

SBP

Sustainable Biomass Partnership

NEPCon Evaluation of Graanul Invest SIA (Laukalne) Compliance with the SBP Framework: Public Summary Report

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

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1 Overview

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Report completion date: 16/Dec/2016

Report authors: Girts Karss, Lauri Kärmas

Certificate Holder: SIA Graanul Invest, Production site Laukalne, Ezerini, Launkalnes parish, Smiltenes district, Latvia, LV-4718,

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

Certified Supply Base: Sourcing from Latvia, Lithuania, Belarus and Estonia
Material received through SBE, primary and secondary feedstock from Latvia

SBP Certificate Code: SBP-01-68

Date of certificate issue: 30/Mar/2017

Date of certificate expiry: 29/Mar/2022

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
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Additional notes: Scope change audit – inclusion of secondary feedstock to the scope of Supply Base Evaluation

2 Scope of the evaluation and SBP certificate

Scope of this evaluation is based on SBP standards 1; 2; 4; and 5. During this scope change evaluation, standard 1 was added to the scope of the certificate. Reason for this scope change audit is that the demand for SBP-compliant biomass is exceeding the volumes of FSC/PEFC certified feedstock that is available for pellet production in the Baltic region. To meet the demand, SIA Graanul Invest Launkalne site undertakes a supply base evaluation for primary and secondary feedstock that is originating from Latvia and Estonia.

Organization holds valid FSC Chain of Custody certificate as well as PEFC Chain of Custody certificate (TT-PEFC-COC44), SIA Graanul Invest is included into this certification as a certification site. SIA Graanul Invest is included into this certification as a certification site. The system covers procurement of PEFC certified and PEFC Controlled Sources materials.

SIA “Graanul Invest” purchases most of the raw materials (primary, secondary and tertiary feedstock) as feedstock originating from Latvia and Estonia. Some small part of raw material, in form of secondary and tertiary feedstock, is originating also from Lithuania and Belarus. This secondary and tertiary feedstock is delivered as FSC/ PEFC certified or controlled.

All inputs materials delivered to the pellet production plant are FSC certified, PEFC certified, PEFC Controlled Sources, FSC Controlled Wood or included in the Organisation’s FSC Controlled wood verification system. Controlled wood verification system is applied to the primary and secondary feedstock originating from Latvia and Estonia. Company aims to buy FSC certified, PEFC certified feedstock or FSC Controlled wood from certified suppliers and implement controlled wood verification system as less as possible.

Supply base evaluation is implemented for both primary and secondary feedstock originating from Latvia and Estonia only. The scope of the audit includes evaluation of organization’s risk assessment, supplier verification program, implementation of mitigation measures for indicators with high risk and monitoring system.

Wood pellets are sold based on FCA Incoterm conditions and are delivered to export markets through Riga harbour.

Scope Item	Check all that apply to the Certificate Scope	Change in Scope (N/A for Assessments)
Approved Standards:	SBP Standard #1 V1.0; SBP Standard #2 V1.0; SBP Standard #4 V1.0; SBP Standard #5 V1.0 http://www.sustainablebiomasspartnership.org/documents	<input checked="" type="checkbox"/>
Primary Activity:	Pellet producer	<input type="checkbox"/>

Input Material Categories:	<input checked="" type="checkbox"/> SBP-Compliant Primary Feedstock		<input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock		<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/> Controlled Feedstock		<input type="checkbox"/> SBP non-Compliant Feedstock		
	<input checked="" type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Pre-consumer Tertiary Feedstock			
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
Chain of custody system implemented:	<input checked="" type="checkbox"/> FSC	<input checked="" type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>
	<input type="checkbox"/> Transfer	<input type="checkbox"/> Percentage		<input checked="" type="checkbox"/> Credit	<input type="checkbox"/>
Points of sales	<input type="checkbox"/> Harbour (including own handling of material)	<input checked="" type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour	<input checked="" type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)		<input type="checkbox"/>
	Provide name of all points of sales	- Riga FCA			
Use of SBP claim:	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No		<input type="checkbox"/>
SBE Verification Program:	<input type="checkbox"/> Low risk sources only		<input checked="" type="checkbox"/> Sources with unspecified/ specified risk		<input checked="" type="checkbox"/>
	New districts approved for SBP-Compliant inputs: Latvia; Estonia				
Sub-scopes	2 sub-scopes: Latvia and Estonia				<input checked="" type="checkbox"/>
Specify SBP Product Groups added or removed:					
Comments: Supply Base Evaluation, secondary material supplies from Latvia and Estonia has been added to the scope of certificate as a part of the scope change audit					

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 this evaluation covered only adding Supply Base Evaluation to the scope.

The scope of the evaluation covered:

- Review of the BP’s management procedures;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Evaluation of mitigation measures implemented within the SBE secondary material flow system;
- Evaluation of BP SBE secondary material flow processes, verification at suppliers;
- Review of the records, calculations and conversion coefficients;

4 SBP Standards utilised

4.1 SBP Standards utilised

Feedstock Compliance Standard, SBP Standard 1, Version 1.0, March 2015

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

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

<http://www.sustainablebiomasspartnership.org/documents>

4.2 SBP-endorsed Regional Risk Assessment

SBP-endorsed Regional Risk Assessment for Latvia was not endorsed yet. The BP has used the last available version of the draft RRA and this is considered as organization's own risk assessment. The BP has evaluated individual indicators based on draft version of the Regional Risk Assessment. The risk assessment developed by the organization outlines "specified risk" for indicators 2.1.1 (only HCVF category 3), indicator 2.1.2 (HCVF categories 1, 3 and 6) and indicator 2.8.1.

SBP-endorsed Regional Risk Assessment for Estonia was used by the Biomass Producer. One indicator in the approved Regional Risk Assessment has been evaluated as specified risk (indicator 2.1.2).

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

SIA Graanul Invest is a biomass producer with a production site and office located in Ezerini, Launkalnes parish, Smiltenes district, Latvia and storage site situated in Riga (Vecmilgravis) harbour.

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

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

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

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

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

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

All inputs materials delivered to the pellet production plant are FSC certified, PEFC certified, FSC Controlled Wood or included in the Organisation’s FSC controlled wood verification system. Controlled wood verification system is applied to the primary feedstock originating from Latvia and Estonia. Company aims to buy FSC certified, PEFC certified feedstock as FSC Controlled Wood from certified suppliers and implement controlled wood verification system as less as possible.

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

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

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

5.2 Description of Biomass Producer's Supply Base

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 constitutes 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 labour force 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.

Belarus

In Belarus, forest land covers 9.5 million ha. Forests are quite evenly spread over the country's six regions with the average value of the forest cover (ratio between the stocked forest land and the total land) being 39.3% . Area of Agricultural area 8.7 million ha.

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture. Within the last decade, the timber production in Belorussia has fluctuated approx., 11 million cubic metres (<http://www.mlh.by> , 2015.)

Forest area of Belarus consists of Belarus consist of: forests- 7,89 million ha, Other wooded land 0.91 million ha.

The main wood species in Belarus are: pine 50,4%, spruce 9,2%; birch 23,1%; black alder 3,3%; grey alder 3,3 %: aspen 2,1%; other species 3,3%.

The forests in the Republic of Belarus are state property. Forests under the jurisdiction of the Ministry of Forestry (Minleshoz) cover 86% of the forest fund. Besides, a significant share of the forest fund is managed by the Administration of the President of the Republic of Belarus (8%) and by the Ministry of Emergency Situations of the Republic of Belarus (2%).

In Belarus an environmental protection system has been in place since 1960, from the time a Nature Protection Committee was established. Specially protected area accounts 7,7 % of the whole area of the country. However, together with the natural sites subject to special protection such as water conservation zones and areas of habit and growth of endangered wild animals and plant species, this figure increases to 22,1 % of the country's total area.

It is considered that about 75 % of the original Central European mixed forest cover is estimated to be lost. Pristine and relic stands of this forest type are believed to have been eliminated complete except in Belovezha Forest, which is located close to Belarus and Poland border. It is one of the largest and best presented forest tract in the lowlands Europe. It still contains a wide array of old-growth forest stands representing all the major habitat types, a rich variety of wildlife and a still not sufficiently studied numerous lower plants, fungi and slime moulds.

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

Forest regeneration is carried out annually over an area of 32,000 ha, including 81% of the forest planting and seeding and 19% by natural regeneration. There are 2 strictly protected Nation reserves and 4 National parks present in Belarus at the moment. Area of National reserves accounts 2,98 million ha and area of National parks is 3,98 million ha.

Forestry and the forest industry are essential parts of the republic's economy. In Belarus wood-based industry consists of forestry (13.5% of all production), Roundwood processing (69,5 % of all production), pulp and paper (16,4 % of all production) sectors.

All forest area is certified by PEFC certification scheme: 7,7 million. Ha (83 forestries) and FSC certification scheme 5,0 million. Ha (61 forestries)

Estonia

Currently more than 2 230 000 ha, equal to 51% of the Estonian land territory, is covered by forest and the share of forest land is growing. According to FAO data, during 2000 - 2005, average annual change in the forest cover was +0.4 %. Forestry Development Plan 2012-2020 and Yearbook Forest 2013, that gives annual reports and facts about the forest in Estonia, state that during last decade the cutting rate in Estonian forests is from 7 to 11

mill m³ per year. The amount is in line with sustainable development principle when the cutting rate doesn't exceed the annual increment and gives the potential to meet the long-term the economic, social and environmental needs. According to the Forestry Development Plan 2012-2020 the sustainable cutting rate is 12-15 mil ha per year.

For logging in any type of forest, it is required that a valid forest inventory or forest management plan, along with a felling permit issued by the Environmental Board, is available. All issued felling permits and forest inventory data is available in the public forest registry online database

Area of protected forests accounts to 25.3% of the total forest area whereas 10% is considered to be under strict protection. The majority of protected forests is located on state property. The main regulation governing the preservation of biodiversity and the sustainable use of natural resources is the Nature Conservation Act. Estonia has signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in 1992 and joined the International Union for Conservation of Nature (IUCN) in 2007. There are no CITES or IUCN protected tree species naturally growing in Estonia.

According to the Forestry Yearbook 2013 the wood, paper and furniture industry (503.5 million euro) contributed 21.6% to the total sector providing 3.3% of the total value added. Forestry accounted for 1.6% of the value added.

In Estonia, it is permitted to access natural and cultural landscapes on foot, by bicycle, skis, boat or on horseback. Unmarked and unrestricted private property may be accessed any time and pick berries, mushrooms, medicinal plants, fallen or dried branches, unless the owner forbids it. On unmarked and unrestricted private property camping is allowed for 24 hours. RMK creates exercising and recreational opportunities in nature and in recreational and protection zones and provides education about the natural environment which are free to access.

Estonia is a member of the European Union since 2004. The Estonian legislation is in compliance with the EU's legislative framework and directives. National legislative acts make references to the international framework. All legislation is drawn up within a democratic system, subject to free comment by all stakeholders. The Estonian legislation provides strict outlines in respect to the usage of forestry land and the Estonian Forestry Development Plan 2020 has clear objectives and strategies in place to ensure the forestland is protected up to the standards of sustainable forest management techniques. The Ministry of the Environment coordinates the fulfilment of state duties in forestry. The implementation of environmental policies and its supervision are carried out by two separate entities operating under its governance. The Estonian Environmental Board monitors all of the work carried out in Estonia's forests whereas the Environmental Inspectorate exercises supervision in all areas of environmental protection.

The forest is defined in the Forest Act. There are three main forest categories described in this legislation: commercial forest, protection forest and protected forests. According to the ownership, forests are also divided into private forests, municipality forests and state owned forests. The state owned forest represent approximately 40% of the total forest area and is certified according to FSC and PEFC forest management and chain of custody standard in which the indicators related to forest management planning, maps and availability of forest inventory records are being constantly evaluated and addressed. The state forest is managed by State Forest Management Centre (RMK) which is a profit-making state agency founded on the basis of the Forest Act and its main duty lies in a sustainable and efficient management of state forest.

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	16.97 million ha
Tenure by type (ha):	13.2 million ha state ownership, 3.17 million ha private forests and 0.6 million ha other ownership types.
Forest by type (ha):	3.07 million ha hemi-boreal forests, 10.6 million ha boreal, 3.3. million million ha temperate forests
Forest by management type (ha):	16.97 million ha managed natural
Certified forest by scheme (ha):	FSC, total certified area 11.69 million ha (FSC) and 10.9 million ha PEFC

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

<http://www.graanulinvest.ee/eng/news/65/in-april-2016-is-expected-company-ltd-graanul-invest-certification-assessment-of-compliance-with-the-sustainable-biomass-partnership-sbp-standard> (both Latvian and English versions)

5.4 Chain of Custody system

The Organisation is holding valid FSC Chain of Custody and FSC Controlled Wood certificate. Valid FSC system description and other documents exist

<http://info.fsc.org/details.php?id=a0240000006tyzdAAA&type=certificate&return=certificate.php>. The multisite certification is valid until 18.04.2017

The Organisation also holds COC PEFC certificate number TT-PEFC-COC44, SIA Graanul Invest is included in this certification as a certification site. The system covers procurement of PEFC certified and PEFC Controlled Sources materials.

The Organisation is implementing FSC credit system. 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. Controlled Wood verification program is applied for primary feedstock only. Secondary and tertiary feedstock is delivered with FSC/PEFC certification or Controlled Wood/ Controlled Sources claim, The Controlled wood system or the organisation is covering Latvia and Lithuania.

Supplier list is maintained.

After the reception and measurement, incoming feedstock is 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

The initial assessment (excluding SBE) was started at March 1-2, 2016 and continued with Onsite visit of storage places in Riga at March 7, 2016.

Later on, the evaluation continued with the scope change audit including SBE for primary feedstock which was carried out on 20th and 21st July.2016 and it included visit of the SIA Graanul Invest site, and 4 supplier audits.

The last step of the evaluation was scope change audit with SBE for secondary feedstock in the audit scope which was carried out on 2nd and 3rd October, 2016 and it included visit of the SIA Graanul Invest Launkalne site, and audits to 2 Graanul Invest approved suppliers, including sub-suppliers/contractors.

Total of 8 days were used for this evaluation – 1.5 day of preparations, 3 days at the BP site and 3 days for supplier audits at the FMU level and 0.5 day documented evidence review prior and after the main assessment.

Activity	Location	Auditor(s)	Date/time
Initial assessment			
Opening meeting*	Office,	OP, GK	1/03/2016 09.00-09.30
Documents and procedures review. Inputs review	Office,	OP, GK	09:30-11.30
Interview with Purchasing department representative	Purchasing department	OP, GK	11:30-12:15
Break		OP, GK	12:15-13:00
GHG calculation review	Office,	OP, GK	13:00-16:30
Internal team meeting	Office,	OP, GK	16:30-17:00
Presentation of the results of the first day of assessment	Office,	OP, GK	17:00-17:30
Opening meeting	Office,	OP, GK	2/03/2016 08:00-08:15
Chain of custody review (site tour); interview with	Production facilities	OP, GK	8:15 – 11:00

roundwood acceptance department			
Interview with Sales department representative	Sales department	OP, GK	11:00-11:30
Documents and procedures review; staff interview.	Office,	OP, GK	11:30 – 14:00
Internal team meeting	Office,	OP, GK	14:00 – 14:30
Closing meeting*	Office,	OP, GK	14:30 – 15:30
Estimated end of the evaluation		OP, GK	15:30
Onsite visit of storage places in Riga	Riga harbour	OP	7.03.2016 13:00 – 17:00

First scope change audit with SBE for primary feedstock			
Opening meeting*	Office	OT, GK, LS	20.07.2016 09.00- 09.15
Interview with SBP responsible person <i>SBP Risk Assessment, implementation of mitigation measures, Supplier verification program.</i>	Office	OT, GK, LS	09.15- 12.30
Lunch break			12:30-13.00
Evaluation of supplier of primary feedstock Witness audit of organization supplier audit	Supplier site SIA “Grotas ZG”	OT, GK, LS	13.00 – 16.00
Evaluation of supplier of primary feedstock	Supplier site SIA “Kraujas Z”	OT, GK, LS	21.07.2016 09.00-11:00

- Audit already approved supplier done by CB			
Evaluation of supplier of primary feedstock - Witness audit of organization supplier audit	Supplier site SIA "LV Meži"	OT, GK, LS	12:00-14:30
Witness audit of organization supplier audit - Witness audit of organization supplier audit	Supplier site SIA "Stora Enso Mežs"	OT, GK, LS	15:00-17:00
Closing meeting	Office	OT, GK, LS	17:00-17:30
Second scope change audit with SBE for secondary feedstock			
Opening meeting*	Office	LK, GK, LS	02.10.2016 10.00- 10.15
Interview with SBP responsible person <i>SBP Risk Assessment, implementation of mitigation measures, Supplier verification program.</i>	Office	LK, GK, LS	09.15- 12.30
Lunch break			12:30-13.00
Evaluation of supplier of secondary feedstock Witness audit of organization supplier audit	Supplier SIA "PA Energy", secondary feedstock sub-supplier SIA "Vaidens"	LK, GK, LS	13.00 – 16.00
Evaluation of supplier of primary feedstock to sawmill (secondary feedstock supplier)	Supplier site SIA "Smiltene Impex", evaluation of secondary feedstock supply procedures, interviews	GK, LS	03.10.2016 9.00-10.00

<ul style="list-style-type: none"> • Evaluation of supplier of primary feedstock (harvesting company) • Witness audit of organization (Smiltene Impex) supplier audit 	Supplier of primary material (harvesting company) SIA “Grotas AG”, inspection of 3 FMUs: evaluation of Health and Safety risk mitigation measures in on-going manual harvesting works (1 FMU), evaluation of HCV risk mitigation measures (2 FMUs)		10.00-15:00
Lunch break			15:00-15.30
Evaluation of supplier of secondary feedstock supplier	Interview of responsible person of secondary feedstock supplier SIA “PA Energy”	GK, LS	15.30 – 17.00
Resolving of remaining issues, questions, interview to responsible person	Office	GK, LS	17:00-17:30
Closing meeting	Office	GK, LS	17:30-18:00

Auditor team: LK – Lauri Kärmas, GK – Girts Karss, LS - Liene Suveizda, OP – Olesja Puišo, OT – Ondrej Tarabus

6.2 Description of evaluation activities

Initial assessment

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 assessment.

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

Auditors introduced themselves, 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 second day of the assessment 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 two 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 team .

As a part of the the assessment a storage place in Riga 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 CEO.

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 harbour storage facility had been visited once again. Final results of the evaluation were provided to BP in writing.

First scope change audit with SBE for primary feedstock

First scope change evaluation was carried out as an onsite audit in SIA Graanul Invest production site where the risk assessment results, supplier verification program and mitigation measures implemented were evaluated. Supplier list of all suppliers with indication of suppliers already approved as compliant with SBE was presented. Contracts with suppliers containing requirements on health and safety as well as requirements on evaluation and protection of high conservation values. Further on, HCVF training records of suppliers were evaluated. The site tour with interview of the workers at the reception took place with aim of evaluation of species and size received in order to verify the implementation of mitigation measure for indicator 2.1.2 – HCVF category 6 (wood from old manor parks where the mitigation measure is to avoid sourcing noble tree species with diameter over 50 cm).

At the end of the evaluation at the production site the sampling of the suppliers took place. The formula used for sampling was 0.8 times the square root of all active suppliers rounded to the upper whole number. One supplier was chosen randomly, one supplier from already approved suppliers, one supplier already included into the evaluation process and one supplier not yet included into the evaluation process.

After that, audits of individual suppliers at the FMU level took place. CB was witnessing the audit of the BP and at the same time doing their own independent evaluation of the suppliers. In case of already approved supplier CB was the one who carried out the audit to verify the correctness of the mitigation measure already implemented.

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

Second scope change audit with SBE for secondary feedstock

Second scope change audit evaluation was carried out as an onsite audit in SIA Graanul Invest Launkalne production site where the secondary supplier verification program and mitigation measures implemented were evaluated. Supplier list of all suppliers with indication of suppliers already approved as compliant with SBE was presented. Documented procedures for secondary feedstock supplies with the SBE system, contracts with suppliers containing requirements on health and safety as well as requirements on evaluation and protection of high conservation values have been evaluated and discussed with responsible staff at the company. The site tour with interview of the workers at the reception took place with aim of introducing the lead auditor to the site, interview staff involved in material reception as well as evaluation risk mitigation measures related to indicator 2.1.2 – HCVF category 6 (accepting wood of noble tree species with diameter over 50 cm).

Upon completing evaluation of documented procedures and records, the sampling of the suppliers took place. It has been chosen to verify the secondary feedstock suppliers that have been approved by the BP as “approved suppliers of secondary feedstock”. At the time of audit there were 1 sawmill and 1 broker/trader approved by the BP. During the supplier audit, both suppliers (2) and also sub-suppliers of primary material (2) have been evaluated. CB verified how secondary suppliers carry out primary supplier verification in line with BP’s procedures and perform risk mitigation measures. Audits of individual suppliers of primary material at the FMU level took place. CB was witnessing the audit of the BP secondary supplier and at the same time doing their own independent evaluation of the suppliers. As in case of already approved supplier, the CB carried out the audit to verify the correctness of the mitigation measures already implemented.

At the end of the audit findings were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the responsible persons at the company – procurement manager and executive director.

Composition of audit team:

Auditor(s), roles	Qualifications
Initial assessment	
Olesja Puišo, Rīga, 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.

<p>Girts Karss, auditor in training</p>	<p>Works for NEPCon since 2011 Girts Karss holds MSc in Environmental Science from the Lund University and the University of Latvia. He has passed the Rainforest Alliance lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC lead auditor qualification. Girts Karss has participated in capacity of lead auditor and auditor in more than 100 FSC Chain of Custody audits in Latvia and more than 25 FSC forest management assessments and annual audits in Latvia, Lithuania and Russia. Girts had attended SBP training course and having experience in witnessing 2 SBP assessments.</p>
<p>First scope change audit with SBE for primary feedstock</p>	
<p>Ondrej Tarabus, Lead auditor, evaluation against all applicable requirements</p>	<p>Czech citizen, graduated in University of Life Sciences Prague, The Faculty of Forestry. He has participated in several FSC assessments in Czech Republic, Slovakia, Italy, Germany, Vietnam, Egypt, Spain, Romania, Bosnia and Herzegovina, Austria, etc. and FSC FM audits in Czech Republic and Lithuania. Ondřej Tarabus successfully completed SBP training course and he has practical experience with carbon footprint certification as well as biofuels certification.</p>
<p>Girts Karss, Local expert and auditor in training</p>	<p>Works for NEPCon since 2011 Girts Karss holds MSc in Environmental Science from the Lund University and the University of Latvia. He has passed the Rainforest Alliance lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC lead auditor qualification. Girts Karss has participated in capacity of lead auditor and auditor in more than 100 FSC Chain of Custody audits in Latvia and more than 25 FSC forest management assessments and annual audits in Latvia, Lithuania and Russia. Girts had attended SBP training course and having experience in witnessing 2 SBP assessments.</p>
<p>Liene Suveizda Local expert and auditor in training</p>	<p>Latvian citizen, graduated at forestry faculty with previous working experience in state forest agency.</p>
<p>Second scope change audit with SBE for secondary feedstock</p>	
<p>Lauri Kärmas, Lead auditor, evaluation against all applicable requirements</p>	<p>MSc in Industrial Ecology. Lauri has been working in NEPCon since autumn 2012, earlier work experience in wooden houses production field and also experience in environmental impact assessments. He has successfully passed NEPCon lead auditor training course in Forest Management and Chain of Custody certification. He is working as Forest Management (FM), Chain of Custody auditor (CoC) and Sustainable Biomass Partnership (SBP) auditor.</p>
<p>Girts Karss, auditor, evaluation against all</p>	<p>Works for NEPCon since 2011 Girts Karss holds MSc in Environmental Science from the Lund University and the University of Latvia. He has</p>

<p>applicable requirements</p>	<p>passed the Rainforest Alliance lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC lead auditor qualification. Girts Karss has conducted of FSC Chain of Custody audits in wood industry companies in Latvia and FSC forest management assessments and annual audits in Latvia, Lithuania, Estonia and Russia. Girts had completed SBP training course and has participated in 3 SBP assessments in Latvia.</p>
<p>Liene Suveizda Local expert and auditor in training</p>	<p>Auditor in training. Joined NEPCon Latvia in 2016. M.Sc in biology, forest ecology. Graduated from University of Latvia. Liene has also studied law and hold the 2nd level higher education in law, Business School "Turība". Liene has long term experience in forestry sector in Latvia. Liene has passed the NEPCon lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC lead auditor qualification.</p>

6.3 Process for consultation with stakeholders

Initial assessment

The stakeholder consultation was carried out by the Certification Body on 29th of January , 2016 by sending direct email to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions.

First scope change audit with SBE for primary feedstock

Stakeholder consultation was carried out by both – Biomass Producer and Certification Body

BP conducted stakeholder consultation process that started on 10th of February 2016. Total of 230 stakeholders were notified by e-mail, this included associations, local NGOs, local forestry authorities, Environmental inspectorate representatives of nature protection. Full list of stakeholders is available at BP and in the exhibit of this report. Later on, additional stakeholder consultation with different NGOs took place with aim to discuss in details of the mitigation measures implemented.

CB conducted stakeholder notification process by e-mail message to state authorities, forestry related institutions and NGOs on 04.06.2016. Later on, selected stakeholders were contacted directly with a purpose to receive comments for the SBP scope change audit, where SBE is added to the scope. No comments were received as but the stakeholders confirmed that they have been involved in the stakeholder consultation of the BP and they agree with the results.

Second scope change audit with SBE for secondary feedstock

Stakeholder consultation was carried out by both – the Biomass Producer and the Certification Body

The BP has conducted stakeholder consultation process that began on 1st of September 2016. 230 stakeholders in total were notified by e-mail, this included associations, local NGOs, local forestry authorities, Environmental inspectorate representatives of nature protection. Full list of stakeholders is available at BP and in the exhibit of this report. Later on, additional stakeholder consultation with different NGOs took place with aim to discuss in details of the mitigation measures implemented. The BP has conducted several meetings with important stakeholders, Latvian Federation of Wood Industry associations, Latvian Society of Ornithologists, WWF Latvia, in

particular.

The CB conducted stakeholder notification regarding the forthcoming scope change audit and called on parties to comment on the stakeholder consultation process carried out by the BP. The CB sent out information by e-mail to a number of stakeholder groups: state authorities and enforcement institutions, forestry related institutions, biomass processing, forest management companies, forest owners and a number of NGOs on 02.09.2016. Later on, selected stakeholders were contacted directly with a purpose to receive comments for the SBP scope change audit, where SBE is added to the scope. The stakeholder consultation for this second scope change audit were overlapping due to the fact that the mitigation measures implemented were the same and the measures were already closely consulted during the previous stakeholder consultations. No comments were received as but the stakeholders confirmed that they have been involved in the stakeholder consultation of the BP and they agree with the results.

7 Results

7.1 Main strengths and weaknesses

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

Weaknesses: See the NCR section of this report

7.2 Rigour of Supply Base Evaluation

The Supply Base Evaluation (SBE) system has been implemented for primary and secondary feedstock sourced from Latvia and Estonia and is sold without SBP-approved Forest Management Scheme claim, SBP-approved Forest Management partial claim, SBP-approved Chain-of-Custody (CoC) System claim. Risk mitigation measures are implemented for material coming from forest land (material sourced under FSC Controlled Wood system) as well as non-forest land (such as overgrown agriculture land, wood growing along the road, rails or parks).

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

The BP has used the draft of the regional risk assessment presented on the SBP website for stakeholder consultation and has only updated some few “Locally Adaptable Verifiers” which were considered to be more specific for their supply base. As for the material sourced from Estonia – endorsed regional risk assessment was used. Based on the “specified risks” in this risk assessment the organization has suggested several mitigation measures which were consulted with relevant stakeholders during several meetings which took place prior to the scope change audit.

The stakeholder consultation process has been conducted through notification of stakeholders and distributing the SBR report to stakeholders. Several stakeholders were contacted directly via phone and where the stakeholders were interested in expressing their opinion a face to face meeting took place. The BP keeps records of communication with stakeholders.

After consensus with stakeholders was reached, SIA Graanul Invest began with implementation of the mitigation measures for individual indicators. This mitigation measures were implemented in cooperation with biotope experts, external consultant and expert on health and safety.

The supply base evaluation was a rigour process with some gaps identified (see non-conformities and observation part to this report). The scope defined by the organization was reduced compared to supply base due to the reasons mentioned above. However, the reduced scope included in the SBE was adequate for the specific characteristics of the area and management system in place.

7.3 Compilation of data on Greenhouse Gas emissions

BP has a system to collect and record data on Greenhouse Gas emissions. During the initial audit (main assessment), the BP has made detailed overview of the systems and databases to collect and record such data. Evidence was provided to auditors. During this scope change audit, no additional data was added to the system.

7.4 Competency of involved personnel

It was identified during the assessment and subsequent scope change audits that there are a number of staff members who are directly involved into the SBP system management and implementation. Those are: Procurement Manager, Executive Director, Stock Controller/ Receptionist, Assistant of the Head Accountant, Production manager, Manager of the Laboratory, Receptionist, Operators/ Truck drivers. It has been identified during the audits, that interviewed staff is aware of their responsibilities within the SBP system.

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

The BP has attracted external consultant in preparing to SBP certification - SIA Lodret, the company that has lengthy experience in forest management and forest product chain of custody certification, with more than 8 years of experience as the lead auditor of the FSC FM certification and in PEFC forest management certification.

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

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

7.5 Stakeholder feedback

Comments regarding the SBP SBE system for secondary feedstock sourcing within the SBE system were received. The BP has received number of comments from relevant stakeholders during BP own stakeholder consultation. All comments and BP reaction can be found in SBR section 6.1.

The stakeholder consultation carried out by the CB has proved that BP stakeholder consultation was comprehensive and all main stakeholders were involved. Consultation confirmed that the stakeholders already expressed their opinion to biomass producer.

7.6 Preconditions

No open preconditions to this certification exist.

8 Review of Biomass Producer’s Risk Assessments

8.1 Risk Assessment for Latvia

Prior the on-site assessment, the updated risk assessment was presented by the BP and each individual indicators were evaluated. The risk assessment developed by the organization outlines “specified risk” for indicators 2.1.1 (only HCVF category 3), indicator 2.1.2 (HCVF categories 1, 3 and 6) and indicator 2.8.1. Mitigation measures planned and implemented by the BP can be considered sufficient in order to reduce the risk to “low risk” for indicators mentioned. See risk ratings in Table 1.

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

Table 1 Risk ratings for SBP SBE Indicators

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	2.9.2	Low	Low
2.2.5	Low	Low	2.10.1	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			

Table 2. Final risk ratings of Indicators as determined after the Supplier Verification Program and 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	Low	Low	2.7.2	Low	Low
2.1.2	Low	Low	2.7.3	Low	Low
2.1.3	Low	Low	2.7.4	Low	Low
2.2.1	Low	Low	2.7.5	Low	Low
2.2.2	Low	Low	2.8.1	Low	Low
2.2.3	Low	Low	2.9.1	Low	Low
2.2.4	Low	Low	2.9.2	Low	Low
2.2.5	Low	Low	2.10.1	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			

8.2 Risk assessment for Estonia

SBP-endorsed Regional Risk Assessment for Estonia was used by the Biomass Producer. Risk ratings in table 3 are taken from the approved risk assessment, where one indicator has been evaluated as specified risk (indicator 2.1.2).

Risk assessment taking into consideration risk mitigation measures is presented in Table 4. It is concluded that the actions taken (for the suppliers included in the SBE) by the BP lead to substantial decrease of the risk and the final risk level for all indicators can be considered as “low risk”.

Table 3 Final risk ratings of SBP SBE Indicators

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
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Specified	Specified
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

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

Table 4. Final risk ratings of Indicators as determined after the SVP and 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 Biomass Producer's mitigation measures

9.1 Mitigation measures of risks for feedstock originating from Latvia

The organization has implemented mitigation measures for 3 indicators evaluated as specified risk (2.1.1, 2.1.2 and 2.8.1) during the assessment.

The first step taken by the BP was to update the supplier contacts with clause requiring the supplier to agree to take necessary actions to avoid supplying material which would not be mitigated to low risks.

Indicator 2.1.1 (HCVF category 3):

Woodland Key Habitat tool ("WKH tool") was developed by SIA Graanul Invest (together with other biomass producers from Latvia united under the Latvian biomass association "LATbio"). The tool is used in private forest land and shows "Risky areas" which may comprise WKH and "Green areas" which most likely do not comprise WKH. The tool is based on existing forest inventory databases and implements filtering forest inventory databases using the algorithm from "Inventory of woodland key habitats; methodology" (Ek at al 2002). The tool has been verified in field verification process that took place (carried out by licenced forest ecology, biodiversity experts) to verify the correctness of the methodology and the algorithm implemented. Five different areas in Latvia were visited (each area ca. 200 ha) which have proved that the tool shows correct data and the WKH is not present in the "green areas".

Indicator 2.1.2 (HCVF category 1):

The BP has provided training (with field visits) held by biotope expert for all primary and secondary feedstock suppliers included in the SBE. Different suppliers, including suppliers and sub-suppliers of primary and secondary material were trained during the training course on how to recognize woodland key habitats using special checklist, important bird habitats and nesting sites and how these shall be protected.

Each supplier is required to evaluate all sites prior to harvesting and evaluate the presence of Woodland Key Habitats, large diameter nest or protected bird species. Interviews with suppliers as well as review of records showed that the procedure is followed by approved suppliers. In case of longer supply chains, e.g. primary processors supplying secondary feedstock or traders/brokers, supplier of material to BP shall make necessary risk mitigation measures to assure that the feedstock can be considered low risk. In case of sub-suppliers, supplier shall verify that the material supplied by sub-supplier is not being sourced from areas with WKHs and with appropriate H&S risk mitigation. In many cases the suppliers are actually evaluating the site prior to purchasing it and in case there is occurrence of large bird nests of indicative presence of potential WKH, they do not purchase the stand. This was identified in most of the cases and only in one case the supplier purchased the stand and left it without harvesting.

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

Indicator 2.1.2 (HCVF category 3):

Each supplier is checking the area designated for harvesting in the database mentioned above. In case the area is identified "red" (having potential woodland key habitat), the supplier cannot harvest the site without evaluating the site by trained personnel and filling in the WKH inventory checklist (developed by forest ecology expert from

Latvia and agreed with prominent Latvian environmental NGOs and biotope experts). In case the Latbio tool would show that there is no presence of WKH (i.e. “green” area), the site does not need to be checked “in vivo”. The interview with the supplier representatives as well as verification audits to “red” areas during the scope change audit showed that the process is followed, records are kept and the evaluation is of sufficient quality.

The BP carries out monitoring through inspecting the plots where evaluations have been done by the suppliers. The BP carries out own evaluation of the site and this evaluation is then compared with the supplier evaluation. In case the BP identifies that the WKH were not evaluated correctly at least in one case, the supplier gets warning and has 1 month for corrective action. After that, the audits are repeated and in case they identify incorrect evaluation repeatedly, the supplier is excluded from the list of accepted suppliers.

Indicator 2.1.2 (HCVF category 6):

The specified risk is for this sub-indicator is connected with noble tree species with large diameter which might be coming from old manors, parks or tree alleys having cultural heritage value. The BP has implemented procurement policy that noble species will not be sourced and in case it will be the diameter can't exceed 70cm and the implementation of such policy is checked during supplier audits. The interview with the receptionist of the sawmills as well as site tour through the storage area of the sawmills proved that no noble tree species are received. As for the primary feedstock the same approach was taken at the BP level and the site visit together with the interviews confirmed that no large trees are sourced.

Indicator 2.8.1:

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

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

It was revealed during the supplier visits that the BP has sufficient knowledge on H&S requirements as well as good timber harvesting practices. The sampling process is considered sufficient to verify suppliers of primary and secondary feedstock.

9.2 Mitigation measures of risks for feedstock originating from Estonia

The mitigation measures described will only be applied by primary processors (sawmills) that use timber of Estonian origin that is in the scope of the SBE Estonia sub-scope, i.e. all deliveries of primary feedstock that has been harvested in Estonia, but are not FSC or PEFC certified. The BP has established a system on how to verify if feedstock has not been sourced from WKHs. Additional control procedures, e.g. procedures according to FSC-STD-40-005: FSC Standard For Company Evaluation of FSC Controlled Wood, are applied if applicable. All feedstock subject to SBE must meet prior the evaluation at least SBP-approved Controlled Feedstock System requirements.

The BP use the delivery documents, a list of approved suppliers and publicly available databases (e.g. maps at:

<http://register.metsad.ee/avalik/> or at least biannually renewed databases from competent authorities) to verify that the delivered primary feedstock has not been sourced from WKHs. In the case of primary processors – suppliers of secondary feedstock to BP, receptionists at primary timber processing companies will check for presence of felling permit and checks whether the timber is sourced from areas containing WKH in register mentioned above for each single delivery. In case the load is sourced from areas with known WKHs, the timber will not be accepted.

10 Non-conformities and observations

10.1 Open Non-Conformity Reports (NCRs)

NCR number: 09096 NCR 01/16 – initial assessment	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 6.2		
Description of Non-conformance:			
Supplier list is available. Secondary feedstock suppliers are divided into 2 categories: direct suppliers – primary/ secondary processors and traders. Both producers and traders are delivering feedstock directly from producer. BP is maintaining register of suppliers only. In case the feedstock is delivered by trader, primary producer address is available in the delivery note as a loading address, however no separate primary processor list was generated and demonstrated for feedstock delivered by existing trader company SIA PA Energy. It is also known that the PA Energy is sourcing from 15 sawmills.			
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.		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
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?			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

NCR number: 09097 NCR 02/16 – initial assessment	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 6.3		
Description of Non-conformance:			
As for the secondary feedstock, the Supply Base is restricted to Latvia, Lithuania, Estonia and Belarus as are specified in the agreements with suppliers. Suppliers are not allowed to source outside the designated Supply Base. In addition to this BP is implementing audits for all secondary/tertiary feedstock suppliers with an aim to confirm the supply base for each			

supplier. At the moment (change of scope audit, July 21-22), BP is sourcing feedstock from 5 direct producers and 1 trader. Trader is sourcing from 15 producers.

According to p.5.4 of the SBP procedures and interviews of the responsible staff, each active primary supplier will be visited at least once in a year. At the date of the assessment (change of scope audit, July 21-22) 6 supplier audits were conducted for direct suppliers (including PA Energy) and 6 for suppliers delivering its feedstock through trader PA Energy, two were conducted together with the auditor at the assessment day. One audit was conducted for direct supplier and second for PA energy supplier.

Total number of the currently (change of scope audit, July 21-22) active primary suppliers (including primary suppliers selling their sawmill residues though trader) is 21 (including PA Energy). All direct supplier as well as trader are FSC certified.

NEPCOn auditor applied FSC Controlled wood sampling for calculating the auditor attended suppliers (supplier audits) equal to $0.8 * \sqrt{\text{number of suppliers audited by the BP}} = 2$

As soon as not all the supplier audits are conducted at the time of the assessment minor NCR 02/16 is issued.

Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date
Client evidence:	
Evaluation of Evidence:	
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

NCR number: 09098 NCR 03/16 – initial assessment	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 2C - 4.1		
Description of Non-conformance:			
<p>The Supply Base Report meets the requirements of SBP: covering figures designated in SBR report template and is completed by using the latest version of the SBR Template for Biomass producers. The following inaccuracies were identified into the report:</p> <p>a) Information about the total supply base area provided in the section 2.5 Quantification of the Supply Base, a) Total supply Base area of the SBR is incorrect and is reported as 13.2 million ha (only state owned forests) instead of 16.97 million ha;</p> <p>b) Information about the total supply base area provided in the section 2.5 Quantification of</p>			

<p>the Supply Base, b) Tenure by Type of the SBR covers only state and private ownership and contains no information about other ownership types, even though such exist within the designated supply base;</p> <p>Overview of the proportions of SBP feedstock product groups (Controlled Feedstock, SBP-compliant Primary Feedstock, SBP-compliant Secondary Feedstock) showing the proportions certified and uncertified material is available in the section 2.1 General Description. Information about number of suppliers for each SBP feedstock product group are missing. The information is considered to be confidential and is partly available in other sections of the SBR as well as other SBP related reports submitted directly to the customers.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date
Client evidence:	
Evaluation of Evidence:	
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

NCR number: 09100 NCR 05/16 – initial assessment	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 5.4.2		
Description of Non-conformance:			
<p>SBP procedure requires to maintain the record about the customers, including their SBP certificate code of the customer. See register in the annex 1 of the BP procedures. During the assessment it was identified that Assistant of the Head accountant responsible for maintaining of the register is not familiar with the requirement.</p>			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		

NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date	
Client evidence:		
Evaluation of Evidence:		
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

NCR number: 09104 NCR 08/16 – initial assessment	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Instruction Document 5A - Collection and Communication of Data - 3.3.1		
Description of Non-conformance:			
The BP is using fuel logs coming directly from Latvian forests. Emission data was provided by supplier by phone. No written evidence was submitted the BP.			
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.		
NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

NCR number: 09105 NCR 09/16 – initial assessment	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Instruction Document 5A - Collection and Communication of Data - 3.6.1		
Description of Non-conformance:			
Chipping data for branch wood chipping is reported. Information was provided supplier by phone and is not supported by evidence.			

Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date
Client evidence:	
Evaluation of Evidence:	
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

NCR number: 09106 NCR 11/16 – initial assessment	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Instruction Document 5A - Collection and Communication of Data - 4.2.1		
Description of Non-conformance:			
Measurements of moisture are carried out 2 times a week. Average incoming feedstock moisture is measured, calculated and provided by the category of feedstock. The average data is based on measurements from January and February 2016, since measurements for 2 last two months exist.			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

NCR number: 09108 NCR 10/16 – initial assessment	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 5.1.2		
Description of Non-conformance:			
In case of the sales of SBP- compliant biomass, both FSC or PEFC certified claims, and SBP certified claims together with FSC or PEFC and SBP certificate number (+ZZ) will be mentioned in the sales invoices and transport documents. During the assessment it was identified that wrong PEFC claim: “PEFC 100% Certified” is mentioned in SBP sales procedure p.9.5. instead of the claim : “100% PEFC certified”.			
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.		
NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
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?			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

NCR number: 11632 NCR 15/16 – first SCOPE CHANGE AUDIT	NC grading:	Major <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 15.3		
Description of Non-conformance:			
The BP has not prepared written procedure for conduction of supplier audits in order to mitigate the specified risk identified in the risk assessment for Latvia, evaluation of the supplier work onsite, selection and sampling of suppliers, description of the content of the supplier audit and other important aspects of the process. The organization claims that the team involved in these activities is very small and therefore they are all well aware about the system, however this might lead to a problem in the future as the team grows or changes.			
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.	
NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date	
Client evidence:		
Evaluation of Evidence:		
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

NCR number: 11634 NCR 13/16 – first SCOPE CHANGE AUDIT	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 12.3		
Description of Non-conformance:			
BP has established a process for selecting and appointing team for SBE evaluation but did not describe it in SBP procedure.			
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.		
NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

NCR number: 13258	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
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NCR 16/16 – second SCOPE CHANGE AUDIT			
Standard & Requirement:	SBP Standard 2: Verification of SBP-compliant Feedstock p. 10.1		
Description of Non-conformance:			
<p>All feedstock is classified under one sub-scope – roundwood originating within the territory of the Republic of Latvia. Even though the BP is receiving the material coming from non-forest land this is considered as the same sub-scope as the same mitigation measures apply for this material.</p> <p>The BP has included primary feedstock and secondary feedstock from Estonia in the same sub-scope as Latvia, which is not in line with SBP recommendations and guidelines, thus, the minor NCR 16/16 is raised.</p>			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
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?			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
NCR number: 13263	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
NCR 17/16 – second SCOPE CHANGE AUDIT			
Standard & Requirement:	SBP Standard 2: Verification of SBP-compliant Feedstock p. 16.3		
Description of Non-conformance:			
<p>According to the documented procedures of the BP and as from interviews to responsible staff, the BP is summarising the results of supplier monitoring/surveillance audits and presenting to management once in year for management review and evaluation of effectiveness of the risk mitigation measures. Based on information on evaluation of risk mitigation measures, the management group then takes a decision whether any actions need to be taken to improve the SBP SBE system and changes in risk mitigation measures.</p> <p>The following weakness in monitoring system has been identified during the audit. According to information from responsible person at BP; suppliers; and as from field observations, bird nesting sites are evaluated only or predominantly when the LATBio database shows that there is some risk (“red zones”), but the important bird nesting sites can potentially be found also outside the areas identified by the LATBio tool, i.e. in “green areas”. Therefore, if all plots are</p>			

not checked for presence of bird nests prior to harvesting and documented, the monitoring system would not provide assurance on effectiveness of risk mitigation measures regarding bird nesting sites (identification and preserving).	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date
Client evidence:	
Evaluation of Evidence:	
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

10.2 Closed Non-Conformity Reports (NCRs)

NCR 04/16, number: 09099 – initial assessment	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 19.2		
Description of Non-conformance:			
BP provided English version of Supply Base Report signed by senior management of the Organization. Supply Base report in local language was provided without signature. SBR versions available in BP homepage are not endorsed with senior manager signature as well.			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date		

Client evidence:	Supply Base Report in Latvian
Evaluation of Evidence:	After the scope change audit (October, 2016), until finalizing the report, the BP has provided translation of Supply Base Report in local - Latvian language, endorsed by the management.
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

NCR number: 11633 NCR 12/16 – initial assessment	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 12.2		
Description of Non-conformance:			
BP has not set qualification requirement for personnel undertaking the SBE in written form.			
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.		
NCR conformance deadline:	By the next audit, but not later than 12 months after report finalisation date		
Client evidence:	Documented procedures, interviews to responsible staff		
Evaluation of Evidence:	BP has defined qualification requirements for personnel undertaking the SBE in documented procedures. See section 5. "Kompetence un kritēriji SBE prasību izpildei" of documented procedure "Piegādes bāzes novērtējums (SBE)". The BP was able to demonstrate the qualification requirements during the scope change audit.		
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

NCR number: 11635 NCR 14/16 – first SCOPE CHANGE AUDIT	NC grading:	Major <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
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Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 16.1	
Description of Non-conformance:		
<p>The organization has implemented mitigation measures for mitigating the risks in regards the protection of HCVF category 1 - linked to protection of some bird habitats. However, these nesting sites are evaluated only when the LATBio database shows that there is some risk (red zones) but the important bird areas can be found also outside the areas identified by the LATBio tool. Furthermore, the evaluation checklist used by the forest managers as well as the BP itself has a system which gives one point for areas with up to 3 big nests (over 50cm) and two points for areas with more than 3 nests. The site is considered specified risk only when the total points reach 10 or more. This system does not provide assurance that birds which (based on the SBP risk assessment of the BP) should be protected will not be harmed.</p>		
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>	
NCR conformance deadline:	3 months from the report finalization date	
Client evidence:	<p>The BP has updated their checklist after the assessment and implemented special evaluation system for sites with nests of protected species. In case such site is identified it is resulting for 10 points in evaluation and the site is automatically protected. This new version of checklist was shared with all suppliers together with the information that this evaluation must be done for all sites and not only the once identified in LATBio database as red areas.</p>	
Evaluation of Evidence:	The updated audit checklist was evaluated together with the information provided to the suppliers.	
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

NCR: 07/16 (09103) – initial assessment	NC Classification: MAJOR
Standard & Requirement:	SBP Standard 4 (ver. 1.0), requirement 4B,1.2.
Report Section:	Appendix B p.9.1.
Description of Non-conformance and Related Evidence:	
SBP Trademark Licence Agreement is not signed by the BP yet.	

Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	Prior to certification
Evidence Provided by Organisation:	Signed SBP Trademark licence agreement
Findings for Evaluation of Evidence:	After the main part of the assessment, BP had provided auditor with the signed SBP trademark licence agreement signed by all parties.
NCR Status:	CLOSED
Comments (optional):	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

NCR: 06/16 (09101) – initial assessment	NC Classification: Major
Standard & Requirement:	<p>SBP Standard # 4 requirement 5.5.6</p> <p>A single legal owner may supply SBP-compliant Biomass, SBP-controlled biomass, and Other Biomass. Other Biomass shall be physically separated and shall not be mixed in any Chain of Custody system. (5.5.6)</p>
Report Section:	Appendix B p.4.8
Description of Non-conformance and Related Evidence:	
<p>The existing system of the company foresee that other biomass is not mixed with SBP-compliant and SBP-Controlled biomass. BP is managing biomass coming only from the own production.</p> <p>During the initial visit of the harbour (RUT terminal) in Riga Vecmilgravis it was identified that biomass from Graanul Invest SIA is mixed together with biomass supplied by other Graanul factories.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>

Timeline for Conformance:	Prior to certification	
Evidence Provided by Organisation:	Interview with harbour staff, recordkeeping data, warehouse cleaning protocol, storage instruction review in warehouse.	
Findings for Evaluation of Evidence:	Additional visit to the harbour was taking place at April 1, 2016. During the visit it was confirmed that pellets are stored separately. The conclusion was made based on warehouse visit, staff interview and new storage order provided by the BP was observed in the harbour.	
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?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

10.3 Observations

OBS 01/16, number: 09102	Standard & Requirement:	SBP Standard 1: Feedstock Compliance Standard; 1A, 4.3:
Description of findings leading to observation:	The BP has sent the notification email to app. 230 representatives of relevant stakeholder groups indicated in the standard indicator. It has been revealed during the audit that representatives of forest workers; - Association of forest industries has not been contacted. This association represents the interests of forest workers however the labour union was not included in the stakeholder during the consultation. OBS 01/16 raised.	
Observation:	The BP should contact relevant stakeholders in the country or region concerned, one month prior to the Supply Base Evaluation. The relevant stakeholder groups shall also include representatives of forest workers.	

OBS 02/16, number: 09107	Standard & Requirement:	Instruction Document 5A - Collection and Communication of Data - 6.1
Description of findings leading to observation:	Very general information about the forest and Land management practices is available in the Biomass profiling data sheet. Additional more detailed information is available in SBR.	
Observation:	It is recommended to company to include broader description of	

	the forest and land management practices.
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OBS 05/16, number: 11636	Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 18.3
Description of findings leading to observation:	The BP presented the means of verification and evidence reviewed for each indicator in the risk assessment which is not part of the SBR but it is linked with SBR through reference in the text (SBR point 10). SBR contain only sum up of the final risk with some description which is sufficient to determine how specified risk was identified however in case of low risk indicators it is not clear. Due to the fact that there are different versions of the risk assessment it is recommended to clearly link the SBR to a concrete risk assessment.	
Observation:	The organization should provide some clear link between the SBR and risk assessment used during SBE in order to allow trace back the version of the SBP risk assessment and avoid possible confusion.	

OBS 03/16, number: 11637	Standard & Requirement:	Standard #1 V1.0 - Feedstock Compliance Standard - 1A - 4.3
Description of findings leading to observation:	Association of forest industries was contacted during the stakeholder consultation and this association represents the forest workers however the labour union was not included in the stakeholder during the consultation.	
Observation:	The organization should contact during the stakeholder consultation also representatives of labour union.	

OBS 04/16, number: 11638	Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 11
Description of findings leading to observation:	The PB has used the draft version of the SBP RRA. The risk was designated to either low risk or specified risk. The SBR translation into English use the terminology of certain instead of specified risk.	
Observation:	The organization should use the official terminology for the risk specification.	

11 Certification decision

Initial assessment

Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification approved: Upon acceptance of NCR(s) issued above
<input type="checkbox"/>	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 SBP technical committee will approve the report. The expiration of the certificate will be then 5 years.	
Certification decision by: Ondřej Tarabus	
Date of decision: 02.05.2016	

First scope change audit with SBE for primary feedstock

<i>Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:</i>	
<input checked="" type="checkbox"/>	<i>Certification approved:</i> <i>Upon acceptance of NCR(s) issued above</i>
<input type="checkbox"/>	<i>Certification not approved:</i>
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 scope of the certificate can be extended immediately after NEPCon will obtain the approval of the audit report from SBP. The expiration of the certificate will be then 5 years.	
Certification decision by: Asko Lust	
Date of decision: 17th August 2016	

Second scope change audit with SBE for secondary feedstock

Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification approved: Upon acceptance of NCR(s) issued above
<input type="checkbox"/>	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 scope of the certificate can be extended immediately after NEPCon will obtain the approval of the audit report from SBP. The expiration of the certificate will be then 5 years.	
Certification decision by: Ondřej Tarabus	
Date of decision: 16.12.2016	

12 Surveillance updates

12.1 Evaluation details

[N/A]

12.2 Significant changes

[N/A]

12.3 Follow-up on outstanding non-conformities

[N/A]

12.4 New non-conformities

[N/A]

12.5 Stakeholder feedback

[N/A]

12.6 Conditions for continuing certification

[N/A]

12.7 Certification recommendation

[N/A]