



# NEPCon Evaluation of Latgran SIA Jaunjelgava plant Compliance with the SBP Framework: Public Summary Report

Scope Change Audit

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

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# Table of Contents

<b>1</b>	<b>Overview</b>
<b>2</b>	<b>Scope of the evaluation and SBP certificate</b>
<b>3</b>	<b>Specific objective</b>
<b>4</b>	<b>SBP Standards utilised</b>
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
<b>5</b>	<b>Description of Company, Supply Base and Forest Management</b>
5.1	Description of Company
5.2	Description of Company's Supply Base
5.3	Detailed description of Supply Base
5.4	Chain of Custody system
<b>6</b>	<b>Evaluation process</b>
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
<b>7</b>	<b>Results</b>
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Collection and Communication of Data
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
<b>8</b>	<b>Review of Company's Risk Assessments</b>
<b>9</b>	<b>Review of Company's mitigation measures</b>
9.1	Mitigation measures of risks for feedstock originating from Latvia
<b>10</b>	<b>Non-conformities and observations</b>
10.1	Open non-conformities
10.2	Closed Non-conformities
10.3	Observations
<b>11</b>	<b>Certification decision</b>

# 1 Overview

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Current report completion date:	20/Jul/2020
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Name of the Company:	SIA "Latgran" Jaunjelgava pellet mill, Meža street 4b, Jaunjelgava, Jaunjelgava municipality, LV-5134
Company contact for SBP:	Līga Hermāne (Quality manager), +37126317722, Liga@latgran.com, contact person at Head Office - Mihkel Jugaste, Head of Quality and Certification Systems
Certified Supply Base:	The Republic of Latvia, the Republic of Lithuania, the Republic of Belarus
SBP Certificate Code:	SBP-01-67
Date of certificate issue:	30/Mar/2017
Date of certificate expiry:	29/Mar/2022

This report relates to the Scope Change Audit

## 2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site in SIA „Latgran“ Jaunjelgava pellet mill, Latvia and harbour storage areas in Riga port - WT Terminal, Flotes 12A and Riga Universal Terminal, Birztaļu 15.

Scope of this evaluation is based on SBP standards 1; 2; 4; and 5. The reason for having SBE in the scope of the evaluation is that the demand for SBP-compliant biomass is exceeding the volumes of FSC/PEFC certified feedstock that is available for pellet production in the Baltic region. To meet the demand, SIA Latgran Jaunjelgava site undertakes a supply base evaluation for primary and secondary feedstock that is originating from Latvia.

Additionally, as a part of scope change audit the BP has implemented requirements of SBP Instruction document 2E. By the mean of this assessment the scope of the certificate is extended for the SDE+ category 2. Risk assessment covering the requirements of Instruction document 2E were presented during the audit and the implemented mitigation measures were evaluated as well.

Organization holds valid FSC COC multisite NC-COC-009116 certificate with wood pellets production in the scope: NC-COC-009116, NC-CW-009116 as well as PEFC certificate Nr. 03-12/15.

Wood pellets are produced of low-quality roundwood (pine, spruce, birch, aspen, black alder and grey alder) and partly from secondary feedstock such as saw dust and chips. The material is purchased from Latvia and some minor part of material comes from the Lithuania and from the Belarus. The material is delivered by trucks. Some shares of the delivered roundwood is FSC 100% or FSC Controlled Wood, own verification of the Controlled Wood for Latvia, Lithuania and Belarus is included in the scope of the certification, but since March 2016 all feedstock is delivered with FSC, PEFC certified or Controlled claims. The FSC certified and FSC Controlled Wood feedstock is classified as PEFC Controlled Sources since 01.01.2018.

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

The organization is implementing PEFC Chain of Custody (CoC) as primary CoC system.

Delivered roundwood and secondary feedstock is measured at check-point, and measurement data is entered into company's database.

Wood pellets are loaded into truck and delivered to different seaports by trucks. The sales can take place at the different seaports as mentioned above and sold on different incoterms conditions, including FOB, CIF, CFR, DES.

Certification scope: Production of wood pellets, for use in energy production, at SIA Latgran Jaunjelgava site and delivering to Riga port. The scope of the certificate does include Supply Base Evaluation with primary feedstock from Latvia, and secondary feedstock from Latvia. Dynamic Batch Sustainability Data are included in the scope of the certificate.

### 3 Specific objective

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

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of SDE+ Category 2 Risk Based Approach document;
- Review of the production processes, production site visit;
- Review of Chain of Custody (CoC) system control points, analysis of the existing primary CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;

## 4 SBP Standards utilised

### 4.1 SBP Standards utilised

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

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

### 4.2 SBP-endorsed Regional Risk Assessment

The BP is sourcing the feedstock included to SBE, only from Latvia. SBP endorsed risk assessment used by BP: <https://sbp-cert.org/documents/standards-documents/risk-assessments/latvia/>

# 5 Description of Company, Supply Base and Forest Management

## 5.1 Description of Company

SIA Latgran is a biomass – wood pellet producer (BP) operating 4 production sites – pellet mills in Latvia. SIA Latgran has been established in 2004 and in 2014 has been acquired by AS Graanul Invest group. The office of SIA Latgran is located in Jēkabpils. SIA Latgran Jaunjelgava pellet mill is situated in Jaunjelgava town, the Republic of Latvia.

BP is sourcing both primary and secondary feedstock. Primary feedstock is coming from Latvia and secondary feedstock is sourced from Latvia and Lithuania (indirectly also Belarus).

Logs for the biomass production are bought directly from the forest, with harvesting permit where place of harvesting can be found. Secondary feedstock is delivered from different sawmills and the origin is verified based on supplier declarations where the origin is specified and confirmed by supplier audits.

All incoming feedstock is either FSC certified, FSC Controlled or controlled according to the existing FSC Controlled wood verification program. FSC Controlled wood verification program is applicable for feedstock originating from Latvia, Lithuania and Belarus. As of March 2016, all feedstock (both primary and secondary) is sourced as FSC Controlled Wood/PEFC Controlled Sources or FSC/PEFC certified. Since 01.01.2018 all incoming feedstock is classified as PEFC certified or PEFC Controlled Sources.

The BP is implementing PEFC volume credit method. Biomass is transported by trucks and are sold at FOB, CIF, CFR, DES conditions from different harbours in Riga to different harbours in UK and Denmark.

## 5.2 Description of Company's Supply Base

BP is sourcing primary and secondary feedstock only. Feedstock originates from the Republic of Latvia, the Republic of Lithuania and the Republic of Belarus

### Latvia:

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

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

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

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

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



in the European network of protected areas Natura 2000. Most of the protected areas are state-owned.

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

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

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

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

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

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

State forests are FSC/ PEFC certified. In addition to state forest enterprise, 6 private forest managers are managing forests in accordance with FSC standard requirements. The FSC certified are in the country amounts to a total of 1,044,690 ha. A total of 1 698 405 ha forests are also PEFC certified. The figures are correct as of September, 2018.

## 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 South-Eastern part of the country is most heavily forested, and here forests cover about 45 percent of the land. The total land area under the state Forest Enterprises is divided into forest and non-forest land. Forest land is divided into forested and non-forested land. The total value added in the forest sector (including manufacture of furniture) reached LTL 4.9 billion in 2013 and was 10% higher than in 2012. According to the ownership forests are divided into state (1.08 million ha), private forests (0,85 million ha) and other ownership types (0.2 million ha).

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

Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests - especially spruce and birch - often grow in mixed stands.

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

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

All state owned forests are FSC certified.

## Belarus

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

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

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

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

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

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

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

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

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

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

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

## 5.3 Detailed description of Supply Base

Total Supply Base area (ha): ~14,82 million ha forest land (all regions included in Supply Base report)

Tenure by type (ha): ~ 12.6 million ha state; ~2,21 million ha private tenure;

Forest by type (ha): Boreal/Hemiboreal ~14,82 million ha.

Forest by management type (ha): Managed semi-natural ~14,82 million ha.

Certified forest by scheme (ha): FSC ~11,2 mill ha ; PEFC ~10,3 mill ha (includes overlap)

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

## 5.4 Chain of Custody system

The feedstock sourced is either roundwood of low-quality (pine, spruce, birch, aspen, black alder, and willow) or secondary feedstock such as saw dust and wood chips. The material is purchased from Latvia and some share of feedstock originates from Lithuania and Belarus. The material is delivered by trucks. Some shares of the delivered roundwood is FSC 100%, 100% PEFC certified or FSC Controlled Wood, whereas the rest primary supplies are non-certified and included into company's own program of verification of controlled material suppliers. The BP has used PEFC CoC system for SBP certification since 01.01.2018.

Each delivery is checked at the entrance (delivered roundwood and secondary feedstock is measured at check-point, and measurement data is entered into company's database). In 2019 the organization had introduced an automatic volume measurement system at the reception gate in factories. Later on the purchasing documents are checked by the accountant or Quality manager to verify the correctness of the FSC/PEFC claim recorded in the internal accounting system. Once the material is received as certified it can be added to the credit account.

The organization has implemented PEFC volume credit method. Feedstock which would be received as SBP compliant through supply base evaluation would be added to this credit account as well but would be kept in a separate column which would provide assurance that this material (which is not PEFC certified) does not enter to PEFC credits.

The organization has also implemented separate credit accounts for SDE+ category 2 and 5 which are implemented on basis of SBP credit system. SDE+ category 2, only material which is accepted as low risk according the risk assessment are accepted into the credit account and for category 5, only feedstock from secondary sources (such as sawdust or offcuts) is accepted into the credit account. Each time, this material is sold, it is accompanied by SBE compliant biomass claim and therefore deducted from the SBP credit account as well.

Mass-balance (credit system) input data is collected from the warehouse system "Gate" database which only includes volumes of roundwood measured at Graanul Invest gate level, the reception. The waybill and invoice certification claims are based on volumes measured at the gate. Therefore all volumes in the system are final and double checked.

For roundwood originating from private forests in Latvia the SDE+ Category 2 feedstock is verified based on the cadastre size and the certification status (FSC 100%, FSC Mix, x% PEFC certified) associated with the each specific biomass truckload. The cadastral number is the largest unit which has separate ownership, clear borders and can be connected with a single felling permit or roundwood ownership exchange documentation. The cadastral numbers are attached to biomass sales documents and the sizes can be double checked from the public registry. Roundwood from private forest owner without verifiable origin size would not qualify as SDE+ Category 2.

Mass balance calculation period is 3 months with 12 month review. Remaining credits at the end of the year can be transferred to the next period for a max of 12 months

The organization has also implemented separate credit accounts for SDE+ category 2 and 5 which are implemented on basis of SBP credit system. SDE+ category 2, only material which is accepted as low risk according the risk assessment are accepted into the credit account and for category 5, only feedstock from secondary sources (such as sawdust or offcuts) is accepted into the credit account. Each time, this material is sold, it is accompanied by SBE compliant biomass claim and therefore deducted from the SBP credit account as well.

Wood pellets are loaded to containers and delivered to different seaports (Riga Freeport) by trucks. The sales are taking place at the seaport and the sales documents are issued just before the vessel is loaded.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

Scope change audit to include the SDE+ cat. 2 feedstock in the scope, was conducted for Graanul Invest feedstock supply base regions Estonia and Latvia and is considered one audit carried out separately for Estonia and Latvia by NEPCon Estonia and Latvian teams. The Scope change audit began with opening meeting during the onsite audit that was carried out on 11.11.2019 - 12.11.2019 and it included Graanul Invest HQ and Imavere production site visit (on 15.11.2019). Scope change onsite part was carried out together with third surveillance audit to Imavere plant (Estonia). Closing meeting for Estonia audit part was held on 04.02.2020.

Scope change audit for Latvia was carried out on in two phases. The first phase of the audit took place during December 2019, when the draft version of the RBA document was received from the BP. The document was reviewed and discussed with the BP and principal issues with the document communicated to the BP and the documented returned back to BP. The second phase of the scope change audit took place during April-May, 2020. During this phase the BP had provided updated version of the RBA, which was also circulated to relevant stakeholders as part of stakeholder consultation process. In parallel to this the through review of the RBA took place. Remote meetings with responsible personnel of the BP took place on 17.04.2020 and 14.05.2020 and included interview to responsible person at the Graanul Invest HQ. Scope change audit was carried out as separate audit from surveillance audits to Latvian factories – Latgran Jēkabpils, Jaunjelgava, Gulbene and Krāslava factories as well as SIA Graanul Invest Launkalne and SIA Graanul Pellets Inčukalns factories that took place during this time period. The Graanul Invest provided first version of the risk assessment on November 6, 2019. Second version of the risk assessment was submitted on April 6. The CB carried analysis of the risk assessment and carried out stakeholder consultation process during the time period April, 20 – May, 20 2020. Stakeholder Consultation carried out via notification email. Main stakeholders were contacted directly and asked further information via phone. The closing meeting was held on 14.05.2020. See details of the scope change audit process below in table.

Total of 8.5 auditor days were used for this evaluation – 1 day of preparations, 2 day for review risk assessment and stakeholder consultation, 4 days for on-site auditing and 1.5 day for reporting.

Activity	Location	Auditor(s)	Date/Time
Opening meeting*	Graanul Invest HQ Office – Humala 2, Tallinn	EP, TTA	11.11.2019
Interview with SBP responsible person; other responsible staff <i>Overview of procedures, SBP Risk Assessment, implementaiton of mitigation measures, review of documentation, review of GHG data, interviews with responsible personnell.</i>	Graanul Invest HQ Office – Humala 2, Tallinn	EP	11.11.2019
Overview of ID2E procedures, Risk Assessment,	Graanul Invest HQ Office – Humala 2, Tallinn	EP, TTA	12.11.2019

implementation of mitigation measures for Estonia			
Review of ID2E Risk Assessment for Latvia, implementation of mitigation measures for Latvia, communication to BP		PG,GK	01.12.2019 – 15.01.2020
Review of updated version of ID2E Risk Assessment for Latvia, risk mitigation measures for Latvia		PG,GK	07.04.2020-17.04.2020
Interview (via Skype) to responsible person at the BP, Graanul Invest HQ		OP,GK	17.04.2020
Stakeholder notification		GK	20.04.2020
Communication to stakeholders in Latvia		GK	11.05.2020
Communication to Dutch SDE+ scheme managing authority (Netherlands Enterprise Agency - De Rijksdienst voor Ondernemend Nederland (RVO.nl) stimuleert Duurzaam, Agrarisch, Innovatief en Internationaal ondernemen) representatives - Jeroen Kruk and Joyce de Wit		GK,OP	07.05.2020
Interview (via Skype) to responsible person at the BP, Graanul Invest HQ		GK,OP	14.05.2020
Closing meeting		GK,OP	14.05.2020

Auditors: PG – Pilar Gloria Serrano, EP – Eveli Pind, TTA – Toomas Tammeleht, GK – Ģirts Karss, OP – Olesja Puišo

## 6.2 Description of evaluation activities

Scope change audit to include the SDE+ cat. 2 feedstock in the scope was conducted for Graanul Invest feedstock supply base regions Estonia and Latvia and is considered one audit carried out separately for Estonia and Latvia by NEPCon Estonia and Latvian teams due to differences and specifics in risks in both countries. The common issues such as documented procedures, chain of custody issues related to Instruction Document 2E requirements were handled by the Estonian team since majority of chain of custody questions, including accounting of feedstock type, operations with SBP credit system (including adding, calculating and deducting SBP credits) are handled by the HQ personnel. The Scope change audit began with opening meeting during the onsite audit that was carried out on 11.11.2019 - 12.11.2019 and it included Graanul Invest HQ and Imavere production site visit (on 15.11.2019). Estonian team auditors (EP,TTA) conducted the opening

meeting. Closing meeting for Estonia audit part was held on 04.02.2020.

The office audit part of the Scope change audit was carried out as an onsite audit in Graanul Invest AS HQ and in Imavere production site. Documentary requirements regarding ID2E were also evaluated.

During the onsite audit in HQ (11.11.2019 – 12.11.2019), all applicable indicators of ID2E were evaluated: review of procedures, Risk Assessment for ID2E for Estonia, implementation of mitigation measures, interviews with responsible personnel, review of invoices, review of mass balance system. On 15.11.2019 auditors Graanul Invest AS Imavere production site, where purchase and sales documentation was reviewed and evaluated. Random sampling was implemented for purchase documentation and origin documents. This was followed by roundtrip in production and storage areas and facilities. Interviews during the round-tour were conducted with responsible staff, also pictures of main processing units were taken. More detail interview was held material receiver who demonstrated what they control and demonstrated the origin control process. This was evaluated by Estonian auditor team.

Scope change audit for Latvia was carried out on in two phases. The first phase of the audit took place during November-December 2019, when the draft version of the RBA document was received from the BP. The document was reviewed and discussed with the BP and principal issues with the document communicated to the BP. NEPCon personnel (PG,GKA,OP) were involved in the process of reviewing the with assistance of stakeholders. The outcomes of RBA review were communicated to the BP in January 2020.

The second phase of the scope change audit for Latvia took place during April-May, 2020. During this phase the BP had provided updated version of the RBA, which was also circulated to relevant stakeholders as part of stakeholder consultation process. In parallel to this the thorough review of the RBA took place. Remote meetings with responsible personnel of the BP took place on 17.04.2020 and 14.05.2020 and included interview to responsible person at the Graanul Invest HQ. Scope change audit was carried out as separate audit from surveillance audits to Latvian factories – Latgran Jēkabpils, Jaunjelgava, Gulbene and Krāslava factories as well as SIA Graanul Invest Launkalne and SIA Graanul Pellets Inčukalns factories that took place during this time period. The Graanul Invest provided first version of the risk assessment on November 6, 2019. Second version of the risk assessment was submitted on April 6. The CB carried analysis of the risk assessment and carried out stakeholder consultation process during the time period April, 20 – May, 20 2020. Stakeholder Consultation carried out via notification email. Main stakeholders were contacted directly and asked further information via phone. The closing meeting was held on 14.05.2020. See details of the scope change audit process below in table.

Auditor team information:

Auditor(s), roles	Qualifications
Pilar Gorría Serrano, expert. RBA reviewer	Background in Forestry. Works at NEPCon primarily as an auditor in forest certification (forest management and chain of custody), biomass and forest planning. 5 year experience with SBP auditing in biomass companies in Spain, Portugal and other countries in Europe.
Ģirts Karss, NEPCon Latvia, Lead auditor for Latvian sites, RBA reviewer	Works for NEPCon since 2011 Ģirts Karss holds M.Sc. in Environmental Science from the Lund University and the University of Latvia. He has passed the Rainforest Alliance lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC lead auditor qualification. Ģirts Karss had acquired SBP auditor qualification in 2016 and has participated in capacity of auditor and lead auditor in several SBP assessments, scope change audits and annual surveillance audits, including Supply Base Evaluation in Latvia and other countries.



Oļesja Puišo, NEPCon Latvia,	MSc in Logistics. Olesja has passed FSC CoC/FM lead auditor training, PEFC CoC, ISO 140001, SAN , Legal Source as well as SBP training courses and holds an auditor qualification. Previous experience in woodworking industry as well as many years of experience within FSC/PEFC Chain of Custody and SBP auditing. Olesja has participated in a number of SBP audits in Latvia and other countries.
Eveli Pind Lead auditor for Estonian sites.	M.Sc. in Environmental Engineering and Management from Tallinn University of Technology. Previous work experience from wooden window manufacturing. She has passed Nepcon's forest management and chain of custody lead auditors training and passed also SBP training. Working in NEPCon as auditor since 2017.
Toomas Tammeleht Audit team member, AS Graanul Invest Estonian sites	BSc in forestry and MSc in industrial ecology. Toomas has been working in NEPCon as an auditor since 2016. He has passed Nepcon's forest management and chain of custody lead auditors training. Has participated in over 10 FSC forest management audits and has conducted over 100 Chain of Custody audits. He has previously worked for Environmental Inspectorate. Toomas has successfully completed SBP training course and acquired the SBP auditor qualification in 2019.
Asko Lust Audit team member, AS Graanul Invest Estonian sites	BSc in Forest Industry, MSC in forest management. Asko is working as forest management and chain of custody auditor in NEPCon. He has passed SmartWood lead assessor training course in Forest Management and Chain of Custody certification. Asko has also passed SBP training and has SBP auditing experience since 2016. He has conducted over 200 CoC audits/assessments and over 20 FM audits/assessments, earlier work experience from Board of Environment.

## 6.3 Process for consultation with stakeholders

Stakeholder consultation was carried out by both BP and CB as per requirements of SBP standards #3 and #2.

CB carried stakeholder consultation on 05.11.2019 – 05.12.2019. The stakeholder consultation was carried out via email. No comment was received as a reaction to the email.

The BP carried out stakeholder consultation process during April 20-May 20. The stakeholder consultation process included notification of stakeholders via email on planned SBP certificate scope change and general information on the SDE+ scheme and its category 2 biomass. General information and the reason for the scope extension was provided the URL to published RA were provided in the notification email. The stakeholders were invited to get acquainted with risk assessment and proposed risk mitigation measures and provide feedback. Stakeholder consultation were related to Graanul Invest plants in Latvia, including SIA Graanul Invest Launkalne site, SIA Graanul Pellets Inčukalns site and SIA Latgran factories in Jēkabpils, Jaunjelgava, Gulbene and Krāslava, since all companies have common ownership and scope change relates to all AS Graanul Invest sites in Latvia. The list of stakeholders included many different stakeholders covering wide range of interested parties, including core stakeholders of forest and biomass industry, such as associations of timber processing companies, logging companies, forest owners, biomass processing



companies, local NGOs – representing environmental and social sectors, forestry, environment, labour authorities and others.

The BP has notified ca 70 representatives of relevant stakeholders in the stakeholder consultation process. Stakeholders contacted include:

- a) Any registered committee or working group developing forestry standards; - FSC national representative;
- b) Authorities: forest legislation enforcement authority, the State Forest Service (Valsts Meža Dienests); environmental protection legislation enforcement institutions (the Nature Protection Board); labour legislation enforcement institutions (the State Labour Inspectorate);
- c) Regional NGOs that are involved or have an interest in social or environmental aspects of forest management, either at national or sub-national level, in the locality of the SB to be evaluated; - Society of Ornithologists of Latvia, WWF Latvia
- d) Representatives of indigenous peoples and local communities involved or interested in forest management, either at national or sub-national level, in the locality of the SB to be evaluated; - NA for Latvia
- e) Representatives of forest workers; - Association of forest industries has been contacted and this association represents the interests of forest workers;
- f) Representatives of forest harvesting industry/forest owners associations; -Union of Latvian forest industry, Latvian association of independent timber harvesting companies;
- g) Forest research and education institutions; and – Latvian forest research institute SILAVA, University of Agriculture – Faculty of Forestry;
- h) Forest industries and associations – Latvian forest industry federation

No comment was received as a response to the email notification.

In addition to the formal notification, the CB consulted main stakeholders directly and asked for further information via phone. The BP has reached 3 stakeholders by phone and these were proactively asked for comments. The contacted stakeholders acknowledged the reception of the information on the scope change, but did not express interest in providing comments to the risk assessment content and/or risk mitigation measures.

The CB also conducted consultations with the manager of SDE+ scheme, the Netherlands Enterprise Agency (De Rijksdienst voor Ondernemend Nederland (RVO.nl) stimuleert Duurzaam, Agrarisch, Innovatief en Internationaal ondernemen) to clarify the definition of forest area size under the category 2 and the category of forest owners to whom the SDE+ category 2 biomass can be applied.

The outcomes of the consultation process were taken into consideration. See also the Section 10 for additional information.

# 7 Results

## 7.1 Main strengths and weaknesses

**Strength:** SDE+ category 2. biomass related SBP system elements were implemented at the time of the scope change audit. Where risk is identified, the BP has opted to mitigate the risk by excluding such material (e.g. non-certified material – FSC/PEFC). Efficient recordkeeping system, automated roundwood measurement system. Small number of the management staff and clearly designated responsibilities within the staff members. SBE processes are well documented; main database for material balances is well maintained and all relevant information can be easily retrieved and reported. Strong commitment in implementation of SBP system and proactive, positive approach has been observed during the audit.

**Weaknesses:** see the identified non-conformances in Section 10.

## 7.2 Rigour of Supply Base Evaluation

SIA Latgran Jēkabpils factory is implementing SBE for primary and secondary feedstock (forest products) that are originating from Latvia and is sold without SBP-approved Forest Management Scheme claim, SBP-approved Forest Management partial claim, SBP-approved Chain-of-Custody (CoC) System claim. Risk mitigation measures are implemented for material coming from forest land (material sourced under FSC Controlled Wood system) as well as non-forest land (such as overgrown agriculture land – arboricultural arisings, along the road, rails or parks).

The BP has used the SBP endorsed Regional Risk Assessment with approved “Locally Adaptable Verifiers”. The risk assessment mitigation measures were consulted with relevant stakeholders during the SBP assessment process and the scope change in 2016.

The stakeholder consultation process has been conducted through notification of stakeholders and distributing the SBR report to stakeholders. Several stakeholders were contacted directly via phone and where the stakeholders were interested in expressing their opinion a face to face meeting took place. The BP keeps records of communication with stakeholders.

After consensus with stakeholders was reached, SIA Latgran began with implementation of the mitigation measures for individual indicators. This mitigation measures were implemented in cooperation with relevant specialists – forest habitat experts, external consultant and Health and Safety experts.

## 7.3 Collection and Communication of Data

BP has established a system to record and collect data. During the audit, the BP made a detailed overview of the systems and databases to gather and record such data. Evidence was provided to auditors.

Data is gathered from suppliers about the distances from where material is transported, all production data is recorded in BP production database, information about fossil fuels used is based on invoices and production logs.

Transportation distances from pellet factories to harbours and pellet volumes are recorded in database. Information about energy and fuels used during the loading of the material in ports was asked from port operators and this information was available during the audit.

All the GHG information is indicated in SAR document. All evidence was provided to auditors, auditors considered it sufficient enough to fulfil the requirements.

## 7.4 Competency of involved personnel

Graanul Invest SDE+ COC and RBA for Category 2 was established by Peterson Projects with post audit inputs and revision from Graanul Invest HQ. Important role in development of the risk assessment played external consultant for Latvia. Addition relevant experts in the forest management field from Estonia and Latvia were consulted. The responsible person for implementing the SDE+ cat. 2. requirements under the framework of SBP Instruction document #2E is the Overall responsible person for implementing SBP together with SBE - Head of Quality and Certification Systems at the Graanul Invest Group.

Responsibilities within the Instruction document 2E are two level. At the factory level responsible persons are Head of Forestry, Head of Biomass Purchase, responsible for feedstock sourcing. Gate Operators – responsible for feedstock first registration of incoming sustainable products and evaluation of the quantity of sustainable products and related sustainability characteristics.

At the HQ level the Head of Quality and Certification Systems holds the responsibility for Processing of sustainable biomass and/or evaluation of the portion of sustainability characteristics, delivery, storage, sales and distribution of sustainable products and evaluation of the quantity of sustainable products and related sustainability characteristics; calculation of GHG, Head of Quality and Certification Systems; DTS transactions with Dynamic Batch Sustainability Data (for SDE+); planning and/or execution of internal audits. Head of Quality and Certification Systems.

Auditors interviewed the Head of Quality and Certification Systems during the scope change process and got sufficient evidence on his competency in SBP SDE+ Instruction document 2E as well as Standards #4 and #2 requirements.

The Supply Base Evaluation system, including SDE+ cat. 2 is being implemented by internal personnel of the company, trained and supervised by responsible person at the Graanul Invest group companies in Latvia. Internally different staff members hold responsibility for different aspects of the SBP certification.

Quality manager at SIA Latgran is responsible for implementation of SBP system in Latgran group. She holds the overall responsibility for SBP and SBE system. She holds good knowledge of the SBP requirements especially in area of energy and emission data, chain of custody or definition of material origin. Quality manager is also responsible for FSC and other certification systems.

Procurement manager is responsible for all procurement and supplier related issues, SBE system implementation and supplier audits.

Accountancy staff is responsible for recordkeeping, accounting, mass-balance account.

Receptionists are responsible for reception of incoming feedstock and moisture measurements.

Operators are responsible for moisture measurements.

All involved personnel, including responsible staff at supplier and sub-supplier level have demonstrated good knowledge in relevant fields. Primary suppliers demonstrated knowledge in recognition and identification of HC VF, health and safety requirements in case of primary suppliers. Relevant certificates and diplomas were presented during the surveillance audit. Qualification requirements for personnel involved in SBE system are provided in documented procedures of the BP.

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

## 7.5 Stakeholder feedback

Comments were received during the stakeholder consultation process carried out by the Certification Body

upon direct contacting the relevant stakeholders. Comments were provided by the manager or Dutch SDE+ scheme manager - De Rijksdienst voor Ondernemend Nederland (RVO.nl) stimuleert Duurzaam, Agrarisch, Innovatief en Internationaal ondernemen.

### **Comments from the Dutch SDE+ scheme manager**

The stakeholder provided clarification on the definition of FMU in relation to category 1 or 2. The key to determining the size of the FMU is on what level the long term management plan is made by the forest manager owner. Comments were provided in written.

*In general, in the Dutch SDE subsidy system biomass from forests must come from certified or verified forests. We talked about the intention of the availability of category 2 with the (temporary) possibility of using the risk-based approach (RBA). This was so that smaller private forest owners (<500 ha) would have some time to become (group) certified/verified and in the meantime deliver biomass through a certified/verified pellet mill using an RBA. This RBA will no longer be available after 2022 as a means of showing compliance with SDE requirements.*

The stakeholder also notified on proposed changes in the definition that will be proposed for inclusion in the next versions of the document

*FMU: one or more forest stands containing natural forest, planted forest or other types of forest that are managed as a single unit. FMUs produce category 1 or 2 biomass.*

*Since the Dutch system is based on the idea of sustainable forest management, i.e. certified/verified sustainably managed forests (which demands a forest management plan, a forest manager and a specific area) we indicated the area of this (long term) plan as the boarder of the FMU. See also requirement 10.*

This comment was taken into consideration during the audit evaluation and it was agreed with the stakeholder.

No formal comments (as response to stakeholder notification) regarding the SBP SBE SDE+ cat.2 risk assessment and mitigation measures for primary feedstock sourcing within the SBE system were received from Latvian stakeholders neither during the BP's not CB's consultation process.

## **7.6 Preconditions**

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.*

This section presents the risk assessment results for SDE+ COC and RBA Cat .2 where the risk was evaluated for each indicator from the SBP Instruction document 2E.

Below a summary table is presented. The table provides the results of the risk assessment, where four criteria of SDE+ Verification Protocol were designated with a specified risk, namely, criteria 7.1, 10.1, 10.2., 10.3 and 10.4. Designation of risk is indicated in green (low risk) and in red (specified risk).

As from the table, the risk the material sourced by Graanul is not in compliance with the verification protocol (SDE+) requirements is low. Criteria 7.1, 10.1, 10.2., 10.3 and 10.4. are considered specified risk, however by sourcing these with the applicable FSC or PEFC claim (FSC 100%, FSC Mix or 100% PEFC Certified) the ultimate conclusion is low risk for all criteria.

The first presented draft lead to number of non-conformities (see below) which were addressed by the BP in the second draft of the risk assessment. Several NEPCon experts (both internal and international) participated on the review of the risk assessment document.

*Table1. Results from the SDE+ Verification Protocol risk assessment;*

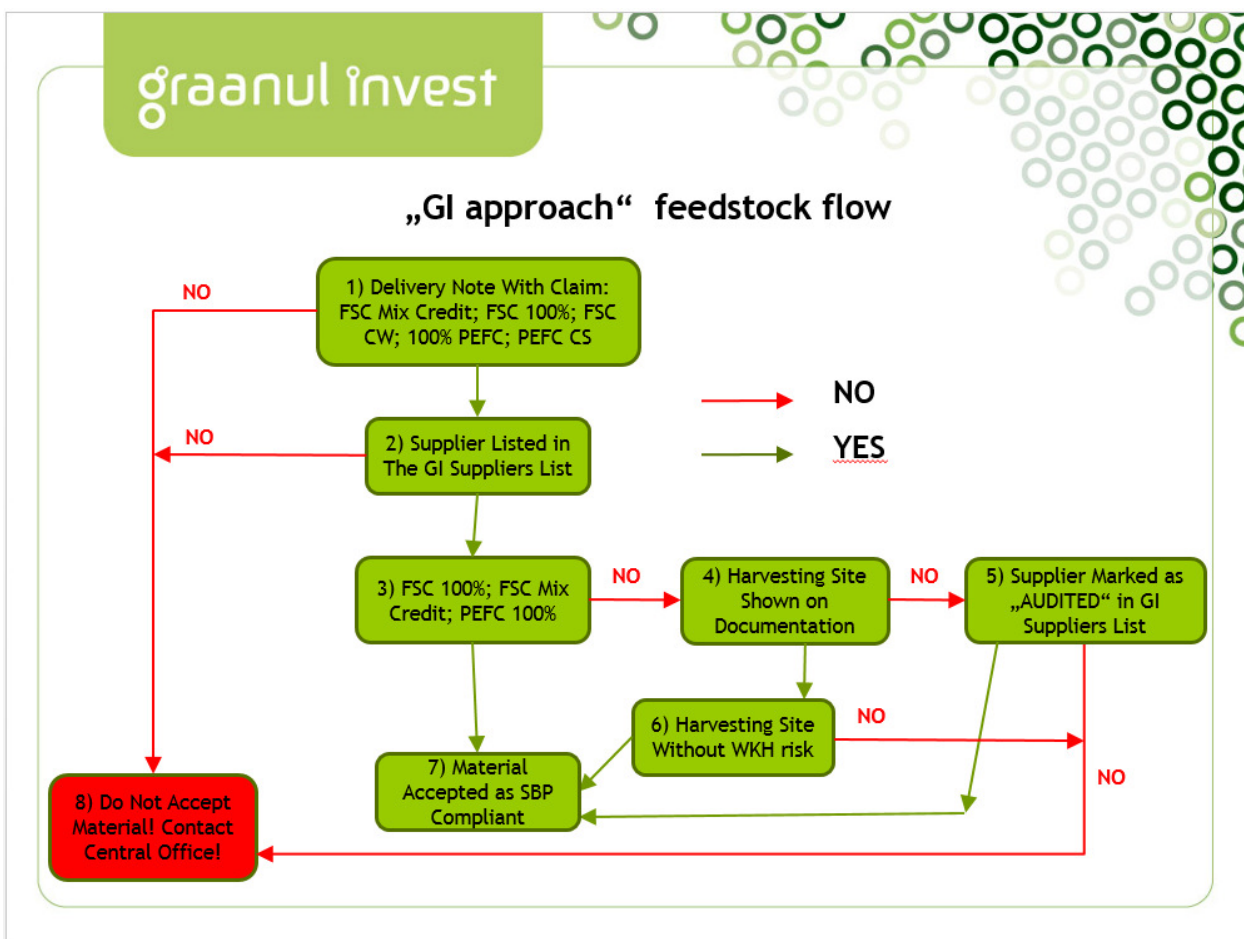
<b>Risk Assessment results</b>			
3.1.	7.1	8.5	10.4
3.2.			
3.3	7.2	8.6	10.5
4.1	7.3	8.7	
4.2	7.4	8.8	
4.3	7.5	9.1	
5.1	8.1	9.2	
6.1	8.2	10.1	
6.2	8.3	10.2	
6.3	8.4	10.3	

	“Low risk”
	Partial low risk
	“Specified risk”

# 9 Review of Company's mitigation measures

## 9.1 Mitigation measures of risks for feedstock originating from Latvia

Below the whole cycle of feedstock flow through AS Graanul Invest direct and indirect mitigation measures "GI approach" is provided. Mother company Graanul Invest AS has compiled common procedures for all Latvian sites including SIA Graanul Invest Launkalne site, SIA Graanul Pellets Inčukalns site and SIA Latgran pellet plants (Jēkabpils, Jaunjelgava, Gulbene and Krāslava).



1) Every feedstock delivery has to have a delivery note with feedstock type, weight/volume, certification claim and code. The format and content have to be according to FSC and PEFC standards. This is examined by pellet plant personnel before the delivery is allowed through the gate.

2) The GI Suppliers List consist of the companies who are approved by the Graanul Invest Latvia Quality manager and are allowed to deliver feedstock to Graanul Invest AS – SIA Latgran, SIA Graanul Invest Launkalne and SIA Graanul Pellets Inčukalns pellet plants. The list is updated every 3 months and a supplier only qualifies for the list if:

- a) supplier holds a valid certificate that is available from the certification scheme's online database;
- b) the supplier's certificate includes the feedstock types they supply;

- c) supplier is sourcing controlled feedstock within the administrative area of the Republic of Latvia, within the process of the SBE (information from waybills).
- d) the supplier has expressed readiness to implement the mitigation measures and provide evidence that the risk mitigation measures are implemented effectively;
- e) the supplier has signed a contract with AS Graanul Invest which includes the WKH risk mitigation.
- f) in case they are not a contractual supplier they must have received the WKH risk mitigation measures' guidelines from AS Graanul Invest.
- g) the supplier must have attended the AS Graanul Invest suppliers training seminar (registration recorded).

**If one of the conditions from “d”,”e”,”f” or “g” is not met then the supplier only qualifies for the GI Suppliers List if they have been audited by AS Graanul Invest central office and approved. The conditions “a”,”b” and “c” have zero tolerance and not meeting them automatically disqualifies the supplier.**

- 3) If the feedstock is forest management certified then it is SBP-compliant. The accepted certification claims are FSC 100%, FSC Mix Credit, FSC Mix 100% or 100% PEFC Certified Material.
- 4) If the feedstock is controlled feedstock then the harvesting site information has to be shown on the documentation. Controlled feedstock is defined as feedstock with certification claims “FSC Controlled Wood” and “PEFC Controlled Sources”.
- 5) If controlled feedstock does not have the harvesting site information in the delivery documentation then the feedstock can only be accepted if the supplier has been audited by AS Graanul Invest central office and approved. Approved suppliers are marked as “AUDITED” in the suppliers list. This possibility exists because some feedstock suppliers have a WKH risk mitigation measure in place but do not segregate material for their clients. Therefore the risk is low but the exact harvesting site is not known. This system is accepted but has to be audited before.
- 6) SBP-compliant material is allowed to enter the pellet plant territory and is stored according to the storage plan. The compliant material is recorded according to its' quality and sustainability characteristics.
- 7) Whatever the reason for feedstock rejection the pellet plant has to register and report the case to central office. Each case will be reviewed individually and measures will be taken to avoid similar issues in the future.

Suppliers supplying secondary material via SBE will be audited first by BP to ensure the material is not originating from WKH. During the supplier audit BP is controlling following aspects:

- demonstration of the control procedure carried out by the supplier's responsible person(s);
- demonstration of recorded monitoring data;
- random selection of a sample of primary feedstock deliveries and the verification of the recorded monitoring results;
- demonstration of the supplier's WKH register and corrective actions taken;
- feedstock storage conditions;

All audit findings and results are documented and these were reviewed by BP.

Secondary feedstock:

Suppliers supplying secondary material via SBE shall be audited first by BP to ensure the material is not originating from HCV (WKH) and is originating from Latvia. For secondary feedstock, wood origin documentation maintained throughout the supply chain from the felling site to the biomass producer. During the supplier audit BP is controlling following aspects:

- demonstration of the control procedure carried out by the supplier's responsible person(s);
- demonstration of recorded monitoring data;



- all primary feedstock deliveries and the verification of the recorded monitoring results;
- demonstration of the supplier's WKH register and corrective actions taken;
- feedstock storage conditions;

Roundwood for secondary feedstock is originated only from Latvia.

All audit findings and results are documented, and these were reviewed by BP. Auditors conducted two witness audits of the suppliers of secondary feedstock that was audited by BP. In pellet mill auditors witnessed how responsible staff is controlling whether primary feedstock is originating from WKH or not. Also related documentation was controlled during the audit.

As for primary feedstock purchased by the BP, all incoming deliveries are entered and verified by receptionist, who is using delivery documents, a list of approved suppliers and publicly available databases (<http://register.metsad.ee/avalik/>) to verify that the delivered primary feedstock has not been sourced from WKHs. This was demonstrated during the audit. For secondary feedstock covered by SBE company will conduct onsite audits on supplier production sites to confirm that material is originating only from Estonia and it is not from WKH. Audit reports were reviewed during the onsite audit.

#### **SDE+ Category 2 mitigation measures:**

##### Graanul Invest SDE+ COC and RBA Cat .2 for Latvia Conclusion:

BP accepts FSC 100% or FSC Mix Credit roundwood as it is and it will be 2020-2022 SDE+ compliant.

BP accepts 100% or xx% PEFC roundwood, which is considered SDE+ compliant.

No solution for PEFC Controlled Sources roundwood. So, BP cannot accept material with FSC Controlled Wood claim or PEFC Controlled Sources claim roundwood to SDE+ cat. 2 system.

##### Mitigation for criteria 7.1:

The HCV definition as well as approach to managing HCVs requirements specified in the Verification Protocol are corresponding to FSC FM standard requirements. All category 2 biomass within this RBA is sourced with FSC 100%, FSC Mix 100%/credit or 100% PEFC Certified claims. The FSC Latvia (NEPCon interim standard) covers this criteria under principle 6 (6.3; 6.4) and principle 9 (9.1; 9.2; 9.3; 9.4). Furthermore the FSC Latvia (NepCon Interim standard) was benchmarked against the Dutch sustainability requirements by the Dutch Advisory Commission on Sustainability of Biomass for Energy Applications (ADBE) who in their final report's 22.10.2019 preliminary judgement concluded the standard to fully cover criteria 7.1; The PEFC Forest Management Standard for Latvia has complete coverage of Dutch criteria 7.1 under the PEFC standard's criterion 4 (4.1; 4.2), criterion 5.1.1, 6.1.4 and 6.2.4. Furthermore, considering the actual definition of HCVs from the SDE+ verification protocol the PEFC standard indicates very direct and similar coverage of the criteria.

**Criteria 10.1** *“The forest management system is designed to achieve the objectives of a forest management plan and covers the inventory, analysis, planning, implementation, monitoring, evaluation and adjustment cycle.”*

##### Mitigation for criteria 10.1:

The FSC Latvian standard has full coverage of the criteria under principle 7 (7.2) and principle 8 (8.1;8.2). Furthermore, the ADBE benchmarking report confirms full coverage. The PEFC Forest Management Standard of Latvia has the criteria covered under criterion 1 (1.1.4). The forest management plans according to Latvian law are actually in good compliance with SDE+ criteria but they are not widely used. Certified forests have forest management plans in place and therefore the FSC/PEFC claims are necessary to mitigate the risk of sourcing from forests without forest management plans.



**Criteria 10.2** *“A forest management plan is drawn up that at least includes: a) a description of the current condition of the forest management unit; b) long-term goals for the ecological functions of the forest management unit; c) the annual allowable cut per forest type and, if applicable, the annual allowable harvest of non-timber forest products based on reliable and current data; d) budget planning for the implementation of the forest management plan.”*

Mitigation for criteria 10.2:

The FSC Latvian standard covers the topic under principle 7 (7.1, 7.1.1) and principle 5 (5.1.1). The ADBE benchmarking report indicates partial coverage of 10.2 since annual allowable cut is not covered. The annual allowable cut is covered under criteria 9.1 indicator 9.1.1 in the risk assessment matrix further below in this RBA. Based on legislation, state forest monitoring and historic statistic the criteria was determined low without certification schemes. Therefore, the partial coverage of FSC Standard is not an issue for mitigating 10.2 in Latvian forestry since the gap is covered with country level evidence. The PEFC forest management standard of Latvia has this indicator covered under criterion 1 and full coverage through descriptive indicators under criterion 1-6. The RBA approach accepts partial majority coverage of some criteria without evaluating the performance of the certification scheme. This is the task of third-party auditors and out of the responsibilities of the BP.

**Criteria 10.3:** *“Essential elements for the management of the forest are indicated on maps.”*

Mitigation for criteria 10.3:

The FSC Latvian NEPCon interim standard has this criteria covered under principle 7 (7.1, 7.1.4) and the ADBE benchmarking report confirms full coverage. The PEFC Latvian standard has this completely covered under 1.1.2. The forest management plans according to Latvian law are actually in good compliance with SDE+ criteria but they are not widely used. Certified forests have forest management plans in place and therefore the FSC/PEFC claims are necessary to mitigate the risk of sourcing from forests without forest management plans.

**Criteria 10.4:** *“The implementation of the forest management plan is periodically monitored and the ecological effects of the forest management are evaluated.”*

Mitigation for criteria 10.4:

The FSC Latvian standard covers the topic under principle 7 (7.2) and principle 8 (8.1). The ADBE benchmarking report explains that the criteria is fully covered for small forests but points out insufficient coverage of second indicator 10.4.2 for FMUs larger than 10 000 ha. The PEFC forest management standard of Latvia has this directly covered under 1.1.3. The forest management plans according to Latvian law are actually in good compliance with SDE+ criteria but they are not widely used. Certified forests have forest management plans in place and therefore the FSC/PEFC claims are necessary to mitigate the risk of sourcing from forests without forest management plans.

# 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.

## 10.1 Open non-conformities

No open non-conformities

## 10.2 Closed Non-conformities

NC number 07/20 ()	NC Grading: Major
<b>Standard &amp; Requirement:</b>	<p>Instruction Doc. 2E: SBP Requirements for Risk Based Approach for Biomass Cat 2; p 2.7.1</p> <p><i>2.7.1 The BP shall define a Supply Base from within which all Category 2 feedstock1 originates and implement an RBA to evaluate the sustainability of the Category 2 feedstock sourced from this Supply Base.</i></p>
<b>Description of Non-conformance and Related Evidence:</b>	
<p>The BP has defined the SDE+ Category 2 (FMUs &lt; 500 ha) biomass Supply Base as Latvia (excluding branches and stumps). The BP has defined the supply base as private (including private owned, municipality owned and other owned forests) and state forests managed by the AS Latvijas valsts meži (LVM). So according to the RBA and as from the interview to responsible person at the BP, all feedstock (i.e. including feedstock from both private owned forests and state forests) sourced in the territory of Latvia shall be considered in the scope of the RBA and corresponding to SDE+ category 2. Given the size of the country, it is considered homogenous with regard to SDE Verification Protocol criteria, therefore no further sub-division is needed.</p> <p>During the RBA evaluation process the CB consulted the manager of the SDE+ scheme – Netherlands Enterprise Agency (De Rijksdienst voor Ondernemend Nederland (RVO.nl) stimuleert Duurzaam, Agrarisch, Innovatief en Internationaal ondernemen) and asked for a clarification of SDE+ category 2 feedstock definition, in particular in relation to the FMU size limits. A clarification was obtained from the scheme owner with regard to applicability of feedstock from state forests in Latvia (managed by AS Latvijas valsts meži) to SDE+ category 2 feedstock. Information from the SDE+ scheme manager shows that the intention of the system is to allow the RBA to small forest owners and that that this approach is</p>	

not meant to be applied by large forest entities such as state forest manager and other large forest owners. From this the CB is drawing conclusion that the inclusion of feedstock from state forests (and also other large forest managers) is not in line with the definition of the SDE+ category 2 feedstock. And subsequently it is not compliant to SDE+ category 2 feedstock as per definition. Therefore a major NCR 07/20 has been raised	
<b>Timeline for Conformance:</b>	Prior to (re)certification
<b>Evidence Provided by Company to close NC:</b>	Communication to responsible person Updated SBP SDE+ risk assessment for Latvia – Risk Based Approach (RBA), see Exhibit 2
<b>Findings for Evaluation of Evidence:</b>	<p>The BP has provided updated definition of SBP SDE+ risk assessment for Latvia.</p> <p>The BP has reduced the scope of SBP SDE+ risk assessment for Latvia – Risk Based Approach (RBA) and excluded the biomass from state forests from the scope of SDE+ category 2.</p> <p>According to updated definition of SDE+ Category 2 (FMUs &lt; 500 ha) biomass, the supply base is defined as private (including private owned forests, excluding state forests managed by the AS Latvijas valsts meži (LVM) and excluding other owned forests. So according to the RBA and as from information from the responsible person at the BP, only feedstock (i.e. including feedstock from private owned forests) sourced in the territory of Latvia shall be considered in the scope of the RBA and corresponding to SDE+ category 2. Given the size of the country, it is considered homogenous with regard to SDE Verification Protocol criteria, therefore no further sub-division is needed.</p> <p>Review of SBP SDE+ risk assessment for Latvia – Risk Based Approach (RBA) shows that the definition provided in the document complies with the requirements for SDE+ category 2 biomass of manager of the SDE+ scheme – Netherlands Enterprise Agency (De Rijksdienst voor Ondernemend Nederland (RVO.nl) stimuleert Duurzaam, Agrarisch, Innovatief en Internationaal ondernemen), in particular in relation to the FMU size limits.</p> <p>From this the CB is drawing conclusion that by updating the definition of subject of SDE+ category 2 biomass in Latvia and excluding the feedstock from state forests (and also other large forest managers) is in line with the definition of the SDE+ category 2 feedstock and subsequently compliant to SDE+ category 2 feedstock. A non-conformance is considered closed.</p>
<b>NC Status:</b>	Closed

<b>NC number 04/20 (43095)</b>	<b>NC Grading: Major</b>
<b>Standard &amp; Requirement:</b>	Instruction Doc. 2E: SBP Requirements for Risk Based Approach for Biomass Cat 2; p 2.10.1
<b>Description of Non-conformance and Related Evidence:</b>	

The standard requires that the organisation shall conduct stakeholder consultation and gather information following the requirements of Standard 2 section 13. Organisation has not conducted stakeholder consultation about the RBA and proactively approached stakeholders by the time of the audit. Auditors decided to raise a Major non-conformity, NCR 04/20.

<b>Timeline for Conformance:</b>	3 months from the report finalisation
<b>Evidence Provided by Company to close NC:</b>	Stakeholder consultation email, updated risk assessment, interview with Head of Quality and Certification Systems.
<b>Findings for Evaluation of Evidence:</b>	BP started stakeholder consultation on 22.11.2019. Stakeholder consultation lasted 30 days. See Exhibit 1. All feedback from stakeholders were added to risk assessment. See Exhibit 2.
<b>NC Status:</b>	Closed

<b>NC number 05/20 (43096)</b>	<b>NC Grading: Major</b>
<b>Standard &amp; Requirement:</b>	Instruction Doc. 2E: SBP Requirements for Risk Based Approach for Biomass Cat 2; p 2.3
<b>Description of Non-conformance and Related Evidence:</b>	
The standard requires the organisation to comply with the requirements in standard section 5. During the review of the RBA it turned out that standard section 5 is not used fully. Indicators 4.1, 7.2, 7.3, 8.4, 8.6, 8.7, 8.8 were not covered in RBA. The responsible person was not aware that the indicators were missing. Since many indicators were missing from the RBA, auditors decided to raise a Major non-conformity NCR 05/20.	
<b>Timeline for Conformance:</b>	3 months from the report finalisation
<b>Evidence Provided by Company to close NC:</b>	Updated risk assessment, interview with Head of Quality and Certification Systems.
<b>Findings for Evaluation of Evidence:</b>	BP compiled updated version of their risk assessment, where missing indicators were added. All changes were made by Head of Quality and Certification Systems.
<b>NC Status:</b>	Closed

<b>NC number 06/20 (43097)</b>	<b>NC Grading: Major</b>
<b>Standard &amp; Requirement:</b>	Instruction Doc. 2E: SBP Requirements for Risk Based Approach for Biomass Cat 2; p 2.9.1
<b>Description of Non-conformance and Related Evidence:</b>	
During the review of the risk assessment and interviews with the responsible person it turned out that the organisation has not gathered all the relevant information and not added it to the risk assessment document. For example, only partly were described usage of stumps, material from plantations, risks from FSC controlled wood risk assessment, soil damage, erosion, using of NTFPs and budget information. Since there were relevant information missing, auditors decided to raise a Major non-conformity NCR 06/20.	

<b>Timeline for Conformance:</b>	3 months from the report finalisation
<b>Evidence Provided by Company to close NC:</b>	Updated risk assessment, interview with Head of Quality and Certification Systems.
<b>Findings for Evaluation of Evidence:</b>	BP compiled updated version of their risk assessment, where relevant information was added. All changes were made by Head of Quality and Certification Systems.
<b>NC Status:</b>	Closed

## 10.3 Observations

No observations

## 11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:

<b>Certification decision:</b>	Certification approved
<b>Certification decision by (name of the person):</b>	Ondrej Tarabus
<b>Date of decision:</b>	04/Aug/2020
<b>Other comments:</b>	<i>Click or tap here to enter text.</i>