

SBP

Sustainable Biomass Program

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

Scope Change Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.3

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

1	Overview
2	Scope of the evaluation and SBP certificate
3	Specific objective
4	SBP Standards utilised
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
5	Description of Company, Supply Base and Forest Management
5.1	Description of Company
5.2	Description of Company's Supply Base
5.3	Detailed description of Supply Base
5.4	Chain of Custody system
6	Evaluation process
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
7	Results
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Compilation of data on Greenhouse Gas emissions
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
8	Review of Company's Risk Assessments
9	Review of Company's mitigation measures
10	Non-conformities and observations
11	Certification recommendation

1 Overview

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Name of the Company:	HedeDanmark A/S
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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 Scope Change Audit

2 Scope of the evaluation and SBP certificate

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. This is further detailed beneath.

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 with this scope change audit been expanded to include Estonia and Latvia. The scope for these countries includes SBE. This SBE scope expansion audit included site visits to suppliers and forest operations in Estonia and Latvia.

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.

The specific objective of this scope change audit was to confirm that the SBE with RRA risk mitigation measures and SVP for suppliers of wood chips from Latvia and Estonia are meeting the requirements of SBP standard 1 and 2.

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 (approx. 14.3 pct. of the land area); Other woodland area: 44,000 ha (approx. 1 pct. of the land area). Total volume of Feedstock: 500,000 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's 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.

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

Feb. 2018: Audit planning, document review (location: Home office and DNV office, Espoo Finland), performed by the Lead Auditor and DNVGL staff responsible for contracting. Duration: 0,5 person-day.

Feb. 2018 (20-22 Feb): SBE scope expansion On-Site audit (locations: Two supplier visits, one in Estonia and one in Latvia with office visits and site visits to ongoing and finalised forest operations), performed by the Lead Auditor and representatives of the BP, i.e. the SBP responsible and manager. Duration: 3 person-days.

Mar 2018: 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: 1 person-day.

6.2 Description of evaluation activities

The SBE Scope Change Audit contained document and procedures review, record review, interviews of responsible personnel, verification of SBE including RRA and SVP, stakeholder consultation and RRA mitigation measures developed by the company.

The on-site audit in Estonia and Latvia included office and field visits of the two suppliers with evaluation of the BP's developed and implemented RRA risk mitigation measures and SVP for the two suppliers, one in Estonia and one in Latvia.

6.3 Process for consultation with stakeholders

As part of the SBE Scope change audit, an e-mail consultation was sent out on encouraging the stakeholders to raise their concerns in Estonia and in Latvia respectively. A total of 15 Estonian stakeholders and 10 Latvian stakeholders were consulted.

The list of stakeholders was based on the list of stakeholders also consulted as part of the RRA approval process for Estonia and Latvia respectively. Attached to the consultation was the BPs developed procedures including the RRA risk mitigation measures and SVP.

The BP had first conducted stakeholder consultation to same lists of stakeholders, but had not received any comments back at all.

The consultation process revealed that the stakeholders are not concerned about the BP's sourcing of feedstock from the supply bases consulted nor about the BP's RRA risk mitigation measures. Actually no comments to the BPs mitigation measures or SVP were received. Two replies only, where one was asking if they would need to apply same mitigation measures when they themselves got SBP certified, and one responding that they would send our consultation letter to their local network.

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 SBE scope change audit, the strengths of the company include the clear track of roundwood and flows from the forest 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 Estonia and Latvia respectively, including supplier training programme and system setup, procedures, control and monitoring of forest operations.

The non-conformities identified during the SBE scope expansion process 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.

SBE for Estonia for this audit: The SBP endorsed RRA for Estonia from April 2016 is reviewed and 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. See however further minor condition issued to secure full implementation of developed risk mitigation measures.

SBE for Latvia for this audit: The SBP endorsed RRA for Latvia from September 2017 is reviewed and 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. See however further minor condition issued to secure full implementation of developed risk mitigation measures.

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. The BP has maintained data for the ID5B Woodchip Data Report (SAR) v1-0 and the ID5C Static Biomass Profiling Data report v1-1.

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

The next ID5B and ID5C reports will be reviewed at the next PA2, which is scheduled to June 2018.

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

The BP has not received any stakeholder feedback to their stakeholder consultation conducted for Estonia and Latvia as part of this scope change audit process.

Also for our stakeholder consultation, no stakeholder comments received apart from the following two replies: One stakeholder only asked if they would need to apply same mitigation measures when they themselves got SBP certified, and one stakeholder responded that they would send our consultation letter to their local network. Further no comments received.

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, and b) the SBP endorsed RRA for Latvia September 2017 (and the SBP endorsed RRA for Denmark June 2017 at earlier PA1 audit. See tables with risk rating in the former PSR report from Periodic Audit 1 in 2017).

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 Estonia and Latvia, but knowing that the only risk indicator for Estonia with specified risk is indicator: 2.1.2 and the only risk indicators for Latvia with specified risk are indicators: 2.1.1, 2.1.2, 2.8.1.

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	Specified	Specified
2.2.3	Low	Low	2.9.1	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

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 WKHs.
- c) The BP has developed guidelines and operational procedures for the supplier with instructions to provide felling permits and cadastral information of the forest operation in the forest of origin and to perform screening of Estonian forest registry and felling 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 cadastral 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 inspects 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 performs 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 part 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.

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 SCA-1-2018-SBP1	NC Grading: Minor
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:	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 SCA-2-2018-SBP1	NC Grading: Minor
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:	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 SCA-3-2018-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 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:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

NC number SCA-4-2018-SBP1	NC Grading: Minor
Standard & Requirement:	SBP Std. 2, 16.3, Instruction note 2A, 1.1-1.3
Description of Non-conformance and Related Evidence:	
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.	
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:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

NC number SCA-5-2018-SBP1	NC Grading: Major
Standard & Requirement:	SBP Std. 2, 18.4
Description of Non-conformance and Related Evidence:	
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..	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Click or tap here to enter description provided by Company to close the NC.

Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

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:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

NC number 5	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 stumb 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:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

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:	

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.	
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:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

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:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

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:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

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:	04/Apr/2018
Other comments:	Based on the scope change 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.