



LegalSource™ Audit Public Summary for Bord na Móna Energy Limited

Annual audit 2017

Report date: 20/10/2017

Certificate code: NC-LS-025845

Issued date: 14/09/2016

Organisation Contact

Bord na Móna Plc, Leabeg, Boora, Co. Offaly, Ireland

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A. Introduction

The purpose of this report is to document conformance with the requirements of the LegalSource standard by Bord na Móna Plc hereafter referred to as "Organisation". The report presents findings of LegalSource auditors, who have evaluated the Organisation's systems and performance against the applicable requirements. The sections below provide the audit conclusions and follow-up actions required by the Organisation.

Dispute resolution: If stakeholders have concerns or comments about the LegalSource standard or the auditing body, they are encouraged to contact their closest NEPCon regional office. Formal concerns and complaints should be sent in writing.

B. Scope

The LegalSource audit, report and certificate covers the following scope:

Report Type	
Report type:	Confidential

Organisation Details	
Primary contact:	Eamonn Lee, Biomass Sustainability & Project Manager
Address:	Bord na Móna Plc, Leabeg, Boora, Co. Offaly, Ireland
Tel/Web/Email:	Tel: +353 (0)86 3830244 Email: Eamon.lee@bnm.ie
Jurisdiction of primary legal entity:	Ireland
Primary Activity	Broker/trader with physical storage

Certificate Scope	
Certificate Type	<input checked="" type="checkbox"/> Single site certificate <input type="checkbox"/> Group/ Multi-site certificate
Standards Evaluated:	<input checked="" type="checkbox"/> LegalSource Standard (LS-02) v2 <input type="checkbox"/> NEPCon Generic Chain of Custody Standard (NC-STD-01) <input type="checkbox"/> NEPCon Generic Group & Multi-Site Standard (NC-STD-02)
Product scope:	Woodchips (CN 4401 Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms) Species: Pine (<i>Pinus ellioti</i>), eucalyptus (<i>Eucalyptus camaldulensis</i> and <i>Eucalyptus grandis x Urophylla</i>) and rubberwood (<i>Hevea brasiliensis</i>) Origin: South Africa, Cameroon

Certificate Sites or Group members	
Site 1:	
Site name:	BNM, Leabeg
Site Address/ Tel/Web/Email:	Bord na Móna Plc, Leabeg, Boora, Co. Offaly, Ireland. Tel: 086 3830244 Email: Eamon.lee@bnm.ie
Site Activity:	Broker/trader with physical storage
Product Scope:	See scope description above
Site visited during audit:	<input checked="" type="checkbox"/>

Evaluation Process	
Audit team:	Nicolas Pillet Nicolas is a Forest Legality Specialist working with the LegalSource Assurance team. He is also an FSC CoC trainee auditor. Over the last 2.5 years, Nicolas has been running EUTR enforcement projects for the UK Competent Authority. Nicolas has a university degree in Geography and an Advanced Professional Certificate in Investigative Practice.
Description of Audit Process:	The auditor visited the Organisation's offices in Leabeg on 12 th July and was welcomed by Eamonn Lee, Biomass Sustainability & Project Manager. The Biomass Sustainability & Project Manager provided an introduction to the company and an overview of the Organisation's due diligence to the auditor. The audit proceeded with a review of the Organisation's due diligence procedures and risk assessment results for supply chains. Discussion was had regarding the new LegalSource standard version before a closing meeting.
Actions taken by Organisation prior to report finalisation:	Provided some additional evidence requested during the evaluation
Notes for the next audit:	

C. Audit Findings

Audit Conclusion:	
Organisation approved: MAJOR non-conformance(s) issued	<input checked="" type="checkbox"/>
Organisation not approved:	<input type="checkbox"/>
Additional comments:	

Non-Conformances

Non-conformance reports (NCRs) describe the non-conformances identified during audits. NCRs include defined timelines for the Organisation to demonstrate conformance. MAJOR non-conformances issued during assessments/reassessments shall be closed prior to issuance of the certificate. MAJOR non-conformances issued during annual audits shall be closed within the timeline specified in the NCR, or result in certificate suspension. Where applicable, all non-conformances against standard requirements are shown below:

NCR number: 12167	NC grading:	Major <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (V1) - 7.1 LegalSource standard (V2) - 7.5		
Description of Non-conformance:			
<p>Drawn from the Observation issued at the previous annual evaluation (OBS 12167), BNM was aware of the newly implemented requirement of version 2 of the LS standard, regarding the evaluation of third parties certifications' ability to meet the assurance of low risk of illegal harvest, trade and transport and mixing. During the evaluation, the Biomass Sustainability & Project Manager was not able to supply such evaluation for the FSC scheme they require the product to be certified as (EXH 2, section 7) and that is supplied (EXH 4).</p> <ul style="list-style-type: none"> •Interview with the Project Manager •Review of the Organisation's Due Diligence Manual (exhibit 2) •Review of the Organisation's Risk Assessments (Exhibit 3 and 4) 			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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.</p>		
NCR conformance deadline:	3 months (20/01/17)		
Client evidence:			

Evaluation of Evidence:	
NCR Status:	Open
Comments (optional):	<p>Initial observation for OBS 12167:</p> <p>The Organisation should be aware that Version 2 of the LegalSource Standard will include specific requirements for LegalSource certified Organisation's to conduct an evaluation of each Certification Scheme used as part of the risk assessment. This applies to the FSC certification scheme used by the Organisation. An evaluation of this scheme (and any other certification schemes used) should be in place by the time of the next annual audit. The Organisation may utilise the new tool in the revised LegalSource due diligence system (DD-13) to conduct this assessment and should be aware of the requirements which will be used for assessment at the next audit (LS-18).</p>

NCR number: 12168	NC grading:	Major <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	<p>LegalSource standard (V1) - 7.5</p> <p>LegalSource standard (V2) - 7.7</p>		
Description of Non-conformance:			
<p>BNM collects a substantial amount of information regarding its material's supply chain and the Biomass Sustainability & Project Manager proves to be aware of the potential risks and necessary mitigation steps needed. However, the actual risk evaluation conducted is not recorded in the documents containing the supply chain information (EXH 6,7,8). Most noticeably, the endangered status of the species used in the material, the risks at country and regional level, the prevalence of armed conflicts, the potential UN or EU bans on timber exports from the supplier countries.</p> <ul style="list-style-type: none"> •Interview with the Project Manager •Review of the Organisation's Due Diligence Manual (exhibit 2) •Review of the Organisation's Risk Assessments (Exhibit 3 and 4) 			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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.</p>		
NCR conformance deadline:	3 months (20/01/17)		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		

Comments (optional):	<p>Initial observation:</p> <p>This is adequate to meet the terms of the requirement but could be improved by collating all information in one document as an overview, not only of the risk assessment outcome, but also the detail of the risk assessment process. This was discussed with the Project Manager during the audit as the UK Competent Authority (CA) has highlighted the lack of well-documented risk assessments by EUTR Operators. The Project Manager agreed remarked that it may be useful to have a detailed risk assessment report for each supply chain for presentation to the Irish CA and for internal purposes. The Project Manager should review the Risk Identification Checklist Template (DD-08) in the revised LegalSource Due Diligence system for this purpose.</p>
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NCR number: 17212	NC grading:	Major <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	LegalSource standard (V2) - 4.4		
Description of Non-conformance:			
Bord Na Mona has not yet faced a situation where products have been placed on the market, then identified as presenting a specified risk of being illegally harvested. However, procedures relating to a similar scenario have not been implemented in its own DDS manual (EXH 2) as part of the transition from V1 to V2 of the LegalSource standard.			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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.</p>		
NCR conformance deadline:	3 months (20/01/17)		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		
Comments (optional):			

NCR number: 17213	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	LegalSource standard (V2) - 4.3		
Description of Non-conformance:			

<p>BNM has in place a generic companywide complaints procedure (EXH 5). This information was collected by the Biomass Sustainability & Project Manager, who however, was not aware of the added requirement in V2 of the LegalSource standard.</p> <p>The existing complaint procedure does cover some basic requirements around timeframes and responsibilities, but nothing regarding appropriate corrective actions or maintenance of records.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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.</p>
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date
Client evidence:	
Evaluation of Evidence:	
NCR Status:	Open
Comments (optional):	

NCR number: 17214	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	LegalSource standard (V2) - 7.2		
Description of Non-conformance:			
<p>The Biomass Sustainability & Project Manager recognised that as part of the risk assessment, the prevalence of armed conflicts or conflict timber was not evaluated specifically. However, he was aware of the potential terrorist threats in the northern part of Cameroon and recognised that it should not impact their supply chain. A more focused evaluation on potential risks of conflict timber entering the supply chain is required to be conducted.</p>			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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.</p>		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			

NCR Status:	Open
Comments (optional):	

NCR number: 17215	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	LegalSource standard (V2) - 7.6		
Description of Non-conformance:			
BNM has collected certification information from their supplier (EXH 4). The certification status was checked by the Biomass Sustainability & Project Manager, however, at the time of audit, one of the species sourced was not listed in the scope of the certificate on the FSC database. This demonstrate a gap in ensuring the information relates to the product purchased.			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>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.</p>		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		
Comments (optional):			

Observations

Observations (Obs) are issued for the early stages of a problem which does not in and of itself constitute a non-conformance, but which the auditor considers may lead to a future non-conformance if not addressed by the Organisation or where general improvements may be made. Where applicable, all observations are shown below:

OBS number: 17216	Standard & Requirement:	LegalSource standard (V2) - 4.1
Description of findings leading to observation:	Bord Na Mona records and track the evolution of NCRs observed as part of its supplier verification (EXH 1). However, this is done by the Biomass Sustainability & Project Manager and not as part of a regular review or procedure.	
Observation:	For consistency, it is recommended that Bord Na Mona implements the steps already being taken as part of an annual (or more frequent) performance review already described in section 4.3 of their DD-02-LegalSource-Due-Diligence-Manual-Template-2013-11.	

OBS number: 17217	Standard & Requirement:	LegalSource standard (V2) - 5.1
Description of findings leading to observation:	BNM has a clear idea of the scope of the material included in their DDS as they source a limited number of material, species and from only 2 suppliers. However, there was no consistency between the various working documents used (EXH 6 and 7), as regards to the species included in the scope of the DDS.	
Observation:	It is recommended that the scope of the DDS be clearly defined in one document.	

OBS number: 17218	Standard & Requirement:	LegalSource standard (V2) - 6.3
Description of findings leading to observation:	The Biomass Sustainability & Project Manager stated that the supplier was aware of requirement that suppliers notify the Organisation of changes to supply chains prior to these changes being made - and they will ask whenever a new order is placed if the supply chain information have changed.	
Observation:	It is suggested that this requirement is made formally (e.g. via purchase orders or contracts) between buyer and seller that the seller provides this information as required.	

D. Closed Non-Conformances

Closed Non-Conformances

This section indicates where the Organisation has adequately addressed non-conformances issued during or since the last audit.

Any non-conformances which cannot be closed remain open and appear in Section C (above). Failure to comply with a minor non-conformance results in the NCR being upgraded to major; the specified follow-up action is required by the Organisation or involuntary suspension will take place.

NO NON-CONFORMANCES ISSUED DURING THE 2016 ASSESSMENT