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

Main (Initial) Audit

www.sbp-cert.org

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

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

Document history

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1 Overview

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Current report completion date:	06/Jul/2020
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Certified Supply Base:	Latvia
SBP Certificate Code:	SBP-08-12
Date of certificate issue :	06/Jul/2020
Date of certificate expiry:	05/Jul/2025

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

Description of the scope: biomass trading, production of biomass (wood chips) from logging residues, arboricultural arisings and low quality roundwood (fuelwood) as well as timber primary processing co-products, for use in energy production, wood chip storage at Salacgrīva port and sales at Salacgrīva port. The scope of the certificate does not include Supply Base Evaluation. The scope does not include Dynamic Batch Sustainability data.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification. Evaluation of the practical implementation of the requirements of the applicable standards.

- Review of the BP's management procedures;
- Review of the production processes,
- storage site visits in Salacgrīva port;
- 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,
- Review of the Supply Base Report;
- Interviews with responsible staff;
- 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

n/a – SBE is not included in certificate scope.

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

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

The organization produces wood chips itself from a) logging residues (chips from twigs, branches and bushes); 2) woodchip and bark from sawmills. Organisation also plans to start chip production from low quality roundwood (disseased wood, thinning, firewood). In addition to this BP might buy wood chips supplied by external suppliers.

All primary feedstock and secondary feedstock originates from the territory of Latvia.

The BP is implementing the PEFC transfer system. Only FSC and PEFC certified feedstock is used for SBP feedstock production. Non-certified feedstock is segregated.

All feedstock is delivered to Salacgrīva port terminal by truck, where chips are stored. Roundwood chipping might take place at the port in the future. The trans-shipment and loading of chips onto vessels is taking place next to the wood chips storage site.

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

Planned production capacity is 20 000 tonnes.

5.2 Description of Company's Supply Base

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

Latvia:

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

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

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

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

Historically, extensive use of forests as a source of profit began later than in many other European countries, therefore a greater biological diversity has been preserved in Latvia. For the sake of conservation of natural

values, a total number of 674 protected areas have been established. Part of the areas have been included in the European network of protected areas Natura 2000. Most of the protected areas are state-owned.

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

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

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

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

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

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

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

5.3 Detailed description of Supply Base

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

- Tenure by type (ha): 1.642 million ha state forests; 1.77 million ha private forests;
- Forest by type (ha): Boreal/Hemi-boreal: 3.412 million ha;
- Forest by management type (ha): managed semi-natural 3.412 million ha.
- Certified forest by scheme (ha): ~1.13 million ha are certified according to FSC and/or ~1,71 million ha are PEFC certified.

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

5.4 Chain of Custody system

The BP is using the PEFC transfer system to manage the certified claims (certificates number 02-11/20-1 and 03-26/20-2) and are FSC CoC certified as group member (TT-COC-006826-B/C) .

The organization is implementing PEFC CoC system based on transfer system of controlling PEFC and FSC claims which will be used for controlling of the SBP claims. Only PEFC/FSC certified feedstock will be used

for the SBP feedstock production and sales. After the contract for SBP biomass is received, feedstock of the applicable categories will be stored in one pile. Other biomass will be segregated. Low quality FSC / PEFC certified roundwood which could be used for the biomass production will also be segregated from other material by placing in separate pile in the terminal internal area. Roundwood will be chipped in the harbour. No roundwood chipping was taking place until now.

Chips are sold on FOB incoterm conditions in Salacgrīva harbour.

6 Evaluation process

6.1 Timing of evaluation activities

Onsite assessment was conducted on June 8, 2020 (5h x 2 auditors), Additional time was spent for the documents review and evaluation on June 5, 2020 (3h x 2 auditors).

In total 2 auditor days were spent for the assessment audit.

Audit plan:

Activity/ timing	Place	Auditor	Date
9.00-10.00 Port roundtrip, staff interview.	Salacgrīva harbout	OP, EL	08.06.2020
10.00-10.30 openning meeting	Limbazi office	OP, EL	08.06.2020
10.30- 15.00 SBP management system review Interview with overall responsible staff Review of the applicable SBP documentation , including SBP procedures, instructions, training records, feedstock descriptions, supplier lists and other (SBP standards nr 2 and 4) FSC control points analysis and review of the existing COC system.Review of procedures, documents and interviews with responsible staff (review of the CoC system control point, management system. Interviews with responsible office staff Interview with SBP responsible person, review of documentation, procedures. Evaluation of compliance to SBP Standards #1 , #2. GHG calculation review collection and communication of energy and carbon data Review of the applicable GHG collection and communication related SBP documentation , including SBP procedures, instructions, records, and other (SBP standard Nr 5)	Limbazi office	OP, EL	
15.00-15.30 Closing meeting	Limbazi office	OP, EL	08.06.2020

Auditor team members: OP – Oļesja Puišo, EL – Ēriks Lidemanis

6.2 Description of evaluation activities

The assessment audit began with short opening meeting in harbour in Salacgrīva.During the site tour the biomass reception and storage process was discussed, responsible staff was interviewed and System critical control points analysed.

Since the Organisation started harbour activities recently and there was no feedstock could be used in SBP production onsite as well as no receptionist onsite, the activities are managed from office, harbour recordkeeping was verified in the office of the company.

Additional opening meeting attended by the company's representatives was held in office of the company in Limbazi. During the opening meeting auditors introduced themselves, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope. During the opening meeting the auditors explained CB's accreditation related issues and discussed the audit timetable and planned activities.

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

Auditors also reviewed all applicable requirements of the SBP standards #2, #4, #5 and the instruction document 5E covering input clarification, reviewed existing chain of custody system, management system, CoC, recordkeeping requirements, emission and energy data and categorisation of input and verification of SBP-compliant biomass. Documentation related to the SBP as well as CoC system of the organisation, including SBP Procedures, GHG data calculations/ data sheet, Supply Base Reports and FSC system description was reviewed also.

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

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

Auditor team information:

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

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out by the Certification Body on May 8, 2020 by notifying different stakeholder categories via email. The CB conducted stakeholder notification regarding the forthcoming audit and called on parties to comment on the stakeholder consultation process carried out by the BP. The CB sent out information by e-mail to a number of stakeholder groups: state authorities and enforcement institutions, forestry related institutions, biomass processing, forest management companies, forest owners and a number of NGOs.

No comments from the stakeholders have been received.

7 Results

7.1 Main strengths and weaknesses

Strengths: Small number of staff involved in management of the SBP system.

Weaknesses: See in the NCR section of the report.

7.2 Rigour of Supply Base Evaluation

N/a at the time of the main evaluation.

7.3 Collection and Communication of Data

The organization has compiled emission data as a part of preparation process for the SBP assessment. The BP has implemented a system to collect and record data on Greenhouse Gas emissions. Systems and databases (internal registers and sources of information) to collect and record Greenhouse Gas data were reviewed during the assessment audit. All related evidence with regard to GHG calculation and assumptions were provided to auditors.

7.4 Competency of involved personnel

Overall, BP staff showed good understanding and knowledge of all applicable SBP requirements. Generally, very few staff members are involved into SBP certification: SBP responsible/ Board Member supported by the invironmental specialist (maintaining of the management system, staff training, complain, trademark use and all SBP reporting), wood receptionist (wood reception and recordkeeping), accountant and department manager (recordkeeping, sales documents).

7.5 Stakeholder feedback

No stakeholder comments are received.

7.6 Preconditions

none

8 Review of Company's Risk Assessments

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

N/A

9 Review of Company's mitigation measures

N/A

10 Non-conformities and observations

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

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

10.1 Open Non-conformances

none

10.2 Closed Non-conformances

NC number 01/20 (46662)	**NC Grading:** Minor
Standard & Requirement:	SBP Standard 5 (ver. 1.0), Instruction Document 5E, p. 6.2.2 The BP must inform its CB when a significant change in the operations occurs, resulting in a variation of electricity use or fossil fuel use greater than 25%. In that case, a new audit shall be required as soon as stable operations have been reached during three (3) consecutive months after the change has occurred. Examples may result from a change of production process, a plant refurbishment after an incident, a major change in feedstock used (e.g. use of logs instead of saw mill residues), change of fuel for drying (e.g. fossil fuel instead of biomass) etc. (5E, 6.2.2)
Description of Non-conformance and Related Evidence:	
Interview to responsible staff shows the staff is aware of the requirement to inform CB in case of changes in the operations. 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. Minor NCR 01/20 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:	Updated version of the BP procedure p.8.1

Findings for Evaluation of Evidence:	After the field work, Organisation provided updated procedures, covering the requirement. Responsible staff confirmed knowledge and understanding of the standard requirement
NC Status:	Closed

10.3 Observations

OBS number: OBS 01/200 (46663)	
Standard & Requirement:	SBP Standard 2 (ver. 1.0), p. 15.4. The management system shall identify the personnel responsible for implementing systems and procedures.
Description of findings leading to observation:	The staff responsibilities within the SBP system are described in documented SBP procedures (SBP general procedure "SBP sertifikācijas sistēmas apraksts" clause 5). Interviews with BP's staff show responsible staff is familiar with its responsibilities within SBPsystem. The following key staff members are involved to SBP certification: SBP responsible/ Board Member supported by the invironmentas specialist (maintaining of the management system, staff training, complain, trademark use and all SBP reporting), wood receptionist (wood reception and recordkeeping), accountant and department manager (recordkeeping, sales documents). During the audit it was identified that there are no responsibilities shared by the board member and environmental specialist in the management procedure of the Organisation. It was explained that these are responsibilities of the board members, however the tasks will be supported by the environmental specialist, however it is not obvious from the procedures. See OBS 01/20.
Observation	For each task clear responsibility should l be recorded:

OBS number: OBS 02/20 (46664)	
Standard & Requirement:	SBP Standard 5 (ver. 1.0), Instruction Document 5E, p. 6.4.3 10.3 For each Feedstock Group the following parameters are recorded: a) ID b) Feedstock Type c) Origin d) Physical Description e) Country of harvest (new row for each country) f) Raw mass as received in metric tonnes g) Moisture as received (weighted average, single figure)

	h) Weighted average distance (km) , i) Maximum distance (km) j) Type of vehicle used k) Fuel or driving force used by the vehicle, l) Weighted average truckload, m) Any pre-processing (chipping, drying, none) (5E, 6.4.3) Report: Annex D, p. 10.3
Description of findings leading to observation:	According to information from the responsible staff, the BP is not measuring and registering moisture for neither of feedstock groups. The BP is not measuring moisture due to relatively long storage time in the logyard and the fact that the moisture is determined by the buyer of chips. An observation OBS 02/20 is raised.
Observation	For each Feedstock Group the moisture as received (weighted average, single figure) is recommended to be recorded:

OBS number: OBS 03/20 (46665)	
Standard & Requirement:	SBP Standard 5 (ver. 1.0), Instruction Document 5E, p. 6.10.3 To determine the effective load in metric tonnes per vehicle: in the case of trucks, the weight should be measured by a weighbridge, or equivalent, and recorded in a control system. Note: For transport by truck, train or flatboat the most important parameters are the distance and the capacity of the vehicle. It is usually enough to make a good estimate of the transport energy, based on proposed references by JRC and BioGrace. There is the option to record fuel use for transport, but this is not mandatory. For (long distance) sea transport fuel usage data must be provided. (5E, 6.10.3) Report: Annex D, p. 15.2
Description of findings leading to observation:	The volume of chips received is stated in bulk m3 in delivery note. The volume is measured upon receiving the load. Effective weight is calculated using a conversion factor. The BP is using 3,52 as a conversion factor from volume units to mass units (i.e. to convert to metric tones from bulk m3: 1mt =3,52bulk m3). The BP does not have weighbridge and is calculating the effective weight of received biomass in metric tones using conversion factor. Conversion factor is determined from operator of the vessel that provides the BP data on the weight and volume of the biomass loaded according to Draftsurvey data. This might not be always reflecting the reality as the moisture is changing over time.
Observation	To determine the effective load in metric tonnes per vehicle: in the case of trucks, the weight should be measured by a weighbridge, or equivalent, and recorded in a control system. It is recommended to install a weighbridge and/or measure the moisture of incoming feedstock.

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):	Nikolai Tochilov
Date of decision:	06/Jul/2020
Other comments:	*Click or tap here to enter text.*