Sustainable Biomass Program

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

Second Surveillance Audit

www.sbp-cert.org

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

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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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 Second 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 harbour 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)

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 V1.0SBP Standard #1 V1.0; SBP Standard #2 V1.0SBP 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 with office in Riga and the facilities situated in Liepaja and Riga ports and Skulte, Mērsrags (outside scope) harbour.

The BP is wood chip producer and trader. The BP is buying biomass - chips from suppliers and also produce biomass itself – by producing chips from roundwood and chipping arboricultural arisings in non-forest lands 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 logging residues or roundwood and chipped from low quality wood (pulpwood and firewood) in harbour terminals.

The BP is also buying wood chips (secondary feedstock) from primary wood processors with FSC certified /FSC Controlled wood claims.

All feedstock is originating from Latvia and some minor part could come from Lithuania within the indirect/secondary material flow. The biomass may potentially contain feedstock originating from both Latvia and Lithuania.

FSC Controlled Wood system of the Organization does cover procurement of the feedstock originating from Latvia, Lithuania and Estonia. Wood (roundwood) from Estonia is not included in the scope of the SBP. Material of Estonian origin is segregated from feedstock originating from the defined Supply Base.

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

All feedstock is delivered to Riga, Liepaja and Skulte 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.

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, low grade 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 harbour 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

BP is sourcing primary feedstock. Most of the Feedstock originates from Latvia, minor volume Lithuania (chips produced from roundwood in harbour). Feedstock from Estonia is not included into the scope of the SBP certificate.

Latvia:

3.056 million ha of forest, agricultural lands 1,87 million ha. Forests cover 51% of the total area. 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 has 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; ~ 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 quantitative 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

The BP is sourcing 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 roundwood and firewood delivered as FSC certified or verified according to the BP's own Controlled Wood verification system for Latvia and Lithuania. The BP is also sourcing roundwood from Estonia, which is included in the scope of BP's own FSC Controlled Wood verification system, but the roundwood from Estonia is not used for biomass (chips) production.

BP is implementing both FSC transfer and credit systems for certified material flow control. Material flow control in harbor is carried out according to the FSC credit system, whereas trading is without storage (physical possession of material) is carried out within the FSC transfer system

All feedstock (both chips and roundwood) is delivered to Liepaja, Riga and Skulte ports by trucks. Chips are stored in ports and roundwood logs are chipped in Liepāja and Rīga ports. In case of export, wood chips are loaded into the ship.

Chips are sold on FOB incoterm conditions in Liepaja, Rīga and Skulte ports.

6 Evaluation process

6.1 Timing of evaluation activities

The annual (surveillance) audit has been conducted in several phases: the opening meeting, initial office work related to field work planning and field visits within the Supply Base Evaluation system were conducted on September 4-5, with following visits to Liepāja (October 12), Rīga and Skulte harbours (September 12). Office work has been conducted on October 25th and November 20th, when the closing meeting has been conducted. Audit included office visit, review of SBP and FSC chain of custody system related documents, interviews to responsible personnel, production site – port terminal visit and interviews to responsible personnel, primary feedstock supplier audits within the SBE system, including sub-suppliers and contractors, interviews to contractors.

10 man days in total were used for the annual audit, including 6 days for field work (supplier and sub-supplier audits at the FMU level), including inspection of sites and 3.5 days for office work (onsite work at BP) + 0.5 day documented evidence review prior and after the onsite audit.

Audit plan:

Activity/ timing	Place	Auditor	Date
9.00 Opening meeting	Office	GK, LS	04.09.2019
9.15- 12.00 Brief SBP management system review; selection of FMU for field inspections. 12.00-13.30 Lunch and travel to field inspections.	Office		
Field audits, evaluation of BP's practices in sourcing of primary feedstock, wood and chips • Evaluation of supplier of primary feedstock • Witness audit of BP supplier audit	Forests and feedstock sourcing areas in Vidzeme region: Supplier audits. primary feedstock suppliers, evaluation of HCV risk mitigation measures in completed logging sites: 1) FMU "Pēterkalns", Sēja parish, Sēja municipaliy (Cad.No. 80920040369, Block 2, comp.8); 2) FMU "Vēverīši", Straupe parish, Pārgauja municipality (Cad.No. 4280070009, Block 1, comp. 7)	LS	04.09.2019 13.30-18.30

	3) FMU "Mūrnieki: , Stalbe parish, Pārgaujas municipality (Cad. No. 42800030014), Block 1, comp. 11) 4) FMU "Lielinķēni", Zaube parish, Amata municipality (Cad.No. 42960020043; Block 1, No. comp. 18, 32) 5) FMU "Mucenieki", Taurupe parish, Ogre municipality (Cad. No. 74920090132, Block 1, comp. 8 and 10)		
	Forests and feedstock sourcing areas (non-forest lands) in Kurzeme region: Supplier audits. primary feedstock suppliers, evaluation of HCV risk mitigation measures in completed logging sites. Evaluation of organization's performance in HCV identification (SBP risks 2.2.1): HCV evaluations: 1) FMU "Koškēni", Dobele municipality, supplier – private forest owner. Location Cad. No. 46600020045; HCV evaluation. Block 1, comp. 7, area 10.2ha, comp. 4, area 0.6ha. 2) FMU "Žagari", Smārde parish, Engure municipality, Cad. No. 90820090072, comp. 5, area 10.2ha; 3) FMU "Imakas", Slampe parish, Tukums municipality. Block 1, comp. 2, 0.4 ha.	GK	04.09.2019 13.00-18.00
Field audits, evaluation of BP's practices in sourcing of primary feedstock, wood and chips. Evaluation of supplier of primary feedstock Witness audit of BP supplier audit	HCV evaluations: 1) FMU "Ozolkalni", "Ozolkalni", Ādaži municipality, LV-2164, supplier SIA "Jubergs" (Cad. No. 80440030023; HCV evaluation. Block 1, comp. 3.). 2) FMU "Purupi", Skulte parish, Limbaži municipality (Cad. No. 66760010026; Block 1, comp. 15). 3) FMU "Kventes", Limbaži parish, Limbaži municipality (Cad. No. 66640080036, Block 1, compartment 3 and 11). 4) FMU "Zaļumnieki", Limbaži parish, Limbaži municipality (Cad. No. 66640100052, Block 1, compartment 6.).	LS	05.09.2019

	5) FMU "Liepsalas", Limbaži parish, Limbaži municipality (Cad. No. 66640110035, Block 1, comp. 3 and 7). 6) FMU "Liepkalni", Limbaži parish, Limbaži municipality. Supplier SIA "Palus" (Cad. No. 66640060139. Block 5, comp. 1). 7) FMU "Palejas", Viļķene parish, Limbaži municipality (Cad. No. 66880020018, Block 1, comp.14). Block 1, comp. 14. 8) FMU "Jaunlauri", Aloja parish, Aloja municipality (Cad. No. 66270030053, Block 1, comp. 17). 9) FMU "Gerķīši", Limbaži parish, Limbaži municipality, supplier SIA "HRONOSS AZ" (Cad. No. 66640020095, Block 434, comp. 1 and 4).		
	Forests and feedstock sourcing areas (non-forest lands) in Kurzeme region: Supplier audits. primary feedstock suppliers, evaluation of HCV risk mitigation measures in completed logging sites. Evaluation of organization's performance in HCV identification (SBP risks 2.2.1): 1) FMU "Lejasozoli", Lutriņi parish, Saldus municipality, supplier – private forest owner. Cad. No. 84660020029; HCV evaluation. Block 1, comp. 2, area 1.3 ha, Evaluation of organization's performance in HCV identification and evaluation; 2) FMU "Ezernieki", Remte parish, Brocēni municipality, Cad. No. 84800030083, block 1, compartment 1, 1.3 ha 3) FMU "Spiņģi", Durbe parish, Durbe municipality, Cad. No. 6427006026, block 1, comp. 2, area 1.05ha, comp. 2, area 1.66ha – planned logging site; 4) FMU "Liepkalni", Gavieze parish, Grobiņa municipality, Cad. No. 64560060012, block 1, compartment 11, 0.24ha. Planned logging site. Health and safety evaluation:	GK	05.09.2019 09.00-18.00

	• Contractor 1: evaluation of H&S compliance, team of 4 workers, 2 chainsaw operators, 2 assistants. Interview to workers. • Contractor 2, evaluation of H&S compliance, team of 2 workers, 1 chainsaw operator, 1 assistant. Interview to workers.		
Field audits, evaluation of BP's practices in sourcing of primary feedstock, wood and chips Evaluation of supplier of primary feedstock Witness audit of BP supplier audit	Health and safety evaluations: FMU "Priednieki-1", Valmiera municipality, Cad. No. 9601010151202. Non-forest land. Interview with contractor. Evaluation of HCV: FMU "Jaunsietiņi", Kauguru parish, Beverīnas municipality. Supplier SIA "Dižozols" (Cad. No. 96620070240, Block 1, comp. 1 and 2).F FMU "Slikumi", Dikļu parish, Kocēnu municipality. Supplier SIA "Dižozols" (Cad. No. 96520010065, block 332, compartment 18 and 19).	LS	12.09.2019 8.00-15.00
Visit of Skulte harbor terminal	Upes iela 31, Zvejniekciems, Saulkrastu lauku teritorija, LV-2161 Visit to Skulte terminal, interview to feedstock receptionist, review of documents. Interview to responsible port authority personnel, review of GHG data related to biomass storage and trans-shipment	LS	12.09.2019 15.00-17.00
Visit of Terrabalt terminal in Liepāja	Brīvostas iela 14A, Liepāja, LV-3405 Visit to Liepāja Terrabalt terminal, interview to feedstock receptionist, review of feedstock sourcing documents. Interview to responsible port authority personnel, review of GHG data related to biomass storage and trans-shipment	LS	11.10.2019.
Office audit: Interview with overall responsible staff. Control points analysis and review of the existing controlled Wood system. Review of procedures, documents and interviews with responsible staff	SIA "Sveaskog Baltfor" office	LS, GK	25.10.2019 8.30-16.30

(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, risk mitigation measures. Review of documentation, procedures. Evaluation of compliance to SBP Standards #1 and #2.			
Interview with overall responsible staff. Review of the applicable SBP documentation , including SBP procedures, instructions, training records, feedstock descriptions, supplier lists, credit system and other (SBP standards nr 2 and 4) Interviews with responsible office staff 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) Review of SBR, risk mitigation measure effectiveness, internal management review. Review of open NCRs.	SIA "Sveaskog Baltfor" office	LS, GK	20.11.2019 8.30-17.00
Closing meeting	SIA "Sveaskog Baltfor" office	GK, LS	17.00-18.00

Auditor team members: GK – Ģirts Karss, LS - Liene Suveizda, EB – Edgars Baranovs

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. Informed about actual changes in SBP and FSC Chain of Custody systems.

After the opening meeting, the sampling of the suppliers and FMUs took place. Auditors made a plan for field inspections based on sampling, selecting for inspection feedstock suppliers included into Supply Base Evaluation:

The following considerations have been taken into account to establish as sample and the sampling intensity:

1) Geographical area;

2) Type of the operations and activities;

3) Risk mitigation measures related to origin and mixing.

Geographical area:

BP sources the primary feedstock included into SBE from Latvia. The BP distinguishes 3 operation regions in Latvia: Kurzeme region, Rīga (Zemgale) region and Vidzeme region. There are 3 forest foremen responsible for feedstock procurement and feedstock production. So, FMUs and properties of non-forest lands from all 3 feedstock sourcing regions within the responsibility of each forest foremen shall be included in the sample.

Type of the operations and activities:

The SBE covers sourcing of primary feedstock (logging residues, branches, low quality roundwood etc.) from forest and non-forest lands. Thus, both FMUs in forest lands and properties of non-forest lands shall be included in the sample.

Risks identified in the SBP risk assessment for Latvia:

Regarding the feedstock origin for Latvia, the following risks considered as specified in Regional Risk Assessment endorsed by SBP:

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;

2.8.1 Appropriate safeguards are put in place to protect the health and safety of forest workers.

To evaluate the risk mitigation measures implemented by BP for indicators 2.1.1 and 2.1.2, planned harvesting sites and sites after harvesting should be included in the sample.

To evaluate the risk mitigation measures implemented by the BP for indicator 2.8.1, ongoing harvesting site should be included in the scope of sampling plan.

Sampling intensity:

Auditors sampled sites for field inspections in all 3 BP feedstock sourcing regions (Kurzeme, Zemgale

and Vidzeme) using the following approach: the number of FMUs to visit in field evaluations were calculated from the total number of 1107 FMUs with Woodland Key Habitat (WKH) characteristics according to WKH data base screening results where the BP had sourced feedstock during the audit period. The approximate target number of 20 FMUs was determined using following relationship:(0.6×√x,where x-number of FMUs). The total number of FMUs were considered, no subsets (forest lands/non-forest lands) were used, but both forest and non-forest lands were included in the sample. The auditors analysed and planned the field inspections and split into 2 groups.

In the following day of the evaluation, audits of individual suppliers at the FMU level took place. NEPCon team was evaluating how BP staff is doing audits for the suppliers and evaluating their compliance with the SBP standards and how risk from the risk assessment is implemented on the ground.

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 three main feedstock sourcing regions – Kurzeme, Zemgale and Vidzeme were visited.

In the second part of day the auditors separately started field inspections in Zemgale and Vidzeme regions. In the first day 5 FMUs (7 compartments) in Vidzeme region were visited. During the second day 9 (13 compartments) in Vidzeme region were visited. During the third field work day 2 FMUs (4 compartments) were visited in Vidzeme region and 1 ongoing logging site inspected where Health and Safety issues in manual logging works for 1 contractor (manual logging works in non-forest land) were evaluated as part of evaluation of efficiency of risk mitigation measures.

3 FMUs (4 compartments) in Zemgale region were visited during the first audit day. During the second day 4 FMUs (5 compartments) in Kurzeme region were visited. In addition, 2 ongoing logging sites were inspected in Kurzeme region, where Health and Safety issues in manual logging works for 2 contractors were evaluated as part of risk mitigation measures.

In total 16 FMUs in Vidzeme region were visited, 3 FMUs in Zemgale region and 4 FMUs in Kurzeme region. 3 ongoing logging works sites were visited. Inspections to 3 properties took place in non-forest lands where removal of arboricultural arisings was conducted with primary focus on mitigation of health and safety risks.

12.09.2019

In On 12.09.2019. auditor visited Skulte terminal in Liepāja. During the site tour reception process was observed, applicable records (GHG data) reviewed, terminal staff was interviewed and FSC system critical control points were analysed.

11.10.2019

On 11.10.2019. auditor visited Terrabalt terminal in Liepāja. . During the site tour reception process was observed, applicable records (GHG data) reviewed, terminal staff was interviewed and FSC system critical control points were analysed.

25.10.2019.

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. Auditors checked the control points analysis and

reviewed 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, risk mitigation measures.

Review of documentation, procedures. Compliance to SBP Standards #1 and #2.

20.11.2019.

Interview with overall responsible staff.

Auditors reviewed the applicable SBP documentation, including SBP procedures, instructions, training records, feedstock descriptions, supplier lists, credit system and other (SBP standards nr 2 and 4). After that auditors reviewed the GHG data, data collection and communication related SBP documentation, including SBP procedures, instructions, records, and other (SBP standard Nr 5), SBR, risk mitigation measure effectiveness, internal management.

Findings of all days of the annual audit have been summarised and presented to the BP staff on closing meeting. 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
Liene Suveizda, Lead auditor (Standards #1, #2, #4), field evaluations	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.
Çirts Karss Auditor (Standard #2, #5), field evaluations	Works for NEPCon since 2011 Girts 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. Girts has acquired SBP auditor qualification in 2016. 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.
Edgars Baranovs, Auditor in training, field evaluations	Bachelor's degree in Forest Science from Latvia University of Life Sciences and Technology and a Master's degree in Environmental Sciences from the University of Latvia. Joined NEPCon in 2018. District forester work experience in National Forest Service of Latvia. Edgars has completed FSC Chain of Custody and Forest Management auditor training

	course and acquired FSC CoC/CW auditor qualification. Edgars also has completed SBP auditor training course.

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.

The organization shows signs in lack of central administrative capacity to prepare all required documents in scheduled time of audit.

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 he SBP system with both primary feedstock 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. Stakeholder consultations had not been conducted before the annual surveillance audit.

The stakeholder consultation carried out by the CB prior to the assessment audit showed that BP's stakeholder consultation process was comprehensive, and key stakeholders were notified about 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)	
	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

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 feedstock is 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 now 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 incorect 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 dimeter 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.*

NCR 01/18 (25114)	**NC Grading:** Major
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 16.1 16.1 Where an Indicator is rated as specified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk.
Description of Non-conformance and Related Evidence:	
Annual surveillance audit 2018: 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. Annual surveillance audit 2019: during document review and field inspections the auditors revealed cases when one WKH checklist has been filled in for 2 or more (in once case 5 sub-compartments) and large, geographically separated compartments at the same time in both Vidzeme and Zemgale feedstock sourcing regions. Due to repeated occurrence of the non-conformance the minor NCR 01/18 has been upgraded to major NCR 01/18.	
Timeline for Conformance:	3 months from the report finalisation (by 04.04.2020)
Evidence Provided by Company to close NC:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

NCR: 02/19 (43539)	**NC Grading:** Major
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 16.3, 18.4. 16.3. The BP shall implement a plan to monitor the effectiveness of the mitigation measures, at least annually. (16.3) 18.4 Any mitigation measures, together with the results of their monitoring, shall be recorded in the SBR. Results from monitoring and any subsequent changes to mitigation measures shall be updated at least once per year in an annual update of the SBR. (18.4)
Report Section:	Appendix B, p.1.3
Description of Non-conformance and Related Evidence:	
Efficiency of risk mitigation measures were discussed with responsible person at the organization during the onsite audit. It has been concluded from the interview to responsible person that the BP had not implemented a plan for monitoring the effectiveness of the mitigation measures and had not evaluated the effectiveness of the mitigation measures. No outcomes or findings regarding effectiveness of the risk mitigation measures has been included in the management review. Since it affects the integrity of the SBP Supply Base Evaluation system, auditors decided to raise a major NCR 02/19.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Within 3 months from report finalisation (19.05.2020)
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Comments (optional):	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NC number 03/19 (43540)	**NC Grading:** Major
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 16.1 16.1 Where an Indicator is rated as specified Risk, mitigation measures shall be taken to reduce the risk level to Low Risk.

Description of Non-conformance and Related Evidence:	
Auditors evaluated the effectiveness of the BP's risk mitigation system by inspecting on-going harvesting sites and evaluated the how risk mitigation measures in relation to health and safety issues are handled by BP. In overall, no substantial deficiencies have been observed by the BP as can be concluded from review of contractor audit records and interview to responsible personnel at the BP. In particular, in 3 cases observations (Opportunities for improvement) were correctly identified by the responsible person at the BP (forest foremen) and noted down as comment in the H&S checklist. During the field inspections auditors encountered a situation with one contractor, where interview revealed that one of workers is not at work due to H&S accident. According to information from the co-workers, the chain-saw operator had injured the leg with chainsaw chain. Further information from the contractor and the BP revealed that the logger had injured himself because of not using individual H&S protective mean – protective trousers. This information has been confirmed in a written explanatory memorandum by the contractor to the BP. Given the root cause of the non-conformance and the conditions, the auditors had taken a decision to raise a major non-conformance due to inefficient control and overview of the Health & Safety issues to its contractors.	
Timeline for Conformance:	3 months from the report finalisation (19.05.2020)
Evidence Provided by Company to close NC:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

Observations (OBS)

☒ No observations

Closed non-conformity reports (NCRs)

NCR: 01/19 (43538)	NC Classification:
Standard & Requirement:	SBP Standard 2 (ver. 1.0), requirement 7.5,18.4 7.5 The SBR shall be updated at least annually (i.e. every 12 months); 18.4 Any mitigation measures, together with the results of their monitoring, shall be recorded in the SBR. Results from monitoring and any subsequent changes to mitigation measures shall be updated at least once per year in an annual update of the SBR.
Report Section:	Appendix B, p.1.3
Description of Non-conformance and Related Evidence:	
7.5 In surveillance audit 2019 no updates to SBR has been provided by BP. As the lack of SBR updates result in fundamental failure to meet the SBP certification requirements, the auditors raised a major NCR 01/19. 18.4 The BP is aware of the requirement. BP's Supply Base Report contains description of the mitigation measures. Requirement to provide monitoring results are included in the documented procedures of the BP. BP Supply Base Report contains brief description of the mitigation measures.	

SBR includes description of the risk mitigation system only. Updated Supply Base Report was not available at the time of onsite audit and the monitoring results were not available accordingly. See NCR 01/19 and NCR 02/19.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Within 3 months from report finalization
Evidence Provided by Organisation:	The Supply Base Report
Findings for Evaluation of Evidence:	7.5 the BP prepared updated SBR and provided to the CB after the annual surveillance audit by the time of completing the audit report. The major NCR 01/19 thus has been closed. 18.4 after the onsite audit the BP had provided auditors updated Supply Base Report. Review of report shows that the relevant results of the monitoring had been compiled and incorporated in the SBR. See Supply Base. See sections 9 and 13 in the SBR (https://www.sveaskog.se/en/sveaskog-baltfor-sia/sbp-certification/).for details.
NCR Status:	**CLOSED**
Comments (optional):	N/A
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 04/19 (43541)	**NC Classification:**
Standard & Requirement:	SBP Standard 4 (ver. 1.0), requirement 5.3.1 5.3.1 All requirements of the relevant chain of custody control system specified in the SBP-approved CoC system shall be implemented to calculate outputs.
Report Section:	Appendix B, p.1.3
Description of Non-conformance and Related Evidence:	
During the surveillance audit the responsible person at the BP could not provide details and methodology regarding updating the conversion factor the BP is using for converting the roundwood	

volume into chips (bulk). A minor NCR raised according to FSC-STD-40-004 V3-0 p. 4.1 and subsequent minor NCR raised for SBP standard No. 2, p. 5.3.1.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Within 3 months from report finalization
Evidence Provided by Organisation:	Conversion factor methodology (See Exhibit 6.2)
Findings for Evaluation of Evidence:	After the audit, by the time of finalizing the audit report the BP had provided an update on conversion factor calculation methodology. See Exhibit 6.2 for details.
NCR Status:	**CLOSED**
Comments (optional):	N/A
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ 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:	Certification approved
Certification decision by (name of the person):	Ondrej Tarabus
Date of decision:	19/Feb/2020
Other comments:	One major non-conformity issued with deadline 04.04.2020, and two with deadline 19.05.2020.