

# SBP

Sustainable Biomass Partnership

## NEPCoN Evaluation of Laskana SIA LSEZ Compliance with the SBP Framework: Public Summary Report

[www.sustainablebiomasspartnership.org](http://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](http://www.sustainablebiomasspartnership.org)*

### *Document history*

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# 1 Overview

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Primary contact for SBP: Ondrej Tarabus, ot@nepcon.net, +420 606 730 382

Report completion date: 2/Apr/2017

Report authors: Oļesja Puišo, Ģirts Karss

Certificate Holder: Laskana LSEZ SIA, Brīvostas 44 LV-3401 Liepāja, Latvia

Producer contact for SBP: Krisjanis Vesmins (Member of the Board); Phone: +371 63423111; Email: [k.vesmins@laskana.lv](mailto:k.vesmins@laskana.lv)

Certified Supply Base: Latvia, Lithuania

SBP Certificate Code: SBP-01-71

Date of certificate issue: 21/Apr/2017

Date of certificate expiry: 20/Apr/2022

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 2 Scope of the evaluation and SBP certificate

The certificate scope covers office in Liepāja harbour, heating chips production and storage facilities in Liepāja harbour (piers nr.40.41 and 56).

Scope of this evaluation is based on SBP standards 1; 2; 4; and 5.

Organization holds valid FSC COC and FSC CW TT-COC-002576 and TT-CW-002576 certificates log/ firewood procurement, storage and selling as wood as wood chips procurement, production from logs and sales.

BP is wood chips producer and trader. BP is buying wood chips from FSC certified or FSC Controlled wood certified suppliers, wood chips are also produced from different types of low quality wood and firewood delivered as FSC certified or verified according to the BP own Controlled Wood verification system for Latvia. Other countries are not included in Controlled Wood verification system implemented by the BP. Feedstock from other countries is delivered with FSC certified or FSC Controlled Wood claim.

In additional to this, BP implements both FSC transfer and FSC credit system. Feedstock received with FSC 100%/FSC Mix claims, FSC Controlled Wood, and controlled material that is verified according to company’s FSC Controlled Wood verification procedures is stored together. Other feedstock, which is excluded from the SBP certification scope and is segregated and stored separately. In additional to this BP is keeping separately feedstock originating outside designated the Supply Base.

All feedstock is delivered to Liepāja harbour by truck, there the chips are stored and logs are chipped. In case of the export wood chips are loaded into the ship.

Chips are supposed to be sold at FOB Liepāja incoterm conditions.

The scope of the evaluation does not include activities outside Kurzeme region and activities related to other harbour terminals, except terminal in Liepāja,

The scope: Production of wood chips, for use in energy production, at Liepāja harbour facilities and sales at Liepāja harbour. The scope of the certificate includes Supply Base Evaluation for primary and secondary feedstock from Latvia.

Scope Item	Check all that apply to the Certificate Scope		Change in Scope (N/A for Assessments)
<b>Approved Standards:</b>	SBP Standard #1 V1.0 SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0 <a href="http://www.sustainablebiomasspartnership.org/documents">http://www.sustainablebiomasspartnership.org/documents</a>		<input type="checkbox"/>
<b>Primary Activity:</b>	Wood chip producer		<input type="checkbox"/>
<b>Input Material Categories:</b>	<input checked="" type="checkbox"/> SBP-Compliant Primary Feedstock	<input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock	<input type="checkbox"/>
	<input checked="" type="checkbox"/> Controlled Feedstock	<input checked="" type="checkbox"/> SBP non-Compliant Feedstock	

	<input type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Pre-consumer Tertiary Feedstock			
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
<b>Chain of custody system implemented:</b>	<input checked="" type="checkbox"/> FSC	<input type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>
	<input checked="" type="checkbox"/> Transfer	<input type="checkbox"/> Percentage		<input checked="" type="checkbox"/> Credit	<input type="checkbox"/>
<b>Points of sales</b>	<input type="checkbox"/> Harbour (including own handling of material)	<input type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour	<input type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)		<input type="checkbox"/>
<b>Provide name of all points of sales</b>	-	- FOB Liepāja			
	-				
	-				
<b>Use of SBP claim:</b>	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No		<input type="checkbox"/>
<b>SBE Verification Program:</b>	<input type="checkbox"/> Low risk sources only		<input checked="" type="checkbox"/> Sources with unspecified / specified risk		<input type="checkbox"/>
	New districts approved for SBP-Compliant inputs: Latvia.				
<b>Sub-scopes</b>					<input type="checkbox"/>
Specify SBP Product Groups added or removed: N/A					
Comments: Supply Base Evaluation, primary and secondary feedstock from Latvia are included into SBE system.					

### 3 Specific objective

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

The scope of the evaluation covered:

- Review of the BP's management procedures, 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 system critical control points, analysis of the existing FSC CoC systems;
- Evaluation of mitigation measures implemented for both primary and secondary feedstocks
- Review of the records, calculations and conversion coefficients;
- Interviews with responsible staff;
- Review of the records



## 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 documents 5A: Collection and Communication of Data, 5B Energy and GHG Data and 5C Static Biomass Profiling data version 1.1, October 2016

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

### 4.2 SBP-endorsed Regional Risk Assessment

SBP-endorsed Regional Risk Assessment for Latvia has not been approved 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.

## 5 Description of Biomass Producer, Supply Base and Forest Management

### 5.1 Description of Biomass Producer

BP is a wood chips producer and trader with the facilities situated in the Liepaja harbour.

BP is wood chips producer and trader. BP is buying wood chips (primary feedstock from forest and secondary feedstock coming as residuals from the production activities- from FSC certified or FSC Controlled wood certified suppliers, wood chips are also produced from different types of low quality wood and firewood delivered as FSC certified or verified according to the BP own Controlled Wood verification system for Latvia. Other countries are not included in Controlled Wood verification system implemented by the BP. Feedstock from other countries is delivered with FSC certified or FSC Controlled Wood claim.

In addition to this BP is implementing both FSC transfer and FSC credit system. Feedstock delivered as FSC certified, FSC Controlled, or verified according to company's FSC Controlled wood verification is stored together, other feedstock, which is excluded outside the SBP certification scope and is segregated. In addition to this BP is keeping separately feedstock originating outside designated Supply Base.

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All feedstock is delivered to Liepaja harbor by truck, there the chips are stored and logs are chipped. In case of the export wood chips are loaded into the ship.

Biomass is supposed to be sold at FOB Liepaja incoterm conditions.

### 5.2 Description of Biomass Producer's Supply Base

BP is sourcing primary and secondary feedstock only. Feedstock originates from Latvia and Lithuania only.

#### Latvia

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

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

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

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

Historically, extensive use of forests as a source of profit began later than in many other European countries,

therefore a greater biological diversity has been preserved in Latvia. For the sake of conservation of natural values, a total number of 674 protected areas have been established. Part of the areas have been included in the European network of protected areas Natura 2000. Most of the protected areas are state-owned.

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

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

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

Areas where recreation is one of the main forest management objectives add up to 8 % of the total forest area or 293 000 ha (2012). Observation towers, educational trails, natural objects of culture history value, picnic venues: they are just a few of recreational infrastructure objects available to everyone free of charge. Special attention is devoted to creation of such areas in state-owned forests. Recreational forest areas include national parks (excluding strictly protected areas), nature parks, protected landscape areas, protected dendrological objects, protected geological and geomorphologic objects, nature parks of local significance, the Baltic Sea dune protection zone, protective zones around cities and towns, forests within administrative territory of cities and towns. Management and governance of specially protected natural areas in Latvia is co-ordinated by the Nature Protection Board under the Ministry for Environmental Protection and Regional Development.

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

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

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

## Lithuania

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

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

Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-

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

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

All state owned forests are is FSC certified.

## 5.3 Detailed description of Supply Base

- Total Supply Base area (ha): ~5.24 million ha forest land (all regions included in Supply Base report))
- Tenure by type (ha): ~ 2,67 million ha state; ~2.29 million ha private; ~2.29 million ha private 0.28 other
- Forest by type (ha): Boreal/Hemiboreal ~5.24 million ha.
- Forest by management type (ha): managed semi-natural ~5.24 million ha.
- Certified forest by scheme (ha): FSC ~2.81 mill ha ; PEFC ~1.69 mill ha (includes overlap)

Quantitative and qualitative description of the Supply Base can be found in the Public Summary Report: <http://laskana.lv/laskana/lv/sakums/>

## 5.4 Chain of Custody system

BP is wood chips producer and trader. BP is buying wood chips (primary feedstock from forest and secondary feedstock coming as residuals from the production activities- from FSC certified or FSC Controlled wood certified suppliers, wood chips are also produced from different types of low quality wood and firewood delivered as FSC certified or verified according to the BP own Controlled Wood verification system for Latvia. Other countries are not included in Controlled Wood verification system implemented by the BP. Feedstock from other countries is delivered with FSC certified or FSC Controlled Wood claim.

In addition to this BP is implementing both FSC transfer and FSC credit system. Feedstock delivered as FSC certified, FSC Controlled, or verified according to company's FSC Controlled wood verification is stored together, other feedstock, which is excluded outside the SBP certification scope and is segregated. In addition to this BP is keeping separately feedstock originating outside designated Supply Base.

All feedstock is delivered to Liepaja harbour by truck, there the chips are stored and logs are chipped. In case of the export wood chips are loaded into the ship.

Biomass is supposed to be sold at FOB Liepaja incoterm conditions.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

The initial SBP assessment audit began on November 29, 2016 and continued with SBE evaluation on November 30 and December 19, 2017. Evaluation of SBE part of the certification scope with both primary and secondary feedstock was carried out on November 30. Additional field inspections and supplier verification audit was conducted on December 19, to verify SBP SBE risk mitigation aspects that were not possible to include in the audit schedule in first two days – Health and Safety risk mitigation measures in ongoing manual logging works. SBE evaluation included witness audits to both primary and secondary feedstock suppliers to BP, i.e. 2 primary feedstock and 2 secondary feedstock suppliers, covering all currently planned suppliers of primary and secondary feedstock.

4 days in total were used for the evaluation: 1 day of preparation and document review, 1,5 day at the BP site and 1.5 day for supplier audits at the FMU level. See detailed assessment audit activity time schedule below.

Corrective Action Verification Audit (CVA) took place on March 27<sup>th</sup> 2017, 0,3 day was need for the evaluation. Assessment audit time schedule

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Office	OP, LS	29/11/2016 10.00-10.30
Interview with SBP responsible person, staff involved in management of SBP system.  Review of procedures, documents and interviews with responsible staff (review of the CoC system control point, mass balance, transfer system management system, verification of SBP compliant feedstock). Implementation of mitigation measures, SBP Risk Assessment, Supplier verification program.	Office		10.30-12.00
Break			12:00-12:30
GHG calculation review collection and communication of energy and carbon data	Office		12:30-15:00

Office staff interview	Procurement department, accountancy, sales department	OP, GK, LS	15:00 - 17:30
Chain of custody review (site tour); interview with material acceptance department	Reception and recordkeeping department		
Internal team meeting	Office		17:30-18:00
Presentation of the results of the first day of assessment	Office		18:00-18:30
SBE system implementation review, interview with responsible staff forest foreman	Office	GK	30/11/2016
Interview with SBP responsible person, review of documentation, procedures. SBP Risk Assessment, implementation of mitigation measures, Supplier verification program.			09:00 -11:00
Evaluation of supplier of primary feedstock feedstock	Forest and supplier facilities		11:00 – 16:00
Witness audit of organization supplier audit (GK)	Supplier audits: SIA “Laskana Mežs”, primary feedstock supplier (6 sites/FMUs);  Inspection of 4 FMUs: evaluation of HCV risk mitigation measures in completed harvesting works (4 FMUs)		
Evaluation of supplier of primary and secondary feedstock	Forest and supplier facilities	OP, LS	11:00-16:00
Witness audit of organization supplier audit (team of OP and LS)	Supplier SIA “Strēlnieks 97”, evaluation of secondary feedstock supply procedures, interviews to responsible staff;  Supplier audits: SIA “Manfreds Plus”, primary feedstock supplier (2 sites/FMUs);  Inspection of 2 FMUs: evaluation of HCV risk mitigation measures in completed harvesting works (2 FMUs)		
Internal team meeting	Office		16:00 – 17:00

Closing meeting*	Office		17:00 – 18:00
Evaluation of supplier of primary and secondary feedstock Witness audit of organization supplier audits	Forest and supplier facilities Supplier of secondary feedstock SIA “ŪSI”: evaluation of secondary feedstock supply procedures, interviews to responsible staff; Supplier audits: SIA “Laskana Mežs”, primary feedstock supplier (1 sites/FMUs): evaluation of Health and Safety risk mitigation measures in on-going manual harvesting works (1 FMU); Supplier audits: SIA “Manfreds Plus”, primary feedstock supplier (1 sites/FMUs): evaluation of Health and Safety risk mitigation measures in completed harvesting works (1 FMU);	GK	19/12/2016 09:00-15:00
Closing meeting*	Office		17:00 – 18:00
Evaluation of open major NCRs	Desk based	GK	27.03.2017 09:00 – 11:00

Auditor team members: GK – Ģirts Karss, OP – Oļesja Puišo, LS - Liene Suveizda

## 6.2 Description of evaluation activities

### Description of the assessment evaluation:

All SBP related documentation connected to the SBP as well as FSC CoC/ CW system of the organisation, including SBP Procedures, GHG data calculations/ data sheet, Supply Base Reports and FSC system description was provided by the company in advance and were reviewed during the desk verification conducted prior to the assessment audit.

Auditing team was welcomed in Laskana office in Liepāja. Audit began with an opening meeting attended by the responsible persons – production manager and the CEO of the organisation.

Auditor introduced the auditing team, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope. During the opening meeting the auditor explained CB’s accreditation related issues and discussed the audit timetable and planned activities.

After that auditor went through all applicable requirements of the SBP standards nr1, 2, 4, 5 and instruction documents 5a, 5b and 5c 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 (plant manager, production manager, accountant, assistant of the accountant, sales representative, purchasing representative) having key responsibilities within the system were interviewed.

After that a roundtrip around BP's chip production and harbour was undertaken. During the site tour reception process was observed, applicable records reviewed, harbour staff was interviewed and FSC system critical control points were analysed.

In the second part of the day auditors interviewed responsible office staff, reviewed procurement documents and recordkeeping system, evaluated GHG related data and feedstock origin related data.

Second day of the evaluation began with an opening meeting, where the SBE system lead auditor provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope.

After the opening meeting auditor went through all applicable requirements of the SBP standards nr. 1 and 2, and instruction documents covering SBE system with regard to both primary and secondary feedstock and the overall management system. During the process the overall responsible person for SBP system and responsible staff having key responsibilities within the system were interviewed.

Auditor reviewed documented procedures for secondary feedstock supplies within the SBE system, contracts with suppliers containing requirements on health and safety requirements as well as requirements on evaluation and protection of high conservation values. Those have been evaluated and discussed with responsible staff at the company. Upon completing evaluation of documented procedures and records, the sampling of the suppliers took place and the auditor team split up in 2 groups:

It has been chosen to verify both the primary and the secondary feedstock suppliers that have been approved by the BP as "approved suppliers" to supply "low risk" feedstock. At the time of the audit 2 primary suppliers (logging companies) and 2 secondary producers have been visited. The group of inspected secondary feedstock suppliers (primary processors) consists of: 2 independent, small sawmills (selling secondary feedstock directly to Laskana LSEZ SIA). Audits of 2 suppliers of primary material – SIA "Laskana Mežs" and SIA "Manfreds Pluss" at the FMU level took place. CB witnessed the audit of the BP primary and secondary supplier and at the same time doing their own independent evaluation of the suppliers. The CB carried out the audit to verify the correctness of the mitigation measures implemented.

Findings of the first 2 days of the evaluation have been summarised and presented to the BP staff during the closing meeting on November 30.

Additional field inspections have been scheduled in December, since there were no ongoing manual harvesting works taking place during the first days of evaluation in November. Lead auditor responsible for the SBE system observed ongoing forest works by chainsaw and evaluated BP's mitigation measures in relation to indicator 2.8.1. In addition to this one more secondary feedstock producer has been visited.

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

Corrective Action Verification audit has been conducted as a desk audit for major non-conformances related to the content organization's Supply Base Report. The major non-conformance is considered a precondition for the certification. The organization had addressed the issue and updated the information in the Supply Base Report, uploaded the SBR to webpage (<http://laskana.lv/laskana/lv/sakums/>) and provided the updated report to the certification institution. Auditor reviewed the information in the Supply Base Report related to non-conformance NCR 02/16 and evaluated the data for compliance to standard requirements.



Auditor team information:

Auditor(s), roles	Qualifications
<p>Oļesja Puišo, Lead auditor, evaluation against all applicable requirements, except requirements of standard nr.1</p>	<p>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 FSC CoC/ FM lead auditor training, PEFC CoC, ISO 140001, SAN , Legal Source as well as SBP training courses. Previous experience in woodworking industry as well as many years of experience within CoC auditing. Olesja has participated in several SBP assessments in Latvia and Lithuania.</p>
<p>Ģirts Karss Lead Auditor for SBE system</p>	<p>Works for NEPCoN since 2011 Ģirts 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. Ģirts Karss has conducted of FSC Chain of Custody audits in wood industry companies in Latvia and FSC forest management assessments and annual audits in Latvia, Lithuania, Estonia and Russia. Ģirts had completed SBP training course and has participated in several SBP assessments in Latvia.</p>
<p>Liene Suveizda, Local expert and auditor in training</p>	<p>Auditor in training. Joined NEPCoN Latvia in 2016. M.Sc in biology, forest ecology. Graduated from University of Latvia. Liene has also studied law and hold the 2nd level higher education in law, Business School "Turība". Liene has long term experience in forestry sector in Latvia. Liene has passed the NEPCoN lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC lead auditor qualification. Liene has participated as an auditor in training is several SBP assessment and scope change (SBE) audits in Latvia.</p>

### 6.3 Process for consultation with stakeholders

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

The BP has conducted stakeholder consultation process that began on 15<sup>th</sup> of September 2016. 86 individual representatives of various stakeholders in total were notified by e-mail, this included associations, local NGOs, local forestry authorities, Environmental inspectorate representatives of nature protection. 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. See details in SBR, section 6.

The stakeholder consultation was carried out by the Certification Body on 31st of October 2016 by notifying different stakeholder categories via email. 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. Later on, selected stakeholders were contacted directly with a purpose to receive comments regarding

existing SBP/ SBE system.. No comments were received but the stakeholders confirmed that they have been involved in the stakeholder consultation of the BP and do not disagree the results.

## 7 Results

### 7.1 Main strengths and weaknesses

Strengths: SBP system elements were implemented at the time of the assessment. Small number of the management staff and clearly designated responsibilities within the staff members. Close cooperation and access to information with forest management company – supplier of primary feedstock Laskana Mežs SIA. SBE processes are documented; main database for material accounting is well maintained and all relevant information can be reported. The BP and suppliers of primary feedstock have participated in the training for biotope identification and health and safety training courses with respected Latvian experts. Strong commitment in implementation of SBP system and positive approach has been observed during the audit.

Weaknesses: Use of the combined transfer and credit FSC system at the same time. See additional information in NCR section of the report.

### 7.2 Rigour of Supply Base Evaluation

Laskana SIA LSEZ is implementing the Supply Base Evaluation process for primary and secondary feedstock (forest products) originating from Latvia and is sold without SBP-approved Forest Management Scheme claim, SBP-approved Forest Management partial claim, SBP-approved Chain-of-Custody (CoC) System claim. Risk mitigation measures have been designed and are in the process of implementation for feedstock originating from forest land (material sourced under FSC Controlled Wood system) as well as non-forest land (such as overgrown agriculture land, wood growing along the road, rails).

The SBE for primary and secondary feedstock has been implemented through step by step approach considering the effort needed for implementation of mitigation measures for indicators with “specified risk” for primary and secondary feedstock.

The BP has used the draft of the regional risk assessment presented on the SBP website for stakeholder consultation and reviewed “specified risk” indicators as well as indicators whose risk level was changed during the stakeholder consultation process. The BP also reviewed “Locally Adaptable Verifiers” for relevance to its supply base. Based on the “specified risks” in the risk assessment the organization has suggested several mitigation measures which were consulted with relevant stakeholders during several meetings which took place prior to the assessment audit.

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

Laskana SIA LSEZ had undertaken implementation of the mitigation measures for individual SBP standard indicators. This mitigation measures were designed in cooperation with external experts - acknowledged nature/forest habitat experts, and experts on health and safety issues.

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

### 7.3 Compilation of data on Greenhouse Gas emissions

The organization has compiled emission data as a part of preparation process for the SBP assessment. The BP

has implemented a system to collect and record data on Greenhouse Gas emissions. The BP has provided detailed overview of the systems and databases to collect and record Greenhouse Gas data during the assessment audit. All related evidence with regard to GHG calculation and assumptions were provided to auditors.

## 7.4 Competency of involved personnel

The Supply Base Evaluation system is implemented by internal personnel of the company, trained and supervised by the overall responsible person at the SIA LSEZ Laskana. Different staff members responsible for various aspects of the SBP certification. Production manager who is also responsible for FSC chain of custody certification system holds the overall responsibility for SBP and SBE system. He has sufficient knowledge of the SBP requirements especially in area of energy and emission data, chain of custody or and sourcing of raw material.

Board member is responsible for entering agreements with supplier and buyers as well as claim review and management decisions. Financial specialist is responsible for preparation of sales documentation. Receptionists are responsible for incoming material reception, stock registration and material segregation according to the certification statuses.

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

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

## 7.5 Stakeholder feedback

According to information from responsible person at the BP, no comments regarding the SBP SBE system for primary and secondary feedstock to be sourced within the SBE system were received. Information regarding stakeholder consultation process is described in SBR section 6.1.

The stakeholder consultation carried out by the CB has proved that BP stakeholder consultation was comprehensive and all main stakeholders were involved. Consultation confirmed that the stakeholders have been notified and stakeholders do not have objections in relation to risk mitigation measures, proposed by the BP.

## 7.6 Preconditions

All Major NCRs were addressed.

# 8 Review of Biomass Producer’s Risk Assessments

## 8.1 Risk Assessment for Latvia

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

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

Table 1 Risk ratings for SBP SBE Indicators

Indicator	Risk rating (Low or Specified)	
	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

## 9 Review of Biomass Producer's mitigation measures

### 9.1 Mitigation measures of risks for feedstock originating from Latvia

The organization has designed and is implementing mitigation measures for 3 indicators evaluated as specified risk (2.1.1, 2.1.2 and 2.8.1) in the risk 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") developed by association of biomass producers in Latvia, united under the Latvian biomass association "LATbio". The tool is used in private forest land (as state forests are FSC certified thus low risk) and can help in identification of "Risky areas" which may comprise WKHs, distinguished by so called "Green areas" which most likely do not comprise WKH. The tool is based on existing State Forest Service 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 tested and verified by licenced forest ecology, biodiversity experts in field verification process to verify the correctness of the methodology and the algorithm implemented. Five different areas in Latvia were visited (each area ca. 200 ha) which have provided necessary evidence that the tool shows correct data and the WKH is not present in the Low risk or so called "green areas".

#### Indicator 2.1.2 (HCVF category 1):

The BP and suppliers of primary feedstock have undergone training (with field practice) held by biotope expert. Both BP and suppliers of primary and material were trained on how to identify high conservation value forests using special checklist, important bird habitats and nesting sites and how these shall be protected.

According to documented procedures of the SBP, suppliers of primary feedstock are required to evaluate all sites prior to harvesting and evaluate the presence, 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. Primary processors - secondary feedstock suppliers accept "low risk" material from BP's approved primary feedstock suppliers and account it on mass balance principles (using credit system approach). Controlled material or material with FSC Controlled Wood/PEFC Controlled Sources claim from other (non-approved) suppliers can not be accounted as low risk material.

According to interviews to responsible staff, the BP monitor the evaluation of the sites during regular supplier audits (frequency of the audits depends on the amount of material sourced).

#### Indicator 2.1.2 (HCVF category 3):

Approved suppliers are evaluating the planned harvesting site for presence of WKHs on-site, prior to commencing harvesting works. Also, the Latbio database mentioned above is being checked as an additional source of information, but the priority is given to results of field inspection. The interview with the supplier representatives as well as verification audits during the assessment audit showed that the process described in documented procedures is followed. Field verification records are kept and the WKH evaluation has been assessed to be of sufficient quality, even though few deficiencies were identified. See NCR section for details.

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.

Indicator 2.1.2 (HCVF category 6):

The specified risk is for this sub-indicator is connected with noble tree species with large diameter which might be sourced from places of cultural heritage value (from old manors, parks or tree alleys). The BP has implemented procurement policy that noble species shall not be sourced in case the diameter is larger than 70cm. The interview with responsible staff at the BP as well as site tour through the storage area showed that no noble tree species are being accepted by the BP. This procedure is also followed by suppliers of secondary material (sawmills and brokers/traders) by applying BP's procedure. Field inspections at suppliers of secondary feedstock showed that this requirement is followed and no violation of the requirements are identified. Interviewed responsible staff showed awareness of the requirement. Inspection of storage areas showed that large diameter and noble tree species are not present.

Indicator 2.8.1:

The BP has updated all supplier contracts with a clause that all Health & Safety (H&S) requirements specified by national legislation shall be followed to full extent. 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 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 the issue of violation of H&S is identified again, the supplier is excluded from the list of accepted suppliers.



## 10 Non-conformities and observations

<b>NCR: 01/16 (14360)</b>	<b>NC Classification: Minor</b>	
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), requirement 7.2 7.2 The complete SBR report shall be sent to the SBP secretariat, and SBP shall upload the SBE to the SBP website.	
<b>Report Section:</b>	Appendix b p.2.4.	
<b>Description of Non-conformance and Related Evidence:</b>		
As from interviews to responsible staff, the responsible person is aware of the requirement, however the SBP COC procedure p.8.1.7. does not contain the requirement to send over the SBR to the SBP secretariat within the specified timeline.		
<b>Corrective action request:</b>	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.	
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization	
<b>Evidence Provided by Organisation:</b>	PENDING	
<b>Findings for Evaluation of Evidence:</b>	PENDING	
<b>NCR Status:</b>	<b>OPEN</b>	
<b>Comments (optional):</b>		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 02/16 (14361)</b>	<b>NC Classification: Major</b>	
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), Instruction Note 2C, p. 4.1 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest versions of the SBR Template for Biomass Producers downloaded from the SBP website. (2C, 4.1)	
<b>Report Section:</b>	Appendix B, p.2.8.	
<b>Description of Non-conformance and Related Evidence:</b>		

The Supply Base Report was prepared using the latest available template of the document. Most of the features are covered. During the review the following inaccuracies had been identified:

- a) No information about each SBP feedstock product group is available in section 2.1 of the report;
- b) No information about the proportion of non-certified feedstock segregated within the transfer system from other feedstock types is reported in the report.
- c) in Section 1 of the English version of the SBR BP refers to SBP Endorsed Regional Risk assessment, however there is no SP endorsed risk assessment at the moment. The Latvian version contains correct information with regard to this. In addition to this English version lacks clear reference to SBP standards used.
- d) Different data is provided in Latvian and English versions of the SBR report section 2.5. Quantification of the supply base, covering following points: b) tenure rights; d) forest management type; f) forest by management type; g) volume of primary feedstock; h) List of percentage of primary feedstock distributed by categories; and m) volume of tertiary feedstock. Correct data is provided in the Latvian version of the SBR only. No information on k) primary feedstock from primary forest is provided given, the information in point j) volume of the primary feedstock from primary forest is "0" Exact information on recordkeeping period indicated in p.f) is lacking.
- e) Flow diagram of feedstock inputs (section 2.4. of the SBR) is available in English version only;
- f) Information provided in SBR sections 3 and 4.2 related to risk assessment is ambiguous: process of development of Risk Assessment described under section 3 and 4.2 is inconsistent. Under section 3 the BP mentions that the Risk Assessment has been developed by NEPCon and "its conformity has been checked via consultation with interested parties". From the section 4.2 it appears that the BP did its own risk assessment, which is described later in the report under section 8.
- g) Information provided in SBR sections 5 related to risk assessment is not clear. Statement "SBP-partially approved forestry requirements" is not clear.
- h) Information provided in SBR sections 6.1 in English version has not been completed (Latvian version mentions that no stakeholder comments received). Same applies to the section 7 descriptive part (not table). In the Latvian version of SBR, the BP refers that it has addressed 2 out of 3 specified risk indicators. Under section 8.1 BP refers to "4 aforementioned risk categories for Latvia" (both language versions).

<b>Corrective action request:</b>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
<b>Timeline for Conformance:</b>	Precondition for issuance of the certificate
<b>Evidence Provided by Organisation:</b>	Updated Supply Base Report
<b>Findings for Evaluation of Evidence:</b>	<p>The organization submitted updated Supply Base Report.</p> <p><a href="http://laskana.lv/laskana/lv/sakums/">http://laskana.lv/laskana/lv/sakums/</a></p> <p>The Supply Base Report was prepared using the latest available template of the document. Review of the document shows that the organization had made an action to address inaccuracies</p>

	<p>identified in the report. In particular, the organization has made following input to the report, i.e.:</p> <p>a) provided additional information on each SBP feedstock product group in section 2.1 of the report;</p> <p>b) provided additional information on the proportion of non-certified feedstock segregated within the transfer system from other feedstock types;</p> <p>c) made necessary corrections in the Section 1 of the English version of the SBR to refer to draft SBP Regional Risk assessment as well as updated the English version with references to SBP standards used. The Latvian version contains correct information with regard to this.</p> <p>d) aligned the data in Latvian and English versions of the SBR report section 2.5: Quantification of the supply base, covering following points: b) tenure rights; d) forest management type; f) forest by management type; g) volume of primary feedstock; h) List of percentage of primary feedstock distributed by categories; and m) volume of tertiary feedstock. Corrected data in k) primary feedstock from primary forest, as well as in point j). Submitted information on recordkeeping period indicated in p. f).</p> <p>e) Flow diagram of feedstock inputs (section 2.4. of the SBR) has been added to Latvian version of the SBR;</p> <p>f) the organization has updated the Information contained the in SBR sections 3 and 4.2 related to risk assessment process;</p> <p>g) organization clarified Information provided in SBR sections 5 related to risk assessment and corrected the statement “SBP-partially approved forestry requirements”.</p> <p>h) provided additional details in Section 6.1 of English version of the SBR related to the stakeholder consultation process and aligned the content with the Latvian version of the SBR. Also, descriptive part of the section 7 has been complemented (with table) specifying correct risk specification for indicators and categories under section 8.1 where BP incorrectly referred to “4 specified risk categories for Latvia” before.</p> <p>Given the aforementioned inputs to the report by the BP, the auditor considers this non-conformance be closed.</p>
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>NCR: 03/16 (14362)</b>	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), Instruction Note 2C, 5.2:

	5.2 Updates shall include, as a minimum, a description of any significant changes in the Supply Base, and where appropriate mitigation measures or risk ratings. (2C, 5.2)
<b>Report Section:</b>	Appendix B, p. 2.10
<b>Description of Non-conformance and Related Evidence:</b>	
The SBR has not been updated taken place as this is the certification assessment.. The overall responsible person is familiar with the requirement of the standard, however, the requirement is not specified and detailed out in documented procedures of the organisation.	
<b>Corrective action request:</b>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 04/16 (14363)</b>	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), p. 15.3 15.3 The BP management system shall document all necessary procedures (15.3)
<b>Report Section:</b>	Appendix B, p. 3.3
<b>Description of Non-conformance and Related Evidence:</b>	
<p>The BP has established written procedures for SBP and SBP SBE requirements. In particular the documented procedure “SBP sertifikācijas sistēmas apraksts.” (Description of SBP certification system). The procedure contains description of aims and objectives of the procedure, scope, reference to standards, division of responsibilities, general process description of supply of feedstock, process of stakeholder consultation, production accounting as well as specific requirements of relevant SBP standards (Supply Base Report, SAR report, SBP Profiling Data records and other. mechanism of Green House Gas calculation, use of SBP logo etc.).</p> <p>There is also documented procedure elaborated for Supply Base Evaluation – “SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process” (“Approval, verification and risk mitigation measures for SBP compliant feedstock”) process. The SBE procedure contains sourcing</p>	

provisions and risk mitigation measures for primary and secondary feedstock. The secondary feedstock sourcing procedures are also described in documented procedures of BP. The BP has also carried out the evaluation of risk mitigation measures implemented by both primary and secondary feedstock suppliers, selected sub-suppliers, provided description of the content of the supplier audits and other important aspects of the secondary feedstock supply process with the SBE system.

Auditors reviewed the procedure during the audit and discussed the procedure content with responsible person at the organization. It can be concluded from the procedure review that all principal components of SBP standard requirements are covered and no major inconsistencies to SBP standards were identified.

Several inaccuracies were identified upon reviewing and analysis of documented procedures. Section 12 of documented procedure “SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process” outline the process of risk mitigation measures in relation to H&S issues. The methodology of evaluation of criteria and grading of conformance/non-conformance in the checklist is not clearly described in documented procedures of the BP. Documented procedure does not explicitly specify which risks are mitigated, i.e. whether only manual harvesting works or all harvesting works are in the scope of risk mitigation measures.

During the review of the BP’s procedure “SBP sertifikācijas sistēmas apraksts”, misleading information was identified in p.6.6.1. indicating that “additional procurement of feedstock from Lithuania, Belarus or through middleman can be done only in case if it is FSC or PEFC certified” . During the interviews it was identified that BP is also dealing with pulpwood procurement and sales. These activities are out of SBP scope. Pulpwood originating from countries outside SBR shall be kept in separate stockpile. According to the BP, the feedstock of origin outside the SB shall be segregated, even if it is FSC certified.

<b>Corrective action request:</b>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
<b>Comments (optional):</b>	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 05/16 (14364)</b>	<b>NC Classification: Minor</b>	
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), p. 12.4 12.4 The justification for selection of personnel shall be recorded and made available to the Certification Body, and a summary presented in the public summary report.	
<b>Report Section:</b>	Appendix B, p. 5.4	
<b>Description of Non-conformance and Related Evidence:</b>		
Justification of selection of personnel was made available for CB and has been also provided in SBE procedure section 4 only. Production manager has 20 year working experience in wood processing/biomass processing industry, holds higher education in environmental management. He also has passed ISO lead auditor training courses. The information about the personnel selection process has not been made available in the SBR report of the organisation.		
<b>Corrective action request:</b>	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.	
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization	
<b>Evidence Provided by Organisation:</b>	PENDING	
<b>Findings for Evaluation of Evidence:</b>	PENDING	
<b>NCR Status:</b>	<b>OPEN</b>	
<b>Comments (optional):</b>		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 06/16 (14368)</b>	<b>NC Classification: Minor</b>	
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), requirement 16.1. 16.1 Where an Indicator is rated as specified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk.	
<b>Report Section:</b>	Appendix B, p. 9.1	
<b>Description of Non-conformance and Related Evidence:</b>		
The organization has implemented mitigation measure for health and safety issues in manual harvesting works, where the specified risk is identified. The risks are mitigated though series of supplier (initial and surveillance) audits which are taking place on regular basis and the results are evaluated and communicated. The BP use checklist to check suppliers for compliance to requirements of national H&S requirements in forestry works.		

Conformance to safe tree felling technique is not evaluated in the checklist, even though non-compliance to safe tree felling rules is primary cause of tree harvesting related accidents in Latvia. It can be concluded from field inspections that responsible person at BP is aware of safe felling techniques and knows how to verify evidence in the harvesting site, however, the compliance/non-compliance is not reflected in the checklist.

The checklist also lacks criteria of compulsory medical inspection, which are compulsory for forestry workers affected by noise and vibration. Also, there are no provisions in the checklist related to marking of harvesting site with warning signs. It has to be noted that mentioned aspects of Health and Safety issues have been evaluated in the field by responsible person.

For HCV category 3, the suppliers of primary feedstock have been trained by acknowledged biotope experts and have successfully passed the qualification test for identification and screening of forests with high nature conservation values, e.g. Woodland Key Habitats. The suppliers of primary feedstock use the LATBio biotope tool ([http://latbio.lv/MBI/search\\_db](http://latbio.lv/MBI/search_db)) for initial screening of WKH presence in planned harvesting sites, but all harvesting within the SBE system can be carried out only after the evaluation of presence of WKHs onsite (i.e. using WKH checklist) and subsequent negative conclusion about the WKH presence. Information from the biotope tool is provided for informational purpose. If the field evaluation ends up with the (positive) identification of WKH (based on providing a point for different aspects) then additional certified forest habitat expert opinion may be required or the material shall not be accepted by both the BP and the primary processor / secondary material supplier to BP.

Auditors carried out an assessment of the effectiveness of the BP’s system by inspecting completed and on-going harvesting sites and evaluated the quality of WKH screening carried out by BP and contractors – SIA “Laskana Mežs” and SIA “Manfreds Pluss”. No substantial deficiencies have been observed in the assessment audit in field inspections by both BP and auditors evaluating the BP and contractor work. Few issues have been observed though: one is related to interpretation of WKH checklist criteria, i.e. BP and contractors have been giving higher scores to a number of checklist criteria due to misinterpretation of checklist criteria assessment logic. It has not lead to incorrect results in relation to identification of WKHs, but might lead in case the total score would get close to threshold. The second issue observed by auditors is also related to interpretation of WKH auditing methodology: auditors in several cases have been evaluating all compartments in FMU/block at once in one checklist instead of filling in each separate checklist for each compartment.

<b>Corrective action request:</b>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>



<b>Comments (optional):</b>	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 07/16</b> (14365)	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), requirement 19.2 19.2 The SBR shall be signed off by senior management in all cases.
<b>Report Section:</b>	Appendix B, p. 12.2
<b>Description of Non-conformance and Related Evidence:</b>	
BP provided English and Latvian versions of the Supply Base Report. English version of the report has been signed by senior management of the Organization. Latvian version of the report is not signed.	
<b>Corrective action request:</b>	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.
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 08/16</b> (14366)	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP Standard 5, Instruction document 5B (ver. 1.a), p. 3.2.2 3.2.2 Where a Reporting Period other than 12 months is used the BP shall justify the Reporting Period used to the CB, and the justification shall be recorded in the SAR
<b>Report Section:</b>	Appendix D, p. 7.2
<b>Description of Non-conformance and Related Evidence:</b>	
The reporting period is less than 12 months due to the fact that no accurate data from the previous periods exist. The data is obtained based on the data collected during the implementation on the	



similar contracts. The selection of the reporting period is not described and justified in the SAR report.	
<b>Corrective action request:</b>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 09/16 (14367)</b>	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP Standard 5, Instruction document 5B (ver. 1.a), p. 3.2.9 3.2.9 The Legal Owner shall record the most operationally specific and detailed data that is practically available. The methodology used and the justification for the data recorded shall be recorded in the SAR.
<b>Report Section:</b>	Appendix D, p.7.8
<b>Description of Non-conformance and Related Evidence:</b>	
The available data and calculation data that are based on the available data are presented in the SAR report. The methodology of the data calculation was presented during the audit, however, the data justification as well as methodology is described in the SAR rather briefly with lack specific details.	
<b>Corrective action request:</b>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months after report finalisation date”
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>

Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
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<b>NCR: 10/16 (14375)</b>	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	<p>SBP Standard 5, Instruction document 5B (ver. 1.a), p. 4.1.2</p> <p>A single Input Group shall not include feedstock:</p> <p>From more than one of the following classifications:</p> <ul style="list-style-type: none"> <li>• primary feedstock from forests (products or residues);;</li> <li>• woody energy crops (primary feedstock);;</li> <li>• wood industry residues (secondary feedstock);;</li> <li>• post-□consumer wood (tertiary feedstock).</li> <li>• With significantly different transport distances.</li> </ul> <p><i>Note: The ratio between maximal and average transport distance should not be over 1.5 (for 90% of the feedstock in that group). Any exceptions should be verified by the CB and explained in the SAR.</i></p> <ul style="list-style-type: none"> <li>• Which is prepared or pre-- processed on-- site and subsequently mixed with feedstock that is not prepared or pre-□processed onsite.</li> </ul> <p><i>Note: 'Prepared or pre-□processed' includes activities such as drying and grinding.</i></p>
<b>Report Section:</b>	Appendix D, p.9.2.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>Product groups as well as feedstock groups are designated in the SBP product group schedule and SAR. The BP has designated following feedstock categories: primary feedstock from forests (products or residues), and primary wood processing industry residues (secondary feedstock). During the audit it was identified that transport distance ration does exceed everage for more then 1.5% for some feedstock type for appr. 92% of feedstock is within the 1.5 ration. It was explained by the BP that that there was few case then the feedstock was delivered from the longer distances. No explanation was provided in the SAR.</p>	
<b>Corrective action request:</b>	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months after report finalisation date"
<b>Evidence Provided by Organisation:</b>	PENDING
<b>Findings for Evaluation of Evidence:</b>	PENDING
<b>NCR Status:</b>	<b>OPEN</b>
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 11/16 ()</b>	<b>NC Classification: minor</b>	
<b>Standard &amp; Requirement:</b>	SBP Standard 5, Instruction documents 5b requirement 6.1.5 If transport fuels are blended with biofuels, the share of biofuel shall be reported	
<b>Description of Non-conformance and Related Evidence:</b>		
The blending of biodiesel is applied in Latvia (5% rate). No biodiesel content is reported in the SAR		
<b>Corrective action request:</b>	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.	
<b>Timeline for Conformance:</b>	by the next annual surveillance audit, but not later than 12 months from the report finalization date	
<b>Evidence Provided by Organisation:</b>	PENDING	
<b>Findings for Evaluation of Evidence:</b>	PENDING	
<b>NCR Status:</b>	<b>OPEN</b>	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 12/16 ()</b>	<b>NC Classification: minor</b>	
<b>Standard &amp; Requirement:</b>	SBP Standard 4, Instruction note 4B, 1.7 Only the SBP logo artwork provided directly from the SBP secretariat shall be used.	
<b>Description of Non-conformance and Related Evidence:</b>		
The responsible person is aware about this requirement, however SBP logo artwork has been placed in BP's homepage <a href="http://laskana.lv/laskana/lv/blog/riska-novertejums/">http://laskana.lv/laskana/lv/blog/riska-novertejums/</a> . SBP secretariat is not informed about this publication. Since Trademark Licence Agreement (TMLA) has been signed by the BP prior to date of publishing the document with SBP artwork (September 14, 2016), a minor NCR 12/16 is issued.		
<b>Corrective action request:</b>	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.	
<b>Timeline for Conformance:</b>	by the next annual surveillance audit, but not later than 12 months from the report finalization date	
<b>Evidence Provided by Organisation:</b>	PENDING	
<b>Findings for Evaluation of Evidence:</b>	PENDING	

<b>NCR Status:</b>	<b>OPEN</b>
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

## 10.1 Closed Non-Conformity Reports (NCRs)

There are no closed non-conformity reports.

## 11 Certification decision

<b>Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:</b>	
<input checked="" type="checkbox"/>	Certification approved: Upon acceptance of NCR(s) issued above
<input type="checkbox"/>	Certification not approved:
<b>Based on auditor's recommendation and NEPCon quality review following certification decision is taken:</b>	
<b>NEPCon certification decision:</b>  The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after NEPCon will obtain the approval of the report from SBP technical committee. The expiration of the certificate will be then 5 years.	
<b>Certification decision by: Ondrej Tarabus</b>	
Date of decision: <b>2 April 2017</b>	

## 12 Surveillance updates

### 12.1 Evaluation details

Not Applicable.

### 12.2 Significant changes

Not Applicable.

### 12.3 Follow-up on outstanding non-conformities

Not Applicable.

### 12.4 New non-conformities

Not Applicable.

### 12.5 Stakeholder feedback

Not Applicable.

### 12.6 Conditions for continuing certification

Not Applicable.

### 12.7 Certification recommendation

Not Applicable.

## 13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Ojārs Zeme, Production manager
Auditor(s):	Oļesja Puišo, Lead auditor Ģirts Karss, auditor, Supply Base Evaluation Liene Suveizda, auditor in training, local expert
People Interviewed, Titles:	HQ staff: Ojārs Zeme, production manager; Krišjānis Vēsmiņš, member of the Board; Gatis Sidorovs- receptionist  Interviewed representatives of suppliers of primary feedstock within the SBE process: Dainis Ozols, head of forestry division at SIA Laskana Mežs; Uģis Ozols, forest foreman at SIA Laskana Mežs Liene Kandevica-Kurvina, procurement manager at SIA Laskana Mežs Agris Rozenbergs, harvester operator, subcontractor SIA “MKM Mežs” Andis Rathens, chainsaw operator, IK Mārcis Martinovs, subcontractor to SIA “MKM Mežs”; Edgars Grundmanis, chainsaw operator, IK Mārcis Martinovs, subcontractor to SIA “MKM Mežs”; Sandis Zabīts, chainsaw operator, IK Mārcis Martinovs, subcontractor to SIA “MKM Mežs”; Juris Kaltnieks, chainsaw operator, IK Mārcis Martinovs, subcontractor to SIA “MKM Mežs”; Sergejs Panovs, chainsaw operator, IK Mārcis Martinovs, subcontractor to SIA “MKM Mežs”  Interviewed suppliers of secondary feedstock within the SBE process: Aigars Jonass, member of the board, production manager SIA ŪSI (supplier of secondary feedstock); Evgēnija Namniece, head accountant at SIA ŪSI (supplier of secondary feedstock)
Brief Overview of Audit Process for this Location:	See section 2.1
Comments:	N/A