

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

First Surveillance Audit

www.sbp-cert.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.sbp-cert.org

Document history

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Contents

1	Overview	1
2	Scope of the evaluation and SBP certificate	2
3	Specific objective	4
4	SBP Standards utilised	5
4.1	SBP Standards utilised	5
4.2	SBP-endorsed Regional Risk Assessment	5
5	Description of Biomass Producer, Supply Base and Forest Management	6
5.1	Description of Biomass Producer	6
5.2	Description of Biomass Producer's Supply Base	6
	Latvia:	6
	Lithuania	7
	Belarus	8
5.3	Detailed description of Supply Base	9
5.4	Chain of Custody system	9
6	Evaluation process	11
6.1	Timing of evaluation activities	11
6.2	Description of evaluation activities	13
6.3	Process for consultation with stakeholders	16
7	Results	17
7.1	Main strengths and weaknesses	17
7.2	Rigour of Supply Base Evaluation	17
7.3	Compilation of data on Greenhouse Gas emissions	17
7.4	Competency of involved personnel	18
7.5	Stakeholder feedback	18
7.6	Preconditions	18
8	Review of Biomass Producer's Risk Assessments	19
8.1	Risk Assessment for Latvia	19
9	Review of Biomass Producer's mitigation measures	21
9.1	Mitigation measures of risks for feedstock originating from Latvia	21
10	Non-conformities and observations	23
10.1	Closed Non-Conformity Reports (NCRs)	24

11	Certification decision	36
12	Surveillance updates	37
12.1	Evaluation details	37
12.2	Significant changes	37
12.3	Follow-up on outstanding non-conformities	37
12.4	New non-conformities	37
12.5	Stakeholder feedback	37
12.6	Conditions for continuing certification	37
12.7	Certification recommendation	37

1 Overview

CB Name and contact: NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia

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

Report completion date: 25/Mar/2018

Report authors: Liene Suveizda, Oļesja Puišo, Ģirts Karss

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

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

Certified Supply Base: Latvia, Lithuania and Belarus

SBP Certificate Code: SBP-01-71

Date of certificate issue: 21/Apr/2017

Date of certificate expiry: 20/Apr/2022

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

2 Scope of the evaluation and SBP certificate

The SBP certificate scope covers office in Liepāja harbour, heating chips production and storage facilities in the Liepāja harbour (piers No. 40., 41 and 56).

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

Organization holds valid FSC chain of custody (TT-COC-002576) and Controlled Wood (TT-CW-002576) certificates log/ firewood procurement, storage and selling as wood as wood chips procurement, production from logs and sales.

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

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

During the first surveillance evaluation FSC certified feedstock originating from Belarus had been added to the SBP supply base region,

All feedstock is delivered to Liepaja port by truck, where the chips are stored and log chipping is taking place. In case of export wood chips are loaded into the ship.

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

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

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

	<input type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Pre-consumer Tertiary Feedstock			
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
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 checked="" type="checkbox"/> Transfer	<input type="checkbox"/> Percentage		<input checked="" type="checkbox"/> Credit	<input type="checkbox"/>
Points of sales	<input type="checkbox"/> Harbour (including own handling of material)	<input checked="" type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour	<input type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)		<input type="checkbox"/>
Provide name of all points of sales	-	- FOB Liepāja			
	-	-			
	-	-			
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: Latvia.				
Sub-scopes					<input type="checkbox"/>
Specify SBP Product Groups added or removed: N/A					
Comments: Supply Base Evaluation, primary and secondary feedstock from Latvia are included into SBE system.					

3 Specific objective

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

The scope of the evaluation covered:

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

4 SBP Standards utilised

4.1 SBP Standards utilised

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

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

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

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

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

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

4.2 SBP-endorsed Regional Risk Assessment

SBP has approved and endorsed the Regional Risk Assessment for Latvia in September 2017. The BP has since then been using the SBP endorsed version of RRA. The designated risks in both organization's risk assessment and SBP endorsed RRA do not differ. Both organization's RRA and SBP endorsed RRA specifies the same "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. For more details see Section 8 Review of Biomass Producer's Risk Assessments.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

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

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

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

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During the first surveillance evaluation FSC certified feedstock originating from Belarus had been added to the SBP supply base region,

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

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

5.2 Description of Biomass Producer's Supply Base

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

Latvia

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

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

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

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

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

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

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

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

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

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

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

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

Lithuania

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

million ha) .

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

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

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

All state owned forests are FSC certified.

Belarus

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

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

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

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

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

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

It is considered that about 75 % of the original Central European mixed forest cover is estimated to be lost. Pristine and relic stands of this forest type are believed to have been eliminated complete except in Belovezha Forest, which is located close to Belarus and Poland border. It is one of the largest and best presented forest

tract in the lowlands Europe. It still contains a wide array of old-growth forest stands representing all the major habitat types, a rich variety of wildlife and a still not sufficiently studied numerous lower plants, fungi and slime moulds.

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

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

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

All forest area is certified by PEFC certification scheme: 8.1 million. Ha (95 forestries) and FSC certification scheme 6,8 million. Ha (81 forestries)

5.3 Detailed description of Supply Base

- Total Supply Base area (ha): ~13.94 million ha forest land (all regions included in Supply Base report))
- Tenure by type (ha): ~ 11.28 million ha state; ~2.66 million ha private; ~
- Forest by type (ha): temperate 5.72 million ha, Boreal/Hemiboreal ~8.22 million ha.
- Forest by management type (ha): managed semi-natural ~13.94 million ha.
- Certified forest by scheme (ha): FSC ~8.56 mill ha ; PEFC ~10.41 mill ha (includes overlap)

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

5.4 Chain of Custody system

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

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During the first surveillance evaluation FSC certified feedstock originating from Belarus had been added to the SBP supply base region,

All feedstock is delivered to Liepaja harbour by truck, where the chips are stored and chipping of logs is taking place. For export wood chips are loaded into the ship.

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

6 Evaluation process

6.1 Timing of evaluation activities

The annual audit was conducted in 2 stages: first evaluation of SBP compliance not entailing SBE evaluation took place; followed by SBP SBE system evaluation.

SBP onsite audit without SBE evaluation had been carried out on December 12, 2017, after that second part of the evaluation had been undertaken on January 9 and January 10, 2018.

During the first phase of the annual surveillance audit evaluation of compliance with SBP standards #2, #4, #5 and instruction documents 5A, 5B and 5C took place. In the second phase of the audit, the biomass producer was evaluated against SBP standards #1 and #2, focusing primarily on implementation of SBP Supplier Verification Program and implementing risk mitigation measures within the Supplier Base Evaluation process.

The annual (surveillance) audit included visit to production/ storage site in Liepaja harbour, staff interviews, review of the recordkeeping system and GHG data calculation.

Since the BP had not been sourcing SBP compliant feedstock from existing approved suppliers except Laskana Mežs SIA, no other suppliers had been audited.

In the second phase the actual implementation of the Supply Base Evaluation system had been verified. During the annual surveillance audit 1 supplier of primary feedstock and 1 supplier of secondary feedstock had been visited.

2.5 days in total were used for the annual (surveillance) audit, including 1 day onsite work in the first part of the audit (SBP CoC part, standards #2,#4,#5) and 0.5 day for the document review; for the second part of the audit (SBE part, standards #1, #2) - 1 day at the BP site and supplier audits at the FMU level and secondary feedstock supplier – sawmill level.

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Office	OP, LS, EL	12/12/2017 10.00-10.30
Interview with SBP responsible person, staff involved in management of SBP system. Review of procedures, documents and interviews with responsible staff (review of the CoC system control point, transfer system management system, verification of SBP compliant feedstock). \ Production and storage site visit situated in harbour.	Office Reception., production/ storage site		10.30-12.00

Break			12:00-12:30
GHG calculation review collection and communication of energy and carbon data. Review of the procurement and sales documentation, Mass- balance account verification Office staff interview	Office		12:30-17:30
	Office		15:00 - 17:30
Internal team meeting	Office		17:30-18:00
Presentation of the results of the first phase of the annual surveillance audit	Office		18:00-18:30
Opening meeting	Office	LS,GK,EL	8.30 – 9.00 10.01.2018
Evaluation of supplier of primary feedstock Evaluation of BP supplier audit SIA Laskana Mežs	<p>Forest and supplier facilities Supplier audits: SIA “Laskana Mežs”, primary feedstock supplier (4 sites/FMUs):</p> <p>Inspection of 2 FMUs: evaluation of HCV risk mitigation measures in completed harvesting works (2 FMUs):</p> <ul style="list-style-type: none"> • FMU “Aikas”, cad. No: 64860130102, Pāvilosta parish, Saka municipality Block No 1, compartment: 18, total area 1.49ha. Logging performed in 2017.; No HCV identified in the field evaluation. The WKH evaluation performed by supplier “Laskana mežs” before logging activities. Interview to forest foreman Ansis Horna. • FMU “Apeņi” (cad. No. 64860090076, Pāvilosta parish, Saka municipality) 		09:00 – 13:30

	Block No. 1, compartment 1 (1.08 ha) , final felling (clear-cut) performed in August 2017. No HCVs identified in the field evaluation. The WKH evaluation performed by supplier “Laskana mežs” before logging activities. Interview to SIA “Laskana Mežs” representative, forest foreman Ansis Horna.		
Evaluation of supplier of secondary feedstock	Secondary processor, sawmill Supplier SIA “A.T.E.H.”, Evaluation of secondary feedstock origin, roundwood origin documentation review, interviews to responsible staff, verification of “low risk” feedstock credit account:		
SBE system implementation review, interview with responsible staff forest foreman Interview with SBP responsible person, review of documentation, procedures. SBP Risk Assessment, implementation of mitigation measures, Supplier verification program.	Office	LS,GK,EL	13:30 -16:30
Internal team meeting	Office		16:30 – 17:00
Closing meeting*	Office		17:00 – 18:00

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

6.2 Description of evaluation activities

Description of the first surveillance evaluation:

Audit part 1: General SBP requirements (CoC and data collection and communication)

Auditor team was welcomed in SIA Laskana LSEZ office in Liepaja harbour. Audit began with an opening meeting attended by the management team of the biomass producer as well as other responsible staff involved in maintaining of SBP system.

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

After this short introduction trip was taking place around the biomass storage and production facilities. During the trip production technology and information about the main production facilities was presented to the auditors.

After that auditor went through all applicable requirements of the SBP standards No. 2, 4, 5 and instruction documents 5a, 5b and 5c covering input clarification, existing chain of custody and controlled wood system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP compliant and SBP Controlled feedstock/ biomass. During the process overall responsible person for SBP system and over responsible staff as well as other staff having responsibilities within the system were interviewed.

Roundtrip around BP's pellet storage/ production facilities in Liepaja harbour was undertaken. During the site tour reception, storage recordkeeping processes were observed, production process was discussed in details, applicable records were reviewed, responsible staff was interviewed and FSC system critical control points were analysed.

At the end of the audit day 1, findings were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the responsible staff and CEO.

All SBP related documentation connected to the SBP as well as FSC CoC/ CW system of the organisation, including SBP Procedures, GHG data calculations/ SAR report, Supply Base Reports, Biomass profiling data was reviewed,

Audit part 2: surveillance audit with focus on Supply Base Evaluation for primary and secondary feedstock

The annual surveillance audit began with an opening meeting in the office of LSEZ SIA Laskana, Brīvostas 40. A short opening meeting was held, where the lead auditor introduced the auditing team, rehearsed information about the audit plan, which has been provided to BP before, clarified methodology, informed about the auditor qualification, confidentiality issues, and assessment methodology and clarified the scope of audit. The Lead auditor explained the aim and objectives of the annual audit, informed about the evaluation process. Discussed issues of audit itinerary.

The discussion of sampling process and sampling of the suppliers for field evaluations took place after the opening meeting, through communicating to responsible person of SBP - production manager. According to information from the responsible person and as verified from procurement document review, the BP had sourced low risk feedstock only from one supplier of primary feedstock and one supplier of secondary feedstock during the audit period. Therefore the determination of minimum number of suppliers is straight forward, i.e. the only one active supplier of "low risk" primary feedstock (sawdust) was included in the scope of field verifications. In addition, the only one supplier of secondary feedstock supplying secondary feedstock within the SBE system - supplier was included in the list of audited suppliers.

Field inspections to individual supplier at the FMU level took place in the first half of the day. Completed logging sites (plots) of supplier SIA Laskana Mežs were visited. Auditors evaluated the outcomes of risk mitigation measures (High Conservation Value risk mitigation measures) of the BP through independent evaluation of HCV risks and comparing the results with BP evaluation results to verify the correctness of the mitigation measures. It was not possible to evaluate and verify the risk mitigation measures related to occupational health and safety issues due to the fact that none of contractors were working in the field at the time of audit.

The main focus of the surveillance audit is to verify if risk mitigation measures are implemented properly according to requirements of SBP standards #1 and #2 and BP's supplier verification program.

Audit to only one "low risk" ("SBE NR") secondary feedstock supplier to BP - SIA "A.T.E.H." was conducted to

verify secondary supplier verification program and mitigation measures implemented. Auditors visited the supplier, reviewed documented procedures for secondary feedstock supplies with the SBE system, reviewed roundwood sourcing documentation and checked the correctness of the credit system for “low risk” (“SBE NR”) feedstock accounting. Auditors interviewed responsible person for primary material sourcing and responsible person for accounting of “GI atbilstošs” feedstock – member of the board.

In the second part of the day auditor team reviewed and discussed all applicable requirements of the SBP standards #1 and #2, and instruction documents covering SBE system regarding sourcing both primary and secondary feedstock within the SBE system and the overall management system with responsible staff at the BP – production manager, procurement manager and responsible person for receiving and accepting the primary and secondary feedstock. During the process responsible persons for SBP system and other responsible staff having key responsibilities within the system were interviewed. Auditor team reviewed documented procedures for primary and secondary feedstock supplies within the SBE system. Records of Supplier Verification Program particularly those related to health and safety risk mitigation measures and high conservation value risk mitigation measures have been reviewed, evaluated and discussed with responsible staff.

The audit ended with the closing meeting. Audit findings were summarised and audit conclusions based on use of 3 angle evaluation method were provided to the responsible persons at the company – production manager, responsible person for SBP certification at BP, member of the board and other responsible staff involved in the maintenance of SBP system at BP.

Auditor team information:

Auditor(s), roles	Qualifications
Liene Suveizda, Lead auditor	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 several SBP assessment and scope change (SBE) audits in Latvia.
Ģirts Karss Witness auditor for SBE system (Standard #1, Standard #2)	Works for NEPCon since 2011. M.Sc. in Environmental Science from the Lund University and the University of Latvia. He has passed the Rainforest Alliance lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC lead auditor qualification. Ģirts Karss has conducted of FSC Chain of Custody audits in wood industry companies in Latvia and FSC forest management assessments and annual audits in Latvia, Lithuania, Estonia and Russia. Ģirts had completed SBP training course. Participated in quality of SBP lead auditor and audit team member in several SBP assessments and SBP annual surveillance audits in Latvia.
Oļesja Puišo, Witness auditor (Standard #4, standard #5)	M.Sc. Logistics. Oļesja is working as NEPCon Country Manager in Latvia. She is responsible for daily management of certification activities in the country. Oļesja 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.
Ēriks Lidemanis Auditor in training	Joined NEPCon in 2017. Holds bachelor degree from Latvia University of Agriculture Forest Faculty. Previous work experience in roundwood surveying.

6.3 Process for consultation with stakeholders

No consultation was conducted for this surveillance audit and no comments were received during the audit period.

7 Results

7.1 Main strengths and weaknesses

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

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

7.2 Rigour of Supply Base Evaluation

Laskana SIA LSEZ is implementing the Supply Base Evaluation process for primary and secondary feedstock (forest products) originating from Latvia and is sold without SBP-approved Forest Management Scheme claim, SBP-approved Forest Management partial claim, SBP-approved Chain-of-Custody (CoC) System claim. Risk mitigation measures have been designed and have been implemented for feedstock originating from forest land (material sourced under FSC Controlled Wood system). No feedstock from non-forest land (arboricultural arisings from abandoned agriculture land, road, rails etc) have been used as an input for SBP SBE system and eventually excluded from the scope.

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

The BP has used the SBP approved regional risk assessment. The BP also reviewed “Locally Adaptable Verifiers” for relevance to its supply base. Based on the “specified risks” in the risk assessment the organization has suggested several mitigation measures which were consulted with relevant stakeholders during several meetings which took place prior to the assessment audit.

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

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

7.3 Compilation of data on Greenhouse Gas emissions

The organization has compiled emission data as a part of preparation process for the SBP assessment. The BP has implemented a system to collect and record data on Greenhouse Gas emissions. The BP has provided detailed overview of the systems and databases to collect and record Greenhouse Gas data during the surveillance evaluation. All related evidence with regard to GHG calculation and assumptions were provided to auditors.

7.4 Competency of involved personnel

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

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

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

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

7.5 Stakeholder feedback

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

The stakeholder consultation was carried out by the CB prior to the assessment in 2017. It has been proved that BP stakeholder consultation was comprehensive and all main stakeholders were involved. Consultation confirmed that the stakeholders have been notified and stakeholders do not have objections in relation to risk mitigation measures, proposed by the BP.

7.6 Preconditions

Not applicable for annual surveillance audit. All Major NCRs were addressed by the time of finalization of the audit report.

8 Review of Biomass Producer’s Risk Assessments

8.1 Risk Assessment for Latvia

The BP is using the SBP endorsed national risk assessment for Latvia where risks for each individual indicator have been evaluated. “Specified risk” in the National Risk Assessment have been assigned to 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.

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

Table 1 Risk ratings for SBP SBE Indicators

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

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

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

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

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

9 Review of Biomass Producer's mitigation measures

9.1 Mitigation measures of risks for feedstock originating from Latvia

The organization has designed and is implementing mitigation measures for 3 indicators evaluated as specified risk (2.1.1, 2.1.2 and 2.8.1) in the SBP endorsed national risk assessment for Latvia.

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

Indicator 2.1.1 (HCVF category 3):

Woodland Key Habitat tool ("WKH tool") developed by association of biomass producers in Latvia, united under the Latvian biomass association "LATbio". The tool is used in private forest land (as state forests are FSC certified thus low risk) and can help in identification of "Risky areas" which may comprise WKHs, distinguished by so called "Green areas" which most likely do not comprise WKH. The tool is based on existing State Forest Service forest inventory databases and implements filtering forest inventory databases using the algorithm from "Inventory of woodland key habitats; methodology" (Ek at al, 2002). The tool has been tested and verified by licenced forest ecology, biodiversity experts in field verification process to verify the correctness of the methodology and the algorithm implemented. Five different areas in Latvia were visited (each area ca. 200 ha) which have provided necessary evidence that the tool shows correct data and the WKH is not present in the Low risk or so called "green areas".

Indicator 2.1.2 (HCVF category 1):

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

According to documented procedures of the SBP, suppliers of primary feedstock are required to evaluate all sites prior to harvesting and evaluate the presence, large diameter nest or protected bird species. Interviews with suppliers as well as review of records showed that the procedure is followed by approved suppliers. Primary processors - secondary feedstock suppliers accept "low risk" material from BP's approved primary feedstock suppliers and account it on mass balance principles (using credit system approach). Controlled material or material with FSC Controlled Wood/PEFC Controlled Sources claim from other (non-approved) suppliers can not be accounted as low risk material.

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

Indicator 2.1.2 (HCVF category 3):

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

The BP carries out monitoring through inspecting the plots where evaluations have been done by the suppliers. The BP carries out own evaluation of the site and this evaluation is then compared with the supplier evaluation.

Indicator 2.1.2 (HCVF category 6):

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

Indicator 2.8.1:

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

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

10 Non-conformities and observations

NCR: 01/17 (20528)	NC Classification: Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), Annex C 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. (2C, 4.1)
Report Section:	Appendix B, p. 2.8
Description of Non-conformance and Related Evidence:	
<p>The SBP procedure contain requirement that the SBR shall be updated annually, using the last version of the SBR template. Latvian version of the SBR had been updated. However information about the quantification of the new supply base is missing. Minor NCR 01/17 is issued.</p> <p>During the evaluation updated version had been provided. However the update does not fully cover information required for this section. Wrong information is included in points</p> <ul style="list-style-type: none"> - Volume of primary feedstock from primary forest - 100% (correct percentage is 0%) - List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes: - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme-30% (correct percentage os 0%) - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme-70% (correct percentage is 0%). 	
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:	1 month from the report finalization
Evidence Provided by Organisation:	Supply Base Report
Findings for Evaluation of Evidence:	Prior to the report finalization Organisation provided updated SAR in Latvian and English. The above mentioned issued are eliminated. NCR 01/17 is closed.
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"/>

10.1 Closed Non-Conformity Reports (NCRs)

NCR: 01/16 (14360)	NC Classification: Minor	
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 7.2 7.2 The complete SBR report shall be sent to the SBP secretariat, and SBP shall upload the SBE to the SBP website.	
Report Section:	Appendix b p.2.4.	
Description of Non-conformance and Related Evidence:		
As from interviews to responsible staff, the responsible person is aware of the requirement, however the SBP COC procedure p.8.1.7. does not contain the requirement to send over the SBR to the SBP secretariat within the specified timeline.		
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:	Updated SBP procedures of the Organisation (p.8.1.5).	
Findings for Evaluation of Evidence:	Requirement is included into the procedures, Responsible person is informed about the requirement.	
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: 02/16 (14361)	NC Classification: Major	
Standard & Requirement:	SBP Standard 2 (ver. 1.0), Instruction Note 2C, p. 4.1 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest versions of the SBR Template for Biomass Producers downloaded from the SBP website. (2C, 4.1)	
Report Section:	Appendix B, p.2.8.	
Description of Non-conformance and Related Evidence:		

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

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

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 issuance of the certificate
Evidence Provided by Organisation:	Updated Supply Base Report
Findings for Evaluation of Evidence:	<p>The organization submitted updated Supply Base Report.</p> <p>http://laskana.lv/laskana/lv/sakums/</p> <p>The Supply Base Report was prepared using the latest available template of the document. Review of the document shows that the organization had made an action to address inaccuracies</p>

	<p>identified in the report. In particular, the organization has made following input to the report, i.e.:</p> <ul style="list-style-type: none"> a) provided additional information on each SBP feedstock product group in section 2.1 of the report; b) provided additional information on the proportion of non-certified feedstock segregated within the transfer system from other feedstock types; c) made necessary corrections in the Section 1 of the English version of the SBR to refer to draft SBP Regional Risk assessment as well as updated the English version with references to SBP standards used. The Latvian version contains correct information with regard to this. d) aligned the data in Latvian and English versions of the SBR report section 2.5: Quantification of the supply base, covering following points: b) tenure rights; d) forest management type; f) forest by management type; g) volume of primary feedstock; h) List of percentage of primary feedstock distributed by categories; and m) volume of tertiary feedstock. Corrected data in k) primary feedstock from primary forest, as well as in point j). Submitted information on recordkeeping period indicated in p. f). e) Flow diagram of feedstock inputs (section 2.4. of the SBR) has been added to Latvian version of the SBR; f) the organization has updated the Information contained the in SBR sections 3 and 4.2 related to risk assessment process; g) organization clarified Information provided in SBR sections 5 related to risk assessment and corrected the statement “SBP-partially approved forestry requirements”. h) provided additional details in Section 6.1 of English version of the SBR related to the stakeholder consultation process and aligned the content with the Latvian version of the SBR. Also, descriptive part of the section 7 has been complemented (with table) specifying correct risk specification for indicators and categories under section 8.1 where BP incorrectly referred to “4 specified risk categories for Latvia” before. <p>Given the aforementioned inputs to the report by the BP, the auditor considers this non-conformance be closed.</p>
NCR Status:	CLOSED within the assessment 2017
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 checked="" type="checkbox"/> No <input type="checkbox"/>

NCR: 03/16 (14362)	NC Classification: MAJOR
Standard & Requirement:	SBP Standard 2 (ver. 1.0), Instruction Note 2C, 5.2:

	5.2 Updates shall include, as a minimum, a description of any significant changes in the Supply Base, and where appropriate mitigation measures or risk ratings. (2C, 5.2)	
Report Section:	Appendix B, p. 2.10	
Description of Non-conformance and Related Evidence:		
The SBR has not been updated as this is the certification assessment.. The overall responsible person is familiar with the requirement of the standard, however, the requirement is not specified and detailed out in documented procedures of the organisation.		
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+ 3months.	
Evidence Provided by Organisation:	<p>Updated procedures of the Organisation (p. 8.14. and 8.1.5)</p> <p>Updated SBRs</p>	
Findings for Evaluation of Evidence:	<p>During the evaluation updated version had been provided. However the update does not fully cover information required for this section. The NCR is upgraded to major.</p> <p>Updated Supply base report had been provided after the audit. The updated report cover all necessary information.</p>	
NCR Status:	CLOSED	
Comments (optional):		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
NCR: 04/16 (14363)	NC Classification: Minor	
Standard & Requirement:	<p>SBP Standard 2 (ver. 1.0), p. 15.3</p> <p>15.3 The BP management system shall document all necessary procedures (15.3)</p>	
Report Section:	Appendix B, p. 3.3	
Description of Non-conformance and Related Evidence:		
The BP has established written procedures for SBP and SBP SBE requirements. In particular the documented procedure "SBP sertifikācijas sistēmas apraksts." (Description of SBP certification system). The procedure contains description of aims and objectives of the procedure, scope, reference to standards, division of responsibilities, general process description of supply of feedstock, process of stakeholder consultation, production accounting as well as specific requirements of relevant SBP standards (Supply Base Report, SAR report, SBP Profiling Data records and other. mechanism of Green House Gas calculation, use of SBP logo etc.).		

There is also documented procedure elaborated for Supply Base Evaluation – “SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process” (“Approval, verification and risk mitigation measures for SBP compliant feedstock”) process. The SBE procedure contains sourcing provisions and risk mitigation measures for primary and secondary feedstock. The secondary feedstock sourcing procedures are also described in documented procedures of BP. The BP has also carried out the evaluation of risk mitigation measures implemented by both primary and secondary feedstock suppliers, selected sub-suppliers, provided description of the content of the supplier audits and other important aspects of the secondary feedstock supply process with the SBE system.

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

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

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:	<p>Documented procedures:</p> <p>“SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process”;</p> <p>“SBP sertifikācijas sistēmas apraksts”</p> <p>See Exh. 1</p>
Findings for Evaluation of Evidence:	Documented procedures have been updated to cover the minor issues identified during the audit.
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: 05/16 (14364)	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 20 year working experience in wood processing/biomass processing industry, holds higher education in environmental management. He also has passed ISO lead auditor training courses. The information about the personnel selection process has not been made available in the SBR report of the organisation.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	By next audit, but not later than 12 months from the report finalization	
Evidence Provided by Organisation:	Supply Base Report	
Findings for Evaluation of Evidence:	Justification of selection of personnel was made available for CB and has been also provided in SBE procedure section 4 only. Production manager has 20 year working experience in wood processing/biomass processing industry, holds higher education in environmental management. He also has passed ISO lead auditor training courses. The information about the personnel selection process has been made available in the updated version of the SBR report 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"/>

NCR: 06/16 (14368)	NC Classification: Minor	
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 16.1. 16.1 Where an Indicator is rated as specified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk.	
Report Section:	Appendix B, p. 9.1	
Description of Non-conformance and Related Evidence:		

The organization has implemented mitigation measure for health and safety issues in manual harvesting works, where the specified risk is identified. The risks are mitigated through series of supplier (initial and surveillance) audits which are taking place on regular basis and the results are evaluated and communicated. The BP use checklist to check suppliers for compliance to requirements of national H&S requirements in forestry works.

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

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

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

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

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:	Risk mitigation measures records – filled in WKH checklists, field observations
Findings for Evaluation of Evidence:	<p>Auditor team evaluated risk mitigation measure records: filled in field checklists related to mitigation of risks for indicators 2.1.1 and 2.1.2. Several checklists with very low score with regard to occurrence of WKHs were sampled and selected for field inspections. In particular auditors selected FMU “Apeņi” and FMU “Aikas” for field verifications because score 1 (very low biodiversity value) was obtained as a result of WKH evaluation by the BP.</p> <p>Auditors visited selected FMUs and evaluated for presence of potential WKHs independently using the same WKH checklists as BP and discussed the results with responsible forest foreman who did the evaluation. Score obtained by auditors did not differ from the score evaluated by BP. Also, interviewed BP staff showed good understanding of WKH identification methodology during the field inspection. As a result, given the above mentioned auditors consider that BP applies risk mitigation measures related to identification of HCV correctly, responsible staff apply WKH identification methodology skilfully and the non-conformance can be closed.</p>
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: 07/16 (14365)	NC Classification: Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 19.2 19.2 The SBR shall be signed off by senior management in all cases.
Report Section:	Appendix B, p. 12.2
Description of Non-conformance and Related Evidence:	
BP provided English and Latvian versions of the Supply Base Report. English version of the report has been signed by senior management of the Organization. Latvian version of the report is not signed.	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	By next audit, but not later than 12 months from the report finalization

Evidence Provided by Organisation:	Signed SBRs are uploaded at the homepage of the Organisation	
Findings for Evaluation of Evidence:	SBRs is signed prior to the issuance of the certificate. Updated SAR versions are signed.	
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: 08/16 (14366)	NC Classification: Minor	
Standard & Requirement:	SBP Standard 5, Instruction document 5B (ver. 1.a), p. 3.2.2 3.2.2 Where a Reporting Period other than 12 months is used the BP shall justify the Reporting Period used to the CB, and the justification shall be recorded in the SAR	
Report Section:	Appendix D, p. 7.2	
Description of Non-conformance and Related Evidence:		
The reporting period is less than 12 months due to the fact that no accurate data from the previous periods exist. The data is obtained based on the data collected during the implementation on the similar contracts. The selection of the reporting period is not described and justified in the SAR report.		
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:	SAR including justification of the audit period the section A: "Other relevant information, including justifications for data provided and methodologies used:"	
Findings for Evaluation of Evidence:	BP had included period of the 11 months as a recordkeeping period. It was explained by the organisation that period is less the 12 months is because the last assessment of the Organisation was taken place 11 months ago and new data collection methods had been inved since the CB evaluation.	
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 (14367)	NC Classification: Minor	
Standard & Requirement:	SBP Standard 5, Instruction document 5B (ver. 1.a), p. 3.2.9	

	3.2.9 The Legal Owner shall record the most operationally specific and detailed data that is practically available. The methodology used and the justification for the data recorded shall be recorded in the SAR.
Report Section:	Appendix D, p.7.8
Description of Non-conformance and Related Evidence:	
The available data and calculation data that are based on the available data are presented in the SAR report. The methodology of the data calculation was presented during the audit, however, the data justification as well as methodology is described in the SAR rather briefly with lack specific details.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By next audit, but not later than 12 months after report finalisation date”
Evidence Provided by Organisation:	SAR
Findings for Evaluation of Evidence:	Methodology and justifications are provided in the SAR
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: 10/16 (14375)	NC Classification: Minor
Standard & Requirement:	SBP Standard 5, Instruction document 5B (ver. 1.a), p. 4.1.2 A single Input Group shall not include feedstock: 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);; • post-□consumer wood (tertiary feedstock). • With significantly different transport distances. <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> • Which is prepared or pre-- processed on-- site and subsequently mixed with feedstock that is not prepared or pre-□processed onsite. <i>Note: 'Prepared or pre-□processed' includes activities such as drying and grinding.</i>
Report Section:	Appendix D, p.9.2.
Description of Non-conformance and Related Evidence:	

<p>Product groups as well as feedstock groups are designated in the SBP product group schedule and SAR. The BP has designated following feedstock categories: primary feedstock from forests (products or residues), and primary wood processing industry residues (secondary feedstock). During the audit it was identified that transport distance ratio does exceed average for more than 1.5% for some feedstock type for appr. 92% of feedstock is within the 1.5 ratio. It was explained by the BP that there was few case then the feedstock was delivered from the longer distances. No explanation was provided in the SAR.</p>	
<p>Corrective action request:</p>	<p>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.</p>
<p>Timeline for Conformance:</p>	<p>By next audit, but not later than 12 months after report finalisation date”</p>
<p>Evidence Provided by Organisation:</p>	<p>SAR of the Organisation</p>
<p>Findings for Evaluation of Evidence:</p>	<p>During the audit it was identified that transport distance ratio does exceed 1.5 . the explanation is provided by the BP in the SAR: “”The ratio between maximal and average transport distance is 1.27 (70/55), which is not over 1.5 (for 90% of the feedstock in that group). It was also confirmed BP is familiar with the requirements”.</p>
<p>NCR Status:</p>	<p>CLOSED</p>
<p>Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>

<p>NCR: 11/16 ()</p>	<p>NC Classification: minor</p>
<p>Standard & Requirement:</p>	<p>SBP Standard 5, Instruction documents 5b requirement 6.1.5 If transport fuels are blended with biofuels, the share of biofuel shall be reported</p>
<p>Description of Non-conformance and Related Evidence:</p>	
<p>The blending of biodiesel is applied in Latvia (5% rate). No biodiesel content is reported in the SAR</p>	
<p>Corrective action request:</p>	<p>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.</p>
<p>Timeline for Conformance:</p>	<p>by the next annual surveillance audit, but not later than 12 months from the report finalization date</p>
<p>Evidence Provided by Organisation:</p>	<p>SAR report (see Exhibit 5)</p>

Findings for Evaluation of Evidence:	The blending of biodiesel is applied in Latvia (5% rate) and the biodiesel content is reported accordingly in SAR	
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 4, Instruction note 4B, 1.7 Only the SBP logo artwork provided directly from the SBP secretariat shall be used.	
Description of Non-conformance and Related Evidence:		
The responsible person is aware about this requirement, however SBP logo artwork has been placed in BP's homepage http://laskana.lv/laskana/iv/blog/riska-novertejums/ . SBP secretariat is not informed about this publication. Since Trademark Licence Agreement (TMLA) has been signed by the BP prior to date of publishing the document with SBP artwork (September 14, 2016), a minor NCR 12/16 is issued.		
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 the report finalization date	
Evidence Provided by Organisation:	Homepage of the Organisation	
Findings for Evaluation of Evidence:	During the interviews responsible staff had been informed by the Organisation. SBP trademarks had been taken out from the homepage.	
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"/>

11 Certification decision

Based on Organisation’s conformance with SBP requirements , the auditor makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification approved: Upon acceptance of NCR(s) issued above
<input type="checkbox"/>	Certification not approved:
Based on auditor’s recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be maintained.	
Certification decision by: Ondrej Tarabus	
Date of decision: 09.04.2018	

12 Surveillance updates

12.1 Evaluation details

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

12.2 Significant changes

Belarus is included into the SBR. SBE for Belarus is not implemented..

12.3 Follow-up on outstanding non-conformities

See information about the NCR reviewed during the surveillance audit is section 10 of the report. 10. Non-conformities and observations

12.4 New non-conformities

See information about the new NCR identified during the surveillance audit is section 10 of the report. 10. Non-conformities and observations

12.5 Stakeholder feedback

No complaints or comments from the stakeholders had been received.

12.6 Conditions for continuing certification

No preconditions are identified. List of open NCR is available is section 10. Non-conformities and observations of the report.

12.7 Certification recommendation

No preconditions are identified. List of open NCR is available is section 10. Non-conformities and observations of the report.