

# SBP

Sustainable Biomass Program

# NEPCon Evaluation of Sveaskog Baltfor SIA Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

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## Completed in accordance with the CB Public Summary Report Template Version 1.4

*For further information on the SBP Framework and to view the full set of documentation see  
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# 1 Overview 19/Sep/2018

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Name of the Company:	Sveaskog Baltfor SIA
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Certified Supply Base:	Latvia, Lithuania
SBP Certificate Code:	SBP-01-84
Date of certificate issue:	31/Aug/2017
Date of certificate expiry:	30/Aug/2022

This report relates to the First Surveillance Audit

## 2 Scope of the evaluation and SBP certificate

The certificate scope covers office in Riga, harbour storage places in terminals; Jaunmilgrāvis, Rīga, Skulte harbor and Terrabalt terminal in Liepāja port.

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

Organization holds valid FSC COC and FSC CW certificate NC-COC-013350 and NC-CW-013350 certificates covering procurement and sales of pulpwood, production and procurement of wood chips (both primary and secondary feedstock)

The BP is wood chip producer and trader. The BP buys biomass - chips from suppliers and also produce biomass itself – by producing chips from roundwood and chipping biomass from non-forest land and harvesting residues. The BP buys harvesting residues and bush/brush from owners of forest land, harvesting companies and owners of non-forest land for chipping. The share of biomass sourced from non-forest lands used for production of chips constitutes about a half of the total biomass volume . The other half of primary feedstock is sourced as a logging residues or roundwood and chipped from low quality wood (pulpwood and firewood) either in forest or in harbour terminals.

The BP is also buying wood chips (primary and secondary feedstock) from FSC certified /FSC Controlled wood certified and also non-certified suppliers. Supplies from non-certified suppliers is verified according to the BP's own Controlled Wood verification system.

All feedstock is originating from Latvia and some minor part could come from Lithuania within the indirect/secondary material flow. BP is sourcing production residuals supplied by Latvian primary suppliers, It is possible that the volume could potentially contain feedstock originating from both Latvia and Lithuania in the future.

FSC Controlled Wood system of the Organization does cover procurement of the feedstock originating from Latvia, Lithuania and Estonia. Wood (roundwood) from Estonia is stored in Skulte terminal, but is not included in the scope of the SBP and at the moment feedstock of the Estonian origin is out of the certification scope, thus even if FSC system does allow mixing feedstock with other feedstock, material of Estonian origin will be segregated from feedstock originating from approved Supply Base.

BP is implementing both the FSC transfer and the FSC credit system. The FSC credit system is applied in harbours, whereas transfer system is used in direct trade activities, direct supplies of feedstock to clients.

All feedstock is delivered to Riga and Liepaja ports by truck. Chips are stored and logs are chipped in port terminals. In case of the export wood chips are loaded into the ship.

Biomass (wood chips for energy production) are sold on FOB incoterm conditions in Liepaja port and FOB incoterm conditions in Riga port.

The scope of the certification does not include activities outside Kurzeme and Vidzeme and Zemgale regions and activities that are related to other harbour terminals, except the above mentioned terminals in Riga, Liepaja ports and Skulte harbour.

Scope description:

Production of wood chips from harvesting residues, arboricultural arisings and low quality roundwood, for use in energy production, wood chip storage at Liepaja and Riga port and Skulte harbour facilities and sales at Liepaja, Riga and Skulte harbours. The scope of the certificate includes Supply Base Evaluation for primary feedstock from Latvia.



### 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.

- Review of the BP's management procedures;
- Review of the production processes,
- storage site visits in Liepaja, Riga ports and Skulte harbour;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis and review of the applicable reports;
- Review of the BP's management procedures, including requirements designated in SBP standard SBP Standard #1 V1.0; SBP Standard #2 V1.0:
- Review of the updated Supply Base Report;
- Evaluation of mitigation measures implemented for both primary and secondary feedstocks;
- 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 SBP has endorsed the Regional Risk Assessment for Latvia in September, 2017. The BP is using the SBP endorsed version of RRA. The SBP endorsed RRA defines “specified risk” for indicators 2.1.1 (only HCVF category 3), indicator 2.1.2 (HCVF categories 1, 3 and 6) and indicator 2.8.1.



## 5 Description of Company, Supply Base and Forest Management

### 5.1 Description of Company

The BP is a wood chips producer and trader with office in Riga and the facilities situated in Liepaja and Riga ports and Skulte harbour.

The BP is implementing both FSC transfer and FSC credit system. Feedstock delivered with FSC claims, FSC Controlled Wood claims, or verified according to company's FSC Controlled Wood verification is stored together, other feedstock is segregated. In addition, the BP is keeping separately feedstock originating outside designated Supply Base (Latvia for primary feedstock, Lithuania for secondary feedstock).

All feedstock is delivered to Liepaja and Riga port terminals and Skulte harbor by truck, where chips are stored. Roundwood chipping can take place in port terminals as well, where decayed roundwood logs are chipped in minor amounts. In case of the export, wood chips are loaded into the ship.

Chips are sold on FOB incoterm conditions in Liepaja and Riga ports. Skulte harbor terminal has been include in the scope of the SBP certificate as of first surveillance audit.

For more information please see also section 2 of this report.

### 5.2 Description of Company's Supply Base

The BP is sourcing primary and secondary feedstock only. Primary feedstock originates from Latvia and the supply base of secondary feedstock includes also Lithuania. Feedstock from Estonia is not included into the scope of the SBP certification.

#### Latvia:

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

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

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

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

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

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

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

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

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

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

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

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

## Lithuania

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

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

Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed

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

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

All state owned forests are is FSC certified.

### 5.3 Detailed description of Supply Base

- Total Supply Base area (ha): ~5.24 million ha forest land (all regions included in Supply Base report))
- Tenure by type (ha): ~ 2,67 million ha state; ~2.29 million ha private; ~2.29 million ha private 0.28 other
- Forest by type (ha): Boreal/Hemiboreal ~5.24 million ha.
- Forest by management type (ha): managed semi-natural ~5.24 million ha.
- Certified forest by scheme (ha): FSC ~2.81 mill ha ; PEFC ~1.69 mill ha (includes overlap)

Quantitative and qualitative description of the Supply Base can be found in the Public Summary Report: <http://www.sveaskog.se/en/sveaskog-baltfor-sia/tidings/>

### 5.4 Chain of Custody system

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

BP is implementing both FSC transfer and credit systems for certified material flow control. Storage in harbour according to the FSC credit system, trade without storage is done within transfer system

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

Chips are sold on FOB incoterm conditions in both Liepaja and Riga ports. It is planned to sell chips in Skulte harbor terminal.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

The annual (surveillance) audit has been conducted in several phases: the opening meeting, office work and field visits were conducted on June 19-21, 2018, field work continued on August 30 and the audit finalized with inspection of Skulte harbour and office work and closing meeting on September 19. Audit included office visit, review of SBP and chain of custody system related documents, interviews to responsible personnel, production site – port terminal visit and interviews to responsible personnel, primary and secondary feedstock supplier audits within the SBE system, including sub-suppliers and contractors, interviews to contractors.

4 days in total were used for the annual audit, including 3.5 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 onsite audit.

Audit plan:

Activity/ timing	Place	Auditor	Date
10.00 Opening meeting	Office	GK, LS, EL	19.06.2018
10.15- 14.00 and 15.30- 17.30 SBP management system review Evaluation of the open NCRs Interview with overall responsible staff Review of the applicable SBP documentation , including SBP procedures, instructions, training records, feedstock descriptions, supplier lists and other (SBP standards nr 2 and 4) FSC control points analysis and review of the existing controlled Wood system. Review of procedures, documents and interviews with responsible staff (review of the CoC system control point, mass balance, transfer system management system, verification of SBP compliant feedstock). Implementation of mitigation measures, SBP Risk Assessment, Supplier verification program. Interviews with responsible office staff Interview with SBP responsible person, review of documentation, procedures. Compliance to SBP Standards #1 and #2. SBP Risk Assessment, implementation of mitigation measures, Supplier verification program.	Office		
17.30-18.00 Summarizing the outcomes of day 1, office work	Office		

Activity / timing	Location	Auditor(s)	Time
<p>Field audits, evaluation of BP's practices in sourcing of primary feedstock, wood and chips</p> <ul style="list-style-type: none"> <li>Evaluation of supplier of primary feedstock</li> <li>Witness audit of BP supplier audit</li> </ul>	<p>Forests and feedstock sourcing areas in Kurzeme region:</p> <p>Supplier audits. primary feedstock suppliers, evaluation of HCV risk mitigation measures in completed logging sites:</p> <ul style="list-style-type: none"> <li>FMU "Ciriņi", Rucava parish, Rucava municipality;</li> <li>FMU "Meža bieles", Rucava parish, Rucava municipality;</li> <li>FMU "Jaunzemji", Gramzda parish, Priekule municipality;</li> <li>FMU "Jaunmūrnieki", Gramzda parish, Priekule municipality;</li> </ul> <p>Evaluation of Health and Safety risk mitigation measures in on-going manual logging works:</p> <ul style="list-style-type: none"> <li>FMU "Gārņi" (Puikule parish, Priekule municipality, block 1, compartment 1), contractor SIA Stonis,</li> <li>FMU "Mārkalni"(), contractor</li> </ul>	GK	20.06.2018 08.30- 18.00
<p>Site visit to Terrabalt terminal in Liepāja port</p>	<p>Visit to Terrabalt terminal, interview to feedstock receptionist, review of documents. Interview to responsible port authority personnel.</p>	GK	20.06.2018 15.00 - 16.00
<p>Evaluation of BP's practices in sourcing of primary feedstock, wood and chips</p> <p>Witness audit of organization supplier audits</p>	<p>Forests and feedstock sourcing areas in Zemgale region. Supplier audits. primary feedstock suppliers, evaluation of HCV risk mitigation measures in completed logging sites:</p> <ul style="list-style-type: none"> <li>FMU "Lazdumiķeļi", cad. No. 80700140052 ", Plakanciems, Ķekavas pag., Ķekavas nov., LV-2113</li> <li>FMU "Lejzemnieki", Cad. No. 80250010236, Baldones pag., Baldones nov.</li> <li>FMU "Paēnas", Cad. No. 74800060565, Ogresgala pag., Ogres novads, LV-5041.</li> </ul>	LS, EL	20.06.2018 8.30-18.00

	<ul style="list-style-type: none"> <li>• FMU “Paegles”, Cad. No. 7460010007, Lēdmanes pag., Lielvārdes nov., LV-5011, supplier SIA Apse KL;</li> <li>• FMU “Mežzemītes”, Cad. No. 7460020038, Block 1, Lēdmanes pagasts, Lielvārdes novads., supplier SIA Apse KL;</li> <li>• FMU “Rīgas pilsētas mežu fondi”, Cad No. 74940060240, Block 169, compartment 28. Tīnūžu pagasts, Ikšķiles novads, supplier AS Latvijas finieris</li> </ul> <p>Evaluation of Health and Safety risk mitigation measures in on-going manual logging works:</p> <ul style="list-style-type: none"> <li>• FMU “Strautnieki”, cad. No. 40940090047, “Vecumnieku pag., Vecumnieku nov., LV-3906.</li> </ul>		
<p>Evaluation of supplier of secondary feedstock</p> <ul style="list-style-type: none"> <li>• Evaluation of supplier of secondary feedstock;</li> <li>• Witness audit of BP supplier audit</li> </ul>	<p>Evaluation of supplier of secondary feedstock for the purpose of origin confirmation</p> <ul style="list-style-type: none"> <li>• Sawmill “Lielanteni”. Ogres novads, Suntažu pagasts, Lielanteni, LV 5060.</li> <li>• Sawmill “Arikons”, Ogres nov., Suntažu pag., Anteni, LV-5060.</li> <li>• SIA “SC Koks”, Anniņas, Siguldas pagasts, Siguldas novads, Rīgas rajons, LV-2152.</li> </ul>	<p>LS, EL</p>	<p>June 21, 2018 9.00 - 13.00</p>

Activity/ timing	Place	Auditor	Date
<p>13.00 - 17.00 GHG calculation review collection and communication of energy and carbon data Review of the applicable, GHG collection and communication related SBP documentation , including SBP procedures, instructions, records, and other (SBP standard Nr 5)</p>	<p>Office</p>	<p>GK, EL</p>	<p>30.08.2018</p>

Activity/ timing	Place	Auditor	Date
13.00-15.00 Visiting Skulte harbour, roundwood terminal Interview to receptionist, terminal director	Skulte harbour	GK, EL	19.09.2018
15.30 - 16.30 Review of the applicable, GHG collection and communication related SBP documentation , including SBP procedures, instructions, records, and other (SBP standard Nr 5)	CB office		
16.30-17.00 Summarizing the outcomes of audit, office work	CB office		
17.00 – 18.00 Closing meeting	CB office		

Auditor team members: 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 in SIA Sveaskog office followed with field evaluations. The aim of the audit is to verify the compliance of the organization to SBP standard requirements, including the SBP SBE system applied by the organization in sourcing of primary feedstock and implementing supplier verification program and conducting mitigation measures.

Auditor team was welcomed in Sveaskog Baltfor office in Riga. Audit began with an opening meeting attended by the responsible person – Quality and Environmental manager of the organisation. The audit began with an opening meeting, where auditors introduced themselves, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope. During the opening meeting the auditor explained CB’s accreditation related issues and discussed the audit timetable and planned activities.

After the opening meeting auditor went through all applicable requirements of the SBP standards nr. 1 and 2, and instruction documents covering SBE system with regard to sourcing of primary feedstock and the overall management system. During the process the overall responsible person for SBP system and responsible staff having key responsibilities within the system were interviewed.

After that auditor went through all applicable requirements of the SBP standards #2, #4, #5 and instruction documents 5a covering input clarification, existing chain of custody and controlled wood system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP compliant and SBP Controlled feedstock/ biomass. Documentation related to the SBP as well as FSC CoC/ CW system of the organisation, including SBP Procedures, GHG data calculations/ data sheet, Supply Base Reports and FSC system description was reviewed.

Auditors reviewed documented procedures for primary feedstock supplies within the SBE system, contracts with suppliers containing requirements on health and safety requirements as well as requirements on evaluation and protection of high conservation values. Those have been evaluated and discussed with

responsible staff at the company. Upon completing evaluation of documented procedures and records, the sampling of the sites and contractors/suppliers took place. Auditors sampled sites for field inspections in both principal BP feedstock sourcing regions (Zemgale and Kurzeme) using the following approach: the number of FMUs to visit in field evaluations were calculated from the total number of FMUs where the BP had sourced feedstock during the audit period. The number of FMUs was determined using following relationship:  $(0.8 \times \sqrt{x})$ , where  $x$  – number of FMUs). The total number of FMUs were considered, no subsets (forest lands/non-forest lands) were used. The number of visited FMUs were planned proportional to share of forest/non-forest biomass (by volume), i.e. 50/50. In fact 6 non-forest land FMUs and 7 forest land FMUs were visited. In order to evaluate health and safety risk mitigation measures, FMUs where on-going harvesting take place were included in the list of FMUs for inspection. High Conservation Value risk mitigation measures are planned for evaluation in FMUs where there are on-going harvesting works as well as harvesting works (recently) completed. FMUs in two main feedstock sourcing regions – Zemgale and Kurzeme are considered.

Preliminary findings resulting from day 1 were summarised and conclusion based on use of 3 angle evaluation method were provided to the responsible person – the Quality and Environmental manager.

Field evaluations were conducted in the next audit day. For field evaluations the auditor team split up in 2 groups, one SBP auditor for each feedstock sourcing region. Auditors 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. The CB witnessed the audit of the BP primary supplier and at the same time doing their own independent evaluation of the suppliers.

In the first day of the SBE evaluation process biomass sourcing areas in Zemgale region was inspected, where contracted harvesting works and bush/brush (arboriculture arisings) removal in both ongoing works in biomass sourcing areas – both non-forest lands (overgrown agriculture areas, arboriculture arisings) and forest land were observed and evaluated.

In the same way harvesting works in both non-forest land areas and forest properties were inspected in Kurzeme regions as part of the verification audit. Auditors observed primary feedstock sourcing process within the SBE process to be sourced as “low risk” feedstock.

Feedstock sourcing from 4 FMUs (forest lands) and 3 non-forest land properties was observed in Riga/Zemgale region in the first day, and 3 FMUs (forest lands) and 3 properties in non-forest land in Kurzeme region in the second day of SBP audit. Risk mitigation measures have been verified through observation of BP’s auditing practice in ongoing biomass harvesting sites and evaluation of BP’s records in completed logging sites. 13 areas/sites/FMUs of biomass sourcing areas have been inspected in total during the annual surveillance audit.

In the same day auditor visited Terrabalt terminal in Liepāja port. During the site tour reception process was observed, applicable records reviewed, terminal staff was interviewed and FSC system critical control points were analysed. Other auditor accompanied by the responsible person at the BP visited 3 suppliers of secondary feedstock for the purpose of verification of Supply Base area.

Findings of the 2<sup>nd</sup> day field evaluation audit have been summarised and presented to the responsible BP staff – forest foremen and Environment and Quality manager at the end of the day. Preliminary findings were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the responsible persons – quality and environmental manager and forest foremen.

Additional office work has been conducted on August 31, where GHG reports (SAR, IDBC5) reports for all sites were reviewed. The audit was finalized on September 19, with inspection of Skulte harbour, which was added to the SBP certificate scope and closing meeting in the office of the CB. Findings of all days of the annual audit have been summarised and presented to the BP staff. Audit finding were summarised based on use of 3 angle evaluation method were provided to the responsible persons at the company – Quality and



Environment manager.

Auditor team information:

Auditor(s), roles	Qualifications
<p>Ģirts Karss Lead Auditor</p>	<p>Works for NEPCon since 2011 Ģirts Karss holds MSc in Environmental Science from the Lund University and the University of Latvia. He has passed the Rainforest Alliance lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC Forest Management and Chain of Custody lead auditor qualification. Ģirts Karss has conducted of FSC Chain of Custody audits in wood industry companies in Latvia and FSC forest management assessments and annual audits in Latvia, Lithuania, Estonia and Russia. Ģirts has completed SBP auditor training course and acquired SBP auditor qualification. He has participated in capacity of auditor and lead auditor in SBP assessments (with Supply Base Evaluation) and scope change audits (with Supply Base Evaluation) in Latvia.</p>
<p>Liene Suveizda, Auditor</p>	<p>Joined NEPCon Latvia in 2016. M.Sc in biology, forest ecology. Graduated from the University of Latvia. Liene has also studied law and hold the 2nd level higher education in law, Business School "Turība". Liene has long term experience in forestry sector in Latvia. Liene has passed the NEPCon lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC lead auditor qualification. Liene has participated as an auditor in training in 6 SBP assessments (with Supply Base Evaluation) and SBP scope change (with Supply Base Evaluation) audits in Latvia.</p>
<p>Ēriks Lidemanis, Auditor in training</p>	<p>Joined NEPCon in 2017. Holds bachelor degree from Latvia University of Agriculture Forest Faculty (forest management). Previous work experience in wood processing industry and roundwood surveying. Ēriks has passed the NEPCon lead assessor training course in FSC Chain of Custody operations and obtained the FSC CoC auditor qualification. Ēriks is working as FSC Chain of Custody auditor.</p>

### 6.3 Process for consultation with stakeholders

**Annual audit:**

No stakeholder consultation was conducted after the assessment audit in 2017.

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

## 7 Results

### 7.1 Main strengths and weaknesses

**Strengths:** SBP system elements were implemented at the time of the assessment and maintained during the audit period. Small number of the management staff and clearly designated responsibilities within the staff members. SBE processes are well documented. Database system for material accounting is rigorous and well maintained and all relevant information can be easily retrieved and reported in various cross-sections. The BP and suppliers of primary feedstock have participated in the training for High Conservation Value identification and health and safety training courses with respected Latvian experts. Strong commitment in implementation of SBP system and positive approach has been observed during the audit.

**Weaknesses:** a different awareness and skill level in risk mitigation measures in relation to sourcing feedstock from forest and non-forest lands within the SBE process was observed at the time of audit. See detailed information in audit findings section (Annex A) of the report.

### 7.2 Rigour of Supply Base Evaluation

Sveaskog Baltfor is implementing the Supply Base Evaluation process for primary feedstock (forest products) originating from Latvia and is sold without SBP-approved Forest Management Scheme claim, SBP-approved Forest Management partial claim, SBP-approved Chain-of-Custody (CoC) System claim. Risk mitigation measures have been designed and are being implemented for feedstock originating from forest land (material sourced under FSC Controlled Wood system) as well as non-forest land (arboriculture arisings on overgrown agriculture land, wood growing along the road, rails and other).

The BP is using the SBP endorsed regional risk assessment for feedstock supply base covering SBE – the Republic of Latvia. Based on the “specified risks” in the risk assessment the organization has suggested several mitigation measures which were consulted with relevant stakeholders prior to implementing. Risk mitigation measures are relevant in addressing risks. It was evaluated during the audit that BP has assessed options for risk mitigation measures and selected the most appropriate and effective risk mitigation measures out of those referenced in the risk assessment. In fact, the most risk mitigation measures outlined in the RRA are used by the BP.

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

### 7.3 Collection and Communication of Data

The organization has established a GHG data collection system and had compiled emission data as a part of preparation process for the SBP assessment audit in 2017. The BP has implemented a system to collect and record data on Greenhouse Gas emissions. The BP has provided detailed overview of the systems and databases to collect and record Greenhouse Gas data during the audit. Necessary related evidence with regard to GHG calculation and assumptions were provided to auditors.

### 7.4 Competency of involved personnel

The SBP and Supply Base Evaluation system is implemented by internal personnel of the company, that

have undergone external training and are supervised by the overall responsible person at the organization. Different staff members are responsible for various aspects of the SBP certification system. Quality and Environment manager who is also responsible for FSC chain of custody certification system holds the overall responsibility for SBP and SBE system. She has sufficient knowledge of the SBP requirements especially in area of energy and emission data, chain of custody or and sourcing of raw material and can be assisted by production manager and wood procurement specialists (forest foremen) in SBE related issues.

Production manager is responsible for entering agreements with supplier and buyers as well as claim review and management decisions. Forest foremen are responsible for actual on-ground implementing of the SBE – controlling the implementation of risk mitigation measures and controlling the suppliers.

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

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

## 7.5 Stakeholder feedback

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 the annual surveillance audit.

The stakeholder consultation was carried out by the CB prior to the assessment showed that BP's stakeholder consultation process was comprehensive and all key stakeholders were involved in the process. Consultation confirmed that the stakeholders already expressed their opinion to biomass producer.

## 7.6 Preconditions

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

## 8 Review of 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.*

The SBP has endorsed the SBP Risk assessment for Latvia in September 2017. The BP is using the SBP endorsed national risk assessment for Latvia where risks for each individual indicator have been evaluated. “Specified risk” in the National Risk Assessment have been assigned to indicators 2.1.1 (only HCVF category 3), indicator 2.1.2 (HCVF categories 1, 3 and 6) and indicator 2.8.1. Mitigation measures planned and implemented by the BP can be considered sufficient in order to reduce the risk to “low risk” for indicators mentioned. See risk ratings in Table 1.

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

*Table 1 Risk ratings for SBP SBE Indicators*

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

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

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

Indicator	Risk rating (Low or Specified)		Indicator	Risk rating (Low or Specified)	
	Producer	CB		Producer	CB
1.1.1	Low	Low	2.3.3	Low	Low
1.1.2	Low	Low	2.4.1	Low	Low
1.1.3	Low	Low	2.4.2	Low	Low
1.2.1	Low	Low	2.4.3	Low	Low
1.3.1	Low	Low	2.5.1	Low	Low
1.4.1	Low	Low	2.5.2	Low	Low
1.5.1	Low	Low	2.6.1	Low	Low
1.6.1	Low	Low	2.7.1	Low	Low
2.1.1	Low	Low	2.7.2	Low	Low
2.1.2	Low	Low	2.7.3	Low	Low
2.1.3	Low	Low	2.7.4	Low	Low
2.2.1	Low	Low	2.7.5	Low	Low
2.2.2	Low	Low	2.8.1	Low	Low
2.2.3	Low	Low	2.9.1	Low	Low
2.2.4	Low	Low	2.9.2	Low	Low
2.2.5	Low	Low	2.10.1	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			

Table 3. SBP risk 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 minimise 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”.

### Indicator 2.1.1 (HCVF category 3):

Woodland Key Habitat tool (“WKH tool”) was developed by biomass producers in Latvia united under the Latvian biomass association “LATBio”. The tool is used in private forest land and shows “Risky areas” which may comprise WKH and “Green areas” which most likely do not comprise WKHs. The tool is based on existing forest inventory databases and implements filtering forest inventory databases using the algorithm from “Inventory of woodland key habitats; methodology” (Ek at al 2002). The tool has been verified in field verification process that took place (carried out by licenced forest ecology, biodiversity experts) to verify the correctness of the methodology and the algorithm implemented. Five different areas in Latvia were visited (each area ca. 200 ha) which have proved that the tool shows correct data and the WKH is not present in the “green areas”. The WKH tool is not used by the BP, however, the BP is considering using it as a source of additional information. The BP has defined the following approach for risk mitigation with regard to identification of high conservation values – all harvesting sites in the SBE system shall be inspected by the supplier of primary feedstock prior to harvesting and screened for presence of high conservation values according to WKH checklist. The checklist has been elaborated by forest habitat experts in Latvia and are used by many SBP certified biomass producers and forest management companies.

### Indicator 2.1.2 (HCVF category 1):

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 staff involved in sourcing of primary feedstock within the SBE had undergone a training course for identification high conservation values in forest ecosystems, recognize HCVs (woodland key habitats, forest habitats of EU importance) and recognize important bird habitats and nesting sites and how these shall be protected.

All sites prior to harvesting are evaluated for the presence of Woodland Key Habitats with help of WKH checklist. Presence of large diameter (>50cm) nest or protected bird species is evaluated and noted in the checklist. Interviews with BP staff as well as review of records showed that the procedure is followed.

### Indicator 2.1.2 (HCVF category 3):

Every supplier of primary feedstock that is going to supply feedstock as low risk material shall be checked in the area designated for harvesting and filling in the WKH checklist. In case the area is identified as potential woodland key habitat or forest habitat of EU importance, it can not be sourced as SBP Compliant feedstock. The BP asks certified biotope expert to evaluate the harvesting site for presence of WKHs and determine the status. In case the decision is negative, the site can be harvested and supplied to BP as SBP Compliant feedstock. Feedstock from area of identified HCVs – WKHs/EU habitats is not accepted by the BP.

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 large diameter noble tree species potentially originating from objects of cultural heritage value, for example, old manors, parks, tree alleys etc. The BP has implemented procurement policy specifying that noble species will not be sourced and in case it will be the diameter can't exceed 70cm. The chipping machinery has also maximum diameter restriction of this size. 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. Interviews with the responsible personnel as well as site tour through the storage area show that large sized noble tree species are not being put in the production processes and processed.

### Indicator 2.8.1:

Each supplier/contractor 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.

## 10 Non-conformities and observations

*Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. 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.*

**Open non-conformity reports (NCRs)**

<b>NC number</b> 01/18 (25114)	<b>NC Grading:</b> Minor
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), requirement 16.1.16.1 Where an Indicator is rated as specified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>Auditors carried out an assessment of the effectiveness of the BP’s system by inspecting completed and on-going harvesting sites and evaluated the quality of WKH screening carried out by the BP. Deficiencies were observed related to HCV category 3 risk mitigation measures and interpretation of WKH auditing methodology: the BP staff in several cases has been evaluating all compartments in FMU/block at once in one checklist instead of evaluating each compartment on separate checklist, thus skipping the evaluation of HCV at compartment scale. In Zemgale feedstock sourcing region auditor observed that the BP staff have been giving lower scores due to misinterpretation of checklist criteria assessment logic. It has not lead to incorrect results in relation to identification of WKHs, but might lead in case the total score would get close to threshold. A minor NCR raised.</p>	
<b>Timeline for Conformance:</b>	By the next surveillance audit, but no later than 12 months from report finalisation date
<b>Evidence Provided by Company to close NC:</b>	Pending
<b>Findings for Evaluation of Evidence:</b>	Pending
<b>NC Status:</b>	Open

**Closed non-conformity reports (NCRs)**

<b>NCR: 01/17 (16397)</b>	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), requirement 6.2 6.2 The BP shall record the place of harvesting and the identity of the primary wood processor responsible for the supply of inputs classified as SBP-compliant Secondary Feedstock.
<b>Report Section:</b>	Appendix B, p.1.3
<b>Description of Non-conformance and Related Evidence:</b>	
<p>Supplier list is available. At the time of the audit, list contains both direct suppliers and sub-suppliers of primary feedstock delivering feedstock through traders.</p> <p>During the audit it was identified that sub-supplier list is outdated, last updated is done in September 2016. Supplier list does not cover information about the primary producer list for trader Energoparks.</p>	
<b>Corrective action request:</b>	<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>
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization
<b>Evidence Provided by Organisation:</b>	List of suppliers
<b>Findings for Evaluation of Evidence:</b>	List of suppliers was reviewed at the time of the audit. It's been concluded by reviewing the list of suppliers and interview to responsible person that the list of suppliers is up-to-date and contain information on all active suppliers.
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 02/17 (16398)</b>	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), requirement 6.3 6.3 The BP shall ensure that the place of harvesting is within the defined SB. Note: 'Place of harvesting' in the standard means the place of growth of the feedstock, i.e. the location of the tree stump

<b>Report Section:</b>	Appendix B, p.1.3
<b>Description of Non-conformance and Related Evidence:</b>	
<p>Place of harvesting for primary feedstock is confirmed based on the information from the delivery notes and additional origin information provided by suppliers. Supplier audits are conducted with an aim to confirm the origin of secondary feedstock. In addition to this origin information is started in the supplier agreement signed with each specific direct supplier.</p> <p>As for the secondary feedstock, the Supply Base is restricted to Latvia only. In addition to this, FSC certified feedstock from Lithuania is considered acceptable input. Place of harvesting for primary feedstock is confirmed based on the information from the delivery notes.</p> <p>At the moment BP is sourcing feedstock from 9 direct producers.</p> <p>According to p 9.3.4 of the SBP procedures and interviews of the responsible staff each active primary producer will be visited at least once in a year. At the date of the assessment 4 audits were conducted for 9 active secondary feedstock suppliers. All delivered secondary feedstock is FSC/PEFC certified.</p> <p>Since not all the supplier audits have been conducted at the time of the assessment minor NCR 02/17 is raised.</p>	
<b>Corrective action request:</b>	<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>
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization
<b>Evidence Provided by Organisation:</b>	<p>Supply Base (origin) audit records</p> <p>Field visits to suppliers of secondary material</p>
<b>Findings for Evaluation of Evidence:</b>	<p>List of suppliers was reviewed at the time of the audit. It's been concluded by reviewing the list of suppliers and interview to responsible person that the list of suppliers is up-to-date and contain information on all active suppliers, including suppliers of secondary feedstock.</p> <p>Audits to all suppliers of secondary feedstock show that the place of harvesting for primary feedstock is available from information from the delivery notes and additional origin information provided by suppliers, e.g. Felling Permits. In addition to this origin information is started in the supplier agreement signed with each specific direct supplier. Review of internal audit records show that the BP has carried out internal audits to suppliers.</p>
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	
Is the non-conformity likely to impact upon the integrity of the	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

affected SBP-certified products and the credibility of the SBP trademarks?	
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<b>NCR: 06/17 (16399)</b>	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), Instruction Note 2C, p. 4.1 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest versions of the SBR Template for Biomass Producers downloaded from the SBP website. (2C, 4.1)
<b>Report Section:</b>	Appendix B, p.2.8.
<b>Description of Non-conformance and Related Evidence:</b>	
<p>The Supply Base Report was prepared using the latest available template of the document. Most of the features are covered. During the review the following inaccuracies had been identified:</p> <ul style="list-style-type: none"> <li>a) In section 2.1. of the Supply base report it is mentioned that composition of the SBP-compliant feedstock is 88% for primary feedstock and 12% for secondary feedstock, even though the volume of the SBP –compliant feedstock currently is 0;</li> <li>b) In section 2.5. information about forest ownership is not accurate, information about other types of forest ownership is not provided and information regarding FSC certified area is provided according to the situation at September 2016, the data is different from the FSC certified forest area at the time of the audit;</li> <li>c) Standard 6 is mentioned in the section 3 of the supply base report;</li> <li>d) Stakeholder consultation process is not described fully in the SBR. In particular, the section 6.1 lacks description of reaction to stakeholder comments. It was found out during the assessment audit, that the BP has received comments on Risk Assessment from stakeholder (Nature Conservation Agency). According to information from the BP and as verified during the audit, the BP has complemented SBR taking into account stakeholder comments, but the response to stakeholder comments has not been described in the SBR section 6.1.</li> </ul>	
<b>Corrective action request:</b>	<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>
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization
<b>Evidence Provided by Organisation:</b>	Supply Base Report
<b>Findings for Evaluation of Evidence:</b>	The BP had provided Supply Base Report at the time of the audit. Review of the SBR shows that the issues outlined in the NCR (a-d) have been rectified and reflected correctly in the document.
<b>NCR Status:</b>	<b>CLOSED</b>

<b>Comments (optional):</b>	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 09/17 (16400)</b>	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP standard 5, Instruction document 5b, p. 6.1.5 16.5 If transport fuels are blended with biofuels, the share of biofuel shall be reported (5b, 6.1.5)
<b>Report Section:</b>	Appendix D, p. 16.5
<b>Description of Non-conformance and Related Evidence:</b>	
Blending of biodiesel is required in Latvia (at minimum 5% rate). The biodiesel content is not reported in the SAR. Minor NCR 09/17 raised.	
<b>Corrective action request:</b>	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.  Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization
<b>Evidence Provided by Organisation:</b>	SAR report
<b>Findings for Evaluation of Evidence:</b>	The BP has provided explanation that reporting biodiesel blending (5% rate) is not applicable due to seasonal application of biodiesel.
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 11/17 (16401)</b>	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), Instruction note 2A, 1.8 1.8 Additional monitoring visits should be scheduled when potential problems arise, or when the BP receives credible and relevant allegations of violations by suppliers. (Instruction note 2A, 1.8)
<b>Report Section:</b>	Appendix B, p. 8.9

<b>Description of Non-conformance and Related Evidence:</b>	
<p>Current SBE risk mitigation mechanism does not envisage additional monitoring visits if problems would arise. If BP identify that the supplier did not mitigated the measure properly, i.e. if a substantial deficiency with regard to risk mitigation would be identified, the BP would stop sourcing feedstock from this supplier as “low risk” until the issue is resolved. There is SBE process review mechanism envisaged in documented procedures, requiring the BP to evaluate the risk mitigation measures and reviewing the efficiency of the risk mitigation measures, but there is no explicit requirement provided to carry out additional monitoring, except for audits for feedstock origin (EUTR audits). A minor NCR 11/17 raised.</p>	
<b>Corrective action request:</b>	<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>
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization
<b>Evidence Provided by Organisation:</b>	Documented procedures
<b>Findings for Evaluation of Evidence:</b>	The BP had updated its SBP/SBE procedures with the requirement to pay additional monitoring visits to suppliers, in case issues are identified. Thus, the NCR is considered to be closed.
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 13/17 (16402)</b>	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	SBP Standard 2 (ver. 1.0), 16.3 16.3 The BP shall implement a plan to monitor the effectiveness of the mitigation measures, at least annually.
<b>Report Section:</b>	Appendix B, p. 9.3
<b>Description of Non-conformance and Related Evidence:</b>	
<p>The BP is monitoring the effectiveness of the mitigation measures by evaluating the results of risk mitigation measures. The SBE procedure requires carrying out regular supplier audits as a risk mitigation mean. Regular audits are carried out through sampling of completed and ongoing sites as well as sites prior to harvesting works. Regular audits are carried out for HCV indicators (2.1.1. and 2.1.2 – High Conservation Values (HCV) - Woodland Key Habitats, nests of large birds, objects of cultural heritage values), protection of HCVs, health and safety issues. Origin of the timber (EU</p>	



Timber Regulation) audits are carried out once per 12 months. The origin of feedstock is checked also during regular surveillance audits (HCV,H&S). The BP has presented the audit checklist where the risk is evaluated.

According to the documented procedures 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 measures.

The BP does not have a specific plan where the criteria and actions with regard to monitoring of effectiveness have been defined, apart from field evaluation checklist summary table that has been presented to auditors during the assessment audit. See Supply Base Report, section 9.2 for additional details.

<b>Corrective action request:</b>	<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>
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization
<b>Evidence Provided by Organisation:</b>	Interview to responsible person at the BP
<b>Findings for Evaluation of Evidence:</b>	Effectiveness of the mitigation measures have been discussed with the responsible person at the BP. It has been discussed that the BP is evaluating the effectiveness of implementing risk mitigation measures based on following criteria: evaluation of parameters included in evaluation checklists, analysis of trends in time, direction of trends (positive/negative), number of complaints received. The BP is going to compile the evaluation of effectiveness of risk mitigation measures for the next management review as per organization’s ISO procedures. The management review is carried out once a year and the planned next review shall take place at the end of the year.
<b>NCR Status:</b>	<b>CLOSED</b>
<b>Comments (optional):</b>	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

<b>NCR: 14/17 (16510)</b>	<b>NC Classification: Minor</b>
<b>Standard &amp; Requirement:</b>	Instruction Document 5B - Energy and GHG Data V-1.1, p. 4.1.2

	<p>4.1.2 A single Input Group shall not include feedstock:</p> <ul style="list-style-type: none"> <li>• From more than one of the following classifications:             <ul style="list-style-type: none"> <li>o primary feedstock from forests (products or residues);</li> <li>o woody energy crops (primary feedstock);</li> <li>o wood industry residues (secondary feedstock); or</li> <li>o post-consumer wood (tertiary feedstock).</li> </ul> </li> <li>• With significantly different transport distances.             <p>Note: The ratio between maximal and average transport distance should not be over 1.5 (for 90% of the feedstock in that group). Any exceptions should be verified by the CB and explained in the SAR.</p> </li> <li>• Which is prepared or pre-processed on-site and subsequently mixed with feedstock that is not prepared or pre-processed onsite.             <p>Note: 'Prepared or pre-processed' includes activities such as drying and grinding.</p> </li> </ul>
<b>Report Section:</b>	Appendix B, p. 8.9
<b>Description of Non-conformance and Related Evidence:</b>	
<p>Product groups as well as feedstock groups are designated in the SBP product group schedule and SAR. During the audit it was identified that transport distance ratio does exceed average for more than 1.5 for 90% of feedstock for number of feedstock types, for instance for forestry residuals, branch wood and other. It was explained by the BP that that there was few case then the feedstock was delivered from the longer distances. No explanation was provided in the SAR.</p>	
<b>Corrective action request:</b>	<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>
<b>Timeline for Conformance:</b>	By next audit, but not later than 12 months from the report finalization
<b>Evidence Provided by Organisation:</b>	SAR document
<b>Findings for Evaluation of Evidence:</b>	<p>The SAR document contains information on the average and maximum transport distances. It was explained by the responsible person that transport distance ratio does exceed average for more than 1.5 for forestry residuals, branch wood and stemwood. It was explained by the responsible person that the ratio is influenced by few cases when the feedstock was delivered from the longer distances. Cases of biomass supply from longest distances was reviewed at the time of audit. It is concluded from the review that those are separate cases that contribute to the maximum distance, but not the overall trend.</p>
<b>NCR Status:</b>	<b>CLOSED</b>

<b>Comments (optional):</b>	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

## 11 Certification decision

<b>Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:</b>	
<b>Certification decision:</b>	Certification approved
<b>Certification decision by (name of the person):</b>	Pilar Gorría Serrano
<b>Date of decision:</b>	31/Dec/2018
<b>Other comments:</b>	<i>Click or tap here to enter text.</i>