SBP

Sustainable Biomass Partnership

NEPCon Evaluation of Graanul Pellets SIA (Incukalns) 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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Contents

1 Overview

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Certified Supply Base:	Sourcing from Latvia, Estonia, Lithuania, Belarus, Sweden and Norway.
SBP Certificate Code:	SBP-01-69
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**
☒	☐	☐	☐	☐

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 Pellets Inčukalns site undertakes a supply base evaluation for primary and secondary feedstock that is originating from Latvia and Estonia..

The Organisation holds FSC Chain of Custody and FSC Controlled wood certificate, covering pellet production of the Graanul group: NC-COC-009116. The certification covers both FSC certification as well as FSC Controlled wood certification and controlled wood verification system for feedstock originating from Latvia and Estonia.

The Organisation also holds PEFC Chain of Custody certificate (certificate number: TT-PEFC-COC44). 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 Pellets” purchases most of the raw materials (primary, secondary and tertiary feedstock) as feedstock originating from Latvian, Estonia, Lithuania and Belarus. Secondary and tertiary feedstock is originating from Latvia, Lithuania, Belarus, Sweden and Norway. This secondary and tertiary feedstock is delivered as FSC/ PEFC certified or FSC Controlled wood/ PEFC Controlled Sources.

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. At the moment controlled wood verification system is applied to the primary feedstock originating from Latvia and Estonia only. 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.
It is planned that BP will sell SBP pellets on FCA Incoterm conditions and these pellets will be sold from Riga harbour.

Supply base evaluation is implemented for 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.
Scope of the evaluation is indicated in the table below:

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	☒
Primary Activity:	Pellet producer	☐

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

3 Specific objective

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

- Review of the BP's management procedures, including requirements designated in SBP standard *SBP Standard #1 V1.0*;
- Review of the updated Supply Base Report;
- Review of Public Consultation of the risk assessment process;
- Review of the risk assessment results;
- Review of FSC/PEFC system control points, analysis of the existing FSC/PEFC CoC system;
- Evaluation of mitigation measures implemented for both primary and secondary feedstock
- Review of the records, calculations and conversion coefficients;
- Interviews with responsible staff;
- Review of the records

Specific objective description for the assessment evaluation is available in the specific Graanul Pellets SBP assessment report.

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

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 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.

The BP has used SBP-endorsed Regional Risk Assessment for Estonia, available in SBP homepage. See http://www.sustainablebiomasspartnership.org/documents/risk-assessments/regional-risk-assessments-for-the-baltic-states/estonia.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

SIA “Graanul Pellets” is a biomass producer with a production site and office located in Planupes street 34, Incukalns Parish, Incukalns District, Latvia and storage site situated in Riga (Vecmilgravis) harbour.

SIA “Graanul Pellets” 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. SIA “Graanul Pellets” 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.

Most of the raw material in SIA “Graanul Pellets” 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, Belarus, Sweden and Norway. All secondary and tertiary feedstock is delivered with FSC/PEFC certification or FSC Controlled Wood/ PEFC Controlled Sources claim.

All input 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 might be 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. Only 1/5 of the primary feedstock volume is received as FSC/PEFC certified, so majority of primary feedstock is to be sourced within the Supply Base Evaluation (SBE) process. Most of secondary feedstock received, on the other hand, is FSC/PEFC certified and less than 1/5 of volume is considered to be sourced within the SBE.

The information on timber 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 and PEFC Mass-balance system. The amount of the biomass produced according to FSC credit system might be sold as SBP-compliant and/or SBP- controlled biomass.

After the production, pellets are transported into the harbour storage place 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

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

Latvia:

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

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

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

51.8% of whole forest area is owned by state, 1.4% are in municipal ownership, but other 46.8% are private forests and other forest ownership types (data: State Forest Service statistics, 2014) . Management of the state-owned forests is performed by the public joint stock company AS Latvijas Valsts Meži, established in 1999. The enterprise ensures implementation of the best interests of the state by preserving value of the forest and increasing the share of forest in the national economy.

Historically, extensive use of forests as a source of profit began later than in many other European countries, therefore a greater biological diversity has been preserved in Latvia. For the sake of conservation of natural values, a total number of 674 protected areas have been established. Part of the areas have been included in the European network of protected areas Natura 2000. Most of the protected areas are state-owned.

In order to protect high nature conservation values such as rare and endangered species and habitats that are located outside designated protected nature areas, micro reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves 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 inhabitants are employed in forestry, wood-working industry, furniture production Industry.

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

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

Lithuania

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

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

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

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

All state owned forests are are 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 milllion 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 aprox., 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 milllion 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 ol 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 exceeds 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 1992and 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 are 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.

Norway

About 38% of the surface area in Norway is covered by forest. The total forested area amounts to 12 million hectares, including more than 7 million hectares of productive forest. 15% of the productive forest has been estimated as non-economic operational areas due to difficult terrain and long distance transport, which means

that economical forestry may only be operated in about 50% of the forested area. The most important species are Norway spruce (47%), Scots pine (33%) and birch (18%).

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

Industrial private 4 %; Local common land 4 %

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

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

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

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

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

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

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

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

Sweden[1]

Sweden is a parliamentary constitutional monarchy that joined the EU in 1995.

[1] http://www.nordicforestry.org/facts/Sweden.asp#En

The Swedish Forest Agency is the national authority responsible for matters relating to the forest. It strives to ensure that the nation's forests are managed in such a way as to yield an abundant and sustainable harvest while at the same time preserving biodiversity. The Agency also strives to increase awareness of the forest's significance, including its value for outdoor recreation. The Agency has offices throughout the country. Its most important tasks are to give advice on forest-related matters, supervise compliance with the Forest Act, provide services to the forest industry, support nature conservation efforts and conduct inventories.

Sweden has Europe's second biggest afforested area after Russia. Sweden's productive forests cover about 23 million hectares. However, if this area is calculated according to international forest land definitions, it is 27 million hectares. Ap Spruce and pine are by large the predominant species in Swedish forests. These two species count for more than 80% of the timber stock. In northern Sweden pine is the most common species, whereas spruce, mixed with some birch, dominates in southern Sweden.

Due to effective and far-sighted forest management the timber stock in Sweden has increased by more than 60% in the last one hundred years and it is now 3000 million m3. In recent years felled quantities have been between 85 and 90 million m^3, whereas annual growth amounts approximately to 120 million $m^{3.}$

The amount of protected forests in Sweden amounts to circa 1.9 million hectares. A great extent, about 90% of these forests are the kind of forests in which minor interventions are allowed. The share of strictly protected forests, where no human interventions are allowed is 0.3 % from the forest area. National parks, nature reserves and nature conservation areas cover an area of 4.2 million hectares, i.e. 10% of Sweden's land area. There are at least 220.000 hectares of protected forests which still in terms of forest growth are productive. In addition, there are about 12.000 hectares of protected habitat types and 25.000 hectares of wood land set aside and protected by environment conservation agreements. Large forest areas are also protected through forest owners' voluntary activities. Sweden signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora in August 1974 and the convention entered into force in July 1975. Sweden has also established a IUCN National Committee.

Private forest owner families hold about 50% of Swedish forests, privately owned forestry companies about 25% and the State and other public owners have the remaining 25%. The ownership of forests in Sweden varies between regions. In Southern parts of the country forests are mainly owned by private persons whereas in Northern Sweden companies own more significant amounts of forests.

80% of the Swedish forest land is certified under either the FSC or under the PEFC certification scheme. FSC certified forests amount to 10.2 million hectares and PEFC certified to 7.5 million hectares. Of the total 7.5 million hectares certified under the PEFC scheme, 3 million hectares are family owned.

The forest products industry plays a major role in the Swedish economy, and accounts for between nine and 12 percent of Swedish industry's total employment, exports, sales and added value.

Similar to Estonia and Finland, Sweden everyone has the Right of Public Access to roam the Swedish countryside including walking, camping, climbing and picking flowers.

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 46.97 million ha;
Tenure by type (ha): 25.6 million ha state ownership, 14.52 million ha private forests and 6.83 million ha other ownership types;

Forest by type (ha): 3.07 million ha hemi-boreal forests, 33.6 million ha boreal, 10.3. million ha temperate forests;
Forest by management type (ha): 46.97 million ha, managed natural;
Certified forest by scheme (ha): FSC, total certified area 27.19 million ha (FSC) and 24.29 million ha PEFC;
Quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report: http://www.latgran.com/en/policy/sustainable-biomass-partnership

(both Latvian and English version)

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 also COC PEFC certificate, CoC certificate number TT-PEFC-COC44.. SIA Graanul Pellets is included into this certification as a certification site. The system covers procurement and sales of PEFC certified and PEFC Controlled Sources material.

The Organisation is implementing FSC credit and PEFC Mass- balance 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 Estonia.

After the reception, 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 June 9-10, 2016 and continued with Onsite visit of storage places in Riga at June 16, 2016. Additionally, 2 supplier audits were conducted by the BP together with NEPCON auditors at June 16, 2016

Scope change audit was carried out on 15th, 16th November, 2016 and it included visit of the SIA Graanul Pellets site, and 3 supplier audits, 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.

Assessment audit

Activity	Location	Auditor(s)	Time
Opening meeting*	Office,	OP, GK	9/06/2016 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	10/06/2016 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	16.06.2016 08:00 – 10:00
Supplier audits (evaluation of origin)		OP	16.06.2016 10:00 – 17:00

Scope change audit (SBE)

Activity	Location	Auditor(s)	Time
Opening meeting*	Office	OP, GK, LS	15/11/2016 10.00- 10.15
Interview with SBP responsible person *SBP Risk Assessment, implementation of mitigation measures, Supplier verification program.*	Office	OP, GK, LS	09.15- 12.30
Lunch break		OP, GK, LS	12:30-13.00
Evaluation of supplier of secondary feedstock	Supplier of secondary feedstock: SIA BSW Latvia,	OP, GK, LS	14.00 – 16.00

Witness audit of organization supplier audit			
Evaluation of supplier of primary feedstock and sec secondary feedstock supplier • Evaluation of supplier of primary material (harvesting company) and secondary material; • Witness audit of organization (Daugavlīči) supplier audit	Supplier of secondary material - sawmill SIA "Daugavlīči", sub-suppliers – suppliers or primary material, harvesting companies - SIA "Ornaments", z/s "Atpūtas", SIA "Green & White" Inspection of 3 FMUs: evaluation of Health and Safety risk mitigation measures in on-going manual harvesting works (2 FMUs), evaluation of HCV risk mitigation measures (1 FMUs – z/s Atpūtas) Inspection of supplier of prpimary material SIA Green&Wite – 3 FMUs. H&S issues – 1 FMU, WKH risk mitigation measures – 2 FMUs. Supplier of secondary feedstock: "PA Energy", trader/broker. Evaluation of sub-supplier - supplier of secondary material SIA "Vītoli-M" (sawmill).	OP, GK, LS	16/11/2016 09.00-15:00
Lunch break			15:00-16.00
Resolving of remaining issues, questions, interview to responsible person		OP, GK, LS	16:00-16:30
Closing meeting	Office	OP, GK, LS	16:30-17:30

OP – Olesja Puišo, GK – Ģirts Karss, LS - Liene Suveizda

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 Pellets office in Inčukalns 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 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.

Scope change audit (SBE for primary and secondary feedstock)

Current evaluation – the scope change audit to include SBE primary and secondary feedstock was carried out as an onsite audit in SIA Graanul Pellets production site. The SBE system, management system, risk assessment and its results, supplier verification program and mitigation measures were evaluated in the first half of the scope change audit day. Requirements for suppliers of primary and secondary material, including risk mitigation means, requirements on health and safety as well as requirements for evaluation and protection of high conservation values were evaluated as a part of the SBE risk mitigation system. The activity of documents and system review ended with site tour with interview of responsible staff, involved in SBP system (receptionist, accountant).

Upon completing the valuation of documented procedures and records, the sampling of the suppliers took place. It has been chosen to verify the primary and secondary feedstock suppliers that have been approved as "approved suppliers of primary or secondary feedstock" or are in the process of being approved by the BP. 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. During the supplier audit, both primary (sub-suppliers to primary processors) and secondary suppliers 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 finding were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the BP representatives.

Composition of audit team:

Audit team composition:

Auditor(s), roles	Qualifications
Initial assessment	
Oļesja Puišo, Riga, Latvia Lead Auditor evaluation against all applicable requirements	MSc Logistics. Olesja is working as NEPCon Country Manager in Latvia. She is responsible for daily management of certification activities in the country. Olesja has passed CoC/ FM lead auditor training, PEFC CoC, ISO 140001, SAN and Legal Source training courses. Previous experience in woodworking industry as well as many years of experience within CoC auditing. She has passed the SBP lead auditor training and has participated on several SBP assessments.
Ģirts Karss, auditor in training	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 FSC Chain of Custody audits in Latvia and FSC forest management assessments and annual audits in Latvia, Lithuania, Estonia and Russia. Girts had attended SBP training course and having experience in witnessing 2 SBP assessments.
Scope change audit (SBE for primary and secondary feedstock)	
Girts Karss, auditor, evaluation against all applicable requirements	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 FSC Chain of Custody audits in Latvia and FSC forest management assessments and annual audits in Latvia, Estonia, Lithuania and Russia. Girts had completed SBP training course and has experience in 3 SBP assessments in Latvia.
Oļesja Puišo, Riga, Latvia Lead Auditor evaluation against all applicable requirements, except requirements of standard nr.1	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 in several SBP assessments.

Liene Suveizda Local expert and auditor in training	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". 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.

6.3 Process for consultation with stakeholders

Main assessment:

The stakeholder consultation was carried out by the Certification Body on 9th of May, 2016 by sending direct email to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions and others.

Scope change audit (SBE for primary and secondary feedstock)

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

The BP has initiated the stakeholder consultation process in February, 2016. Stakeholder consultations with regard to SBE process were conducted in August-September, 2016, official notification of forthcoming audit was made on9th of September 2016, as a part of the preparation to SBE scope change audit. About 90 individual representatives of different stakeholders in total were notified by e-mail, including associations, local NGOs, forestry authorities, nature protection authorities, forest owner's associations, associations of forestry and wood processing industries, biomass processing industries. 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 17.10.2016, which followed consultation to several stakeholders, including notification of forthcoming scope change audit a few days before.Later on, during the audit process, 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 do not object the outcomes.

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 acknowledged 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

At the moment the Supply Base Evaluation is being implemented for both primary and secondary feedstock sourced from Latvia and Estonia. Graanul Pellets are in process completing implementation of SBE for primary and secondary feedstock, originating from Latvia and Estonia and acquired 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 CW system) as well as non-forest land (such as wood from naturally afforested agriculture land, removal of trees along roads, railway lines etc.). SBE system and risk mitigation measures are also applied for secondary feedstock suppliers in Latvia, which use primary feedstock originating in Latvia and Estonia and are delivered with SBP-approved Controlled Feedstock System claim and is supposed to be used in the production of SBP-compliant biomass.

The BP has used the draft of the regional risk assessment for Latvia 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. Based on the “specified risks” in this risk assessment the organization has suggested some mitigation measures which were consulted with relevant stakeholders during several meetings and calls which took place prior the assessment. As for Estonia, the BP used approved Regional SBP risk assessment for Estonia. The document is available in SBP homepage. One indicator is identified as specified risk in the document. Organisation has developed and implemented risk mitigation program for this particular indicator.

The stakeholder consultation process involved consultations to key stakeholders with regard to information on SBP certification, SBP risk assessment and supply base report, by communicating this via email and phone. Several key stakeholders were contacted in a face to face meeting. The BP keeps records of communication with stakeholders. SIA Graanul Pellets began implementation of the risk mitigation measures for individual indicators based on stakeholder consultation process results. The risk mitigation measures have been designed and implemented planned in cooperation with acknowledged experts and external consultants in relevant fields.

The supply base evaluation was a rigour process with some gaps identified (see non-conformities and observation part to this report).

7.3 Compilation of data on Greenhouse Gas emissions

Prior the assessment the organization has not recorded data on greenhouse gas emissions and has only started for purposes of the SBP certification. This included the most part of the work spent on the preparation for the certification. The data at the end of the assessment were complete and accurate; however, there are some minor non-conformities to be addressed. For details see below – section 10 Non-conformities and observations.

No evaluation of the existing calculations has taken place taking during the scope change audit.

7.4 Competency of involved personnel

The following staff members are involved in the SBP system management and implementation: Procurement Manager, Executive Director, Production Manager, Stock Controller, Receptionist, Assistant of the Head Accountant, Manager of the Laboratory, Operators, Mechanical Engineer and Energy Engineers. All interviewed responsible staff demonstrated awareness of their responsibilities within SBP system.

The key responsible person for implementation of SBE system within the Graanul Invest group factories is the Procurement Manager at Graanul Invest Launkalne factory. 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 local responsible person for SBP certification at the Graanul Pellets factory is the Managing director. Responsible person for implementation and maintenance of SBP/SBE system is Warehouse manager/storekeeper.

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 HCVF, familiarity with health and safety requirements, timber origin verification) during the site visits. Relevant certificates and diplomas were presented during the assessment and scope change audits. Qualification requirements for personnel involved in the 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 he 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's SBE system for primary and secondary feedstock sourcing within the SBE process were received and evaluated. The BP has received a number of comments from relevant stakeholders in BP own stakeholder consultation process. All comments and BP reaction can be found in SBR section 6.1.

The stakeholder consultation carried out by the CB has provided evidence that BP stakeholder consultation was comprehensive and principal stakeholders have been involved in the process. Consultation confirmed that the stakeholders have already expressed their opinion to the 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 BP has updated the risk assessment and presented with each individual indicator 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.

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

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

Table 2. Final risk ratings of Indicators as determined after the Supplier Verification Program 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

8.2 Risk assessment for Estonia

SBP-endorsed Regional Risk Assessment for Estonia was used by the Biomass Producer. Risk ratings in table 2 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 3. 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 for Estonia

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

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

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 cca. 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 incorect evaluation repeatedly, the supplier is excluded from the list of accepted suppliers.

Indicator 2.1.2 (HCVF category 6):

The specified risk for this sub-indicator is related to noble tree species with large diameter which might be coming from forests having cultural heritage value (old manors, parks or tree alleys etc.). The BP has implemented procurement policy that noble species will not be sourced and in case it will be the diameter can´t exceed 70cm. The interview with the receptionist at BP as well as site tour through the storage area proved that no noble tree species are received. The same approach is used by sawmills and traders as they are applying the same procedure/requirements. Field inspections at suppliers of secondary feedstock showed that this requirement is followed in general. Interviewed responsible staff showed awareness of the requirement and mentioned that the diameter limitation is in line with limits of equipment, i.e. band-saw maximum operational diameter limits. The sawmill cannot process logs exceeding 50-60cm in diameter and needs to be pre-processed in smaller chunks beforehand. This is verified by supplier audits.

Indicator 2.8.1:

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

NCR: 01/16 (11908) – initial assessment	**NC Classification:** Minor
Standard & Requirement:	SBP Standard 2, requirement 6.2. The BP shall record the place of harvesting and the identity of the primary wood processor responsible for the supply of inputs classified as SBP-compliant Secondary Feedstock. (6.2)
Report Section:	Appendix A p.1.3.
Description of Non-conformance and Related Evidence:	
Supplier list is available. At the time of the assessment audit, only direct suppliers were included in the supplier list. All traders are excluded from the supplier list. During the audit it was identified that BP will conduct supplier audits for all primary wood processors, beside the fact the wood is supplied by the direct suppliers or traders (see p.5.3.2. of the SBP procedures of the organisation), however the requirement to maintain records/register of the primary suppliers is not designated in the procedures of 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.
Timeline for Conformance:	By next audit, but not later than 12 months after report finalisation date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	☐ Yes ☒ No

NCR: 02/16 – initial assessment(11909)	**NC Classification: Minor**
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 6.3.
Report Section:	Appendix A p.1.4.
Description of Non-conformance and Related Evidence:	
Place of harvesting for primary feedstock is confirmed based on the information from the delivery notes.	

As for the secondary feedstock the Supply Base restrictions to Latvia, Lithuania, Estonia and Belarus are specified in the agreements with suppliers. During the last year secondary feedstock was originating from Sweden and Norway also. In addition to this BP is implementation audits for all secondary/tertiary feedstock suppliers with an aim to confirm the supply base for each supplier. At the moment BP is sourcing feedstock from 6 direct producers. According to p.5.3.3. of the SBP procedures and interviews of the responsible staff each active primary producer will be visited at least once in a year. At the date of the assessment 3 audits were conducted for 6 active secondary and tertiary feedstock suppliers. All delivered secondary and tertiary feedstock is certified. NEPCOn auditor applied FSC Controlled wood sampling for calculating the auditor attended suppliers (supplier audits) equal to $0.8 * \sqrt{number\ of\ suppliers\ audited\ by\ the\ BP}$ = 2 Since not all the supplier audits have been conducted at the time of the assessment, a minor NCR 02/16 is issued.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By next audit, but not later than 12 months after report finalisation date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
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?	☐Yes ☒ No

NCR: 03/16 – initial assessment (11910)	**NC Classification: Minor**
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 6.5.
Report Section:	Appendix A p.1.5.
Description of Non-conformance and Related Evidence:	
BP is signing supply agreements with all Suppliers, Annex 4 covering information about the supply base, with suppliers. According to the agreement suppliers are not allowed to deliver feedstock originating out of the 4 designated countries: Latvia, Lithuania, Estonia and Belarus.. Before this requirement was invented small volume of the feedstock was coming from Sweden and Norway.Such agreements are signed with existing direct suppliers. According to BP such agreement will be signed with new suppliers. Internal audits are conducted to confirm the suppliers are sourcing feedstock within the supply base designated in the supplier agreements. During the audit it was identified that wood origin is not very well designated for supplier Pata AB	

(Saldus production site), old agreement template with no origin information is signed with this supplier, official letter from Pata AB supplier provides information about the origin for period fro December 2015 to March 2016 and there is no contractual obligations for this supplier to inform BP about the changes in origin of the supplied feedstock.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By next audit, but not later than 12 months after report finalisation date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
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?	☐ Yes ☒ No

NCR: 04/16 – initial assessment **(11911)**	**NC Classification:** Minor
Standard & Requirement:	SBP Standard # 2 requirement 2c, p.4.1.
Report Section:	Appendix A p 2.7
Description of Non-conformance and Related Evidence:	
The Supply Base Report meets the requirements of SBP: covering figures designated in SBR report template ad is completed by using the latest version of the SBR Template for Biomass producers. The following inaccuracies were identified into the report: a) General part of the 2.1. General Description section cover information that feedstock is originating from Latvia, Estonia, Lithuania and Belarus, even though information about Latvia, Lithuania, Estonia, Belarus, Sweden and Norway are stated in provided in description part of the same part of the report, what might be confusing for readers. b) Information about the total supply base area provided in the section 2.5 Quantification of the Supply Base, the calculation was done without taking in account forest area of Sweden and Norway c) Information about the total supply base area provided in the section 2.5 Quantification of 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. d) 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.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By next audit, but not later than 12 months after report finalisation date
Evidence Provided by Organisation:	Pending
Findings for Evaluation of Evidence:	Pending
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	☐ Yes ☒ No

NCR: 05/16 – initial assessment (11912)	**NC Classification:** Minor
Standard & Requirement:	SBP Standard # 4 requirement 5.1.2
Report Section:	Appendix B p.1.1.
Description of Non-conformance and Related Evidence:	
SBP system of the BP is integrated into the existing FSC COC/CW and PEFC COC certification. During the assessment it was identified that scope of the existing FSC/ PEFC Chain of Custody and FSC Controlled wood system is sufficient and does not contradict with SBP system requirements. In case of the sales of SBP- compliant biomass, both FSC (or PEFC) certified claims, and SBP certified claims together with FSC or PEFC certificate numbers and SBP GHG and profiling data scope reference numbers will be mentioned in the sales invoices and transport documents. During the verification it was identified number of misleading FSC claims in the supplier invoices , but materials was accepted with lower claim with an aim to avoid mistakes. During the audit it was identified that agreement for one of the PEFC sawdust suppliers (Rigas Meži SIA) is not fully in compliant with requirements of FSC-DIR-40-005 adv.17. No written plausibillity	

check evidences are provided for this supplier and its supply during the assessment.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By next audit, but not later than 12 months after report finalisation date
Evidence Provided by Organisation:	Pending
Findings for Evaluation of Evidence:	Pending
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	☐ Yes ☒ No

NCR: 06/16 – initial assessment (11913)	**NC Classification:** Minor
Standard & Requirement:	SBP Standard # 4 requirement 5.4.2
Report Section:	Appendix B p.4.2.
Description of Non-conformance and Related Evidence:	
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 very well familiar with the requirement.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By next audit, but not later than 12 months after report finalisation date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**

Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	☐ Yes ☒ No

NCR: 07/16 – initial assessment (11914)	**NC Classification: minor**
Standard & Requirement:	SBP Standard # 5, Instruction document 5a requirement 2.1.1.
Report Section:	Appendix C p.2.1.
Description of Non-conformance and Related Evidence:	
It is planned that BP will sell pellets on Fob Incoterm condition. The unique reference numbers will be generated by the BP for the first reporting period after the first sales. Sales requirements are specified in section 9.10 of the SBP procedure. Interviewed staff demonstrated knowledge and understanding. During the assessment it was identified that Assistant of the Head accountant responsible for maintaining of the register is not very well familiar with the requirement	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By next audit, but not later than 12 months after report finalisation date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	☐ Yes ☒ No

NCR: 08/16 – initial assessment **(11915)**	**NC Classification: minor**
Standard & Requirement:	SBP Standard # 5, Instruction document 5a requirement 3.3.1.
Report Section:	Appendix C p.4.3.1.
Description of Non-conformance and Related Evidence:	
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.
Timeline for Conformance:	By next audit, but not later than 12 months after report finalisation date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	☐ Yes ☒ No

NCR: 09/16 (11916) – initial assessment	**NC Classification: Minor**
Standard & Requirement:	SBP Standard # 5, Instruction document 5A requirement 4.2.1. An average moisture value should be provided per category of feedstock.
Report Section:	Appendix C p.5.2.1.
Description of Non-conformance and Related Evidence:	
Measurements are done once in a day. Average moisture is measured, calculated and provided by the category of feedstock. The average data is based on measurements from April 2016, as soon as measurements for last two months exist.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By next audit, but not later than 12 months after report finalisation date
Evidence Provided by Organisation:	Pending

Findings for Evaluation of Evidence:	Pending	
NCR Status:	OPEN	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		☐ Yes ☒ No

NCR: 10/16 – initial assessment **(11917)**	**NC Classification: minor**
Standard & Requirement:	SBP Standard # 5, Instruction document 5a requirement 4.12.1
Report Section:	Appendix C p.5.12.1.
Description of Non-conformance and Related Evidence:	
During the audit it was identified that no regular moisture measurements for feedstock used for biomass drying is set. 2 measurements are done for the purpose of the audit. The BP had set regular measurements right after the assessment, however value of the moisture used for feedstock drying reported in GHG data sheet is based on sample measurements done prior to the assessment.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By next audit, but not later than 12 months after report finalisation date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	☐ Yes ☒ No

NCR 11/16 (14018) – Scope change audit	**NC grading:**	**Major** ☐	**Minor** ☒
Standard & Requirement:	SBP Standard 2: Verification of SBP-compliant Feedstock p. 10.1		
Description of Non-conformance:			
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. 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 is raised.	
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 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?	☐ Yes ☒ No

NCR 12/16 (14019) – Scope change audit	**NC grading:**	**Major** ☐	**Minor** ☒
Standard & Requirement:	SBP Standard 2: Verification of SBP-compliant Feedstock p. 7.3: 7.3 The SBR shall be completed using the latest version of the SBR template, which is available from the SBP website. (7.3)		
Description of Non-conformance:			
The relevant requirement is specified in SBP procedures (section 6) and is implemented. Prior to the scope change audit, the BP has submitted updated Supply Base Report. The SBR was developed using the latest version of the SBR template available in the SBP website. The English version of the SBR, however, is in the outdated version (v1.1) of the SBR report template. A minor NCR raised.			
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?	☐ Yes ☒ No

NCR 13/16 (14020) – Scope change audit	**NC grading:**	**Major** ☐	**Minor** ☒
Standard & Requirement:	SBP Standard 2: Verification of SBP-compliant Feedstock p. 13.1: 13.1 Stakeholder consultation shall be carried out at the initial Supply Base Evaluation and at the five-yearly re-evaluation. (13.1)		
Description of Non-conformance:			
Scope change audit: The BP has informed the stakeholders via email on September 2016 (email sent to about 90 representatives of different stakeholders) with first proposal of risk mitigation measures. Only one comment in written was received. The BP has made phone calls to several key stakeholders for comments. The BP has reached out 20 stakeholders by phone and these were proactively asked for comments. As the final stage (early September) of the stakeholder consultation process face to face meeting took place with FSC national representative, Federation of timber industry, WWF Latvia, Society of Ornithologist of Latvia, Boar of Nature Protection. List of contacted stakeholders can be found in the exhibit 3 and the comments as well as responses to the comments in exhibit 4. Estonian stakeholders have not been involved since SBE approved risk assessment for Estonia has been used. A discussion of proposed mitigation measures with stakeholders in Estonia has not been carried out, however, and therefore a minor NCR 13/16 is raised. The grading of NCR is minor due to the fact that risk mitigation measure is straight forward and can be done by verifying the timber supply documents and relevant databases. This approach is identical to the system implemented by other Estonian biomass producers. See risk mitigation measures for material sourced from Estonia in Section 9.			
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?		☐ Yes ☒ No

NCR 14/16 (14021) – Scope change audit	**NC grading:**	**Major** ☐	**Minor** ☒
Standard & Requirement:	SBP Standard 2: Verification of SBP-compliant Feedstock p. 16.1: 16.1 Where an Indicator is rated as Unspecified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk		
Description of Non-conformance:			
HCV category 6 risks are mitigated through the contracts with the suppliers which specifies that material with diameter over 70cm will not be accepted. The interview with the person responsible for receiving of the material did provided assurance that the large logs from the noble species are not received. The BP has implemented procurement policy that noble species will not be sourced and in case it will be the diameter can´t exceed 70cm. The interview with the receptionist as well as site tour through the storage area proved that no noble tree species are received. The same approach is used by sawmills and traders as they are applying the same procedure developed by the BP. Field inspections at suppliers of secondary feedstock showed that this requirement is followed in general. Interviewed responsible staff showed awareness of the requirement and mentioned that the diameter limitation is in line with limits of equipment, i.e. band-saw maximum operational diameter limits. The sawmill cannot process logs exceeding 50-60cm in diameter and needs to be pre-processed in smaller chunks beforehand. Inspection of storage areas at sawmills showed that large diameter and noble tree species were present in very minor amounts, i.e. few trunks, separated and stored in distinct from the main assortment loads. During the supplier audit it has been explained by interviewed persons at sawmills, that large diameter trunks occasionally are received with certified material or material supplied by certified forest manager in minor amounts. However, the BP have not asked to provide any evidence of the origin of these large diameter logs stored at sawmill (such as timber supply documents) to prove that the large diameter trunks actually have been received as part of loads of certified material.			
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?	☐ Yes ☒ No

OBS: 01/16 (11918)	**Standard & Requirement:**	SBP Standard # 5, Instruction document 5A, requirement 6.1. Description of the forestry management practices or land management practices used in the forest or other location where the biomass feedstock was grown;
	Report Section	Appendix C p.8.2.
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. It is recommended to company to include broader description of the above mentioned point.	
Observation:	It is recommended to update Biomass profiling data report with broader description of the forest and land management practices.	

OBS 02/16 (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.

11 Certification decision

Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:	
☒	Certification approved: Upon acceptance of NCR(s) issued above
☐	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: **The Biomass producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after SBP technical committee will approve the report. The expiration of the certificate will be then 5 years.**	
Certification decision by: Ondrej Tarabus	
Date of decision: 23rd January 2017	

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

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Dainis Lūkins, Procurement manager and overall responsible for SBP system in Graanul Invest group; Aleksandrs Zjatkovs, Executive director and public contact person for SBP certification.
Auditor(s):	Ģirts Karss, Lead SBP auditor; Oļesja Puišo, SBP auditor; Liene Suveizda, Auditor in training and local forestry expert
People Interviewed, Titles:	Dainis Lūkins, Procurement manager and overall responsible for SBP system; Aleksandrs Zjatkovs, Executive director and public contact person for SBP certification. Jānis Graholskis, Warehouse manager/Storekeeper, responsible person for SBP implementation Jānis Mickevičs. Production manager Arita Virka, assistant of the head accountant Ramona Puriņa, receptionist; Iveta Kandrāte- receptionist; Interviewed primary and secondary supplier staff: Juris Menniks, log procurement manager at SIA BSW Latvia; Sanita Freimane, accountant assistant at SIA BSW Latvia; Aldis Drikis, board member at SIA Daugavlīči. Didzins Polna, member of the board at SIA Vītoli-M; Jeļena Horoševa, responsible person for SBP compliant material supplies at SIA PA Energy
Brief Overview of Audit Process for this Location:	See description of evaluation activities in the main part of the report, section 6.2
Comments:	