

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

Second Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.2

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

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1 Overview

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Name of the Company:	Graanul Pellets SIA SIA Graanul Pellets, Production site, Plānupes str. 34, Incukalns parish, Incukalns municipality, Latvia, LV-2141
Company contact for SBP:	Aleksandrs Zjatkovs (Executive director), telephone: +371 27889858, email: aleksandrs.zjatkovs@graanulinvest.com
Certified Supply Base:	Sourcing from Latvia, Lithuania, Estonia, Belarus, Sweden and Norway; Material received through SBE, primary and secondary feedstock from Latvia, primary feedstock from Estonia SBE: Latvia (using SBP endorsed regional risk assessment for Latvia, available at https://sbp-cert.org/documents/risk-assessments/latvia , endorsed in September, 2017)
SBP Certificate Code:	SBP-01-69
Date of certificate issue:	30/Mar/2017
Date of certificate expiry:	29/Mar/2022

This report relates to the: Second Surveillance Audit

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

Organization holds valid FSC Chain of Custody certificate, covering pellet production of the Graanul group: NC-COC-009116 as well as PEFC Chain of Custody certificate (TT-PEFC-COC44), SIA Graanul Pellets SIA is included into this certification as a certification site. SIA Graanul Pellets is included into these certifications as a certification site. The system covers procurement of PEFC certified and PEFC Controlled Sources materials.

SIA "Graanul Pellets" purchases most of the raw materials (primary, secondary and tertiary feedstock) as feedstock originating from Latvian, Estonia, Lithuania and Belarus. Secondary and tertiary feedstock is originating from Latvia, Lithuania, Belarus, Sweden and Norway. This secondary and tertiary feedstock is delivered as FSC/ PEFC certified or FSC Controlled wood/ PEFC Controlled Sources.

All inputs materials delivered to the pellet production plant are FSC certified, PEFC certified, FSC controlled wood or included in the Organisation's FSC Controlled wood verification system. At the moment controlled wood verification system is applied to the primary feedstock originating from Latvia and Estonia only. Company aims to buy FSC certified, PEFC certified feedstock or FSC Controlled wood from certified suppliers and implement controlled wood verification system as less as possible.

The BP is selling SBP pellets on EXW, FOB Riga and CIF (HULL UK/ TYNE UK/ IMMINGHAM UK/ AVEDORE DENMARK/ STUDSTRUP DENMARK)

Supply base evaluation is implemented for both primary feedstock originating from Latvia and Estonia and secondary feedstock originating from Latvia only. The scope of the audit includes evaluation of organization's risk assessment, supplier verification program, implementation of mitigation measures for indicators with high risk and monitoring system.

Certification scope: Production of wood pellets, for use in energy production, at Graanul Pellets SIA Incukalna site and transportation to Riga port. Sales are done on CIF (HULL UK/ TYNE UK/ IMMINGHAM UK/ AVEDORE DENMARK/ STUDSTRUP DENMARK), FOB Riga, FCA Riga incoterm conditions,

The scope of the certificate include Supply Base Evaluation with primary feedstock from Latvia and Estonia, and secondary feedstock from Latvia.

Scope of the evaluation is indicated in the table below:

Scope Item	Check all that apply to the Certificate Scope	Change in Scope (N/A for Assessments)
Approved Standards:	SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0 SBP Standard #1 V1.0 http://www.sbp-cert.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 checked="" type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
Chain of custody system implemented:	<input checked="" type="checkbox"/> FSC	<input checked="" type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>
	<input type="checkbox"/> Transfer	<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit		<input type="checkbox"/>
Points of sales	<input type="checkbox"/> Harbour (including own handling of material)	<input checked="" type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour	<input checked="" type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)		<input type="checkbox"/>
Provide name of all points of sales	- - -	- FCA Riga - FOB Riga	CIF (HULL UK/ TYNE UK/ IMMINGHAM UK/ AVEDORE DENMARK/ STUDSTRUP DENMARK)		
Use of SBP claim:	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No		<input type="checkbox"/>
SBE Verification Program:	<input type="checkbox"/> Low risk sources only		<input checked="" type="checkbox"/> Sources with unspecified/ specified risk		<input type="checkbox"/>
	New districts approved for SBP-Compliant inputs: Primary and secondary feedstock originating from Latvia and Estonia.				
Sub-scopes	2 sub-scopes: primary feedstock sourced within the SBE: Latvia and Estonia				<input type="checkbox"/>
Specify SBP Product Groups added or removed: N/A					
Comments: N/A					

3 Specific objective

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

Evaluation covered:

- Review of the BP's management procedures, including requirements designated in SBP standards SBP Standard #1 V1.0; SBP Standard #2 V1.0; SBP Standard #4 V1.0; SBP standard #5 V1.0;
- Review of the updated Supply Base Report;
- Review of FSC/PEFC system control points, analysis of the existing FSC/PEFC CoC system;
- Review of Public Consultation of the risk assessment process;
- Review of the risk assessment results;
- Evaluation of mitigation measures implemented for both primary and secondary feedstocks;
- Field visits of the primary and secondary feedstock suppliers;
- Interviews with responsible staff;
- Review of the reports and records.

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- ☒ SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- ☒ SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

The BP uses SBP endorsed Regional Risk Assessments for 2 countries: the Republic of Latvia and the Republic of Estonia.

SBP has approved and endorsed the Regional Risk Assessment for Latvia in September, 2017. The BP has been using the SBP endorsed RRA. The designated risks in SBP endorsed RRA are “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. See also SBP Regional Risk Assessment for Latvia in <https://sbp-cert.org/documents/risk-assessments/latvia>

SBP-endorsed Regional Risk Assessment for Estonia is used by the Biomass Producer. One indicator in the approved Regional Risk Assessment has been evaluated as specified risk (indicator 2.1.2).

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

SIA “Graanul Pellets” is a biomass producer with a production site and office located in Planupes street 34, Incukalna Parish, Incukalna District, Latvia and storage site situated in Riga (Vecmilgravis) harbour.

SIA “Graanul Pellets” is producing mostly industrial quality wood pellets.

The BP is sourcing primary, secondary and tertiary feedstock as a raw material for the pellet production.

Pellets are produced from primary feedstock (firelogs – both conifer and broadleaf); secondary feedstock: (wood industry residues: wet sawdust, wood chips) and tertiary feedstock (dry sawdust with shavings). Forest residuals (harvesting residues chips and bark) as well as production residuals (bark and slab wood) might be used for the biomass drier. During the reporting period only forest logging residues had been used into the biomass drier of the company.

There are 2 CHP plants, belonging to other companies, which are situated at the same address. The CPH are operated by separate legal entities. SIA “Graanul Pellets” is buying steam from the CPH. Feedstock used into the CPH is not included into the scope of the audit.

All feedstock types are delivered to the pellet plant using road transport, biomass is transported to harbour by road transport as well.

Most of the raw material in SIA “Graanul Pellets” is primary, secondary and tertiary material from feedstock originating from Latvian and Estonia, as well as a small part of the raw material, which is supplied as secondary and tertiary feedstock from Lithuania, Belarus, Sweden and Norway. All secondary and tertiary feedstock is delivered with FSC/PEFC certification claims or FSC Controlled Wood/ PEFC Controlled Sources claim.

All input materials delivered to the pellet production plant are FSC certified, PEFC certified, FSC controlled wood or included in the Organisation’s FSC Controlled Wood verification system. Controlled wood verification system might be applied to the primary feedstock originating from Latvia and Estonia. Company aims to buy FSC certified, PEFC certified feedstock as FSC Controlled wood from certified suppliers and implement controlled wood verification system as less as possible.

The information on timber origin is kept and there is an agreement signed with all feedstock suppliers with requirement to provide the access to the information about origin. As a part of the origin verification program BP is conducting supplier audits.

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

After the production, pellets are transported into the harbour storage place in Riga by trucks. After this, pellets are loaded into the ship and sent to the customer on FCA Riga incoterm conditions, sales on other incoterm conditions are possible.

5.2 Description of Company's Supply Base

Latvia

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

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

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

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

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

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

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

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

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

5% of Latvian labour force 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).

Forests of JSC Latvijas valsts meži and part of private forests are certified according to FSC and PEFC certification systems. Approximately 1.737 million ha of Latvian forests from the total forest area of 3,056,578 ha are certified according to FSC and/or PEFC certification systems. Both these systems are operating in Latvia. There are 6 private forest managers that are managing forests in accordance with FSC standard requirements. The FSC certified area in the country amounts to a total of 1,743,157 ha , including 248,021 ha of private forestland.

Lithuania

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

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

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

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

All state owned forests are is FSC certified.

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 aprox., 11 million cubic metres (<http://www.mlh.by> , 2015.)

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

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

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

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

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

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

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

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

All forest area is certified by PEFC certification scheme: 7,7 million. Ha (83 forestries) and FSC certification scheme 5,0 million. Ha (61 forestries)

Estonia

Currently more than 2 230 000 ha, equal to 51% of the Estonian land territory, is covered by forest and the share of forest land is growing. According to FAO data, during 2000 - 2005, average annual change in the forest cover was +0.4 %. Forestry Development Plan 2012-2020 and Yearbook Forest 2013, that gives annual reports and facts about the forest in Estonia, state that during last decade the cutting rate in Estonian forests is from 7 to 11 mill m³ per year. The amount is in line with sustainable development principle when the cutting rate doesn't exceeds the annual increment and gives the potential to meet the long-term the economic, social and environmental needs. According to the Forestry Development Plan 2012-2020 the sustainable cutting rate is 12-15 mil ha per year.

For logging in any type of forest, it is required that a valid forest inventory or forest management plan, along with a felling permit issued by the Environmental Board, is available. All issued felling permits and forest inventory data is available in the public forest registry online database

Area of protected forests accounts to 25.3% of the total forest area whereas 10% is considered to be under strict protection. The majority of protected forests is located on state property. The main regulation governing

the preservation of biodiversity and the sustainable use of natural resources is the Nature Conservation Act. Estonia has signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in 1992 and joined the International Union for Conservation of Nature (IUCN) in 2007. There are no CITES or IUCN protected tree species naturally growing in Estonia.

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

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

Estonia is a member of the European Union since 2004. The Estonian legislation is in compliance with the EU's legislative framework and directives. National legislative acts make references to the international framework. All legislation is drawn up within a democratic system, subject to free comment by all stakeholders. The Estonian legislation provides strict outlines in respect to the usage of forestry land and the Estonian Forestry Development Plan 2020 has clear objectives and strategies in place to ensure the forestland is protected up to the standards of sustainable forest management techniques. The Ministry of the Environment coordinates the fulfilment of state duties in forestry. The implementation of environmental policies and its supervision are carried out by two separate entities operating under its governance. The Estonian Environmental Board monitors all of the work carried out in Estonia's forests whereas the Environmental Inspectorate exercises supervision in all areas of environmental protection.

The forest is defined in the Forest Act. There are three main forest categories described in this legislation: commercial forest, protection forest and protected forests. According to the ownership, forests are also divided into private forests, municipality forests and state owned forests. The state owned forest represent approximately 40% of the total forest area and is certified according to FSC and PEFC forest management and chain of custody standard in which the indicators related to forest management planning, maps and availability of forest inventory records are being constantly evaluated and addressed. The state forest is managed by State Forest Management Centre (RMK) which is a profit-making state agency founded on the basis of the Forest Act and its main duty lies in a sustainable and efficient management of state forest.

Norway

About 38% of the surface area in Norway is covered by forest. The total forested area amounts to 12 million hectares, including more than 7 million hectares of productive forest. 15% of the productive forest has been estimated as non-economic operational areas due to difficult terrain and long distance transport, which means that economical forestry may only be operated in about 50% of the forested area. The most important species are Norway spruce (47%), Scots pine (33%) and birch (18%).

From the forest area: Privately owned forests 80 % ; State and municipalities 12 %

Industrial private 4 %; Local common land 4 %

All productive forests in Norway are certified, i.e. 7.397.000 hectares (both FSC and PEFC). The number of certified forest owners is approximately 43.000 (private, municipalities, state).

Approximately 6.4% of mainland Norway has protected area status. In addition, 15,000 square km of Spitsbergen is designated as conservation area - national parks, nature reserves or other kinds of protected area cover 10-12% of the area of the remote islands.

The total number of species in Norway is estimated to be 45,000, of which approximately 33,000 are known and described. It exists information enough to estimate whether a species is threatened or not for only 10,000 species. Of these, 150 are threatened by extinction, 279 are deemed vulnerable, 800 are categorized as rare (the last number also includes species which are rare of natural causes, and not only because of human intervention). 359 are deemed species of special concern, 36 species are indeterminate, while 169 species are classified as insufficiently known.

Species "Red lists" can be used to point out the habitats containing an especially rich variety of endangered species. Red list species have often proved to be the red warning lights of nature to tell us that a biotope is threatened or something else is wrong in nature. The red lists also give us a picture of the condition of our flora and fauna, and may contribute to the efforts of securing and improve the ecosystem for these species. http://www.borealforest.org/world/world_norway.htm

In the country there are areas of endangered high conservation value forests. More specifically there are Global200 and IFL areas in the northern mountain regions.

Norway has been a signatory of the CITES Convention since 1976. CITES requirements are respected in forest management, although there are no local tree and brush species included in the CITES lists annexes.

Those regions identified by Conservation International as a Biodiversity Hotspot. Those forest, woodland, or mangrove ecoregions identified by World Wildlife Fund as a Global 200 Ecoregion and assessed by WWF as having a conservation status of endangered or critical. Those regions identified by the World Resources Institute as a Frontier Forest Intact Forests Landscapes, as identified by Greenpeace (www.intactforests.org)

In 2006 forestry and the forest industries accounted for about 0.8% of the Gross National Product in Norway. Of the total employment of 2.443.000 persons in Norway approximately 40.000 people receive their income from forestry and from the forest industry. 6.700 persons (0.3%) are directly employed in forestry. About 50 percent of the Norwegian round wood harvested is used by sawmills. There are 225 sawmills in Norway operating on an industrial scale.

Sweden¹

Sweden is a parliamentary constitutional monarchy that joined the EU in 1995.

The Swedish Forest Agency is the national authority responsible for matters relating to the forest. It strives to ensure that the nation's forests are managed in such a way as to yield an abundant and sustainable harvest while at the same time preserving biodiversity. The Agency also strives to increase awareness of the forest's significance, including its value for outdoor recreation. The Agency has offices throughout the country. Its most important tasks are to give advice on forest-related matters, supervise compliance with the Forest Act, provide services to the forest industry, support nature conservation efforts and conduct inventories.

Sweden has Europe's second biggest afforested area after Russia. Sweden's productive forests cover about 23 million hectares. However, if this area is calculated according to international forest land definitions, it is 27 million hectares. Spruce and pine are by large the predominant species in Swedish forests. These two

¹ <http://www.nordicforestry.org/facts/Sweden.asp#En>

species count for more than 80% of the timber stock. In northern Sweden pine is the most common species, whereas spruce, mixed with some birch, dominates in southern Sweden.

Due to effective and far-sighted forest management the timber stock in Sweden has increased by more than 60% in the last one hundred years and it is now 3000 million m³. In recent years felled quantities have been between 85 and 90 million m³, whereas annual growth amounts approximately to 120 million m³.

The amount of protected forests in Sweden amounts to circa 1.9 million hectares. A great extent, about 90% of these forests are the kind of forests in which minor interventions are allowed. The share of strictly protected forests, where no human interventions are allowed is 0.3 % from the forest area. National parks, nature reserves and nature conservation areas cover an area of 4.2 million hectares, i.e. 10% of Sweden's land area. There are at least 220.000 hectares of protected forests which still in terms of forest growth are productive. In addition, there are about 12.000 hectares of protected habitat types and 25.000 hectares of wood land set aside and protected by environment conservation agreements. Large forest areas are also protected through forest owners' voluntary activities. Sweden signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora in August 1974 and the convention entered into force in July 1975. Sweden has also established a IUCN National Committee.

Private forest owner families hold about 50% of Swedish forests, privately owned forestry companies about 25% and the State and other public owners have the remaining 25%. The ownership of forests in Sweden varies between regions. In Southern parts of the country forests are mainly owned by private persons whereas in Northern Sweden companies own more significant amounts of forests.

80% of the Swedish forest land is certified under either the FSC or under the PEFC certification scheme. FSC certified forests amount to 10.2 million hectares and PEFC certified to 7.5 million hectares. Of the total 7.5 million hectares certified under the PEFC scheme, 3 million hectares are family owned.

The forest products industry plays a major role in the Swedish economy, and accounts for between nine and 12 percent of Swedish industry's total employment, exports, sales and added value.

Similar to Estonia and Finland, Sweden everyone has the Right of Public Access to roam the Swedish countryside including walking, camping, climbing and picking flowers.

5.3 Detailed description of Supply Base

Total Supply Base area (ha):	51.5 million ha
Tenure by type (ha):	20.98 million ha state ownership, 29.4 million ha private forests and 1.11 million ha in other ownership types.
Forest by type (ha):	3.2 million ha hemi-boreal forests; 38.67 million ha boreal forests; 9.63 million ha temperate forests
Forest by management type (ha):	51.5 million ha managed natural
Certified forest by scheme (ha):	FSC total certified area 27.11 million ha (FSC) and 16.19 million ha PEFC certified area

Quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report <http://www.latgran.com/en/policy/sustainable-biomass>

<http://www.latgran.com/lv/politika/ilgtspejigas-biomasas-programma>

(both Latvian and English versions)

5.4 Chain of Custody system

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

<http://info.fsc.org/details.php?id=a0240000006tyzdAAA&type=certificate&return=certificate.php>. The multisite certification is valid until 18.04.2022

The Organisation also holds COC PEFC certificate number TT-PEFC-COC44, SIA Graanul Pellets is included in this certification as a certification site. The system covers procurement of PEFC certified and PEFC Controlled Sources materials.

The Organisation is implementing FSC credit system. FSC Credit system is used for materials received as FSC certified, FSC Controlled wood and feedstock verified according to the Organisation's own Controlled wood verification system. Controlled Wood verification program is applied for primary feedstock only. Secondary and tertiary feedstock is delivered with FSC/PEFC certification or Controlled Wood/ Controlled Sources claim, The Controlled wood system or the organisation is covering Latvia and Lithuania.

Supplier list is maintained.

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

Moisture and weight is measured for each feedstock type. FSC credit account and PEFC mass balance accounts are updated once in a month: data about received raw materials by FSC/100% PEFC certified material certification status and volume of sold pellets as FSC and PEFC are recorded.

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

6 Evaluation process

6.1 Timing of evaluation activities

The annual surveillance audit took place in several stages during the time period from April 23-24th, 2018 with follow up in May 2;7, 2018 and included production site and office visit (April 23), staff interviews as well as evaluation of Documented control system and SBP records, and evaluation of risk mitigation measures carried out by the organization in observing supplier audits (April 25, May 2, May 24). Auditors participated in BP's audits to suppliers, including sub-suppliers and contractors and evaluated the risk mitigation system and the process of risk mitigation measures.

3 days in total were used for the annual surveillance audit, including 2.5 days of onsite audit work (onsite work at BP, plus supplier and sub-supplier audits at the FMU level) + 0.5 day documented evidence review prior and after the main part of the evaluation.

Activity	Location	Auditor(s)	Time
Opening meeting*	Office	GK, LS, EL	23.04.2018 10.00- 10.30
Planning of field evaluations, selection of suppliers and FMUs for inspections	Office	GK, LS, EL	10.30 – 11.30
SBE system review, evaluation of compliance to SBP Standards #1 and #2. Interview with responsible person for SBP SBE system: quality manager. Review of SBP and SBP SBE documentation, documented procedures and the Supply Base Report; Review of SBP Risk Assessment, mitigation measures, implementation of Supplier Verification Program. GHG calculation review collection and communication of energy and carbon data	Office	GK,LS,EL	12.00- 17.00 Lunch break: 12.30-13.30

Evaluation of the open non-conformances			
<p>Chain of custody system review, Review of the documented procedure</p> <p>Review of procedures, documents and interviews with responsible staff (review of the CoC system control point, mass balance, management system, verification of SBP compliant feedstock). Supplier verification program, Supplier Origin confirmation auditing</p>	Office	GK,LS,EL	<p>12.00 – 18.00</p> <p>Lunch break: 12.30-13.30</p>
Interviews with production staff and laboratory staff, roundtrip in production facilities	Production facilities	GK, LS,EL	17.00-18.00
Audit Day 2			25.04.2018
<p>Evaluation of BP's risk mitigation measures for suppliers of secondary feedstock</p> <ul style="list-style-type: none"> • Evaluation of supplier of secondary feedstock; • Witness audit of BP supplier audit (risk mitigation measures) 	<ul style="list-style-type: none"> • SIA "SGA Pluss" (primary processor), supplier of secondary feedstock: evaluation of secondary feedstock supply procedures, review of timber sourcing documents, interviews to responsible staff • SIA "Almo Hardwood" (primary processor), supplier of secondary feedstock: evaluation of secondary feedstock supply procedures, interviews to responsible staff • SIA "Taides" (primary processor), supplier of secondary feedstock: evaluation of secondary feedstock supply procedures, interviews to responsible staff • SIA "Zajais zelts" (broker/trader), supplier of secondary feedstock: evaluation of secondary feedstock supply procedures, interviews to responsible staff 	GK,EL	<p>25.04.2017</p> <p>10.00 – 18.00</p>

	<ul style="list-style-type: none"> • SIA "Rismus VK" (primary processor), supplier of secondary feedstock: evaluation of secondary feedstock supply procedures, interviews to responsible staff 		
<p>Evaluation of BP's practices in sourcing of primary feedstock within the SBE system</p> <p>Witness audit of organization supplier audits</p> <p>Evaluation of suppliers of primary feedstock:</p> <ul style="list-style-type: none"> • Evaluation of supplier of primary feedstock (harvesting company) • Witness audit of BP supplier audit 	<ul style="list-style-type: none"> • Supplier audit: SIA "Kraujas Z", primary feedstock supplier: evaluation of HCV and H&S risk mitigation measures in on-going and completed logging sites: • Supplier audit: SIA "MKPS LV Mežs", primary feedstock supplier: evaluation of H&S risk mitigation measures: • Supplier audit: SIA "Dižozols", primary feedstock supplier: evaluation of HCV risk mitigation measures completed logging sites: • Supplier audit: SIA "Green&White", primary feedstock supplier: evaluation of HCV risk mitigation measures completed logging sites: • Supplier audit: SIA "BDC Mežs", primary feedstock supplier: evaluation of HCV risk mitigation measures completed logging sites: 	LS	25.04.2018 09.00- 18.00
Audit Day 3			02.05.2018
<p>Evaluation of supplier of secondary feedstock for the purpose of origin confirmation</p> <ul style="list-style-type: none"> • Evaluation of supplier of secondary feedstock; • Witness audit of BP supplier audit 	<ul style="list-style-type: none"> • audit to SIA "RPJB" (primary processor), supplier of secondary feedstock; 	LS	10.00-12.00
<p>Review of SBP SBE system, applicable requirements of the SBP standards #1 and #2, covering SBE system regarding both primary and secondary feedstock and the overall SBP/SBE management system</p> <p>Evaluation of documented procedures, SBP SBE records, Supplier verification program</p>	Office	GK	10.00 – 14.00

records, interviews with responsible staff. Focus on issues related to risk assessment, implementation of risk mitigation measures, supplier verification programme, supplier un risk mitigation monitoring and control measures.			
Resolving of remaining issues, questions, interview to responsible person	Office	GK, LS	14:00-15:00
Closing meeting	Office	GK, LS	15:00-16.00

Audit Day 4			24.05.2018
Evaluation of supplier of secondary feedstock for the purpose of origin confirmation • Evaluation of supplier of secondary feedstock;	<ul style="list-style-type: none"> • audit to SIA "Klasmann Dielmann" (broker/trader), supplier of secondary feedstock; 	GK	10.00-12.00

Auditor team: GK – Ģirts Karss, LS - Liene Suveizda, EL - Ēriks Lidemanis

6.2 Description of evaluation activities

Annual surveillance audit was carried out as an onsite audit to SIA Graanul Pellets production site in Inčukalns parish and field inspections to both primary and secondary feedstock suppliers in Vidzeme region. The annual surveillance audit took place on April 24-25 and May 2 and 24, 2018.

Audit team was welcomed in SIA Graanul Pellets office in Inčukalns parish. Audit started with an opening meeting attended by the management team of the biomass producer as well as other responsible staff.

The lead auditor introduced the auditing team, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope. Lead auditor explained the aim and objectives of the annual audit, informed about the evaluation process, underlined the need to collect objective evidence through a combination of document review, site visits, interviews and discussions, explained the essence and importance of sampling aspect of the auditing. Special attention has been paid to explanation of the differences in minor and major nonconformity reports (NCRs) and that NCRs are an expected part of the process designed to help the organization strengthen its procedures and processes. Discussed and confirmed the audit itinerary.

After the opening meeting, the planning of field inspections and sampling of the suppliers for field inspections took place. Both suppliers of primary and secondary feedstock have been selected for field evaluation. It has

been decided to include in the field inspection list both the primary and the secondary feedstock suppliers that have been approved by the BP to supply “low risk” (“GI atbilstošs”) feedstock within the SBE process. 7 suppliers of secondary feedstock (sawmills) has been selected for field inspection and 5 primary feedstock suppliers (logging companies) were selected for field evaluation. The number of primary feedstock suppliers (x) to be included in list of field inspections was identified based on the relationship $x=\sqrt{n}\times 0.8$, where n = number of active suppliers of primary feedstock. Inspection of suppliers assume visiting at least 1-2 logging sites for each selected supplier. Both sites after the logging works and prior to the logging works were evaluated. 2 logging companies/supplier of primary feedstock were selected for evaluated for Health and Safety issues in on-going logging works.

Field inspections were planned to witness BP in evaluating risk mitigation measures related to preserving High Conservation Values and checking for Health and Safety issues in logging works. Thus at least one field inspection to on-going logging works for each supplier of primary feedstock was planned and at least one inspection for each supplier were envisaged to completed or planned logging site/plot in order to evaluate BP’s competency and approach in evaluating HCV risk mitigation measures. It was revealed at the time of audit that only two suppliers did have on-going logging operations in the region. Thus, 5 suppliers of primary feedstock were evaluated for HCV risk mitigation, but 2 for H&S risk mitigation. CB witnessed the audit of the BP primary supplier and at the same time doing their own independent evaluation of the suppliers. In the same way CB witnessed how BP is evaluating suppliers of secondary feedstock. 7 existing suppliers of secondary feedstock were inspected and evaluated during the audit.

In the second half of the day auditors spent time in the office and went through all applicable requirements of the SBP standards nr.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.

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, Biomass profiling data, and GHG data sheet, and FSC system description were reviewed and discussed with responsible person(s) at the BP.

Roundtrip around BP’s pellet production was undertaken in the end of the day 1. During the site tour reception, recordkeeping, production process were observed, applicable records were reviewed, pellet factory staff was interviewed and FSC system critical control points were analysed.

In the day 2 auditor team split into 2 groups. One auditor focused on visiting primary feedstock suppliers, other auditor went on to visiting suppliers of secondary feedstock accompanied with representative of the BP.

Auditor visited primary suppliers and observed the process of supplier audits and evaluated risk mitigation actions undertaken by the organization in relation to specified risks related to Health & Safety and High Conservation Values. CB witnessed the audit of the BP primary supplier and at the same time doing their own independent evaluation of the suppliers. Auditor inspected the completed and planned logging sites of BP’s primary suppliers and doing their own independent evaluation of the suppliers. The CB carried own, independent evaluation to verify the correctness of the mitigation measures implemented.

Other auditor visited suppliers of secondary feedstock and focused on evaluation of SBP requirements in sourcing of secondary feedstock by observing the process of supplier evaluation and doing independent evaluation of secondary feedstock suppliers. Documented procedures for secondary feedstock supplies with the SBE system, contracts with suppliers containing requirements on health and safety as well as

requirements on evaluation and protection of high conservation values have been evaluated and discussed with responsible staff at the company.

Audit day 3

In the first half of the day auditors stayed in the office to evaluate the SBP SBE system, review all applicable requirements of the SBP standards #1 and #2, covering SBE system regarding both primary and secondary feedstock and the overall management system. Auditor reviewed the documentation with regard to all applicable requirements of the SBP standards #1 and #2, covering the SBE system. Auditor focused on issues related to risk assessment, implementation of risk mitigation measures, supplier verification programme, supplier risk mitigation monitoring and control measures. In addition, one auditor paid a visit to supplier of secondary feedstock in the first half of the day.

In the second half of the day findings of the 3 day audit annual surveillance work have been summarised and presented to the BP staff during the closing meeting in the end of day three. Findings were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the responsible persons at the company – quality manager, procurement manager and executive director.

Additional visit to supplier of secondary feedstock – broker/trader was paid after the closing meeting on day 4.

Auditor team composition:

Auditor(s), roles	Qualifications
Ģirts Karss Lead Auditor, NEPCon Latvia	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 obtained a SBP auditor qualification. He has participated in capacity of auditor and lead auditor in a number of SBP assessments, scope change and annual audits including SBE in Latvia.
Liene Suveizda, Auditor, NEPCon Latvia	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 SBP auditor in several SBP assessment and scope change (SBE) audits in Latvia.
Ēriks Lidemanis Auditor in training, NEPCon Latvia	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.
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Auditors: GK – Girts Karss, LS – Liene Suveizda, EL – Ēriks Lidemanis

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

Main strengths: all processes, including SBE are well documented; main database for material balances is well maintained and all relevant information is available. Good level of supplier awareness of risk mitigation measures. The BP has provided extensive training to primary and secondary feedstock suppliers and sub-suppliers through a number biotope identification and health and safety training courses with respected Latvian experts and trained their suppliers. Strong engagement in implementation of SBP system and positive approach has been observed during the audit.

Weaknesses: See the NCR and OBS section of this report

7.2 Rigour of Supply Base Evaluation

The Graanul Pellets implements Supply Base Evaluation (SBE) system for primary and secondary feedstock sourced from Latvia and Estonia and secondary feedstock 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 are implemented for material coming from forest land (material sourced under FSC Controlled Wood system) as well as non-forest land (such as overgrown agriculture land, wood growing along the road, rails or parks).

The scope of the SBE for secondary feedstock has been extended through step by step approach considering the effort needed for implementation of mitigation measures for indicators with “specified risk” for secondary feedstock as well as by taking into consideration outcomes of previous scope change audit for primary feedstock within the scope of SBE.

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.

The BP is applying risk mitigation measures that were consulted with relevant stakeholders. 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.

The supply base evaluation was a rigour process with some gaps identified (see non-conformities and observation part to this report). The scope defined by the organization was reduced compared to supply base due to the reasons mentioned above. However, the reduced scope included in the SBE was adequate for the specific characteristics of the area and management system in place.

7.3 Collection and Communication of Data

The BP has a system in place to collect and record data on Greenhouse Gas emissions associated with feedstock sourcing, production of pellets and shipment of pellet production to customers. Emission data is collected, analysed and is available in SAR data file. The BP has made detailed overview of the systems and databases to collect and record Greenhouse Gas emission data during the audit. Evidence was provided to

auditors and were reviewed at the time of audit. No changes in the existing GHG emission data collection framework was introduced since the previous audit. Prior to the surveillance audit organisation prepared SAR document according to the requirements of the new instruction documents 5A, 5B and 5C See SAR document in Exhibit 2.

7.4 Competency of involved personnel

There is a number of staff members who are directly involved into the SBP system management and implementation. Those are: Procurement Manager, Executive Director, Stock Controller/ Receptionist, Assistant of the Head Accountant, Production manager, Manager of the Laboratory, Receptionist, Operators. It has been confirmed during the audit, that interviewed staff is aware of their responsibilities within the SBP system.

The key responsible person for implementation of SBE system is Procurement Manager. He holds Forestry Engineer education and 20 years of experience in the wood procurement market in the Baltic States. Further on, he has many years of experience in the FSC system maintenance and evaluation of wood origin in forestry and 20 years of experience and good knowledge of forestry and wood supply, procurement and legal act sector.

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

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

7.5 Stakeholder feedback

No comments regarding the SBP SBE system for primary and secondary feedstock sourcing within the SBE system were received during the audit period. No stakeholder consultation was done before this annual surveillance audit.

The stakeholder consultation carried out by the CB in first assessment and subsequent first and second scope change audits show that BP stakeholder consultation was comprehensive and all key stakeholders were involved in the process. Consultation confirmed that the stakeholders already expressed their opinion to biomass producer. See details in assessment audit and scope change audit reports.

7.6 Preconditions

Not applicable for annual surveillance audits.

8 Review of Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

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 is available in www.sbp-cert.org. 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. Final risk ratings of Indicators as determined BEFORE the SVP and any 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	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

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

2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

* See the list of indicators below in Table 5

Table 2. Final risk ratings of Indicators as determined AFTER the SVP and any 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

*see the list of indicators below in Table 5

8.2 Risk assessment for Estonia

SBP-endorsed Regional Risk Assessment for Estonia is used by the Biomass Producer. Risk ratings in table 3 are taken from the approved risk assessment, where one indicator has been evaluated as specified risk (indicator 2.1.2).

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

Table 3. Final risk ratings of Indicators as determined BEFORE the SVP and any 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	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	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

*see the list of indicators below in Table 5

Table 4. Final risk ratings of Indicators as determined AFTER the SVP and any 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

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

2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

2.7.4	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

*see the list of indicators below in Table 5

8.3 SBP indicators

Table 5. SBP standard indicators

Indicator No.	The title, name of the SBP indicator
1.1.1	The BP Supply Base is defined and mapped
1.1.2	Feedstock can be traced back to the defined Supply Base
1.1.3	The feedstock input profile is described and categorized by the mix of inputs
1.2.1	Legality of ownership and land use can be demonstrated for the Supply Base
1.3.1	Feedstock is legally harvested and supplied and is in compliance with EUTR legality requirements.
1.4.1	Payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date.
1.5.1	Feedstock is supplied in compliance with the requirements of CITES
1.6.1	Feedstock is not sourced from areas where there are violations of traditional or civil rights.
2.1.1	Forests and other areas with high conservation values in the Supply Base are identified and mapped
2.1.2	Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed.
2.1.3	Feedstock is not sourced from forests converted to production plantation forest or non-forest lands after January 2008.
2.2.1	Feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimize them
2.2.2	Feedstock is sourced from forests where management maintains or improves soil quality
2.2.3	Key ecosystems and habitats are conserved or set aside in their natural state
2.2.4	Biodiversity is protected
2.2.5	The process of residue removal minimizes harm to ecosystems
2.2.6	Negative impacts on ground water, surface water, and water downstream from forest management are minimized
2.2.7	Air quality is not adversely affected by forest management activities.

2.2.8	There is controlled and appropriate use of chemicals, and that Integrated pest management (IPM) is implemented wherever possible in forest management activities
2.2.9	Methods of waste disposal minimize negative impacts on forest ecosystems
2.3.1	Analysis shows that feedstock harvesting does not exceed the long-term production capacity of the forest, avoids significant negative impacts on forest productivity and
2.3.2	Adequate training is provided for all personnel, including employees and contractors
2.3.3	Analysis shows that feedstock harvesting, and biomass production positively contribute to the local economy including employment
2.4.1	The health, vitality and other services provided by forest ecosystems are maintained or improved
2.4.2	Natural processes, such as fires, pests and diseases are managed appropriately
2.4.3	There is adequate protection of the forest from unauthorised activities, such as illegal logging, mining and encroachment
2.5.1	The legal, customary and traditional tenure and use rights of indigenous peoples and local communities related to the forest, are identified, documented and respected
2.5.2	Production of feedstock does not endanger food, water supply or subsistence means of communities, where the use of this specific feedstock or water is essential for the fulfilment of basic needs
2.6.1	Appropriate mechanisms are in place for resolving grievances and disputes, including those relating to tenure and use rights, to forest management practices and to work conditions
2.7.1	Freedom of Association and the effective recognition of the right to collective bargaining are respected
2.7.2	Feedstock is not supplied using any form of compulsory labour
2.7.3	Feedstock is not supplied using child labour
2.7.4	Feedstock is not supplied using labour which is discriminated against in respect of employment and occupation.
2.7.5	Feedstock is supplied using labour where the pay and employment conditions are fair and meet, or exceed, minimum requirements.
2.8.1	Appropriate safeguards are put in place to protect the health and safety of forest workers
2.9.1	Feedstock is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.
2.9.2	Analysis demonstrates that feedstock harvesting does not diminish the capability of the forest to act as an effective sink or store of carbon over the long term
2.10.1	Genetically modified trees are not used

9 Review of Company'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 database is used by both the pellet industry and primary and secondary feedstock suppliers to evaluate risks related to HCVF category 3 - identification and threatening the biodiversity values in sourcing of feedstock. 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):

According to the SBP endorsed risk assessment for Latvia, HCVF category 1 risks are related to Bird Directive's Annex 1 species (forest birds) whose populations are decreasing in the country. Risk mitigation measures envisages protection of existing bird habitats and protecting the nesting sites. The feedstock shall not be sourced from areas where the bird nesting sites had been destroyed as a result of forestry activities or feedstock sourced without proper forest management activities to preserve nesting sites. 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. All current suppliers supplying feedstock within the SBE, sub-suppliers of primary material have participated in the training course and obtained knowledge on how to recognize HCVs (woodland key habitats, forest habitats of EU importance) and 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 with help of WKH checklist. Suppliers are obliged to evaluate the presence of large diameter (>50cm) nest or protected bird species in the checklist. 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 HCV Cat 1. 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):

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

The BP carries out monitoring of supplied feedstock loads with help of LATBio WKH tool. Areas that show up in the Latbio database as containing potential HCVs are inspected by the BP on a sampling basis, with prior evaluation of WKH potential based on forest inventory data (stand composition and age) 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.

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 shall also be followed by suppliers of secondary material (sawmills and brokers/traders) by applying BP's procedure. Field inspections at suppliers of secondary feedstock showed that 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 may be received with FSC certified material from certified forest managers are delivered with certification claim. Large trunks received with certified feedstock is not in the scope of SBE and are accepted by the BP as low risk feedstock.

Indicator 2.8.1:

All supplier contracts contain clause that all Health & Safety (H&S) requirements specified by national legislation have to be followed. Each supplier is checked for H&S issues by the BP prior to accepting him as a supplier under the SBE system. The BP uses checklist which is filled in during interviews with the workers in the forest. Each supplier is checked 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. BP does verify supplier audits methodology and conducts audits together with sawmills/ sub-suppliers with an aim to make sure supplier audits are done in the sufficient quality. It was revealed during the supplier visits that the BP has sufficient knowledge


on H&S requirements as well as good timber harvesting practices. The sampling process is considered sufficient to verify suppliers of primary and secondary feedstock.

9.1 Mitigation measures of risks for feedstock originating from Estonia

The mitigation measures described are only applied by primary processors (sawmills) that use timber of Estonian origin that is in the scope of the SBE Estonia sub-scope, i.e. all deliveries of primary feedstock that has been harvested in Estonia, but are not FSC or PEFC certified. The BP has established a system on how to verify if feedstock has not been sourced from WKHs. Additional control procedures, e.g. procedures according to FSC-STD-40-005: FSC Standard for Company Evaluation of FSC Controlled Wood, are applied if applicable. All feedstock subject to SBE must meet prior the evaluation at least SBP-approved Controlled Feedstock System requirements.

The BP use the delivery documents, a list of approved suppliers and publicly available databases (e.g. maps at: <http://register.metsad.ee/avalik/> or at least biannually renewed databases from competent authorities) to verify that the delivered primary feedstock has not been sourced from WKHs. In the case of primary processors – suppliers of secondary feedstock to BP, receptionists at primary timber processing companies will check for presence of felling permit and checks whether the timber is sourced from areas containing WKH in register mentioned above for each single delivery. In case the load is sourced from areas with known WKHs, the timber will not be accepted.

10 Non-conformities and observations

Identify all non-conformities and observations raised during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. Click on the  symbol on the right bottom corner of the table to repeat the table. For each, give details to include at least the following:

- *applicable requirement(s)*
- *grading of the non-conformity (major or minor) or observation with supporting rationale*
- *timeframe for resolution of the non-conformity*
- *a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.*

10.1 Open Non-Conformity Reports (NCRs)

NC number 01/18 (22426)	NC Grading: Minor
Standard & Requirement:	Standard #2: Verification of SBP-compliant feedstock, p. 16.1 16.1 Where an Indicator is rated as Unspecified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk
Description of Non-conformance and Related Evidence:	
<p>Mitigation measures of risks for feedstock originating from Estonia</p> <p>Risk mitigation measures for indicator 2.1.2: the BP has control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.</p> <p>The mitigation measures described is applied by primary processors (sawmills) that use timber of Estonian origin that is in the scope of the SBE Estonia sub-scope, i.e. all deliveries of primary feedstock that has been harvested in Estonia, but are not FSC or PEFC certified. The BP has established a system on how to verify if feedstock has not been sourced from WKHs. Additional control procedures, e.g. procedures according to FSC-STD-40-005: FSC Standard For Company Evaluation of FSC Controlled Wood, are applied if applicable. All feedstock subject to SBE must meet prior the evaluation at least SBP-approved Controlled Feedstock System requirements.</p> <p>The primary processors use the delivery documents, a list of approved suppliers and publicly available Estonian databases, i.e. maps of Woodland Key Habitats (http://register.metsad.ee/avalik) or at least biannually renewed databases from competent authorities to verify that the delivered primary feedstock has not been sourced from WKHs. According to documented procedures, receptionists at primary timber processing companies check for presence of felling permit and checks whether the timber is sourced from areas containing WKH in register mentioned above for each single delivery. In case the load is sourced from areas with known WKHs, the timber will not be accepted. The register is available only in Estonia, but Latvian sawmills have made it possible to gain access to the register and can use it for SBP SBE risk mitigation purposes.</p> <p>Field inspection to supplier SIA SGA Pluss, a sub-supplier to SIA Zaļais zelts revealed that sawmill had been sourcing roundwood from Estonia from supplier Völupuu OÜ without implementing risk mitigation measures for roundwood of Estonian origin. All roundwood has been accepted and accounted as low risk feedstock ("GI atbilstošs"). Review of roundwood sourcing documents did not reveal that roundwood had been sourced from risk areas (biotopes) in Estonia, therefore a minor NCR 01/18 had been raised.</p>	
Timeline for Conformance:	<i>12 months from report finalization date</i>
Evidence Provided by Company to close NC:	<i>PENDING</i>
Findings for Evaluation of Evidence:	<i>PENDING</i>
NC Status:	<i>OPEN.</i>

NC number 02/18 (22427)	NC Grading: Minor
Standard & Requirement:	<p>Standard #2: Verification of SBP-compliant feedstock, Instruction Note 2A, 1.1</p> <p>1.1 Biomass Producer shall implement a Supplier Verification Programme (SVP), comprising a monitoring and control system. This system may be devised by the biomass producer, or build on existing systems (Instruction note 2A, 1.1)</p>
Description of Non-conformance and Related Evidence:	
<p>the BP has designed and is implementing the system for evaluation of the primary and secondary feedstock suppliers through its Supplier Verification Programme (SVP). SVP contains two principal elements: initial approval and regular surveillance/compliance control processes. Initial approval is carried out when the contractor has received training (organised by the BP or other recognized institution) on risk mitigation measures, established the credit system for accounting of SBE feedstock in case of primary processors – suppliers of secondary feedstock and the upon successful approval audit by the BP and upon verification that secondary feedstock supplier has necessary capacity and knowledge on how to mitigate risks.</p> <p>Review of BP's SVP records (filled in timber origin and supplier verification checklists) revealed that in one case audit to supplier SIA Eirotilts, a sub-supplier to broker/trader lacked verification of mass balance system for accounting of low risk feedstock ("GI atbilstošs") according to FSC credit system principles, despite the fact that mentioned supplier is implementing the mass balance system and accounts "low risk"/"GI atbilstošs" feedstock. A minor NCR 02/18 is raised due to non-systematic nature of the non-conformance and negligible impact on the overall integrity of the SBP system.</p>	
Timeline for Conformance:	<i>12 months from report finalization date</i>
Evidence Provided by Company to close NC:	<i>PENDING</i>
Findings for Evaluation of Evidence:	<i>PENDING</i>
NC Status:	<i>OPEN.</i>

10.2 Closed Non-Conformity Reports (NCRs)

NCR: 01/17 (18012)	NC Classification: Minor
Standard & Requirement:	<p>SBP Standard 4 requirement 5.5.3.</p> <p>4.5 All sales and delivery documentation shall clearly differentiate biomass supplied with an SBP-claim from other biomass in the sale or delivery.</p>
Report Section:	Appendix B p.4.5.
Description of Non-conformance and Related Evidence:	
<p>Sales requirements are specified in BP's procedures SBP Person is responsible for SBP sales documents are designated. During the audit it was identified that biomass is initially sold to Graanul Invest AS and then to the final buyer. During the document review it was identified that sales are</p>	

registered in the DTS, however sales and delivery documentation for internal sales from Graanul Pellets SIA does not cover nor SDI number, nor SBP claim.	
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 after report finalisation date
Evidence Provided by Organisation:	Sales documents
Findings for Evaluation of Evidence:	According to information from the responsible person, the production – pellets are not sold to Graanul Invest, but moved internally between different legal entities of Graanul Invest AS, i.e. from the production facility to the harbour. Nevertheless, the organization had commenced placing corresponding claims on the internal sales documents.
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?	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

NCR: 02/17 (18264)	NC Classification: Minor
Standard & Requirement:	<p>SBP Standard 2, requirement 12.4.</p> <p>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.</p>
Report Section:	Appendix B p. 5.4.
Description of Non-conformance and Related Evidence:	
<p>Justification of selection of personnel was made available for CB during the interview at the time of audit and the a very short notice of the process has been provided in the public summary report – SBR, section 5. However, the information on selection of personnel is scarce and does not reflect all personnel involved in maintaining the SBP/SBE processes at the BP. A minor NCR 02/17 raised. The information in the form of the public summary about the personnel selection process has not been made available in any other publicly available document. (See SBR for details)</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 after report finalisation date

Evidence Provided by Organisation:	Supply Base Report
Findings for Evaluation of Evidence:	Justification of selection of personnel involved in the management and maintaining the SBP/SBE system was discussed with responsible personnel during the audit. The qualification requirements for personnel involved in SBP SBE processes has been also provided in SBE procedure "SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process", section 9 (Competencies and criteria for fulfilling SBE). According to information from the responsible person, the information in the format of the public summary about the personnel selection process has been made available in the Supply Base Report, a publicly available document. See SBR in Exhibit 4.
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

NCR: 03/17 (18265)	NC Classification: Minor
Standard & Requirement:	SBP Standard 2, requirement 16.1 16.1 Where an Indicator is rated as Unspecified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk
Report Section:	Appendix B, p. 9.1.
Description of Non-conformance and Related Evidence:	
<p>Few weaknesses related to the risk mitigation procedure and actual performance in the field have been identified while evaluating the risk mitigation system during field inspections. In particular, the BP is not evaluating conformance to safe tree felling technique in the checklist of the organisation, despite the fact that non-compliance to safe tree felling rules is primary cause for tree harvesting related accidents – both fatal and non-fatal in Latvia and thus is a priority issue. It can be concluded from field inspections that responsible person at BP is aware of safe felling techniques and knows how to verify evidence in the harvesting site, however, the compliance/non-compliance is not reflected in the field checklists. Evidence of not observing non-safe tree felling techniques in completed harvesting site (FMU Mellužas, supplier SIA Dižozols) was noticed during field inspections through observation of tree stumps.</p> <p>Given aforementioned deficiencies in the system, related to documenting the issues safe tree felling issue (in the checklist), auditors decided to raise a minor NCR 03/17.</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 after report finalisation date
Evidence Provided by Organisation:	Health and Safety checklist, see Exhibit 7
Findings for Evaluation of Evidence:	The H&S checklist has been complemented with requirement to evaluate tree felling practice (Koku gāšanas nosacījumi), where the mentioned aspect - safe tree felling technique is evaluated and registered. The mentioned H&S aspect was evaluated during the audit and it is concluded that the responsible person at the BP knows how to verify the safe tree felling technique in the logging site and document the compliance/non-compliance in the field checklist.
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

NCR: 04/17 (18266)	NC Classification: Minor
Standard & Requirement:	SBP Standard 2, 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. 9.3
Description of Non-conformance and Related Evidence:	
<p>According to the documented procedures of the BP and as from interviews to responsible staff, the BP is summarising the results of supplier monitoring/surveillance audits and presenting to management once in year for management review and evaluation of effectiveness of the risk mitigation measures. Based on information on evaluation of risk mitigation measures, the management group then takes a decision whether any actions need to be taken to improve the SBP SBE system and changes in risk mitigation measures.</p> <p>Requirements outlined in the documented procedure “Piegādes bāzes novērtējums (SBE)”, section 6 “SBE procesu revīzija”. Responsible person at the BP holds the responsibility to compile a summary report on monitoring results. According to information from the responsible person, he has prepared a template where principal monitoring criteria are outlined and explained the monitoring system in details.</p> <p>According to the documented procedures of the BP and as from interviews to responsible staff, the BP is summarizing the results of supplier monitoring/surveillance audits and presenting to management once in year for management review and evaluation of the effectiveness of the risk mitigation measures. Based on information on evaluation of risk mitigation measures, the management of the organization then takes a decision whether any actions need to be taken to improve the SBP SBE system and implement changes in risk mitigation system.</p> <p>A management review has been provided to auditors during the annual surveillance audit. The management review section regarding implementation of SBP system concludes that SBP system is being implemented and the results show that risks are mitigated effectively. No further information, however, was available to check what kind of data and information were used to make the conclusion.</p> <p>According to information from the responsible persons and as from document and procedure review, the BP does not have, however, a plan or any other document or procedure outlining and defining the criteria with regard to monitoring of effectiveness of the risk mitigation measures, apart</p>	

from field evaluation checklist summary table that has been presented to auditors during the scope change audit. Therefore, it is not clear how the effectiveness of risk mitigation measures was evaluated. A minor NCR 04/17 raised.		
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>	
Timeline for Conformance:	By next audit, but not later than 12 months after report finalisation date	
Evidence Provided by Organisation:	Management review, see Exhibit 6	
Findings for Evaluation of Evidence:	<p>According to the documented procedures of the BP and as from interviews to responsible staff, the BP is summarising the results of supplier monitoring/surveillance audits and presenting to management once in year for management review and evaluation of effectiveness of the risk mitigation measures.</p> <p>Based on information on evaluation of risk mitigation measures, the management of the organization then takes a decision whether any actions need to be taken to improve the SBP SBE system and implement changes in risk mitigation measures. The management review of the SBP system had been done in April 20, 2018.</p> <p>The outcomes of SBP system implementation effectiveness has been evaluated and analysed in the management review. 5 criteria has been assessed as a means of effectiveness, among others – results of supplier verification program and effectiveness of risk mitigation measures. See the minutes of management review on efficiency of SBP system for year 2018 in Exhibit 6</p>	
NCR Status:	CLOSED	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certificate can be maintained
Certification decision by (name of the person):	Ondrej Tarabus
Date of decision:	14.08.2018
Other comments:	<i>Click or tap here to enter text.</i>