

NEPCon Evaluation of Latgran SIA – Jaunjelgava Compliance with the SBP Framework: Public Summary Report

www.sustainablebiomasspartnership.org



Completed in accordance with the CB Public Summary Report Version 1.0

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

Document history

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1 Overview

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Report completion date:	January 30, 2017
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Certificate Holder:	Jaunjelgava factory, address: Meža iela 4B, Jaunjelgava, Jaunjelgavas novads, LV-5134, Latvia
Producer contact for SBP:	Līga Hermane, +37126317722, Liga@latgran.com
Certified Supply Base:	Latvia, Lithuania, Belarus, Estonia
SBP Certificate Code:	SBP-01-65.(Jaunjelgava)
Date of certificate issue:	30/Mar/2017
Date of certificate expiry:	29/Mar/2022

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

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site in SIA „Latgran“ Jaunjelgava and harbour storage areas in Riga (Freja, Flotes 11/14), Riga (Traleru 2b) and Riga (Atlantijas)

Organization holds valid FSC COC multisite BV-COC-120156 certificate with wood pellets production in the scope: BV-COC-120156, BV-CW-120156 as well as PEFC certificate Nr, 03-12/15.

Wood pellets are produced of low-quality roundwood (pine, spruce, birch, aspen, black alder, grey alder and willow) and partly from secondary feedstock such as saw dust and chips.

Supply base for all Latgran factories are the same: raw materials material is sourced from Latvia, some part of feedstock is sourced from Lithuania and Belarus and potentially from Estonia. Jaunjelgava and Jekabpils sites are not sourcing raw materials from Belarus at the moment. Krāslava and Gulbene factories source certified feedstock from Belarus. The feedstock is delivered by trucks. Some share of the delivered primary feedstock - roundwood is FSC 100% or FSC Controlled Wood, and own verification of the Controlled Wood for Latvia, Lithuania and Belarus is included in the scope of the certification, but since March 2016 all feedstock is delivered with FSC, PEFC certified or Controlled claims. Organization applies own FSC CW verification system to verify that feedstock that is delivered with PEFC claim is in compliance with FSC certification requirements.

Scope of this evaluation is based on SBP standards 1; 2; 4; and 5. During the second part of the 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 Latgran Jaunjelgava site undertakes a supply base evaluation for primary and secondary feedstock that is originating from Latvia and Estonia.

The organization has implemented FSC credit system.

Delivered roundwood and secondary feedstock is measured at check-point, and measurement data is entered into company's database.

Wood pellets are loaded into truck and delivered to different seaports by tracks. The sales can take place at the different seaports as mentioned above and sold on different incoterms conditions, including FOB, CIF, CFR, DES.

Scope Item	Check all that apply to the Certificate Scope		Change in Scope (N/A for Assessments)
Approved Standards:	SBP Standard #1 V1.0 SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0 http://www.sustainablebiomasspartnership.org/documents		<input type="checkbox"/>
Primary Activity:	Pellet producer		<input type="checkbox"/>
Input Material Categories:	<input checked="" type="checkbox"/> SBP-Compliant Primary Feedstock	<input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock	<input type="checkbox"/>
	<input checked="" type="checkbox"/> Controlled Feedstock	<input 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		
Chain of custody system implemented:	<input checked="" type="checkbox"/> FSC	<input checked="" type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input checked="" type="checkbox"/>
	<input type="checkbox"/> Transfer		<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit	<input type="checkbox"/>
Points of sales	<input type="checkbox"/> Harbour (including own handling of material)	<input checked="" type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour		<input checked="" type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)	<input type="checkbox"/>
Provide name of all points of sales	- - -	- FOB Rīga - -		-CIF, CFR (DK Avedore/Amafere) -CIF (UK Hull, Tyne) - DES (SE Hargshamn)	
Use of SBP claim:	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No		<input type="checkbox"/>
SBE Verification Program:	<input type="checkbox"/> Low risk sources only		<input checked="" type="checkbox"/> Sources with unspecified / specified risk		<input checked="" type="checkbox"/>
	New districts approved for SBP-Compliant inputs: Latvia; Estonia				
Sub-scopes					<input type="checkbox"/>
Specify SBP Product Groups added or removed: N/A					
Comments: Supply Base Evaluation, primary and secondary feedstock material supplies from Latvia and Estonia has been added to the scope of certificate					

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; SBP Standard #2 V1.0; SBP Standard #4 V1.0; SBP Standard #5 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 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 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. Risk ratings have been taken from the approved risk assessment, where one indicator has been evaluated as specified risk (indicator 2.1.2).

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

BP is a biomass producer with a production situated in Jaunjelgava, Jaunjelgava municipality (Jaunjelgavas novads) of the Republic of Latvia.

The BP is sourcing both primary and secondary feedstock. Primary feedstock is originating from Latvia and secondary feedstock is sourced from Latvia and Lithuania (indirectly also - Belarus and Estonia).

Logs for the biomass production are bought directly from the forest, with harvesting permit where place of harvesting can be found. Secondary feedstock is delivered from different sawmills and the origin is verified based on supplier declarations where the origin is specified and supplier audits.

All incoming feedstock is either FSC certified, FSC Controlled or controlled according to the existing FSC Controlled wood verification program. FSC Controlled wood verification program is applicable for feedstock originating from Latvia, Lithuania and Belarus. Since March 2016 all feedstock delivered with FSC, PEFC certified or Controlled claims. Own FSC CW verification system is applied to prove that raw materials delivered with PEFC claim are in compliance with FSC certification requirements.

The BP is implementing FSC credit system. Biomass is transported by trucks to Riga harbour and are sold at FOB, CIF, CFR, DES conditions from different harbours in Riga to different harbours in UK, Denmark and Sweden.

5.2 Description of Biomass Producer's Supply Base

BP is sourcing primary and secondary feedstock only. Feedstock originates from Latvia, Lithuania and indirectly could come from Belarus and Estonia.

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. 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. Forestland 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) .

Forestland 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 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 FSC certified.

Belarus

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

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

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

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

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

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

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

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

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

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

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

scheme 5,0 million. Ha (61 forestries)

Estonia

Currently more than 2 230 000 ha, equal to 51% of the Estonian land territory, is covered by forest and the share of forest land is growing. According to FAO data, during 2000 - 2005, average annual change in the forest cover was +0.4 %. Forestry Development Plan 2012-2020 and Yearbook Forest 2013, that gives annual reports and facts about the forest in Estonia, state that during last decade the cutting rate in Estonian forests is from 7 to 11 mill m³ per year. The amount is in line with sustainable development principle when the cutting rate doesn't 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 1992 and joined the International Union for Conservation of Nature (IUCN) in 2007. There are no CITES or IUCN protected tree species naturally growing in Estonia.

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

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

Estonia is a member of the European Union since 2004. The Estonian legislation complies with the EU's legislative framework and directives. National legislative acts refer 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. Additional information is available in SBR of the

company, available at: http://www.latgran.com/uploads/faili/sbr_2016-08_final_latgran_jp_lv.pdf

5.3 Detailed description of Supply Base

- Total Supply Base area (ha): ~14,3 million ha forest land (all regions included in Supply Base report))
- Tenure by type (ha): ~ 13.2 million ha state; ~1,1 million ha private
- Forest by type (ha): Boreal/Hemi boreal ~14,3 million ha.
- Forest by management type (ha): Managed semi-natural ~14,3 million ha.
- Certified forest by scheme (ha): FSC ~11,7 mill ha ; PEFC ~10,9 mill ha (includes overlap)

Quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report: http://www.latgran.com/uploads/faili/sbr_2016-08_final_latgran_jp_lv.pdf

5.4 Chain of Custody system

The feedstock sourced is either Roundwood of low-quality (pine, spruce, birch, aspen, black alder, and willow) or secondary feedstock such as saw dust and wood chips. The feedstock is sourced from Latvia and some minor part of feedstock is sourced from Lithuania and indirectly - Belarus and Estonia. The feedstock is delivered by trucks. Some share of the delivered roundwood is FSC 100%, 100% PEFC certified or FSC Controlled Wood, whereas the rest supplies are non-certified and are included in company's own program of verification of controlled material suppliers.

Each delivery is checked at the entrance (delivered round wood and secondary feedstock is measured at check-point, and measurement data is entered into company's database) and later on the purchasing documents are checked by the accountant to verify the correctness of the FSC claim recorded in the internal accounting system. Once the material is received as certified it can be added to the credit account.

The organization has implemented FSC credit system. Material which would be received as SBP compliant through supply base evaluation would be added to this credit account as well but would be kept in a separate column which would provide assurance that this material (which is not FSC certified) does not enter to FSC credits.

Wood pellets are loaded to containers and delivered to different seaport by trucks. The sales are taking place at the seaport and the sales documents are issued just before the vessel is loaded.

6 Evaluation process

6.1 Timing of evaluation activities

Prior to the current evaluation the following evaluations had been conducted:

- Onsite pre-assessment was conducted on June 2-3, 2015;
- Onsite assessment was conducted on November 10-11, 2015;
- The assessment (without SBE) has been conducted during the time period from September 19, 2016 to September 23, 2016;
- Harbour terminals had been visited in on November 7, 2016
- Scope change audit, including evaluation of SBE system on November 22-24.

The scope change audit to include SBE with both primary and secondary material was carried out on 22nd and 23rd November, 2016 and it included visit of the SIA Latgran Jēkabpils site, and audits to 9 suppliers, including sub-suppliers/contractors. 2 days in total were used for this evaluation – 0.5 day of preparations, 0.5 day at the BP site and 1.5 day for supplier audits at the FMU level.

In total (for first and second part of the evaluation taking part in year 2016: 11 days in total were used for the evaluation (including assessment and scope change audit) – 1.5 day of preparations, 7.5 day at the BP sites (including Jēkabpils, Jaunjelgava, Gulbene and Krāslava factories), 0,5 day for harbour visits and 1.5 day for supplier audits at the FMU level (SBE system).

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Office	GK (at presence of OP and LS	19.09.2016 09.30-10.00
Interview with SBP responsible person Review of procedures, documents and interviews with responsible staff (review of the CoC system control point, mass balance, management system, verification of SBP compliant feedstock). Implementation of mitigation measures, SBP Risk Assessment, Supplier verification program.	Office		10.00-12.00

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		15:00 - 16:00
Internal team meeting	Office		16:30-17:00
Presentation of the results of the first day of assessment	Office		17:00-17:30
Opening meeting	Office		20/09/2016 09:00-09:15
Chain of custody review (site tour); interview with material acceptance department, warehouse and production responsible workers	Production facilities		9:15 – 12:00
Secondat supplier audit Evaluation of the organization doing field verification audit at the selected supplier	Supplier site, FMU (SIA Jubergs, SIA MV Tara)		13:00 – 16:30
Internal team meeting	Office		16:30 – 17:00
Closing meeting of the first 2 days of the evaluation	Office		17:00 – 18:00
Supplier audits, visit of Krāslava site	Krāslava production site and supplier secondary feedstock origin confirmation audits (Ludzenieki SIA/ Juer SIA, MavexSIA, Kunkuli timber, Kara V, Duglāzija SIA)	OP	21/09/2016 9.00-18.00
Supplier audits, visit of Gulbene site	Gulbene production site and secondary feedstock origin confirmation audits SIA Taides, Vasks, Ozoli LG (SIA Vasks FSc sub-supplier), VMS Timber SIA, Hansa timber trade SIA, AD Laiks SIA	OP	22/09/2016 9.00-17.00
Supplier audits, visit of Jaunjelgava site	Jaunjelgava production site and secondary feedstock supplier origin		23/09/2016 9.00-16.00

	confirmation audits (ASP Plus, Billerudkornas MV Tara)		
Closing meeting for the last 3 days of the evaluation	Jaunjelgava site	OP	23.09.2016 16.00-16.30
Opening meeting in logistic office of the company,	Freja terminal	OP	7.11.2016 9.00-9.15.
Visiting of RUT, Freja , B Port terminal, interview with logistic manager and terminal staff		OP	9.15-14.30
Activity	Location	Auditor(s)	Time
Opening meeting*	Office	GK, OP, LS	22/11/2016 10.00- 10.30
Interview with SBP responsible person, review of documentation, procedures. SBP Risk Assessment, implementation of mitigation measures, Supplier verification program.	Office	OP	10.30- 12.30
Lunch break			12:30-13.00
Evaluation of supplier of secondary feedstock Witness audit of organization supplier audit	Supplier audits: SIA Ošukalns, primary and secondary feedstock sub-supplier (2 sites); SIA Jubergs: supplier of primary feedstock (1 site) Inspection of 3 FMUs: evaluation of Health and Safety risk mitigation measures in on-going manual harvesting works (1 FMU), evaluation of HCV risk mitigation measures (2 FMUs)	GK, LS	11.00 – 16.00
	Supplier SIA DLLA (Jaunjelgava), evaluation of secondary feedstock supply procedures, interviews to responsible staff	OP	
Evaluation of supplier of secondary feedstock:	Supplier SIA MU Tara (Jaunjelgava), evaluation of ``secondary feedstock	GK, LS	23/11/2016 9.00-10.00

Evaluation of supplier of primary feedstock (harvesting company) Witness audit of BP supplier audit	supply procedures, interviews to responsible staff Supplier Pallogs SIA, evaluation of secondary feedstock supply procedures, interviews to responsible staff Supplier Marters SIA, evaluation of secondary feedstock supply procedures, interviews to responsible staff		10.00-15:00
Visit of Jaunjelgava production storage place, staff interview Evaluation of supplier of secondary feedstock: Evaluation of supplier of primary feedstock (harvesting company) Witness audit of BP supplier audit	Supplier Sinda VR SIA (office and production site), evaluation of broker activities secondary feedstock supply procedures, interviews to responsible staff Supplier KS Kriškalni SIA, evaluation of secondary feedstock supply procedures, interviews to responsible staff	OP	24/11/2016 9.00-14.00
Lunch break			15:00-15.30
Resolving of remaining issues, questions, interview to responsible person	Office	GK, OP, LS	15:30-17:00
Closing meeting	Office	GK, OP, LS	17:00-18:00

Auditor team: 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 as well as were reviewed during the desk verification conducted prior to the assessment. Auditing team was welcomed in Latgran Jaunjelgava production site in Jaunjelgava. Audit began with an opening meeting attended by the responsible persons - quality manager and managing director. Also witness auditor was presented to the whole evaluation process.

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 the reason why SBP representative is taking part on opening meeting as well as the whole evaluation.

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 (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 pellet production was undertaken. During the site tour reception process was observed, applicable records reviewed, pellet factory staff was interviewed and FSC system critical control points were analysed.

In the afternoon of the second day field audit done by the organization with focus to evaluate the fulfilment of the health and safety requirements (as the other mitigation measures were already evaluated) by one of the roundwood supplier.

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.

Change of scope audit (SBE for primary and secondary feedstock)

Change of scope audit was carried out as an onsite audit in SIA Latgran Jēkabpils production site where the primary and secondary supplier verification program and mitigation measures implemented were evaluated to be included in the scope of the SBP certificate.

The audit began with an opening meeting, where the lead auditor introduced the auditing team, 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 overall responsible person for SBP system and over responsible staff (plant manager, production manager, accountant, assistant of the accountant) having key responsibilities within the system were interviewed.

Documented procedures for secondary feedstock supplies with the SBE system, contracts with suppliers containing requirements on health and safety as well as requirements on evaluation and protection of high conservation values have been evaluated and discussed with responsible staff at the company. The site tour with

interview of the workers at the reception took place with aim of introducing the lead auditor to the site, interview staff involved in material reception as well as evaluation risk mitigation measures related to indicator 2.1.2. After that a roundtrip around BP's pellet production was undertaken. During the site tour reception process were observed, applicable records were reviewed, pellet factory staff was interviewed and FSC system critical control points were analysed. System for identification of material coming from Woodland Key Habitat was evaluated at the reception as well.

Upon completing evaluation of documented procedures and records, the sampling of the suppliers took place. It has been chosen to verify the secondary feedstock suppliers that have been approved by the BP as "approved suppliers of secondary feedstock". At the time of the audit 3 primary suppliers (logging companies) and 6 secondary producers had been visited. The group of secondary producers consists of: 4 independent sawmills (selling secondary feedstock directly to Latgran), 1 broker-trader owning own production capacities and 1 sub-supplier of the secondary material. 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 responsible persons at the company – procurement manager and executive director.

Auditor team information:

Auditor(s), roles	Qualifications
Initial assessment	
<p>Ģirts Karss, Riga, Latvia</p> <p>Lead Auditor, evaluation against all applicable requirements</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.</p> <p>Ģirts Karss has participated in more than 20 FSC forest management assessments and annual audits in Latvia, Lithuania and Russia. Ģirts has passed the SBP auditor training.</p>
<p>Oļesja Puišo, Riga, Latvia</p> <p>Witness auditor</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.</p> <p>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 on several SBP assessments in Latvia and Lithuania.</p>
<p>Liene Suveizda, NEPCon Latvia, 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". Long term experience in forestry sector in Latvia. Liene has passed the NEPCon lead assessor training course in FSC Forest Management and</p>

	FSC Chain of Custody operations and obtained the FSC lead auditor qualification.
Scope change audit	
Oļesja Puišo, 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 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.
Ģirts Karss Lead Auditor, SBE evaluation	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 3 SBP assessments in Latvia.
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". 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.

6.3 Process for consultation with stakeholders

Main assessment

The stakeholder consultation was carried out by the Certification Body on 11th of August, 2016 by sending direct email to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions.

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 conducted stakeholder consultation process that began on 12th of August 2016. 69 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. 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 stakeholder consultation was carried out by the Certification Body on October 24, 2016, by sending out notification (via direct email) to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions.

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 for the SBP scope change audit, where SBE is added to the scope. No comments were received but the stakeholders confirmed that they have been involved in the stakeholder consultation of the BP and they agree with the results.

7 Results

7.1 Main strengths and weaknesses

Strength: SBP system elements were being implemented at the time of the assessment. Use of the FSC credit system. Efficient recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members. SBE processes are well documented; main database for material balances is well maintained and all relevant information can be reported. The BP has provided training to primary and secondary feedstock suppliers and sub-suppliers through a number biotope identification and health and safety training courses with respected Latvian experts and trained their suppliers. Strong commitment in implementation of SBP system and positive approach has been observed during the audit.

Weaknesses: See additional information in NCR section of the report.

7.2 Rigour of Supply Base Evaluation

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

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

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

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

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

7.3 Compilation of data on Greenhouse Gas emissions

The organization has been previously certified according the Green Gold Label standard and therefore many of the emission data were already in place when starting the preparation process for the SBP assessment. BP has implemented a system to collect and record data on Greenhouse Gas emissions. During the initial audit (main assessment), the BP has made detailed overview of the systems and databases to collect and record such data. Evidence was provided to auditors. During this scope change audit, no additional data was added.

7.4 Competency of involved personnel

The Supply Base Evaluation system is implemented by internal personnel of the company, trained and supervised by responsible person at the Graanul Invest group companies in Latvia. Internally there are different staff members responsible for different aspects of the SBP certification. Ms Līga Hermāne who is also responsible for FSC and other certification systems holds the overall responsibility for SBP and SBE system. She has extensive knowledge of the SBP requirements especially in area of energy and emission data, chain of custody or definition of material origin.

Procurement manager is responsible for all procurement and supplier related issues, accountancy staff is responsible for recordkeeping, accounting, mass-balance account, receptionists are responsible for incoming material reception, moisture measurements, operators – responsible for moisture measurements.

All involved personnel, including responsible staff at suppliers and sub-suppliers have demonstrated good 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 scope extension audit. Qualification requirements for personnel involved in SBE system are provided in documented procedures of the BP.

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

7.5 Stakeholder feedback

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

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

7.6 Preconditions

For details see the major non-conformities issues in section “10 – Non-conformities and observations”. No open preconditions related to this evaluation exist.

8 Review of Biomass Producer's Risk Assessments

8.1 Risk Assessment for Latvia

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

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

Table 1 Risk ratings for SBP SBE Indicators for Latvia

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 for Latvia

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 3 are taken from the approved risk assessment, where one indicator has been evaluated as specified risk (indicator 2.1.2).

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

Table 3 Final risk ratings of SBP SBE Indicators 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 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
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 Latgran (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 et al 2002). The tool has been verified in field verification process that took place (carried out by licenced forest ecology, biodiversity experts) to verify the correctness of the methodology and the algorithm implemented. Five different areas in Latvia were visited (each area ca. 200 ha) which have proved that the tool shows correct data and the WKH is not present in the "green areas".

Indicator 2.1.2 (HCVF category 1):

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

Each supplier is required to evaluate all sites prior to harvesting and evaluate the presence of Woodland Key Habitats, large diameter nest or protected bird species. Interviews with suppliers as well as review of records showed that the procedure is followed by approved suppliers. In case of longer supply chains, e.g. primary processors supplying secondary feedstock or traders/brokers, supplier of material to BP shall make necessary risk mitigation measures to assure that the feedstock can be considered low risk. In case of sub-suppliers, supplier shall verify that the material supplied by sub-supplier is not being sourced from areas with WKHs and with appropriate H&S risk mitigation.

BP is monitoring 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):

Each supplier is checking the area designated for harvesting in the database mentioned above. In case the area is identified "red" (having potential woodland key habitat), the supplier cannot harvest the site without evaluating the site by trained personnel and filling in the WKH inventory checklist (developed by forest ecology expert from Latvia and agreed with prominent Latvian environmental NGOs and biotope experts). In case the Latbio tool would show that there is no presence of WKH (i.e. "green" area), the site does not need to be checked "in vivo". The interview with the supplier representatives as well as verification audits to "red" areas during the scope change audit showed that the process is followed, records are kept and the evaluation is of sufficient quality.

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

Secondary feedstock suppliers are sourcing raw materials from Latgran SBE approved and not SBE approved suppliers. Mass- balance system is implemented. Only SBE approved suppliers can give its input to the SBE mass balance and only after suppliers are approved by Latgran. List of approved primary suppliers is available at Latgran homepage.

Indicator 2.1.2 (HCVF category 6):

The specified risk is for this sub-indicator is connected with noble tree species with large diameter which might be coming from old manors, parks or tree alleys having cultural heritage value. The BP has implemented procurement policy that noble species will not be sourced and in case it will be the diameter can't exceed 70cm. The interview with the receptionist as well as site tour through the storage area proved that no noble tree species are received. This procedure is also followed by suppliers of secondary material (sawmills and brokers/traders) by applying BP's procedure.

Indicator 2.8.1:

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

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

The supplier audits are conducted by the BP itself. In addition to this sub-suppliers and sawmill are conducting internal audits for their suppliers. BP does verify supplier audits methodology and conducts audits together with sawmills/ sub-suppliers with an aim to make sure supplier audits are done in the sufficient quality.

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	NC Classification: Minor
Standard & Requirement:	<p>SBP Standard 2 (ver. 1.0), requirement 6.3.</p> <p>6.3 The BP shall ensure that the place of harvesting is within the defined SB.</p> <p>Note: 'Place of harvesting' in the standard means the place of growth of the feedstock, i.e. the location of the tree stump</p>
Report Section:	Appendix B p.1.4.
Description of Non-conformance and Related Evidence:	
<p>Place of harvesting for primary feedstock is confirmed based on the information from the delivery notes.</p> <p>3 methods are used by the BP with an aim to collect origin information for secondary feedstock: supplier agreements, origin information in the delivery notes and supplier audits.</p> <p>As for the secondary feedstock the Supply Base restrictions to Latvia, Lithuania, Estonia and for few suppliers also Belarus is specified in the agreements with suppliers.</p> <p>In addition to this majority of the suppliers are stating origin in the delivery notes (however, it was identified that this requirement is not followed by few of the suppliers: for instance supplier "Gaujas koks" SIA).</p> <p>In addition to this, BP is conducting supplier audits with the aim to make sure wood is originating within the designated Supply base.</p> <p>According SBP procedures and interviews of the responsible staff each active primary producer (including supplier and sub-suppliers) will be visited at least once in a year. At the date of the assessment there were 8 direct and 3 indirect suppliers (traders/brokers) to Jaunjelgava production site. It was identified during the audit that the audit program was not fully implemented: 5 direct suppliers out of 8 had been audited, and 1 indirect suppliers had been audited.</p> <p>Since not all the supplier/ sub-supplier audits have been conducted at the time of the assessment, a minor NCR 01/16 is issued.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	By next audit, but not later than 12 months from the report finalization
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

NCR: 03/16 ()	NC Classification: Minor
Standard & Requirement:	SBP Standard 2, requirement 15.3 The BP management system shall document all necessary procedures
Report Section:	Appendix B, p. 3.3.
Description of Non-conformance and Related Evidence:	
<p>The BP has established a written procedure for all SBP requirements named “Koksnes piegādes ķēdes vispārīgie principi” (General Principles in Wood Supply Chain). 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, Biomass Profiling Information, List of secondary feedstock suppliers, mechanism of Green House Gas calculation, use of SBP logo etc.).</p> <p>Auditors carefully 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. Procedure review showed also that there are a number of inaccuracies regarding processes, documentation and responsibilities in the organization’s SBP procedure. In particular: responsibilities outlined in the chapter 6 (documented procedure P-COC-1 “Koksnes piegādes ķēdes procedūra”) does not fully reflect the actual situation. Qualification requirements for personnel involved in the SBP is not fully covered. Methodology of internal audits is not provided in documented procedures. Requirements of DSL system and conditions for its implementation are not covered by the documented procedures. Although identified inaccuracies in documented procedures do not present integrity risks to SBP system in the organization, and therefore auditors have decided to raise a minor NCR.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	By next audit, but not later than 12 months from the report finalization
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN

Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
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NCR: 06/16 ()	NC Classification: Minor
Standard & Requirement:	<p>SBP Standard 4, requirement 5.4.1</p> <p>5.4.1 Biomass supplied with an SBP claim shall, in addition to meeting the requirements specified in the SBP-approved CoC system being implemented, be supplied with the following information:</p> <ul style="list-style-type: none"> a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product – this must correspond to the description of the product given in the input and output records <p>The quantity of the products sold with specific batch data</p>
Report Section:	Appendix C p.4.1.
Description of Non-conformance and Related Evidence:	
<p>Review of documented procedures show that requirement to provide quantity of the products sold with specific batch data is not included in organization's documented procedures. Interview to responsible person at the organization reveal that she is familiar with particular standard requirement. A minor NCR raised.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	By next audit, but not later than 12 months from the report finalization
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

NCR: 08/16 (13111)	NC Classification: Minor
Standard & Requirement:	SBP Standard 4, requirement 5.3.3 5.3.3 All calculations, including data of inputs and outputs, must be site specific and shall not be combined between different sites. A 'site' is defined as 'one geographical location with precise boundaries within which products can be mixed'. A site is not a collection of facilities that are located in different geographical locations, even if that is in the same region. A site can include multiple silos or tanks in the same physical location.
Report Section:	Appendix C, p.3.3.
Description of Non-conformance and Related Evidence:	
According to information from responsible person at the BP, production (pellets) is transported to port terminals operated by the BP. Physical mixing of pellets from several factories, sites of BP takes place in the terminal while being stored in warehouse. The BP maintains FSC/PEFC credit volume control system in each site. According to responsible person at the BP, volume of pellets transported to port terminal is registered and the corresponding credit volume is deducted from credit account of site upon loading the pellets in ships. It is not clear, however, from documented procedures of the BP and interview to responsible person how the organization can maintain site specific output volume calculation in conditions of mixing of certified pellets from several sites in port terminal.	
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

NCR: 09/16 ()	NC Classification: Minor
Standard & Requirement:	SBP Standard 2, requirement 10.1 Sub-scopes within the SB may be defined by BPs to enable the SBE to be implemented more effectively. Sub-scopes may be defined by a variety of parameters such as geographical or ecological attributes of the SB, or operational factors. Where a Supply Base covers more than one country (or regions where different legislative jurisdictions apply) then each must be considered a separate sub-scope. The use of sub-scopes will

	enable different mitigation measures to be put in place for feedstock with differing characteristics and risk profiles. Examples of a sub-scope include; feedstock supplied by a single supplier; feedstock harvested from a particular habitat type; a geographical area covered by a SBP-approved Forest Management Scheme from which the BP receives feedstock that does not carry a SBP-approved Forest Management Scheme claim (10.1)
Report Section:	Appendix B p.4.1
Description of Non-conformance and Related Evidence:	
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. 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.
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

NCR: 10/16 ()	NC Classification: Minor
Standard & Requirement:	SBP Standard 2, requirement 16.1: Where an Indicator is rated as Unspecified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk
Report Section:	Appendix B p.9.1.
Description of Non-conformance and Related Evidence:	
<ul style="list-style-type: none"> Field inspections during the scope change audit and interviews to supplier responsible persons show that all suppliers are evaluating for presence of large diameter bird nests in so called "red areas" or areas that show potential presence of WKH in Latbio database. As can be concluded from interviews to suppliers of primary feedstock, some suppliers do carry out evaluation of WKH checklist, including bird nest presence for all forest plots before commencing harvesting works, but there are suppliers which carry out verification of presence for large bird nests in "red areas" only because SBP SBE requirements are not integrated in their forestry procedures. If all plots are not checked for presence of bird nests prior to harvesting and documented, the system would not provide full assurance on effectiveness of risk mitigation measures regarding bird nesting sites (identification and preserving). A minor NCR raised. 	

- 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 same approach is used by sawmills and traders as they are applying the same procedure developed by the BP.

Field inspections at suppliers showed that this requirement is followed in general. The interview with the receptionist at the BP as well as site tour through the storage area showed that large diameter and noble tree species are actually received in minor amounts. It has been explained by the responsible person, that large diameter trunks are received with certified material loads. Inconsistency with BP's documented procedures has been identified and a minor NCR 10/16 raised.

- Primary processors carry out risk mitigating measures either by sourcing primary material from BP's approved suppliers (companies already verified and approved by any of the Graanul Invest/Latgran sites as supplier of primary feedstock), which carry out risk mitigation measures and supply the material as corresponding to requirements of Graanul Invest ("GI atbilstošs"); or by verifying the suppliers themselves. Primary processors account Graanul Invest compliant material ("GI atbilstošs") (material that has been sourced by mitigating risks), using mass balance principles – credit system. This mean that only the share of secondary material that has been produced from Graanul Invest compliant primary material can be supplied to BP as "GI atbilstošs" or low risk material.

It has been noticed by auditors in supplier audits that secondary feedstock suppliers (sawmills) for "Graanul Invest compliant" secondary feedstock credit accounting use general (average) conversion factors that are based on experience, instead of actual, documented and calculation based conversion factors. A minor NCR 10/16 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.
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

NCR 11/16	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	SBP Standard 2: Verification of SBP-compliant Feedstock SBP 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 230 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 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 and the same approach is used by biomass processors in Estonia. See risk mitigation measures for material sourced from Estonia in Section 9.

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

OBS: 01/16 (change of scope audit)	Standard & Requirement:	SBP Standard 2 V1.0 requirement 2C, 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)
	Report Section	Appendix A p 2.8
Description of findings leading to observation:	The SBR was presented was using the latest template of the document. Most of the features were covered. During the review of the SBR it was identified that not-applicable standard nr.6. is mentioned in SBR. Number of forest related terms are translated in a wrong way and are inaccurate.	

Observation:	The organization should should review the SBR and made above mentioned updated of the SBR
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OBS: 02/16 () (change of scope audit)	Standard & Requirement:	SBP Standard # 2, requirement 15.7 15.7 Relevant personnel shall be informed promptly of any changes to management systems.
	Report Section	Appendix A p.3.7.
Description of findings leading to observation:	Interview to receptionist at the BP gate showed that he is not fully aware of actual version of documented procedure related to SBP requirements for feedstock reception process. Two different versions of feedstock reception procedure were available at the gate at the time of audit. One related to FSC requirements and the other one – SBP.	
Observation:	It is recommended to ensure that only one documented procedure is used that contains all the requirements related to the feedstock reception process to exclude misinterpretations caused by different versions of documents.	

OBS: 03/16() (change of scope audit)	Standard & Requirement:	SBP Instruction document 5A V1.0, requirement 4.2.1: 4.2.1 An average moisture value should be provided per category of feedstock. (5a, 4.2.1)
	Report Section	Appendix C p 5.2.1
Description of findings leading to observation:	Sawdust and woodchips are used for pellet production. Average moisture feedstock entering the production is not reported as per category of the feedstock, but for both types of feedstock together. Moisture is measured on entry of the production site; Measurements are done for all feedstock categories together;	
Observation:	The organization should implement the system of measuring the moisture per category of feedstock.	

OBS: 04/16 (change of scope audit)	Standard & Requirement:	SBP Instruction document 5A V1.0, requirement 5.2.2. 5.2.2 The legal owner should provide an annual overview of the quantity of biomass handled by the facilities involved, as well as the annual fuel and/or power use of those facilities. Supporting material shall include: fuel invoices, power invoices, meter readings and fuel logbooks. The operator shall
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		calculate the specific consumption during the reference period. (5a, 5.2.2)
	Report Section	Appendix C p 6.2.
Description of findings leading to observation:	Storage and handling data is provided for each storage site in harbours. The data was obtained by the logistic manager. The data is based on fuel and energy used consumption by the harbour stevedore, including data about the weight of the biomass handled in each facility. The data from B Port and Freja is obtained in year 2015, data from other harbours have not been updated since year 2014.	
Observation:	The organization should update data from suppliers on regular basis and keep the data accurate.	

OBS: 05/16 () (change of scope audit)	Standard & Requirement:	SBP Standard 2, requirement 16.1: 9.1 Where an Indicator is rated as Unspecified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk (16.1)
	Report Section	Appendix B p 9.1.
Description of findings leading to observation:	No substantial deficiencies with regard to health and safety issues have been observed in the second part of audit in field inspections by both BP and auditors. In few cases helmets with expired period of validity (i.e. older than 5 years) has been noticed. An observation OBS 05/16 raised.	
Observation:	Contractors should check the period of validity for personal protective gear and do use personal protective gear with expired period of validity.	

OBS: 06/16 () (change of scope audit)	Standard & Requirement:	SBP Standard 2, requirement 16.1: 9.1 Where an Indicator is rated as Unspecified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk (16.1)
	Report Section	Appendix B p 9.1.
Description of findings leading to observation:	It has been observed by auditors during supplier auditors that sawmills have initiated accounting for Graanul Invest Compliant secondary feedstock material ("GI atbilstošs") and already have been accumulating credit for (few) months. It has not been explained by the BP to suppliers, that current credit of Graanul Invest compliant material is not valid and suppliers can begin accumulating the credit only from the moment when BP receives SBP certificate with SBE in	

	the scope of certificate. Company is familiar with requirement to deduct all volumes accumulated before the certificate is issued.
Observation:	Suppliers can begin accumulating the credit of Graanul Invest compliant secondary feedstock only from the moment when BP receives SBP certificate with Supply Base Evaluation for secondary feedstock in the scope.

OBS 07/16 () (change of scope audit)	Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock - 18.3 11.3 The SBR shall present findings, Means of Verification and Evidence Reviewed for each Indicator. The risk rating for each Indicator shall be stated. (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 section10). SBR contains 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 specific risk assessment version.	
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.	

10.1 Closed Non-Conformity Reports (NCRs)

NCR: 02/16 () (initial assessment)	NC Classification: Minor	
Standard & Requirement:	SBP Standard 2 (ver. 1.0) Annex 2c requirement 2.1 2.1 The SBR shall be made available in English, and at least one official language of the country in which the BP is located. (2C, 2)	
Report Section:	Appendix A p.2.6.	
Description of Non-conformance and Related Evidence:		
The copy of Supply Base Report that was provided to auditors at the time of audit the SBR was available in Latvian only. Version of the Supply Base Report in English was not available.		
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 from the report finalization	
Evidence Provided by Organisation:	Supply Base Report	
Findings for Evaluation of Evidence:	At the time of the scope change audit, the Supply Base Report was available both in English and Latvian.	
NCR Status:	CLOSED	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

NCR: 04/16 ()	NC Classification: Major
Standard & Requirement:	SBP Standard 2, requirement 19.1., 19.3 12.1 The BPs shall implement measures to support the credibility of the SBR, appropriate to the context of the supply base, SBE and the BP. (19.1)
Report Section:	Appendix A p.12.1.

Description of Non-conformance and Related Evidence:		
<p>The content of Supply Base Report is appropriate to the context of the supply base and therefore may be considered as credible. Credibility of the report shall be supported by the independent peer review process. The version of Supply Base Report that has been provided to auditors during the audit has not undergone review of independent and competent peer reviewer, having significant international experience. Peer reviewer comments either in written or verbal were not provided to auditors during the assessment audit. Public consultation over the report was started at September 8, 2016 and is not completed.</p>		
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>	
Timeline for Conformance:	By next audit, but not later than 12 months from the report finalization	
Evidence Provided by Organisation:	Supply Base Report, peer review documents	
Findings for Evaluation of Evidence:	<p>Second part of the audit , November 2016: The content of Supply Base Report is considered appropriate to the context of the supply base and therefore can be evaluated as credible. Credibility of the report is supported by the independent peer review process. Supply Base Report has been reviewed by for independent and competent peer reviewer having significant international experience: Jānis Rozītis Director of WWF Latvia; Henrik Välja Managing Director of Estonian Forest and Wood Industries Association and Sigitas Girdziušas- Lithuanian Agricultural University, Master of Forestry, forestry specialist. Peer reviewer comments were reviewed during the assessment.</p>	
NCR Status:	Closed	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

NCR: 05/16 () (initial assessment)	NC Classification: Minor
Standard & Requirement:	SBP Standard 2, requirement 19.2 19.2 The SBR shall be signed off by senior management in all cases.
Report Section:	Appendix A p.12.2
Description of Non-conformance and Related Evidence:	
BP provided English version of the Supply Base Report, which is also accessible online at the BP homepage. The Supply Base Report has not been signed by senior management of the	

Organization. It has been explained by the responsible person that senior management representative is in vacation and was not able to sign the document.		
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>	
Timeline for Conformance:	By next audit, but not later than 12 months from the report finalization	
Evidence Provided by Organisation:	Signed version of the SBR	
Findings for Evaluation of Evidence:	Signed version of the SBR was provided shortly after the assessment. The report was signed by production manager Martins Zvejnieks.	
NCR Status:	Closed.	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

NCR: 07/16 () (initial assessment)	NC Classification: Major
Standard & Requirement:	SBP Standard 4, v1.0, Instruction note 4B, 1.2
Report Section:	Appendix B p 9.1
Description of Non-conformance and Related Evidence:	
The organization has not signed the SBP TMLA at the moment of 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:	Prior to certification
Evidence Provided by Organisation:	Trademark Licence Agreement
Findings for Evaluation of Evidence:	The organisation provided signed trademark licence agreement.
NCR Status:	Closed

Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?

Yes ☐ No ☒

11 Certification decision

Based on Organisation's conformance with SBP requirements , the auditor makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification approved: Upon acceptance of NCR(s) issued above
<input type="checkbox"/>	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after NEPCon will obtain approval of the report from SBP. The expiration of the certificate will be then 5 years.	
Certification decision by: Ondrej Tarabus	
Date of decision: 30th January 2017	

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))	Līga Hermane, Latgran Quality manager
Auditor(s):	Ģirts Karss, Lead auditor, Oļesja Puišo, auditor Liene Suveizda, auditor in training, local expert
People Interviewed, Titles:	<p>Līga Hermane, Latgran Quality manager Mārtiņš Zvejnieks, Latgran Production manager Mareks Latkovskis, Latgran wood product procurement manager; Dainis Lūkins, procurement manager Grannul Invest SIA; Gatis Virsis - Reception worker Laura Ozolina –accountant Guntars Rotkajs - Warehouse worker Valdis Sitals - Chipping machine operator Sanita Krupnika- head accountant; Linards Jaunzems- logistic manager</p> <p>Interviewed responsible staff at Jaunjelgava production site: Kārlis Bērziņš, receptionist Jaunjelgava site; Mairis Gobrans, operator Jaunjelgava site Artis Gobrāns, tractor driver.</p> <p>Interviewed suppliers of primary and secondary feedstock within the SBE process: Aivars Umbraško, forest foreman at SIA Ošukalns (supplier of primary material); Ivars Bernāns, forest foreman at SIA Jubergs (supplier of primary material); Jānis Beinārs, shift manager at SIA (primary processor - sawmill); Elmārs Švirksts, member of the board at SIA Pallogs (primary processor – sawmill) and responsible person at Martas SIA (primary processor – sawmill); Jurģis Krauklis, SIA Sinda V R Board member; Ilze Puiše, SIA Sinda V R recordkeeper; Jānis Biķis, SIA DLLA foreman; Iveta Alle, SIA DLLA Accountant Natālija Iesalniece, SIA DLLA head accountant</p>

	<p>Interviewed harbour/port personnel:</p> <p>Viesturs Ošenieks, SIA Freja valdes loceklis;</p> <p>Sandijs Ronis, receptionist Freja terminatl</p> <p>Nina Bogdane, stock controller Rinuži terminal;</p> <p>Ludmila Maliskina, stock Controller B Port</p> <p>Artūrs Batraks. B Port manager</p>
Brief Overview of Audit Process for this Location:	See section 2.1
Comments:	N/A