NEPCon Evaluation of Meža Birojs SIA Compliance with the SBP Framework: Public Summary Report

Scope Change Audit

www.sbp-cert.org

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

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

Document history

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

Table of Contents

1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus ot@nepcon.org, +420 606 730 382
Current report completion date:	28/Aug/2020
Report authors:	main assessment: Oļesja Puišo, Ēriks Lidemanis; scope change audit: Liene Suveizda, Ģirts Karss
Name of the Company:	SIA Meža Birojs
Company contact for SBP:	Anita Freija, +37 1 29491494, anita@mezabirojs.lv, legal address: Meža str. 4, Riga, LV-1048, Latvia, office: Meliorācijas str. 5, Limbaži, LV-4001, harbour: Ostas str. 1c, LV-1033, Salacgriva, Latvia
Certified Supply Base:	Latvia
SBP Certificate Code:	SBP-08-12
Date of certificate issue :	06/Jul/2020
Date of certificate expiry:	05/Jul/2025

This report relates to the Scope Change Audit

2 Scope of the evaluation and SBP certificate

Description of the scope: biomass trading, production of biomass (wood chips) from logging residues, arboricultural arisings and low quality roundwood (fuelwood) as well as timber primary processing co-products, for use in energy production, wood chip storage at Salacgrīva port and sales at Salacgrīva port. The scope of the evaluation includes the Supply Base Evaluation.

3 Specific objective

The specific objective of this scope change audit was to confirm that Biomass Producer management system is capable to ensure that requirements of SBP standart 1 and 2 are implemented. Evaluation of the practical implementation include:

- Review of the BP's management and SBE procedures;
- Review of the production processes,
- Analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- Review of the updated Supply Base Report;
- Review of the reports and records;
- Field visits of FMU to evaluate the risk mitigation measures.

4 SBP Standards utilised

4.1 SBP Standards utilised

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

☒ SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)

☒ SBP Framework Standard 2: Verification of SBP-compliant Feedstock *(Version 1.0, 26 March 2015)*

☒ SBP Framework Standard 4: Chain of Custody *(Version 1.0, 26 March 2015)*

☒ SBP Framework Standard 5: Collection and Communication of Data *(Version 1.0, 26 March 2015)*

4.2 SBP-endorsed Regional Risk Assessment

The SBP has endorsed the Regional Risk Assessment for Latvia in September, 2017. The SBP endorsed RRA defines “specified risk” for indicators 2.1.1 (only HCVF category 3), indicator 2.1.2 (HCVF categories 1, 3 and 6) and indicator 2.8.1.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

SIA Meža Birojs is timber and biomass trading company, with harbour and office located in North part of Latvia. One of the business operation is production of wood chips and trading. The BP operates office in Limbaži town and the biomass storage facilities situated in the territory of Salacgrīva port. The organization operates a storage site – logyard for both roundwood and chips in Salacgrīva port. The main business activity of the organization is timber harvesting, in additional to this Organisation is dealing with timber trading, biomass production and trading activities.

The organization produces wood chips itself mostly from logging residues and in smaller extent also from roundwood. The BP uses mobile chipper of subcontractor. It is planned that only low quality roundwood, disseised wood or thinning wood of different species is used for producing the biomass from the roundwood. The BP is producing biomass – chips from logging residues and by chipping biomass from non-forest land – arboricultural arisings. The BP is buying logging residues and bush/brush from owners of forest land, harvesting companies and owners of non-forest land for chipping. It is also possible, the primary feedstock is sourced as a logging residues and chipped from low quality wood (pulpwood and firewood) in Salacgrīva harbour. The BP is planning to carry out chipping of low grade or decayed roundwood at the port of Salacgrīva using mobile chipper of scubcontractor. The BP is also sourcing at Salacgrīva port wood chips from logging residues and arboricultural arisings from non-forest land from external suppliers. The BP doesn't sources secondary feedstock – chips (co-products) from primary processors (sawmills).

All primary feedstock originates from the territory of Latvia.

The BP is implementing FSC transfer and credit system as well as PEFC Chain of Custody system. FSC Transfer system is implemented for sales of certified timber in internal market, i.e. controlling the certified material from the forest to the buyer in Latvia. FSC transfer system may also be used in Salacgrīva port in specific cases, e.g. for sales of FSC (FSC 100%) certified biomass in expoert markets. FSC Credit system is implemented in Salacgriva port for controlling the SBP compliant feedstock. PEFC Physical Segregation Method (xx% PEFC) is used for volume control of PEFC certified biomass sales in local market as well as in export markets via Salacgrīva harbour. FSC,PEFC certified feedstock and the SBP – low-risk feedstock source that was approved within the SBE system is used for SBP compliant feedstock production. Non-certified feedstock is segregated.

All feedstock is delivered to Salacgrīva port terminal by truck, where chips are stored. Roundwood chipping can take place at the port, where low grade roundwood logs are chipped. The trans-shi

pment and loading of chips onto vessels is taking place next to the wood chips storage site.

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

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

5.2 Description of Company's Supply Base

Primary feedstock originates from Latvia and the supply base of primary feedstock includes primarily Latvia. Sourcing of certified secondary feedstock is included in the scope and envisaged.

Latvia:

3.412 million ha of forest land, agricultural lands cover 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) . Management of the state-owned forests is performed by the public joint stock company AS Latvijas Valsts Meži, established in 1999. The enterprise ensures implementation of the best interests of the state by preserving value of the forest and increasing the share of forest in the national economy.

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

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

On the other hand, there are general nature protection requirements binding to all forest managers established in forestry and nature protection legislation aimed at preservation of biological diversity during forest management activities. They stipulate a number of requirements, for instance, preserving hus providing habitat for many organisms, including rare and/or endangered species.

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

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

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

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

State forests are FSC/ PEFC certified. In addition to state forest enterprise, 6 private forest managers are managing forests in accordance with FSC standard requirements.

5.3 Detailed description of Supply Base

Total Supply Base area (ha): Latvia 3.412 million ha

- Tenure by type (ha): 1.642 million ha state forests; 1.77 million ha private forests;
- Forest by type (ha): Boreal/Hemi-boreal: 3.412 million ha;

- Forest by management type (ha): managed semi-natural 3.412 million ha.
- Certified forest by scheme (ha): ~1.13 million ha are certified according to FSC and/or ~1,71 million ha are PEFC certified.

Quantitative and qualitative description of the Supply Base can be found in the Supply Base Report.

5.4 Chain of Custody system

The BP is using both the FSC and PEFC chain of custody systems to manage the certified claims. The BP holds PEFC Forest Management certificate (Certificate No. 02-11/20-1) along with PEFC chain of custody certificate (Certificate No. 03-26/20-2).The BP is also holding FSC chain of custody certificate as group member (TT-COC-006826-B/C) in the SIA Meža apsaimniekotājs FSC CoC group. The BP is applying both FSC and PEFC systems for SBP. The primary chain of custody system for SBP is FSC Chain of Custody system at Salacgrīva port using FSC credit system for controlling of claims.

The organization is using PEFC CoC system based on PEFC Physical Segregation Method as well as FSC Transfer system of controlling FSC claims which will be used for controlling of the SBP claims for feedstock coming from FMU forest or agriculture land management. FSC Credit system is implemented in Salacgriva port for controlling the flow of FSC certified material. The Organisation is implementing PEFC Physical Separation Method for feedstock and biomass accounting in both Salacgrīva harbor (export markets) and local/internal market (i.e. from forest to customers in Latvia).

The PEFC/FSC certified feedstock and SBP – low-risk feedstock that has been approved within the SBE system will be used for the SBP-compliant feedstock production and sales. The BP is not planning to use SBP-controlled feedstock and SBP-controlled biomass category, nevertheless it is included in the scope of the SBP certificate. After the SBP feedstock is received, feedstock of the applicable categories will be stored in one pile. For roundwood and chips three feedstock categories - FSC100%, PEFC 100% and low-risk feedstock source that has been approved within the SBE system are used which are stored in 3 separate places/piles in the port logyard. “Other” feedstock/biomass is not sourced. Low quality FSC / PEFC certified roundwood could be used for the biomass - chips production. In such case it will also segregated from other material by placing in separate pile in the terminal internal area. Roundwood will be chipped in the harbor logyard.

Roundwood and chips are sold on FOB incoterm conditions in Salacgrīva harbour.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite scope change audit was conducted on August 4, 5 and 6 , 2020 19h x 2 auditors),

In total 4,6 auditor days were spent for the scope change audit.

Audit plan:

Activity/ timing	Place	Auditor	Date
9.00.00-9.30 openning meeting	Limbazi office	LS, ĢK	04.08.2020
9.30- 13.00; 14.00-18.00 SBP SBE management system review Interview with overall responsible staff Review of the applicable SBP documentation, including SBP procedures, instructions, training records, feedstock descriptions, supplier lists and other (SBP standards nr 1 and 2). SBP SBE system analysis. Review of procedures, documents and interviews with responsible staff, management system. Interview with SBP responsible person, review of documentation, procedures. Evaluation of compliance to SBP Standards #1 , #2.	Limbazi office	LS, ĢK	
9.00-13.00 Evaluation of supplies of primary feedstock: Evaluation of primary feedstock risk mitigation measures	FMU audit: Inspection of 3 FMUs: evaluation of HCV risk mitigation measures in completed logging sites: 1) FMU “Bangas”, Cad. No. 66800020186, block 413 comp. No. 3 and 4. 2) FMU “Vecdambīši”, Cad. No. 66800010429, block no. 767 comp.No. 7 3) FMU “SENRIEBI”, Cad. No. 66640040091, block no. 448, comp. no. 8.	LS, ĢK	05.08.2020

14.30-16.00 Final review of documents. Resolving of remaining issues, questions, interview to responsible person	Limbazi office	LS, ĢK	05.08.2020
16.00-17.00 Prelimenary closing meeting	Limbazi office	LS, ĢK	05.08.2020
9.00-12.00 Evaluation of primary feedstock risk mitigation measures	Inspection of 2 FMUs: 1) evaluation of H&S mitigation measures in FMU "Ozolu iela 7", Lēdurga, Cad.No. 665600020345, block no. 1, comp. 8 and 9. 2) HCV risk mitigation measures on agriculture land with EU habiatat 6270* Fennoscandian lowland species-rich dry to mesic grasslands. FMU "Mīlēni". Cad.No. 66270030037.	LS, ĢK	06.08.2020

Auditor team members: LS – Liene Suveizda, ĢK- Ģirts Karss

6.2 Description of evaluation activities

First day, 4th August

The scope change audit began with a short opening meeting attended by the company's representatives (the director and the member of the board) in SIA "Meža birojs" office in Limbaži.

In the opening meeting auditors introduced themselves, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope. During the opening meeting the auditor explained CB's accreditation related issues and discussed the audit timetable and planned activities.

After the opening meeting auditors reviewed all applicable requirements of the SBP standards nr. 1, 2 and 4, and instruction documents with regard to sourcing primary feedstock and the overall management system. During the process the overall responsible person for the SBP system and other responsible staff having key responsibilities within the system were interviewed.

Auditors also reviewed all applicable requirements of the SBP standards #1, #2, #4 management system, CoC, recordkeeping requirements, categorisation of input and verification of SBP compliant feedstock/ biomass. Documentation related to the SBP SBE including SBP SBE procedures, Supply Base Report and FSC Controlled Wood system description was reviewed also.

During the office audit auditors conducted the sampling of the suppliers and FMUs for field inspections. Auditors made a plan for field inspections based on sampling, selecting for inspection feedstock suppliers included into Supply Base Evaluation:

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

1) Geographical area;

2) Type of the operations and activities;

3) Risk mitigation measures related to origin and mixing.

Geographical area:

BP sources the primary feedstock included into SBE from Latvia. The BP is sourcing feedstock primarily from Vidzeme area (North Latvia). So, FMUs and properties of non-forest lands from Vidzeme region shall be included in the sample.

Type of the operations and activities:

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

Risks identified in the SBP risk assessment for Latvia:

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

2.1.1 Forests and other areas with high conservation values in the Supply Base are identified and mapped;

2.1.2 Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed;

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

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

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

Sampling intensity:

Auditors sampled sites for field inspections in Vidzeme region using the following approach: since the audit type is scope change (assessment) audit with purpose to include the Supply Base Evaluation in the scope, and the BP is already qualified to conducting the risk mitigation measures within the FSC Controlled Wood system, auditors focused on verification of existing BP's approach in conducting risk mitigation measures. For this purpose auditors selected and sampled some sites from existing pool of FMUs that have been verified by the BP in past 2 months. Within past 2 months the BP has sourced feedstock from 142 properties (122 FMUs and 20 properties – non-forest lands). The data on timber sourcing areas and risk mitigation measure records were provided to auditors to select the sites for field evaluation. Auditors sampled 3 sites (FMUs) for verification of BP's practices and approaches in High Conservation Value Forest related risk mitigation (SBP indicators 2.1.1 and 2.1.2). After data review the auditors selected FMUs with minimal (FMU "Bangas", average (FMU "Vecdambīši") and maximal (FMU "Senriebi") scoring in WKH checklist. To evaluate the risk mitigation measures implemented by the BP for indicator 2.8.1, 1 FMU with ongoing logging works site was included in the scope of sampling plan. There were no other ongoing logging works during Scope change audit. Since the BP has been sourcing feedstock – arboricultural arisings for production of chips from non-forest lands in past months, auditors decided to include 1 FMU with non-forest lands in the sampling plan. A FMU with high risk – presence of EU grassland habitat 6270* "Fennoscandian lowland species-rich dry to mesic grasslands" where chosen. Thus, in total 5 FMUs were selected for field inspections. The auditors used a risk evaluation approach for field visits described above and decided that the mentioned sampling regarding HCV risk mitigation measures is sufficient.

Second day, 5th of August

In the following days auditors evaluated BP's practices in conducting SBP risk mitigation measures, by visiting completed and ongoing logging sites of suppliers of feedstock at FMU level. NEPCon team was evaluating how BP staff is conducting risk mitigation measures and evaluating their compliance with the SBP standards and how risk from the risk assessment is implemented on the ground.

The second audit day started with visit of three FMUs to evaluate the risk mitigation measures performed by

BP regarding HCV values:

1) FMU “Bangas”, cad. No. 66800020186, block 413 comp. No. 3 and 4. The FMU selected as potential WKH site according IS “Latbio” with low level of scoring. No protected habiatat registered in IS “Ozols”. WKH checklist filled by BP.

2) FMU “Vecdambīši 1”, cad. No. 66800010429, block no. 767 comp. No. 7. The FMU selected as potential WKH site according IS “Latbio” with low level of scoring. No protected habiatat registered in IS “Ozols”. WKH checklist filled by BP.

3) FMU “SENRIEBI”, Cad. No. 66640040091, block no. 448, comp. no. 8. The FMU selected as potential WKH site according IS “Latbio” with evaluation scores above 10. No protected habiatat registered in IS “Ozols”. WKH checklist filled by BP. Written certfied expert decision available.

At the end of day the auditors returned to the BPs office in Limbaži and did final review of documents, resolving of remaining issues, questions, interview to responsible person.

Third day, 6th of August.

In the following day auditors evaluated BP’s practices in conducting SBP risk mitigation measures, by visiting completed and ongoing logging sites of suppliers of feedstock at FMU level. NEPCon team was evaluating how BP staff is conducting risk mitigation measures and evaluating their compliance with the SBP standards and how risk from the risk assessment is implemented on the ground.

In order to evaluate health and safety risk mitigation measures, FMUs where on-going harvesting take place were included in the list of FMUs for inspection:

- FMU “Ozolu iela 7”, Lēdurga, Cad.No. 665600020345, block no. 1, comp. 8 and 9:

evaluation of H&S mitigation measures. Interview with chain saw operators. Evaluation of audit methodology carried out by BP responsible person (Director)In order to evaluate risks related to HCVs in non-forest land and risk mitigation measures auditors visited FMU where the BP had been sourcing feedstock and where the non-forest habitat was identified.

- FMU “Mīlēni”. Cad.No. 66270030037. Evaluation of HCV risk mitigation measures on agriculture land with registered EU habiatat 6270* “Fennoscandian lowland species-rich dry to mesic grasslands”. Interview with land owner.

At the end of the audit, findings were summarised, and audit conclusions based on use of 3 angle evaluation method were provided to the management and SBP responsible person.

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-policyAuditor team information:

Liene Suveizda, Lead auditor (Standards #1 and #2)	Audit team leader. Joined NEPCon Latvia in 2016. M.Sc in biology, forest ecology. Graduated from University of Latvia. Liene has also studied law and hold the 2nd level higher education in law, Business School "Turība". Liene has long term experience in forestry sector in Latvia. Liene has passed the NEPCon lead assessor training course in FSC Forest Management, PEFC and FSC Chain of Custody operations and obtained the PEFC, FSC as well SBP auditor qualification. Liene has participated as an auditor in training in several SBP assessment and scope change (SBE) audits in Latvia.
Ģirts Karss	Audit team member.

Auditor (Standards #1, #2, #4	Works for NEPCon since 2011 Girts Karss holds MSc in Environmental Science from the Lund University and the University of Latvia. He has passed the Rainforest Alliance lead assessor training course in FSC Forest Management and FSC Chain of Custody operations and obtained the FSC lead auditor qualification. Girts Karss has conducted of FSC Chain of Custody audits in wood industry companies in Latvia and FSC forest management assessments and annual audits in Baltic countries and Russia. Girts had completed SBP training course and has participated in a number of SBP assessments, scope change and annual audits including SBE in Latvia.

6.3 Process for consultation with stakeholders

Stakeholder consultation was carried out by both the Biomass Producer and the Certification Body

The BP initiated the stakeholder consultation process that began on February 20, 2020. Ca 70 individual representatives of various stakeholders in total were notified by e-mail. Those included core stakeholders of forest and biomass industry, such as associations of timber processing companies, logging companies, forest owners, biomass processing companies, local NGOs – representing environmental and social sectors, forestry, environment, labour authorities and others. The BP has also conducted consultations with experts to discuss the planned SBP risk mitigation measures. The BP has also notified principal environmental non-governmental organizations, such as Latvian Society of Ornithologists, WWF affiliate in Latvia (Pasaules dabas fonds). For further details see Supply Base Report, section 6.

The stakeholder consultation regarding the scope change was initieated out by the Certification Body on June 20, 2020 by notifying different stakeholder categories via email. The CB conducted stakeholder notification regarding the forthcoming audit and called on parties to comment on the stakeholder consultation process carried out by the BP. The CB sent out information by e-mail to a number of stakeholder groups: state authorities and enforcement institutions, forestry related institutions, biomass processing, forest management companies, forest owners and a number of NGOs.

No comments from the stakeholders have been received.

7 Results

7.1 Main strengths and weaknesses

Strengths: Small number of staff involved in management of the SBP system. Staff has long term expierence in PEFC FM CoC and FSC CoC group certification management, including experience in risk mitigation in the FSC Controlled Wood system The BP staff had participated in the training for High Conservation Value identification and health and safety training courses with respected Latvian experts.

Weaknesses: See in the NCR section of the report.

7.2 Rigour of Supply Base Evaluation

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

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

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

The stakeholder consultation process has been conducted through notification of stakeholders and distributing the SBR report to stakeholders. Some stakeholders were also contacted directly. The BP is keeping records of communication with stakeholders.

7.3 Collection and Communication of Data

The organization has compiled emission data as a part of preparation process for the SBP assessment. The BP has implemented a system to collect and record data on Greenhouse Gas emissions. Systems and databases (internal registers and sources of information) to collect and record Greenhouse Gas data were reviewed during the assessment audit. BP collects and records in internal registers information about emissions related to logging and chipping of primary feedstock, feedstock transport distances, moisture of feedstock (from vessel analysis) and weight of incoming material (calculated by multiplying received feedstock volume of the load by conversion factor). All related evidence with regard to GHG calculation and assumptions were provided to auditors.

7.4 Competency of involved personnel

The SBP and Supply Base Evaluation system is implemented by the organization staff, that have undergone external training and are supervised by the overall responsible person at the organization.

Involved personnel have demonstrated sufficient knowledge in relevant fields (recognition and identification of HCVF, health and safety requirements) during the sites visits. Relevant certificates were available at the time of the assessment audit. Qualification requirements for personnel involved in SBE system are provided in documented procedures of the BP.

In overall, auditors evaluate the competency of main responsible staff to be sufficient for implementing the SBP system with primary material sourced within the SBE. It is based on interviews, review of qualification documents, training records and set of procedures and documents that were composed for the SBP system as well as field observations during the assessment audit. The following key staff members are involved to SBP certification: SBP related staff responsibilities are presented in Section 5. “Responsibilities.” of the SBP Procedure. Generally, very few staff members are involved into SBP certification: Director and SBP responsible/ Board Member supported by the environmental specialist (maintaining of the management system, staff training, complain, trademark use and all SBP reporting), wood receptionist (wood reception and recordkeeping), accountant and department manager (recordkeeping, sales documents).

7.5 Stakeholder feedback

No stakeholder comments were received during the stakeholder consultation process conducted by the CB. According to information from responsible person at the BP and as from document review, the BP had not received comments regarding the SBP SBE system during the BP’s stakeholder consultation process in first phase of conultations.

Untill Scope change audit the BP had conducted aproactive consultation only to one certified forest habitat expert. The certified forest habitat expert has made positive comments an input to risk mitigation system. No comments were received from other stakeholders. Due shortcoming in engagement of affected stakeholders a minor NCR 02/20 raised.

Information on stakeholder consultation process is provided in the Supply Base Report section 6.1.

The stakeholder consultation process carried out by the CB shows that BP stakeholder consultation was sufficiently comprehensive and main stakeholders were involved. Consultation confirmed that the stakeholders have been notified and stakeholders do not have objections in relation to risk mitigation measures, proposed by the BP.

7.6 Preconditions

None.

8 Review of Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

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

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

Table 1. Final risk ratings of Indicators as determined BEFORE 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	Specified	Specified
2.1.2	Specified	Specified
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low

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

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

The organization has elaborated and is implementing mitigation measures of risks for non-certified feedstock including FSC Controlled Wood and PEFC Controlled Sources 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) according SBP-endorsed RRA for Latvia . The BP is also requiring suppliers to take necessary actions – risk mitigation measures to avoid supplying material of "specified risk".

Indicator 2.1.1 (HCVF category 3):

The BP is utilizing a two step approach in assessing risks of indicator 2.1.1.

In first step the BP is cheking the compartment status using 2 data bases: Nature Conservation Agency's database "Ozols" and data base tool '"Latbio" maintained by the Latvian Biomass Association. The data base checking is done before purchase or preparation of harvesting sites in case the cutting is performed in BPs forests or purchased wood on stamp. For external suppliers the requirements are included in mutual agreements and checked by BP before feedstock purchase and delivery.

The database "Ozols" contains information on existing HCVs, including habitats of EU importance and/or Woodland Key Habitats. Database covers information on HCVs in all forests, but is specifically focused on private forests due to risk designation in the SBP risk assessment. The database also contains the results of EU forest habitat inventory currently being undertaken in the private forests in Latvia. If the protected habitat inventory is not carried out in mentioned forest compartment the BP uses tool "Latbio". 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 BP has defined that harvesting sites in the SBE system still not covered by EU habitat inventory shall be screened using "LATbio" tool and as second step inspected and evaluated for presence of high conservation values according to WKH checklist in case the site is indicated as potential WKH (so called "red areas"). The inspection of potential WKH is performed by BP staff. The checklist has been elaborated by forest habitat experts in Latvia and are used by many SBP certified biomass producers and forest management companies.

See more details in findings in Appendix B (section 9.1 Mitigation measures).

Indicator 2.1.2 (HCVF category 1):

According to the SBP endorsed risk assessment for Latvia, HCVF category 1 risks are related to Bird Directive's Annex 1 species (forest birds) whose populations are decreasing in the country. Risk mitigation measures envisages protection of existing bird habitats and protecting the nesting sites. The feedstock shall not be sourced from areas where the bird nesting sites had been destroyed as a result of forestry activities or feedstock sourced without proper forest management activities to preserve nesting sites. The BP staff involved in sourcing of primary feedstock within the SBE had undergone a training course for identification high conservation values in forest ecosystems, recognize HCVs (woodland key habitats, forest habitats of EU importance) and recognize important bird habitats and nesting sites and how these shall be protected.

In sites where forest management is carried out by BP the cutting area is inspected prior to harvesting and evaluated for the presence of large nests and other biologicaly valuable structures. The findings are fixed in technological map and harvesting task together with all FMU documentation. The information registered in common Excel sheet containing information about all supplies. See sample in Exhibit 7. To ensure the protection of Bird Directive's Annex 1 species in cases the BP purchases the feedstock from external supplier the requirement is included in mutual agreement and the feeld inspection is required. Before purchase of

feedstock the BP checks also data base “Ozols” and uses information from Birdlife International homepage http://www.birdlife.org/datazone/country/latvia/ibas .

The indicator of large nests (>50 cm) is included also in WKH checklist (Exhibit 8). Interviews with BP staff as well as review of records show that the responsible staff is aware of the procedure. See more details in findings in Appendix B (section 9.1 Mitigation measures).

Indicator 2.1.2 (HCVF category 3):

Every source of primary feedstock shall be checked for presence of HCVF by verifying the “Ozols” database. In case the FMU/compartment is not included in the “Ozols” database, the BP screens the compartment using tool “Latbio”. If tool “Latbio” indicates potential WKH, the site is visited and evaluated with the help of the checklist as potential woodland key habitat or forest habitat of EU importance, it can not be sourced as SBP Compliant feedstock. According to the procedure, the BP in such situation shall inquiry for a certified forest habitat expert advice to evaluate the harvesting site for presence of WKH or forest habitat of EU importance and determine the status the logging site. In case the decision is negative, the site can be harvested and supplied to BP as SBP Compliant feedstock. Feedstock from area of identified HCVs – WKHs/EU habitats (i.e. if the information on HCVF is included in the database “Ozols” or confirmed by expert opinion) is not accepted by the BP.

Field inspections showed that responsible staff demonstrated knowledge on how to identify HCV areas by using HCV checklists. See more details in findings in Appendix B (section 9.1 Mitigation measures)

Indicator 2.1.2 (HCVF category 6):

The specified risk for this sub-indicator relates to large diameter noble tree species potentially originating from objects of cultural heritage value, for example, old manors, parks, tree alleys etc. The BP has implemented procurement policy specifying that noble tree species from non-forest land will not be sourced and in case it will be the diameter can´t exceed 70cm. The chipping machinery has also maximum dimeter restriction of this size. Field inspections showed that responsible staff demonstrated awareness of the requirement. Interviews with the responsible personnel as well as site tour through the storage area show that large sized noble tree species are not being put in the production processes and processed. See more details in findings in Appendix B (section 9.1 Mitigation measures)

Indicator 2.8.1:

Each supplier/contractor shall be checked for H&S compliance by the BP prior to accepting him as a supplier/contractor under the SBE system. The BP uses the dedicated H&S checklist elaborated by the BP in consultation with H&S experts. The checklist is filled in during the supplier audit, via interviews with the workers in the forest. Each supplier/contractor shall be checked before accepting it as a „low risk“ feedstock supplier.

Surveillance/monitoring of suppliers of SBP Compliance feedstock is carried out through sampling, but at least one surveillance audit per calendar year. The supplier audits are conducted by the BP itself using the H&S checklist. The process of supplier verification with regard to H&S compliance has been observed by the CB during the assessment audit. See more details in findings in Appendix B (section 9.1 Mitigation measures).

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-conformances

NC number 01/20	**NC Grading:** Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0) 3.3 The BP management system shall document all necessary procedures (15.3)
Description of Non-conformance and Related Evidence:	
The BP has established written procedures for SBP requirements. In particular the documented procedure “SBP sertifikācijas sistēmas apraksts.” (Description of SBP certification system). The procedure contains description of aims and objectives of the procedure, scope, reference to standards, division of responsibilities, general process description of supply of feedstock, production accounting as well as specific requirements of relevant SBP standards (Supply Base Report, SAR report, mechanism of Green House Gas data collection and calculation, use of SBP logo etc. See documented procedure in Exhibit 1. The procedure “SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process” covers the description of SBE system with respect to risk mitigation measures. The procedure review shows that the main principal components of SBP standard are covered. The procedure, however, contains a number of shortcomings of editorial nature. For example, the structure of the document is not uniform – the description of risk mitigation measures for indicators with specified risk is divided in different parts of the document (see chapters 3., 6.3.,6.4, 10, 11., 12); chapter 6.4. with title “Audits of risk mitigation measures and provisions” contain a scheme for risk mitigation measures for HCV3 category only; the content of p.4.3.14 under p.4.3 “Competence of personel” does not correspond to content of the chapter; content of chapter 9 does not correspond to the title. Since principal components of SBP standard requirements are covered in the procedure and the personnel is aware of standard requirements a minor NCR 01/20 raised.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 02/20	**NC Grading:** Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), Instruction Note 2B, p. 1.1 The BP shall proactively and transparently engage affected stakeholders in its SBE planning and monitoring processes, proportionate to the scale, intensity and risk of management activities. It shall engage interested stakeholders on request. Report: Annex B, p. 7.4
Description of Non-conformance and Related Evidence:	
The Biomass Producer had conducted the stakeholder consultation as per requirements of SBP standard 2 and instruction note 2B. According to interview with responsible person and as can be concluded from stakeholder consultation records, the BP had sent out the draft of SBR and a call for comments to various stakeholders on April 30, 2020. The BP had not received response from stakeholders. According to interviews and records the BP has contacted only one forest habitat expert who has evaluated and expressed opinion about risk mitigation measures. The SBR clearly states that more experts shall be contacted and thus It can be concluded that that the organization had not proactively engaged affected stakeholders in its SBE planning process. Given the importance of engagement with stakeholders in transparent and proactive way in elaborating the SBE system, auditors decided to raise a minor non-conformance NCR 02/20.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

NC number 03/20	**NC Grading:** Minor
Standard & Requirement:	SBP Standard 2 (ver. 1.0), Instruction Note 2C, 4.1. The report shall be concise, covering the most important features, and shall be completed using the latest versions of the SBR Template for Biomass Producers downloaded from the SBP website. (2C, 4.1)
Description of Non-conformance and Related Evidence:	
The Supply Base Report is prepared using the latest available template of the document. During review of SBR the auditors found some deficiencies in report. For example, the Chapter 2.3.Final harvest sampling programme doesn't contain justified explanation about feedstock volumes used from final felling; although the SVP is not binding to BP the Chapter 4.4 Results of Supplier Verification Programme refers to it; similar in second sentence of Chapter 5 is reference to SVP results; information about stakeholder consultations are not updated according to situation during Scope change audit etc. Due above mentioned shortcomings in SBR a minor NCR 03/20 raised.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date

Evidence Provided by Company to close NC:	*Click or tap here to enter description provided by Company to close the NC.*
Findings for Evaluation of Evidence:	*Click or tap here to enter findings for evaluation of evidence by the auditor.*
NC Status:	Open

10.2 Closed Non-conformances

None.

10.3 Observations

OBS number: OBS 01/20	
Standard & Requirement:	SBP Standard 2 (ver. 1.0), p. 15.4. 15.4 The management system shall identify the personnel responsible for implementing systems and procedures.
Description of findings leading to observation:	The staff responsibilities within the SBP system are described in documented SBP procedures (SBP general procedure “SBP sertifikācijas sistēmas apraksts” clause 5). Interviews with BP’s staff show responsible staff is familiar with its responsibilities within SBPsystem. The following key staff members are involved to SBP certification: SBP related staff responsibilities are presented in Section 5. “Responsibilities..” of the SBP Procedure. Generally, very few staff members are involved into SBP certification: SBP responsible/ Board Member supported by the invironmentas specialist (maintaining of the management system, staff training, complain, trademark use and all SBP reporting), wood receptionist (wood reception and recordkeeping), accountant and department manager (recordkeeping, sales documents). During the audit it was identified that there are no responsibilities devided by the board member and environmental specialist in the management procedure of the Organisation. It was explained that these are responsibilities of the board members, however the tasks will be supported by the environmental specialist, however it is not obvious from the procedures. See OBS 01/20.
Observation	For each task clear responsibility shall be recorded:

OBS number: OBS 02/20	
Standard & Requirement:	SBP Standard 2 (ver. 1.0), p. 16.3. SBP Standard 2 (ver. 1.0)

	16.3 The BP shall implement a plan to monitor the effectiveness of the mitigation measures, at least annually. (16.3)
Description of findings leading to observation:	According to the documented procedures and as from interviews to responsible staff, the BP is going to summarizing the results of supplier monitoring/surveillance audits and presenting to management once in year for management review and evaluation of the effectiveness of the risk mitigation measures. Based on information on evaluation of risk mitigation measures, the management of the organization then takes a decision whether any actions need to be taken to improve the SBP SBE system and implement changes in risk mitigation measures. The BP does not have a specific plan where the criteria and actions with regard to monitoring of effectiveness have been defined, apart from field evaluation checklist table that has been presented to auditors during the assessment audit. An observation OBS 02/20 is raised.
Observation	The BP shall develop and implement a plan to monitor the effectiveness of the mitigation measures.

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:	28/Aug/2020
Other comments:	N/A