



NEPCon Evaluation of Scandbio Latvia SIA Compliance with the SBP Framework: Public Summary Report

Re-assessment

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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:	07/Sep/2020
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Name of the Company:	SIA "Scandbio Latvia", "Griķi", Laucienes pagasts, Talsu novads, LV-3285, Latvia
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Certified Supply Base:	sourcing from Republic Latvia, Lithuania, Sweden, Norway and Finland
SBP Certificate Code:	SBP-01-01
Date of certificate issue:	25/Sep/2020
Date of certificate expiry:	24/Sep/2025

This report relates to the Re-assessment

2 Scope of the evaluation and SBP certificate

Scope of certificate includes production of wood pellets, for use in energy production, at Scandbio Latvia SIA and transportation worldwide as well as procurement and sales of the pellets produced by other SBP certified BPs. The scope of the certificate does not include Supply Base Evaluation. The scope of the certificate includes communication of Dynamic Batch Sustainability Data.

The certificate scope covers the production site and office of the organization situated at "Griķi", Laucienes pagasts, Talsu novads, LV-3285, Latvia, as well as storage in Mersrags and Riga harbours.

The Organisation holds valid FSC Chain of Custody and FSC Controlled wood certificate TT-COC-004922 and TT-CW-004922. Certificate covers both procurement of wood pellets along with trader activities. In addition to this the Organisation holds valid single Chain of Custody PEFC certificate. Certificate number TT-PEFC-COC71.

SIA "Scandbio Latvia" purchases raw materials (only secondary and tertiary feedstock) from companies registered in Latvia. The feedstock itself originates from Latvia, Lithuania, Sweden, Norway and Finland.

The BP sells pellets on EXW and FOB Mersrags/ FOB Ventspils/potentially FOB Riga Incoterm conditions. Pellets sold under the FOB Mērsrags and FOB Riga conditions are stored in the Mērsrags/ Riga harbours.

During reassessment audit BP added to the scope port in Riga(Gāles iela 2) where trader activities with physical possession of material is planned.

For SBP-Compliant production the BP is using FSC/ PEFC certified feedstock and FSC Controlled Wood inputs within the FSC credit system. In addition to this non-certified inputs are segregated and processed separately.

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 the production processes, production/ storage site visit;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis;
- Evaluation of sales activities and DTS registration process;
- Internal audit system evaluation.

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

Not applicable

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

BP is a pellet producing company located in "Griķi", Laucienes pag., Talsu novads, Latvia. The designed production capacity of pellet plant is 81000 tones.

Pellets are produced from secondary feedstock: (wood industry residues: sawdust, wood chips) and tertiary feedstock (dry sawdust with shavings) or mixture of these two feedstock types classified as a secondary feedstock.

FSC/ PEFC certified or FSC Controlled wood heating chips and bark is purchased for the use into the biomass drier. Pellets are used for the steam production in mixery as well.

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

In SIA "Scandbio Latvia" most of the raw materials are secondary and tertiary material from feedstock originating from Latvia and Lithuania, smaller part from Finland, Norway and Sweden. All secondary and tertiary feedstock is delivered with FSC / PEFC certification or FSC Controlled Wood claim.

From the beginning of the year 2016 all inputs materials delivered to the pellet production plant from are FSC certified, PEFC certified, FSC Controlled wood.

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

The BP is implementing FSC/ PEFC credit system. The amount of the biomass produced according to FSC/ PEFC credit system might be sold as SBP-compliant and/or SBP- controlled biomass. In practice only SBP – compliant sales activities are taking place.

After the production, pellets are transported into the harbour storage place by trucks.

In addition the BP is buying biomass (pellets) produced by other BP's and is selling it unchanged to its buyers.

The BP implements transfer system. Organisation is operating as a broker with/without physical possession. Procurement and sales incoterm is the same.

Pellet plant was commissioned in March 1998.

5.2 Description of Company's Supply Base

The BP is sourcing secondary and tertiary feedstock for biomass production. Feedstock is received from Latvian sawmills as by-products (sawmill residues). Small part of the same type of raw material indirectly comes from Lithuania, Sweden, Norway and Finland. In reference period was 15-20 suppliers total

BP is sourcing secondary and tertiary feedstock only for its production.

Latvia:

3.383 million ha of forest, agricultural lands 1,87 million ha. Forests cover 52% 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-90,6%, marshes-5,0%, glades (forest meadows)-0,9%, flooded areas-0,5%, objects of infrastructure-2,5%, other forest land- 0,5%).

53 % of all trees in Latvian forests are deciduous trees, and they dominate the amount of stock volume. The number of stands of young birch trees and white alder has increased rapidly in the past few years. The

predominant forest species in Latvia are: Pine 33 %, Birch 30 %, Spruce 19 %, Grey Alder 7 %, Aspen 7 %, Black Alder 3 %, Ash 1%, Oak 0,1% Other Species 1 %.

The Latvian state owns around one-half of the country's forests, while most of the rest of the forest belongs to approximately 135,000 private owners. 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 ratified the CITES Convention (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) in 1997. There are no species from CITES lists fauna in Latvia.

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 forest sector is one of the cornerstones of the national economy at this time. Forestry, wood processing and furniture manufacturing represented 5,2 % of GDP in 2015, while exports amounted to EUR 2 billion – 20 % of all exports. Currently, there is no parish in Latvia where one cannot be found a smaller or larger wood processing plant. Often they are the most important employers in the area and, consequently, the local economies and the mainstay of the population.

In Latvia are operating both FSC and PEFC certification systems.

1 122 293 ha are FSC certified (Q2 June 2020).

(Source:<https://fscint.maps.arcgis.com/apps/webappviewer/index.html?id=06188ad39e5344db96a4a181e135c393&mobileBreakPoint=300>)

1 747 003 ha are PEFC certified (PEFC Global Statistics, March 2020).

(Source:<https://cdn.pefc.org/pefc.org/media/2020-05/1a524ab5-1ba2-4185-8f8a-9cb16e29150e/22b08b97-31c05a60-8ac2-a3d2fb0e9868.pdf>)

Lithuania

According to 2017 forest statistics, the total forest land occupies 33,5 % of the country's territory or 2,189 mill ha. The south-eastern part of the country is most heavily forested. Average annual increase in forest area is about 7.000 ha. The huge differences in forest coverage during the last 10 years is explained by insufficient data previously used by Forest Assessment. Occupying 1,145 mill ha, coniferous stands prevail in Lithuania, covering 55.6% of the forest area. They are followed by softwood deciduous forests (0.841 mill ha, 40.9 %). Hardwood deciduous forests occupy 72,000. ha (3.5 %). Over the last 14 years total area of softwood deciduous forests increased by 142,700 ha. The area of hardwood deciduous has decreased by 20,400 ha over the last 14 years, and coniferous forest area in last 14 years decreased by 14,900 ha.

Distribution of most common species: Scots pine (*Pinus sylvestris*) – 33 %; Norway spruce (*Picea abies*) - 20 %; Birch (*Betula pendula*) – 21 %; Black alder (*Alnus glutinosa*) – 7 %; Grey alder (*Alnus incana*) – 6 %; Aspen (*Populus tremula*) – 4 %; Oak (*Quercus robur*) - 2 %; Ash (*Fraxinus excelsior*) – 1 %; Other - 7 %

State forest 1.089 mill ha, private forest area 1.101 mill ha.

All Lithuanian forests are distributed into four functional groups. In the beginning of 2017, distribution of forests by functional groups was as follows: group I (strict nature reserves) – (1.1%); group II (ecosystems protection and recreational forests) (11.9%); group III (protective forests) (14.6%); and group IV (exploitable forests) (72.3%).

Fellings

Over 1990-1995 felling rates in all Lithuanian forests (irrespective of their ownership) were unstable, but still slightly increasing and reached the peak in 1995 with the total of 9.43 mill. m³ of living trees felled. After 1995 felling were decreasing to 7.71 mill. m³ of living trees felled in 1997 and then started to increase again. The highest point over the whole accounting period was reached in 2003 (10.34 mill. m³ of living trees felled) and then started slightly to decrease until 2012 (8.05 mill. m³ of living trees felled). Over the past years, marginal increase in forest felling is observed (9.86 mill. m³ in 2016). State forest of Lithuania are FSC certified. The audit of this certification confirms the fact that Lithuanian State forests are managed responsibly, in compliance with the requirements of protection and conservation of biodiversity. (Source: <http://www.fao.org/docrep/w3722e/w3722e22.htm>)

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 thinning and sanitary cuttings are allowed. Clear cutting is permitted, however, with certain restrictions, in protected forests; and thinning 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 local tree and shrub species included in the CITES annexes.

The wood processing sector accounts for about 2.0 % of GDP, employing around 32,200 workers or 3.5 % of total employment.

All state-owned forests are FSC certified. In Lithuania is operating FSC certification system. 1 214 403 ha are FSC certified (Q2 June 2020).

(Source:<https://fscint.maps.arcgis.com/apps/webappviewer/index.html?id=06188ad39e5344db96a4a181e135c393&mobileBreakPoint=300>)

is the Nature Conservation Act (<https://www.riigiteataja.ee/en/eli/517062015004/consolide>).

Finland

The forest area of Finland is 22, 2 mln. Ha/ Different types of conservation areas cover over 3 million hectares (14.5% of the forest area). Strictly protected areas, which are beyond any economic activity, cover 10% of the forests. Almost half of the volume of the timber stock consists of pine (*Pinus sylvestris*). The other most common species are spruce (*Picea abies*) downy birch (*Betula pubescens*) and silver birch (*Betula pendula*). These species make for 97% of total timber volume in Finland. (<http://www.smy.fi/en/forest-fi/finnish-forests-resources/>)

Private forest owners (mostly families) own the majority (60%) of Finnish forests. The owner of the forest sells the timber which means that the obtaining logging authorisation through bribes does not exist in Finland. Owner needs to get acceptance for forest use declaration from regional forest centres. The state owns 26% of the Finnish forests, private industries, such as forest industry companies 9% and other bodies 5%.

The state forests are mainly situated in the north of Finland, and 45% of them are under strict protection. State lands are managed by Metsähallitus.

In Finland are operating both FSC and PEFC certification systems.

1 917 429 ha are FSC certified (Q2 June 2020).

(Source:<https://fscint.maps.arcgis.com/apps/webappviewer/index.html?id=06188ad39e5344db96a4a181e135c393&mobileBreakPoint=300>)

18 271 894 ha are PEFC certified (PEFC Global Statistics, March 2020).

(Source:<https://cdn.pefc.org/pefc.org/media/2020-05/1a524ab5-1ba2-4185-8f8a-9cb16e29150e/22b08b97-31c05a60-8ac2-a3d2fb0e9868.pdf>)

. The forest sector is one of key supporters of Finland's economy. In 2011 it employed directly about 70,000 people in Finland, which was 2.8% of all employees. One fifth of Finland's export income comes from forest industries. More than 60% of the value added generated by the forest industries came from pulp and paper industries and the rest from wood products industries in 2011. Regionally, the importance of the forest sector is largest in southeastern corner of Finland and in Etelä-Savo and Central Finland regions, where the sector produces some 10% of the regional GDP.

Sweden

Most of Sweden is covered by boreal forest which in its natural state contains a patchwork of habitats shaped by various disturbance regimes, notably fires, storms and flooding. Owing to the large North-South extent of the country, there is a considerable variation in climate and soil conditions, and both conditions favour tree growth in the South. Sweden's forests are among the most northerly in the world. The warming effect of the Gulf Stream permit forest growth at the latitudes that are characterized by treeless tundra in other parts of the world. Most of the country is covered by coniferous forests, but there is a small zone of mainly deciduous forests in the south.

According to the latest forest inventory "Riksskogstaxeringen" from 2018 the total area of Sweden is 40.7 mill ha's (100%). Of these 28.1 mill ha's (69 %) are forest area and 23.5 mill ha's (58 %) of these are defined as productive forests.

Scots pine (*Pinus sylvestris*) and Norway spruce (*Picea abies*) are the dominant tree species in all Sweden. Lodgepole pine (*Pinus contorta*) and the deciduous species Birch (*Betula pendula*), Aspen (*Populus tremula*) and Alder (*Alnus glutinosa*) are used to some extent in northern Sweden. European larch (*Larix decidua*), Douglas fir (*Pseudotsuga menziesii*) and Sitka spruce (*Picea sitchensis*) and oak (*Quercus robur*) and Beech (*Fagus sylvatica*) is used in the south. The main part of the deciduous forest cover is naturally regenerated. Due to effective and far-sighted forest management the timber stock in Sweden has increased by more than 60% in the last one hundred years and it is now 3000 million m³. In recent years felled quantities have been between 85 and 90 million m³, whereas annual growth amounts approximately to 120 million m³.

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

In Sweden there are at least 3 layers of tenure regimes influencing forest use and forestry: Private land tenure, rights to use the land held by the Sami people in the northern parts of Sweden and the right of public access. While the private ownership of forest is based on possession rights, the two other forms relate to user rights. Private ownership has been important, first and foremost as a basis for sustainable land use and long-term planning and investments in the regeneration of forests. About half of all forest land in Sweden is owned by private enterprises. There are some 200,000 families with forests area bigger than 5 ha's and most farms are passed on from one generation to the next. The average holding is 50 ha's. Some 90,000 family forest entities are members of a forest cooperative.

The forest products industry plays a major role in the Swedish economy, and accounts for between 9-12% of Swedish industry's total employment, exports, sales and added value.

National Forest Policy. The main intention of the Swedish National Forest Policy is to ensure sustainable forest management and it focuses on three major objectives, one for production, one for environmental concerns and one for social concerns.

To obtain a long-term sustainable flow of timber from the forests, an even age-class distribution on the regional level is a long-term target in forest policy.

The legal demands on forestry are mainly set by the Forestry Act and the Environmental Code.

The forest sector is considered a commercial sector which should be economically self-sustained and not subsidized. There are, however some state subsidies to enhance the forest sector's environmental value.

High and long-term sustainable production of forest raw material combined with social and environmental considerations are the primary goal for most forest owners.

Swedish forest management is highly influenced by market-driven processes of forest-certification following the schemes of FSC and PEFC.

Forest management planning is extensively used by forest managers in everyday forestry as a tool for production planning and for implementing conservation measures. The most used regeneration method is planting. Almost 400 mill seedlings are planted each year and soil preparation is often a prerequisite for successful regeneration. The planting operation is mostly carried out manually, but research on mechanized tree planting is ongoing. The seedlings have traditionally been treated with pesticides to protect against pests, but nowadays more environment friendly mechanical protection is used to greater extent.

In Sweden are operating both FSC and PEFC certification systems.

12 987 616 ha are FSC certified (Q2 June 2020).

(Source:<https://fscint.maps.arcgis.com/apps/webappviewer/index.html?id=06188ad39e5344db96a4a181e135c393&mobileBreakPoint=300>)

15 847 125 ha are PEFC certified (PEFC Global Statistics, March 2020).

(Source:<https://cdn.pefc.org/pefc.org/media/2020-05/1a524ab5-1ba2-4185-8f8a-9cb16e29150e/22b08b97-31c05a60-8ac2-a3d2fb0e9868.pdf>)

There are no species from CITES lists fauna in Sweden that SIA “Scandbio Latvia” receives from Sweden.

Norway

Forests cover about 38 percent of Norway's land area, or about 122.000 square kilometers. Of this, around 86.600 square kilometers are productive forests - that is, they produce enough timber to be important for forestry. In total, Norway today has almost 11 billion trees of 5 cm or more in diameter. On average, Norwegian forests increase by about 25 million cubic meters of timber per year. Spruce accounts for half of this growth.

It is not only industrial timber that increases. National parks and forest reserves, too, make up an increasing proportion of the forest area in Norway. (Source: <https://www.regjeringen.no/en/topics/food-fisheries-and-agriculture/skogbruk/innsikt/skogbruk/id2009516/>)

Forestry is an industry practically all over the country. The most important species are Norway spruce (44 %), Scots pine (31 %) and birch and other broadleaves (25 %) (Ebook: Rognstad et. al, 2015).

The forested area is divided between 127 000 properties, many of them are private estates (79% of the area) in combination with agriculture land. In addition, there is a long tradition of using the forests for domestic animal grazing and game hunting.

Forest owners are obliged to ensure that all activities taking place in forests are in compliance with regulations and statutes. They must also take into account environmental values and pay proper attention to these when carrying out any activities within the forest. However, when felling trees land owners are required to promote the regrowth of new forest – either by planting, or by leaving seed trees to provide natural regeneration.

(Source: <http://archnetwork.org/forestry-in-norway-2/>)

Forestry is administrated by The Royal Ministry of Agriculture. The Ministry may decide that forest – or certain types of forest – shall be considered as protection forest. The state forest service Stateskog manages National Forest Estate. Production and marketing of timber in the state forests are regulated, managed and controlled with the same rules as in private estates. Along wildlife protection and timber production Statskog also manages recreation and hunting on the state forests.

Planting of commercial forest begins in 1935 and reached maximum of approximately 37 K ha in 1964. Presently, planting is maintained on the level of about 15 K ha per year.

Forestry is a traditional and important industry in Norway. About 50 percent of the harvested timber is used by sawmills in Norway. There are 225 sawmills operating on an industrial scale. It provides jobs and export earnings. Around 25.000 people are employed in the forest-based sector. Norway is one of the world's leader in the development of wooden structures – bridges and buildings. Wood and forest products cover about 11 percent of the Norwegian mainland product export

In Norway are operating both FSC and PEFC certification systems. 643 465 ha are FSC certified (Q2 June 2020).

(Source: <https://fscint.maps.arcgis.com/apps/webappviewer/index.html?id=06188ad39e5344db96a4a181e135c393&mobileBreakPoint=300>)

7 380 750 ha are PEFC certified (PEFC Global Statistics, March 2020).

(Source: <https://cdn.pefc.org/pefc.org/media/2020-05/1a524ab5-1ba2-4185-8f8a-9cb16e29150e/22b08b97-31c05a60-8ac2-a3d2fb0e9868.pdf>)

There are no species from CITES lists fauna sourced from Norway

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 68.1 million. ha

Tenure by type (ha): 46.5 million ha private owned, 17,0 million ha public , 4,6 million ha community concession

Forest by type (ha): 62.5 million ha boreal, 5.6 million ha temperate forests

Forest by management type (ha): 49.3 million ha managed natural, 11.5 million ha plantation , 7.3 (mill.ha) natural

Certified forest by scheme (ha): 17.7 million ha of FSC-certified and 43.1 million ha PEFC-certified forest

Quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report, published in BP's and SBP website.

5.4 Chain of Custody system

The Organisation holds valid FSC Chain of Custody and FSC Controlled wood certificate TT-COC-004922 and TT-CW-004922. Certificate covers both procurement of wood pellets along with trader activities. In addition to this the Organisation holds valid single Chain of Custody PEFC certificate. Certificate number TT-PEFC-COC71.

Pellets are produced from secondary feedstock: (wood industry residues: sawdust, wood chips) and tertiary feedstock (dry sawdust with shavings) or mixture of these two feedstock types classified as a secondary feedstock.

FSC/ PEFC certified or FSC Controlled wood heating chips and bark is purchased for the use into the biomass drier. Pellets are used for the steam production in mixery as well.

In SIA "Scandbio Latvia" most of the raw materials are secondary and tertiary material from feedstock originating from Latvia and Lithuania, smaller part from Finland, Norway and Sweden. All secondary and tertiary feedstock is delivered with FSC / PEFC certification or FSC Controlled Wood claim.

From the beginning of the year 2016 all inputs materials delivered to the pellet production plant from are FSC certified, PEFC certified, FSC Controlled wood.

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

For production the BP is implementing FSC/ PEFC credit system. The amount of the biomass produced according to FSC/ PEFC credit system might be sold as SBP-compliant and/or SBP- controlled biomass. In practice only SBP – compliant sales activities are taking place. In case of the FSC and / or SBP sales, the volume of sold pellets is withdrawn from the credit account. After the production, pellets are transported into the harbour storage place by trucks.

In case of the non certified orders, non-certified inputs are segregated and processed, stored and sold separately. Segregation in all storage and production processes is maintained.

In addition the BP is buying biomass (pellets) produced by other BP's and is selling it unchanged to its buyers. The BP implements transfer system. Organisation is operating as a broker with/ without physical possession. There are no additional emissions associated with handling of biomass at the time of possession of the BP. Procurement and sales incoterm is the same.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite evaluation was conducted on July 1, 2020(6h x 2 auditors). Supplier interviews and harbour(Mērsrags) staff interviews were conducted on July 2, 2020. Public consultation results was finalized at July 6, 2020. Newly added harbour visit conducted at July 30.

In total 2,5 days were spent for the reassessment evaluation:

Audit plan for the main part of the evaluation is placed below.

Activity	Location	Auditors	Date/time
Opening meeting	Scandbio Latvia SIA office	ELI, OP	01.07.2020 10.00-10:30
SBP Management system review, discussion of the changes taking part in a system Review of the documents and evidences related to implementation of the SBP standards 2,4. Review of the FSC and PEFC system control points, SBR report.	Scandbio Latvia SIA Office	OP, ELI	01.07.2020 10.30-12.30
Production site visit , production staff interview. Review of the documents and evidences related to implementation of the SBP standard 5 and instruction document 5A Sales and client communication, credit account, DTS, SAR	Scandbio Latvia SIA Production and office	OP, ELI	01.07.2020 13.30-16.30
Preliminary Closing meeting after office and production site audit	Scandbio Latvia SIA Office	OP, ELI	01.07.2020 16.30-17.00
Phone interviews with two suppliers and port of Mērsrags	Phone interviews	ELI	02.07.2020 13:00-14:30
End of the public consultation	Remote		06.07.2020

Port visit in Riga (Gāles iela 2.)	Riga port	ELI	30.07.2020
Final Closing meeting	Phone		14:00-15:30

6.2 Description of evaluation activities

Main attention during the valuation was focused on practical implementation aspects of the SBP system, review of documents and system, evaluation of input material classification (reception and registration), analysis of the critical control points in existing FSC/ PEFC system and FSC/ PEFC system control points as well as correctness and availability of GHG data.

Description of the evaluation:

All SBP related documentation related to the SBP as well as FSC CoC/ CW system of the organisation, including SBP Procedures, GHG data calculations/ SAR/ SREG data sheet, Supply Base Reports, and FSC system description was provided by the company was verified during the audit. Overall changes had been discussed.

Auditors were welcomed in SIA Scandbio Latvia office in "Griķi", Laucienes pag., Talsu novads. Audit started with an opening meeting attended by the management team of the biomass producer as well as other staff. Auditors introduced themselves, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified the scope of the audit.

After that auditors went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction documents 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.

Roundtrip around BP's pellet production was undertaken. During the site tour reception, recordkeeping, production process was observed, applicable records were reviewed, pellet factory staff was interviewed and FSC system critical control points were analysed. During the trip production technology and information about the main production facilities was presented to the auditors.

Due to the COVID- 19 as a part of the assessment, 2 secondary feedstock suppliers selected by the auditors and port in Mērsrags were audit remotely by phone. During remote interview suppliers feedstock origin related issues was discussed and during interview with Mersrags port pellet separation and storage related questions were discussed.

Onsite visit was conducted at the newly added port in Riga (Gāles iela 2). During the visit warehouse was visited, harbour storage process and segregation was discussed and harbour representative was interviewed.

At the end of the audit, audit findings were summarised and audit conclusion based on use of 3 angle evaluation method were provided during the closing meeting to the overall responsible person, CEO and other responsible staff that have participated in the meeting.

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

The stakeholder consultation was carried out on June 5, 2020 by sending direct email to different stakeholder categories. In total representatives of 45 stakeholders has been notified. The stakeholder structure according to type is as following: authorities and forestry and nature protection supervising institutions (35%), timber industry and nature conservation associations (30%), non-governmental organizations (20%), academia and scientific institutions (8%); and 6% - FSC national/regional representative, forest managers and other organizations. Single comment from State labour inspection was received. As from the letter as well as call with the organisation the inspection was held by the organisation and no-violation of H&S requirements were identified.

7 Results

7.1 Main strengths and weaknesses

Strengths: SBP system elements are implemented. Use of the FSC credit system. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members. Experienced and qualified staff. Feedstock delivered with FSC or PEFC certification claim or either FSC Controlled Wood claim. Strong reliance on measurement-based data acquisition and reporting.

Weaknesses: No weaknesses identified

7.2 Rigour of Supply Base Evaluation

Not applicable

7.3 Collection and Communication of Data

The data had been updated and provided prior the onsite evaluation and verified and validated at the time of audit. The data is complete, accurate and is based on the records from the internal recordkeeping system.

The following energy sources are used by BP: electricity for pellet production; biomass fuel for drying, diesel for feedstock handling, shipping and for biomass transportation to customer.

7.4 Competency of involved personnel

During the audit staff members involved into the SBP system management and implementation were identified, including Quality Manager, Director, Logistic Manager, Production manager, production staff. Interviewed staff demonstrated awareness of their responsibilities within SBP system.

7.5 Stakeholder feedback

No feedback from stakeholders have been received prior, during and after this reassessment.

7.6 Preconditions

N/A

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.

N/A- SBE is not included in the certificate scop.

9 Review of Company's mitigation measures

N/A- SBE is not included in the certificate scope.

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.*

N/A

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:	07/Sep/2020
Other comments:	N/A