SBP: Jurate Zimkiene, deputy director

Certified Supply Base: N/A - Trader

SBP Certificate Code: SBP-01-15

Date of certificate issue: 07/Apr/2016

Date of certificate expiry: 06/Apr/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 |
| <input type="checkbox"/>                                             | <input checked="" type="checkbox"/> | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>  |

## 2 Scope of the evaluation and SBP certificate

The organization is a trader with biomass (heating pellets) sourcing the material from Belarus, Lithuania, Estonia and Latvia. The scope of the first surveillance audit covers heating pellets. During the auditing period the Organization didn't purchased or sold any SBP products.

The organization holds a valid FSC certificate with transfer system implemented. The point of purchase varies, and can be FOB, DAP and FCA, storage facility is available in port of Klaipeda.

The material is delivered to several buyers in Europe. The points of sale is also variable. The material is mostly delivered to ports in Europe on CIF conditions.

| Scope Item                                  | Check all that apply to the Certificate Scope                                                                                                                                   |                                                                                                                                        |                                                                                                              |                              | Change in Scope<br>(N/A for Assessments) |  |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------------------|--|
| <b>Approved Standards:</b>                  | <i>SBP Standard #4 V1.0 SBP Standard #5 V1.0</i><br><a href="http://www.sustainablebiomasspartnership.org/documents">http://www.sustainablebiomasspartnership.org/documents</a> |                                                                                                                                        |                                                                                                              |                              | <input type="checkbox"/>                 |  |
| <b>Primary Activity:</b>                    | Broker/trader with physical possession                                                                                                                                          |                                                                                                                                        |                                                                                                              |                              | <input type="checkbox"/>                 |  |
| <b>Input Material Categories:</b>           | <input type="checkbox"/> SBP-Compliant Primary Feedstock                                                                                                                        | <input type="checkbox"/> SBP-Compliant Secondary Feedstock                                                                             |                                                                                                              |                              | <input type="checkbox"/>                 |  |
|                                             | <input type="checkbox"/> Controlled Feedstock                                                                                                                                   | <input type="checkbox"/> SBP non-Compliant Feedstock                                                                                   |                                                                                                              |                              |                                          |  |
|                                             | <input type="checkbox"/> SBP-Compliant Tertiary biomass                                                                                                                         | <input type="checkbox"/> Post-consumer Tertiary Feedstock                                                                              |                                                                                                              |                              |                                          |  |
|                                             | <input type="checkbox"/> SBP-approved Recycled Claim                                                                                                                            | <input type="checkbox"/> Post-consumer Tertiary Feedstock                                                                              |                                                                                                              |                              |                                          |  |
|                                             |                                                                                                                                                                                 |                                                                                                                                        |                                                                                                              |                              |                                          |  |
| <b>Chain of custody system implemented:</b> | <input checked="" type="checkbox"/> FSC                                                                                                                                         | <input type="checkbox"/> PEFC                                                                                                          | <input type="checkbox"/> SFI                                                                                 | <input type="checkbox"/> GGL | <input type="checkbox"/>                 |  |
|                                             | <input checked="" type="checkbox"/> Transfer                                                                                                                                    | <input type="checkbox"/> Percentage                                                                                                    | <input type="checkbox"/> Credit                                                                              |                              | <input type="checkbox"/>                 |  |
| <b>Points of sales</b>                      | <input type="checkbox"/> Harbour (including own handling of material)                                                                                                           | <input checked="" type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbor | <input checked="" type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.) |                              | <input type="checkbox"/>                 |  |

|                                              |                                                  |                    |                                                                      |                          |
|----------------------------------------------|--------------------------------------------------|--------------------|----------------------------------------------------------------------|--------------------------|
| <b>Provide name of all points of sales</b>   | -<br>-<br>-                                      | Klaipeda<br>-<br>- | CIF Ghent<br>CIF Hull<br>CIF Copenhagen                              |                          |
| <b>Use of SBP claim:</b>                     | <input checked="" type="checkbox"/> Yes          |                    | <input type="checkbox"/> No                                          | <input type="checkbox"/> |
| <b>SBE Verification Program:</b>             | <input type="checkbox"/> Low risk sources only   |                    | <input type="checkbox"/> Sources with unspecified/<br>specified risk | <input type="checkbox"/> |
|                                              | New districts approved for SBP-Compliant inputs: |                    |                                                                      |                          |
| <b>Sub-scopes</b>                            |                                                  |                    |                                                                      | <input type="checkbox"/> |
| Specify SBP Product Groups added or removed: |                                                  |                    |                                                                      |                          |
| Comments:                                    |                                                  |                    |                                                                      |                          |

### 3 Specific objective

The specific objective of the first surveillance 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 first surveillance covered:

- Review of opened non-conformances;
- Review of the BP's management procedures;
- Review of the transportation, storage and deliverance processes,
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records and calculations;
- GHG data collection analysis.

## 4 SBP Standards utilised

### 4.1 SBP Standards utilised

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

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

Energy and carbon balance calculation, SBP Standard 6, Version 1.0, March 2015

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

### 4.2 SBP-endorsed Regional Risk Assessment

Not applicable

## 5 Description of Biomass Producer, Supply Base and Forest Management

### 5.1 Description of Biomass Producer

MK Laivyba has been trading wood pellets since 2005 and has a wide network of suppliers in Lithuania, Belarus and other countries. They store the pellets in Klaipeda and in other Baltic ports, according to the needs. Their customers are the major European energy companies.

### 5.2 Description of Biomass Producer's Supply Base

The Organization is the trader with physical procession, therefore this section is not applicable.

### 5.3 Detailed description of Supply Base

The Organization is the trader with physical procession, therefore this section is not applicable.

### 5.4 Chain of Custody system

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

The FSC and SBP claim is mentioned on the sales invoices. The sustainability characteristics for each batch are mentioned on an annex to the invoice which always contains the number of the invoice as well.

During the auditing period the Organization didn't purchased or sold any SBP products.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

The first surveillance was carried out on 19<sup>th</sup> December, 2016. The lead auditor Gerimantas Gaigalas (GG) was witnessed by Ojesja Puišo (OP). Below is the audit plan.

| Activity                                                                                                                                                                                                                                   | Location                        | Auditors | Date/time     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------|---------------|
| Opening meeting* <ul style="list-style-type: none"> <li>- Presentation of participants</li> <li>- Review of agenda</li> <li>- Presentation of organization and systems</li> </ul>                                                          | Main Office                     | GG / OP  | 9.00 - 9:40   |
| - Visit of Klaipeda terminal, harbour staff interview                                                                                                                                                                                      | Klaipeda harbour                | GG / OP  | 10.00 - 11.30 |
| Review of Documented Control Systems for SBP <ul style="list-style-type: none"> <li>- Evaluation of opened NCR's</li> <li>- SBP internal procedures</li> <li>- Training records SBP</li> <li>- Energy and Emission Calculations</li> </ul> | Main office                     | GG / OP  | 11:30 - 12.30 |
| Lunch break                                                                                                                                                                                                                                |                                 |          | 12:30 - 13:30 |
| Review of Documented Control Systems for SBP <ul style="list-style-type: none"> <li>- Evaluation of opened NCR's</li> <li>- SBP internal procedures</li> <li>- Training records SBP</li> <li>- Energy and Emission Calculations</li> </ul> | Main office                     | GG / OP  | 13:30 - 14.30 |
| Interviews with staff responsible for purchase, sales and logistics                                                                                                                                                                        | Purchasing and sales department | GG / OP  | 14:30 - 15:15 |
| Auditors summarize the evaluation                                                                                                                                                                                                          |                                 | GG / OP  | 15:15- 15:30  |
| Closing meeting*                                                                                                                                                                                                                           | Main office                     | GG / OP  | 15:30 - 16:00 |

GG – Gerimantas Gaigalas

OP - Olesja Puiso

## 6.2 Description of evaluation activities

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

Composition of audit team:

| Auditor(s), roles                              | Qualifications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gerimantas Gaigalas<br>(Lead auditor)          | Gerimantas Gaigalas has Master degree on Forestry (graduated in Lithuanian Academy of Agriculture), BSc degree in Law and Master's degree in International Law (graduated in University of Mykolas Romeris) and diploma in programming (Electronic College in Vilnius). He has experience leading the International Relations and Agreements Division in the Ministry of Environment as well as experience working in United Nations Development Programme (UNDP) Papua New Guinea regional office and Institute of Environment Sustainability of EU Commission in Italy. Gerimantas has successfully passed Forest Management and Chain of Custody lead auditor training. He is working in UAB “NEPCon LT” as certification manager since 2013. Since 2014 he is implementing PEFC CoC audits, in 2013 completed PEFC CoC auditor training according to the new Chain of Custody standard. Gerimantas had attended SBP Training course and participated in 3 SBP witness assessments in Lithuania. |
| Evaluation against all applicable requirements |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Olesja Puišo (witness auditor)                 | Auditor, evaluation against all applicable requirements.<br>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, as well Legal Source, SAN, ISO 14001 and SBP training course. Previous experience in woodworking industry and SBP pre-assessment and assessments in Latvia, Lithuania and Russia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

## 6.3 Process for consultation with stakeholders

It was first surveillance audit, not applicable

## 7 Results

### 7.1 Main strengths and weaknesses

The Organization is the trader with physical possession having the well-developed input controlled system (transfer system) as well as well-trained responsible personnel. However, it has not yet the experience of purchase and sell of SBP products because during the auditing period no purchase or sales of SBP material took place.

### 7.2 Rigour of Supply Base Evaluation

The Organization is the trader with physical procession, therefore this section is not applicable.

### 7.3 Compilation of data on Greenhouse Gas emissions

The Organization provided all necessary information about Greenhouse Gas emissions data according to the new 5A standard together with all relevant justification and evidences. During the audit one observation was issued concerning the GHG data calculation when it was noted that in the future it could be the cases when instead of diesel crane it could be used electric crane for pallets unload, however so far the Organization do not plan to use it but in case of diesel crane problem, it could be used as alternative.

### 7.4 Competency of involved personnel

The main responsible person for the SBP system in the company is Jurate Zimkiene – the Deputy Director. She is also responsible for SBP procedures and staff training. Director Mindaugas Karalius is responsible for pellet procurement and sales activities; Logistic Managers Evaldas Pranevicius is responsible for warehouse management and quality as well as quantity management of the pellets; Chief accountant Edita Sapovalova is responsible for sales documents and sales recordkeeping.

All interviewed staff was well familiar with their responsibilities within SBP certification system, overall responsible person demonstrated knowledge and understanding of the applicable SBP standard requirements.

SBE is not in the scope of the evaluation.

### 7.5 Stakeholder feedback

First surveillance, not applicable.

### 7.6 Preconditions

First surveillance, not applicable.

## 8 Review of Biomass Producer's Risk Assessments

Not applicable.

## 9 Review of Biomass Producer's mitigation measures

First surveillance, not applicable.

## 10 Non-conformities and observations

|                                                        |                                                                                                                                                                                                                                                                                                                                                         |                                                                 |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| <b>OBS: 01/17</b>                                      | <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                      | SBP Standard # 5, instruction document 5A requirement 5b, 3.3.1 |
|                                                        | <b>Report Section</b>                                                                                                                                                                                                                                                                                                                                   | Appendix B p 8.1                                                |
| <b>Description of findings leading to observation:</b> | The GHG data calculation doesn't reflect the possibility of the use of electric crane for pallets unload, in case of diesel crane problem.                                                                                                                                                                                                              |                                                                 |
| <b>Observation:</b>                                    | During the audit one observation was issued concerning the GHG data calculation when it was noted that in the future it could be the cases when instead of diesel crane it could be used electric crane for pallets unload, however so far the Organization do not plan to use it but in case of diesel crane problem, it could be used as alternative. |                                                                 |

## 11 Certification decision

|                                                                                                                                                                                                                                                                                                                                        |                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| Based on Organisation's conformance with <b>SBP requirements</b> , the auditor makes the following recommendation:                                                                                                                                                                                                                     |                                                                   |
| <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                    | Certification approved:<br>Upon acceptance of NCR(s) issued above |
| <input type="checkbox"/>                                                                                                                                                                                                                                                                                                               | Certification not approved:                                       |
| Based on auditor's recommendation and NEPCon quality review following certification decision is taken:                                                                                                                                                                                                                                 |                                                                   |
| <p><b>NEPCon certification decision:</b></p> <p>The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after NEPCon will obtain the recognition as SBP certification body. The expiration of the certificate will be then 5 years.</p> |                                                                   |
| Certification decision by: Olesja Puiso                                                                                                                                                                                                                                                                                                |                                                                   |
| Date of decision: 09.01.2017                                                                                                                                                                                                                                                                                                           |                                                                   |

## 12 Surveillance updates

### 12.1 Evaluation details

The first surveillance was carried out on 19<sup>th</sup> December, 2016. The lead auditor Gerimantas Gaigalas (GG) was witnessed by Olesja Puišo (OP). Auditor team was welcomed in UAB “MK Laivyba” head office in Klaipeda. Audit started with an opening meeting attended by deputy director Jurate Zemkiene. Lead auditor introduced the audit team, provided information about audit plan, methodology and aim of the first surveillance. CB’s accreditation related issues and confidentiality issues were covered as well. After that auditor went through all applicable requirements of the standard covering management system, CoC, recordkeeping/mass balance requirements, emission and energy data and verification of SBP compliant and SBP Controlled feedstock. During the process overall responsible person for SBP system and over responsible staff having key responsibilities within the system was interviewed. Harbour terminal in Klaipeda was visited during the SBP first surveillance as well. Terminal representative was interviewed, equipment observed and emission data was collected. During the closing meeting auditor explained the results of the audit.

### 12.2 Significant changes

There is no changes in the system.

### 12.3 Follow-up on outstanding non-conformities

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>NCR: 01/16</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>NC Classification: Minor</b>                                                                                                                                                                                                                                                                                           |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                             | SBP Standard # 4 requirement 5.2.6                                                                                                                                                                                                                                                                                        |
| <b>Report Section:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Appendix A p 2.6                                                                                                                                                                                                                                                                                                          |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                           |
| The requirement for recording of the information regarding the incoming material is specified in the SBP certification procedure section 4.1. During the interviews with logistic manager it was confirmed that the incoming invoice/ load registration table, used for tracking of the incoming materials is created and maintained, however it is not updated with a certificate number and SBP status information. No pellets with SBP claims were purchased at the date of the assessment. |                                                                                                                                                                                                                                                                                                                           |
| <b>Corrective action request:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br>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. |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 12 months from the report finalization                                                                                                                                                                                                                                                                                    |
| <b>Evidence Provided by Organisation:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Written procedures, updated registration table                                                                                                                                                                                                                                                                            |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                    | During the audit logistic manager presented the updated registration table of incoming invoice/ load registration, used for tracking of the incoming materials where the columns for SBP certification number as well as SBP claim were added. During the                                                                 |

|                                                                                                                                             |                                                                                                                                                                                           |                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
|                                                                                                                                             | auditing period no purchase or sales of SBP material took place. The interview with responsible persons confirmed that they know, understand and are ready to implement this requirement. |                                        |
| <b>NCR Status:</b>                                                                                                                          | <b>CLOSED</b>                                                                                                                                                                             |                                        |
| Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks? | Yes <input type="checkbox"/>                                                                                                                                                              | No <input checked="" type="checkbox"/> |

## 12.4 New non-conformities

|                                                        |                                                                                                                                                                                                                                                                                                                                                         |                                                                 |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| <b>OBS: 01/17</b>                                      | <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                      | SBP Standard # 5, instruction document 5A requirement 5b, 3.3.1 |
|                                                        | <b>Report Section</b>                                                                                                                                                                                                                                                                                                                                   | Appendix B p 8.1                                                |
| <b>Description of findings leading to observation:</b> | The GHG data calculation doesn't reflect the possibility of the use of electric crane for pallets unload, in case of diesel crane problem.                                                                                                                                                                                                              |                                                                 |
| <b>Observation:</b>                                    | During the audit one observation was issued concerning the GHG data calculation when it was noted that in the future it could be the cases when instead of diesel crane it could be used electric crane for pallets unload, however so far the Organization do not plan to use it but in case of diesel crane problem, it could be used as alternative. |                                                                 |

## 12.5 Stakeholder feedback

No comments received

## 12.6 Conditions for continuing certification

No new conditions

## 12.7 Certification recommendation

Maintain certification.

## 13 Evaluation details

|                                                                            |                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Primary Responsible Person:<br>(Responsible for control system at site(s)) | Jurate Zimkiene- Deputy Director                                                                                                                                                                                   |
| Auditor(s):                                                                | Gerimantas Gaigalas- Lead auditor;<br>Olesja Puiso- witness auditor.                                                                                                                                               |
| People Interviewed, Titles:                                                | Jurate Zimkiene – the Deputy Director;<br>Mindaugas Karalius- Director;<br>Evaldas Pranevicius- Logistic Manager;<br>Edita Sapovalova – Chief accountant;<br>Donatas Zaikauskas, Bulk and Liquid Terminal Manager. |
| Brief Overview of Audit Process for this Location:                         | See section 6.1                                                                                                                                                                                                    |
| Comments:                                                                  |                                                                                                                                                                                                                    |