

SBP

Sustainable Biomass Partnership

NEPCon Evaluation of Varpa SIA Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit & Scope Extension Audit

www.sustainablebiomasspartnership.org



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

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

Document history

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1 Overview

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Report completion date: 02/May/2017, scope change audit: 29/Aug/2017

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Certificate Holder: SIA Varpa, Kaplava, Kaplava Parish, LV-5668, Kraslava District, Latvia

Producer contact for SBP: Bernardis Baranovskis, b.baranovskis@varpa.eu, +371-65626653

Certified Supply Base: Sourcing from Latvia, Lithuania and Belarus, SBE system for Latvia only

SBP Certificate Code: SBP-01-14

Date of certificate issue: 24/Mar/2016

Date of certificate expiry: 23/Mar/2021

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 type="checkbox"/>	<input checked="" 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 Kaplava, Kraslava region, and office in Kraslava, and temporary storage place in Riga (Mangalsala) harbour.

The Organisation holds valid FSC Chain of Custody and FSC Controlled wood certificate, covering pellet production.

The input material used by the organisation for biomass production (both as raw material for pellet production and feedstock used into dryer) contains primary, secondary and tertiary feedstock supplied by suppliers from Latvia, Lithuania and Belarus.

All inputs materials delivered to the pellet production plant are FSC certified (FSC 100% FSC Mix Credit), FSC controlled (FSC Controlled Wood) or included in the Organisation’s verification system of controlled material sources against FSC-STD-40-005 (controlled material). Feedstock used in the biomass production originates from Latvia, Lithuania and Belarus.

Scope: Production of wood pellets, for use in energy production, at Varpa SIA Kraslava District, Kaplava Parish and transportation to harbours in Riga (Incoterms FOB Riga). The scope of the certificate includes Supply Base Evaluation, covering primary and secondary feedstock originating from Republic of Latvia.

Scope Item	Check all that apply to the Certificate Scope		Change in Scope (N/A for Assessments)
Approved Standards:	<i>SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0</i> <i>SBP Standard #1 V1.0</i> https://sbp-cert.org/		<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 checked="" type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Post-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 type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>
	<input type="checkbox"/> Transfer	<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit		<input type="checkbox"/>
Points of sales	<input checked="" type="checkbox"/> Harbour – Permanent storage (Storage site)	<input type="checkbox"/> Harbour – Temporarily storage (Logistic site)	<input 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	Port of Riga (Mangalsala)	- - -	- - -		
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 type="checkbox"/>
	New districts approved for SBP-Compliant inputs: Primary and secondary feedstock originating from Latvia.				
Sub-scopes	none				<input type="checkbox"/>
Specify SBP Product Groups added or removed: no changes					
Comments:					

3 Specific objective

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

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the production processes,
- Production and storage site visits in Kraslava parish;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis and review of the applicable reports;

Scope change evaluation covered:

- Review of the BP's management procedures, including requirements designated in SBP standard SBP Standard #1 V1.0
- Review of the updated Supply Base Report;
- Review of Public Consultation of the risk assessment process;
- Review of the risk assessment results;
- Evaluation of mitigation measures implemented for both primary and secondary feedstocks;
- Field visits of the primary and secondary feedstock suppliers;
- Interviews with responsible staff;
- Review of the reports and records.

4 SBP Standards utilised

4.1 SBP Standards utilised

Annual audit:

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

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

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

Instruction documents 5A, 5B, 5C version 1.1, October 2016

www.sbp-cert.org/documents

Scope change audit:

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

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

4.2 SBP-endorsed Regional Risk Assessment

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

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

SIA Varpa is a biomass producer with a production and storage site located in Kaplava, Kraslava region, office situated in Kraslava and storage site situated in Riga (Mangalsala) harbour.

SIA Varpa also owns sawmill and joinery situated next to the pellet production plant. SIA Varpa is producing industrial quality wood pellets.

BP is sourcing primary, secondary and tertiary feedstock for its pellet production. Pellets are produced from primary feedstock (firelogs – both conifer and broadleaf, forest chips coming from log in-forest chipping) secondary feedstock: (wood industry residues: sawdust, wood chips) and tertiary (shavings). Bark, forest residuals are used into the biomass drier.

Feedstock is delivered from Varpa SIA own primary and secondary production site as well as from Latvian and Lithuanian suppliers. Feedstock is originating from Latvia, Lithuania and Belarus. BP is avoiding suppliers, sourcing raw materials outside the designated supply base.

All Feedstock types are delivered to the pellet plant by road transport.

Incoming feedstock used into the production and in biomass drier is either FSC certified (FSC 100%, FSC Mix Credit), FSC controlled (FSC Controlled Wood) or included in the Organisation's verification system of controlled material sources against FSC-STD-40-005 (controlled material) – the last one, is applicable for feedstock originating from Latvia and Lithuania. Only FSC certified feedstock (FSC 100% or FSC Mix Credit) from Belarus is accepted. Information about the feedstock origin is available "Information access agreements", signed with feedstock suppliers. As a part of the origin Verification and confirmation program BP is conducting supplier audits.

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

After the production, pellets are stored in BP's production storage or transported into the harbour storage place. After this, pellets are loaded into the ship and sold to customers on FOB Riga.

5.2 Description of Biomass Producer's Supply Base

BP is sourcing primary, secondary and tertiary feedstock only for its production. All feedstock is delivered by companies registered and also originating in Latvia, Lithuania and Belarus.

Latvia:

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

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

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

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

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

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

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

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

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

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

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

State forests are FSC/ PEFC certified. In addition to state forest enterprise, 6 private forest managers are managing forests in accordance with FSC standard requirements. The FSC certified are in the country amounts to a total of

1,743,157 ha , including 248,021 ha of private forestland. A total of 1,683, 641 ha forests are also PEFC certified. The figures are correct as of April, 2015.

Lithuania

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

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

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

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

Belarus

In Belarus, forest land covers 8.71 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 aprox., 11 million cubic metres (<http://www.mlh.by> , 2015.)

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: 8.7 million. Ha and FSC certification scheme 8,5 million hectares.

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 13.95 million ha

Tenure by type (ha): 11.53 million ha state ownership, 2.42 million ha private forests

Forest by type (ha): 3.06 million ha hemi-boreal forests, 10.89 million ha boreal forests

Forest by management type (ha): 13.95 million ha managed natural

Certified forest by scheme (ha): FSC, total certified area 10.6 million ha (FSC) and 10.39 million ha PEFC

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

http://www.varpa.eu/declarations/SBR_2016EN.pdf and report with SBE: in Latvian:

http://www.varpa.eu/declarations/SBR-v1-2_LV_Okt2015-Sept_2016_ar_SBE.pdf,

in English: http://www.varpa.eu/declarations/SBR-v1-2_EN_Okt2015-Sept_2016_ar_SBE.pdf

5.4 Chain of Custody system

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

The Organisation is implementing FSC credit system. FSC Credit system is used for materials received as FSC certified, FSC Controlled wood and feedstock verified according to the Organisation's own controlled material verification program covering Latvia and Lithuania.

Supplier list is maintained.

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

Moisture and weight is measured for each delivery. For the credit account purposes, the weight of the feedstock is recalculated into the absolute dry mass. FSC credit account is updated once in a month: data about received raw materials by FSC certification status and volume of sold pellets are recorded.

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

6 Evaluation process

6.1 Timing of evaluation activities

The annual (surveillance) audit has been conducted on February 16-17th, 2017 with following supplier audits on February 17 and included production site visit, staff interviews as well as supplier origin confirmation audits. The scope change audit to include SBE with both primary and secondary feedstock took place on 1st and 2nd of June 2017 and it included visit of the SIA Varpa, audits to suppliers, including sub-suppliers and contractors.

3.0 days in total were used for the evaluation, including 2 days of onsite audit work (onsite work at BP, plus supplier and sub-supplier audits at the FMU level) + 1 day documented evidence review prior and after the main part of the evaluation.

Audit plan:

Activity/ timing	Place	Auditor	Date
10.00 Opening meeting	Office	OP	16.02.2017
10.20- 12.30 and 15.30- 17.00 SBP management system Evaluation of the open NCRs Interview with overall responsible staff Review of the applicable SBP documentation , including SBP procedures, instructions, training records, feedstock descriptions, supplier lists and other (SBP standards nr 2 and 4) FSC control points analysis and review of the existing controlled Wood system GHG data review. SAR report analysis. Interviews with responsible office staff	Office		
13.30-15.30 Production, laboratory, raw material reception point visit. Interviews with responsible staff, review of the records	Production, storage and production office	OP	
17.00-18.00 Closing meeting	Office	OP	
9.00 Opening meeting	Office	OP	17.02.2017
9.20-17.00 Supplier audits	Office and production sites of the suppliers	OP	
Plkst. 17.00-18.00 Closing meeting	Office	OP	

Scope change audit:

Activity	Location	Auditor(s)	Time
Opening meeting*	Office	GK, OP, LS	01.06.2017 10.00- 10.30
Interview with SBP responsible person, review of documentation, procedures. Compliance to SBP Standards #1 and #2. SBP Risk Assessment, implementation of mitigation measures, Supplier verification program.	Office	OP	10.30- 15.30
Evaluation of supplier of primary feedstock: <ul style="list-style-type: none"> • Evaluation of supplier of primary feedstock (harvesting company) • Witness audit of BP supplier audit 	<ul style="list-style-type: none"> • Supplier audit: SIA “Elfoks”, primary feedstock supplier: evaluation of HCV risk mitigation measures and evaluation of Health and Safety risk mitigation measures in on-going manual harvesting works: - FMU “Žagatas” (Ūdrīši parish, Krāslava municipality, block 1, compartment 1), • Supplier audit: SIA “Elfoks”, primary feedstock supplier. Evaluation of HCV risk mitigation measures and evaluation of Health and Safety risk mitigation measures in on-going manual harvesting works: - FMU “Bērzaines” (Bērziņi parish, Dagda municipality, block 1, compartments 2,3); • Supplier audit: SIA “ADLV”, primary feedstock supplier. Evaluation of Health and Safety risk mitigation measures in on-going manual harvesting works (1 FMU): - “Priedītes 1”, contractor IK “Čorniks”, performer or harvesting works - IK “Čorniks”; 	GK, LS	01.06.2017 10.30- 18.00
Audit Day 2			02.06.2017

<p>Interview with SBP responsible person, review of documentation, procedures. Compliance to SBP Standards #1 and #2.</p> <p>SBP Risk Assessment, implementation of mitigation measures, Supplier verification program.</p>	<p>Office</p>	<p>GK</p>	<p>09.00- 13.00</p>
<p>Evaluation of supplier of primary feedstock:</p> <ul style="list-style-type: none"> • Evaluation of supplier of primary feedstock (harvesting company) • Witness audit of BP supplier audit 	<p>Supplier audit: SIA ADLV”, primary feedstock supplier: evaluation of HCV risk mitigation measures</p> <ul style="list-style-type: none"> • FMU “Kapiņi mežā” (Ūdrīši parish, Krāslava municipality, block 1, compartment 1,3) <p>Supplier audit: ELFOKS”, primary feedstock supplier: evaluation of HCV risk mitigation measures</p> <ul style="list-style-type: none"> • FMU “Pelaines mežā” (Krāslavas parish, Krāslava municipality, block 3, compartment 2,5) • Supplier audit: SIA “Laskana Mežs”, primary feedstock supplier. Evaluation of HCV risk mitigation measures FMU “Dzeguzes” (Krāslavas parish, Krāslava municipality, block 1, compartment 1,2,3,5) 	<p>LS, OP</p>	<p>9.00 – 13.00</p>
<p>Evaluation of supplier of secondary feedstock for the purpose of origin confirmation</p> <ul style="list-style-type: none"> • Evaluation of supplier of secondary feedstock; • Witness audit of BP supplier audit 	<ul style="list-style-type: none"> • audit secondary feedstock supplier SIA “GL Plus”; • audit secondary feedstock supplier Kankuli Timber SIA; 	<p>OP, LS</p>	<p>13.00-16.00</p>
<p>Resolving of remaining issues, questions,</p>	<p>Office</p>	<p>GK, OP, LS</p>	<p>16:00-17:00</p>

interview to responsible person			
Closing meeting	Office	GK, OP, LS	17:00

6.2 Description of evaluation activities

Description of the assessment evaluation:

Auditor was welcomed in SIA Varpa office in Kraslava. Audit started with an opening meeting attended by the Board Member Bernards Baranovskis.

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

After that auditor went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction documents 5a, 5b, 5c (version 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 (Board member, procurement responsible, accountant) having key responsibilities within the system were interviewed.

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

At the second day of the evaluation 5 supplier audits conducted by the BP and were observed/ witnessed by the auditor. During the audit the audit methodology: interviews, document verification, production site visit, report preparation was observed and evaluated.

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

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

Change of scope audit was carried out as an onsite audit in SIA Varpa production site in Kraslava where the primary and secondary supplier verification program and mitigation measures were evaluated to be included in the scope of the existing SBP certificate. The scope change audit took place on June 1-2, 2017

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. Lead auditor explained the aim and objectives of the scope change audit, informed about the evaluation process, underlined the need to collect objective evidence through a combination of document review, site visits, interviews and discussions, explained the essence and importance of sampling aspect of the auditing. Special attention has been paid to explanation of the differences in minor and major nonconformity reports

(NCRs) and that NCRs are an expected part of the process designed to help the organization strengthen its procedures and processes. Discussed and confirmed the audit itinerary.

Upon completing evaluation of documented procedures and records, the sampling of the suppliers for field inspections took place. Both suppliers of primary and secondary feedstock within the scope of SBE have been selected for inspections. It has been chosen to verify both the primary and the secondary feedstock suppliers that have been approved by the BP to supply "low risk" ("SBR NR") feedstock. Both suppliers of secondary feedstock (2 sawmills) have been selected for field inspection and all 3 primary feedstock suppliers (logging companies) have been selected for field inspections, thus 100% of SBE suppliers were inspected in the process of scope change audit. Audits of 3 suppliers of primary feedstock – SIA "Elfoks"; SIA "ADLV", SIA "Laskana Mežs" took place during the scope change audit, including inspections of both completed and on-going manual logging works. See additional details in section 6.1 "Timing of evaluation activities". Field inspections were planned to witness BP in evaluating risk mitigation measures related to preserving High Conservation Values and Health and Safety issues. Thus at least one field inspection to on-going logging works for each supplier of primary feedstock was planned and at least one inspection for each supplier were envisaged to completed or planned logging site/plot in order to evaluate BP's competency and approach in evaluating HCV risk mitigation measures. It was revealed at the time of audit that one of suppliers – SIA Laskana mežs did not have on-going logging operations in the region, so only HCV issues were evaluated in the case of supplier SIA Laskana mežs. Thus, all 3 suppliers of primary feedstock were evaluated, based on inspections to 3 completed harvesting sites (FMUs) for HCV risk mitigation and 2 on-going logging sites (FMUs) for H&S risk mitigation. CB witnessed the audit of the BP primary supplier and at the same time doing their own independent evaluation of the suppliers. In the same way CB witnessed how BP is evaluating suppliers of secondary feedstock. 2 suppliers were inspected and evaluated during the scope change audit, i.e. SIA "GL Pluss" and SIA "Kankuli timber", in particular. After this auditor team split into 2 parts:

Auditor GK and auditor in training, local expert LS visited primary suppliers and observed the process of supplier audits and evaluated risk mitigation actions undertaken by the organization in relation to specified risks related to Health & Safety and High Conservation Values.

CB witnessed the audit of the BP primary supplier and at the same time doing their own independent evaluation of the suppliers. The CB carried out the audit to verify the approach of BP in implementing the risk mitigation measures.

Auditor OP reviewed all applicable requirements of the SBP standards #1 and #2, covering SBE system regarding both primary and secondary feedstock and the overall management system. During the process overall responsible person for SBP system and over responsible staff (responsible person – CEO and accountant, having key responsibilities within the SBP SBE 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.

In the second day audit team split up into 2 parts:

Auditor GK reviewed the documentation with regard to all applicable requirements of the SBP standards #1 and #2, covering SBE system for both primary and secondary feedstock and the overall management system. Auditor focused on issues related to risk assessment, public consultation, supplier verification programme, supplier un risk mitigation monitoring and control measures.

Auditor OP and LS witnessed the audit of the BP secondary suppliers and at the same time doing their own independent evaluation of the suppliers. The CB carried out the audit to verify the correctness of the mitigation measures implemented.

Findings of the first 2 days of the evaluation have been summarised and presented to the BP staff during the closing meeting in the end of day two.

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.

Composition of audit team annual audit:

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

Change of scope audit:

Ģirts Karss Lead Auditor SBP 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 auditor training course and acquired SBP auditor qualification. He has participated in 7 SBP assessments and scope change audits with Supply Base Evaluation (SBE) in Latvia.
Oļesja Puišo, Auditor, evaluation against all applicable requirements (mainly standard 2)	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.
Liene Suveizda, Local expert and SBP 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 in 7 SBP assessment and scope change (SBE) audits in Latvia.

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <http://www.nepcon.org/impartiality-policy>

6.3 Process for consultation with stakeholders

Annual audit:

No additional stakeholder consultation was conducted prior to the first surveillance audit and related to the current certification scope.

Details about the public consultation conducted prior to the main assessment is available below:

The stakeholder consultation was carried out on 20th of October, 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 CB's stakeholder consultation was carried out by the Certification Body in May 2017 by contacting (via email) different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners' associations, academic and research institutions. See stakeholder notification letter in Exhibit 10.

The BP had conducted stakeholder consultation process that began on the 20-21 of October 2016. 95 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, 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 Society of Ornithologists, WWF Latvia, in particular. See stakeholder notification letter in Exhibit 10.

7 Results

7.1 Main strengths and weaknesses

Strength: elements of SBP system have been implemented at the time of the surveillance audit. Use of the FSC credit system. Effective recordkeeping system. Small number of the management staff and clearly delegated responsibilities for staff members. SBE processes are well documented; main database for material balances is well maintained and all relevant information can be easily retrieved and reported. Primary and secondary feedstock suppliers and sub-suppliers had participated in biotope identification training courses organised by external party - respected Latvian experts and trained their suppliers. Strong commitment in implementation of SBP system and positive approach has been observed during the audit.

Weaknesses: weaknesses in SBE labour safety risk mitigation system as well as HCV risk mitigation system were identified during the scope change audit. See detailed information in audit findings section (Annex A) of the report. See also in NCR section (Section 10) of the report.

7.2 Rigour of Supply Base Evaluation

SIA Varpa is implementing the SBE for primary and secondary feedstock (forest products) originating from Latvia and sourced 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 feedstock coming from forest land (material sourced under FSC Controlled Wood system). No feedstock from non-forest lands, such as arboricultural arisings (from overgrown agricultural land, wood growing along the drainage systems, roads, railway lines etc.) is used as input material for production of SBP compliant products.

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 identified “specified risks” in this risk assessment the organization has suggested several mitigation measures which were consulted with relevant stakeholders during several meetings which took place prior to the scope change audit.

The stakeholder consultation process has been conducted through notification of stakeholders and distributing the SBR report and description of risk mitigation means to stakeholders. Most 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 Varpa has undertaken implementation of the mitigation measures for individual indicators. Those mitigation measures were designed in cooperation with nature protection and forestry experts and external consultants.

7.3 Compilation of data on Greenhouse Gas emissions

Prior the assessment the organization has not recorded data on greenhouse gas emissions and has only started for purposes of the SBP certification. Surveillance audit was conducted according to the requirements of the new instruction document version v.1.1 and instructions 5a, 5b and 5C.

See additional details in “Standard #5: Collection of Data for Energy and Carbon Balance Calculations” checklist.

7.4 Competency of involved personnel

During the surveillance audit it was identified that number of staff members are involved into the SBP system management and implementation, including Board Member/ Export Manager, Production Manager, Technologist, Transport Manager, Pellet Production Factory Work Allocation Manager, Forest Logging Manager, Stock Controller, Loading truck drivers and Pellet mill operators. Interviewed staff demonstrated awareness of their responsibilities within SBP system. It is concluded that responsible personnel are familiar with requirements of SBP standards outlined in documented procedures of the organization.

The Supply Base Evaluation (SBE) system is implemented by existing organization staff, that has undergone external training and is supervised by responsible person at the company –member of the board/export manager and helped by external consultant. Internally there are different staff members responsible for different aspects of the SBP certification.

Member of the board/export manager holds the overall responsibility for SBP and SBE system, as well as procurement and supplier related issues. Responsibility is fixed in documented procedures as well as internal documents of the organization (order).

Forest work planning manager is responsible for SBE system implementation and supplier audits. Accountancy staff is responsible for recordkeeping, accounting, mass-balance accounting. Material receptionists are responsible for incoming material reception, identification of material status and subsequent classification of material in the accountancy system. Pellet production operators are responsible for moisture measurements and production recordkeeping.

All involved personnel, including responsible staff at suppliers and sub-suppliers have demonstrated knowledge in relevant fields, including knowledge of critical aspects - recognition and identification of HC VF, health and safety requirements. Relevant certificates and diplomas were presented during the scope change audit. Qualification requirements for personnel (to be) 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 scope change audit.

7.5 Stakeholder feedback

Scope change audit: The BP has received comments from stakeholders regarding the SBP SBE system and risk mitigation measures for primary and secondary feedstock sourced within the SBE system. The BP has received comments from relevant stakeholders during BP's own stakeholder consultation. All comments and BP reaction can be found in the Exhibit 10. "Stakeholder consultation process" and a brief conclusion is provided in the SBR section 6.

The stakeholder consultation carried out by the CB showed that BP's stakeholder consultation was comprehensive, well documented (See documented responses from stakeholders during stakeholder notification process in Exhibit 10 and principal stakeholders were involved in the consultation process. Consultation confirmed that the stakeholders already expressed their opinion to biomass producer or did not have comments.

7.6 Preconditions

Several non-conformances were identified during the scope change audit, graded as major non-conformances and thus are considered preconditions for certification. See section 10 for details. The organization had provided

necessary evidence for closing the major NCRs and all major non-conformances were closed by the time of finalizing the scope change report.

8 Review of Biomass Producer’s Risk Assessments

8.1 Risk Assessment for Latvia

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

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

Table 1 Risk ratings for SBP SBE Indicators

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

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

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

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

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

9 Review of Biomass Producer's mitigation measures

Mitigation measures of risks for feedstock originating from Latvia. The organization has designed and is in the process of implementing mitigation measures for 3 indicators evaluated as specified risk (2.1.1, 2.1.2 and 2.8.1). The BP has also updated the supplier contracts with clause requiring the supplier to agree to take necessary actions to avoid supplying material whose risks can not be mitigated. See contract samples in Exhibit 9.

To mitigate risks of mentioned 3 indicators at secondary feedstock level, the BP accepts secondary feedstock only from approved suppliers, which utilise "low risk" or in BP's classification "SBE NR" primary feedstock only. Primary feedstock suppliers are checked and verified by the BP.

Indicator 2.1.1 (HCVF category 3):

Woodland Key Habitat tool ("WKH tool") was developed by biomass producers in Latvia united under the Latvian biomass association "LATbio" with purpose to mitigate risks related to sourcing feedstock from High Conservation Value Forests (Woodland Key Habitats and/or forest habitats of EU importance in particular). The tool is used in sourcing of feedstock from private forest owners and shows "Risky areas" which may comprise Woodland Key Habitats and/or forest habitats of EU importance and "Green areas" which most likely do not comprise HCV areas (WKHs and/or EU forest habitats). 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" (T. Ek, R. Auziņš, Mežaudžu atslēgas biotope inventarizācija, Valsts meža dienests, Ostra Gotaland Meža pārvalde Zviedrija, 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". The WKH tool is not used by the BP, however, the BP is considering using it as a source of additional information. The BP has defined the following approach for risk mitigation with regard to identification of high conservation values – all harvesting sites in the SBE system shall be inspected prior to harvesting and evaluated for presence of high conservation values according to WKH checklist. The checklist has been elaborated by forest habitat experts in Latvia and are used by many SBP certified biomass producers and forest management companies.

The BP does not accept feedstock coming from areas/logging sites which show up in the Latbio or Nature Conservation Agency databases as "risky areas", i.e. where there is probability of High conservation values. The BP requires documental approval for tree felling – Felling Permit copy for all loads of feedstock sourced. All suppliers supplying feedstock from private owned forests are regularly audited – harvesting sites are regularly sampled and inspected by the BP.

Indicator 2.1.2 (HCVF category 1):

The BP has required all suppliers of primary and secondary feedstock included in the SBE to undergo a training course for identification high conservation values in forest ecosystems. The training course is organised by forestry consultancy company "MKPC" and held by recognized forest biotope experts. Different suppliers, including suppliers and sub-suppliers of primary and secondary material have participated in the trained training course and obtained knowledge on how to recognize woodland key habitats using special checklist, recognize important bird habitats and nesting sites and how these shall be protected.

Each supplier is required to evaluate all sites prior to harvesting and evaluate the presence of Woodland Key Habitats, large diameter nest or protected bird species. Interviews with suppliers as well as review of records showed that the procedure is followed by approved suppliers. In case of longer supply chains, e.g. primary processors supplying secondary feedstock or traders/brokers, supplier of material to BP shall make necessary risk

mitigation measures to assure that the feedstock can be considered low risk. In case of sub-suppliers, supplier shall verify that the material supplied by sub-supplier is not being sourced from areas with WKHs and with appropriate H&S risk mitigation. In many cases the suppliers are actually evaluating the site prior to purchasing it and in case there is occurrence of large bird nests of indicative presence of potential WKH, they do not purchase the stand.

BP is monitoring the evaluation of the sites during regular supplier audits (frequency of the audits determined in documented procedures).

Indicator 2.1.2 (HCVF category 3):

Every supplier of primary feedstock that is going to supply feedstock as low risk material or with “SBR NR” claim shall check the area designated for harvesting and filling in the WKH inventory checklist. In case the area is identified as potential woodland key habitat, the supplier cannot supply the material with “SBR NR” claim. The supplier, however, can invite certified biotope expert to evaluate the harvesting site for presence of WKH. In case the decision is negative, the site can be harvested and supplied to BP as “low risk” or “SBR NR” feedstock.

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 material from BP approved suppliers. Only BP approved primary feedstock suppliers can supply feedstock and only „SBR NR“ input can be used. List of approved primary suppliers is available.

Indicator 2.1.2 (HCVF category 6):

The specified risk for this sub-indicator relates to 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. Field inspections at suppliers of secondary feedstock showed that this requirement is followed in general. Interviewed responsible staff showed awareness of the requirement. Site tour through the storage areas showed that large diameter and noble tree species are present. It has been explained also by interviewed persons, that large diameter trunks are sometimes received with FSC certified material from state forest enterprise and are delivered with certification claim. Certified feedstock are out of the scope of SBE.

Indicator 2.8.1:

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 regularly, at least one surveillance audit in 6 months. In case the BP identifies one aspect of the H/S not fulfilled during the monitoring visits, the supplier gets notification and the feedstock is not sourced from particular supplier until the corrective action is implemented, confirmed by additional H&S audit.

The supplier audits are conducted by the BP itself. In addition to this sub-suppliers and sawmills 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.

No low risk feedstock accounting system according to mass-balance principles is used at the sawmill (primary feedstock) level. Only FSC certified and SBE primary feedstock verified feedstock with „SBE NR“ status in the sales invoices are accepted by sawmills. Other feedstock is not accepted. Feedstock coming from these sawmills is

marked as „SBE NR“ in its sales invoices. Number of the suppliers to sawmills is limited to approved SBE suppliers. All volumes of the primary feedstock delivered to sawmills is reported to Varpa SIA.

10 Non-conformities and observations

NCR: 01/17 (15066)	NC Classification: minor
Standard & Requirement:	SBP Standard # 2, requirement 15.3 The BP management system shall document all necessary procedures
Description of Non-conformance and Related Evidence:	
All applicable procedures and documents are prepared and demonstrated during the surveillance audit. During the audit it was identified that supplier audit process, process of the adding new suppliers into the supplier list and process of the monitoring and analysing supplier audit results are not described in the procedures of the organisation in the significant details	
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 the next annual surveillance audit, but not later than 12 months from report finalisation date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN

NCR: 02/17 (15067)	NC Classification: minor
Standard & Requirement:	SBP Standard # 5, Instruction document 5B requirement 4.1.2 A single Input Group shall not include feedstock: <ul style="list-style-type: none"> ➤ From more than one of the following classifications: <ul style="list-style-type: none"> • primary feedstock from forests (products or residues);; • woody energy crops (primary feedstock);; • wood industry residues (secondary feedstock);; or • post-□consumer wood (tertiary feedstock). ➤ With significantly different transport distances. <p><i>Note: The ratio between maximal and average transport distance should not be over 1.5 (for 90% of the feedstock in that group). Any exceptions should be verified by the CB and explained in the SAR.</i></p>

	<ul style="list-style-type: none"> ➤ Which is prepared or pre-- processed on-- site and subsequently mixed with feedstock that is not prepared or pre--processed onsite. <p><i>Note: 'Prepared or pre-- processed' includes activities such as drying and grinding.</i> (5b, 4.1.2)</p>
Description of Non-conformance and Related Evidence:	
<p>The following input groups are designated::</p> <p>1) Primary feedstock (logs); 2) wood industry residues (sawdust, chips and shaving coming as pre-consumer reclaimed feedstock).</p> <p>During the audit it was identified that transport distance ratio does exceed average for more than 1.5 for almost all the feedstock types It was explained by the BP that that there were few cases then the feedstock was delivered from the longer distances, however no proper explanation was provided in the SAR, except that the BP considers that it is not rational to segregate the Input Groups because further segmenting will not make the categorization of the feedstock more apprehensible.</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 the next annual surveillance audit, but not later than 12 months from report finalisation date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN

OBS: 03/16 (15068)	Standard & Requirement:	<p>SBP Standard # 5, Instruction document 5A, requirement 4.5.3.</p> <p>5.5.3 Where the meter(s) used for invoicing purposes covers not only the biomass production process but also other process lines (e.g. sawmill or other production facilities) and ancillary facilities (e.g. offices, cafeterias, workshops, site lighting, laboratories) appropriate metering needs to be in place to exclude the consumption from the total to determine the share of the invoiced power to be allocated to biomass production. (5a, 4.5.3)</p>
	Report Section	Appendix C p 5.5.3.

Description of findings leading to observation:	Consumption of electrical power the office as well as electricity used for sawmill and joinery situated at the same address is excluded from the GHG data table. The calculation is based on additional electrometers situated at the facility. The small production laboratory is situated in the pellet plan. The electricity use by the laboratory is not excluded from the electricity consumption. However the consumption is very insignificant in comparison with the volume of electricity used into the production.
Observation:	It is recommended to take electricity consumption used into the lab out of the total electricity consumption used for pellet production.

OBS: 01/17 (15069)	Standard & Requirement:	<p>SBP Standard # 5, Instruction document 5B, requirement 6.1.2</p> <p>For all Legal Owners, the following data shall be reported for transport:</p> <ul style="list-style-type: none"> • place of departure;; • place of arrival;; • transportation mode;; • type of vehicle used (i.e. truck, diesel or electric train, river barge, ship);; • type of fuel used (see fossil fuels listed in production section as well as transport section for details);; • for feedstock: average and maximum travel distance;; and • for biomass: total travel distance.
Description of findings leading to observation:	The transport related data is collected and is provided in the SAR report. The transport distances of biomass are summarised and analysed by the BP. As soon as fuel consumption data per tonne km of feedstock is not requested by SAR the data is not recorded in SAR	
Observation:	It is recommended to include all known and calculated information into the SAR, including fuel consumption used for the feedstock transportation.	

OBS: 02/17	Standard & Requirement:	<p>SBP Standard # 2, Annex 2c requirement 4.1.</p> <p>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.</p>
Description of findings leading to observation:	<p>The Supply Base Report meets the requirements of SBP: covering figures designated in SBR report template ad is completed by using the latest version of the SBR Template for Biomass producers.</p> <p>During the audit responsible person had explained that company is planning to include SBE into the scope pf the evaluation for the future and they are preparing for this, however this is not stated into their SBE report section 3.Requirement for supply base evaluation. During the audit BP had explained the methodology used for “final</p>	

	harvest sampling programme”, which is based on the experience and statistic from own logging practice and very general description is available in section 2.1. final harvest sampling programme of the SBR. As soon as np actual violation had been identified OBS 01/17 is formulated.
Observation:	It is recommended to the organisation to slightly update SBR sections 2.1 and 3 with additional details.

NCRs identified during the scope change audit:

NCR: 03/17 ()	NC Classification: Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), 2c p.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.
Report Section:	Appendix B, p. 2.8
Description of Non-conformance and Related Evidence:	
<p>The SBR has been prepared using the latest template of the document. Gaps identified in the assessment 2016 report, have been corrected and the report updated. New version of the SBR had been prepared for annual surveillance audit and scope change audit The following inaccuracies had been identified during the review of the SBR within the scope change audit 2017, however:</p> <ol style="list-style-type: none"> 1) Besides the fact SBE system does not cover Lithuania, however, information about the SBE risk assessment for Lithuania is stated at the title page of the report; 2) SBR section 3.0 list the standards not related to SBE, for instance standards 2, 4,5 and 6; 3) Supply base region does not specify Latvia specifically in the section 3.0 of the SBR; 4) Unspecified risk categories are mentioned in SBR section p 4.3., however H&S risk is not mentioned in this section. Besides this H&S risk is specified in other sections of the SBR; 5) Response to stakeholder comments, related to Suply Base Evaluation system are not provided in the dedicated section 6 “Stakeholder consultation process” of the Supply Base Report; 6) Wrong type of evaluation: Main (Initial) evaluation instead of the first surveillance is indicated in SBR 1.0 Overview section; 7) Section 1: date of closing meeting is referenced to the previous annual audit but not to the latest scope change audit; place of the closing meeting is not specified; 8) Section 2.1: presence of CITES species is mentioned for Lithuania and Latvia and not mentioned for Belarus. At the same time, presence of IUCN species is mentioned for Belarus and not mentioned for Lithuania and Latvia. 	
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</p>

	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:	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: 04/17 ()	NC Classification: Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), p. 12.4 12.4 The justification for selection of personnel shall be recorded and made available to the Certification Body, and a summary presented in the public summary report.
Report Section:	Appendix B, p. 5.4
Description of Non-conformance and Related Evidence:	
Justification of selection of personnel was made available for CB and has been also provided in SBE procedure section 4 only. Production manager has more than 15 year working experience in wood processing/biomass processing industry, holds higher education in forestry. The information about the personnel selection process has not been made available in the SBR report or any other public summary report of the organisation.	
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:	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"/>
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Major NCR 05/17 has been closed after the scope change audit. See non-conformance and the findings for closing in section below.

NCR: 06/17 ()	NC Classification: Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 16.3. 16.3 The BP shall implement a plan to monitor the effectiveness of the mitigation measures, at least annually.
Report Section:	Appendix B, p. 9.2
Description of Non-conformance and Related Evidence:	
<p>The BP is monitoring the effectiveness of the mitigation measures by regular audits at the primary suppliers (primary material supplier) level. The monitoring procedure for regular (approved) suppliers required carrying out regular supplier audits. The BP use checklist to check and evaluate suppliers. The frequency of regular audits is defined in documented procedures. The BP has presented the audit checklist where the risk is evaluated.</p> <p>The BP does not have, however, a plan where the criteria and actions with regard to monitoring of effectiveness have been defined, apart from field evaluation checklist summary table that has been presented to auditors during the scope change audit. 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
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: 07/17 ()	NC Classification: Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), Instruction note 2A, 1.8

	1.8 Additional monitoring visits should be scheduled when potential problems arise, or when the BP receives credible and relevant allegations of violations by suppliers. (Instruction note 2A, 1.8)
Report Section:	Appendix B, p. 8.9
Description of Non-conformance and Related Evidence:	
Current SBE risk mitigation mechanism does not envisage additional monitoring visits if problems would arise. If BP identify that the supplier did not mitigate the measure properly, i.e. if a substantial deficiency with regard to risk mitigation would be identified, the BP would stop sourcing feedstock from this supplier as “low risk” until the issue is resolved. There is SBE process review mechanism envisaged in documented procedures, requiring the BP to evaluate the risk mitigation measures and reviewing the efficiency of the risk mitigation measures, but there is no explicit requirement provided to carry out additional monitoring, except for audits for feedstock origin (EUTR audits). A minor NCR 07/17 is raised.	
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"/>

Major NCR 08/17 has been closed after the scope change audit. See the description of non-conformance and the findings for closing the non-conformance in the section below.

Major NCR 09/17 has been closed after the scope change audit. See the description of non-conformance and the findings for closing the non-conformance in the section below.

NCR: 10/17 ()	NC Classification: Minor
Standard & Requirement:	<p>SBP Standard #2 (ver. 1.0), 13.3</p> <p>13.3 The BP should take into account any consultations undertaken as a consequence of e.g. forest operations, plant construction or planning processes, and the outcomes of</p>

	stakeholder consultations associated with existing BP Certified Management Systems.
Report Section:	Appendix B, p. 7.2
Description of Non-conformance and Related Evidence:	
<p>The BP has consulted the Risk assessment and the risk mitigation measures with a wide range of stakeholders, including state authorities, NGOs, industry associations. The outcomes of consultations have been taken into consideration upon designing the SBP SBE system and related procedures. The stakeholders that have contributed actively to BP's SBE system among others are: Latvian Society of Ornithologists, Nature Conservation Agency (Dabas aizsardzības pārvalde), WWF Latvia and others.</p> <p>Review of documents and procedures show that the BP has updated its procedures and internal risk mitigation documents as a result of stakeholder consultation process, but the SBP risk assessment has not been updated to reflect to stakeholder comments related to the content of the risk assessment. In particular, the BP has not updated the risk assessment to reflect comments of Nature Conservation Agency regarding the content and facts and numbers used to justifying "specified risk" level for indicators 2.1.1 and 2.1.2 in the risk assessment and State Forest Service comments regarding information on implementation of EUTR requirements and the information related due diligence procedures in the SBP risk assessment.</p> <p>Since the comments are minor and of editorial nature, a minor NCR 10/17 is raised.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
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"/>

Observations

OBS: 03/17	Standard & Requirement:	SBP Standard #2, requirement 16.1. 16.1 Where an Indicator is rated as Unspecified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk
Description of findings leading to observation:	Auditors carried out an assessment of the effectiveness of the BP’s system by inspecting completed and on-going harvesting sites and evaluated the quality of WKH screening carried out by BP and contractors . No substantial deficiencies have been observed in the scope change audit in field inspections by both BP and auditors evaluating the BP and contractor work. Few issues have been observed though: one is related to interpretation of WKH checklist criteria, i.e. BP and contractors have been giving higher scores to a number of checklist criteria due to misinterpretation of checklist criteria assessment logic. It has not lead to wrong results in relation to identification of WKHs, but might lead in case the total score would get close to threshold upon which the forest stand can be considered a potential HCVF.	
Observation:	It is recommended to improve the knowledge of practical surveying for presence of High Conservation Values in the forest stand using the HCV screening checklist.	

Not applicable. None of raised non-conformities represent substantial threats to integrity of the SBP system, SBP-certified products and the credibility of SBP trademarks.

CLOSED Non-conformance reports (NCRs):

NCR: 01/16	NC Classification: Minor
Standard & Requirement:	SBP Standard 2 x requirement 6.2. The BP shall record the place of harvesting and the identity of the primary wood processor responsible for the supply of inputs classified as SBP-compliant Secondary Feedstock. (6.2)
Report Section:	Appendix A p.1.3.
Description of Non-conformance and Related Evidence:	
Supplier list is available. Secondary feedstock suppliers are divided into 2 categories: direct suppliers - primary processors and traders. Both producers and 2 traders are delivering feedstock directly from producer. BP is maintaining register of suppliers only. In case the feedstock is delivered by trader, primary producer address is available in the delivery note as a loading address, however no separate primary processor list was generated for feedstock delivered by 2 existing trader companies.	
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 the next annual surveillance audit
Evidence Provided by Organisation:	supplier register; interview with responsible staff.
Findings for Evaluation of Evidence:	Responsible person is familiar with the requirements and demonstrated understanding. In the past BP was sourcing feedstock from broker Uninkas Ricards Pagirys company. The list of the primary producers the supplier was delivering feedstock from is prepared. It was also identified that this supplier is excluded from the supplier list prior to 1.01.2017. At the moment the BP does purchase all feedstock directly from the primary producers only.
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 02/16 was closed during the main assessment;

NCR: 03/16	NC Classification: Minor
Standard & Requirement:	SBP Standard # 2 requirement 2c, p.3.1. 2.7 Reports and annual updates shall be submitted to the SBP no later than ninety (90) days after the on-site closing meeting at the end of a Certification Body audit. (2C, 3.1)
Report Section:	Appendix A p 2/7
Description of Non-conformance and Related Evidence:	
The responsible staff is familiar with the requirement of submitting the annual updates to SBP within 90 days, however the timeframe for submission of the annual updates is not stated in SBP procedure of the BP. Minor NCR 03/16 is issued.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit
Evidence Provided by Organisation:	Updated procedure SBP-01 SBP COMPLIANCE POLICY and PROCEDURES for SIA VARPA v0.1 p.13
Findings for Evaluation of Evidence:	The requirement is designated in the BP procedure SBP-01 SBP COMPLIANCE POLICY and PROCEDURES for SIA VARPA v0.1 p.13 Reporting Period
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"/>
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NCR 04/16 was closed during the main assessment;

NCR: 05/16	NC Classification: Minor
Standard & Requirement:	SBP Standard # 2 requirement 2c, p.6.3. The BP shall provide SBP with an update of the SBR no later than ninety (90) days after the last field day of each surveillance evaluation. (2C, 6.3)
Report Section:	Appendix A p 2.11.
Description of Non-conformance and Related Evidence:	
The responsible staff is familiar with the requirements, however the timeframe for submission of the annual updates to SBP is not stated into the SBP procedure of the BP.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit
Evidence Provided by Organisation:	Updated procedure SBP-01 SBP COMPLIANCE POLICY and PROCEDURES for SIA VARPA v0.1 p.7
Findings for Evaluation of Evidence:	The requirement is designated in the BP procedure SBP-01 SBP COMPLIANCE POLICY and PROCEDURES for SIA VARPA v0.1 p.7 Supply base report (SBP-02 SBR)
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 06/16 was closed during the main assessment;

NCR 07/16 was closed during the main assessment;

NCR: 08/16	NC Classification: Minor
Standard & Requirement:	SBP Standard # 4 requirement 2c, p.6.1.3. 5.3 SBP certificate holders shall support their customers in applying their due diligence systems, as required in the EUTR. (6.1.3)
Report Section:	Appendix B p.5.3
Description of Non-conformance and Related Evidence:	
The BP confirmed its commitment to provide EUTR related information to its customers as per request, however the requirement is not specified in the BP procedure EUTR section of the BP.	

Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit
Evidence Provided by Organisation:	Updated procedure SBP-01 SBP COMPLIANCE POLICY and PROCEDURES for SIA VARPA v0.1 p.16
Findings for Evaluation of Evidence:	The requirement is designated in the BP procedure SBP-01 SBP COMPLIANCE POLICY and PROCEDURES for SIA VARPA v0.1 p.16 EUTR Compliance
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 09/16 was closed during the main assessment;

NCR 10/16 was closed during the main assessment;

NCR: 11/16	NC Classification: minor
Standard & Requirement:	<p>SBP Standard # 5, Instruction document 5A requirement 8.1. 10.1 Sustainability characteristics may be considered as: (5a, 8.1)</p> <p>a) Input type – gross definition of feedstock input. Possible values: Primary; secondary; tertiary.</p> <p>b) Forest Size – for primary feedstock only, determination if it was sourced from a forest greater than or less than 1,000 ha. Possible values: >1000ha, <1000 ha, not available.</p> <p>c) Certification – the scheme under which the feedstock was supplied or sourced. Possible values: FSC Certified; FSC CW; PEFC Certified; PEFC CS; none of these. Note: PEFC refers to all schemes endorsed by PEFC.</p> <p>d) SBE status – if the feedstock was sourced from within the scope of an SBE. Possible values: Inside SBE, Outside SBE.</p> <p>e) Stump wood – for primary feedstock only the presence or absence of stump wood in the feedstock. Possible values: Does not contain stump wood; May contain stump wood.</p> <p>f) Primary forest – for primary feedstock only, determination if it was sourced from a primary forest. Possible values – Yes or No</p>

Report Section:	Appendix C p.10.1.	
Description of Non-conformance and Related Evidence:		
Sustainability Characteristics are reported in SBP-15 data file. The information about the forest size is not available to the BP. The BP haven't been taken in account the estimation that wood coming from State Forests and delivered by Krebsar company is usually from forest size > 1000 ha, and other suppliers is <1000 ha.		
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 the next annual surveillance audit	
Evidence Provided by Organisation:	Biomass profiling static data report prepared according to the new instruction document v.1.1.	
Findings for Evaluation of Evidence:	Sustainability characteristics are reported in Biomass profiling data report prepared according to the new instruction document v.1.1.	
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: 12/16	NC Classification: minor	
Standard & Requirement:	SBP Standard # 5, Instruction document 5A requirement 8.2. 10.2 Sales and delivery documentation issued for outputs sold with an SBP- claim shall include the information specified in Standard 4: Chain of Custody and the following information: (5a, 8.2) a) the quantity of each individual batch; b) a unique batch code. <i>Note: the unique batch code shall enable the customer to identify the batch and to link the physical batch to the batch specific data.</i>	
Report Section:	Appendix C p.10.2	
Description of Non-conformance and Related Evidence:		
The batch is equal to one ship shipment and waybill number is used as a batch code. The data is getting recorded into the sales register in SBP-15 file. However there is no proper batch specification designated into the SBP procedure of the organisation.		
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 the next annual surveillance audit
Evidence Provided by Organisation:	new sales instruction Amendment #1 Sales
Findings for Evaluation of Evidence:	Sales requirements are specified in new sales instruction Amendment #1.
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"/>

Non-conformances closed after the scope change audit

NCR: 05/17	NC Classification: Major
Standard & Requirement:	SBP Standard 2 (ver. 1.0), 16.1 16.1 Where an Indicator is rated as Unspecified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk
Report Section:	Appendix B, p. 9.1
Description of Non-conformance and Related Evidence:	
<p>Few weaknesses related to the risk mitigation procedure and actual performance in the field have been identified while evaluating the risk mitigation system during field inspections. In particular, the BP is not evaluating conformance to safe tree felling technique in the checklist of the organisation, despite the fact that non-compliance to safe tree felling rules is primary cause for tree harvesting related accidents – both fatal and non-fatal in Latvia and thus is a priority issue. It can be concluded from field inspections that responsible person at BP is aware of safe felling techniques and knows how to verify evidence in the harvesting site, however, the compliance/non-compliance is not reflected in the checklist. No non-compliance has been observed during the field inspections.</p> <p>The checklist also lacks criteria of compulsory medical inspection, which are compulsory for forestry workers affected by noise and vibration. Also, there are no provisions in the checklist related to marking of harvesting site with warning signs. Mentioned aspects of Health and Safety issues have not been evaluated in the field by responsible person.</p> <p>Given aforementioned deficiencies in the system, both related to verification process (auditing) and non-conformance documenting (checklist), auditors decided to raise a major NCR 05/17 due to cumulative effect of a number of minor non-conformities and the significance of application of safe tree felling techniques in manual logging works.</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:	Precondition for certification
Evidence Provided by Organisation:	Health & Safety checklist (See Exhibit 8)
Findings for Evaluation of Evidence:	The non-conformance has been closed after the scope change audit by updating field checklists. After the audit the BP has updated and submitted the updated Health and Safety checklist. See Exhibit 8 for details. Updated H&S Checklist contain provisions to evaluate safe tree felling technique in the field through observation of stumps (application of safe felling notch). Also criterion of “last medical inspection” has been added to the H&S checklist to check for compliance with legal requirements for (forestry) workers affected by noise and vibration at their workplace. In the same way, criterion “safety signs posted” has also been added to the check list to evaluate if the warning signs have been posted at the borders of felling plot.
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: 08/17 ()	NC Classification: Major
Standard & Requirement:	<p>SBP Standard #2 (ver. 1.0), 12.1</p> <p>5.1 The BP shall ensure that the Body undertaking the SBE has the necessary knowledge and experience to evaluate the SBP Feedstock Compliance Standard in the local context of the Supply Base, including: (12.1)</p> <ul style="list-style-type: none"> • Knowledge of ecological and social values associated with the Supply Base • Knowledge of applicable laws and regulations • Knowledge of business management practices • Knowledge of SBP requirements • Knowledge of operation of suppliers, including management systems and products • Knowledge of local forest resource • Competence in evaluating SBP requirements • Competence in implementing the SBE • Language skills appropriate to all stakeholders • Note-taking and report-writing skills • Interviewing skills • Appropriate management skills.
Report Section:	Appendix B, p. 5.1
Description of Non-conformance and Related Evidence:	
<p>The overall responsible person – member of the board/export manager holds has long-lasting working experience in the wood processing industry. He does not have background in forestry, however, he has been working for 20 years with the wood procurement. He also has been responsible for maintaining of FSC chain-of-custody system and responsible for wood sourcing, totalling to more than 20 years of experience and knowledge in forestry: timber supplies and procurement.</p> <p>With regard to competency in SBE system and risk mitigation measures the procurement manager has background in forestry and 15 year work experience. However, the responsible person at the time of scope change audit in June, 2017 had not received training in relation to identification and preserving High Conservation Values in the forest works. Deficiency of knowledge on how to use the HCV checklist has also been confirmed during the scope change audit. Review of HCV inspection records (HCV checklists that have been evaluated since the January, 2017) shows that in a number of cases presence of high conservation values have been identified wrongly. In particular, at least in 5 cases 10 points have been assigned to wrong checklist indicators and therefore the status of forest stand with regard to high conservation values has been identified incorrectly and the feedstock had not been accepted because of false HCV status. In following reviewed checklists HCV status for forest stand has been identified wrongly: Checklist Nr. 81, dated 13.03.2017, supplier SIA “ADLV”; Checklist #63, dated 27.02.2017, supplier SIA “Laskana mežs”;</p>	

<p>Checklist #37, dated 02.02.2017, supplier SIA “Laskana mežs”, Checklist #25, dated 18.01.2017, supplier SIA “Elfoks”, checklist #5, dated 04.01.2017, supplier SIA “ADLV”. Mentioned HCV checklists have been signed by responsible person – wood procurement manager, even though he did not have undergone training in identification of HCVs. Given the above mentioned, and lack of training in particular, a major NCR 08/17 has been 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:	Precondition for certification
Evidence Provided by Organisation:	Training course completion certificate
Findings for Evaluation of Evidence:	The responsible person – wood procurement manager has completed training course related to identification and preserving High Nature Conservation Value in Forestry works in June, 2017, provided by the external party - MKPC (Forest Consulting and Services Centre) and held by recognized and authoritative forest and nature protection experts. See certificate on successful completion of training course in Exhibit 7.
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: 09/17	NC Classification: Major
Standard & Requirement:	SBP Standard 2 (ver. 1.0), Instruction Note 2C, 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, 2.1)
Report Section:	Appendix B, p. 2.6
Description of Non-conformance and Related Evidence:	
It was identified during the scope change audit that SBR is available only in Latvian language. A major NCR 09/17 is raised.	
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:	Precondition for certification	
Evidence Provided by Organisation:	Supply Base Report in English	
Findings for Evaluation of Evidence:	After the audit, by the time of completing of audit report, the BP submitted SBR translated in English. Thus the SBR is available in the English and in official language of the country (Latvian). SBR in Latvian and English is available in the homepage of the organisation.	
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"/>

11 Certification decision

Annual audit 2017, including the scope change audit in June 2017

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: Certification is maintained upon acceptance of minor NCRs raised in this report.	
Certification decision by: Nikolai Tochilov	
Date of decision: 30.08.2017	
Next surveillance audit should take place:	<input checked="" type="checkbox"/> within 12 months <input type="checkbox"/> more frequently (please specify)

12 Surveillance updates

12.1 Evaluation details

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

12.2 Significant changes

SBE system has been added to the scope of SBP certification of the Organisation. Changes are related to implementation of the SBE system. The number of FSC certified suppliers has increased.

12.3 Follow-up on outstanding non-conformities

See information about the NCR reviewed during the audit in the section 10 of the report. “Non-conformities and observations.”

12.4 New non-conformities

See information about the new NCR identified during the scope change audit in section 10 of the report. “Non-conformities and observations.”

12.5 Stakeholder feedback

Stakeholder consultation for the evaluation scope had been provided well in advance to the scope change audit. The BP has notified stakeholders about forthcoming scope change and including SBE in the scope of the certificate via email on September 20, 2016 with first proposal of risk mitigation measures. Feedback from several stakeholders in written has been received. The BP has contacted all notified stakeholders by phone and were proactively asked for comments.

List of contacted stakeholders can be found in the Exhibit 10 and the comments as well as responses to the comments in exhibit 10.

12.6 Conditions for continuing certification

Few non-conformances graded as major have been registered during the scope change audit, therefore precod List of major NCRs is available is section 10. “Non-conformances and observations of the report”. All major non-conformances that have been raised during the scope change audit were closed until finalizing the report.

12.7 Certification recommendation

It is recommended to maintain certification of the organisation and approve SBE system implemented by the Organisation.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Bernards Baranovskis, member of the board
Auditor(s):	Oļesja Puišo, NEPCon Latvia Lead auditor; Ģirts Karss, auditor; NEPCon Latvia auditor; Liene Suveizda, NEPCon Latvia auditor, auditor in training, local expert
People Interviewed, Titles:	<p>Bernards Baranovskis, member of the board; Aleksandrs Bartkevičs, manager of the logging department, responsible person for supplier auditing; Nikolajs Mērnīeks, production manager; Elīna Dzalbe, Accountant; Josifs Vorslovs, production manager; Modris Jopins, granul production operator; Jeļena Dregisa, secretary</p> <p>Scope change audit: Bernards Baranovskis- Board Member; Aleksandrs Bartkevics- manager of the logging department, person responsible for supplier auditing;</p> <p>Interviewed suppliers of primary and secondary feedstock within the SBE process: Primary suppliers, contractor staff: Sergejs Jančevskis, IK Jančevskis, contractor to SIA “Elfkoks”; Vladislavs Olševskis, IK Jančevskis, contractor to SIA “Elfkoks”; Andrejs Kuļkovskis, chainsaw operator, contractor to SIA “Laskana Mežs”; Anatolijs Abramovs, chainsaw operator assistant, contractor to SIA “Laskana mežs”; Nikolajs Čornīks, chainsaw operator, IK Čornīks, contractor to SIA “ADLV”; Mārtiņš Krastiņš, chainsaw operator assistant, IK Čornīks, contractor to SIA “ADLV”;</p>
Brief Overview of Audit Process for this Location:	See in section 6.2 Description of evaluation activities in the main part of the report.
Comments:	