SBP

Sustainable Biomass Partnership

NEPCon Evaluation of SBE Latvia Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

www.sustainablebiomasspartnership.org

Completed in accordance with the CB Public Summary Report Template Version 1.0

For further information on the SBP Framework and to view the full set of documentation see www.sustainablebiomasspartnership.org

Document history

Version 1.0: published 26 March 2015

Contents

1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus ot@nepcon.net, +420 606 730 382
Report completion date:	20/Oct/2016
Report authors:	Olesja Puiso (lead auditor),
Certificate Holder:	SIA “SBE Latvia Ltd”, "Griķi", Laucienes pagasts, Talsu novads, LV-3285, Latvia
Producer contact for SBP:	Inga Luse, Quality Manager, ph: +371-29158241; email: luse@sbe.lv
Certified Supply Base:	Latvia, Lithuania and Norway
SBP Certificate Code:	SBP-01-01
Date of certificate issue:	25/Sep/2015
Date of certificate expiry:	24/Sep/2020

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	**First Surveillance Audit**	**Second Surveillance Audit**	**Third Surveillance Audit**	**Fourth Surveillance Audit**
☐	X	☐	☐	☐

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site and office in "Griķi", Laucienes pagasts, Talsu novads, LV-3285, Latvia

The Organisation holds FSC Chain of Custody and FSC Controlled wood certificate TT-COC-004922 and TT-CW-004922. Certificate covers both FSC certification as well as FSC Controlled wood certification and controlled wood verification system for feedstock originating from Latvia.

Since the SBP assessment last year The Organisation obtained single Chain of Custody PEFC certificate number TT-PEFC-COC71.

SIA "SBE Latvia SIA" purchases raw materials (only secondary and tertiary feedstock) from companies registered in Latvia. The feedstock itself originates from Latvia, Lithuania and Norway.

Since the beginning of year 2016, all secondary and tertiary feedstock is delivered as FSC/ PEFC certified or controlled.

It is planned that BP could sell pellets on EXW, FOB Mersrags, DAP Riga, DAP Liepaja and DAP Ventspils. Pellets sold under the FOB Mersrags conditions are stored in the Mersrags harbour.

Supply Base Evaluation is not included into the scope of the evaluation as soon as there is no approved Regional risk assessment (RRA) for Latvia at the moment, and there is a discussion around risk level for number of RRA indicators. The BP is in process of the implementation of the SBE system requirements, but the system is not ready for the evaluation yet.

<table>
<tr><th>Scope Item</th><th colspan="4">Check all that apply to the Certificate Scope</th><th>Change in Scope (N/A for Assessments)</th></tr>
<tr><td>Approved Standards:</td><td colspan="4">SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0

http://www.sustainablebiomasspartnership.org/documents</td><td>☐</td></tr>
<tr><td>Primary Activity:</td><td colspan="4">Pellet producer</td><td>☐</td></tr>
<tr><td rowspan="5">Input Material Categories:</td><td colspan="2">☐ SBP-Compliant Primary Feedstock</td><td colspan="2">☒ SBP-Compliant Secondary Feedstock</td><td rowspan="5">☐</td></tr>
<tr><td colspan="2">☒ Controlled Feedstock</td><td colspan="2">☐ SBP non-Compliant Feedstock</td></tr>
<tr><td rowspan="3">☒ SBP-Compliant Tertiary biomass</td><td colspan="3">☒ Pre-consumer Tertiary Feedstock</td></tr>
<tr><td colspan="3">☐ Post-consumer Tertiary Feedstock</td></tr>
<tr><td colspan="3">☐ SBP-approved Recycled Claim</td></tr>
<tr><td rowspan="2">Chain of custody system implemented:</td><td>☒ FSC</td><td>☐ PEFC</td><td>☐ SFI</td><td>☐ GGL</td><td>☐</td></tr>
<tr><td>☐ Transfer</td><td colspan="2">☐ Percentage</td><td>☒ Credit</td><td>☐</td></tr>
</table>

Use of SBP claim:	☒ Yes	☐ No	☐
SBE Verification Program:	☐ Low risk sources only	☐ Sources with unspecified/ specified risk	☐
	New districts approved for SBP-Compliant inputs:		
Sub-scopes			☐
Specify SBP Product Groups added or removed:			
Comments:			

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.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the production processes,
- Production and storage site visits;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis;
- Evaluation of the SBP sales documents;
- Witness origin confirmation audits conducted into the supplier premises.

4 SBP Standards utilised

4.1 SBP Standards utilised

Verification of SBP-compliant Feedstock, SBP Standard 2, Version 1.0, March 2015

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

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

http://www.sustainablebiomasspartnership.org/documents

Instruction document 5A Collection and Communication of Data version 1.0. March 2015 was utilised for the evaluation as well.

4.2 SBP-endorsed Regional Risk Assessment

Not applicable. Supply Base Evaluation is not covered by the Scope of the Evaluation.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

SIA “Sbe Latvia Ltd” is a biomass producer with a production site, office, small storage located in "Griķi", Laucienes pagasts, Talsu novads, LV-3285, Latvia and storage site situated in Mersrags harbour.

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

Pellets are produced from secondary feedstock: (wood industry residues: sawdust, wood chips) and tertiary feedstock (dry sawdust with shavings) or mixture of these two feedstock types classified as a secondary feedstock.

FSC certified or FSC Controlled wood heating chips and bark is purchased for the use into the biomass drier. Pellets are used in a mixery.

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

In SIA “SBE Latvia Ltd” most of the raw materials are secondary and tertiary material from feedstock originating from Latvia, Lithuania and Norway. All secondary and tertiary feedstock is delivered with FSC / PEFC certification or FSC Controlled Wood claim.

From the beginning of the year 2016 all inputs materials delivered to the pellet production plant are FSC certified, PEFC certified, FSC controlled wood. The organisation is not applying Organisation’s FSC Controlled wood verification system for Latvia, even though included in the FSC Controlled wood system of the organisation.

The information about 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.

The BP is implementing FSC credit system. The amount of the biomass produced according to FSC credit system might be sold as SBP-compliant and/or SBP- controlled biomass.

After the production, pellets are transported into the harbour storage place by trucks.

5.2 Description of Biomass Producer’s Supply Base

BP is sourcing secondary and tertiary feedstock only for its production.

Latvia

3.056 million ha of forest, agricultural lands 1,87 million ha. Forests cover 51% of the total area covered by forests is increasing. The expansion happens due to both natural afforestation of unused agricultural lands and by afforestation of low fertility agriculture land.

Forests lands consist of forests 91,3%, marshes 5.3%, open areas 1,1%), flooded areas 0,5% and objects of infrastructure 1,8%

The main wood species are pine 34.3%, birch 30.8% and spruce 18.0%. Other wood species are aspen, aspen, black alder, ash and oak.

51.8% of whole forest area is owned by state, 1.4% are in municipal ownership, but other 46.8% are private forests and other forest ownership types (data: State Forest Service statistics, 2014) . Management of the state-owned forests is performed by the public joint stock company AS Latvijas Valsts Meži, 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.

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 high nature conservation values such as rare and endangered species and habitats that are located outside designated protected nature areas, micro reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves constitute 40 595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously primarily in state forests.

On the other hand , there are general nature protection requirements binding to all forest managers established in forestry and nature protection legislation aimed at preservation of biological diversity during forest management activities. They stipulate a number of requirements, for instance, preserving old and large trees, dead wood, undergrowth trees and shrubs, land cover around micro-depressions thus providing habitat for many organisms, including rare and/or endangered species.

Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, although none of local Latvian tree and shrub species are included in the CITES annexes. .

Areas where recreation is one of the main forest management objectives add up to 8 % of the total forest area or 293 000 ha (2012). 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 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 Protection Board under the Ministry for Environmental Protection and Regional Development.

5% of Latvian inhabitants are employed in forestry, wood-working industry, furniture production Industry.

The share of forestry, woodworking industry and furniture production amounted to 6 % GDP in 2012, while export yielded 1.7 billion euro (17 % of the total volume of export).

State forests are FSC/ PEFC certified. In addition to state forest enterprise, 6 private forest managers are managing forests in accordance with FSC standard requirements. The FSC certified are in the country amounts to a total of 1,743,157 ha , including 248,021 ha of private forestland. A total of 1,683, 641 ha forests are also PEFC certified. The figures are correct as of April, 2015.

Lithuania

Agricultural land covers more than 50 percent of Lithuania. Forested land consists of about 28 percent, with 2.17 million ha, while land classified as forest corresponds to about 30 percent of the total land area. The southeastern part of the country is most heavily forested, and here forests cover about 45 percent of the land. The total land area under the state Forest Enterprises is divided into forest and non-forest land. Forest land is divided into forested and non-forested land. The total value added in the forest sector (including manufacture of furniture) reached LTL 4.9 billion in 2013 and was 10% higher than in 2012. According to the ownership forests are divided into state (1.08 million ha), private forests (0,85 million ha) and other ownership types (0.2 million ha) .

Forest land is divided into four protection classes: reserves (2 %); ecological (5.8 %): protected (14.9 %); and commercial (77.3 %). In reserves, all types of cuttings are prohibited. In national parks, clear cuttings are prohibited while thinnings and sanitary cuttings are allowed. Clear cutting is permitted, however, with certain restrictions, in protected forests; and thinnings as well. In commercial forests, there are almost no restrictions as to harvesting methods.

Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests - especially spruce and birch - often grow in mixed stands. Pine forest is the most common forest type, covering about 38 percent of the forest area. Spruce and birch account for about 24 and 20 percent respectively. Alder forests make up about 12 percent of the forest area, which is fairly high, and indicates the moisture quantity of the sites. Oak and ash can each be found on about 2 percent of the forest area. The area occupied by aspen stands is close to 3 percent

Lithuania has been a signatory of the CITES Convention since 2001. CITES requirements are respected in forest management, although there are no local tree and shrub species included in the CITES annexes.

All state owned forests are is FSC certified.

Norway

About 38% of the surface area in Norway is covered by forest. The total forested area amounts to 12 million hectares, including more than 7 million hectares of productive forest. 15% of the productive forest has been estimated as non-economic operational areas due to difficult terrain and long distance transport, which means that economical forestry may only be operated in about 50% of the forested area. The most important species are Norway spruce (47%), Scots pine (33%) and birch (18%).

From the forest area: Privately owned forests 80 % ; State and municipalities 12%.

Industrial private 4 %; Local common land 4 %

All productive forests in Norway are certified, i.e. 7.397.000 hectares (both FSC and PEFC). The number of certified forest owners is approximately 43.000 (private, municipalities, state).

Approximately 6.4% of mainland Norway has protected area status. In addition, 15,000 square km of Spitsbergen is designated as conservation area - national parks, nature reserves or other kinds of protected area cover 10-12% of the area of the remote islands.

The total number of species in Norway is estimated to be 45,000, of which approximately 33,000 are known and described. It exists information enough to estimate whether a species is threatened or not for only 10,000 species. Of these, 150 are threatened by extinction, 279 are deemed vulnerable, 800 are categorized as rare (the last number also includes species, which are rare of natural causes and not only because of human intervention). 359 are deemed species of special concern, 36 species are indeterminate, while 169 species are classified as insufficiently known.

Species "Red lists" can be used to point out the habitats containing an especially rich variety of endangered species. Red list species have often proved to be the red warning lights of nature to tell us that a biotope is threatened or something else is wrong in nature. The red lists also give us a picture of the condition of our flora and fauna, and may contribute to the efforts of securing and improve the ecosystem for these species. http://www.

borealforest.org/world/world_norway.htm

In the country there are areas of endangered high conservation value forests. More specifically there are Global200 and IFL areas in the northern mountain regions.

Norway has been a signatory of the CITES Convention since 1976. CITES requirements are respected in forest management, although there are no local tree and brush species included in the CITES lists annexes.

Those regions identified by Conservation International as a Biodiversity Hotspot. Those forest, woodland, or mangrove ecoregions identified by World Wildlife Fund as a Global 200 Ecoregion and assessed by WWF as having a conservation status of endangered or critical. Those regions identified by the World Resources Institute as a Frontier Forest Intact Forests Landscapes, as identified by Greenpeace (www.intactforests.org)

In 2006 forestry and the forest industries accounted for about 0.8% of the Gross National Product in Norway. Of the total employment of 2.443.000 persons in Norway approximately 40.000 people receive their income from forestry and from the forest industry. 6.700 persons (0.3%) are directly employed in forestry. About 50 percent of the Norwegian round wood harvested is used by sawmills. There are 225 sawmills in Norway operating on an industrial scale.

Detailed information about the supply base region (general description of the forest resources and forest management practices within the Supply Base) is publically available at the BP's homepage.

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 12.2 million ha

Tenure by type (ha): 8.2 million ha state ownership, 2.2 million ha private forests and 1.8 million ha other ownership types.

Forest by type (ha): 5.2. million ha boreal, 7.0 million million ha temperate forests

Forest by management type (ha): 12.2 million ha managed natural

Certified forest by scheme (ha): FSC, total certified area 9.6 million ha FSC, 9.6. million ha PEFC

5.4 Chain of Custody system

The Organisation holds FSC Chain of Custody and FSC Controlled wood certificate TT-COC-004922 and TT-CW-004922. Certificate covers both FSC certification as well as FSC Controlled wood certification and controlled wood verification system for feedstock originating from Latvia.

Since the SBP assessment last year The Organisation obtained single Chain of Custody PEFC certificate number TT-PEFC-COC71.

During the audit period organisation switched to use of FSC credit system only.. FSC Credit system is used for materials received as FSC certified, FSC Controlled wood and feedstock verified according to the Organisation's own Controlled wood verification system. Eventhought FSC Controlled Wood verification programm for Latvia is included into the FSC Controlled Wood certificate scope, from the beginning of year 2016 company was sourcing FSC/ PEFC certified and Controlled Wood only.

Supplier list of primary suppliers is maintained.

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

Moisture and weight is measured for each feedstock type. FSC credit account and PEFC mass balance accounts are updated once in a month: data about received raw materials by FSC/100% PEFC certified material certification status and volume of sold pellets as FSC and PEFC are recorded.

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

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted at July 18-19, 2016

Supplier visit was taking place at July 29, 2016

5 supplier audits were conducted by the BP together with NEPCON auditors at July 19, 2016 (4 suppliers) and July 29. 2016 (1 supplier)

Totally 3 days was spent for this evaluation: 2,5 days onsite and 0.5 day documented evidence review prior and after the surveillance audit

Review of the additional evidences and additional supplier visit was taking place at September 30, 2016 and October 11, 2016

Audit plan for the main part of the evaluation is placed below.

Activities/ timing	Place	Auditors	Date
9.00- 9.30 Opening meeting	Office	O.Puišo	18.07.2016
9.00- 11.30 SBP Management system review, discussion of the changes taking part in a system Review of the documents and evidences related to implementation of the SBP standards 2,4. Office staff interview Review of the FSC and PEFC system control points	Office		
11.30-13.00- Harbour visit Interviews with harbour staff, verification of the provided GHG data	Mērsrags harbour		

13.00- 14.30 Factory visit Verified processes and involved departmentrs 1) Procurements and reception (office manager/ logistic specialist, tractor drivers) 2) Moisture measurements (operators/ laboratory); 3) Production and production records/ (accountancy/ production staff 4) Energy related recordkeeper (Energetics/ mechanics/ Mechatronics); 5) Sales and client communication (sales department)	Factory		
Plkst.14.30- 17.30 Review of the documents and evidences related to implementation of the SBP standards 2,4. Review of the documents and evidences related to implementation of the SBP standard 5 and instruction document 5A. Office staff interview	Office	O. Puišo	18.07.2016
9.00- 15.00 Supplier onsite audits	Uzņēmuma piegādātāji	O. Puišo	18.07.2016
15.00- 16.30 Additional interviews, additional supplier related data verification Presentation of the results from day 1 and 2	Office		
Supplier visit in Riga Presentation of the audit results.	Supplier audit in Riga		29.07.2016

6.2 Description of evaluation activities

The surveillance audit visit was focused on practical evaluation of the SBP system, review of management system: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC system and FSC system control points as well as GHG data availability.

Description of the assessment evaluation:

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, Batch specific data, and FSC system description was provided by the company in advance as well as were reviewed during the desk verification conducted prior to the audit. Overall changes had been discussed.

Auditor was welcomed in SIA SBE Latvia office in Talsi parish. Audit started with an opening meeting attended by the management team of the biomass producer as well as other staff.

Auditor introduced herself, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope.

After this short introduction trip was taking place around the biomass storage and production facilities. During the trip production technology and information about the main production facilities was presented to the auditors.

After that auditor went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction documents 5a 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.

During the first day of the audit roundtrip around BP's pellet production was undertaken. 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.

As a part of the main part of the assessment 5 secondary feedstock suppliers selected by the auditor were visited; the supplier audit methodology: interviews, document verification, production site visit, report preparation done by the BP was observed and evaluated by the auditor. One of the suppliers is having its office and documents available in Riga office,The supplier with office in Riga was visited few days after the field work due to the logistic arrangements.

As a part of the assessment a storage place in Mersrags harbour was visited. Responsible staff in the harbour had been interviewed, storage site and equipment/ machines used in the harbour were observed and document review provided by service provider was analysed for accuracy.

At the end of the audit finding were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the overall responsible person.

Additionally, BP provided additional documented evidence based on a gaps identified during the main assessment of the companies. Documents were reviewed by the auditor, additional interviews were conducted with the BP staff and one of the supplier visit was undertaken.

Final results of the evaluation were provided to BP in writing.

Composition of audit team:

Auditor(s), roles	Qualifications
Oļesja Puišo, Riga, Latvia Lead Auditor evaluation against all applicable requirements	MSc Logistics. Olesja is working as NEPCon Country Manager in Latvia. She is responsible for daily management of certification activities in the country. Olesja has passed CoC/ FM lead auditor training, PEFC CoC, ISO 140001, SAN and Legal Source training courses. Previous experience in woodworking industry as well as many years of experience within CoC auditing. She has passed the SBP lead auditor training and has participated on several SBP assessments.

6.3 Process for consultation with stakeholders

Consultation was not conducted for this surveillance audit.

7 Results

7.1 Main strengths and weaknesses

Strength: SBP system elements are implemented at the time of the assessment. Use of the FSC credit system. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members. Feedstock delivered with FSC or PEFC certification claim or either FSC Controlled Wood claim.

Weaknesses: See in NCR section of the report.

7.2 Rigour of Supply Base Evaluation

Not applicable

7.3 Compilation of data on Greenhouse Gas emissions

Prior the assessment the organization has not recorded data on greenhouse gas emissions and has only started for purposes of the SBP certification. The data prepared for assessment had been updated and provided during the surveillance audit. The data is complete, accurate and is based on the records from the internal recordkeeping system.

7.4 Competency of involved personnel

During the audit it was identified that number of staff members are involved into the SBP system management and implementation, including Quality Manager, Director, Logistic Manager/ Office manager, Finance manager. Interviewed staff demonstrated awareness of their responsibilities within SBP system. Overall responsible staff was familiar.

7.5 Stakeholder feedback

Not applicable.

7.6 Preconditions

Not applicable.

8 Review of Biomass Producer's Risk Assessments

Not applicable.

9 Review of Biomass Producer's mitigation measures

Not applicable

10 Non-conformities and observations

NCR: 01/15	NC Classification: Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 2C, 4.1.
Report Section:	Appendix A p. 2.8.
Description of Non-conformance and Related Evidence:	
The Supply Base Report meets the requirements of SBP. Section 2.5. Quantification of the Supply Base covers information for just one Supply base region Latvia. The volume of input materials coming from other SB regions (Lithuania and Norway) is considered to be very small, thus not reported in this section of SBR.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	12 months from the report finalization
Evidence Provided by Organisation:	Updated SBR report- see Exh 2b
Findings for Evaluation of Evidence:	The BP provided an updated SBR covering section 2.5. Quantification of the Supply Base
NCR Status:	**CLOSED**
Comments (optional):	

NCR: 02/15	NC Classification: Minor
Standard & Requirement:	SBP Standard 4 (ver. 1.0), requirement 5.1.2
Report Section:	Appendix B p. 1.1
Description of Non-conformance and Related Evidence:	
During the assessment it was identified a conflict in between FSC and SBP system in relation to SBP sales and withdrawal of FSC credit from the FSC credit account in case of SBP- compliant biomass sales. The organization procedures does not contain the mechanism of withdrawal of FSC credit from FSC credit account in case of sale of SBP-compliant material. During the assessment the BP's representatives explained that BP will use double FSC certification claims and cert. Number and SBP claim and cert./ batch Number in case of SBP-compliant Biomass sales.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	12 months from the report finalization
Evidence Provided by Organisation:	Updated procedure of the company; Verification of the FSC credit account

Findings for Evaluation of Evidence:	During the surveillance audit the quality manager demonstrated updated SBP procedure of the company, updated with a requirements to state both FSC and SBP certification claims in the sales invoices. During the evaluation of the credit account of the company it was confirmed that the requirement is implemented in practice and sold SBP –compliant volume is withdrawn from the FSC credit account of the company.
NCR Status:	**CLOSED**
Comments (optional):	

NCR: 03/15	**NC Classification: Minor**
Standard & Requirement:	SBP Advice Note 5A(ver. 1.0), requirement 7.1.
Report Section:	Appendix D p. 9.1.
Description of Non-conformance and Related Evidence:	
BP had classified its feedstock into product groups designatated in SBP standard 5 and advice note 5Aa: groups 4 and 6: 4. Secondary Feedstock supplied under a claim under an SBP approved controlled feedstock claim (specifically FSC) 6.SBP-compliant secondary feedstock (excluding anything in Product Groups 4 and 5 above) However product groups designated in BP's Product group schedule does not cover full name of the product groups designated in SBP standard.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	12 months from the report finalization
Evidence Provided by Organisation:	Updated product group schedule
Findings for Evaluation of Evidence:	The BP updated its product group schedule, there the SBP product groups categories designated in standard 5 and advice note 5A are stated.
NCR Status:	**CLOSED**
Comments (optional):	

NCR: 04/15	**NC Classification: Minor**
Standard & Requirement:	SBP Advice Note 5A(ver. 1.0), requirement 3.6.1.
Report Section:	Appendix D p. 4.6.1.
Description of Non-conformance and Related Evidence:	
The BP is using chips coming from chipping of different sort of forest residues. The data was provided based on evidences provided by chips suppliers by phone and therfore there is no record available and the evidence is quite weak It was also confirmed that in-forest chipping data recorded into the GHG table 0.7l/t is very close thevalues used in the region and are not understated.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

	Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	12 months from the report finalization
Evidence Provided by Organisation:	Written evidence from the feedstock suppliers
Findings for Evaluation of Evidence:	It was confirmed during the audit, that the BP had requested all its suppliers to provide the data. The data was analysed and recorded in GHG data sheet
NCR Status:	**CLOSED**
Comments (optional):	

NCR: 05/15	**NC Classification: upgraded to MAJOR**
Standard & Requirement:	SBP Standard 4 (ver. 1.0), requirement 6.3.
Report Section:	Appendix A p.1.4.
Description of Non-conformance and Related Evidence:	
BP is signing co-product wood origin agreements with all Suppliers. The agreement covering information about raw material origin as well as include responsibility of the supplier to inform BP in case of any changes in supply base. See exh 7. According to BP's procedures such agreement will be signed with new suppliers. Based on the agreement supplier is obligated to inform BP about changes in supply base. Additionally BP is implementing supplier internal audit verification programm. According to p.5.3. of the procudures (this was confirmed by the responsible staff during the internal audit was well) each active primary supplier will be visited at least once in a year. At the date of the assessment 4 supplier audits were conducted, one more was conducted together with the auditor at the assessment day. Total number of the currently active primary suppliers (including primary suppliers selling their sawmill residues though trader) is 23. 8 supplier's form the list are FSC certified. FSC Controlled wood sampling formula $0.8 * \sqrt{number\ of\ suppliers}$ was applied by the BP. Based on this formula 5 supplier audits were conducted prior to the assessment. NEPCOn auditor FSC Controlled wood sampling for calculating the auditor attended suppliers (supplier audits) equal to $0.8 * \sqrt{number\ of\ suppliers\ audited\ by\ the\ BP}$ = 2. However all supplier audits were not conducted prior to the assessent and are scheduled until end end of the year.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	3 months from the report finalization
Evidence Provided by Organisation:	Supplier list; Verification protocol documents;

Findings for Evaluation of Evidence:	At the date of the surveillance audit, 5 suppliers were visited. Total number of the currently active primary suppliers (including primary suppliers selling their sawmill residues though trader) is 30. From the beginning of the year all feedstock is delivered as certified or FSC Controlled wood. During the audit it was identified that internal audits had been conducted for all direct suppliers, however it was identified during the audit, that at least 2 sub-suppliers (feedstock delivered) by the trader had not been visited. Eventhought, the system of the adding new suppliers into the system is implemented, this system is not described into the procedure of the BP. Minor NCR 05/15 Is upgraded to major NCR 05/15. After the audit the BP provided updated SBP procedure, describing the system for new supplier approval. In additional to this company provided evidences (audit records and supplier list) confirming that all current suppliers are audited. In additional to this CB had visited supplier Tikala AD.
NCR Status:	**CLOSED**
Comments (optional):	

NCR: 01/16	**NC Classification: minor**
Standard & Requirement:	SBP Standard # 2 requirement 6.2
Description of Non-conformance and Related Evidence:	
Supplier list is available. Suppliers are divided into 2 categories: supplier and trader. Both producers and traders are delivering feedstock directly from producer. BP is maintaining register covering both seller and supplier address. The register was reviewed during the audit. Each supplier of the material is signing co-product agreement with the BP. Additionally to this BP is conducting supplier audits with the aim to confirm that the place of harvest is within the supply base. Audit methodology for trader includes trader visit as well as all primary producers/ supplier visits. Please see additional information regarding supplier audits under p.1.4. below. During the audit it was identified that trader Energoparks SIA does not state primary producer address in its delivery note and storage site is started in the documents instead. Sub-supplier Tikala AD does the same for 2 of its suppliers. Internal audit of the suppliers is conducted and names of the primary suppliers had been identified. However, it is not clear of how the trader would provide information to the BP about the new suppliers and how the BP will implement its supplier approval programm in this case. At the time of the audit mutual agreement is obtained with a suppliers, that they will inform BP about the new potential sub-suppliers. Minor NCR 01/16 is issued. After the audit BP send a request to its supplier in a format of the email with the request to provide information about new suppliers prior to the delivery as a result 2 potential suppliers was audited by the BP. The NCR remains open with the aim to observe the implementation of the requirements for the future deliveries.	

Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	12 month from report finalization
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 02/16	**NC Classification: minor**
Standard & Requirement:	SBP Standard # 5/ Instruction document 5A requirement 2.0.3
Description of Non-conformance and Related Evidence:	
The internal SBP procedure prescribes to provide Biomass profiling data, Batch specific data and GHG emission data sheet to the customers at the moment of sales upon request. During the surveillance audit it was confirmed that above mentioned information is provided by the BP. During the audit it was identified that GHG and biomass profiling data report provided to the buyer, contained no reference number, allowing to connect invoice with the report.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	12 month from report finalization
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 03/16	**NC Classification: minor**
Standard & Requirement:	SBP Standard # 5 / Instruction document 5A requirement 3.1.1
Description of Non-conformance and Related Evidence:	
The organization classified the feedstock according to both EC and EU feedsatock classification. The BP is using sawdust for pellet production, wood industry residuals, sawmill residues (chips) and	

bark are burned out in driers, Additionally BP is using forest residues chips in driers and burning small part of the produced pellets for use in mixery. The BP is using wrong category for UK classification, classification : “chips ” are used instead of the UK classification category “sawmill residues”.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	12 month from report finalization
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 04/16	**NC Classification: MAJOR**
Standard & Requirement:	SBP Standard # 5 / Instruction document 5A requirement 3.1.1
Description of Non-conformance and Related Evidence:	
During the audit it was identified that sales invoices does not contain batch code number stated in the sales invoices. Batch report was provided together with the report.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	3 month from report finalization
Evidence Provided by Organisation:	Updated procedure Sample of the sales document
Findings for Evaluation of Evidence:	After the surveillance audit BP updated its procedures and provided BP with the corrected sales invoices. The NCR was closed based on the document review and interview of the overall responsible person, responsible for the control of the SBP invoicing process.
NCR Status:	**CLOSED**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☒ No ☐

NCR: 05/16	NC Classification: minor	
Standard & Requirement:	SBP Standard # 5 / Instruction document 5A requirement 8.4	
Description of Non-conformance and Related Evidence:		
BP produced single batch specific report, the report is send to the buyer together with the sales invoice, however the report is not linked with a unique batch code.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	12 month from report finalization	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	**OPEN**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

OBS: 01/16	Standard & Requirement:	SBP Standard # 2 requirement 5.5.2.
Description of findings leading to observation:	Organisation intends to use both 'SBP-compliant' and 'SBP-controlled' biomass claim. During the surveillance audit only SBP-compliance claim is used. During the surveillance audit it was identified that "SBP Compliant Biomass" claim is used instead of "SBP-compliant biomass".	
Observation:	It is recommended to the organisation to use exactly same wording of the claim as specified in the standard.	

11 Certification decision

Based on Organisation's conformance with **SBP requirements, the auditor makes the following recommendation:**	
☒	Certification approved: Upon acceptance of NCR(s) issued above
☐	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: **The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after NEPCon will obtain the recognision as SBP certification body. The expiration of the certificate will be then 5 years.**	
Certi**fication decision by: Ondrej Tarabus**	
Date of decision**: 20th October 2016**	

12 Surveillance updates

12.1 Evaluation details

Please see in a section: p.6.2. Description of evaluation activities

12.2 Significant changes

The BP obtained PEFC certificate and started PEFC product procurement.

Company excluded FSC transfer system from the certification scope and switched to credit system.

GHG calculation for new incoterms are conducted. The potential incoterms are: DAP Riga, DAP Liepaja, DAP Venstpils, FOB Mersrags and EXW.

12.3 Follow-up on outstanding non-conformities

See information about the NCR reviewed during the surveillance audit is section 10 of the report. 10. Non-conformities and observations

12.4 New non-conformities

See information about the new NCR identified during the surveillance audit is section 10 of the report. 10. Non-conformities and observations

12.5 Stakeholder feedback

No comments or comments from the stakeholders had been received.

12.6 Conditions for continuing certification

No preconditions are identified. List of open NCR is available is section 10. Non-conformationces and observations of the report.

12.7 Certification recommendation

It is recommended to maintain certification of the organisation. Major NCRs are closed based on evidences provided after the evaluation.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Ilze Ļutjanska, Quality Manager
Auditor(s):	Olesja Puiso
People Interviewed, Titles:	Ilze Ļutjanska, Quality Manager; Inga Lūse- quality manager Māris Ziediņs- Manager Ieva Braunfelde, Office administrator/ logistic manager Reinis Millers- Mechanics; Sandris Ivanovskis- Electricial; Guntars Ozoliņš- operator, tractor driver; Mārtiņš Grenevics - robot operator; Arvis Reinholds- opertator, tractor driver; Mārtiņš Kurkopulis- representative of stividor company Gamm RP Staff of supplier companies; SIA "Energoparks", SIA "Mars" un SIA "Laimdotas SIA "Erde VS" SIA "Veckalēji" un SIA "Tikala AD".
Brief Overview of Audit Process for this Location:	See under p.6.2. Description of evaluation activities
Comments:	