

NEPCon Evaluation of SIA Graanul Invest 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
www.sbp-cert.org*

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1 Overview

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Current report completion date: 22/Jul/2019

Report authors: : Nikolai Tochilov, Girts Karss, Ēriks Lidemanis

Name of the Company: Graanul Invest SIA. Office and production address: SIA Graanul Invest, Production site Laukalne, Ezerini, Launkalnes parish, Smiltenes district, Latvia, LV-4718,

Company contact for SBP: Haralds Vīgants (Executive director), telephone: +371 28321880, email: haralds.vigants@graanulinvest.com

Certified Supply Base: The supply base includes sourcing the feedstock from the Republic of Latvia and the Republic of Belarus; Supply Base Evaluation includes the Republic of Latvia.

SBP Certificate Code: SBP-01-68

Date of certificate issue: 30/Mar/2017

Date of certificate expiry: 29/Mar/2022

This report relates to the Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope of the certificate: Production of wood pellets, for use in energy production, at Graanul Invest SIA Launkalne site and transportation to customers. The scope of the certificate includes Supply Base Evaluation with primary and secondary feedstock from Latvia. The scope of the certificate includes communication of Dynamic Batch Sustainability Data.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification. Evaluation of the practical implementation of the requirements of the applicable standards.

- Review of the BP's management procedures;
- Review of the production processes,
- Production site visit; storage site visit in Riga harbour;
- Review of PEFC system control points, analysis of the existing PEFC CoC system, evaluation against SBP Standard #4 V1.0;
- Interviews with responsible staff;
- Review of the records, calculations and conversion factors;
- GHG data collection analysis and review of the applicable reports;
- Review of the BP's management procedures, including requirements designated in SBP standard SBP Standard #1 V1.0; SBP Standard #2 V1.0:
- Review of the updated Supply Base Report;
- Evaluation of mitigation measures implemented for both primary and secondary feedstocks;
- Field visits of the primary and secondary feedstock suppliers;
- Interviews with responsible staff;
- Review of the reports and records;
- Assess compliance against SBP Standard #5 V1.0 and accompanying Instruction Documents 5A-5D

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 Latvia, September 2017

Risk assessment is available at SBP homepage <https://sbp-cert.org/documents/risk-assessments>

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

SIA Graanul Invest is a biomass producer with a production site and office located in “Ezerini”, Launkalne parish, Smiltene municipality, Latvia and storage site situated in Riga (Vecmilgravis) harbour.

SIA Graanul Invest Launkalne site - BP is producing mostly industrial quality wood pellets.

BP is sourcing primary and secondary feedstock for its pellet production.

Pellets are produced from primary feedstock (firelogs – both conifer and broadleaf); secondary feedstock: (wood industry residues: wet sawdust, wood chips). Forest residuals (forest chips and bark) as well as production residuals (bark and slab wood) might be used for the biomass drier. During the reporting period only forest residuals had been used into the biomass drier of the company.

There is a CHP plant, owned by the other company which is situated at the same address. The CPH is operated as a separate legal entity. Graanul Invest Launkalne site is buying steam from the CPH. Feedstock used into the CPH is not included in the scope of certificate.

All feedstock types are delivered to the pellet plant using road transport, biomass is transported to harbour by road transport as well.

In SIA “Graanul Invest” most of the raw materials are primary and secondary material from feedstock originating from Latvia, as well as a small part of the raw material, which is supplied as secondary and tertiary feedstock from Belarus. All secondary and tertiary feedstock is delivered with FSC / PEFC certification or FSC Controlled Wood/ PEFC Controlled Sources claim.

Company aims to buy FSC certified, PEFC certified feedstock as FSC Controlled Wood from certified suppliers and implement controlled wood verification system as less as possible.

The information about the origin is kept and there is an agreement signed with all feedstock suppliers with requirement to provide the access to the information about origin. As a part of the origin verification program BP is conducting supplier audits.

After the production, pellets are transported into the harbour storage place in Riga by trucks. After this, pellets are loaded into the ship and sent to the customer.

5.2 Description of Company’s Supply Base

The supply base of the organization includes two geographic areas – the Republic of Latvia and the Republic of Belarus. The organization had excluded the Republic of Lithuania and the Republic of Estonia from the scope since no feedstock had been sourced from these areas in last year.

SIA “Graanul Invest” most of the raw materials as primary and secondary feedstock originating from Latvia, as well as a part of the secondary feedstock is imported from Belarus.

Proportions of SBP feedstock product groups (2018):

Controlled Feedstock, 15,32 % 67 suppliers

SBP-compliant Primary Feedstock, 49,00 % 11 supplier

SBP-compliant Secondary Feedstock, 35,68 % 33 suppliers

SBP-compliant Tertiary Feedstock, 0,003 % 1 supplier

SBP non-compliant Feedstock 0%

Species: *Picea abies* (L.) H. Karst.; *Pinus sylvestris* (L.); *Alnus glutinosa* (L.) Gaertn.; *Alnus incana* (L.) Moench, *Populus tremula* (L.); *Betula pendula* (Roth), *Betula pubescens* (Ehrh.)

LATVIA forest resources

In Latvia, forests cover area of 3 056 578 hectares. According to the data of the State Forest Service (concerning the surveyed area allocated to management activities regulated by the Forest Law), forest Land amounts to 51.8 % (ratio of the 3 347 409 hectares covered by forest to the entire territory of the country). The Latvian State owns 1 495 616 ha of forest (48.97% of the total forest area), while the other 1 560 961 ha (51.68 % of the total forest area) belong to other owners. Private forest owners in Latvia amount to approximately 144 thousand.

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture.

Within the last decade, the timber production in Latvia has fluctuated between 9 and 13 million cubic metres.¹

Forest land consists of:

- forests 3 056 578 ha (91,3%);
- marshes 175 111.8 ha (5,3%);
- glades (forest meadows) 35 446.7 ha (1,1%);
- flooded areas 18 453.2 ha (0,5%);
- objects of infrastructure 61 813.4 ha (1,8%).²

Distribution of forests by the dominant species (2018):

- pine 40,3 %;
- spruce 18,1 %;
- birch 26,1 %;
- black alder 3,1 %;
- grey alder 5,1 %;
- aspen 6,0 %;
- oak 0,4 %;
- ash 0,6 %;
- other species 0,3 %.³

Share of species used in reforestation, by planting area (2018):

- pine 15 %;
- spruce 19 %;
- birch 30 %;
- grey alder 14 %;

¹ State Forest Services: vmd.gov.lv, 2015

² State Forest Services: vmd.gov.lv, 2015

³ <https://www.zm.gov.lv/valsts-meza-dienests/statiskas-lapas/meza-statistikas-cd?id=720#jump>, 2018.

- aspen 18 %;
- other species 4 %.⁴

Timber production by types of cuts, by volume produced (2018):

- final cuts 82,3 %;
- thinning 12,2 %;
- sanitary cuts 2,6 %;
- deforestation cuts 1,1 %;
- other types of cuts 1,8 %.⁵

The field of forestry

In Latvia, the field of forestry is supervised by the Ministry of Agriculture, which in cooperation with stakeholders of the sphere develops forest policy, development strategy of the field, as well as drafts of legislative acts concerning forest management, use of forest resources, nature protection and hunting.⁶

Implementation of requirements of the national law and regulations notwithstanding the type of tenure is carried out by the State Forest Service under the Ministry of Agriculture.⁷

Management of the state-owned forests is performed by the *Joint Stock Company "Latvia's State Forests"*, established in 1999. The enterprise ensures implementation of the best interests of the state by preserving value of the forest and increasing the share of forest in the national economy.⁸

Biological diversity

Historically, extensive use of forests as a source of profit began later than in many other European countries, therefore a greater biological diversity has been preserved in Latvia.

For the sake of conservation of natural values, a total number of 674 protected areas have been established. Part of the areas have been included in the European network of protected areas *Natura 2000*. Most of the protected areas are state-owned.

In order to protect highly endangered species and biotopes located without the designated protected areas, if a functional zone does not provide that, micro-reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves is 40 595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously.

On the other hand, for preservation of biological diversity during forest management activities, general nature protection requirements binding to all forest managers have been developed. They stipulate that at felling selected old and large trees, dead wood, underwood trees and shrubs, land cover around wet micro-lowlands (terrain depressions) are to be preserved, thus providing habitat for many organisms.

Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Latvia.

Forest and community

Areas where recreation is one of the main forest management objectives add up to 8 % of the total forest area or 293 000 ha (2012y). Observation towers, educational trails, natural objects of culture history value, picnic venues: they are just a few of recreational infrastructure objects available to everyone free of charge. Special attention is devoted to creation of such areas in state-owned forests. Recreational forest areas include national

⁴ <https://www.zm.gov.lv/valsts-meza-dienests/statiskas-lapas/meza-statistikas-cd?id=720#jump>, 2018.

⁵ <https://www.zm.gov.lv/valsts-meza-dienests/statiskas-lapas/meza-statistikas-cd?id=720#jump>, 2018.

⁶ www.zm.gov.lv

⁷ State Forest Services: www.vmd.gov.lv

⁸ Latvia's State Forests: www.lvm.lv

parks (excluding strictly protected areas), nature parks, protected landscape areas, protected dendrological objects, protected geological and geomorphologic objects, nature parks of local significance, the Baltic Sea dune protection zone, protective zones around cities and towns, forests within administrative territory of cities and towns. Management and governance of specially protected natural areas in Latvia is co-ordinated by the Nature Conservation Agency under the Ministry for Environmental Protection and Regional Development.

Certification

All forest area of Latvijas valsts meži as well as some part of forests in private and other ownership are FSC and PEFC certified. From all totally forest area 3 347 409ha is approximately 1,737 milj. ha of Latvian forest are certified according to FSC and PEFC certification scheme. Both the FSC and PEFC systems have found their way into Latvia.

BELARUS forest resources

In Belarus forests cover area of 9,5 milj hectares. According to the data of the State Forest Ministry Woodenness amounts to 39,8 %.⁹

Forest industry input into IKP is 1,1%;

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture.

Within the last decade, the timber production in Belarus has fluctuated aprox., 11 million cubic metres.¹⁰

Forest land consists of:

Area (1000 hectares)¹¹

Forest	7,894
Other wooded land	914
Forest and other wooded land	8,808
Other land	11,94
Total land area	20,748
Inland water bodies	12
Total area of country	20,76

Distribution of forests by the dominant species:

- pine 50,4%;
- spruce 9,2%;
- birch 23,1%;
- black alder 3,3%;

⁹ <https://www.mlh.by/en/our-main-activites/forestry/forests/>

¹⁰ <http://www.mlh.by>, 2015

¹¹ <http://www.mlh.by>

- grey alder 3,3 %;
- aspen 2,1%;
- other species 3,3%.¹²

Timber production by types of cuts, by volume produced (2013):

- final cuts 34,5 %;
- thinning 45,79 %;
- other types of cuts 19,62 %.¹³

The field of forestry

Management of the state-owned forests is performed by different types of state organizations.

Biological diversity

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

Forest regeneration is carried out annually over an area of 32,000 ha, including 81% of the forest planting and seeding and 19% by natural regeneration.¹⁴

There are 2 strictly protected National reserves and 4 National parks present in Belarus at the moment. Area of National reserves accounts 2,98 milj ha and area of National parks is 3,98 milj ha.

Forest and community

In 2014 in all kinds of felling there were harvested 12,5 million m³ marketable timber.

Foreign trade surplus made USD 104 million. 1.9 million cubic meter round timber and 191.8 thousand cubic meter sawn timber were sold abroad.

Forest products and services were exported to 25 states, including 95,3% to the near abroad and 4,7% to the remote countries. Among the main forest export directions are Poland (47,9% of the total export volume in value terms), Germany (11,4%), Lithuania (10%), Latvia (8,62%), the Netherlands (3,3%), Belgium (3,46%), Sweden (3,25%).

Certification

All forest area is certified by PEFC certification scheme. 8,1milj. ha (95 floristries) are certified according to PEFC.

FSC 6,8 milj. ha (81 forestry's) are certified according to FSC FM standards.

¹² <http://www.mlh.by> , 2015

¹³ <http://www.mlh.by>

¹⁴ <http://belstat.gov.by/> (2015)

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	Latvia 3,056 mln, Belarus 9,582 mln. Total 12,638 mln ha
Tenure by type (ha):	11,078 mln state forests; 1,56 mln private forests
Forest by type (ha):	boreal – 12,638 mln ha
Forest by management type (ha):	managed semi-natural – 12,638 mln ha
Certified forest by scheme (ha), 2018:	FSC certified-10,036 mln ha and PEFC certified forests–10,302 mln ha

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

<http://www.latgran.com/en/policy/sustainable-biomass>

<http://www.latgran.com/lv/politika/ilgtspejigas-biomasas-programma>

(both Latvian and English versions)

5.4 Chain of Custody system

The BP holds both valid FSC CoC and PEFC CoC certificates, but SBP certification is based on PEFC CoC system (certificate code TT-PEFC-COC44). SIA Graanul Pellets is included in this certification as a certification site. Valid PEFC system description and other documents exist.

The BP is implementing PEFC credit system, and the feedstock is delivered with 100% PEFC Certified claim as well as PEFC Controlled Sources claim (other feedstock verified according to the BP's own controlled sources verification program covering Latvia). Supplier list is maintained.

After the reception, incoming feedstock is unloaded into piles according to type of feedstock and registered into the recordkeeping system.

Moisture and weight is measured for each feedstock type. PEFC credit account is updated quarterly: data about received raw materials by PEFC certification status and volume of sold pellets are recorded.

PEFC and SBP credit account are maintained together: PEFC credit account is related to PEFC-certified feedstock inputs only; SBP credit account, besides PEFC-certified inputs, also counts non-certified feedstock included into Supply Base Evaluation, as well as the feedstock received with FSC 100% and FSC Mix Credit claims.

In case of the SBP sales, the volume of sold pellets is withdrawn from the credit account.

6 Evaluation process

6.1 Timing of evaluation activities

The annual surveillance audit took place in several stages during the time period from April 16-18th, 2019 to April 23, 2019 and included production site and office visit (April 16), staff interviews as well as evaluation of Documented control system and SBP records, and evaluation of risk mitigation measures carried out by the organization in observing supplier audits (April 16, April 17-18). On April 23, 2019, auditors visited the company office in Riga. Sea harbour in Riga (Rigas Universalais Terminals) was inspected by NEPCo in November 2018 during the audit of Graanul Invest Latgran, and therefore have not been visited during this audit.

Activity	Location	Auditor(s)	Time
Audit Day 1			
Opening meeting*	Office	NT, GK, EL	16.04.2019 10.00- 10.30
Planning of field evaluations, selection of suppliers and FMUs for inspections	Office	NT, GK, EL	10.30 – 11.30
SBE system review, evaluation of compliance to SBP Standards #1 and #2. Interview with responsible person for SBP SBE system: quality manager. Review of SBP and SBP SBE documentation, documented procedures and the Supply Base Report; Review of SBP Risk Assessment, mitigation measures, implementation of Supplier Verification Program. GHG calculation review collection and communication of energy and carbon data	Office	NT, EL	12.00- 17.00 Lunch break: 12.30-13.30

Evaluation of the open non-conformances			
<p>Chain of custody system review, Review of the documented procedure</p> <p>Review of procedures, documents and interviews with responsible staff (review of the CoC system control point, mass balance, management system, verification of SBP compliant feedstock). Supplier verification program, Supplier Origin confirmation auditing</p>	Office	EL	<p>12.00 – 18.00</p> <p>Lunch break: 12.30-15.00</p>
Interviews with production staff and laboratory staff, roundtrip in production facilities	Production facilities	NT, EL	17.00-18.00
<p>Evaluation of BP’s risk mitigation measures for suppliers of secondary feedstock</p> <ul style="list-style-type: none"> • Evaluation of supplier of secondary feedstock; • Witness audit of BP supplier audit (risk mitigation measures) 	Secondary feedstock suppliers in Latvia	GK	<p>16.04.2019</p> <p>13.00 – 18.00</p>
Audit Day 2			17.04.2019
<p>Evaluation of BP’s practices in sourcing of primary feedstock within the SBE system</p> <p>Witness audit of organization supplier audits</p> <p>Evaluation of suppliers of primary feedstock:</p>	Primary feedstock suppliers in Latvia	GK, NT, EL	<p>17.04.2019</p> <p>09.00- 18.00</p>

<ul style="list-style-type: none"> • Evaluation of supplier of primary feedstock (harvesting company) 			
Audit Day 3			18.04.2019
<p>Evaluation of supplier of secondary feedstock for the purpose of origin confirmation</p> <ul style="list-style-type: none"> • Evaluation of supplier of secondary feedstock; • Witness audit of BP supplier audit 	Secondary feedstock suppliers in Latvia	EL	10.00-12.00
<p>Review of SBP SBE system, applicable requirements of the SBP standards #1 and #2, covering SBE system regarding both primary and secondary feedstock and the overall SBP/SBE management system</p> <p>Evaluation of documented procedures, SBP SBE records, Supplier verification program records, interviews with responsible staff. Focus on issues related to risk assessment, implementation of risk mitigation measures, supplier verification programme, supplier un risk mitigation monitoring and control measures.</p>	Office	NT, GK	09.00 – 11.00
Resolving of remaining issues, questions, interview to responsible person	Office	NT, GK, EL	11:00-12:00
Closing meeting	Office	NT, GK, EL	13:00-14.00
Interviews with overall responsible staff at BP	Graanul Invest Riga office	GK, EL	24.04.2019

and Graanul Invest AS, document review			
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Auditor team: NT – Nikolai Tochilov; GK – Ģirts Karss, EL – Ēriks Lidemanis

6.2 Description of evaluation activities

Annual surveillance audit was carried out as an onsite audit to SIA Graanul Invest production site in Inčukalns and field inspections to both primary and secondary feedstock suppliers in Vidzeme region. The annual surveillance audit took place on April 15-18, 2019 and April 23, 2019.

Audit started with an opening meeting attended by the management team of the biomass producer as well as other responsible staff.

The lead auditor introduced the auditing team, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope. Lead auditor explained the aim and objectives of the annual audit, informed about the evaluation process, underlined the need to collect objective evidence through a combination of document review, site visits, interviews and discussions, explained the essence and importance of sampling aspect of the auditing. Underlined that NCRs are an expected part of the process designed to help the organization strengthen its procedures and processes. Informed about the procedure of complaints. Discussed and confirmed the audit itinerary provided in the audit plan, submitted to the BP before the audit.

After the opening meeting, the planning of field inspections and sampling of the suppliers for field inspections took place. Both suppliers of primary and secondary feedstock, both suppliers of certified feedstock and suppliers of “low risk” feedstock within the SBE have been selected for field evaluation. It has been decided to include in the field inspection list both the primary and the secondary feedstock suppliers that have been approved by the BP to supply “low risk” (“GI atbilstošs”) feedstock within the SBE process. See the detailed description of sampling approach below.

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

All SBP related documentation connected to the SBP as well as FSC CoC/ CW system of the organisation, including SBP Procedures, GHG data calculations/ data sheet, Supply Base Reports, Biomass profiling data, and GHG data sheet, and FSC system description were reviewed and discussed with responsible person(s) at the BP.

Roundtrip around BP’s pellet production was undertaken in the end of the day 1. During the site tour reception, recordkeeping, production process were observed, applicable records were reviewed, pellet factory staff was interviewed and FSC system critical control points were analysed.

Other auditor in the second half of the day visited suppliers of secondary feedstock and focused on evaluation of SBP requirements in sourcing of secondary feedstock by observing the process of supplier evaluation and doing independent evaluation of secondary feedstock suppliers. Auditor observed the BPs auditing of suppliers, evaluation of documented procedures for secondary feedstock supplies with the SBE system and Supply Base origin confirmation.

In the day 2 auditor team split into 2 groups. One auditor focused on visiting primary feedstock suppliers,

other auditor went on to visiting suppliers of secondary feedstock accompanied with representative of the BP.

Auditor visited primary suppliers and observed the process of supplier audits and evaluated risk mitigation actions undertaken by the organization in relation to specified risks related to Health & Safety and High Conservation Values. CB witnessed the audit of the BP primary supplier and at the same time doing their own independent evaluation of the suppliers. Auditor inspected the completed and planned logging sites of BP's primary suppliers and doing their own independent evaluation of the suppliers. The CB carried own, independent evaluation to verify the correctness of the mitigation measures implemented.

Audit day 3

In the first half of the day auditors stayed in the office to evaluate the SBP SBE system, review all applicable requirements of the SBP standards #1 and #2, covering SBE system regarding both primary and secondary feedstock and the overall management system. Auditor reviewed the documentation with regard to all applicable requirements of the SBP standards #1 and #2, covering the SBE system. Auditor focused on issues related to risk assessment, implementation of risk mitigation measures, supplier verification programme, supplier un risk mitigation monitoring and control measures. In addition, one auditor paid a visit to supplier of secondary feedstock – a sub-supplier to broker in the first half of the day.

Audit completed with closing meeting that was held after the noon. Findings of the 3 day audit annual surveillance work have been summarised and presented to the BP staff. Finding were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the responsible persons at the company – quality manager, procurement manager and executive director. On April 23, 2019, NEPCon audit team also visited the company's office in Riga to interview the staff responsible for certification and review related documents.

The supplier sampling approach and process

The following considerations have been taken into account to determine the sampling intensity:

- 1) Geographical area;
- 2) Type of the operations and activities;
- 3) Risk mitigation measures related to origin and mixing.

Geographical area:

BP sources the primary and secondary feedstock within the SBE from Latvia– so one geographical area is within SBE;

Type of the operations and activities:

The SBE covers sourcing of primary feedstock (low quality roundwood etc.), as well as secondary feedstock (wood industry residues from sawmills – chips and sawdust). Therefore, at least one primary and one secondary feedstock supplier should be visited in Latvia. Furthermore, there are two types of secondary feedstock suppliers - direct suppliers and brokers/traders which source the feedstock from several sub-suppliers and controls the suppliers. So at least one supplier from each group (direct suppliers, brokers/traders and sub-supplier) shall be visited.

Risk related to origin related risks and risk of mixing:

Regarding the origin for Latvia, the following risks considered as specified in Regional Risk Assessment endorsed by SBP:

2.1.1 Forests and other areas with high conservation values in the Supply Base are identified and mapped;

2.1.2 Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed;

2.8.1 Appropriate safeguards are put in place to protect the health and safety of forest workers.

Field inspections are planned to verify the BP’s risk mitigation measures related to preserving High Conservation Values and checking for Health and Safety issues in logging works

To evaluate the risk mitigation measures implemented by BP for RA Latvia indicators 2.1.1 and 2.1.2, at least one planned harvest site should be visited. In addition to this, auditors reviewed the BP’s risk mitigation records and selected several logging sites for inspection based on risk assessment approach, e.g. audit team analysed BP’s risk mitigation measure records from feedstock sourcing areas for presence of possible WKHs and selected the sites where high HCV likelihood is possible. To evaluate the risk mitigation measures implemented by BP for SBP RA Latvia indicator 2.8.1, at least one ongoing harvest site should be visited.

Decision of NEPCon audit team on FMU sampling:

Taking into account all considerations mentioned above, it was decided to visit:

At least 1 completed harvest site to evaluate conformance with high conservation values identification and preservation (if applicable); at least 1 planned harvest site to evaluate conformance with high conservation values identification; at least 1 ongoing harvest site to evaluate conformance with health and safety requirements.

For secondary feedstock suppliers: within the SBE processes - 1 supplier from the following categories of suppliers: direct supplier, broker/trader and sub-supplier to broker/trader. In addition, 1 supplier of SBP-origin Compliant feedstock shall be visited to evaluate the BP’s audit procedures for Supply Base and EUTR compliance. In fact, since the audit has been conducted as combined audit to both SIA Graanul Invest and SIA Graanul Pellets factories, a combined approach in sampling from the overall pool of suppliers were used. Thus in total 7 suppliers representing suppliers of mentioned categories for both SIA Graanul Invest and SIA Graanul Pellets were selected, Also, the figure (7 suppliers) represents the number of sample determined by the square root formula ($x=\sqrt{y \times 0.6}$), i.e. $\sqrt{130 \times 0.6} \sim 7$ suppliers.

It was also decided that in all cases the inspections are conducted by BP staff and witnessed by NEPCon audit team.

Finally, during the audit (April 15, 17, 18), BP representative and NEPCon team visited 3 ongoing harvest sites (covering the following types of works: manual logging works, clearing of overgrowth, chipping of harvesting residues), 2 completed plots and 1 planned harvesting site; 3 ongoing harvest sites in Latvia. Auditors witnessed the audit of the BP primary supplier and at the same time doing their own independent evaluation of the suppliers. In the same way CB witnessed how BP is evaluating suppliers of secondary feedstock.

As to suppliers of secondary feedstock, auditors visited 7 suppliers, including 2 direct suppliers, 1 broker/trader and 3 sub-suppliers to broker/trader.

Auditor team composition:

Auditor(s), roles	Qualifications
Nikolai Tochilov Audit team leader	NEPCon SBP auditor. He has successfully passed SBP auditor training in Tallinn in January 2015; previous experience with more than 30 SBP assessments and annual audits, including SBE, in Russia and Europe.

<p>Overall responsibility for the audit process. Evaluation against the SBP Standards 1 and 5. Field inspection of feedstock suppliers.</p>	
<p>Ģirts Karss SBP auditor, NEPCon Latvia Evaluation against the SBP Standards 1,2. Field inspection fo feedstock suppliers</p>	<p>NEPCon SBP auditor. Completed SBP auditor training course and acquired SBP auditor qualification in 2016. He has participated in capacity of auditor and lead auditor in several SBP assessments and scope change audits with Supply Base Evaluation (SBE) in scope in Latvia</p>
<p>Ēriks Lidemanis, NEPCon Latvia, SBP auditor, audit team member Evaluation against the SBP Standards 2 and 4. Field inspection fo feedstock suppliers</p>	<p>NEPCon SBP auditor. Ēriks has participated as auditor in training in several SBP audits in Latvia in 2018. Obtained SBP auditor qualification in 2019.</p>

Auditors: NT – Nikolai Tochilov, EL - Eriks Lidemanis, GK – Ģirts Karss

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <http://www.nepcon.org/impartiality-policy>

6.3 Process for consultation with stakeholders

No stakeholder consultations conducted prior, during or after this annual audit.

7 Results

7.1 Main strengths and weaknesses

Main strengths: all processes, including SBE are well documented; main database for material balances is well maintained and all relevant information is available. Good level of supplier awareness of risk mitigation measures. The BP has provided extensive training to primary and secondary feedstock suppliers and sub-suppliers through a number biotope identification and health and safety training courses with respected Latvian experts and trained their suppliers. Strong engagement in implementation of SBP system and positive approach has been observed during the audit.

Weaknesses: No weaknesses identified during this audit.

7.2 Rigour of Supply Base Evaluation

The Graanul Invest Launkalne implements Supply Base Evaluation (SBE) system for primary and secondary feedstock sourced from Latvia and sold without SBP-approved Forest Management Scheme claim, SBP-approved Forest Management partial claim, SBP-approved Chain-of-Custody (CoC) System claim. Lithuania and Estonia have been excluded by Organisation from Supply Base Evaluation, since there were no feedstock supplies from these countries in the reporting period. Risk mitigation measures are implemented for material coming from forest land (material sourced under FSC Controlled Wood system) as well as non-forest land (such as overgrown agriculture land, wood growing along the road, rails or parks).

The scope of the SBE for secondary feedstock has been extended through step by step approach considering the effort needed for implementation of mitigation measures for indicators with “specified risk” for secondary feedstock as well as by taking into consideration outcomes of previous scope change audit for primary feedstock within the scope of SBE.

The BP is using the SBP approved and endorsed the Regional Risk Assessment for Latvia. The designated risks in both organization’s risk assessment and the SBP endorsed RRA do not differ. Both organization’s RRA and SBP endorsed RRA specifies the same “specified risk” for indicators 2.1.1, indicator 2.1.2 and indicator 2.8.1.

The BP is applying risk mitigation measures that were consulted with relevant stakeholders. The BP is implementing mitigation measures for individual SBP standard indicators that have “specified risk” status. Mitigation measures were designed in cooperation with external experts - acknowledged nature/forest habitat experts, and experts on health and safety issues.

The supply base evaluation was a rigour process. The scope defined by the organization was reduced compared to supply base due to the reasons mentioned above. However, the reduced scope included in the SBE was adequate for the specific characteristics of the area and management system in place.

7.3 Collection and Communication of Data

The BP has a system in place to collect and record data on Greenhouse Gas emissions associated with feedstock sourcing, production of pellets and shipment of pellet production to customers. Emission data is collected, analysed and is available in SAR data file. The BP has made detailed overview of the systems and databases to collect and record Greenhouse Gas emission data during the audit. Evidence was provided to

auditors and were reviewed at the time of audit. No substantial changes in the existing GHG emission data collection framework have been introduced since the previous audit.

7.4 Competency of involved personnel

There is a number of staff members who are directly involved into the SBP system management and implementation. Those are: Procurement Manager, Executive Director, Stock Controller/ Receptionist, Assistant of the Head Accountant, Production manager, Manager of the Laboratory, Receptionist, Operators. It has been confirmed during the audit, that interviewed staff is aware of their responsibilities within the SBP system.

The key responsible person for implementation of SBE system is Procurement Manager. He holds Forestry Engineer education and 20 years of experience in the wood procurement market in the Baltic States. Further on, he has many years of experience in the FSC system maintenance and evaluation of wood origin in forestry and 20 years of experience and good knowledge of forestry and wood supply, procurement and legal act sector.

All involved personnel, including responsible staff at suppliers and sub-suppliers have demonstrated good knowledge in relevant fields (recognition and identification of HCVs, health and safety requirements) during the sites visits. Relevant certificates and diplomas were checked. Qualification requirements for personnel involved in SBE system are provided in documented procedures of the BP.

In overall, auditors evaluate the competency of responsible staff to be sufficient for implementing the SBP system including both primary and secondary material sourced within the SBE. This has been based on interviews, review of qualification documents, training records and set of procedures and documents that were composed for the SBP system as well as field observations.

7.5 Stakeholder feedback

No feedback received from stakeholders.

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.

LATVIA

The BP is using the SBP endorsed national risk assessment for Latvia where risks for each individual indicator have been evaluated. “Specified risk” in the National Risk Assessment have been assigned to indicator 2.1.1 (only HCVF category 3), indicator 2.1.2 (HCVF categories 1, 3 and 6) and indicator 2.8.1. Mitigation measures planned and implemented by the BP can be considered sufficient in order to reduce the risk to “low risk” for indicators mentioned. See risk ratings in Table 1.

An overview of the risk assessment taking into consideration risk mitigation measures is presented in Table 2. It is concluded that the actions taken (for the suppliers included in the SBE) by the BP lead to substantial decrease of the risk and the final risk level for all indicators can be considered as “low risk”.

Table 1. Final risk ratings of Indicators as determined BEFORE 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	Specified	Specified
2.1.2	Specified	Specified
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	Specified	Specified
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

LATVIA

The organization has designed and is implementing mitigation measures of risks for non-certified feedstock originating from Latvia. The organization has designed and is implementing mitigation measures for 3 indicators evaluated as specified risk (2.1.1, 2.1.2 and 2.8.1) during the assessment. The BP is also requiring suppliers to take necessary actions – risk mitigation measures to avoid supplying material of “specified risk”.

To mitigate risks of mentioned 3 indicators at secondary feedstock level, the BP accept secondary feedstock from approved suppliers, which utilise “low risk” or “SBE NR” primary feedstock only. Primary feedstock suppliers are checked and verified by the BP

Indicator 2.1.1 (HCVF category 3):

Woodland Key Habitat tool (“WKH tool”) was developed by biomass producers in Latvia united under the Latvian biomass association “LATBio”. The tool is used in private forest land (also public – municipality owned forests, except state forests managed by the state enterprise AS Latvijas valsts meži which is considered as low risk as it is certified) and shows “Risky areas” which may comprise WKH and “Green areas” which most likely do not comprise WKHs. The tool is based on existing forest inventory databases and implements filtering forest inventory databases using the algorithm from “Inventory of woodland key habitats; methodology” (Ek at al 2002). The tool has been verified in field verification process that took place (carried out by licenced forest ecology, biodiversity experts) to verify the correctness of the methodology and the algorithm implemented. Five different areas in Latvia were visited (each area ca. 200 ha) which have proved that the tool shows correct data and the WKH is not present in the “green areas”. The database is used by both the pellet industry and primary and secondary feedstock suppliers to evaluate risks related to HCVF category 3 - identification and threatening the biodiversity values in sourcing of feedstock. The checklist has been elaborated by forest habitat experts in Latvia and are used by many SBP certified biomass producers and forest management companies.

Indicator 2.1.2 (HCVF category 1):

According to the SBP endorsed risk assessment for Latvia, HCVF category 1 risks are related to Bird Directive's Annex 1 species (forest birds) whose populations are decreasing in the country. Risk mitigation measures envisages protection of existing bird habitats and protecting the nesting sites. The feedstock shall not be sourced from areas where the bird nesting sites had been destroyed as a result of forestry activities or feedstock sourced without proper forest management activities to preserve nesting sites. The BP has required all suppliers of primary feedstock (and low risk suppliers of roundwood to the secondary feedstock suppliers) included in the SBE to undergo a training course for identification high conservation values in forest ecosystems. The training course is held by recognized forest biotope experts. All current suppliers supplying feedstock within the SBE, sub-suppliers of primary material have participated in the training course and obtained knowledge on how to recognize HCVs (woodland key habitats, forest habitats of EU importance) and recognize important bird habitats and nesting sites and how these shall be protected.

Each supplier is required to evaluate all sites prior to harvesting and evaluate the presence of Woodland Key Habitats with help of WKH checklist. Suppliers are obliged to evaluate the presence of large diameter (>50cm) nest or protected bird species in the checklist. Interviews with suppliers as well as review of records

showed that the procedure is followed by approved suppliers. In case of longer supply chains, e.g. primary processors supplying secondary feedstock or traders/brokers, supplier of material to BP shall make necessary risk mitigation measures to assure that the feedstock can be considered low risk. In case of sub-suppliers, supplier shall verify that the material supplied by sub-supplier is not being sourced from areas with HCV Cat 1. In many cases the suppliers are actually evaluating the site prior to purchasing it and in case there is occurrence of large bird nests of indicative presence of potential WKH, they do not purchase the stand.

BP is monitoring the evaluation of the sites during regular supplier audits (frequency of the audits depends on the amount of material sourced).

Indicator 2.1.2 (HCVF category 3):

Each supplier is checking the area designated for harvesting in the database mentioned above. In case the area is identified “red” (having potential woodland key habitat), the supplier cannot harvest the site without evaluating the site by trained personnel and filling in the WKH inventory checklist (developed by forest ecology expert from Latvia and agreed with prominent Latvian environmental NGOs and biotope experts). In case the Latbio tool would show that there is no presence of WKH (i.e. “green” area), the site does not need to be checked “in vivo”. The interview with the supplier representatives as well as verification audits to “red” areas during the annual audit showed that the process is followed, records are kept and the evaluation is of sufficient quality.

The risk at the secondary feedstock suppliers is mitigated at the primary material (roundwood suppliers of the sawmills) suppliers. These suppliers are applying the same mitigation measures as the BP suppliers of primary feedstock, are also audited by the BP and if they comply with the requirements they are considered low risk suppliers. List of low risk suppliers is provided to the secondary feedstock suppliers. Graanul Invest approved suppliers is considered a “low risk” material since the suppliers implement necessary risk mitigation measures approved by the BP and according to BP’s procedures. Secondary suppliers apply mass-balance system for accounting of “low risk” feedstock. Only Graanul Invest approved SBE suppliers can supply “low risk” input material and only after suppliers are approved by the Graanul Invest. List of approved primary suppliers is available on the BP’s homepage.

The BP carries out monitoring of supplied feedstock loads with help of LATBio WKH tool. Areas that show up in the Latbio database as containing potential HCVs are inspected by the BP on a sampling basis, with prior evaluation of WKH potential based on forest inventory data (stand composition and age) through inspecting the plots where evaluations have been done by the suppliers. The BP carries out own evaluation of the site and this evaluation is then compared with the supplier evaluation. In case the BP identifies that the WKH were not evaluated correctly at least in one case, the supplier gets warning and has 1 month for corrective action. After that, the audits are repeated and in case they identify incorrect evaluation repeatedly, the supplier is excluded from the list of accepted suppliers.

Indicator 2.1.2 (HCVF category 6):

The specified risk for this sub-indicator relates to noble tree species with large diameter which might be coming from old manors, parks or tree alleys having cultural heritage value. The BP has implemented procurement policy that noble species will not be sourced and in case it will be the diameter can’t exceed 70cm. The interview with the receptionist as well as site tour through the storage area proved that no noble tree species are received. This procedure shall also be followed by suppliers of secondary material (sawmills and brokers/traders) by applying BP’s procedure. Field inspections at suppliers of secondary feedstock showed that responsible staff showed awareness of the requirement. Site tour through the storage areas showed that large diameter and noble tree species are present. It has been explained also by interviewed persons, that large diameter trunks may be received with FSC certified material from certified forest

managers are delivered with certification claim. Large trunks received with certified feedstock is not in the scope of SBE and are accepted by the BP as low risk feedstock.

Indicator 2.8.1:

All supplier contracts contain cause that all Health & Safety (H&S) requirements specified by national legislation have to be followed. Each supplier is checked for H&S issues by the BP prior to accepting him as a supplier under the SBE system. The BP uses checklist which is filled in during interviews with the workers in the forest. Each supplier is checked before becoming accepted supplier.

Surveillance/monitoring of suppliers is carried out through sampling depending on the amount of material sourced, but at least one surveillance audit in calendar year. In case the BP identifies one aspect of the H/S as not fulfilled during the monitoring visits, the supplier gets warning and has 1 month to implement corrective action. After that, the audit is repeated and in case they identify again some violation of the H/S rule the supplier is excluded from the list of accepted suppliers.

The supplier audits are conducted by the BP itself. BP does verify supplier audits methodology and conducts audits together with sawmills/ sub-suppliers with an aim to make sure supplier audits are done in the sufficient quality. It was revealed during the supplier visits that the BP has sufficient knowledge on H&S requirements as well as good timber harvesting practices. The sampling process is considered sufficient to verify suppliers of primary and secondary feedstock.

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.

No new NCRs raised during this audit.

Evaluation of non-conformity reports raised during the previous audit:

NC number 01/18 (22205)	NC Grading: Minor
Standard & Requirement:	Standard #2: Verification of SBP-compliant feedstock, p. 16.1 16.1 Where an Indicator is rated as Unspecified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk
Description of Non-conformance and Related Evidence:	
<p>Mitigation measures of risks for feedstock originating from Estonia</p> <p>Risk mitigation measures for indicator 2.1.2: the BP has control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.</p> <p>The mitigation measures described is applied by primary processors (sawmills) that use timber of Estonian origin that is in the scope of the SBE Estonia sub-scope, i.e. all deliveries of primary feedstock that has been harvested in Estonia, but are not FSC or PEFC certified. The BP has established a system on how to verify if feedstock has not been sourced from WKHs. Additional control procedures, e.g. procedures according to FSC-STD-40-005: FSC Standard For Company Evaluation of FSC Controlled Wood, are applied if applicable. All feedstock subject to SBE must meet prior the evaluation at least SBP-approved Controlled Feedstock System requirements.</p> <p>The primary processors use the delivery documents, a list of approved suppliers and publicly available Estonian databases, i.e. maps of Woodland Key Habitats (http://register.metsad.ee/avalik) or at least biannually renewed databases from competent authorities to verify that the delivered primary feedstock has not been sourced from WKHs. According to documented procedures, receptionists at primary timber processing companies check for presence of felling permit and checks whether the timber is sourced from areas containing WKH in register mentioned above for each single delivery. In case the load is sourced from areas with known WKHs, the timber will not be accepted. The register is available only in Estonia, but Latvian sawmills have made it possible to gain access to the register and can use it for SBP SBE risk mitigation purposes.</p>	

<p>Field inspection to supplier SIA SGA Pluss, a sub-supplier to SIA Zaļais zelts revealed that sawmill had been sourcing roundwood from Estonia from supplier Völupuu OÜ without implementing risk mitigation measures for roundwood of Estonian origin. All roundwood has been accepted and accounted as low risk feedstock (“GI atbilstošs”). Review of roundwood sourcing documents did not reveal that roundwood had been sourced from risk areas (biotopes) in Estonia, therefore a minor NCR 01/18 had been raised.</p>	
Timeline for Conformance:	12 months from report finalization date
Evidence Provided by Company to close NC:	Training records, interviews to responsible personell at suppliers of secondary feedstock, BP’s responsible staff
Findings for Evaluation of Evidence:	<p>According to information from responsible person, the BP has established a system how to accept feedstock from primary processors. Additional control procedures, e.g. procedures according to FSC-STD-40-005: FSC Standard For Company Evaluation of FSC Controlled Wood or PEFC Due Diligence System, are applied if applicable. All feedstock subject to SBE must meet prior the evaluation at least SBP-approved requirements.</p> <p>A field inspection to supplier of secondary feedstock (SIA SGA Pluss) which had sourced the feedstock from Estonia in 2018 had been planned in the 2019 annual surveillance audit. Field inspection to supplier SGA Pluss show that the responsible staff is aware of BP’s procedures of sourcing primary raw material from Estonia and classification. Interviews to supplier staff showed that they are familiar with BP’s procedures and requiriements. A full review of feedstock sourcing records reveal that the organization had not sourced the raw material from Estonia during the audit period. Given the fact that the responsible staff both at BP and supplier organization is aware of standard requirements and BP’s SBP procedures, the NCR is considered closed.</p>
NC Status:	CLOSED

NC number 02/18 (22206)	NC Grading: Minor
Standard & Requirement:	<p>Standard #2: Verification of SBP-compliant feedstock, Instruction Note 2A, 1.1</p> <p>1.1 Biomass Producer shall implement a Supplier Verification Programme (SVP), comprising a monitoring and control system. This system may be devised by the biomass producer, or build on existing systems (Instruction note 2A, 1.1)</p>
Description of Non-conformance and Related Evidence:	
<p>The BP has designed and is implementing the system for evaluation of the primary and secondary feedstock suppliers through its Supplier Verification Programme (SVP). SVP contains two principal elements: initial approval and regular surveillance/compliance control processes. Initial approval is carried out when the contractor has received training (organised by the BP or other recognized institution) on risk mitigation measures, established the credit system for accounting of SBE feedstock in case of primary processors – suppliers of secondary feedstock and the upon successful approval audit by the BP and upon verification that secondary feedstock supplier has necessary capacity and knowledge on how to mitigate risks.</p>	

<p>Review of BP's SVP records (filled in timber origin and supplier verification checklists) revealed that in one case audit to supplier SIA Eirotilts, a sub-supplier to broker/trader lacked verification of mass balance system for accounting of low risk feedstock ("GI atbilstošs") according to FSC credit system principles, despite the fact that mentioned supplier is implementing the mass balance system and accounts "low risk"/"GI atbilstošs" feedstock. A minor NCR 02/18 is raised due to non-systematic nature of the non-conformance and negligible impact on the overall integrity of the SBP system.</p>	
<p>Timeline for Conformance:</p>	<p>12 months from report finalization date</p>
<p>Evidence Provided by Company to close NC:</p>	<p>Inspections to suppliers</p>
<p>Findings for Evaluation of Evidence:</p>	<p>In order to obtain evidence for mitigation of non-conformance BP's records of supplier verification were reviewed and the issue had been paid attention during the supplier visits. Also, interviews to both responsible personell at BP and suppliers were conducted at the time of audit.</p> <p>Review of BP's SVP records (filled in timber origin and supplier verification checklists) show that supplier verification has been conducted in accordance with BP's procedures and no deviations from BP' s procedures have been identified. All suppliers that supply SBP Compliance secondary feedstock without FSC or PEFC claims employ mass balance system for accounting of low risk feedstock ("GI atbilstošs") according to FSC/PEFC credit system principles. No deviations from the BP's procedures were identified.</p> <p>Also, field inspections to suppliers of secondary feedstock suppliers which supply SBP compaliant feedstock within the SBE process showed that all suppliers had functional mass-balance systems in place for accounting of low risk feedstock. No non-conformances related to functioning of mass-balance system or BP's system of verification of suppliers were identified during the field inspctions.</p> <p>Given the above mentioned auditors consider the non-conformity can be closed.</p>
<p>NC Status:</p>	<p>CLOSED</p>

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):	Ondrej Tarabus
Date of decision:	22/Jul/2019
Other comments:	<i>Click or tap here to enter text.</i>