

NEPCon Evaluation of
NewFuels RSEZ SIA
Compliance with the
SBP Framework: Public
Summary Report
Second 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

Version 1.0: published 26 March 2015

© Copyright The Sustainable Biomass Partnership Limited 2015

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
5.3	Detailed description of Supply Base	8
5.4	Chain of Custody system	9
6	Evaluation process	10
6.1	Timing of evaluation activities	10
6.2	Description of evaluation activities	12
6.3	Process for consultation with stakeholders	14
7	Results	15
7.1	Main strengths and weaknesses	15
7.2	Rigour of Supply Base Evaluation.....	15
7.3	Compilation of data on Greenhouse Gas emissions	15
7.4	Competency of involved personnel	15
7.5	Stakeholder feedback	16
7.6	Preconditions	16
8	Review of Biomass Producer’s Risk Assessments	17
8.1	Risk Assessment for Latvia	17
9	Review of Biomass Producer’s mitigation measures.....	19
10	Non-conformities and observations.....	21
10.1	Closed Non-Conformity Reports (NCRs)	23
11	Certification decision.....	33
12	Surveillance updates	34
12.1	Evaluation details	34

12.2 Significant changes34

12.3 Follow-up on outstanding non-conformities34

12.4 New non-conformities34

12.5 Stakeholder feedback34

12.6 Conditions for continuing certification34

12.7 Certification recommendation34

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: 14/May/2018

Report authors: Ģirts Karss, Liene Suveizda

Certificate Holder: SIA New Fuels RSEZ, Atbrīvošanas aleja 169a, Rēzekne, LV-4604 Latvia

Producer contact for SBP: Ronalds Polis (Procurement manager), +371 25449755/+371 64605785
ronalds.polis@newfuels.eu

Certified Supply Base: Latvia and Lithuania

SBP Certificate Code: SBP-01-16

Date of certificate issue: 05/May/2016

Date of certificate expiry: 04/May/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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

The certificate scope covers: production of wood pellets, for use in energy production and production office in Rezekne, sales office in Riga and transportation to Riga, Liepaja, Ventspils and Klaipeda harbours. The scope of the certificate does include Supply Base Evaluation for primary and secondary feedstock originating from Latvia only.

The Organisation holds valid FSC Chain of Custody and FSC Controlled wood certificate (NC-COC-025876/ NC-CW-025876 covering FSC certified (FSC Mix Credit) and FSC Controlled Wood pellet production. <http://info.fsc.org/details.php?id=a023300000azMY4AAM&type=certificate&return=certificate.php>

Company also added PEFC material into their SBP certificate scope, even though BP does not hold PEFC certification, but had prepared procedure for handling of the PEFC certified products.

The input material used by the organisation for biomass production (both as raw material for pellet production and feedstock used into dryer) contains primary and secondary feedstock supplied by local suppliers.

All inputs materials delivered to the pellet production plant are FSC certified, FSC controlled wood or included in the Organisation’s FSC Controlled wood verification system. Feedstock used in the biomass production originates from Latvia and Lithuania only. SBE system does cover primary and secondary feedstock originating from Latvia only.

Pellets are sold on DAP incoterm conditions. Number of the sales points are included in the scope of the certification including Riga, Liepaja, Ventspils and Klaipeda harbours.

Scope Item	Check all that apply to the Certificate Scope		Change in Scope (N/A for Assessments)
Approved Standards:	SBP Standard #1 V1.0; SBP Standard #2 V1.0; SBP Standard #4 V1.0; SBP Standard #5 V1.0 http://www.sustainablebiomasspartnership.org/documents		<input type="checkbox"/>
Primary Activity:	Pellet producer		<input type="checkbox"/>
Input Material Categories:	<input checked="" type="checkbox"/> SBP-Compliant Primary Feedstock	<input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock	<input type="checkbox"/>
	<input checked="" type="checkbox"/> Controlled Feedstock	<input type="checkbox"/> SBP non-Compliant Feedstock	
	<input type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Pre-consumer Tertiary Feedstock	
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock	

Chain of custody system implemented:	<input checked="" type="checkbox"/> FSC	<input checked="" type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL
	<input type="checkbox"/> Transfer	<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit	
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	- - -	-DAP Riga; -DAP Liepaja - DAP Ventspils; - DAP Klaipeda		
Use of SBP claim:	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No	
SBE Verification Program:	<input type="checkbox"/> Low risk sources only		<input checked="" type="checkbox"/> Sources with unspecified / specified risk	
	New districts approved for SBP-Compliant inputs: Latvia			
Sub-scopes				<input type="checkbox"/>
Specify SBP Product Groups added or removed: N/A				
Comments:				

3 Specific objective

The specific objective of this evaluation (annual surveillance audit) 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 annual surveillance audit covered:

- Review of the BP's management procedures;
- Review of the production processes,
- Production and storage site visits in Rēzekne;
- 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;
- Review of the BP's management procedures, including requirements designated in SBP standard SBP Standard #1 V1.0; SBP Standard #2 V1.0:
- Review of the updated Supply Base Report;
- Evaluation of mitigation measures implemented for both primary and secondary feedstocks, including inspections of suppliers of primary (at FMU level) and secondary feedstock (at production site);
- 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

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.sbp-cert.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 the 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

SIA New Fuels RSEZ is a biomass producer with production site and office located in Rēzekne town, Latvia and sales office in Riga. Storage sites in harbour and other places are not included into the scope of the verification and have not been visited.

SIA New Fuels RSEZ is manufacturing industrial quality wood pellets.

The BP is sourcing primary and secondary feedstock for its pellet production. Pellets are produced from primary feedstock (fire logs – both conifer and deciduous), and secondary feedstock: (wood processing industry residues: wet sawdust and wood chips).

Own bark, forest and low quality production residuals are used in the biomass drier. In addition to this, BP is using heat produced by the CPH owned by other legal entity situated in the same area.

Both primary and secondary feedstock is used for the biomass production. Feedstock is delivered by local suppliers. Feedstock is originating from the territory of the Republic of Latvia and the Republic of Lithuania. BP is prioritising suppliers and signing agreements with suppliers sourcing raw materials inside the designated supply base.

All feedstock types are delivered to the pellet plant using road transport. Railway infrastructure is situated next to the production site. Pellets are transported to harbour by railway or trucks.

Incoming feedstock used in the production and in biomass drier is either FSC certified, FSC Controlled or controlled within the existing BP FSC Controlled wood verification program. FSC Controlled Wood verification program is applicable for feedstock originating from Latvia.

Origin information is available in the delivery documents for the primary feedstock. As for the secondary feedstock as well as feedstock used into the driers, origin information is available in the origin information access agreements, signed with feedstock suppliers. As a part of the Verification program BP is conducting supplier audits to secondary feedstock suppliers as well as suppliers delivering feedstock for use in the biomass drier.

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

After the production, pellets are stored in small BP production storage (silos) and after are transported to different storage facilities in harbours. Potentially pellets may be transported to Riga, Liepaja, Ventspils and Klaipeda harbours. Ownership rights to the biomass are transferred to buyer at the time railway wagon or trucks reaches storage site the above-mentioned harbours. Pellets reached storage place in harbours does belongs to buyer.

5.2 Description of Biomass Producer's Supply Base

BP is sourcing primary and secondary feedstock only. Feedstock originates from Latvia and Lithuania. SBE is implemented for primary and secondary feedstock originating from Latvia only.

BP is sourcing primary and secondary feedstock only for its production. All feedstock is delivered by companies registered in Latvia and Lithuania and also the origin of sourced material is both countries only.

Latvia:

3.2 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/PEFC certified.

5.3 Detailed description of Supply Base

Total Supply Base area: ~5.24 million ha forest land (all regions included in Supply Base report))

Tenure by type (ha): ~ 2,58 million ha state; ~2.42 million ha private and 0.24 million ha other

Forest by type (ha): Temperate – 41%, Hemiboreal - 59%

Forest by management type (ha): managed semi-natural ~5.24 million ha.

Certified forest by scheme (ha): FSC ~2.81 mill ha ; PEFC ~1.69 mill ha (includes overlap)

Quantitative and qualitative description of the Supply Base can be found in the Public Summary Report:: https://newfuels.eu/?page_id=501&lang=lv

5.4 Chain of Custody system

The Organisation holds valid FSC Chain of Custody and FSC Controlled Wood certificate (NC-COC-025876/ NC-CW-025876) covering FSC certified (FSC Mix Credit) and FSC Controlled Wood raw material procurement and FSC certified pellet production. All FSC system procedures and other documents are in place. The organisation does not have PEFC Chain of Custody certificate. Besides this PEFC procedures exist and PEFC material procurement is included in the scope. The Organisation assures PEFC certified materials is in compliance with FSC Controlled Wood requirements.

The Organisation is implementing the FSC Credit System. FSC Credit System is used for materials received as FSC certified, FSC Controlled Wood and feedstock verified within the Organisation's own Controlled wood verification system. The Controlled Wood verification system of the organisation is covering Latvia only. The material from Lithuania is received always with FSC certified or FSC Controlled Wood claims only.

Supplier list is maintained.

After the reception, incoming feedstock is unloaded in specially designated places depending on the type of feedstock and the volume and the certification status is registered into the recordkeeping system.

The production technology of the BP implies that all primary feedstock is chipped and stored for longer time period with purpose to reach the same moisture level for all feedstock. FSC credit account is updated once in a month: data on received raw materials by FSC certification status and volume of sold pellets are recorded.

In case of the FSC and / or SBP sales, the corresponding volume of sold pellets are withdrawn from the credit account.

6 Evaluation process

6.1 Timing of evaluation activities

The main part annual (surveillance) audit had been conducted on 6th and 7th of February 2018 and included production site visits, staff interviews as well as supplier origin confirmation audits. The scope of the annual audit included SBP SBE review with both primary and secondary feedstock and included audits to suppliers, including sub-suppliers and contractors. Additional activities such as review of GHG data took place prior to the audit, i.e. on January 25th and after the audit – February 14.

4.5 days in total were used for the evaluation – 0.5 day for preparations, 2.0 days at the BP site, and 2.0 days for supplier audits at the FMU level.

Annual audit time schedule

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Office	GK, LS, EL	06.02.2018 09.30-10.15
GHG calculation review collection and communication of energy and carbon data	Office	GK	10:30-13:00
Field visits to suppliers, origin confirmation audits Evaluation of supplier of secondary feedstock for the purpose of origin confirmation • Evaluation of supplier of secondary feedstock;	Audit to secondary feedstock suppliers: • SIA DG Palets, Annas 1, Veremi, Verēmu pagasts, Rēzeknes novads, LV-4647; • Amatnieki z/s, Apšova, Baltinavas pagasts, Baltinavas novads, LV-4594; • SIA V55, Pirtnieki, Varakļānu pagasts, Varakļānu novads LV-4838, • SIA Liepas AP, Muižas iela 6, Murmastiene LV-4835, Murmastienes pag., Varakļānu nov., audit to secondary feedstock supplier Ludza MRS ("Ludzas mežrūpniecības saimniecība" AS) sawmills: • "Ludzas mežrūpniecības saimniecība" AS, Kārsava sawmill,	GK	13.00-17.30

	<p>Bozova, Salnavas p., Kārsavas n., LV-5717;</p> <ul style="list-style-type: none"> "Ludzas mežrūpniecības saimniecība" AS, Mērdzene sawmill, Mērdzene, Mērdzenes p., Kārsavas n., LV-5726 		
<p>Evaluation of supplier of primary feedstock:</p> <ul style="list-style-type: none"> Evaluation of supplier of primary feedstock, risk mitigation measures (harvesting company) 	<p>Supplier audit: SIA "Ludzas MRS", primary feedstock supplier</p> <p>Inspection of 2 FMUs: evaluation of HCV risk mitigation measures in completed logging sites – 2 FMUs:</p> <ul style="list-style-type: none"> FMU "Jūrmala", cadaster Nr. 68600060005, block 2, compartment 1 (1.48ha) and 6 (0.45ha); FMU "Pauguraine" (cadaster Nr. 68000020061, block 3, compartment 3 <p>Supplier SIA "Ludzas MRS", evaluation of Health and Safety risk mitigation measures in on-going manual harvesting works (1 FMU):</p> <ul style="list-style-type: none"> FMU "Asniņi 1", cadaster Nr. 68780010107, block 1, compartments 6,9, contractor and performer of logging works IK "Karalis J" 	LS, EL	<p>06.02.2018</p> <p>10.00- 17.30</p>
<p>Chain of custody review (site tour); interview with material acceptance department</p>	<p>Production facilities</p>	GK, LS, EL	<p>17:30-18:30</p>
<p>Primary feedstock supplier evaluation :</p> <ul style="list-style-type: none"> Evaluation of supplier of primary feedstock (harvesting company) 	<p>Supplier audit: SIA "ML Timber", primary feedstock supplier</p> <p>Inspection of 1 FMU: evaluation of HCV risk mitigation measures in planned logging sites – 1 FMUs:</p> <ul style="list-style-type: none"> FMU "Lielkalni" (cadaster Nr. 68800010135, block 4, compartment 1), 	GK, EL	<p>07.02.2018</p> <p>08.30- 13.00</p>
<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</p>	<p>Office</p>	GK, LS	<p>13.30- 16.30</p>

measures, Supplier verification program.			
Resolving of remaining issues, questions, interview to responsible person	Office	GK, LS	16:30-17:00
Closing meeting,	Office	GK, LS, EL	17:00-18:00
Document review (SAR and SBR), interviews to responsible person		GK	14.02.2018

Auditor team: GK – Ģirts Karss, LS - Liene Suveizda, EL – Ēriks Lidemanis (auditor in training)

6.2 Description of evaluation activities

Description of the audit evaluation:

Annual surveillance audit was carried out as an onsite audit in RSEZ New Fuels SIA production site in Rēzekne where the SBP certification system and SBP SBE system for primary and secondary feedstock was evaluated as part of the scope of the existing SBP certificate. The main focus of the surveillance audit is to verify if the SBP SBE risk mitigation measures are implemented properly according to requirements of SBP standards #1 and #2 and BP's supplier verification program.

The sampling of the suppliers for field evaluations took place prior to the SBP audit, through communicating to responsible person for feedstock procurement. The minimum number of suppliers used for sampling of primary suppliers was calculated as following: $0.8 \times \sqrt{5}$ rounded to the upper whole number = 2 suppliers. Since there were only 2 active suppliers of low risk primary feedstock within the SBP SBE process, both were selected for field evaluations. The only one active supplier of "low risk" secondary feedstock (sawdust and chips) was included in the list of supplier audit program, including visits to two sub-suppliers (sawmills). Also suppliers of non-SBP compliant secondary feedstock. were included in the audit program to verify the feedstock origin.

All SBP related documentation connected to the SBP as well as FSC CoC/ CW system of the organisation, including SBP Procedures, GHG data calculations/ data sheet, Supply Base Reports and FSC system description have been provided by the BP in advance and were reviewed during the desk verification conducted prior to the audit. Also, the SAR document had been reviewed on site at the BP with responsible personnel and staff participating in the preparation of the SAR report.

Auditors were welcomed in the RSEZ New Fuels SIA office in Rēzekne. Audit began with an opening meeting attended by the responsible persons of the organization – procurement manager, responsible person for certification and the chief accountant. At the opening meeting lead auditor introduced the auditing team, provided information about the audit plan, methodology, auditor qualification, confidentiality issues, and audit methodology and clarified verification scope. Auditor explained the aim and objectives of the 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. Explained

differences in minor and major nonconformity reports (NCRs) and that NCRs are expected in the process designed to help the organization strengthen its procedures and processes. Discussed and confirmed the audit itinerary.

After the opening meeting the sampling of suppliers for field inspections took place. Both suppliers of primary and secondary feedstock have been selected for verification audit. 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. It has been decided to include both active (been supplying feedstock at the time of audit) suppliers of “low risk” (SBE NR) primary feedstock and 1 active secondary feedstock supplier (sawmill) for field evaluations. In addition to active suppliers of SBE feedstock, secondary feedstock suppliers for origin confirmation verification had been sampled. The relationship of $0.8 \times \sqrt{x}$ (number of suppliers) was used to determine the number of suppliers to visit.

After the introductory, opening meeting auditors split up in two teams. One auditor went through all applicable requirements of the SBP standards Nr. 2, 4, 5 and instruction documents 5a covering input clarification, existing chain of custody and controlled wood systems, 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. Overall responsible person for SBP system and over responsible staff (plant manager, production manager, accountant, assistant of the accountant, sales representative, procurement manager) having key responsibilities within the system were interviewed during the process. A roundtrip in BP’s pellet production site was undertaken. During the site tour reception process was observed, applicable records reviewed, pellet factory staff interviewed and critical control points of FSC system have been analysed.

For the rest of day one auditor visited to only one “low risk” (“SBE NR”) secondary feedstock supplier to BP, including 2 subsidiaries of supplier - sawmills supplying “SBE NR” secondary feedstock – chips and sawdust to BP. Auditors visited the supplier, reviewed documented procedures for secondary feedstock supplies with the SBE system, reviewed list of suppliers. Auditors also reviewed roundwood sourcing documentation and checked the risk mitigation measure records, interviewed responsible persons.

Other auditor continued with field inspections to individual suppliers at the FMU level in the first day of the audit. In particular 3 logging sites (FMUs) of one supplier were visited. Auditor was witnessing the audit (Health and Safety risk mitigation measures – 1 FMU; and High Conservation Value risk mitigation measures in 2 FMUs) of the BP and at the same time doing their own independent evaluation of the suppliers to verify the correctness of the mitigation measure.

Day 2

In the first half of the day auditors continued field inspections to individual suppliers at the FMU level. Another supplier of primary feedstock was inspected and one logging site (FMUs) of supplier was visited. Auditor was evaluating how High Conservation Value risk mitigation measures were effectuated in 1 FMU where the primary feedstock was sourced by the BP and at the same time doing their own independent evaluation of the suppliers to verify the correctness of the mitigation measure.

In the second half of the day auditors went through all applicable requirements of the SBP standards Nr. 1 and Nr. 2, and instruction documents covering SBE system regarding sourcing of both primary and secondary feedstock and the overall BP management system. During the process overall responsible person for SBP system and over responsible staff (responsible person – procurement manager, licensing specialist, accountant, assistant of the accountant) having key responsibilities within the system were interviewed.

Documented procedures for primary and 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.

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. Additional document review was conducted after the audit field work closing to evaluate changes done by the BP

in GHG data in the SAR document identified during the audit.

Auditor team composition:

Auditor(s), roles	Qualifications
<p>Ģirts Karss Lead Auditor</p>	<p>Works for NEPCon since 2011 Ģirts Karss holds MSc in Environmental Science from the Lund University and the University of Latvia. He has passed the Rainforest Alliance lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC lead auditor qualification. Ģirts Karss has conducted of FSC Chain of Custody audits in wood industry companies in Latvia and FSC forest management assessments and annual audits in Baltic countries and Russia. Ģirts had completed SBP training course and has participated in a number of SBP assessments, scope change and annual audits including SBE in Latvia.</p>
<p>Liene Suveizda, Auditor</p>	<p>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.</p>
<p>Ēriks Lidemanis Auditor in training</p>	<p>Joined NEPCon in 2017. Holds bachelor degree from Latvia University of Agriculture Forest Faculty (forest management). Previous work experience in wood processing industry and roundwood measurement. Ēriks has passed the NEPCon lead assessor training course in FSC Chain of Custody operations and obtained the FSC CoC auditor qualification. Ēriks is working as FSC Chain of Custody auditor.</p>

6.3 Process for consultation with stakeholders

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

See stakeholder consultation process description as part of assessment audit and scope change audit element in New Fuels SBP assessment 2016 report and New Fuels SBP scope change audit 2017 report.

7 Results

7.1 Main strengths and weaknesses

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

Weaknesses: minor issues related to recording risk mitigation measures during the audit period in labour safety were identified. See detailed information in audit findings section (Annex A) of the report.

7.2 Rigour of Supply Base Evaluation

SIA New Fuels RSEZ is implementing the SBE for primary and secondary feedstock (forest products) originating from Latvia and sourced without SBP-approved Forest Management Scheme claims, SBP-approved Forest Management partial claim, SBP-approved Chain-of-Custody (CoC) System claim. Risk mitigation measures are implemented for feedstock sourced from forest land (material sourced under FSC Controlled Wood system) as well as non-forest land (arboriculture arisings such as overgrown agriculture lands, wood growing along the drainage systems, roads, railway lines).

The BP is using the SBP approved and endorsed the Regional Risk Assessment for Latvia. The designated risks in both organization's risk assessment and the SBP endorsed RRA do not differ. Both organization's RRA and SBP endorsed RRA specifies the same "specified risk" for indicators 2.1.1, indicator 2.1.2 and indicator 2.8.1.

Since the BP's risk assessment and SBP endorsed version of the risk assessment do not differ, no changes in risk mitigation measures had been introduced. The BP is applying risk mitigation measures that were consulted with relevant stakeholders, prior to the previous (scope change) audit. The BP is implementing mitigation measures for individual SBP standard indicators that have "specified risk" status. Mitigation measures were designed in cooperation with external experts - acknowledged nature/forest habitat experts, and experts on health and safety issues.

7.3 Compilation of data on Greenhouse Gas emissions

The BP is implementing a system to collect and record data on Greenhouse Gas emissions. During the initial audit (main assessment in 2016, without SBE) and scope change audits (January 2017), the BP has made detailed overview of the systems and databases to collect and record all GHG data related to production of pellets. No changes in the existing GHG emission data collection framework was introduced during the audit period. All related evidence with regard to GHG calculation and assumptions were provided to auditors.

7.4 Competency of involved personnel

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

certification.

Procurement manager who is also responsible for FSC chain of custody certification system holds the overall responsibility for SBP and SBE system, as well as procurement and supplier related issues, 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 sufficient 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 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 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.

7.6 Preconditions

Not applicable for annual surveillance audit.

For details see the section "Non-conformities and observations". No open preconditions related to this evaluation exist.

8 Review of Biomass Producer’s Risk Assessments

8.1 Risk Assessment for Latvia

The BP is using the SBP endorsed (September 28, 2017) SBP Regional Risk Assessment for Latvia where risks for each individual indicator have been evaluated. “Specified risk” in the Regional Risk Assessment for Latvia 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.

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

The organization has designed and is implementing mitigation measures of risks for non-certified 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) during the assessment. The BP is also requiring suppliers to take necessary actions – risk mitigation measures to avoid supplying material of “specified risk”.

To mitigate risks of mentioned 3 indicators at secondary feedstock level, the BP accept secondary feedstock from approved suppliers, which utilise “low risk” or “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”. The tool is used in private forest land and shows “Risky areas” which may comprise WKH and “Green areas” which most likely do not comprise WKHs. The tool is based on existing forest inventory databases and implements filtering forest inventory databases using the algorithm from “Inventory of woodland key habitats; methodology” (Ek at al 2002). The tool has been verified in field verification process that took place (carried out by licenced forest ecology, biodiversity experts) to verify the correctness of the methodology and the algorithm implemented. Five different areas in Latvia were visited (each area 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.

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 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 tool, 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 depends on the amount of material sourced).

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

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

No mass-balance system is implemented at the sawmill (primary feedstock) level. Only FSC certified and SBE primary feedstock verified feedstock with SBNR mark in the sales invoices are accepted by sawmills. Other feedstock is not accepted. Feedstock coming from these sawmills is marked as SBNR 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 NewFuels SIA.

10 Non-conformities and observations

NCR: 01/18 (21121)	NC Classification: Minor	
Standard & Requirement:	SBP Standard 2 (ver. 1.0), p. 16.2 16.2 Mitigation measures shall be justified and recorded	
Report Section:	Appendix B, p. 9.2	
Description of Non-conformance and Related Evidence:		
<p>It was identified during the audit upon reviewing the risk mitigation measure records that the organization had used outdated (previous) version of H&S checklists, i.e. the previous version of checklist that was found out in previous audit lacking several H&S requirements and a major NCR was raised (see NCR 03/17). Since the organization had improved the checklists and was using the updated version for supplier auditing during the audit period, a minor NCR 01/18 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:	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"/>

OBS: 01/18 (21122)	Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 16.1. Where an Indicator is rated as Unspecified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk.
	Report Section	Appendix B, p. 9.1
Description of findings leading to observation:	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. All	

	<p>harvesting sites within the SBE system are evaluated for presence of WKHs onsite (i.e. surveyed onsite, using WKH checklist) and subsequent negative conclusion about the WKH presence. 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.</p> <p>Auditors carried out evaluation 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. No substantial deficiencies were observed in the assessment audit in field inspections by both BP and auditors evaluating the assessment made by BP. Few issues in relation to interpretation of WKH checklist have been observed. It has been observed by auditors that in few harvesting sites BP has been giving higher scores to a number of checklist criteria due to misinterpretation of checklist criteria and the 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.</p>
Observation:	<p>The BP shall evaluate the High Conservation Values – Woodland Key Habitats according to the WKH methodology, to ensure that the results are consistent and avoid misleading results, particularly in situations when the evaluation score is close to WKH identification threshold.</p>

OBS: 02/18 (21123)	<p>Standard & Requirement:</p>	<p>SBP Standard 2 (ver. 1.0), instruction document 5A (ver.1.1) requirement 4.5.3.</p> <p>The BP shall record the electricity consumed during the Reporting Period, stated as kWh per tonne of biomass output.</p>
	<p>Report Section</p>	<p>Appendix D, p. 14.1.</p>
Description of findings leading to observation:	<p>The data about power consumption is based on the energy supplier bill. It was identified during the audit that the total sum used electricity reported covers both electricity used for biomass production as well as electricity sold to CPH.</p>	
Observation:	<p>BP is recommended to exclude the amount of electrical energy used for CPH owned by other legal entity from total electricity consumption data accounted for pellet production.</p>	

10.1 Closed Non-Conformity Reports (NCRs)

NCR: 01/17 (15469)	NC Classification: Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), p. 15.3 15.3 The BP management system shall document all necessary procedures (15.3)
Report Section:	Appendix B, p. 3.3
Description of Non-conformance and Related Evidence:	
<p>The BP has established written procedures for SBP and SBP SBE requirements. In particular the documented procedure “SBP sertifikācijas sistēmas apraksts.” (Description of SBP certification system). The procedure contains description of aims and objectives of the procedure, scope, reference to standards, division of responsibilities, general process description of supply of feedstock, process of stakeholder consultation, production accounting as well as specific requirements of relevant SBP standards (Supply Base Report, SAR report, SBP Profiling Data records and other. mechanism of Green House Gas calculation, use of SBP logo etc.).</p> <p>There is also documented procedure elaborated for Supply Base Evaluation – “SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process” (“Approval, verification and risk mitigation measures for SBP compliant feedstock”) process. The SBE procedure contains sourcing 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.</p> <p>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.</p> <p>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. Documented procedures as well as H&S checklist does not provide information which national health and safety normative and legislation acts/requirements are used for evaluation of H&S risks. 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.</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:	SBP documented procedures (See Exhibit 1)	
Findings for Evaluation of Evidence:	The organization had updated the SBP documented procedures during the audit period. Review of documented procedures show that issues outlined in the description of the non-conformance had been fixed. See documented procedures of the organization in the Exhibit 1.	
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: 02/17 (15470)	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:	The BP has provided justification of selection of personnel in the publicly available document – BP’s Supply Base Report (SBR). The SBR has been updated with main qualification requirements for BP’s personnel that is involved in the SBP and SBE processes in accordance with qualification requirements outlined in organization’s internal documents – documented procedures.	
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"/>

Major NCR 03/17 closed after the scope change audit in January 2017

NCR: 04/17 (21003)	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 assessment 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:	Interviews to responsible personnel, review of procedure and risk mitigation records
Findings for Evaluation of Evidence:	<p>The BP has designated 9 criteria to evaluate effectiveness of mitigation measures, namely: trainings conducted to both staff and suppliers regarding risk mitigation measures, number of inspected logging sites/plots; average biodiversity score (as from HCV checklists); number of potential HCV areas – biotopes identified; number of HCV areas (biotopes) confirmed by experts; number of bird habitats (nests) identified; number of objects of cultural heritage identified; number of complaints received; number of cases of forest habitat experts involved in assessing the status of biotope.</p> <p>The BP has compiled information on the efficiency of risk mitigation measures based on the criteria outlined above.</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: 05/17 (21004)	NC Classification: Minor
Standard & Requirement:	<p>SBP Standard 4 (ver. 1.0), requirement 4B, 1.7</p> <p>Only the SBP logo artwork provided directly from the SBP secretariat shall be used.</p>

Report Section:	Appendix C p.9.6.	
Description of Non-conformance and Related Evidence:		
<p>Organisation is aware that it must follow all applicable requirements of SBP Standard 4, Instruction note 4B in relation to SBP trademark off-product use. The SBP trademark requirements are described in the general SBP procedure of the Organisation. It was identified that BP had published information about its certification status in the homepage of the company: http://www.newfuels.eu. SBP secretariat is not informed about this publication.</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:	Website of the organization	
Findings for Evaluation of Evidence:	<p>The BP has removed SBP artwork used to inform the certification status from the website of the organisation: http://www.newfuels.eu and is not intending to use the SBP artwork in the website of the organization. Responsible person at the organization demonstrated knowledge of SBP requirements regarding use of SBP logotypes for promotional purposes.</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: 06/17 (21005)	NC Classification: Minor
Standard & Requirement:	<p>SBP Standard 5 (ver. 1.0), instruction document 5. Requirement 2.2.3</p> <p>Where GHG and Energy data (defined in Instruction Document 5B) vary for a single Scope End-Point (for example, because road is used as an alternative to rail for moving biomass to a single port) then two or more Static Data Identifiers shall be allocated for that Scope End-Point to capture the correct GHG and Energy data for the biomass.</p>
Report Section:	Appendix D p.2.3.
Description of Non-conformance and Related Evidence:	

<p>During the audit responsible person demonstrated understanding of the requirement. However, during the SAR report review it was identified that the same static data identifier (SBP-01-16-11) is applied in case transportation from Rezekne to Riga is conducted by railway and truck. Separate calculations for transportation done by truck and railway are included in the SAR.</p>	
<p>Corrective action request:</p>	<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>
<p>Timeline for Conformance:</p>	<p>By next audit, but not later than 12 months from the report finalization</p>
<p>Evidence Provided by Organisation:</p>	<p>SBP audit report on Energy and GHG data (SAR)</p>
<p>Findings for Evaluation of Evidence:</p>	<p>Review of SAR shows that different static data identifiers are used for specification of GHG emissions for transportation of pellets from Rezekne to Riga by railway and truck. Separate calculations for transportation done by truck and railway are included in the SAR.</p>
<p>NCR Status:</p>	<p>CLOSED</p>
<p>Comments (optional):</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: 07/17 (21006)</p>	<p>NC Classification: Minor</p>
<p>Standard & Requirement:</p>	<p>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:</p> <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-<input type="checkbox"/>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-<input type="checkbox"/>processed onsite. <i>Note: 'Prepared or pre-<input type="checkbox"/>processed' includes activities such as drying and grinding.</i>

Report Section:	Appendix D, p.9.2.	
Description of Non-conformance and Related Evidence:		
During the audit it was identified that transport distance ratio does exceed average for more than 1.5 for all feedstock types It was explained by the BP that that there was few case then the feedstock was delivered from the longer distances. No explanation was provided in the SAR.		
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 document, interviews to responsible staff	
Findings for Evaluation of Evidence:	It was identified during the audit upon reviewing the SAR document and interviewing the responsible personnel that transport distance difference between maximum and average is more then 1.5 for all feedstock types. It was explained by the BP that all biggest suppliers of feedstock to BP, predominantly, the manager of state owned forests AS Latvijas Valsts meži supplied feedstock from substantially farther locations than usual due to exceptionally humid climate conditions (resulting from extremely high precipitation) in the second half of 2017, difficult logging and transport conditions which resulted in longer transport distances. The BP also referred to Force Majeure conditions due to climatic conditions in agriculture and forestry sectors announced by the Ministry of Agriculture in December, 2017. Explanation is provided in the SAR. Therefore it is considered the cause of the NCR is of temporary character. Auditors consider explanation provided by the BP sufficient for closing the NCR	
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: 08/17 (21007)	NC Classification: Minor
Standard & Requirement:	SBP Standard 4 (ver. 1.0), requirement 5.4.2 A legal owner shall record the certificate numbers of the customer to which it supplies biomass
Report Section:	Appendix C p.4.2
Description of Non-conformance and Related Evidence:	

<p>SBP procedure requires to maintain the records about the customers, including their SBP certificate code of the customer. Customer registration sheet is available in Appendix nr. 1 of the SBP procedure document. During the audit it was identified that the register have not been maintained. As soon as all data for the report was available and verified during the audit minor NCR 08/17 is issued.</p>	
<p>Corrective action request:</p>	<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>
<p>Timeline for Conformance:</p>	<p>By next audit, but not later than 12 months from the report finalization</p>
<p>Evidence Provided by Organisation:</p>	<p>Buyer and batch register “SBP pircēji”</p>
<p>Findings for Evaluation of Evidence:</p>	<p>BP buyer and batch register (“SBP pircēji”) was reviewed during the audit. The register contains information on buyers of SBP certified material. Responsible staff is familiar with the requirements and confirmed its commitment to maintain the register for the future jobs.</p>
<p>NCR Status:</p>	<p>CLOSED</p>
<p>Comments (optional):</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: 09/17 (21008)</p>	<p>NC Classification: MAJOR</p>
<p>Standard & Requirement:</p>	<p>SBP Standard 5, Instruction document 5A (ver. 1.a), p. 3.2.5 The Production Batch ID shall be in the form: SBP-- XX-- YY-- ZZ-- AA Where: SBP-- XX-- YY-□ZZ is the Static Data Identifier AA is the Dynamic Batch Sustainability Data Identifier. Unless a BP receives written approval from the SBP, the value of AA shall be '00'. (5a, 3.2.5)</p>
<p>Report Section:</p>	<p>Appendix D, p.4.3</p>
<p>Description of Non-conformance and Related Evidence:</p>	
<p>Sales requirements are specified in section 6 of the BP procedures. Interviewed staff is familiar with the Definition. The production batch ID will be used as predefined in the SAR document.</p>	

<p>Even though procedure covers all necessary information, during the audit it was identified that Dynamic Batch Sustainability identified is not stated in sales invoices. During the reporting period BP sold pellets with SBP-controlled claim.</p>	
<p>Corrective action request:</p>	<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>
<p>Timeline for Conformance:</p>	<p>By next annual surveillance audit but not later than 12 months after report finalisation date</p>
<p>Evidence Provided by Organisation:</p>	<p>Sales documents, see samples in Exhibit 10</p>
<p>Findings for Evaluation of Evidence:</p>	<p>Review of sales documents shows that the organization had the correct Dynamic Batch Sustainability Data identified according to standard requirements. The responsible person is aware of standard requirement regarding the use of Production Batch IDs in the sales documents.</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 checked="" type="checkbox"/> No <input type="checkbox"/></p>

<p>NCR: 10/17 (21009)</p>	<p>NC Classification: Minor</p>
<p>Standard & Requirement:</p>	<p>SBP Standard 5, Instruction document 5B (ver. 1.a), p. 5.3.4 Data shall be reported in litre/ (for fossil fuel) or in kWh/ (in the case of electricity) per metric tonne of wood product harvested during the rotation period or per metric tonne of chips as received.</p>
<p>Report Section:</p>	<p>Appendix D, p.13.4</p>
<p>Description of Non-conformance and Related Evidence:</p>	
<p>Biograce default value is applied. The value is equal to 1.67 litre diesel / metric tonne roundwood and this is mentioned in the section A page 10. During the audit it was identified that due to the lack of the specific field in SAR report the value for the feedstock transportation is recorded under section: "Energy use in forestry operations and chipping" and this might be confusing for the reader/ buyer.</p>	
<p>Corrective action request:</p>	<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:	SBP audit report on Energy and GHG data (SAR)	
Findings for Evaluation of Evidence:	The default value 1.67 L/ diesel / metric tonne roundwood (Biograce) is used. The value is provided in the section A, page 10. The value for the feedstock transportation is recorded under section: "Energy use in forestry operations and chipping".	
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 certificate can be maintained	
Certification decision by: Ondrej Tarabus	
Date of decision: 14.05.2018	

12 Surveillance updates

12.1 Evaluation details

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

12.2 Significant changes

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

The BP has informed stakeholders via email on September 16, 2016 with first proposal of risk mitigation measures. Feedback from several stakeholders in written has been received. The BP has made phone calls to several key stakeholders for comments. The BP has reached out 10 stakeholders by phone and these were proactively asked for comments.

List of contacted stakeholders can be found in the exhibit 3 and the comments as well as responses to the comments in exhibit

12.6 Conditions for continuing certification

There are no preconditions. List of open NCR is available is section 10. Non-conformances and observations of the report.

12.7 Certification recommendation

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