



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

Fourth Surveillance Audit

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

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

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1 Overview

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Current report completion date: 18/Sep/2020

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Name of the Company: SIA Graanul Pellets, Production site, Plānupes str. 34, Incukalns parish, Incukalns municipality, Latvia, LV-2141

Company contact for SBP: Aleksandrs Zjatkovs (Executive director), telephone: +371 27889858, email: aleksandrs.zjatkovs@graanulinvest.com; contact person at Head Office - Mihkel Jugaste, Head of Quality and Certification Systems

Certified Supply Base: Sourcing from Latvia, Lithuania, Estonia, Belarus, Sweden and Norway; Material received through SBE, primary and secondary feedstock from Latvia, primary feedstock from Estonia;

SBP Certificate Code: SBP-01-69

Date of certificate issue: 30/Mar/2017

Date of certificate expiry: 29/Mar/2022

This report relates to the Fourth Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope of the certificate: Production of wood pellets, for use in energy production, at Graanul Pellets SIA Inčukalns mill and transportation to customers. The scope of the certificate includes Supply Base Evaluation with primary and secondary feedstock from Latvia. The scope of the certificate includes communication of Dynamic Batch Sustainability Data. The scope of the certificate includes NL CAT2 RBA

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,
- Production site visit; storage site visit in Riga harbour;
- Review of PEFC system control points, analysis of the existing PEFC CoC system, evaluation against SBP Standard #4 V1.0;
- Interviews with responsible staff;
- Review of the records, calculations and conversion factors;
- GHG data collection analysis and review of the applicable reports;
- Review of the BP's management procedures, including requirements designated in SBP standard SBP Standard #1 V1.0; SBP Standard #2 V1.0:
- Review of the updated Supply Base Report;
- Evaluation of mitigation measures implemented for both primary and secondary feedstocks;
- Field visits of the primary and secondary feedstock suppliers;
- Interviews with responsible staff;
- Review of the reports and records;
- Assess compliance against SBP Standard #5 V1.0 and accompanying Instruction Document 5E

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

SBP-endorsed Regional Risk Assessment for Latvia, September 2017

Risk assessment is available at SBP homepage <https://sbp-cert.org/documents/risk-assessments>

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

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

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

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

Pellets are produced from primary feedstock (firelogs – both conifer and broadleaf); secondary feedstock: (wood industry residues: wet sawdust, wood chips) and tertiary feedstock (dry sawdust with shavings). Forest residues (harvesting residues, processed in chips and bark) as well as co-products of primary wood processing (bark and slab wood) can be used as input (fuel) for the biomass drier. During the reporting period only forest logging residues had been used for the biomass drying at the company.

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

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 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.

The designed capacity of the pellet mill is 310 thousand metric tons of pellets per year.

5.2 Description of Company’s Supply Base

The scope of the Supply Base includes Baltic countries (the Republic of Latvia, the Republic of Lithuania) and the Republic of Belarus.

5.2.1 Latvia

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

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

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

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

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

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

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

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

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

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

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

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

5.2.2 Lithuania

Agricultural land covers more than 50 percent of Lithuania. Forested land consists of about 28 percent, with 2,177 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.

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

IUCN Red Book species are strictly protected by Lithuanian legislation, and protection measures are taken into account during any economical activity in forests.

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.

The growing stock given as standing volume per hectare is on the average of 180 m³ in Lithuania. In nature stands, the average growing stock in all Lithuanian forests is about 244 m³ per hectare. Total annual growth comes to 11 900 000 m³ and the mean timber increment has reached 6.3 m³ per year and per hectare. Current harvest has reached some 3.0 million m³ u.b. per year. The consumption of industrial wood in the domestic forest industry, including export of industrial wood, is estimated to be less than 2.0 million m³. The remainder is used for fuel or stored in the forests, with a deteriorating quality as a result.

The potential future annual cut is calculated at 5.2 million m³, of which 2.4 million m³ is made up of sawn timber and the remaining 2.8 million m³ of small dimension wood for pulp or board production, or for fuel.

The figures refer to the nearest 10-year period. Thereafter a successive increase should be possible if more intensive and efficient forest management systems are introduced.

Certification of all state forests in Lithuania is done according to the strictest certification in the world – the FSC (Forest Stewardship Council) certificate. The audit of this certificate testifies to the fact that Lithuanian state forests are managed especially well – following the principles of the requirements set to protection of and an increase in biological diversity.

(Resources: <http://www.fao.org/docrep/w3722e/w3722e22.htm>)

Graanul Pellets SIA is sourcing raw material, which is claimed as FSC or PEFC certified, mainly originating from Lithuanian State Forest Enterprises.

Graanul Pellets SIA is also implementing by PEFC DDS to other materials from variety of suppliers in Lithuania.

5.2.3 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.

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

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

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

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

5.3 Detailed description of Supply Base

- a. Total Supply Base area (ha): 14.82 Mio ha.
- b. Tenure by type (ha):

privately owned	2.21 Mio ha;
State/public ownership	12.6 Mio ha;
Other ownership	-
- c. Forest by type (ha):

- Hemi-boreal forests:	3.06 Mio ha;
- Boreal forests:	-
- Temperate forests:	11.76 Mio ha
- d. Forest by management type (ha):

- managed semi-natural:	14.8 Mio ha
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- e. Certified forest by scheme (ha) (overlapping):

- FSC-certified forest:	10.8 Mio ha
- PEFC-certified forest	10.3 Mio ha

Quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report:

<http://www.latgran.com/en/policy/sustainable-biomass>

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

(both Latvian and English versions)

5.4 Chain of Custody system

The 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 the Republic of 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.

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

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

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

The Organisation is implementing PEFC Chain of Custody system as primary CoC system. PEFC Mass balance system is used for accounting of material received as PEFC x% certified. FSC certified and FSC Controlled Wood material is accounted in PEFC system and non-certified feedstock is supplies are controlled in organization's PEFC Due Diligence System.

The organization is implementing a transfer system for production of FSC Mix pellets. The organization keeps FSC certified feedstock flow separately and produces small amount of FSC certified premium segment pellets in a distant production flow. Two physical stocks as per certification status of feedstock is being kept in the log-yard of the organization.

Wood pellets are loaded to containers and delivered to different sea ports (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

The annual surveillance audit has been conducted as partial remote audit as per SBP Covid-19 guidelines (COVID-19: Normative Requirements, 22 April 2020). The office audit has been conducted remotely via skype meeting with responsible persons at the BP, but field work was conducted on-site. The annual surveillance audit has been conducted in several phases: the opening meeting was conducted on April 21 and the office audit was conducted remotely on April 22. Additional meeting with responsible staff at the BP was held on April 23. Field work on verification of risk mitigation measures continued on April 30 (observing BP practice in implementing the risk mitigation measures) , May 7-8 (verification of risk mitigation measures). Field work has been conducted jointly for SIA Graanul Invest Launkalne site and SIA Graanul Pellets Inčukalns pellet mills. On May 27 responsible person at the Graanul Invest AS headquarter office was interviewed. Annual surveillance audit concluded with closing meeting on May 29 that was held remotely via Skype meeting with responsible persons at the BP.

7 man days in total were used for the annual audit, including 4 days for field work (supplier and sub-supplier audits at the FMU level), including inspection of sites and 3 days for office work (onsite work via remote meeting) and documented evidence review after the audit.

Activity	Location	Auditor(s)	Time
Opening meeting*	Remote (via Skype)	GK, EL	21.04.2020 10.00- 10.30
SBE system review, evaluation of compliance to SBP Standards #1 and #2. Interview with responsible person for SBP SBE system: quality manager. Review of SBP and SBP SBE documentation, documented procedures and the Supply Base Report; Review of SBP Risk Assessment, mitigation measures, implementation of Supplier Verification Program. GHG calculation review, collection and communication of energy and carbon data	Remote (via Skype)	GK, EL	22.04.2020 10:00- 17.00 Lunch break: 12.30-13.30

<p>Evaluation of the open non-conformances</p> <p>Chain of custody system review, Review of the documented procedure</p> <p>Evaluation of BP's risk mitigation measures for suppliers of secondary feedstock</p>			
<p>Evaluation of BP's practices in sourcing of primary feedstock within the SBE system and risk mitigation measures(H&S and HCV)</p>	<p>Forests and feedstock sourcing areas (non-forest lands) in Vidzeme region:</p> <p>Supplier audits. primary feedstock suppliers, evaluation of HCV risk mitigation measures in completed logging sites.</p> <p>Inspection of 4 FMUs: evaluation of HCV risk mitigation measures in logging sites:</p> <ul style="list-style-type: none"> • FMU with cadaster Nr. 36840030149, block 1, compartments 25 (0.25ha), 26 (1.9ha) and 28 (0.9ha); • FMU with cadaster No. 36840030011, block 1, compartment 5 (3.24ha); • FMU with cadaster No. 36840070017, block 1 compartment 4 and 6. • FMU with cadaster no. 42480030007, block 1 compartment 64 (0.74ha); <p>Witness audit of H&S inspection for one of the primary feedstock suppliers:</p> <ul style="list-style-type: none"> • FMU with cadaster 94960050022 block 1 compartement 16 (1.67ha) and 17 (0.27ha): evaluation of H&S requirement for BPs supplier contract – a team of loggers 	<p>EL</p>	<p>30.04.2020</p> <p>08:00-17:00</p>
<p>Evaluation of BP's practices in sourcing of primary feedstock within the SBE system and risk mitigation measures(H&S and HCV)</p>	<p>Forests and feedstock sourcing areas (non-forest lands) in Vidzeme region:</p> <p>Primary feedstock supplier audits, evaluation of HCV risk mitigation measures in completed logging sites. Observing implementation of BP's risk mitigation measures:</p> <ul style="list-style-type: none"> • FMU "Upītes", Allaži parish, Sigulda municipality, supplier – private forest owner. Cad. No. 84660020029; Block 1, compartment 25 (0.23ha), 26 (0.34ha), HCV evaluation; • FMU "Akmeņteči", Ainaži parish, Salacgrīva municipality (Cad. No. 66250020079), HCV evaluations in block 1, compartments: 2 (0.7ha), 3 (1.6ha), 14 (1.27ha), 20 (0.23ha), 22 (0.28ha) 	<p>GK</p>	<p>30.04.2020</p> <p>08:00-18:00</p>

	<ul style="list-style-type: none"> • FMU "Lieldūči", Skulte parish, Limbaži municipality (Cad. No. 66760140011), HCV evaluations in block 1, compartment 1 (0.6ha), compartment 2 (0.49ha), comp. 3 (0.4ha) • FMU "Vārtopas", Raiskums parish, Pārgauja municipality (Cad. No. 42740070100), HCV evaluations in block 1, compartment 14 (0.14ha) <p>Witness audit of H&S inspection for one of the primary feedstock suppliers:</p> <ul style="list-style-type: none"> • FMU "Purmaļi", evaluation of H&S requirement for BPs supplier contract – a team of loggers 		
Evaluation of BP's practices in sourcing of primary feedstock within the SBE system and risk mitigation measures(HCV)	<p>Forests and feedstock sourcing areas (non-forest lands) in Vidzeme regions:</p> <p>Independent evaluation of BP's HCV risk mitigation measures in completed logging sites. Evaluation of organization's performance in HCV identification:</p> <ul style="list-style-type: none"> • FMU with cadaster No. 42560140022 block 1 compartement 8 (1.2ha) and 9 (1.63ha); • FMU with cadaster No. 70600010015 block 1 compartement 31 (1.1ha) 	EL	07.05.2020 09:00-15:30
	<p>Forests and feedstock sourcing areas (non-forest lands) in Latgale and Vidzeme regions:</p> <p>Independent evaluation of HCV risk mitigation measures in completed logging sites. Evaluation of organization's performance in HCV identification:</p> <ul style="list-style-type: none"> • FMU "Krastinieki", Dunava parish, Jēkabpils municipality, Cad. No. 56540060025, block 1, compartment 2. Evaluation of HCV risk mitigation measures; • FMU "Čamanovka", Pilskalne parish, Nereta municipality, Cad. No. 44800040034, block 1, compartments 1;2;3;4;5;7;10;11. Evaluation of HCV risk mitigation measures; • FMU "Lejas Igaunī", Krimulda parish, Krimulda municipality, Cad no. 80680060023, block 1, compartments 4;14;15;23;24. Evaluation of risk mitigation measures 	GK	08.05.2020 09:00-18:00
DTS system and transaction verification,	Remotely(Skype)	GK, EL	27.05.2020

Credit system verification			14:00-15:30
Resolving of remaining issues, questions, interview to responsible person	Office	GK, EL	28.05.2020 16:00-16:30
Closing meeting	Office	GK, EL	29.05.2020 16:30-17:00

6.2 Description of evaluation activities

Annual surveillance audit was carried out as partial remote audit as per Covid-19 guidelines. Office audit was conducted as remote audit to office (including document verification and interview with involved staff) and was conducted using Skype communication platform. Field inspections to primary feedstock suppliers(H&S and HCV risk mitigation) took place as onsite audit in forest. Audits to suppliers of secondary processors were not undertaken due to Covid-19 pandemic restrictions in the country. The annual surveillance audit took place on April 21, 22, 30 and 7th, 8th, 27th and 28th of May 2020.

The annual surveillance audit has been conducted as partial remote audit as per SBP Covid-19 guidelines (COVID-19: Normative Requirements, 22 April 2020). The office audit has been conducted remotely via skype meeting with responsible persons at the BP, but field work was conducted on-site. The annual surveillance audit has been conducted in several phases: the opening meeting and the office audit were conducted remotely on April 21 with following office audit on April 22. Additional meeting with responsible staff at the BP was held on April 23. Field work on verification of risk mitigation measures continued on April 30 (observing BP practice in implementing the risk mitigation measures) , May 7-8 (verification of risk mitigation measures). Field work has been conducted jointly for SIA Graanul Invest Launkalne site and SIA Graanul Pellets Inčukalns pellet mills. On May 27 responsible person at the Graanul Invest AS headquarter office was interviewed. Annual surveillance audit was concluded with closing meeting on May 29 that was held remotely via Skype meeting with responsible persons at the BP.

Audit started with a small opening meeting attended by the management team of the biomass producer - Quality Manager, Procurement manager, as well as other responsible staff (procurement specialists, production manager, accountant).

The lead auditor introduced the auditing team, provided information about audit plan, methodology, changes in the audit methodology due to SBP Covid-19 guidelines and clarified the organization's approach in conducting the audit within the SBP guidelines, confidentiality issues, and assessment methodology and clarified verification scope. Lead auditor explained the aim and objectives of the annual audit, informed about the evaluation process, underlined the need to collect objective evidence through a combination of document review, site visits, interviews and discussions, explained the essence and importance of sampling aspect of the auditing, particularly in remote audit process. Underlined that NCRs are an expected part of the process designed to help the organization strengthen its procedures and processes. Informed about the procedure of complaints. Discussed and confirmed the audit itinerary provided in the audit plan, submitted to the BP before the audit.

After the opening meeting, the planning of field inspections and choosing of the suppliers for field inspections took place. Due to Covid-19 guidelines It has been decided to include in the field inspection only the primary feedstock suppliers and visit their cutting sites in forest but exclude secondary feedstock suppliers from the field inspections – visits.

After sampling auditors went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction document 5E covering input clarification, existing chain of custody and controlled wood system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP compliant and SBP Controlled feedstock/ biomass. During the process overall responsible person for SBP system and over responsible staff as well as other staff having responsibilities within the system were interviewed.

All SBP related documentation connected to the SBP as well as FSC CoC/ CW system of the organisation, including SBP Procedures, GHG data calculations/ data sheet, Supply Base Reports, Biomass profiling data, and GHG data sheet, and FSC system description were reviewed and discussed with responsible person(s).

In the day 2 auditor team split into 2 groups. Both auditors focused on visiting primary feedstock suppliers, feedstock accompanied with representative of the BP.

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

On day three auditors decided to go and visit more FMU form where the primary feedstock is supplied and verify risk mitigation measures regarding HCV risks, this time verification was done without presence of representative of BP.

The supplier sampling approach and process

The following considerations have been taken into account to determine 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 and secondary feedstock within the SBE from Latvia– so one geographical area is within the SBE;

Type of the operations and activities:

The SBE covers sourcing of primary feedstock (low quality roundwood etc. Therefore, at least one primary and one secondary feedstock supplier should be visited in Latvia. Furthermore, there are two types of secondary feedstock suppliers - direct suppliers and brokers/traders which source the feedstock from several sub-suppliers and controls the suppliers. So at least one supplier from each group (direct suppliers, brokers/traders and sub-supplier) shall be visited. Due to Covid-19 pandemic restrictions in the country, the plans for field inspection of secondary suppliers were cancelled.

Risk related to origin related risks and risk of mixing:

Regarding the 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.

Field inspections are planned to verify the BP's risk mitigation measures related to preserving High Conservation Values and checking for Health and Safety issues in logging works

To evaluate the risk mitigation measures implemented by BP for RA Latvia indicators 2.1.1 and 2.1.2, at least one planned harvest site should be visited. For this auditors reviewed the BPs risk mitigation records and selected several logging sites for inspection based on risk assessment approach, e.g. audit team analysed BP’s risk mitigation measure records from feedstock sourcing areas for presence of possible WKHs and selected the sites where high HCV likelihood is possible. To evaluate the risk mitigation measures implemented by BP for SBP RA Latvia indicator 2.8.1, at least one ongoing harvest site should be visited.

Decision of NEPCon audit team on FMU sampling:

Taking into account all considerations mentioned above, it was decided to visit:

At least for each pellet mill 1 completed harvesting site to evaluate conformance with high conservation values identification and preservation (if applicable); at least 1 planned harvest site to evaluate conformance with high conservation values identification; at least 1 ongoing harvest site to evaluate conformance with health and safety requirements. Since the audit has been conducted as combined audit to both SIA Graanul Invest and SIA Graanul Pellets factories, a combined approach in sampling from the overall pool of suppliers was used. In fact 10 FMUs in total were visited (5 FMUs for each pellet mill), where the auditors witnessed the BP’s approach in conducting the risk mitigation measures with regard to SBP indicator 2.1.1. In 1 FMU evaluation of risk mitigation measures with regard to 2.8.1 was done. In addition to this, auditors reviewed BP records of risk mitigation measures and selected few sites for independent verification. 5 FMUs were visited independently where auditors compared the BP records with the actual situation on the site. 15 FMUs in total were inspected during the field inspections.

As part of annual surveillance audit BP representative and NEPCon team visited 15 logging sites, including 2 ongoing harvest sites (covering manual logging works), 10 completed plots and 3 planned harvesting sites in Latvia. Auditors witnessed the audit of the BP primary supplier and at the same time doing their own independent evaluation of the suppliers.

For secondary feedstock suppliers: within the SBE processes - 1 supplier from the following categories of suppliers: direct supplier, broker/trader and sub-supplier to broker/trader. In addition, 1 supplier of SBP-origin Compliant feedstock shall be visited to evaluate the BP’s audit procedures for Supply Base and EUTR compliance.. In fact, none of secondary suppliers were visited due to Covid-19 pandemic restrictions for visiting the production facilities of suppliers of secondary feedstock.

Auditor team composition:

Auditor(s), roles	Qualifications
Ģirts Karss SBP audit team leader, NEPCon Latvia Evaluation against the SBP Standards 1,2. Field inspection of feedstock suppliers	NEPCon SBP auditor. Completed SBP auditor training course and acquired SBP auditor qualification in 2016. He has participated in capacity of auditor and lead auditor in several SBP assessments and scope change audits with Supply Base Evaluation (SBE) in scope in Latvia
Ēriks Lidemanis, NEPCon Latvia, SBP auditor, audit team member Evaluation against the SBP Standards 4 and	NEPCon SBP auditor. Joined NEPCon Latvia in 2017. Eriks has graduated Latvian university of agriculture and obtained bachelors degree in Forest science. Previous experience in timber industry. Has an FSC and PEFC CoC auditor qualification and has conducted FSC and PEFC CoC audits in Forest industry company’s in Latvia. Obtained SBP

5. Field inspection fo feedstock suppliers	auditor qualification in 2019. Ēriks has participated as auditor in several SBP audits with Supply Base Evaluation (SBE) in Latvia.
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Auditors: EL - Eriks Lidemanis, GK – Girts Karss

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <http://www.nepcon.org/impartiality-policy>

6.3 Process for consultation with stakeholders

No stakeholder consultations were conducted prior, during or after the annual surveillance audit.

7 Results

7.1 Main strengths and weaknesses

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

Weaknesses: See non-conformances in section 10.

7.2 Rigour of Supply Base Evaluation

SIA Graanul Pellets Inčukalns pellet mill 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 Graanul Invest 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.

The supply base evaluation was a rigour process.

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

Quality manager at SIA Latgran is responsible for implementing of SBP system in Latgran group. She holds the overall responsibility for SBP. 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 PEFC certification systems.

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

Procurement specialists are responsible for daily tasks in implementing the SBP SBE risk mitigation measures.

Accountancy staff is responsible for recordkeeping, acciuproviding input information 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. Procurement specialists has good knowledge in recognition and identification of HCVs, knowledge of health and safety requirements. Relevant training records, certificates and diplomas are available. Qualification requirements for personnel involved in SBE system are provided in documented procedures of the BP.

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

7.5 Stakeholder feedback

No feedback received from stakeholders.

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.

LATVIA

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 indicator 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. The BP is applying the risk assessment for both forest and non-forest land.

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. Final risk ratings of Indicators as determined BEFORE the SVP and any mitigation measures.

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

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

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

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

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

9 Review of Company's mitigation measures

LATVIA

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”. As to non-forest land, the BP is mitigating the risks by avoiding the risk and not accepting the feedstock from non-forests lands with HCVs (grassland habitats, for example).

To mitigate risks of mentioned 3 indicators at secondary feedstock level, the BP accept secondary feedstock from approved suppliers, which utilise “low risk” or “SBE NR” primary feedstock only. Primary feedstock suppliers are checked and verified by the BP

Indicator 2.1.1 (HCVF category 3):

Woodland Key Habitat tool (“WKH tool”) was developed by biomass producers in Latvia united under the Latvian biomass association “LATBio”. The tool is used in private forest land (also public – municipality owned forests, except state forests managed by the state enterprise AS Latvijas valsts meži which is considered as low risk as it is certified) and shows “Risky areas” which may comprise WKH and “Green areas” which most likely do not comprise WKHs. The tool is based on existing forest inventory databases and implements filtering forest inventory databases using the algorithm from “Inventory of woodland key habitats; methodology” (Ek at al 2002). The tool has been verified in field verification process that took place (carried out by licenced forest ecology, biodiversity experts) to verify the correctness of the methodology and the algorithm implemented. Five different areas in Latvia were visited (each area ca. 200 ha) which have proved that the tool shows correct data and the WKH is not present in the “green areas”. The database is used by both the pellet industry and primary and secondary feedstock suppliers to evaluate risks related to HCVF category 3 - identification and threatening the biodiversity values in sourcing of feedstock. The checklist has been elaborated by forest habitat experts in Latvia and are used by many SBP certified biomass producers and forest management companies. According to information from the BP, the BP is planning to switching to using the Nature Conservation Agency's database “Ozols” in the Q2-Q3 2020. “Ozols” contains information from the EU habitat inventory conducted as part of the project “Priekšnosacījumu izveide labākai bioloģiskās daudzveidības saglabāšanai un ekosistēmu aizsardzībai Latvijā” on HCVs – habitats of EU importance in private owned forests in Latvia. Outcomes of the project upon completing are gradually compiled in the database “Ozols”.

Indicator 2.1.2 (HCVF category 1):

According to the SBP endorsed risk assessment for Latvia, HCVF category 1 risks are related to Bird Directive's Annex 1 species (forest birds) whose populations are decreasing in the country. Risk mitigation measures envisages protection of existing bird habitats and protecting the nesting sites. The feedstock shall not be sourced from areas where the bird nesting sites had been destroyed as a result of forestry activities or feedstock sourced without proper forest management activities to preserve nesting sites. The BP has required all suppliers of primary feedstock (and low risk suppliers of roundwood to the secondary feedstock suppliers) included in the SBE to undergo a training course for identification high conservation values in forest ecosystems. The training course is held by recognized forest biotope experts. All current suppliers supplying feedstock within the SBE, sub-suppliers of primary material have participated in the training course and obtained knowledge on how to recognize HCVs (woodland key habitats, forest habitats of EU importance) and recognize important bird habitats and nesting sites and how these shall be protected.

Each supplier is required to evaluate all sites prior to harvesting and evaluate the presence of Woodland Key

Habitats with help of WKH checklist. Suppliers are obliged to evaluate the presence of large diameter (>50cm) nest or protected bird species in the checklist. Interviews with suppliers as well as review of records showed that the procedure is followed by approved suppliers. In case of longer supply chains, e.g. primary processors supplying secondary feedstock or traders/brokers, supplier of material to BP shall make necessary risk mitigation measures to assure that the feedstock can be considered low risk. In case of sub-suppliers, supplier shall verify that the material supplied by sub-supplier is not being sourced from areas with HCV Cat 1. In many cases the suppliers are actually evaluating the site prior to purchasing it and in case there is occurrence of large bird nests of indicative presence of potential WKH, they do not purchase the stand.

BP is monitoring the evaluation of the sites during regular supplier audits (frequency of the audits depends on the amount of material sourced).

Indicator 2.1.2 (HCVF category 3):

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

The risk at the secondary feedstock suppliers is mitigated at the primary material (roundwood suppliers of the sawmills) suppliers. These suppliers are applying the same mitigation measures as the BP suppliers of primary feedstock, are also audited by the BP and if they comply with the requirements they are considered low risk suppliers. List of low risk suppliers is provided to the secondary feedstock suppliers. Graanul Invest approved suppliers is considered a "low risk" material since the suppliers implement necessary risk mitigation measures approved by the BP and according to BP's procedures. Secondary suppliers apply mass-balance system for accounting of "low risk" feedstock. Only Graanul Invest approved SBE suppliers can supply "low risk" input material and only after suppliers are approved by the Graanul Invest. List of approved primary suppliers is available on the BP's homepage.

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 has 1 month for corrective action. After that, the audits are repeated and in case they identify incorrect evaluation repeatedly, the supplier is excluded from the list of accepted suppliers.

Indicator 2.1.2 (HCVF category 6):

The specified risk for this sub-indicator relates to noble tree species with large diameter which might be coming from old manors, parks or tree alleys having cultural heritage value. The BP has implemented procurement policy that noble species will not be sourced and in case it will be the diameter can't exceed 70cm. The interview with the receptionist as well as site tour through the storage area proved that no noble tree species are received. This procedure shall also be followed by suppliers of secondary material (sawmills and brokers/traders) by applying BP's procedure. Field inspections at suppliers of secondary feedstock showed that responsible staff showed awareness of the requirement. Site tour through the storage areas showed that large diameter and noble tree species are present. It has been explained also by interviewed persons, that large diameter trunks may be received with FSC certified material from certified forest managers are delivered with certification claim. Large trunks received with certified feedstock is not in the

scope of SBE and are accepted by the BP as low risk feedstock.

Indicator 2.8.1:

All supplier contracts contain cause that all Health & Safety (H&S) requirements specified by national legislation have to be followed. Each supplier is checked for H&S issues by the BP prior to accepting him as a supplier under the SBE system. The BP uses checklist which is filled in during interviews with the workers in the forest. Each supplier is checked before becoming accepted supplier.

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

The supplier audits are conducted by the BP itself. BP does verify supplier audits methodology and conducts audits together with sawmills/ sub-suppliers with an aim to make sure supplier audits are done in the sufficient quality. It was revealed during the supplier visits that the BP has sufficient knowledge on H&S requirements as well as good timber harvesting practices. The sampling process is considered sufficient to verify suppliers of primary and secondary feedstock.

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

NC number 02/20 (47664)	NC Grading: Minor
Standard & Requirement:	SBP Standard No. 2, p. 6.1 1.2 The BP shall record the place of harvesting of inputs classified as SBP-compliant Primary Feedstock. (6.1)
Description of Non-conformance and Related Evidence:	
<p>The information contained in the Felling Permit is used as a primary source for identification of the place of harvesting for primary feedstock. Place of harvesting is known for each primary feedstock input due to national legislation that requires seller to inform on the origin of the roundwood to buyer. All roundwood coming to production must be accompanied with origin information to the felling site and it is controlled by the stockpile controller. The place of harvesting is recorded through the delivery notes and harvesting permits which are accompanied with each delivery of material. Each harvesting permit for non-certified material contain information about the harvesting place.</p> <p>During the audit auditors sampled and reviewed the Felling permits with associated highest volumes of feedstock that was delivered to the BP during the audit period. See the list of Felling Permits and associated volumes of feedstock in Exhibit 10. In one occasion upon detailed review of information included in the felling permit and the volume of feedstock sourced it was revealed that the volume of feedstock (roundwood) sourced by the BP was substantially higher than the possible yield from particular FMU based on statistical data. Upon further investigation of Felling Permits it was revealed that the supplier had supplied feedstock from the adjacent areas (adjacent non-forest land – clearing up drainage ditches) with the same Felling Permit. According to information from the responsible person (Procurement manager), the BP is not validating the supplier information based on information in the Felling permits. A minor NCR 02/20 raised due to the fact that the BP is not possessing the data on place of harvesting of the feedstock.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

10.2 Closed Non-conformities

No closed non-conformities

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:

Certification decision:	Certification approved
Certification decision by (name of the person):	Ondrej Tarabus
Date of decision:	18/Sep/2020
Other comments:	<i>Click or tap here to enter text.</i>