

DNV GL Business Assurance Finland Oy Ab Evaluation of HedeDanmark A/S Compliance with the SBP Framework: Public Summary Report

Third Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.4

*For further information on the SBP Framework and to view the full set of documentation see
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1 Overview

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Certified Supply Base:	Denmark, Estonia, Latvia, Lithuania, Norway, Germany
SBP Certificate Code:	SBP-05-03
Date of certificate issue:	19/Aug/2016
Date of certificate expiry:	18/Aug/2021

This report relates to the Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope:

Purchase of roundwood and wood chips and sales of wood chips, for use in energy production, at the Head Office of HedeDanmark, and production and storages for wood chips at permanent and temporary storage facilities (rented or owned).

The scope of the certification includes the supply bases Denmark, Estonia and Latvia including Supply Base Evaluations (SBE) and the supply bases Norway, Germany, Lithuania without Supply Base Evaluations.

Introduction:

In 2016, the BP was certified for supply base Denmark, where the scope today still includes SBE. In 2017, the Supply Base was extended with Norway, Lithuania and Germany from where only FSC and/or PEFC feedstock is sourced. For these countries, the scope does not include SBE.

The Supply Base has in 2018 been expanded to include Estonia and Latvia. The scope for these countries includes SBE. During the SBE scope expansion audit this year, site visits to suppliers and forest operations in Estonia and Latvia were conducted.

The SBP certification number is SBP-05-03.

The post-production endpoint is delivery at the facilities of the buyers (Danish energy sector), where the buyer takes over the responsibility of the biomass.

3 Specific objective

The specific objective of this evaluation was to confirm that the management system of HedeDanmark A/S is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification, including the SBE with RRA risk mitigation measures and SVP for suppliers of wood chips from Denmark, Latvia and Estonia are meeting the requirements of SBP standard 1, 2, 4 and 5.

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

SBP-endorsed Regional Risk Assessment for Denmark, June 2017.

SBP-endorsed Regional Risk Assessment for Estonia, April 2016.

SBP-endorsed Regional Risk Assessment for Latvia, September 2017

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

HedeDanmark A/S is a Danish company, which conducts forest management in Danish forests and the open landscape and which trades forest and wood products. The main office of HedeDanmark in Viborg, Denmark, is the seat of the top management and of the purchase and sales departments responsible for the trading and chain-of-custody. The company has regional district offices, which are responsible for the forest planning and management operations. HedeDanmark manages, develops, operates and maintains over 120,000 hectares of forest and open land in Denmark and thereby the company is the largest of its kind in Denmark.

The raw material is roundwood originating from Danish forests and surrounding landscape, which are either chipped in the forest as part of the harvest operation or transported to permanent or temporary storage facilities, where the wood is then chipped.

The BP also is a trading company purchasing feedstock (wood chips) from suppliers in Denmark, Estonia, Latvia, Lithuania, Norway and Germany.

The wood chips sold and transported to the Danish energy sector, where the buyer takes over the responsibilities.

The company holds valid FSC FM certificate, PEFC FM certificate, FSC COC+CW certificate and PEFC COC certificate.

5.2 Description of Company's Supply Base

The raw material to the company is sourced from the supply Base consisting of the following countries and districts (supply bases): Denmark, Norway, Estonia, Latvia, Lithuania and Germany.

Denmark: The feedstock is supplied as either Roundwood or Wood chips produced in the forest of origin or at storage facilities within the supply base. The harvest and chipping operations are either planned by the forest managers of HedeDanmark and performed by Danish contractors under the monitoring of the forest managers or performed by other Danish contractors/forest owners. In the latter case, HedeDanmark purchases the wood chips from the Danish contractors. Forest management practices are based on the country specific forestry laws, forestry guidelines, and forest management planning practices. Even-aged forestry is the dominant method. The forest rotation period is 60-100 years, containing mostly tending of the young seedling stands, two thinnings, a final harvesting and regeneration of a mature stand. Planting or natural seeding can be used in regeneration. Recently, un-even-aged forestry has become more popular and applied to the extent possible. The total number of forest properties in Denmark is estimated to 28,000. The size of the Danish FMUs range from between 2 to 1,000 hectares. There is limited variation in terms of

ownership within the supply base. In Denmark, approx. 74 % of the forest area is owned by private persons or companies, while the remaining 26% is state-owned or owned by the municipalities. The company has conducted a supply base evaluation using the SBP endorsed RRA for Denmark as well as has implemented RRA risk mitigation measures and SVP.

Norway, Lithuania and Germany: From these countries, HedeDanmark only buys FSC and/or PEFC certified wood chips delivered at a port in Denmark. The companies, which HedeDanmark purchases from, are all FSC and/or PEFC certified companies.

Estonia and Latvia: From these countries, HedeDanmark purchases from FSC and/or PEFC certified companies but may purchase FSC and/or PEFC certified wood chips or non-certified wood chips through SBE with RRA risk mitigation measures and SVP. For both Estonia and Latvia, the company has conducted a supply base evaluation using the SBP endorsed RRA for Estonia and Latvia respectively, as well as has implemented RRA risk mitigation measures and SVP.

5.3 Detailed description of Supply Base

Denmark: Total Supply Base area (ha): Danish forest area: 615,000 ha; Other woodland area: 44,000 ha. Total volume of Feedstock: 400,00-600,000 tons. Volume of primary feedstock: >99% of 500,000 tons. Volume of secondary feedstock: <1% of 500,000 tons. Volume of tertiary feedstock: 0%.

Norway: Total Supply Base area (ha): Norwegian forest area: 14,000,000 ha. Total volume of Feedstock: 0-200,000 tons. Volume of primary feedstock: 0-200,000 tons. Volume of secondary feedstock: 0%. Volume of tertiary feedstock: 0%.

Estonia: Total Supply Base area (ha): Estonian forest area: 2,300,000 ha. Total volume of Feedstock: 0-200,000 tons. Volume of primary feedstock: 0-200,000 tons. Volume of secondary feedstock: 0%. Volume of tertiary feedstock: 0%.

Latvia: Total Supply Base area (ha): Latvian forest area: 3,056,578 ha. Total volume of Feedstock: 0-200,000 tons. Volume of primary feedstock: 0-200,000 tons. Volume of secondary feedstock: 0%. Volume of tertiary feedstock: 0%.

Lithuania: Total Supply Base area (ha): Lithuanian forest area: 2,170,000 ha. Total volume of Feedstock: 0-200,000 tons. Volume of primary feedstock: 0-200,000 tons. Volume of secondary feedstock: 0%. Volume of tertiary feedstock: 0%.

Germany: Total Supply Base area (ha): German forest area: 11,400,000 ha. Total volume of Feedstock: 0-200,000 tons. Volume of primary feedstock: 0-200,000 tons. Volume of secondary feedstock: 0%. Volume of tertiary feedstock: 0%.

Further detailed description of the Supply Bases are found in the BP's SBR.

5.4 Chain of Custody system

All feedstock sourced is covered by HedeDanmark' own wood traceability system, which is third party certified according to PEFC Chain of Custody/Controlled Sources and FSC Chain of Custody/Controlled Wood. All feedstock is sourced through the PEFC and FSC COC system of the company, which covers wood chips as a product group.

The scope of the FSC and PEFC COC systems are both physical separation/transfer system and volume credit system with purchase of roundwood or wood chips, chipping, storage, transport and sales of wood chips. Based on the reviewed supplier invoices, claims are entered into the volume credit system, credits calculated and transferred correctly to sales documents. Also for the physical separation/transfer system, the company maintains volume summaries. The volume credit system is used for purchase and sales of wood chips in Denmark only, while the physical separation/transfer system is applied for purchase of wood chips from Norway, Estonia, Latvia, Lithuania and Germany.

These FSC and PEFC systems are applied for SBP as well, since the only processes are transport, storage, chipping and loading from storage facilities. The BP is aware of the SBP claims and batch specific coding system, which is used on the sales invoices. The company maintains volume accounts and calculations for all inputs and outputs.

6 Evaluation process

6.1 Timing of evaluation activities

May-June 2019: Audit planning, document review (location: Home office and DNV office, Espoo Finland), performed by the Lead Auditor and DNVGL staff responsible for contracting. Duration: 0,25 person-day.

11-14 June 2019: SBP On-site office audit (location: HedeDanmark main office, Denmark). SBE On-Site audit (locations: site visits to suppliers and ongoing and finalised forest operations, as well as to storage facilities in Denmark), performed by the Lead Auditor and representatives of the BP, i.e. the SBP responsible and manager. Duration: 3,5 person-days.

June-July 2019: Off-site audit with system and procedures review, assessment of corrective actions, reporting, technical review (location: Home office and DNV office, Espoo Finland) performed by the Lead auditor, Technical reviewer and Certification decision maker. Duration: 0,75 person-day (total off-site $0,25+0,75=1,0$ person-day).

6.2 Description of evaluation activities

The SBP Third Periodic Surveillance consisted of document and procedures review, record review, interviews of responsible personnel, verification of SBE including SVP and RRA mitigation measures developed and implemented by the company.

The on-site audit in Denmark included office visit, document and system review and field visits to several suppliers (forest owners), forest operations and storage facilities with evaluation of the BP's developed and implemented RRA risk mitigation measures and SVP.

For the other sub-scopes, the BP has since the scope expansions only purchased FSC certified feedstock and not made use of the SBE to source non-certified inputs. So the audit included document and system review for all feedstock purchased from supply base outside Denmark.

6.3 Process for consultation with stakeholders

N/A. This is the Third Periodic Surveillance.

7 Results

7.1 Main strengths and weaknesses

There is proven competency and long experience of COC and FM management in the management team of HedeDanmark.

During the Second Periodic Surveillance, the strengths of the company include the clear track of roundwood and wood chips and the flows from the forests to the energy sector, the full overview of sets of similar suppliers, the well-developed SVP and using the RRA with identification of indicators with specified risk and the corresponding well-developed and clear risk mitigation measures to get the specified risk indicators down to low risk for Denmark, Estonia and Latvia respectively, including supplier training programme and system setup, procedures, control and monitoring of forest operations.

The non-conformities identified related only to the actual implementation of the company' well-developed and clear risk mitigation measures. The audits did not identify any other significant weaknesses.

7.2 Rigour of Supply Base Evaluation

Due to the long-term FSC and PEFC FM certification, the SBP certification since 2016, as well as the fact that the BP is a professional forest management company, the BP has built mitigation measures into its procedures and feedstock sourcing programmes and has sufficient knowledge and procedures in place to demonstrate also low risk in practise for all indicators.

Denmark approved SBE since 2016: The BP has conducted Supply Base Evaluation. The SBP endorsed RRA for Denmark from June 2017 is applied, where risk is designated as low for all indicators apart from four: 2.1.1, 2.1.2, 2.2.3 and 2.2.4. For the four indicators with specified risk, the BP has developed clear risk mitigation measures, including SVP supplier training for each defined set of similar suppliers in their SVP, and procedures, apps, documents and records and control mechanisms for suppliers and own staff performing forest operations. The evaluation found that the mitigation measures are sufficient to bring the risk down to low for the four indicators.

Estonia approved SBE since August 2018: The SBP endorsed RRA for Estonia from April 2016 is applied by the BP, where risk is designated as low for all indicators apart from 2.1.2 indicator with specified risk. For this indicator with specified risk, the BP has developed clear risk mitigation measures, including SVP supplier requirements for documentation, control and monitoring procedures and control mechanisms for the supplier performing forest operations and for the feedstock origin. The evaluation found that the mitigation measures are sufficient to bring the risk down to low for the specified risk indicators. Further conditions were issued to secure full implementation of developed risk mitigation measures and followed up at this Second Periodic Surveillance.

Latvia approved SBE since August 2018: The SBP endorsed RRA for Latvia from September 2017 is applied by the BP, where risk is designated as low for all indicators apart from 2.1.1, 2.1.2, 2.8.1 indicators with specified risk. For these indicators with specified risk, the BP has developed clear risk mitigation measures, including SVP supplier requirements for documentation, control and monitoring procedures and control

mechanisms for the supplier performing forest operations and for the feedstock origin. The evaluation found that the mitigation measures are sufficient to bring the risk down to low for the specified risk indicators. Further minor conditions were issued to secure full implementation of developed risk mitigation measures and followed up at this Second Periodic Surveillance.

7.3 Collection and Communication of Data

For Denmark: Since the scope of the SBP system is rather limited to wood harvest, chipping and transport to the customers and as the feedstock originates from >99% primary feedstock and <1% secondary feedstock with detailed records on forest of origin of all feedstock, the GHG profiling data can be obtained through a quite simple routine. The baseline and general procedures are in line with the Document 5A requirements and procedures.

For Estonia, Latvia, Germany, Norway and Lithuania: the BP is only trading the wood chips and thus only responsible for the transport after arrival to the harbour in Denmark to the customers.

The BP has maintained data for the ID5B Woodchip Data Report (SAR) v1-0 and the ID5C Static Biomass Profiling Data report v1-1. The ID5B and ID5C reports covering the reporting period 01/01/2018 - 31/12/2018 was reviewed and approved at this PA2.

7.4 Competency of involved personnel

The personnel responsible for the system at HedeDanmark has a long experience of FSC and PEFC Chain of Custody system management, as well as FSC and PEFC FM system management and professional forest management and forest operations. The knowledge and experience of the responsible personnel relating to GHG data profiling procedures is also found to be on a relatively high level. The BP as a trader has longterm trading experience and expertise with suppliers from the supply base countries.

7.5 Stakeholder feedback

N/A. This is the Third Periodic Surveillance.

7.6 Preconditions

None.

8 Review of Company’s Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB’s final risk ratings in Table 1, together with the Company’s final risk ratings. Default for each indicator is ‘Low’, click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

The assessment was based on: a) the SBP endorsed RRA for Estonia April 2016, b) the SBP endorsed RRA for Latvia September 2017 at the previous scope change audit and the SBP endorsed RRA for Denmark June 2017 at earlier PA1 audit. See tables with risk rating for Denmark in the former PSR report from the Periodic Audit 1 in 2017 and the tables with risk rating for Latvia and Estonia in the former PSR report from the Scope Change Audit in 2018).

For the risk indicators in the SBP endorsed RRAs, the assessment included review and evaluation of the BP’s development and implementation of RRA risk mitigation measures and SVP. The assessment included review of written procedures and records and of on-site field verification and BP audits of suppliers.

Since it is not possible to copy the beneath tables in this report template, they are filled in as combined for Denmark, Estonia and Latvia, but knowing that the only risk indicator for Estonia with specified risk is indicator: 2.1.2, the only risk indicators for Latvia with specified risk are indicators: 2.1.1, 2.1.2, 2.8.1 and the only risk indicators for Denmark with specified risk are indicators 2.1.1, 2.1.2, 2.2.3 and 2.2.4.

Table 1. Final risk ratings of Indicators as determined BEFORE the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)		Indicator	Risk rating (Low or Specified)	
	Producer	CB		Producer	CB
1.1.1	Low	Low	2.3.3	Low	Low
1.1.2	Low	Low	2.4.1	Low	Low
1.1.3	Low	Low	2.4.2	Low	Low
1.2.1	Low	Low	2.4.3	Low	Low
1.3.1	Low	Low	2.5.1	Low	Low
1.4.1	Low	Low	2.5.2	Low	Low
1.5.1	Low	Low	2.6.1	Low	Low
1.6.1	Low	Low	2.7.1	Low	Low
2.1.1	Specified	Specified	2.7.2	Low	Low
2.1.2	Specified	Specified	2.7.3	Low	Low
2.1.3	Low	Low	2.7.4	Low	Low
2.2.1	Low	Low	2.7.5	Low	Low
2.2.2	Low	Low	2.8.1	Low	Low

2.2.3	Specified	Specified
2.2.4	Specified	Specified
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

Table 2. Final risk ratings of Indicators as determined AFTER the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

9 Review of Company's mitigation measures

Estonia (review based on this scope change audit):

The findings for indicator 2.1.2 in the SBP endorsed RRA for Estonia, which leads to specified risk are:

"According to the Estonian legislation protection of Woodland Key Habitat (WKH) is optional for private forest owners. Private forest owners can sign a contract with the state and protect WKH. In which case the state pays compensation to the owner. If a private forest owner does not want to protect WKH then the owner is allowed to cut it. It is possible to determine the location of WKH from the Public Forest Registry and where felling permits are issued it is possible to see if the material is cut from WKH. In cases where fellings are carried out without a felling permit (small scale sanitary cutting is allowed without a felling permit) then an on-site visit is only way to see if the WKH is untouched or not. In state forest, FSC or PEFC--certified private forest, and in private forests where a WKH contract has been signed, WKH are protected. In accordance with the information above, the risk level for this indicator in uncertified private forest is specified and low for state forest and FSC or PEFC--certified private forest".

Based on this and the indicated means of verification in the RRA, the BP has developed the following mitigation measures:

- a) The BP makes written agreement with the Estonian supplier including clear instructions. The Estonian supplier must be FSC certified and can only sell feedstock to the BP, which is minimum FSC Controlled Wood or PEFC Controlled Sources.
- b) The BP has taken the decision that no feedstock is sourced from cadastral with registered WKHs. This risk mitigation approach is selected because the supplier is located in Estonia, where the BP must ensure low risk by not sourcing any feedstock where extra mitigation measures and actions would be needed to secure low risk if accepting feedstock from WHKs.
- c) The BP has developed guidelines and operational procedures for the supplier with instructions to provide felling permits and cadaster information of the forest operation in the forest of origin and to perform screening of Estonian forest registry and feeling permits.
- d) The BP supervises and monitors the supplier through regular control, where the BP randomly selects feedstock deliveries and requests to receive the documentation of correct felling permissions and cadaster information on no presence of WKH from the supplier's document archive.
- e) The BP performs annual audit of the supplier with office and field visits of randomly selected forest operation sites by sampling.
- f) The BP receives for each shipload of wood chips a detailed overview of the exact origin of the feedstock to forest compartment, where the BP selects two cadastral per shipment and checks whether the supplier has provided correct information about the presence of WKH.

During the on-site supplier visits, the implementation of these measures and the BP's monitoring of the Estonian supplier was assessed both in the office of the supplier and in the field to selected forest operation sites, including checking the use of the means of verification: Examples of records from EELIS database and the public forest registry: <http://register.metsad.ee/avalik/>; Operational procedures and guidance provided by BP to the supplier, regarding threats to the identified forests and areas of high conservation values, and verification of conformance through field inspections; Records of BP's field inspections, monitoring records and interviews with staff.

The conclusion is that by implementing the developed and tested risk mitigation measures, the specified indicator arrives at low risk. The BP was able to demonstrate implementation of the mitigation measures including examples of performed monitoring of implemented measures, records and supplier performance. However, a few minor non-conformities have identified in order to secure full and correct implementation of the developed control measures. See beneath under section 10.

Latvia (review based on this scope change audit):

The findings for indicators 2.1.1 and 2.1.2 in the SBP endorsed RRA for Latvia resulting in specified risk are (brief outline):

"HCVF category 1: With regard to identification and protection of conservation values, there is expert concern about nesting areas of a number of species included in the Birds Directive Annex I, which are not identified and registered in the forest register databases and thus "de facto" are not protected outside protected nature territories with special protection regimes. ... Furthermore, experts point to a deteriorating situation with populations of two significant endangered species – black stork (*Ciconia nigra* L.) and lesser spotted eagle (*Aquila pomarina*). ... Given the above-mentioned information the risk for this sub-category is designated as specified risk".

"HCVF category 3: According to current regulation, forests areas within Natura 2000 sites should be managed in accordance with both forest management and (or) nature management plans. Currently, not all Natura 2000 sites have nature management plans. Therefore, some parts are managed according to general requirements for protection of nature conservation areas and forest management plans. Problematic areas in relation to threats to forests ... are nature values in woodland key habitats (WKH) and/or EU Natura 2000 forest habitats. Some part of WKHs have a certain level of protection, because they fall inside a Natura 2000 site, or by being voluntarily protected by forest managers who have implemented forest certification schemes. However, WKHs and Natura 2000 forest habitats located in non-certified forests do not have any protection status. There is no detailed information on WKHs and EU protected habitats in non-certified forests, because no full inventory has taken place. Requirements to protect Woodland Key Habitats and/or EU protected forest habitats are not provided for by the current forestry and environmental legislation. In fact, forest owners/managers and logging companies lack knowledge and awareness on identification and protection of WKHs and EU protected habitats. Therefore, there is high risk that woodland key habitats and EU protected habitats are destroyed or damaged during harvesting operations in non-certified forests. Given the above-mentioned information the risk for this sub-category is designated as specified risk."

"HCVF category 6: Recognised objects of Cultural Heritage - Cultural monuments (cultural and historical heritage sites). Experts point out that there are many unknown and unidentified objects of cultural heritage in

forests. ... Considering the aforementioned information, it can be concluded that there is a risk of damage and/or destruction of high conservation values under this sub--category, and consequently the risk for this category is designated as "specified risk". The specified risk designation is largely based on the facts that there is information on isolated cases of destruction/damaging of objects of cultural heritage in private forests that do not have official protection status; the general opinion of stakeholders regarding a lack of awareness by private forest owners of the cultural heritage values in their forests;; frequent negligence of harvesting companies with regard to preserving objects of cultural heritage; unwillingness of private forest owners to communicate/notify authorities about objects of cultural heritage in their forests due to a fear of restrictions on tree harvesting.

Based on this, the BP has developed the following mitigation measures:

- a) The BP makes written agreement with the Latvian supplier including clear instructions. The Latvian supplier must be FSC certified and can only sell feedstock to the BP, which is minimum FSC Controlled Wood or PEFC Controlled Sources.
- b) The BP has taken the decision that no feedstock is sourced from forest areas with HCVF category 1, 3 and 6. This risk mitigation approach is selected because the supplier is located in Estonia, where the BP must ensure low risk by not sourcing any feedstock where extra mitigation measures and actions would be needed to secure low risk if accepting feedstock from HCVFs or WHKs.
- c) The BP has developed guidelines and operational procedures for the supplier with instructions to provide felling permits and cadaster information of the forest operation in the forest of origin, to perform screening of the Natural data management system "Ozols" (<http://ozols.daba.gov.lv/pub/Life/>), the "Woodland key habitat instrument" (<http://latbio.lv/MBI/>) and the database with cultural heritage.
- d) The BP supervises and monitors the supplier through regular control, where the BP randomly selects feedstock deliveries and requests to receive the documentation of correct felling permissions and cadaster information on no presence of HCVF 1, 3 and 6 from the supplier's document archive.
- e) The BP performs annual audit of the supplier with office and field visits of randomly selected forest operation sites by sampling.
- f) The BP receives for each shipload of wood chips a detailed overview of the exact origin of the feedstock to forest compartment, where the BP selects two cadastral per shipment and checks whether the supplier has provided correct information about the presence of HCVF 1, 3 and 6.

The findings for indicator 2.8.1 in the SBP endorsed RRA for Latvia are:

"Low risk can be considered for: companies working as subcontractors for certified forest managers and who are routinely checked for OH&S issues or are implementing quality management systems in relation to OH&S issues (OHSAS 18001 for example); harvesting works which are carried out exclusively with forest machinery (harvesters). Specified risk" is considered for: Harvesting works which are carried out by manual harvesting means (chainsaws) in non-certified forests. Special focus shall be paid to self--employed persons and workers of microenterprises".

Based on this, the BP has developed the following mitigation measures:

- a) The BP requires the supplier only to use staff and subcontractors with proven training in H&S. This is ensured by the supplier having a complete employee and subcontractor overview and a copy of all employees' and subcontractors education certificates.
- b) The BP requires the supplier also to declare that they ensure the necessary personal safety equipment is provided.
- d) The BP performs annual audit of the supplier with office and field visits of randomly selected ongoing forest operation sites by sampling. The subcontractors of the supplier get extra focus in the control. There are one-person subcontractors that work for the supplier. During the field visits, it will be checked the employees and subcontractors with chainsaw carry the necessary safety equipment".

During the on-site supplier visits, the implementation of these measures and the BP's monitoring of the Latvian supplier was assessed both in the office of the supplier and in the field to selected forest operation sites, including checking the use of the means of verification: Examples of records from the Natural data management system "Ozols" (<http://ozols.daba.gov.lv/pub/Life/>) and the "Woodland key habitat instrument" (<http://latbio.lv/MBI/>); Operational procedures and guidance provided by BP to the supplier, regarding threats to the identified forests and areas of high conservation values, and verification of conformance through field inspections; Records of BP's field inspections, monitoring records and interviews with staff.

The conclusion is that by implementing the developed and tested risk mitigation measures, the specified indicators arrive at low risk. The BP was able to demonstrate implementation of the mitigation measures including examples of performed monitoring of implemented measures, records and supplier performance. However, a few minor non-conformities have identified in order to secure full and correct implementation of the developed control measures. See beneath under section 10.

Denmark (review copied from the scope expansion approval in 2016 and the PA1 in 2017):

The BP has clear risk mitigation measures for the four indicators 2.1.1, 2.1.2, with specified risk in the RRA in order to arrive at low-risk for them as well. During the SBE scope expansion audit, The BP has clear tools and well-documented procedures for the implementation of the measures and tested the measures. The four specified risk indicators are all related to appropriate control systems and procedures to identify, address potential threats and avoid damage to nature values during forest operations. The risk mitigation measures covering all four indicators are subdivided on two sets of suppliers:

- a) Forest operations managed by BP own foresters and performed by own staff: When the foresters plans the forest operation, the area is drawn in the BP's GIS-system. If the forest is not certified or the forest has a "Green forest management plan incl. woodland key biotope mapping, the forester performs a screening of the area, which involves adding relevant map layers to the GIS (High Nature Value maps, §3 registrations, Natura 2000, protected zones etc.). The forester always has local knowledge and is educated to identify sensitive nature areas. Based on the screening, the forester evaluates the risk that any unregistered nature values could be present in the forest. If there is a risk, the forester performs a field mapping. This woodland key biotope mapping is drawn on a map layer in GIS. The final map layer with all known and mapped nature values and a work instruction are transferred to the machine operator performing the forest operation via the Tradenda app. The app makes it possible to have all documents in the field and for the machine operator to follow up and report back for each forest operation. Via the app it is controlled whether the machine operator has taken all necessary concerns and protected the HCV areas in the forest and correctly performed the

operation in accordance with the work instruction and the map. Any impact on the nature values are reported back via the app to the forester who controlled the work done. The foresters inspect the area together with the machine operator afterwards. All foresters are trained in mapping nature values and to use the national HCV layer in GIS (the HNV map layer is developed by Copenhagen University and include 19 levels of potential nature. If the map layer shows 7 levels or more, the foresters perform field mapping).

b) Forest operations where HedeDanmark receives the chips from suppliers (internal and external contractors): HedeDanmark has developed clear requirements for chips delivered from an external supplier to document meeting the same requirements as above. The supplier must provide the following documentation: Proof of right to harvest, detailed map of the forest compartment where the chips originate from. Geo-coordinates, performed screening of HCV (as above) of the harvest area before the forest operation is performed and HedeDanmarks SBP instructions are followed, HCV registered on work maps and work instructions, that control has been conducted by forester or equivalent or independent third party as part of an audit, and that the machine operator (and forester) has the necessary training for identifying HCVs in the forest. The documentation must be provided to the HedeDanmark forester before any chips are accepted by HedeDanmark. System set up to record procedures, instructions and maps. Training of own staff and suppliers (machine operators): The training of all foresters and machine operators in how to use the new app and implement the procedure was conducted on 10-12 October 2016.

The conclusion on the scope expansion audit back in 2016 for Denmark was that by implementing the developed and tested risk mitigation measures, the four indicators arrive at low risk. During the follow up audit on 14 October 2016, the company demonstrated implementation of all mitigation measures including examples of performed monitoring of implemented measures and available records. For Denmark, this will be evaluated and assessed again at the Periodic Audit 2 scheduled for June 2018.

The above reviews were re-checked during this Periodic Surveillance and the same conclusions are drawn and found valid. It should be mentioned that the BP has not made use of the SBE for Estonia and Latvia since the scope expansion, since the BP has only sourced FSC certified feedstock from all other countries besides Denmark.

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- applicable requirement(s)
- grading of the non-conformity (major or minor) or observation with supporting rationale
- timeframe for resolution of the non-conformity
- a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

NC number PA3-1-2019-SBP2	NC Grading: Minor
Standard & Requirement:	STD Std. 2, 15.3, 15.6
Description of Non-conformance and Related Evidence:	
Since the last audit, the BP has not revised the BPs SBP procedures manual, while it was identified during the audit that an update is needed including review of existing written division of responsibilities, instructions and procedures. Since the last audit, the BP has also not implemented internal audit of the management system and procedures for SBP.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number PA3-2-2019-SBP4	NC Grading: Minor
Standard & Requirement:	SBP Std. 4, 5.2.2
Description of Non-conformance and Related Evidence:	
The company has detected one internal ineffectivity in its SBE/SVP: In the recording system for all supplies, variation has been detected in how the forest managers tick that screening has been performed and how the contractors tick that nature values have not been impact and procedures have been followed, while the materials are recorded as low risk regardless of this variation. The company is working on correcting this in the recording system and to re-train all forest managers and contractors to do this in correct way. The company was found to lack sufficient procedures to secure not using non-certified/non-	

controlled material from where ineffectiveness of the SBE/SVP procedures may lead to non-eligible inputs entering production.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number PA2-1-2018-SBP2	NC Grading: Major
Standard & Requirement:	SBP Std. 2, 16.1-16.2 (related to RRA for Denmark, indicator 2.1.1 and 2.1.2)
Description of Non-conformance and Related Evidence:	
The mitigation measures are well designed and evaluated as effective and well designed to bring these indicators down to low risk. Examples showed clear and routinely practise of conducting screening of maps and public data and own data followed up with field checks for almost all feedstock and origin. No non-compliances identified in the field. However for Denmark, interview of contractors and managers showed little knowledge on the Danish Key Woodland Habitats definitions (nøglebiotoper) related to SBP std. 1, indicators 2.1.1, 2.1.2, which are not always mapped for Danish private forest owners and therefore will not be identified as part of the screening. These nature values must therefore be identified in the field as part of the managers and/or contractors field verification.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	The company has specified all types of HCV, which must be checked by the screening and which must be checked by field verification (some types of nøglebiotoper og -elements). The company has prepared new educational materials and informed own forest managers. However, the contractors have not been trained yet. A plan is being made by the SBP team together with the FSC/PEFC COC and FM responsible personnel. The condition is raised to a MAJOR.
NC Status:	Open

NC number PA2-2-2018-SBP5	NC Grading: Minor
Standard & Requirement:	SBP Std. 5, 4.1.2-4.1.3
Description of Non-conformance and Related Evidence:	
For each profiling data sheet behind-laying report, the dominant feedstock classification is used and reported in the profiling data report. Rationale and behind laying data explained by the BP to CB. A	

conversion table between the table 1 and the company' normal feedstock classification was reviewed. However, during field control versus feedstock classifications for work orders with data, it appeared that the feedstock classification on the work orders were not always in line with the table 1 Feedstock classifications, for instance the division between thinnings and long rotation forestry was done used, and arboricultural arising was not used in cases of feedstock originating from parks and wind shields next to fields etc. This again gives a variation in the calculations and results recorded in the SBP Static Biomass Profiling data sheets.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Table with correct classification, system with correct categories and ID5C biomass profiling data sheet for 2018 correct prepared.
Findings for Evaluation of Evidence:	The BP has elaborated a table with correct classification and categories, which complies with own system and SBP classification. The ID5C biomass profiling data sheets for 2018 have been prepared with the same correct categories, including feedstock originating from arboricultural arising.
NC Status:	Closed

NC number SCA-1-2018-SBP1	NC Grading: Major
Standard & Requirement:	SBP Std. 1, indicator 2.1.1, 2.1.2 (related to RRA for Latvia)
Description of Non-conformance and Related Evidence:	
During the office and field visits to the Latvian supplier, the implementation of the developed risk mitigation measures for indicators 2.1.1 and 2.1.2 (Latvia) was confirmed. However, the BP has in their procedures and instructions to the supplier only included the definition of WHK and not lists of WKH types, Natura 2000 habitat types and cultural heritage types respectively in order to sufficiently secure low risk for avoiding damage to all three types of HCVF 1, 3 and 6.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	03-01-2019: The BP has submitted revised and improved written SBP procedures for Latvia. The procedures now include a clear list of WKH types, Natura 2000 species and habitat types and cultural heritage types specified by Latvia. The NC is closed.
Findings for Evaluation of Evidence:	The BP has revised and improved the text in their procedures. However, The BP has not yet managed to obtain the list of WKH types, Natura 2000 habitat types and cultural heritage types respectively. The minor condition from the Scope change audit is raised to a MAJOR condition at PA2. On 03-01-2019, the BP submitted procedures including the missing information. Evaluation of the submitted document is that the lists of WKH, Natura 2000 habitat types and cultural heritage are now included
NC Status:	Closed

NC number SCA-2-2018-SBP1	NC Grading: Major
Standard & Requirement:	SBP Std. 1, indicator 2.1.2 (related to RRA for Estonia)
Description of Non-conformance and Related Evidence:	
During the office and field visits to the Estonian supplier, the implementation of the developed risk mitigation measures for indicator 2.1.2 (Estonia) was confirmed. However, the BP has in their procedures and instructions to the supplier only included the definition of WHK and not lists of WKH types in order to sufficiently secure low risk for avoiding damage to all types of WKHs for Estonia.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	03-01-2019: The BP has submitted revised and improved written SBP procedures for Estonia. The procedures now include a clear list of WKH types specified by Estonia.
Findings for Evaluation of Evidence:	The BP has revised and improved the text in their procedures. However, The BP has not yet managed to obtain the list of WKH types. The minor condition from the Scope Change audit is raised to a MAJOR condition at PA2. On 03-01-2019, the BP submitted procedures including the missing information. Evaluation of the submitted document is that the list of WKH is now included.
NC Status:	Closed

NC number SCA-3-2018-SBP1	NC Grading: Major
Standard & Requirement:	SBP Std. 1, indicator 2.1.2 (related to RRA for Latvia)
Description of Non-conformance and Related Evidence:	
During the office visit to the Latvian supplier, the implementation of the developed risk mitigation measures for indicator 2.8.1 (Latvia) was confirmed. However, during the field visit to one ongoing forest operation in Latvia, it appeared that the contractor did not wear appropriate safety cloth. The supplier was in fact not checking this with field control. The BP must improve the implementation and control of the required risk mitigation measures for this indicator.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Improved procedures and control. Clear descriptions in SBR and SVP
Findings for Evaluation of Evidence:	The BP has improved the procedures and control of the suppliers checking use of correct and required safety equipment for sub-contractors and included the requirements clearly in the contracts with the suppliers. This is now clearly described in the updated SBR and incorporated in the BPs SVP as a section 9.1. Also, the BP has described how they will control this when they start the import of wood chips from Latvia.
NC Status:	Closed

NC number SCA-4-2018-SBP1	NC Grading: Minor
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Standard & Requirement:	SBP Std. 2, 16.3, Instruction note 2A, 1.1-1.3
Description of Non-conformance and Related Evidence:	
<p>The BP has performed a first control of the suppliers and has verbally explained that they will implement a monitoring plan for the Estonian supplier and the Latvian Supplier to monitor the effectiveness of the mitigation measures. However, at the time of the audit, there was no written monitoring and control plan available, i.e. a written description of the monitoring and control system incl. annual or more frequent monitoring visits by sampling.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Improved procedures and control. Clear descriptions in SBR and SVP
Findings for Evaluation of Evidence:	The BP has further elaborated and clearly improved the SVP including elaborated control programmes. The BP had at the time of the audit not yet signed the contract with the Estonian and Latvian suppliers and not yet imported wood chips from the two countries, so it has not been possible for the company to show results of implemented SVP and control programmes. The BP now has clear written monitoring and control procedures and programmes in place.
NC Status:	Closed

NC number SCA-5-2018-SBP1	NC Grading: Major
Standard & Requirement:	SBP Std. 2, 18.4
Description of Non-conformance and Related Evidence:	
<p>The description of developed and implemented mitigation measures in the SBR, section 9.1 does not include sufficient details about the implemented risk mitigation measures and their monitoring related to the indicators with specified risk indicators in the Latvian and Estonian RRA respectively.</p>	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	The BP has improved the SVP, including more details and e.g. excel sheet with control measures and results of suppliers. The company has also revised and improved the section 9.1, which now includes sufficient details on the implemented risk mitigation measures and their monitoring related to the indicators with specified risk indicators in the Latvian and Estonian RRA respectively.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Closed

NC number SCA-6-2018-SBP1	NC Grading: Major
Standard & Requirement:	SBP Std. 2, 18.2
Description of Non-conformance and Related Evidence:	

<p>The results of the SBP endorsed RRAs for Estonia and Latvia respectively is included in the SBR, including risk rating. However the results of the first control of the suppliers as part of the SVP has not been recorded in the SBR. The description of the monitoring of the suppliers implementation of the risk mitigation measures, section 9.2, does not describe how the SVP is conducted until now and how the future monitoring will be performed.</p>	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	The BP has revised their procedures and monitoring programme and has improved the description of the monitoring of the suppliers implementation of the risk mitigation measures. Section 9.2 now sufficiently describe how the SVP is conducted until now and how the future monitoring will be performed, as well as provide written conclusions on the monitoring.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Closed

NC number PA1-2-2017-SBP5	NC Grading: Observation
Standard & Requirement:	SBP Std. 5, instruction Doc 5A, 2.3.4
Description of Non-conformance and Related Evidence:	
<p>As part of the IA, the BP had defined Dynamic Sustainability Characteristic data (feedstock input type, country of origin, no stump wood, certification share the given month) and had added these data to the monthly batch data report. However, the BP had removed this again from the data reports, since this had confused the customers. So far SBP has not defined Sustainability Characteristics but provided a deifinition which may be used in the future.</p>	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	SBP has not taken steps to elaborate on this requirement for the sypply base of HedeDanmark and is therefore not yet found relevant. The Observation is closed on this basis.
NC Status:	Closed

NC number PA1-3-2017-SBP5	NC Grading: Minor
Standard & Requirement:	SBP Std. 2, 16.3, Instruction note 2A, 1.1-1.3
Description of Non-conformance and Related Evidence:	
<p>The auditor found that in system and way of reporting the production batch is the monthly reporting to each end-point, which match the transaction data reporting in the DTS to SBP (system of numbering for each month). But the BP claimed that they had not defined a production batch because what this is to be used for and how this should be reported but it is a requirement that the BP defines the production batch.</p>	

Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	The BP has clearly defined the production batch to cover delivery of supplies to each customer during 1 month. Documentation reviewed and show consistency and always production batch data for each month for each customer with corresponding documentation.
Findings for Evaluation of Evidence:	Documentation reviewed
NC Status:	Closed

NC number PA1-4-2017-SBP5	NC Grading: Observation
Standard & Requirement:	SBP Std. 5, Instruction doc 5A, 3.2
Description of Non-conformance and Related Evidence:	
The ID5B SAR report clearly identify the SDIs and map is included. Currently, the SAR only cover the SB sub-scope Denmark. So far no delivery of biomass from the other sub-scopes. When starting to purchase and deliver biomass from other SB sub-scopes, the requirement is to record data on feedstock characteristics and transport energy use and that the SAR report covers all required data for each production batch.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	The system and procedures for obtaining, recording and processing data for the SAR and profiling data sheets are clear.
Findings for Evaluation of Evidence:	Data records crosschecked with data in updated ID5B ID5C correct and clear.
NC Status:	Closed

NC number PA1-5-2017-SBP5	NC Grading: Observation
Standard & Requirement:	SBP Std. 5, Instruction doc 5C, 2.1-2.3
Description of Non-conformance and Related Evidence:	
The ID5C profiling reports clearly identify the SDIs and the relevant data is recorded and found in the BP management system. Currently the profiling data reports only cover the SB sub-scope Denmark. So far no delivery of biomass from the other sub-scopes. When starting to purchase and deliver biomass from other SB sub-scopes, the requirement is to record data recording on profiling data and that the ID5C reports cover all required data for each reporting period.	
Timeline for Conformance:	Other
Evidence Provided by Company to close NC:	The system and procedures for obtaining, recording and processing data for the SAR and profiling data sheets are clear.
Findings for Evaluation of Evidence:	Data records crosschecked with data in updated ID5B ID5C correct and clear.
NC Status:	Closed

11 Certification decision

Based on the auditor’s recommendation and the Certification Body’s quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Kimmo Haarala
Date of decision:	05/Jul/2019
Other comments:	Based on the Second Periodic Surveillance assessment process, it has been shown that the management system implemented by the BP meets the requirements of the applicable SBP standards and the certificate remains valid. The corrective actions resulting from the minor NCs shall be implemented within 12 months following this surveillance, while the corrective actions resulting from Major NCs shall be implemented within 6 months from receipt of this report.