Preferred by Nature Evaluation of NewFuels RSEZ SIA Compliance with the SBP Framework: Public Summary Report

Re-assessment

www.sbp-cert.org

The promise of good biomass

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

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Version 1.2: published 4 April 2018

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Table of Contents

1 Overview

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Certified Supply Base:	The Republic of Latvia and the Republic of Lithuania
SBP Certificate Code:	SBP-01-16
Date of certificate issue:	05/May/2021
Date of certificate expiry:	04/May/2026

This report relates to the Re-assessment

2 Scope of the evaluation and SBP certificate

The certificate scope covers production of industrial grade wood pellets for use in energy generation. The certificate covers wood pellet production facility and office in Rezekne, sales office in Riga and transporting biomass (pellets) to Riga, Liepaja, Ventspils and Klaipeda seaports. The biomass producer's supply base includes the following countries: the Republic of Latvia and the Republic of Lithuania. The scope of the certificate includes Supply Base Evaluation for primary and secondary feedstock originating from Latvia only.

3 Specific objective

The specific objective of this evaluation (reassessment audit) 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 reassessment audit covered:

- Review of the BP's management procedures;
- Review of the production processes,
- 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 and review of the applicable reports;
- Review of the BP's management procedures, including requirements designated in SBP standard SBP Standard #1 V1.0; SBP Standard #2 V1.0:
- Review of the updated Supply Base Report;
- Evaluation of mitigation measures implemented for both primary and secondary feedstocks, including inspections of suppliers of primary (at FMU level);
- Review of the records, calculations and conversion coefficients;
- Assess compliance against SBP Standard #5 V1.0 and accompanying Instruction Document 5E.
-
- Review of the reports and records.

4 SBP Standards utilised

4.1 SBP Standards utilised

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

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

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

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

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

4.2 SBP-endorsed Regional Risk Assessment

SBP has approved and endorsed the Regional Risk Assessment for Latvia in September, 2017. The BP has since then been using the SBP endorsed version of RRA. The designated risks in both organization's risk assessment and the SBP endorsed RRA do not differ. Both organization's RRA and SBP endorsed RRA specifies the same "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. For more details see Section 8 Review of Biomass Producer's Risk Assessments.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

SIA New Fuels RSEZ is a biomass producer with production site and office located in Rēzekne town, Latvia and sales office in Riga. SIA New Fuels RSEZ is manufacturing industrial quality wood pellets. The production capacity of the mill after recent reconstruction has reached 250 000 tons of wood pellets per year. Storage sites in harbours and other places are not included into the scope of the verification as the pellets in the storage are not in the ownership of the BP.

The BP is sourcing primary and secondary feedstock for its pellet production. Pellets are produced from primary feedstock (fire logs – both conifer and deciduous), and secondary feedstock: (wood processing industry residues: wet sawdust and wood chips).
Own bark, forest and low-quality production residuals are used in the biomass drier. In addition to this, BP is using heat produced by the CPH owned by other legal entity situated in the same area.
Both primary and secondary feedstock is used for the biomass production. Feedstock is delivered by local suppliers. Feedstock is originating from the territory of the Republic of Latvia and the Republic of Lithuania. BP is prioritising suppliers and signing agreements with suppliers sourcing SBP compliant feedstock within the designated supply base.
All feedstock types are delivered to the pellet plant using road transport. Railway infrastructure is situated next to the production site. Pellets are transported to harbour by railway or trucks.
Incoming feedstock used in the production and in biomass drier is either FSC certified, FSC Controlled or controlled within the existing BP FSC Controlled wood verification program. FSC Controlled Wood verification program is applicable for feedstock originating from Latvia.
Origin information is available in the delivery documents for the primary feedstock. As for the secondary feedstock as well as feedstock used into the driers, origin information is available in the origin information agreements, signed with feedstock suppliers, and delivery documents and cutting licenses. As a part of the feedstock verification system BP is conducting supplier audits to secondary feedstock suppliers as well as suppliers delivering feedstock for use in the biomass drier.
The BP is implementing FSC credit system. The amount of biomass produced according to FSC credit system can be sold as SBP-compliant and/or SBP- controlled biomass.
After the production, pellets are stored in small BP production storage (silos) and after are transported to different storage facilities in harbours. Pellets are transported to Riga, Liepaja, Ventspils and Klaipeda harbours. Ownership rights to the biomass are transferred to buyer at the time railway carriages or trucks reaches storage site the above-mentioned harbours.

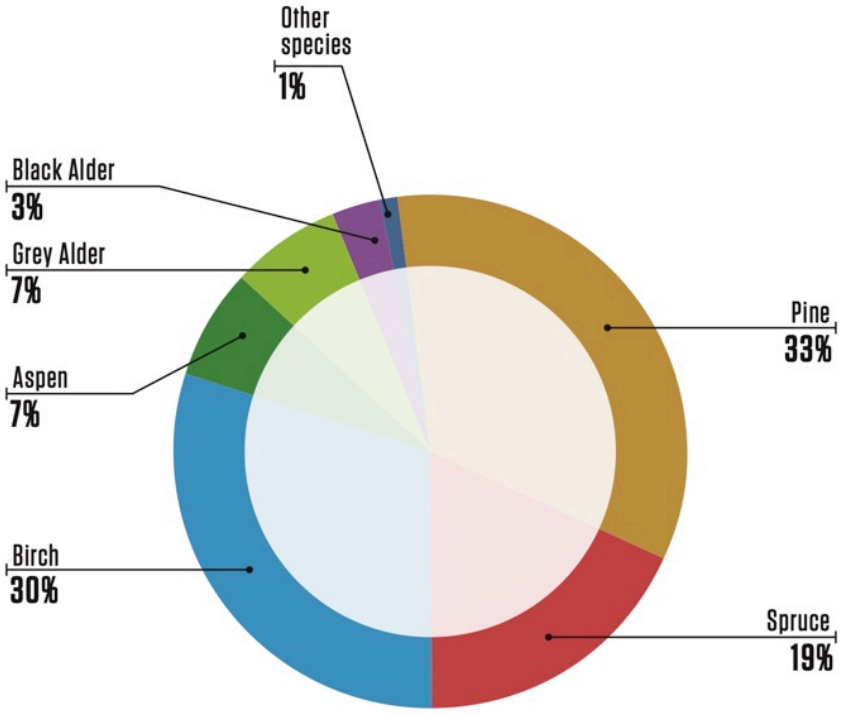
5.2 Description of Company's Supply Base

The BP is sourcing primary and secondary feedstock as a raw material for production of wood pellets. Feedstock originates from Latvia and Lithuania. The scope of Supply Base Evaluation covers primary and secondary feedstock originating from Latvia only. All feedstock is delivered by suppliers registered in Latvia and Lithuania and also the origin of sourced material shall be originating from both countries only.

Latvia:

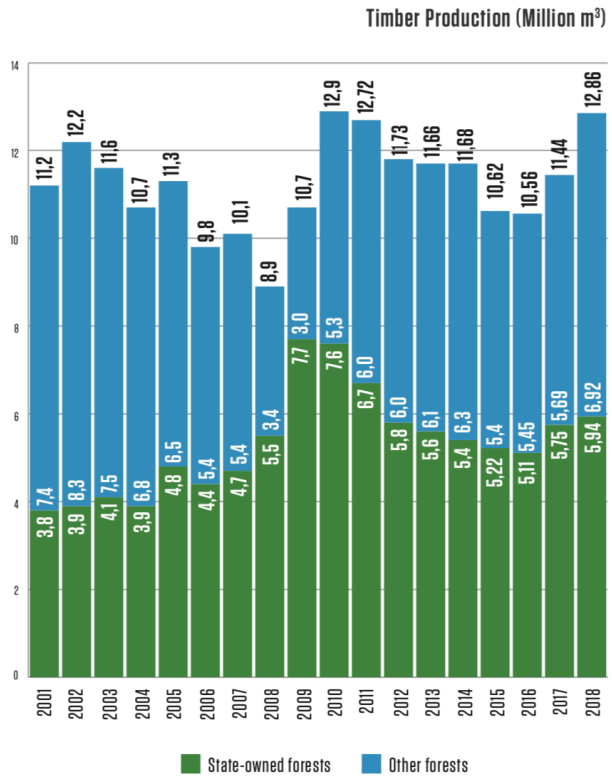
Latvia has the fourth highest forest cover among all EU countries. Forest land in Latvia take total area 3 597 000 hectares of land or 53% of the country's territory. The Latvian state owns around one-half of the country's forests, while most of the rest of the forest belongs to approximately 135,000 private owners. The amount of forestland, moreover, is constantly expanding, both naturally and thanks to afforestation of infertile land and other land that is not used for agriculture. (https://www.zm.gov.lv/20.)

Forest Area by Dominant Species. Whole country, 2020



State Forest Service data in Latvian Forest Sector in Facts & Figures 2020, published by the Ministry of Agriculture:https://www.zm.gov.lv/20).)

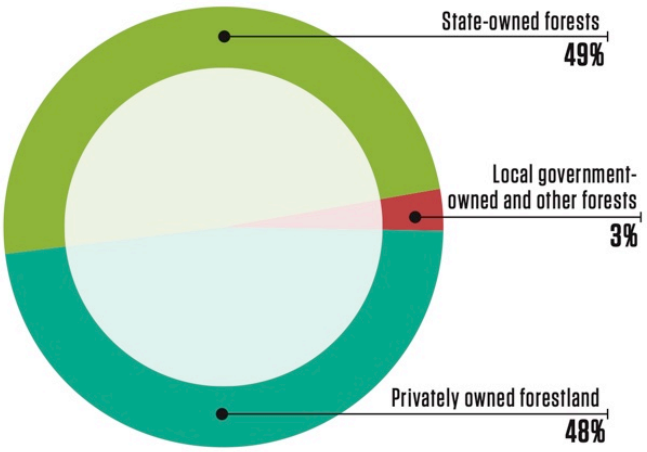
An average of approximately 11 million m^3 of timber have been harvested each year in Latvia's forests during the past decade. That is less than the annual increment, and so forestry in Latvia can be described as sustainable.



State Forest Service data in Latvian Forest Sector in Facts & Figures 2020, published by the Ministry of Agriculture: (https://www.zm.gov.lv/20.

Ownership

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. Forest ownership by status, 2020 (State Forest Service).



https://www.zm.gov.lv/20

Management practices

The forest sector in Latvia is under the supervision of the Ministry of Agriculture. It works with stakeholders to draft forest policies, development strategies for the sector, as well as regulations on forest management, the use of forest resources, environment protection and hunting. www.zm.gov.lv. The State Forest Service, under the Ministry of Agriculture, is the responsible agency for supervising how the provisions of the laws and regulations are observed in forest management irrespective of the ownership type. www.vmd.gov.lv. State-owned forests are managed by Stock Company “Latvian State Forests”, which was established in 1999. It implements the state’s interests in terms of preserving and increasing the value of the forest and enhancing the contributions of the forest to the national economy.

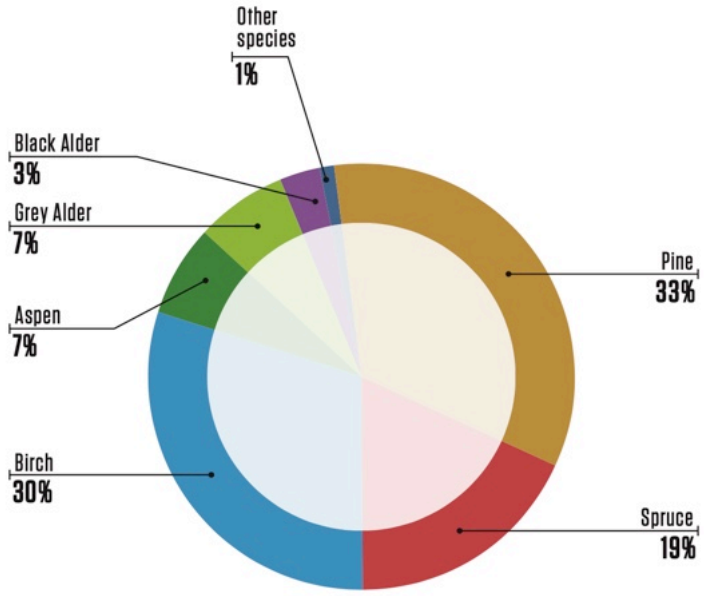
Limitations on economic activity apply to 28,2% of Latvia’s forests at this time, and most of this territory is owned by the state. 683 especially protected environmental territories have been set aside to protect nature. Many are included in the unified and pan-European NATURA 2000 network of protected territories.

There are various restrictions on economic activity in the specially protected areas, ranging from a complete ban on forestry throughout the calendar year to a ban on tree felling in certain months of the year or on specific conditions for felling. Overall, in around 13.5% of Latvia’s forests there are some form of forest management restrictions in place, in 3.4% of these areas all forest management activities are prohibited.

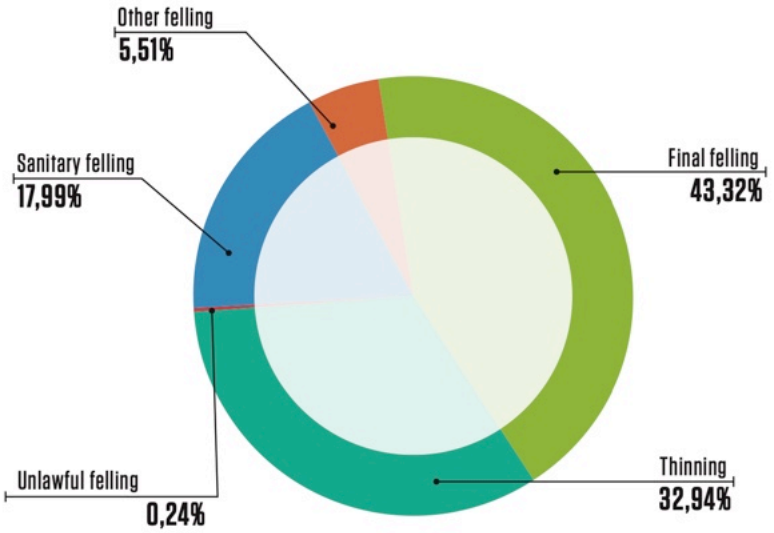
Due to the dramatic increase in forest cover in the last 100 years, the current proportion of old-growth forests in Latvia is low and as such, a major challenge of forest conservation in Latvia is to ensure that such old-growth forests and features are protected and allowed to develop. www.lvm.lv

According to the State Forest Service data, the total growing stock volume was 682 million m3 in 2020. Latvian forest land consists of: forests 3292 tha/ha (91,5%), marshes 125 tha/ha (3,5%); glades 30 tha/ha (0,8%), flooded areas 42 tha/ha (1,2%), objects of infrastructure 97tha/ha (2,7%), other forest land 11 tha/ha (0,3%).

Forest Area by Dominant Species. Whole country, 2020 (https://www.zm.gov.lv/2020.)



Timber production by types of cuts, by volume produced (https://www.zm.gov.lv/):



The field of forestry

In Latvia, the field of forestry is supervised by the Ministry of Agriculture, which in cooperation with stakeholders of the sphere develops forest policy, development strategy of the field, as well as drafts of legislative acts concerning forest management, use of forest resources, nature protection and hunting (www.zm.gov.lv). Implementation of requirements of the national law and regulations notwithstanding the type of tenure is carried out by the State Forest Service under the Ministry of Agriculture (State Forest Services: www.vmd.gov.lv). Management of the state-owned forests is performed by the Joint Stock Company "Latvia's State Forests", 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 (www.lvm.lv).

Socio-Economic setting

According to the Latvian Ministry of Agriculture, the forest sector is one of the cornerstones of the national economy at this time. Forestry, wood processing and furniture manufacturing represented 5,1% of GDP in 2018, while exports amounted to EUR 2,645 billion – 21% of all exports. There is no parish in Latvia with no larger or smaller wood processing company. Often these are the most important employers in the surrounding area, thus being the main pillar of support for local economies and residents.

The forest industry has always been Latvia's export leader. About 71 % of forestry-sector output is exported. The foreign trade balance of the Latvian woodworking industry is positive, having reached EUR 1.7 billion in 2018. In 2018, the value of forest product exports was EUR 2.645 billion, 17 % higher than in 2017, while the value of forest products import was EUR 939 million. The main export destinations traditionally are the EU countries: the United Kingdom, Germany, and Sweden that together account for more than 40% of Latvia's wooden product exports.

Biological diversity

In historical terms, the intensive use of Latvia's forests for economic purposes began comparatively later than in many other European countries, and that has allowed us to preserve extensive biological diversity.

Limitations on economic activity apply to 28,2% of Latvia's forests at this time, and most of this territory is owned by the state. 683 especially protected environmental territories have been set aside to protect nature. Many are included in the unified and pan-European NATURA 2000 network of protected territories.

In order to protect highly endangered species and biotopes located without the designated protected areas, if a functional zone does not provide that, micro-reserves are established. In 2018, the State Forest Service has established and maintained 2417 micro-reserves in forest lands with a total area of 43.7 thousand. ha, of which 91% of micro-restricted areas are in state forests, 7% - in private forests and 2% - in municipal forests. Identification and protection planning of biologically valuable forest stands is carried out continuously.

Moreover, there are national laws in place designed for the preservation of biological diversity and general nature protection requirements must be followed during the forest management activities. These are binding to all forest managers. These requirements stipulate that selected old and large trees, dead wood, underwood trees and shrubs, land cover around wet micro-lowlands (terrain depressions) are to be preserved at felling, thus providing habitat for many organisms.

Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Latvia.

Forest and community

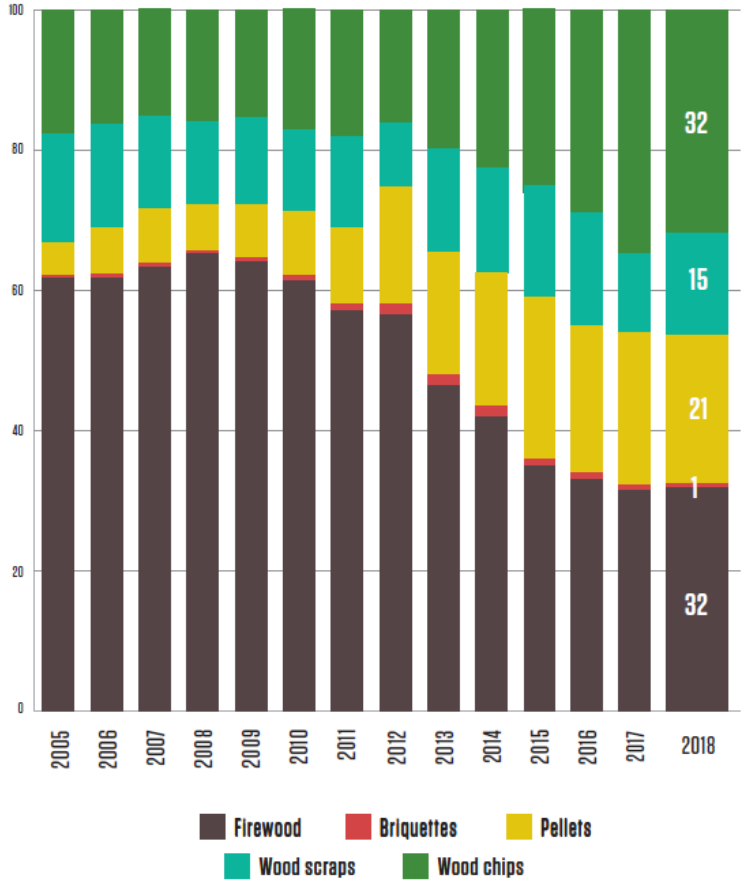
Areas where recreation is one of the main forest management objectives add up to 8 % of the total forest area or 272 960 ha (2019). Observation towers, educational trails, natural objects of culture history value, picnic venues: they are just a few of recreational infrastructure objects available to 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.

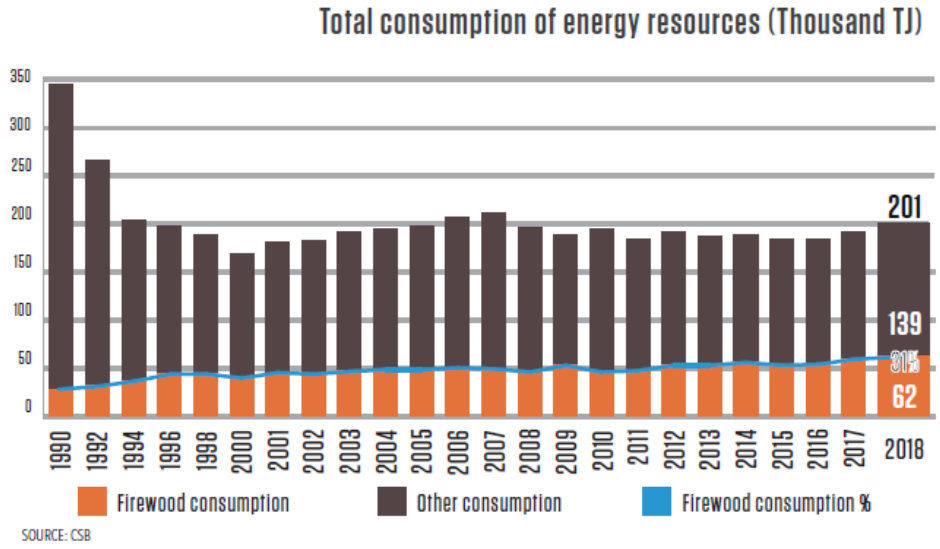
Forest Sector / Statical pages

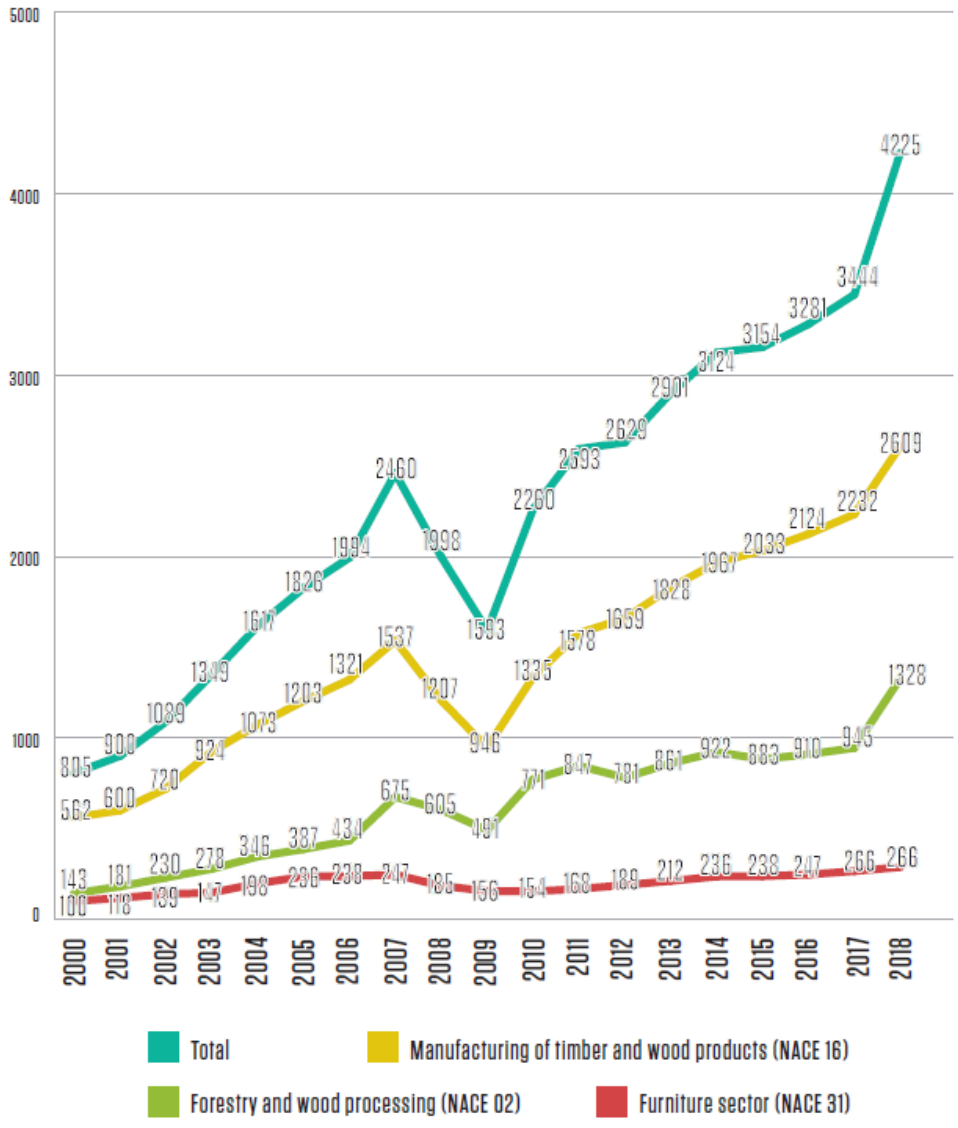
Forestry production

Area	Element	Item	Year	Unit	Value
Latvia	Production	Roundwood	2018	m3	12942170
Latvia	Production	Wood chips, particles and residues	2018	m3	4740200
Latvia	Production	Wood pellets and other agglomerates	2018	tonnes	1622000
Latvia	Production	Sawnwood	2018	m3	3775000
Latvia	Production	Wood-based panels	2018	m3	1363583
Latvia	Production	Fibreboard	2018	m3	0
Latvia	Production	Total fibre furnish	2018	tonnes	70000
Latvia	Production	Pulp for paper	2018	tonnes	0
Latvia	Production	Paper and paperboard	2018	tonnes	16000
Latvia	Production	Paper and paperboard, excluding newsprint	2018	tonnes	16000
Latvia	Production	Packaging paper and paperboard	2018	tonnes	16000
Source: *FAOSTAT - Forestry database*					

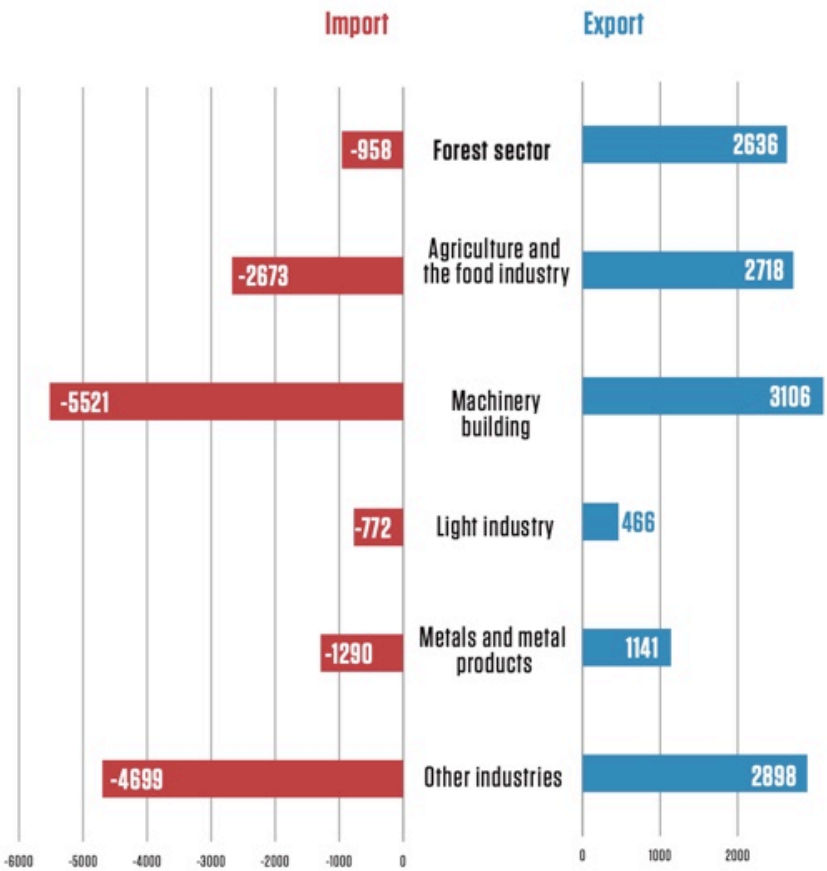
Types of energy-wood in total output (%)




Total consumption of energy resources (Thousand TJ)
350
300
250
200
150
100
50
0
201
139
62
1990
1992
1994
1996
1998
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
Firewood consumption
Other consumption
Firewood consumption %
SOURCE: CSB


Net turnover of Forest sector (Million EUR)
5000
4000
3000
2000
1000
0
4225
3444
3281
3154
3424
2901
2629
2593
2260
1998
2460
1994
1826
1617
1349
1089
900
805
2609
2232
2124
2033
1967
1828
1659
1578
1335
1207
1537
1321
1203
1043
924
720
600
562
1328
945
910
883
922
861
781
847
771
675
605
497
434
387
346
278
230
181
143
266
266
247
238
236
212
189
168
154
156
185
247
238
236
198
147
139
118
100
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
Total
Manufacturing of timber and wood products (NACE 16)
Forestry and wood processing (NACE 02)
Furniture sector (NACE 31)

Latvia's Import-Export Balance (Million EUR), 2018



Certification

All forest area of Latvijas Valsts Meži as well as some part of forests in private and other ownership are FSC or PEFC certified. More than a half of Latvian forest area is certified according to FSC (1,204 million ha) or PEFC (1,723 million ha) certification schemes.

Lithuania

Forest Cover

Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests - especially spruce and birch - often grow in mixed stands. According to 2017 forest statistics, the total forest land occupies 33,5 % of the country´s territory or 2,2 mill

The amount of merchantable roundwood pre- pared in Lithuanian forest increase by 3% to 7.2 million m3 in 2018.

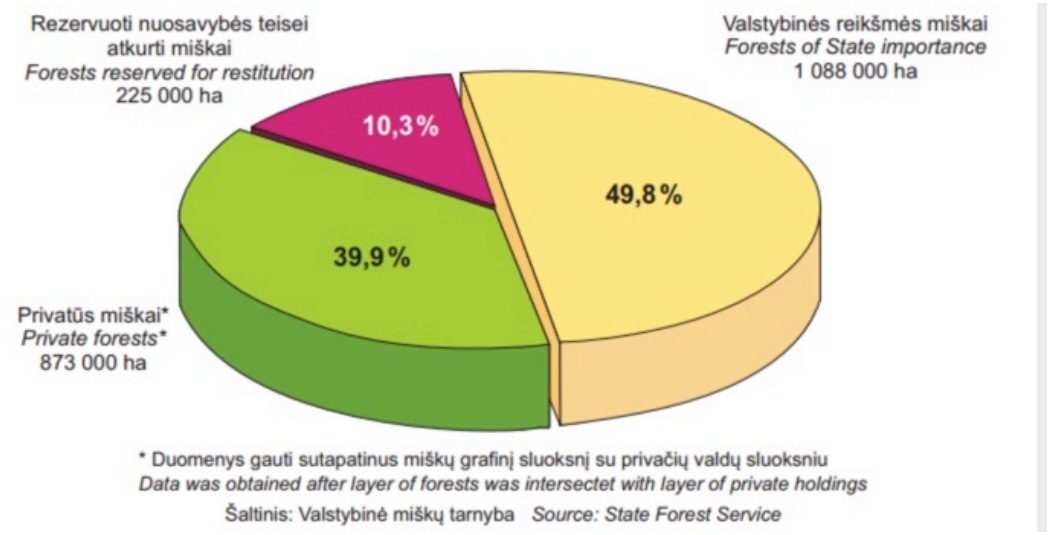
Felling rates in state forests slightly decreasing over the last few years. The amount of roundwood harvested in state forests totalled 3.5 million m3 in 2018. From this, 3.47 million were felled by enter- prise themselves or by contractors, while stumpage sales made up 0.05 million m3.

The volume from the final felling in State forests enterprise was 2.7 million m3. Part of roundwood (58,000 m3) prepared by selective salvage felling, due to changes in legal acts, were included in this quantity in 2018. The share of the final felling con- stituted 77% in the total harvest.

Amount of timber prepared in coniferous stands by final felling totalled 1,309,000 m3. The share of roundwood harvested in pine stands increased during 2018. The volume of roundwood prepared in pine stands amounted 682,000 m3 or 52% of vol- ume from coniferous stands. Volume of 627,000 m3 was prepared in spruce stands. In stands of oak and ash production of roundwood amounted respec- tively 11,300 m3 and 8,100 m3.

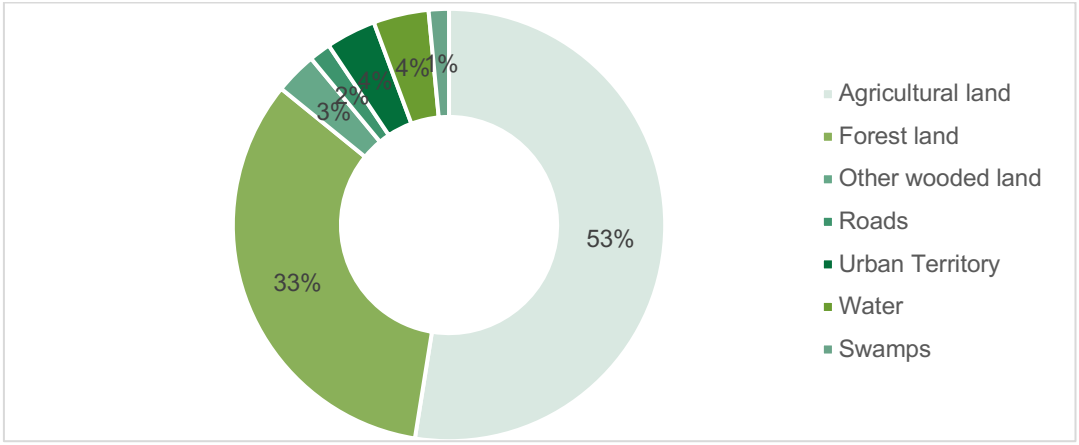
Deciduous trees biggest amount of round- wood (690,000 m3) was prepared in birch stands, 295,000 m3 – black alder, 312,000 m3 – aspen and 54,000 m3 – grey alder. Another 12,000 m3 of wood prepared in other tree species stands.

The volume from intermediate felling decreased to 0,82 million m3. The volume of wood (621,000 m3) prepared by commercial thinning remained in the level of 2017. Amount of timber harvested by thin- nings constituted 18% in the total harvest. Amount of selective sanitary felling decreased three times to 89,000 m3. Clear salvage felling in immature stands increased from 24,000 m3 to 25,000 m3. The felling rate in private forests increased from 3.3 million m3 to 3.7 million m3 (expert evaluation). Private forest owners received cutting permissions for 3.0 million m3. Half of this (1.4 million m3) was issued to cut in coniferous stands. The allowable cut in pine stands increased from 681,000 m3 in 2017 to 745,000 m3 in 2018. The allowable cut in spruce stands increased by 3% to 677,000 m3. Felling in birch stands increased by 13% to 794,000 m3. Contractors harvested 72% (73% in 2017) of timber produced in State Forest Enterprise (VMU). In the territories of fourteen from 42 former state forest enterprises contracted out 100% of harvesting works. Contractors hauled 66% of the prepared timber. It is relatively more if to compare with 2017 (62%).



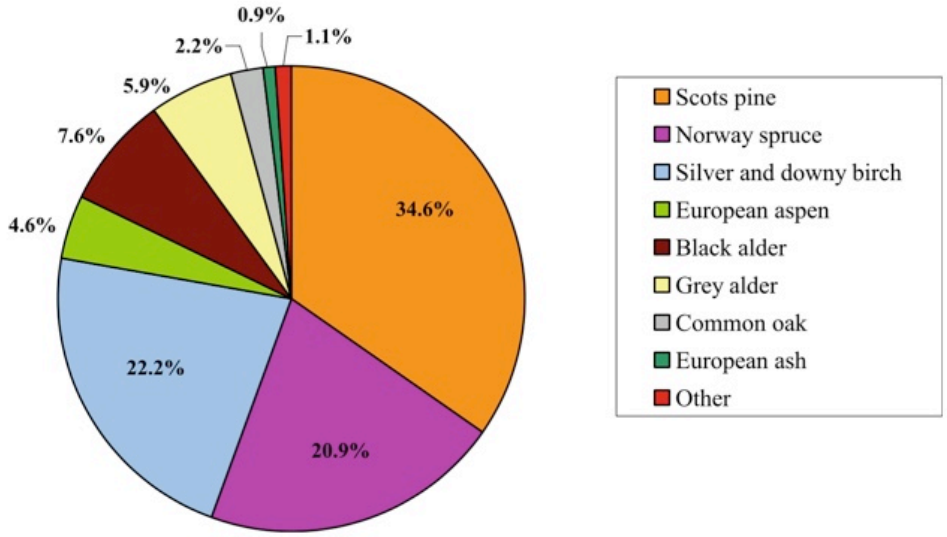
(Source http://www.amvmt.lt/)

LAND FUND REPUBLIC OF LITHUANIA BY LAND-USE CATEGORIES



(Saource http://www.amvmt.lt/)

Distribution of most common species:



(Source http://www.amvmt.lt/).

Ownership

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

Socio-Economic setting

The wood processing sector accounts for about 2.0 % of GDP, employing around 32,200 workers or 3.5 % of total employment. 2,257 companies were active in the sector at the beginning of 2016, 99.8 % of them were SME (small and medium sized enterprises). In 2015 production of the wood processing sector (at current prices excl. taxes) amounted to 973 mill EUR, which was a 10.4 % increase compared to 2014. Around 2/3 of production is exported to more than 90 countries around the world.

The most important export markets for the wood processing sector in 2015 were Germany, followed by Norway, Latvia and the United Kingdom. European Union countries accounted for almost 70 % of exports by the wood processing sector. Key products is Sawn timber; Prefabricated buildings; Practical boards and board of wood; Wooden windows and doors; Flooring panels and Exterior and interior planks.

Management

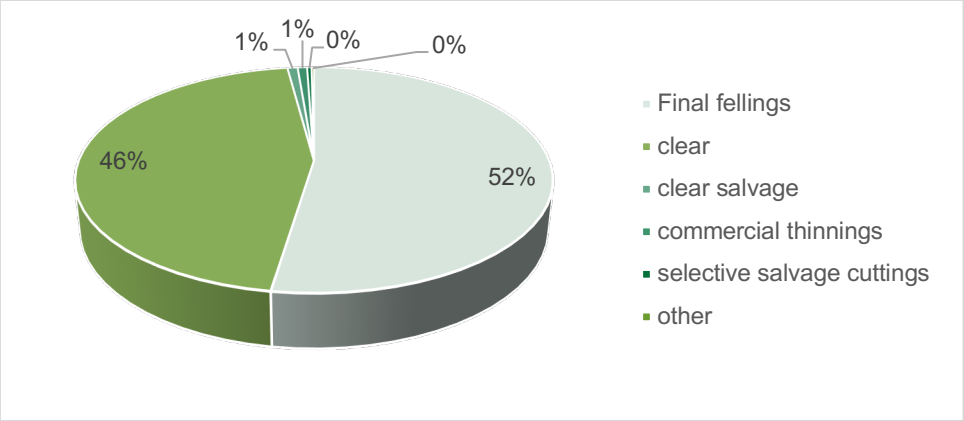
All Lithuanian forests are distributed into four functional groups. In the beginning of 2017, distribution of forests by functional groups was as follows: group I (strict nature reserves) – (1.1%); group II (ecosystems protection and recreational forests) (11.9%); group III (protective forests) (14.6%);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

VOLUME OF WOOD ALLOWED TO CUT BY CUTTING PERMISSIONS IN 2018
*ha / 1000 m3 (*source: http://www.fao.org)



(Source http://www.amvmt.lt/)

Certification

In Lithuania is operating FSC certification system. No PEFC forest managmet certification.
1, 258 milj/ ha are FSC certified.

Conservation: CITES or IUCN species

Species	CITES status	IUCN classification
Oak (*Quercus robur*)	Not on the list	Least concern (LC)
Oak (*Quercus petraea*)	Not on the list	Rare - status is rare because Lithuania is the edge of its growing range.
Other CITES / IUCN registrations	Accession 2001 https://cites.org/eng/cms/index.php/component/cp/country/LT Other CITES species are present but do not include softwood or deciduous trees which are threatened. Full list: http://checklist.cites.org/#/en/search/country_ids%5B%5D=154&cites_appendices%5B%5D=I&cites_appendices%5B%5D=II&cites_appendices%5B%5D=III&output_layout=alphabetical&level_of_listing=0&show_synonyms=1&show_author=1&show_english=1&show_spanish=1&show_french=1&scientific_name=&page=1&per_page=20	Common Ash (*Fraxinus excelsior*) – Near Threatened https://www.iucnredlist.org/species/203367/67807718 Full list https://www.iucnredlist.org/search?landRegions=LT&searchType=species

Forest Sector / Statical pages

Forestry production

Area	Element	Item	Year	Unit	Value
Lithuania	Production	Roundwood	2018	m3	6982000
Lithuania	Production	Wood chips, particles and residues	2018	m3	1934000
Lithuania	Production	Wood pellets and other agglomerates	2018	tonnes	510000
Lithuania	Production	Sawnwood	2018	m3	1280000
Lithuania	Production	Wood-based panels	2018	m3	856500
Lithuania	Production	Fibreboard	2018	m3	65800
Lithuania	Production	Total fibre furnish	2018	tonnes	207000
Lithuania	Production	Pulp for paper	2018	tonnes	0
Lithuania	Production	Paper and paperboard	2018	tonnes	156700
Lithuania	Production	Paper and paperboard, excluding newsprint	2018	tonnes	152000
Lithuania	Production	Packaging paper and paperboard	2018	tonnes	137200

Source: *FAOSTAT - Forestry database*

Output of sawmills decreased to 1.28 million m3 in 2018. Manufacture of paper and paperboard de- creased too. Output of this sector was 159,500 t. The particle board production from 748,00 m3 decreased to

737,000 m3. Production of fibre board decreased from 22.2 million m2 to 21.9 million m2. Production of plywood veneered panels and similar laminated wood increased by 5% and amounted to 50,700 m3. Production of veneer sheets amounted to 74,000 m3 and increased by 2%.

The total exports from Lithuania increased by 7% in 2018. A year ago, growth was 17%. Lithuania's main export markets were countries of the European Union. Share of member states was 59%.

The wood industry (including manufacture of furniture) exports increased to EUR 3,100 million or by 9% compared with 2017. Its share in the total export of Lithuania increased from 10.8% to 11.0%. The main Lithuanian wood and wood products export markets were Sweden, Germany, Unite Kingdom, Norway and Denmark.

The share of furniture in total wood industry export was 58%. The value of exported furniture increased by 10% to EUR 1.79 billion. The main markets for furniture remained the EU countries. The sales in Sweden market increased by 5% and amounted to EUR 318 million. Sales in Germany market grew up by 11% to EUR 203 million. The sales in UK market increased by 15% to EUR 169 million. The value of furniture delivered to Norway and Denmark in- creased by 14% and 10% to EUR 140 million and EUR 124 million respectively.

The paper, paperboard and their products were the second product by importance of sector export and its share in it reached 9%. The value of exported products increased by 8%. The main markets remained Poland, where 18% of this production was sold. Share of Russia was 15%, Latvia - 12% and Germany - 10%.

The portion of sawn wood in total wood industry export was 7%. The value of sawn wood increased by 21% compared with 2017. Exports amounted to 1,015,200 m3, i.e. 8% more than in 2017. Exports to Germany (139,000 m3) decreased by 13%. Extent of deliveries to UK increased by 51% to 98,000 m3. Exports to France reached 97,000 m3, Denmark - 67,000 m3 and Estonia - 62,000 m3. The volume of timber exports to these countries decreased by 19%, 6% and 5% respectively.

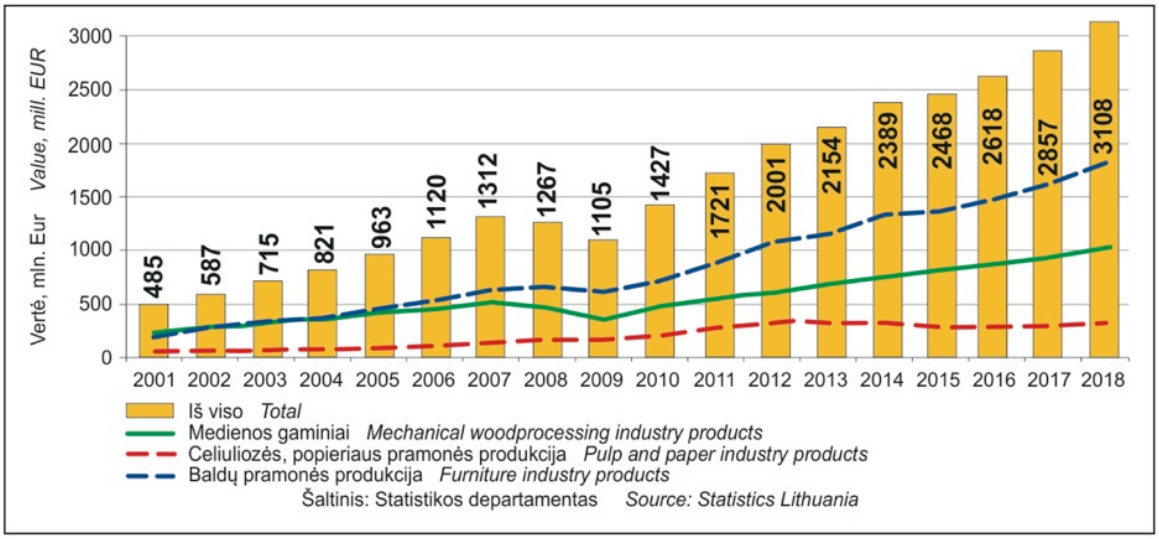
Total Lithuania's imports increased by 9% in 2018

(2017 - 15%). Imports of wood industry products in- creased by 12% and reached EUR 1431 million. The main import partners were Poland, Belarus, Latvia, Russia and Germany.

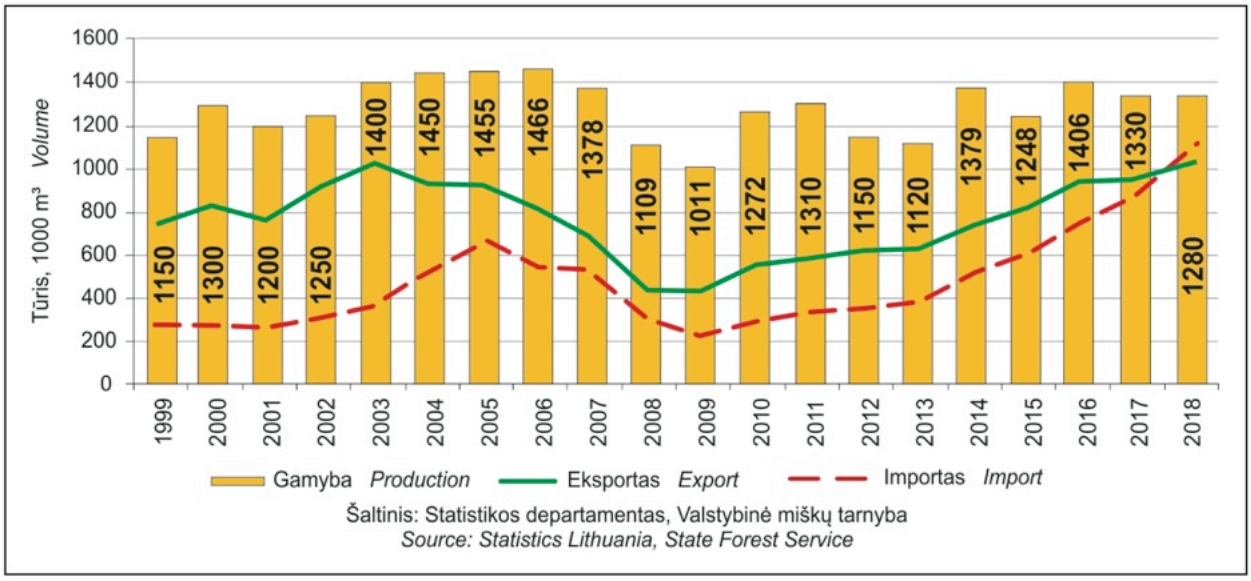
Paper, paperboard and their products were the main imported wood industry products. The share of them decreased from 32% to 31%. The value of these imported products increased by 9% comparing with 2017. The share of sawnwood in imports grew up to 15%. The value of imported sawn wood increased by 17%. The share of furniture in imports was 21%. The value of furniture imports increased by 9%.

The amount of imported sawn wood increased by 23% up to 1,082,000 m3. The biggest share of it was imported from Belarus. It amounted to 604,000 m3, i.e. increased by 56% comparing with 2017. Imports from Russia decreased by 17% and amounted to 173,000 m3. Imports from Latvia decreased by 19% and amounted to 138,000 m3. Deliveries of sawn wood from Ukraine decreased by 14% to 47,000 m3.

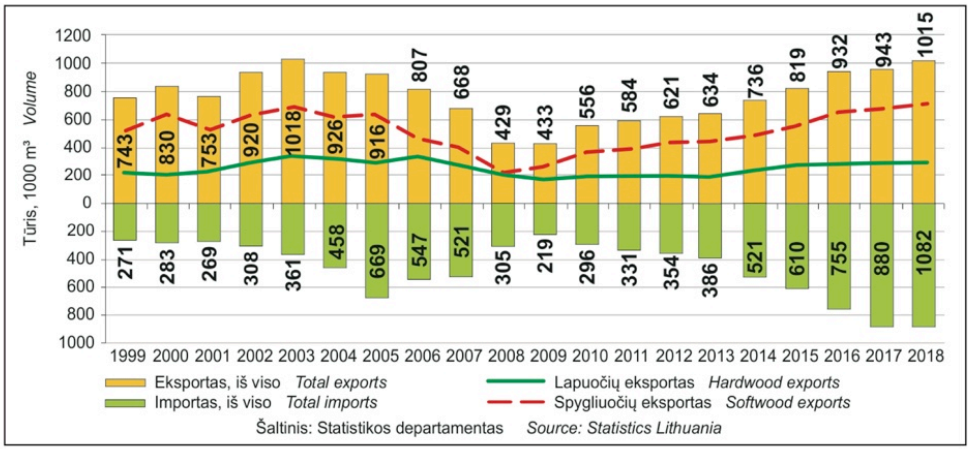
Exports of wood industry products, 2001-2018



Sawnwood production and Foreign trade, 1999-2018



Foreign trade of sawnwood, 1999-2018



Forest and wood processing sector's share of total national value added reached 4,5%, with forestry adding about 0,6%. The biggest share of the value added in the sector was generated by the furniture industry, some 2%. The number of companies in forestry, logging and the forest industry diminished while their average size increased in recent years.

The furniture and wood processing industries provide over 30% of the jobs available in the whole Lithuanian manufacturing industry. In recent times the furniture industry de- veloped mostly due to foreign investments.

In 2016 furniture exports from Lithuania amounted to EUR 1.486 million (6 percent in- crease in relation to 2015). Imports of furniture amounted to EUR 1.210 million (6 percent increase in relation to 2015).

Production of sawn wood was about 0.9 million cubic meters in 2014. Lithuanian furniture industry is 14th in World export charts and 8th in Europe.

Lithuania exports about 20 percent of its wood resources, but to a great extent the wood is unprocessed and this suppresses the sector's income possibilities. More value-added orientation would be beneficial for all parties in the wood industry. The growth in the furniture industry in Lithuania and solid potential for increasing processed sawn wood and wood products in Lithuania can be seen to provide opportunities for cooperation (source: http://www.amvmt.lt/).

5.3 Detailed description of Supply Base

Total Supply Base area (ha): 5,79 million ha, including Latvia 3,056 million ha and Lithuania - 2,18 million ha

Tenure by type (ha): Private and other forests 2,64 million ha, Local Governments 2,61 mil ha, Other 0,54 mil/ha.

Forest by type (ha): Hemi boreal area 5,79million ha.

Forest by management type (ha): Managed, partly natural forests 5,79 mil/ ha.

Certified forest by scheme (ha): FSC certified 2,462 milj/ ha and PEFC certified only Latvia 1,723 mil ha.

Quantitative and quantitative description of the Supply Base can be found in the Supply Base Report:

5.4 Chain of Custody system

The Organisation holds valid FSC Chain of Custody and FSC *Controlled* Wood certificate (NC-COC-025876/ NC-CW-025876) covering FSC certified (FSC Mix Credit) and FSC Controlled Wood raw material procurement and FSC certified pellet production. All FSC system procedures and other documents are in place. The organisation does not have PEFC Chain of Custody certificate. Besides this, PEFC procedures exist and PEFC material procurement is included in the scope.

The Organisation is implementing the FSC Credit System. FSC Credit System is used for materials received as FSC certified, FSC Controlled Wood and feedstock verified within the Organisation's own Controlled wood verification system. The Controlled Wood verification system of the organisation is covering Latvia and Lithuania.

Supplier list is maintained. After the reception, incoming feedstock is unloaded in specially designated places depending on the type of feedstock and the volume and the certification status is registered into the recordkeeping system.

The production technology of the BP implies that all primary feedstock is chipped and stored for longer time period with purpose to reach the same moisture level for all feedstock. FSC credit account is updated once in a month: data on received raw materials by FSC certification status and volume of sold pellets are recorded.

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

6 Evaluation process

6.1 Timing of evaluation activities

The main part of the reassessment audit had been conducted on 26th, 27th of January and 4th of February 2021 .

The reassessment audit has been conducted as partial remote audit as per SBP Covid-19 guidelines (COVID-19: Normative Requirements, 22 April 2020). The office audit has been conducted remotely via GoToMeeting and Skype meeting with responsible persons at the BP, but field work was conducted on-site.

Due to Covid-19 guidelines of distancing it has been decided to include in the field inspection only the primary feedstock suppliers and visit their cutting sites in forest but secondary feedstock suppliers verified by BP's conducted inspection protocols. The desk audit included staff interviews as well as supplier origin confirmation audits, including SBE with both primary and secondary feedstock. As part of reassessment audit a selective review of audits documentation to suppliers, including sub-suppliers and contractors took place.

6 auditor days in total were used for the evaluation, including 1 day for preparations, 2.5 days for the remote office audit part at the BP site, and 2 days for supplier audits at FMU level, document review and closing meeting 0,5 days. The total onsite time: 5 auditor days – for details, see table below.

Re-assessment audit time schedule

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Remote meeting, using GoToMeeting	GK, LS	26.01.2021 9.00-9.30
General evaluation of SBP (SBE) system. Procedure, document review. Interviews	Remote meeting, using GoToMeeting	GK, LS	26.01.2021 9.30-12.30
Interview with SBP responsible person, review of documentation, procedures. Compliance to SBP Standards #1 and #2. SBP Risk Assessment, implementation of mitigation measures.	Remote meeting, using GoToMeeting	GK, LS,	26.01.2021 13.00 - 17.00
Chain of custody review; material acceptance. Review of credit system, conversion factors, review and interviews in relation to questions regarding the Supply Base Report	Remote meeting, using GoToMeeting, Skype	LS	27.01.2021 9.00-12.30

Interviews in relation to questions regarding the SAR report. GHG calculation review collection and communication of energy and carbon data.	Remote meeting, using GoToMeeting	GK	27.01.2021 9.00-12.30
Evaluation of SBP (SBE) system – effectiveness, monitoring, supplier review, evaluation of suppliers and risk mitigation measures. Choosing of FMUs for field visits.	Remote meeting, using GoToMeeting	LS, GK	27.01.2021 13.00-17.00
Preliminary closing meeting	Remote meeting, using GoToMeeting	GK, LS	27.01.2020 17.00-17.30
Evaluation of supplier of primary feedstock: • Evaluation of primary feedstock risk mitigation measures	FMU audit: Inspection of 1 FMU: evaluation of Health and Safety risk mitigation measures: 1) FMU “Malēnieši“, Cad. No. 50600050008 (Jaungulbenes parish, Gulbenes municipality. Inspection of 3 FMUs: evaluation of HCV risk mitigation measures in completed logging sites – 3 FMUs: 1) FMU "Līdumnieki", cadaster Nr. 38500040079 (Bērzpils parish, Balvu municipality) , block 2, compartment 3; 2) 2) FMU "Miškudrava" cadaster Nr. 38820050144, Šķilbēnu parish, Viļakas municipality, block 1, compartment 4 3) 3) FMU "Siliņmalas", cadaster No. 38640110030, Lazdukalna parish, Rugāju municipality block 1 compartment 3 and 4.	LS	04.02.2021 8.30.00-15.00
Evaluation of supplier of primary feedstock: Evaluation of primary feedstock risk mitigation measures	evaluation of Health and Safety risk mitigation measures in ongoing logging sites, evaluation of HCV risk mitigation measures in completed logging sites: 4) FMU “Cepļi”, Cad. No. 78580050130, Ilzeskalna pagasts, Rēzeknes novads, compartment 3 (2.01 ha); evaluation of High Conservation Values risk mitigation measures in completed logging sites:	GK	04.02.2021 10.00-17.00

	5) FMU “Frēzijas”, cad. No. 76420080032, Aglonas pagasts, Aglonas novads, compartment 2. (1.28 ha); 6) FMU “Dimanti”, Cad. No. 60720080019, Kastuļinas pagasts, Aglonas novads, compartments 6 (1.13ha), 21 (0.32ha), 22 (0.22ha); 7) FMU “Ezeriņi”, Cad. No. 68920090001, Rundēnu pagasts, Ludzas novads, compartment 13 (0.8ha)		
Closing meeting	Remote meeting, using GoToMeeting	LS, GK	30.03.2020 9.00-13.00

Auditor team: GK – Ģirts Karss, LS - Liene Suveizda,

6.2 Description of evaluation activities

Description of the audit evaluation:

Re-assessment audit was carried out as partly desk and onsite audit. During the reassessment audit the SBP certification system and SBP SBE system for primary and secondary feedstock was evaluated as part of the scope of the existing SBP certificate. The other focus of the re-assessment audit is to verify if the SBP SBE risk mitigation measures are implemented properly according to requirements of SBP standards #1 and #2, SBP regional risk assessment and BP’s internal documented SBP procedures.

The initial sampling of the suppliers for field evaluations took place during the SBP audit, through communicating to responsible person for feedstock procurement.

All SBP related documentation connected to the SBP as well as FSC CoC/ CW system of the organisation, including SBP Procedures, GHG data calculations/ data sheet, Supply Base Reports and FSC system description have been provided by the BP and were reviewed during the desk verification during the audit. Also, the SAR document had been reviewed with the BP with responsible personnel and staff participating in the preparation of the SAR report.

Sampling process of primary and secondary feedstock supplier is described below.

The following considerations had been taken into account when planning and establishing sample and the sampling intensity for primary feedstock:

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 in the Supply Base Evaluation (SBE) from Latvia. So, FMUs from private owned forest land from Latvia shall be included in the sample. The BP is also sourcing secondary feedstock from Lithuania, but the BP is sourcing FSC certified feedstock only.

Type of the operations and activities:

The SBE covers sourcing of primary feedstock (low quality roundwood etc.), as well as secondary feedstock (wood industry residues from sawmills). Therefore, primary and secondary feedstock suppliers should 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. During the reassessment audit there was no planned harvesting sites planned that would be relevant for evaluation of risk mitigation field measures (i.e. using the HCV checklist), thus for evaluation of 2.1.1. and 2.1.2. sites were evaluated after harvesting, i.e. verifying how the organization had conducted the risk mitigation measures. The intensity of sample shall be determined from the BP's supplied data on implemented risk mitigation measures and potential high-risk sites which have been confirmed "low risk" by the BP upon implementing mitigation measures. The high-risk sites are selected by analysis of potential WKH characteristics using forest site inventory data.

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.

Decision of Preferred By Nature audit team on field visits sampling:

Taking into account considerations mentioned above, the following approach was chosen:

several completed logging sites to evaluate conformance with high conservation values identification and preservation (if applicable); and at least 1 ongoing harvest site to evaluate conformance with health and safety requirements.

The number of FMUs to visit in field evaluations were determined from the total number of "risk" FMUs the BP had sourced feedstock during the audit period. The risk FMUs are considered those determined as "possible HCV" in the Latbio database. The number of compartments for field visits was determined using the relationship: $0.6\times\sqrt{x}$, where x-number of risk compartments. The total number of compartments were considered, no subsets (forest lands/non-forest lands) were used. Review of risk mitigation records show the organization had sourced feedstock from ca 100 compartments which had been identified as "risk" with regard to preserving the High conservation values (SBP indicators 2.1.1 and 2.1.2). So, the nominal number of compartments for field visits was determined as following: $\sqrt{100}\times0.6 \sim 6$. All compartments fall in forest land.

It was also decided that whenever possible the inspections are conducted by BP staff and witnessed by Preferred By Nature audit team.

Risks of mixing are the highest for secondary feedstock suppliers, where the primary feedstock (roundwood) from FMUs included into BP's SBE may be mixed with the primary feedstock from other (unknown) sources. Risks of mixing for primary feedstock delivery are also possible, but BP mitigates them desk-based, requiring that supplier specifies the place of harvesting in delivery documentation.

Origin confirming and the low risk confirming for secondary feedstock suppliers. In order to evaluate compliance with mentioned aspects of SBP requirements visits to suppliers of secondary feedstock were planned. The secondary feedstock documentation for 6 sawmills were evaluated remotely due to COVID-19 restriction in country.

There are 24 active suppliers of “low risk” secondary feedstock – sawmills, considered as “sawmills” set for sampling purpose. This number was used as reference for determining the number of suppliers to be inspected during the re-assessment audit. 4 suppliers of secondary feedstock (sawdust) were chosen for field evaluations.

There are 4 suppliers of secondary feedstock, acting as traders which buy feedstock from other sawmills and sell to New Fuels. This is considered a “trader” set for sampling purposes.

As a result of sampling 4 suppliers of secondary feedstock, categorized as “sawmills” which are supplying “low risk” secondary feedstock was selected for inspection. 2 trader, including 1 its sub-supplier (sawmill from “sawmills” set) were selected for desk audit. Thus, in total 4 suppliers of secondary feedstock have been selected for supplier audits.

First day, 26th of January 2021

Audit began with an desk opening meeting attended by the responsible persons of the organization – Chairman of the Board, Pellet Plant Manager, procurement manager, responsible person for certification and Chief accountant. At the opening meeting lead auditor introduced the auditing team, provided information about the audit plan, methodology, auditor qualification, rules, confidentiality issues, and audit methodology and clarified verification scope. Auditor explained the aim and objectives of the audit, informed about the evaluation process, underlined the need to collect objective evidence through a combination of document review, site visits, interviews and discussions, explained the essence and importance of sampling aspect of the auditing. Explained differences in minor and major nonconformity reports (NCRs) and that NCRs are expected in the process designed to help the organization strengthen its procedures and processes. Discussed and confirmed the audit itinerary, based on audit plan that was provided to the organization prior to the assessment.

After the opening meeting, the responsible staff informed about general changes in SBP SBE system and production.

Auditors went through all applicable requirements of the SBP standards Nr. 1 and Nr. 2, and instruction documents covering SBE system regarding sourcing of both primary and secondary feedstock and the overall BP management system. During the process overall responsible person for SBP system and over responsible staff (responsible person – procurement manager, licensing specialist) having key responsibilities within the system were interviewed.

Documented procedures for primary and secondary feedstock supplies with the SBE system, contracts with suppliers containing requirements on health and safety as well as requirements on evaluation and protection of high conservation values have been evaluated and discussed with responsible staff at the company.

Second audit day, 27th of January, 2021

One auditor made review of chain of custody system; material acceptance and recording. Reviewed credit system, conversion factors. Later analysed documents of four “low risk” (“SBE NR”) secondary feedstock suppliers - sawmills supplying “SBE NR” secondary feedstock – chips and sawdust to BP. Auditors, reviewed documented procedures for secondary feedstock supplies within the SBE system, delivery notes, accounting system records, list of suppliers. Auditor also reviewed roundwood sourcing documentation and checked the risk mitigation measure records, interviewed responsible persons.

Review of SBR and interviews regarding the Supply Base Report.

The second auditor went through all applicable requirements of the SBP standard No., 5 and instruction document 5E covering input clarification, existing chain of custody and controlled wood systems, 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. Overall responsible person for SBP system and over responsible staff (plant manager, production manager,

accountant, assistant of the accountant, sales representative, procurement manager) having key responsibilities within the system were interviewed during the process.

Compliance to Standard 4 and Chain of Custody implementation was reviewed focusing on the Critical Control Points, in particular it was verified reception of the material and it's classification, identification of feedstock origin, production process with the conversion factors associated, mass balance, final product storage and sales

Further on the auditors evaluated the SBP (SBE) system – effectiveness, monitoring, supplier review, evaluation of suppliers and risk mitigation measures. Selection of FMUs for field visits.

At the end of day, the preliminary audit findings were summarised, and audit conclusion based on use of 3 angle evaluation method were provided to the responsible persons at the company – the procurement manager and the Licensing specialist.

Suppliers of primary and secondary feedstock (Indicator 2.8.1) have been selected for verification audit. As the BP ensures the risk mitigation measures for indicators 2.1.1. and 2.1.2, 6 FMUs for field inspections were selected/planned according to potential WKH characteristics using the forest site inventory data. To assess the risk mitigation measure for indicator 2.8.1 two chainsaw workers teams were chosen to visit. The number of FMUs for inspections were considered given the allocated level of effort for field inspections – 2 auditor days.

It has been decided to include 4 active (been supplying feedstock at the time of audit) suppliers of "low risk" secondary feedstock suppliers sawmills from Latvia for desk evaluations.

Third audit day, 4^{tht} February of 2021

Auditors split up in two teams. Both teams visited feedstock suppliers at FMU level by visiting completed logging sites. Both auditor teams visited 8 FMUs: 2 FMUs for evaluation of Health and Safety issues and 6 FMUs for evaluation of HCV risk mitigation measures in completed logging sites (see the list of visited FMUs above in Section 2.1 in the time table). Since there were no information on planned logging sites available at the time of audit, no planned logging sites were inspected.

The auditors carried out the field inspections at the FMU level in two groups. Auditors were evaluating how High Conservation Value risk mitigation measures were evaluated in 6 FMU where the primary feedstock was sourced by the BP and at the same time doing their own independent evaluation of the suppliers to verify the correctness of the mitigation measure. In 2 FMUs the auditors evaluated how the representatives of BP assess the compliance of Health and safety issues regarding indicator 2.8.1.

Additional document review was conducted after the first three onsite audit days to evaluate changes done by the BP in GHG data in the SAR and SBR document identified.

After FMU field visits a final closing meeting was conducted. Audit findings were summarised, and audit conclusions based on use of 3 angle evaluation method were provided to the responsible persons at the company – the procurement manager and the licencing specialist.

Auditor team composition:

Auditor(s), roles	Qualifications
Liene Suveizda, Lead auditor (Standards #1, #2 and #4)	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 Auditor (Standards #1, #2, and #5),	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 Supply Base Evaluation in scope in Latvia and other countries.

6.3 Process for consultation with stakeholders

The BP had carried out the stakeholder consultation process in December 2020 – January 2021. About 80 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 sent for comments the Supply Base Report to principal environmental non-governmental organizations, such as Latvian Society of Ornithologists, WWF affiliate in Latvia (Pasaules dabas fonds). Furthermore, the BP had conducted stakeholder meetings with principal stakeholders such as Nature Conservation Agency, Society of Ornithologists, State Labour Inspectorate and Culture Heritage Agency. For further details see the Supply Base Report, section 6.

The stakeholder consultation was carried out by the Certification Body on December, 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.

7 Results

7.1 Main strengths and weaknesses

Strengths: Use of the FSC credit system. Efficient recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members. SBE processes are well documented; main database for material balances is well maintained and all relevant information can be easily retrieved and reported. Primary and secondary feedstock suppliers and sub-suppliers had participated in biotope (HCV) identification training courses organised by respected Latvian experts and trained their suppliers.

Weaknesses: see section 10 Non-conformities and observations for details.

7.2 Rigour of Supply Base Evaluation

SIA New Fuels RSEZ is implementing the Supply Base Evaluation for primary and secondary feedstock (forest products) originating from Latvia and sourced without SBP-approved Forest Management Scheme claims, SBP-approved Forest Management partial claim, SBP-approved Chain-of-Custody (CoC) System claim. Risk mitigation measures are implemented for feedstock sourced from both forest land as well as non-forest land (arboriculture arisings such as overgrown agriculture lands, wood growing along the drainage systems, roads, railway lines).

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 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 reassessment 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 is implementing mitigation measures for individual SBP standard indicators that have “specified risk” status. Mitigation measures were designed in cooperation with external experts - acknowledged nature/forest habitat experts, and experts on health and safety issues.

7.3 Collection and Communication of Data

The BP is implementing a system to collect and record data on Greenhouse Gas emissions. The BP has made detailed overview of the systems and databases to collect and record all GHG data related to production of pellets. The data collection system and related evidence was reviewed by auditors.

The following primary sources of information are used by the BP: transport distance of the feedstock, distance of the biomass transportation to customer. Diesel consumption data on biomass handling and transport is based on actual refuelling data obtained from the suppliers of fuel and compiled by the responsible person. Transportation distances from pellet factories to harbours and pellet volumes are recorded in database. Data is collected from suppliers about the distances from where material is transported, all production data is recorded in BP production database, information about fossil fuels used is based on invoices and production logs.

Specific values of GHG data and details on data collection procedures, as well as information sources are recorded in the SAR document (SBP Audit Report (SAR) on Energy and Carbon Data for Pellets). GHG data provided in the SAR report have been reviewed by auditors, auditors considered it sufficient enough to fulfil the standard requirements.

7.4 Competency of involved personnel

The Supply Base Evaluation (SBE) system is implemented by existing company staff, that have undergone external training and is supervised by responsible person at the company – the procurement manager assisted by the Licensing specialist, a staff member. So, internally there are different staff members responsible for different aspects of the SBP certification.

Procurement manager who is also responsible for FSC chain of custody certification system holds the overall responsibility for SBP and SBE system, as well as procurement and supplier related issues, SBE system implementation and supplier audits. Accountancy staff is responsible for recordkeeping, accounting, mass-balance accounting. Feedstock receptionists are responsible for incoming material reception, identification of material status and subsequent classification of material in the accountancy system. Pellet production operators are responsible for moisture measurements and production recordkeeping.

All involved personnel, including responsible staff at suppliers and sub-suppliers have demonstrated sufficient knowledge in relevant fields, including knowledge of critical aspects - recognition and identification of High Conservation Values, health and safety requirements. Relevant certificates and diplomas were presented during the audit. Qualification requirements for personnel involved in SBE system are provided in documented procedures of the BP.

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

7.5 Stakeholder feedback

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 stakeholder consultation process.

The BP had conducted a proactive consultation to key stakeholders. No substantial comments were received from the stakeholders, however.

Details 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. It was 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

For details see the section “Non-conformities and observations”. No open preconditions related to this evaluation exist.

8 Review of Company's Risk Assessments

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

8.1 Risk Assessment for Latvia

The BP is using the SBP endorsed (September 28, 2017) SBP Regional Risk Assessment for Latvia where risks for each individual indicator have been evaluated. "Specified risk" in the Regional Risk Assessment for Latvia 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.

Risk assessment taking into consideration risk mitigation measures is presented in Table 2. It is concluded that the risk mitigation actions taken (for the suppliers included in the SBE) by the BP lead to substantial decrease of the identified risks 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

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

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

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

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

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

9 Review of Company's mitigation measures

The organization has designed and is implementing mitigation measures of risks for non-certified feedstock originating from Latvia. The organization has designed and is implementing mitigation measures for 3 indicators evaluated as specified risk (2.1.1, 2.1.2 and 2.8.1) during the assessment. The BP is also requiring suppliers to take necessary actions – risk mitigation measures to avoid supplying material of "specified risk".

To mitigate risks of mentioned 3 indicators at secondary feedstock level, the BP accepts secondary feedstock from approved suppliers, which utilise "low risk" primary feedstock and have implemented a mass-balance system. Primary feedstock and secondary feedstock suppliers are checked and verified by the BP.

Indicator 2.1.1

At the time of assessment the BP is using 2 risk mitigation instruments to mitigate Indicator 2.1.1 risks: "Latbio" forest biotope tool and database "Ozols" developed and maintained by the Nature Conservation Agency. The BP is using both sources to identify risks related to HCV before purchasing logging residues from supplier or purchasing wood on stamp. For external suppliers the requirements are included in mutual agreements and checked by BP before feedstock purchase and delivery. As from September 2020, the BP is using mainly the database "Ozols" as a basis to identify and exclude the HCVF category 3 forests from supply base.

Database "Ozols" is an official database governed and maintained by the Nature Conservation Agency.. The database "Ozols" contains information on existing HCVs, including forest habitats of EU importance. It includes also, information about specially protected areas, microreserves, specially protected biotopes and species, biotopes of EU importance etc. nature values 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 preliminary results of EU forest habitat inventory currently being undertaken in the private forests in Latvia. "Ozols" database is not considered a risk based tool, but rather an expert decision as it contains an expert evaluation of the particular FMU with regard to presence of High Conservation Values. Using of data contained in the "Ozols" database does not require further evaluation or field inspections to confirm the HCV risks at FMU level. Stakeholders in general are accepting the approach and using the database as a risk mitigation mean.

Woodland Key Habitat tool ("WKH tool") was developed by biomass producers in Latvia united under the Latvian biomass association "LATbio". The tool utilises a "risk based" evaluation approach and used to evaluate the risk in private and other (municipality owned, for example) forest land (wood from state forests is evaluated low risk with regard to SBP sustainability requirements) and shows "Risk areas" which may comprise High Conservation value attributes and "Green areas" which likely do not comprise High conservation values (for example, Woodland Key Habitats, EU Forest habitats, potential Woodland Key Habitats). 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 Latbio forest habitat tool was used as a principal risk mitigation tool for HCV v by the BP till midst of 2020. The BP has defined that all harvesting sites in the SBE system shall be screened using the data base "Ozols".

During the reporting period for 2020, field audits were planned and performed for those areas that complied to two criteria:

- the FMU has not been inventoried and evaluated by national EU habitat inventory managed by Nature Protection Board;
- forest compartment indicated as “risk area” (red) by Woodland Key Habitat “Latbio” tool with a status of potential HCV (a “possible biotope”).

Indicator 2.1.2 (HCVF category 1):

HCV category 1 risks according to procedures are mitigated through:

- forest inventory data data, if large-dimension trees with potential bird habitat are located in the area, a field audit is performed.
- information from IS „Ozols“.
- usage of available database: http://www.birdlife.org/datazone/country/latvia/ibas; http://www.lob.lv
- during the field audit, confirmation is obtained to make sure that the supplier identifies the bird's nesting sites and conserves them as far as possible.
- if a large (above 50 cm) nest has not been preserved or is not planned to be preserved during development, such wood will not be accepted, as well as in case of risk the company refuses to further cooperate with the supplier. The BP is paying attention to preserving large bird nests during supplier audits.
- Information on the detected nesting place of the bird nest or nest shall be added to the Felling permit register checklist.
- training of the primary raw material suppliers for recognizing the important bird areas, large diameter bird nests in particular and evaluating the logging site for presence of large diameter bird nests prior to harvesting. The presence of large diameter nests shall be noted in the WKH checklist.

The BP has required all suppliers of primary and secondary feedstock included in the SBE to undergo a training course for identification high conservation values in forest ecosystems. The training course is held by recognized forest biotope experts. Different suppliers, including suppliers and sub-suppliers of primary and secondary material have participated in the trained training course and obtained knowledge on how to recognize woodland key habitats using special tool, recognize important bird habitats and nesting sites and how these shall be protected.

Each supplier is required to evaluate all sites prior to harvesting and evaluates the presence of large diameter nest or protected bird species. Interviews with responsible persons as well as review of records showed that the procedure is followed by approved suppliers. In case of longer supply chains, e.g. primary processors supplying secondary feedstock or traders/brokers, the BP organize the necessary risk mitigation measures to assure that the feedstock can be considered low risk. In many cases the suppliers are actually evaluating the site prior to purchasing it and in case there is occurrence of large bird nests of indicative presence of potential HCV values, they do not purchase the stand.

The BP is monitoring the evaluation of the sites during regular supplier audits. Field inspections show that trees with (large) bird nests are being retained in the logging plots, keeping the buffer zone.

Indicator 2.1.2 (HCVF category 3):

Every supplier of primary feedstock that is going to supply feedstock as low risk material claim shall provide the information about harvesting site (cutting license) to BP to check the area planned for harvesting is not designated as HCVF area using data base “Ozols”.

Field inspections show that the BP is evaluating the potential High Conservation Values onsite and HCV checklists filled in by the BP reflect the situation onsite in the logging plot. No substantial differences were observed in auditor evaluation and BP's evaluation during field inspections. It is concluded from field inspections and document review that the mitigation measures are being implemented and in overall the risk status of sourced feedstock can be considered low. Audit team conclude that the mitigation measures are effective. The current approach the BP is implementing in risk mitigation is that the BP is avoiding the risk by not sourcing the feedstock from HCV (as specified in 2.1.1 and 2.1.2) areas.

Indicator 2.1.2 (HCVF category 6):

The specified risk for this sub-indicator relates to noble tree species with large diameter which might be coming from old manors, parks or tree alleys having cultural heritage value. The BP has implemented procurement policy that noble species like oak, ash, maple will not be sourced and in case it will be the diameter can´t exceed 70cm.

This procedure is also followed by suppliers of secondary material (sawmills and brokers/traders) by applying BP's procedure. Field inspections showed that this requirement is followed.

Indicator 2.8.1:

Each supplier is checked for H&S issues by the BP prior to accepting him as a supplier under the SBE system. The BP uses checklist which is filled in during interviews with the workers in the forest. Each supplier is checked in several forest plots before becoming accepted supplier.

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

The supplier audits are conducted by the BP itself. In additional to this, sub-suppliers and sawmills are conducting internal audits for their suppliers. BP does verify supplier audits methodology and conducts audits together with sawmills/ sub-suppliers with an aim to make sure supplier audits are done in the sufficient quality.

The supplier audits are conducted by the BP itself. BP does verify supplier audits methodology and conducts supplier audits. Field inspections show the BP has sufficient knowledge on H&S requirements as well as good timber harvesting practices. No substantial weaknesses related to the risk mitigation procedure and actual performance in the field have been identified while evaluating the risk mitigation system during field inspections. It is thus concluded from the field inspections, BP is conducting the H&S compliance related risk mitigation measures properly.

Secondary feedstock

Secondary feedstock suppliers are sourcing primary raw material from the BP‘s approved suppliers and other suppliers. Low risk primary and secondary material is accounted using the mass-balance principle. Only the input from BP's SBE approved suppliers can be accounted to the SBE mass balance as low risk material. The primary processors may also source low risk raw material from other suppliers if the information on the felling site is provided in advance to the BP and the SBP risks evaluated by the BP prior to delivering the primary raw material to the primary processor. List of approved primary suppliers is available.

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- *applicable requirement(s)*
- *grading of the non-conformity (major or minor) or observation with supporting rationale*
- *timeframe for resolution of the non-conformity*
- *a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.*

10.1 Open non-conformities

☒ There are no open non-conformities

10.2 Closed non-conformities

NC number 01/20 (45565)	**NC Grading:** Minor
Standard & Requirement:	SBP Framework Standard 2: Verification of SBP-compliant Feedstock v.1.0, p. 7.5 7.5 The SBR shall be updated at least annually (i.e. every 12 months).
Description of Non-conformance and Related Evidence:	
Interview to responsible staff shows the staff is aware of standard requirements. However, it is not clear how the requirement of the standard shall be implemented (responsibilities, the procedure of monitoring of the energy consumption and reporting process to CB and the SBP) in practice as the BP does not have procedure in place related to implementing the requirements of the standard. 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:	Documented procedures “SBP sertifikācijas sistēmas apraksts” (“Description of SBP certification system”) and “SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process (“Approval, verification and risk mitigation measures for SBP compliant feedstock”).
Findings for Evaluation of Evidence:	The BP had updated the documented procedure “SBP/ SBE atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process”. The procedure contains provisions on how the SBR shall be updated.
NC Status:	Closed

NC number 03/20 (45567)	**NC Grading:** Minor
Standard & Requirement:	SBP Framework Standard 2: Verification of SBP-compliant Feedstock v.1.0, p. 15.2

	15.2 The BP management system shall be appropriate to the type, range and volume of work performed. (15.2)
Description of Non-conformance and Related Evidence:	
SBP procedures had been evaluated at the time of the audit and discussed with responsible staff during the audit. Staff interviews were conducted during the evaluation to make sure procedures are aligned with the actual SBP/SBE processes and practices in the company and have been de-facto implemented by the Organisation. It was revealed during the on-site audit that the volume of risk mitigation measure works has significantly increased during the audit period. For example, the number and share of high-risk ("red") areas according IS "Latbio" have significantly increased during the audit period. Also, the number of identified and registered protected habitats of EU importance in official nature value IS "Ozols" have significantly increased in sourced region etc. (see also findings under p. 16.4). The management system has not been adapted to changed conditions and this has resulted in reduction in quality of risk mitigation measures as shown by field inspection results. Audit findings and the content of raised non-conformities is raising concerns that the current BP capacity is not appropriate to range, and volume of work performed. A minor NCR 03/20 is 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:	Procedure "SBP/ SBE atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process". Interviews with responsible personnel. Field verifications.
Findings for Evaluation of Evidence:	The BP has changed the risk mitigation measure system regarding HCVF category 1 and 3 in 2020. The changes in risk mitigation measure system are related to final stage of national EU habitat inventory process in Latvia in 2020. With finalizing the EU habitat inventory and publishing the outcomes of the inventory, majority of specially protected habitats are now registered in data base "Ozols". The BP changed the evaluation methodology by switching to database "Ozols" as a primary tool for HCV risk assessment and accordingly substantially decreased the need for field audits and audited only FMUs not covered by national inventory process (about 5% of all cadaster) and indicated as "red" areas using tool "Latbio". According changed risk mitigation measures, procedures and external conditions the BPs capacity was evaluated as appropriate to range, and volume of work performed.
NC Status:	Closed

NC number 04/20 (45568)	**NC Grading:** Minor
Standard & Requirement:	SBP Framework Standard 2: Verification of SBP-compliant Feedstock v.1.0, p. 15.3 3.3 The BP management system shall document all necessary procedures (15.3)
Description of Non-conformance and Related Evidence:	
There is documented procedure elaborated for Supply Base Evaluation – "SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process" ("Approval, verification and risk mitigation measures for SBP compliant feedstock") process. The SBE procedure contains sourcing provisions and risk mitigation measures for primary and secondary feedstock. The BP has provided an updated version of procedure "SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process" ("Approval, verification and risk mitigation measures for SBP compliant feedstock"). During procedure review several non-conformities were identified. For example, BP's procedure "SBP atbilstoša materiāla	

apstiprināšana, verifikācija, riska mazināšanas process" (p. 7.4.-7.7) envisages the following risk mitigation measure for secondary feedstock suppliers: in case the forest compartment has an indication of potential high conservation values in IS "Latbio" and there is approved protected biotope status in IS "Ozols" the BP shall perform field inspection and if the particular stand correspond to protected forest biotope qualities, an opinion of licensed biotope expert shall be sought. In case the expert approves the protected biotope status, the BP shall clarify the situation and in case the feedstock has been accepted and processed in the sawmill, this biomass shall be exempted from SBP compliant pellet production. Procedure contains similar provisions in p. 11.1.2. The mentioned procedure does not correspond to national legislation and general SBP and FSC certification requirements and principles because only stands with protected biotope status (based on field evaluation and decision of licensed biotope expert) are included in the IS "Ozols". The BP has no rights in such situation to change the legal status of protected biotope and expert decision whatsoever. In p. 8 of the same procedure the criteria for field visits are outlined. It is not clear how the BP is applying the mentioned criteria as the responsible persons claim all "risk" sites are inspected onsite and risks levels are evaluated at the FMU compartment level using the HCV checklist. Shortcomings of documented procedures related Instruction document 5E have been identified during the audit. Interview to responsible staff shows the staff is aware of standard requirements, instruction document 5E requiring the BP to inform the CB when a significant change in the operations occurs, resulting in a variation of electricity use or fossil fuel use greater than 25%. However, it is not clear how the requirement of the standard shall be implemented (responsibilities, the procedure of monitoring of the energy consumption and reporting process to CB and the SBP) in practice as the BP does not have procedure in place related to implementing the requirements of the standard. Due to identified shortcomings in documented procedures "SBP sertifikācijas sistēmas apraksts" and "SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process" a minor NCR 04/20 is 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:	New versions of procedures "SBP sertifikācijas sistēmas apraksts" ("Description of SBP certification system") and "SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process ("Approval, verification and risk mitigation measures for SBP compliant feedstock").
Findings for Evaluation of Evidence:	The BP has updated the procedures "SBP sertifikācijas sistēmas apraksts" ("Description of SBP certification system") and "SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process ("Approval, verification and risk mitigation measures for SBP compliant feedstock") according to changes in risk mitigation measures and guidance documents. Interview to responsible staff shows the staff is aware of standard requirements, instruction document 5E requiring the BP to inform the CB when a significant change in the operations occurs, resulting in a variation of electricity use or fossil fuel use greater than 25%. The requirement is incorporated in p. 9 in procedure "Description of SBP certification system". As the above-mentioned deficiencies have been resolved , the NCR is considered closed.
NC Status:	Closed

Major NCR 05/20 (45569) closed in the Corrective Action Verification (CVA) audit in July 2020.

NCR: 06/20 (45570)	**NC Classification: Minor**
Standard & Requirement:	SBP Framework Standard 2: Verification of SBP-compliant Feedstock v.1.0, p. 6.1:

	6.1 The BP shall record the place of harvesting of inputs classified as SBP-compliant Primary Feedstock.
Report Section:	Appendix B, p. 1.2
Description of Non-conformance and Related Evidence:	
The place of harvesting is recorded through the delivery notes and harvesting permits (Felling Permits) which are accompanied with each delivery of material. Each Felling Permit permit for non-certified material contains information about the harvesting place – the FMU, Cadaster No., block and compartment. An analysis of Felling Permits and the volume of sourced feedstock per Felling Permit show the discrepancy between the volume of primary feedstock delivered to the BP and the theoretical limit (data on growing stock and statistical data on average logged timber volumes in particular region) of feedstock that can be sourced from particular FMU. It was revealed in few cases that the volume delivered from the area specified in the Felling Permit is exceeding the theoretical volume of feedstock that can be sourced from particular area. For additional details see the Exhibit 8. Further investigation of the issue revealed that the growing stock in FMUs was larger than the average (as per statistical data) and in one case the supplier had added to the volume the feedstock supplied to the BP, covered by the Felling Permit additional volume of feedstock – arboricultural arisings from adjacent non-forest lands (clearing up drainage ditches), where the Felling Permit is not required. Interview to responsible persons reveals that the BP had not been conducting the compliance check for received feedstock, even on a sampling basis, to validate the information provided by the suppliers. A minor NCR 06/20 raised.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Organisation:	Register of feedstock procurement data, interview to responsible person
Findings for Evaluation of Evidence:	According to interview to responsible person, the BP has introduced a procedure to verify the data on volumes of primary feedstock sourced from suppliers. The responsible person on regular intervals is checking the primary feedstock procurement data and compares the maximum volume of feedstock delivered normalized with the area, based on a Felling Permit data. The BP has established a threshold exceeding which shall trigger inquiring the supplier for additional details on the delivered volume. Auditors reviewed the register of feedstock data based on volume per Felling Permit and conclude that the BP has elaborated and is implementing a verification mechanism to check for integrity of the supplier data. The corrective actions undertaken to eliminate the non-conformance in auditor view is considered sufficient and the non-conformance is closed.
NCR Status:	**CLOSED**
Comments (optional):	

NCR: 07/20 (45906)	**NC Classification: Minor**
Standard & Requirement:	SBP Framework Standard 5: Verification of SBP-compliant Feedstock v.1.0, Instruction Document 5E: Collection and Communication of Energy and Carbon data, p. 6.9.6 14.7 Different types of fuels may be used for drying. Either fossil fuels, such as:

	- natural gas; - industrial gas; - diesel oil; - propane; or - waste heat fossil boiler. Or biomass fuels, such as: - wood pellets – imported or diverted from the biomass product - wood residues – imported or diverted from feedstock groups; - bark – diverted from debarked round wood in feedstock groups, or imported; - other biomass residues; or - other (specify). For every type of fuel used, specify fuel consumption in MJ / metric ton and in one of these units: - litres / metric ton biomass; - kg / metric ton biomass; or - Nmł / metric ton biomass. (5E, 6.9.6)
Description of Non-conformance and Related Evidence:	
According to interview to responsible staff and as from review of procurement records, the BP is using biomass fuels only for feedstock drying. This includes chips from logging residues (harvesting process), bark and sawmill residues (chips form primary timber processing residues/co-products). Bark includes both purchased bark from external suppliers and on-site produced bark during the debarking process. Interview to responsible person and the accountant shows that the BP does not have procedure for accounting the fuels separately as the BP is mixing the fuels. Methodology of fuel accounting had been discussed during the audit and it has been concluded that existing accountancy procedures does not allow accounting each fuel type. The BP has recorded the total volume of fuel in the SAR, indicating the composition of the fuel, i.e. bark from onsite debarking of roundwood and sawmill residues. No information on biofuel consumption in MJ / metric tonne and the actual fuel use in volume units / metric tonne biomass has been provided in the SAR. Given the mentioned deficiencies, a minor NCR 07/20 raised.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Organisation:	Accounting system, interview to responsible person
Findings for Evaluation of Evidence:	According to interview to responsible person, onsite generated biomass fuel (bark) is used for feedstock drying. The BP is using bark from debarking process as fuel to generate heat energy in two boilers operated by the BP in additional to heat energy sourced from the CHP. The BP may also buy bark from external suppliers. To account the use of biomass fuel, the BP is accounting biomass fuel in 3 stocks: bark stock, fuel chips stock and a small stock for 10MW boiler, where the bark is primarily used as fuel . Stock volume is accounted using the data from fuel handling machinery (cups), which providing the data on a daily basis. Data on biomass fuel accounting in stocks is registered in internal register “Kurināmā iekšējā kustība”, which is also updated on a daily basis. This information is considered sufficient to close the NCR.

NCR Status:	**CLOSED**
Comments (optional):	

NCR: 08/20	**NC Classification: Minor**
Standard & Requirement:	SBP Framework Standard 1: 2.1.2. The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.
Description of Non-conformance and Related Evidence:	
According to BPs procedure "SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process" ("Approval, verification and risk mitigation measures for SBP compliant feedstock") the BP requires the biotope expert decision/ consultation in cases the WKH evaluation exceeds 10 points. According to interviews with responsible stuff the BP has asked the expert opinion since last surveillance audit in a number of cases. The BP provided six WKH checklists with site observation conclusions by certified experts in field of protected species and habitats. In five cases experts had made conclusion that the site either doesn't correspond to characteristics of WKH or doesn't contain characteristics of biologically valuable site. In one case the expert recorded a presence of potential WKH. Review of expert decisions show that date of expert decision is not provided in the checklist and the conclusions regarding site habitat status is unclear (i.e. it is not specified whether the habitat corresponds to WKH, specially protected habitat or habitat of EU importance). Due to these shortcomings an Observation raised. The risk mitigation measures regarding indicator 2.1.1 and 2.1.2 of SBP risk assessment for Latvia for all three kind of protected habitats (WKH, specially protected habitat or habitat of EU importance) shall be implemented so that only low risk material is sourced by BP.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Organisation:	Interviews with BP's responsible personnel. Feedstock origin records. Communication records with Nature Protection Agency, certified EU habitat experts.
Findings for Evaluation of Evidence:	According to documentation provided by the BP and reviewed during the audit as well as interviews with responsible personnel the BP had not purchased feedstock from FMUs where the score in the HCV checklist were higher than 10 points since the CVA audit in July 2020. If any questions arise regarding the harvesting site quality characteristics from biological point of view, the BP is contacting the Nature Protection Agency or certified EU habitat experts to get their opinion about specific FMU/compartment. The communication records are available. The mutual communication method used as the situation in EU habitat identification and registration was very dynamic in second part of year 2020 due final study of EU habitat identification project on national scale. Auditors consider this sufficient and since no feedstock had been sourced from potential HCV sites (i.e. those where the HCV checklist score is exceeding 10 points), auditors decide to close the non-conformance.
NCR Status:	**CLOSED**
Comments (optional):	

10.3 Observations

OBS: 01/21 ()	**Standard & Requirement:**	SBP Framework Standard 5: Verification of SBP-compliant Feedstock v.1.0, Instruction Document 5E: Collection and Communication of Energy and Carbon data, p. 6.4.6
Description of findings leading to observation:	The BP has compiled information on weighted maximal and weighted average transport distances in feedstock supplies. It was identified during the audit upon reviewing the SAR document and interviewing the responsible personnel that the maximum feedstock transport distances exceeds 150 km for roundwood feedstock types, except wood chips sourced from Latvia. The BP has compiled details on maximal and average distance, but no further explanation has been provided and a no reasoning for exception mentioned in the SAR.	
Observation:	For each Feedstock Group, the maximal transport distance should not be over 150km from the weighted average. In case this cannot be fulfilled, then several Feedstock Groups need to be defined. Any exceptions should be justified in the SAR.	

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):	Pilar Gorría Serrano
Date of decision:	22/Apr/2021
Other comments:	*Click or tap here to enter text.*