



NEPCon Evaluation of Kurzemes granulas 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:	08/Oct/2020
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Name of the Company:	Kurzemes granulas SIA, office and production address: SIA Kurzemes granulas, Kustes dambis 22, Ventspils, LV-3601, Latvia
Company contact for SBP:	Viesturs Grīnbergs, info@granulas.lv, +371-63662086
Certified Supply Base:	sourcing from Republic Latvia, Lithuania, Sweden, Norway
SBP Certificate Code:	SBP-01-01
Date of certificate issue:	22/Jan/2021
Date of certificate expiry:	21/Jan/2026

This report relates to the Re-assessment

2 Scope of the evaluation and SBP certificate

SBP certificate scope: Production of wood pellets, for use in energy production, at Kurzemes Granulas and transportation to Ventspils harbour. The scope of the certificate does not include Supply Base Evaluation. The certificate scope covers Dynamic Batch.

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 Laucienes pag, Laidzes nov., Latvia. The designed production capacity of pellet plant is 70 000 tones.

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

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

Feedstock is bought from Latvian legal entities. Most of the raw materials are secondary and tertiary material from feedstock originating from Latvia and smaller part from Lithuania, Norway and Sweden. All feedstock is delivered with FSC / PEFC certification, FSC/ PEFC Controlled Wood claim or controlled within PEFC Controlled Source system.

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 within FSC/ PEFC systems 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. After this pellets are loaded into the ship and sent to the customer on FOB Ventspils incoterm conditions.

5.2 Description of Company's Supply Base

The BP is sourcing primary, secondary and tertiary feedstock for biomass production. Feedstock is received from Latvian logging companies and sawmills as logs or by-products (sawmill residues). Small part of the same type of raw material indirectly comes from Lithuania, Sweden, and Norway.

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

Latvia:

In Latvia, forests cover area of 3 036 475 hectares. According to the data of the State Forest Service (concerning the surveyed area allocated to management activities regulated by the Forest Law), forest Land amounts to 51.8 % (ratio of the 3 350 684 hectares covered by forest to the entire territory of the country). The Latvian State owns 1 495 616 ha of forest (48.97% of the total forest area), while the other 1 560 961 ha (51.68 % of the total forest area) belong to other owners. Private forest owners in Latvia amount to approximately 135 thousand.

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture.

Wood production in the last decade in Latvia varies from 9 to 13 million cubic meters
State forest service: vmd.gov.lv, 2019.

Forest land consists of: forests: 3 036475ha (91.3%); marshes: 168424,67ha (5.3%); clearings: 35,446,7ha (1.1%); flooded territories: 18,453.2ha (0.5%); infrastructure facilities: 61,813.4ha (1.8%).

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.

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. In Latvia, more than 300 FSC supply chain certificates have been issued to more than 550 companies. Most of the largest forest industry companies have FSC certification. Both these systems are operating in Latvia

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>).

Sweden

According to the latest forest inventory “Riksskogstakseringen” 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.

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 “Riksskogstakseringen” 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 the BP receives from Sweden.

Norway

In total 37% of Norway's land area, or about 12.2 million ha is covered by forests or wooded land. Around 50% is considered productive area. This value is also applied as SB. Roughly 25 thousand people (of a total population of 5 million) are employed in the forest-based value chain.

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. Almost all Norwegian forests are part of a certification scheme. PEFC certification covers 7 380 750 ha (2017), whereof 6% has a double certification FSC/PEFC (Statement PEFC, 2018).

There are no species from CITES lists fauna sourced from Norway

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 34.83 million. ha

Tenure by type (ha): 26.86 million ha private owned, 7,97 million ha public ,

Forest by type (ha): 10.45 million ha boreal ; 24.38 million ha temperate

Forest by management type (ha): 34.83.3 million ha managed natural,

Certified forest by scheme (ha): 12.04 million ha FSC ; 20.87 million ha PEFC
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- 003452 and TT-CW- 003452. In addition to this the Organisation holds valid single Chain of Custody PEFC certificate. Certificate number NC-PEFC/COC-023501.

Pellets are produced from primary (low grade roundwood), secondary feedstock: (wood industry residues: sawdust, wood chips) and tertiary feedstock (dry sawdust and shavings) or mixture of these two feedstock.

The same types of feedstock are used into the biomass drier as well.

The most of the raw materials are secondary and tertiary material from feedstock originating from Latvia, smaller part originates from Lithuania, Norway and Sweden. All feedstock is delivered with FSC and/or PEFC claims or controlled within the PEFC controlled system. No uncontrolled material is received by the BP.

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. In case of the FSC and / or SBP sales, the volume of sold pellets is withdrawn from FSC or PEFC credit account.

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

6 Evaluation process

6.1 Timing of evaluation activities

Onsite evaluation was conducted on August 10-11, 2020 (12,5 x 2 auditors), September 15, 2020, review of the evidences provided after the main part of the audit, making additional staff interviews.

In total appr 3 mandays 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	Kurzemes Granulas SIA office	ELI, OP	10.08.2020 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.	Kurzemes Granulas SIA Office	OP, ELI	10.30-12.30
Storage place in port of Ventspils visit	Port of Ventspils	OP, ELI	13.30-14.30
Production site visit , production staff interview. Review of the documents and evidences related to implementation of the SBP standard 5 and instruction document 5E Sales and client communication, credit account, DTS, SAR	Kurzemes Granulas SIA Production and office	OP, ELI	11.08.2020 13.30-17.00
Supplier ZS Vilki visit	ZS Vilkiproduction site	OP, ELI	17.00-17.30
Staff interviews, document verification, SAR	Kurzemes granulas office	OP, ELI	11.08.2020 09.00-10.00 11.30-13.00

Supplier SIA Odumi and SIA Tameda visit	SIA Odumi/ SIA Tameda production site	OP, ELI	10.00-11.30
Supplier SIA Ventkoksne visit	SIA Ventkoknse office	OP, ELI	13.00-14.00
Closing meeting	Kurzemes Granulas SIA Office	OP, ELI	14.00-14.30
Reviewing additional evidences provided for NCRs 01/21 and 02/21, additional staff interview	Kurzemes Granulas SIA office and reception evaluated through the remote evaluation	OP	15.09.2020 13.00-14.00

6.2 Description of evaluation activities

Main attention during the evaluation was focused on practical implementation of 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 and PEFC CoC/ CW system of the organisation, including SBP Procedures, GHG data calculations/ SAR 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 Kurzemes Granulas SIA office in Ventspils. Audit started with an opening meeting attended by the management team of the biomass producer. 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.

Storage place in port of Ventspils was attended as a part of the evaluation. During the visit recordkeeping system H&S issues and CCP in harbour was evaluated.

4 secondary feedstock supplier audits were conducted as a part of the evaluation. Number of the audits has been calculated based on the equation 0.8 times the square root from the number of suppliers. Total number of suppliers is 23.

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.

Additional document evaluation and staff interview was conducted at September 15, 2020. NCRs 01/21 and 02/21 were closed based on evidences received after the main part of the audit. Summary of results was provided to the BP in writing.

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>

<p>Oļesja Puišo (OP), Rīga, Latvia Lead Auditor evaluation against standards 2</p>	<p>Audit team leader. Olesja has passed CoC/ FM lead auditor training, PEFC CoC, ISO 140001, SAN and Legal Source training courses. Previous experience in woodworking industry as well as many years of experience within CoC auditing. She has passed the SBP lead auditor training and has participated on several SBP assessments.</p>
<p>Eriks Lidemanis Lead Auditor evaluation against standard 4,5</p>	<p>Audit team leader. Joined NEPCon in 2017. Holds bachelor’s degree from Latvia University of Agriculture Forest Faculty (forest management). Previous work experience in wood processing industry and roundwood measurement. Ēriks has passed the NEPCon lead assessor training course in FSC Chain of Custody and FSC FM operations and obtained the FSC CoC/FM auditor qualification. And has participated in FM audits in Latvia,Lithuania and Russia. Successfully obtained SBP auditor qualification in 2019 and participated in SBP audits in Latvia</p>

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on July 8, 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. No comments from the stakeholders have been received.

7 Results

7.1 Main strengths and weaknesses

Strengths: SBP system elements are implemented. Use of the FSC/ PEFC credit system. Small number of the management staff. Experienced and qualified staff.

Weaknesses: See in the NCR section of the report. Such production records like moisture measurements and daily fuel consumption is done in paper notebooks (this is a large amount of information that is manually recorded and it is hard to process this information further).

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; bio fuel for drying diesel for feedstock handling, shipping and for biomass transportation.

7.4 Competency of involved personnel

During the audit staff members involved into the SBP system management and implementation were identified, including Quality System Manager, CEO, Production manager, accountant, logistic manager . 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 re-assessment.

7.6 Preconditions

One precondition was identified and closed by the organization before completing of the re-assessment report.

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.

NC number 01/20 (41715)	NC Grading: Minor
Standard & Requirement:	<p>Standard #5: Instruction Document 5A: Energy and GHG Data v1.1 12.5 In all cases, the BP shall have to justify the methodology used to the auditor. In particular, where data are not available (such as for commissioning plant) estimates from design parameters will be used and justified. (5a, 4.5.5)</p> <p>This should be calculated by dividing the volume of roundwood supplied to the BP in the Reporting Period by the total volume of roundwood that was harvested in the same Reporting Period (in the calculation both volumes exclude wood harvested during thinning) from the Supply Base.</p> <p>Note: BPs are exempt from reporting on this requirement for roundwood sourced from production forests with harvest rotations of less than 40 years.</p> <p>Note: BPs producing only woodchips and not further processing them are exempt from this requirement</p>
Description of Non-conformance and Related Evidence:	
<p>During the annual audit the responsible person at BP provided the information on proportion of the annual roundwood harvest from forests taken as primary feedstock, however, there was no methodology available on how the volume/proportion of primary feedstock harvested in thinning works was calculated and the information on volume of roundwood harvested in thinning works justified.</p>	
Timeline for Conformance:	12 months from report finalization date
Evidence Provided by Company to close NC:	Data from main supplier
Findings for Evaluation of Evidence:	The BP has provided information from the main supplier SIA Kurekss (based on Kurekss own experience). Since the requirement is not valid the NCR is considered to be closed.
NC Status:	CLOSED

NC number 01/21	NC Grading: Minor
Standard & Requirement:	<p><i>Standard #4 Chain of Custody. P.5.1.2.</i></p> <p><i>2.1 The legal owner shall implement all aspects of the SBP approved CoC system requirements for the SBP feedstock or biomass. Where there is a conflict between the requirements in the SBP-approved CoC system requirements and those specified in the SBP standards, the SBP standards shall have precedence. (5.1.2)</i></p> <p><i>Note: SBP feedstock or biomass will not necessarily enter into the scope of the SBP Approved CoC system certification, but the SBP Approved CoC system CoC processes and requirements shall extend to the SBP feedstock or biomass.</i></p>
Description of Non-conformance and Related Evidence:	
<p>Organisation holds valid FSC CoC and PEFC COC certificates with FSC/ PEFC credit system implemented. Agreement is signed with every supplier prior to the feedstock delivery. All feedstock arriving without certification claims is controlled within PEFC Controlled Source system. During the audit it was identified that both receptionist and accountant are responsible for reception, acceptance and incoming document verification, however during the interview it was identified that none of them evaluate presence of the both certification elements: certificate number of supplier and certification claim. BP had explained that both persons was employed recently and training records for accountant was provided during the evaluation. Due to the reason that quality manager is making document evaluation on the sample basis and no violation was identified during the incoming invoice evaluation.</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:	Training records
Findings for Evaluation of Evidence:	<p>Additional staff training was provided to the BP staff in August 2020. Both receptionists and head accountant are trained. Knowledge was confirmed during the additional remote interview held by the CB. During the interview it was confirmed receptionist is verifying FSC/PEFC claim and accountant is making verification for both FSC/PEFC claim and FSC/PEFC certificate number in the delivery note.</p>
NC Status:	Closed

NC number 02/21	NC Grading: Minor
Standard & Requirement:	<p><i>Standard #4: Verification of SBP-compliant feedstock. P.5.3.1.</i></p> <p><i>All requirements of the relevant chain of custody control system specified in the SBP-approved CoC system shall be implemented to calculate outputs. (5.3.1)</i></p>
Description of Non-conformance and Related Evidence:	
<p>The BP is applying FSC credit system for output calculation. The conversion factor is calculated as per requirements of FSC CoC system. The conversion factor covers both feedstock used for production and into the drier. According to data of the BP, 11-12 % of all feedstock is used into the drier and is within typical values. The integrity of the credit account system was validated by comparing the feedstock</p>	

<p>sourcing documents with the respective information in the FSC/ PEFC credit account for the 2 month period. During the credit account evaluation it was identified that BP is applying recalculation into the absolute dry mass and back to pellet with 6.8% moisture . During the review of the calculation the mistake was identified, 1.09 multiplier for input volume was applied to woodchips (also chips from roundwood chipping) by mistake. Since the effect of the changes is not very big (composition of the impacted feedstock is 25% from total feedstock and the sufficient credit stock exist to keep positive balance after credit account is corrected, minor NCR 02/21 is issued.</p>	
<p>Timeline for Conformance:</p>	<p>By the next surveillance audit, but no later than 12 months from report finalisation date</p>
<p>Evidence Provided by Company to close NC:</p>	<p>PEFC credit account, FSC credit account</p>
<p>Findings for Evaluation of Evidence:</p>	<p>Updated FSC/PEFC account calculations were provided by the Organisation. No gaps had been identified during the review.</p>
<p>NC Status:</p>	<p>Closed</p>

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:	08/Oct/2020
Other comments:	N/A