



Preferred by Nature OÜ Evaluation of Meža Birojs SIA Compliance with the SBP Framework: Public Summary Report

Second Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.5

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

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1 Overview

Certification Body (CB) Name:	Preferred by Nature OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Girts Karss
Audit team members:	Edgars Baranovs
Name of the Company:	Meža Birojs SIA
Company legal address:	Meža iela 4, LV-1048 Rīga, Latvia
Company contact for SBP:	Anita Freija
Company contact email:	anita@mezabirojs.lv
Company website:	N/A
SBP Certificate Code:	SBP-08-12
Date of certificate issue:	06 Jul 2020
Date of certificate expiry:	05 Jul 2025
Audit closing meeting date:	25 Jul 2022
Audit cycle:	Second Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
Primary Activity:	Biomass Producer	☐
Approved Standards:	SBP Standard 1: Feedstock Compliance Standard; SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction	☐
Includes Supply Base Evaluation (SBE):	Yes	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	No	☐
Includes Group Scheme	No	☐
Products	Chips	☐

Feedstock types:	Primary, Secondary	☐
Feedstock origin (countries):	Latvia, Estonia	☐
SBP-endorsed Regional Risk Assessments used: Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/	Latvia	☐
Chain of custody system implemented:	FSC: FSC: NC-COC-060544 PEFC CoC: Certificate No. 03-26/20-2	☐
	Credit, Transfer	☐

2.1 Description of the company

SIA Meža Birojs is timber and biomass trading company, with harbor and office located in North part of Latvia. One of the business operation is production of wood chips and wood chip 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 addition to this Organisation is dealing with timber trading, biomass production and trading activities. The organization produces wood chips itself from logging residues and low quality roundwood. Only low quality roundwood, diseased wood or thinning wood of different species is used for producing the biomass from the roundwood. The BP is producing biomass – chips from logging residues and by chipping biomass from non-forest land – arboricultural arisings. The BP is buying logging residues and bush/brush from owners of forest land, harvesting companies and owners of non-forest land for chipping. In addition to this low quality primary feedstock is sourced as a logging residues and chipped from low quality wood (pulpwood and firewood) in Salacgrīva harbour. The BP is sourcing wood chips from logging residues and bushes from external suppliers The BP also source small amount of secondary feedstock – chips (co-products) from primary processors (sawmills). All primary feedstock originates from the territory of Latvia. Secondary feedstock originates from Latvia and Estonia. The BP is implementing FSC transfer and credit system as well as PEFC Chain of Custody system. FSC Transfer system is implemented for sales of certified timber in the internal market, i.e. controlling the certified material from the forest to the buyer in Latvia. FSC transfer system may also be used in Salacgrīva port in specific cases, e.g. for sales of FSC (FSC 100%) certified biomass in export markets. FSC Credit system is implemented in Salacgrīva port for controlling the SBP compliant feedstock. PEFC Physical Segregation Method (xx% PEFC) is used for volume control of PEFC certified biomass sales in local market as well as in export markets via Salacgrīva harbor. FSC, PEFC certified feedstock and the SBP – low-risk feedstock source that was approved within the SBE system is used for SBP compliant feedstock production. Non-certified feedstock is segregated. All feedstock is delivered to Salacgrīva port terminal by truck, where chips

are stored. In few cases low grade roundwood chipping is taking place at the port, where low grade roundwood logs are chipped. 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.

2.2 Detailed description of the Chain of Custody system

The BP is using both the FSC chain of custody systems to manage certified claims. The BP holds PEFC Forest Management certificate (Certificate No. 02-11/20-1) along with PEFC chain of custody certificate (Certificate No. 03-26/20-2). The BP is also holding FSC chain of custody certificate NC-COC-060544. FSC Transfer system is implemented for sales of certified timber in internal market, i.e. controlling the certified material from the forest to the buyer in Latvia. FSC transfer system may also be used in Salacgrīva port in specific cases, e.g. for sales of FSC (FSC 100%) certified biomass in export markets. FSC Credit system is implemented in Salacgrīva harbour for controlling the SBP compliant feedstock. FSC, PEFC certified feedstock and the SBP – low-risk feedstock source that was approved within the SBE system is used for SBP compliant feedstock production. The PEFC/FSC certified feedstock and SBP – low-risk feedstock that has been approved within the SBE system will be used for the SBP-compliant feedstock production and sales. After the SBP feedstock is received, feedstock of the applicable categories is stored in one pile. For roundwood and chips three feedstock categories - FSC100%, PEFC 100% and low-risk feedstock source that has been approved within the SBE system are used which are stored in 3 separate places/piles in the port logyard. “Other” feedstock/biomass is not sourced. Low quality FSC / PEFC certified roundwood is used for the biomass - chips production. It is segregated from other material by placing in separate pile in the terminal internal area. In rare cases roundwood will be chipped in the harbor logyard. Roundwood and chips are sold on FOB incoterm conditions at Salacgrīva harbour.

3 Specific objective

- 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;
- Field visits of FMU to evaluate the risk mitigation measures;
- Evaluation of mitigation measures implemented for both primary and secondary feedstocks, including inspections of suppliers of primary (at FMU level);
- Review of the updated Supply Base Report;
- Assessing compliance against SBP Standard #5 V1.0 and accompanying Instruction Document 5E.
- Review of the reports and records, including DTS system information.

4 Evaluation process

4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	Auditors	Auditor hours
1. Preparation	GK, EB	4,0
2. On-site (excl. travel time)	GK, EB	16,0
3. Report writing	GK,EB	16,0
4. Other	N/A	N/A

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>opening meeting</i>	Salacgrīva harbour, feedstock reception	GK,EB	31 May 2022/09:00
<i>CoC system and CCP</i>	Salacgrīva harbour	GK, EB	31 May 2022/10:30
<i>Collection of information regarding SBP SBE and FSC CW mitigation activities</i>	Salacgrīva harbour	GK,EB	31 May 2022/10:30

<i>Evaluation of supplies of primary feedstock</i>	Inspection of 5 FMUs	GK, EB	31 May 2022/13:00
<i>office audit</i>	Office visit in Limbaži	GK, EB	01 Jun 2022/09:00
<i>Reviewing documents</i>	Office visit in Limbaži	GK, EB	01 Jun 2022/11:00
<i>SBP SBE management system review. STD 1</i>	Office visit in Limbaži	GK, EB	01 Jun 2022/13:00
<i>Std 5 evaluation, SAR review</i>	Remote meeting	GK	29 Jun 2022/15:00
<i>Preliminary closing meeting</i>	Remote meeting	GK, EB	30 Jun 2022/16:30
<i>H&S field audit, supplier evaluation</i>	supplier	GK	17 Jun 2022/10:00
<i>Review of evidence provided by the BP to close the major non-conformities and finalizing SAR data.</i>	remote	GK	25 Jul 2022/00:00

Auditor qualification		
Auditor name	Role	Qualification
Girts Karss (GK)	Standards #1, #2, #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.
Edgars Baranovs (EB)	Audit team leader, standards #2, #4	Works for Preferred by Nature (NEPCon SIA) since 2018. Graduated from the Faculty of Forestry and holds a masters degree in environmental science from University of Latvia. Previous work experience as a forester in the State Forest Service. Edgars has acquired SBP auditor competence in 2020 and had participated in a number of SBP audits including Supply Base Evaluation in biomass processing and trading companies in Latvia

4.2 Description of evaluation activities

Annual surveillance audit was carried out as an onsite audit. Majority of office work was done onsite as well as field work was conducted as an on-site audit, but remote audit covered part of the office audit (part of the office audit, and closing meeting). The aim of the audit is to verify the compliance of the organization to SBP standard requirements, including the SBP SBE system used by the organization in sourcing of primary feedstock and conducting mitigation measures.

Pre-audit activities

Sites (FMUs and suppliers) related to risk mitigation of primary feedstock (SBP indicators 2.1.1, 2.1.2 and 2.8.1) have been evaluated based on feedstock origin data, that was provided by the BP prior to the audit. Auditors carried out spatial analysis of all feedstock origin data with regard to HCV cat. 1, cat. 3 and cat. 6 risks. See the details of sampling described below in Section 6.2.

May 31, 2022

Joint FSC chain of custody (COC/CW) and SBP annual surveillance audit began with an opening meeting in Salacgrīva harbour/storage site attended by the responsible persons of the organization – the Board

member, who is also the overall responsible person for SBP certification at the organisation, and Environmental specialist (Consultant) of the organization and the feedstock receptionist at Salacgrīva harbour/storage site. At the opening meeting the lead auditor introduced the auditing team, rehearsed the information contained in the audit plan, 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.

After the opening meeting, the responsible staff informed about general changes in FSC COC/ SBP system and biomass production process.

Further on auditors carried out evaluation of FSC chain of custody critical control points at the Salacgrīva harbour terminal, biomass storage site. Auditors evaluated application of requirements of the SBP standards nr.2, 4, 5 and instruction documents 5E covering feedstock input clarification, existing chain of custody and controlled wood system, management system, recordkeeping/mass balance requirements, applicable emission and energy data and categorization of input and verification of SBP compliant and SBP Controlled feedstock/ biomass. Chain of Custody implementation was reviewed focusing on the Critical Control Points, in particular the feedstock reception process and feedstock classification, identification of feedstock origin, production process with the conversion factors associated, mass balance, final product storage and sales. During the process, overall responsible person for SBP system as well as other staff having responsibilities within the system were interviewed.

A harbor terminal, biomass storage site was visited. During the visit receptionist was interviewed, recordkeeping system reviewed and records verified for accuracy, process of wood reception, storage and loading into vessel was discussed in details. Storage site was visited and type of feedstock in storage were identified.

In the second half of the day selected FMUs were visited. 5 FMUs were selected for evaluation of HCV risk mitigation measures in completed logging sites (see the list of visited FMUs above in Section 2.1).

The auditors carried out the field inspections at the FMU level. Auditors were evaluating how High Conservation Value risk mitigation measures were evaluated in 5 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.

June 1, 2022

Auditors, reviewed SBP documented procedures and records. Audit team made a review of SBR and validated data compiled in the Supply Base Report.

After this, auditors 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 categorization of input and verification of SBP compliant and SBP Controlled feedstock/ biomass. Overall responsible person for SBP system having key responsibilities within the system was interviewed during the process.

Further on the auditors discussed open NCRs and questions related to the SBP (SBE) system – effectiveness, monitoring, supplier review, evaluation of suppliers and risk mitigation measures

Review of feedstock and biomass accounting system, purchase/delivery records, sales data, verification of FSC and SBP credit system, validation of integrity of DTS data with organisation's ERP and accountancy records (Standard #4)

SBP SBE system analysis and review. Review of procedures, records of risk mitigation measures, evaluation of efficiency of SBP risk mitigation measures, review of management review.

Interviews with responsible staff, management system (SBP standard 1,2,4)

June 17, 2022

Auditor visited FMU where the contractor of the supplier had been conducting logging works, using manual labour (chainsaws). Auditor evaluated how the BP assessed the compliance to Health and safety requirements in logging works as a risk mitigation mean regarding SBP indicator 2.8.1.

June 29, 2022

Auditors reviewed applicable requirements of the SBP standard No. 5 and instruction documents 5E covering emission and energy data related to feedstock sourcing and biomass production. During the process, overall responsible person for SBP system as well as other staff having responsibilities within the system were interviewed. Auditors also reviewed the accountancy and ERP system data and validated the integrity of data included in the SBP Audit Report (SAR) on Energy and Carbon Data for Woodchips with Mobile Chipping and SBP Audit Report (SAR) on Energy and Carbon Data for Woodchips with Stationary Chipping.

June 30, 2022

A preliminary closing meeting was held on June 30, 2022. Audit findings were summarized and audit conclusions based on use of 3 angle evaluation method were provided to the responsible persons at the organisation – participating responsible staff - Board member and Environmental specialist (consultant). Closing meeting of SBP audit and FSC COC evaluation was conducted remotely.

July 25, 2022

Auditors reviewed the documentary evidence provided by the BP to close the major non-conformities. Also, the final versions of SAR documents were reviewed.

4.3 Sampling methodology

Description of sampling During the office audit auditors conducted the sampling of the suppliers and FMUs for field inspections. Auditors made a plan for field inspections based on sampling, selecting for inspection feedstock suppliers included into Supply Base Evaluation: The following considerations have been taken into account to establish as sample and the sampling intensity: 1) Geographical area; 2) Type of the operations and activities; 3) Risk mitigation measures related to origin and mixing. Geographical area: BP is sourcing the primary feedstock included into SBE from Latvia. The BP is sourcing feedstock from Vidzeme region in Latvia primarily. So, FMUs and properties of non-forest lands from sourcing region shall be included in the sample. Type of the operations and activities: The SBE covers sourcing of primary feedstock (logging residues, branches, low quality roundwood etc.) from forest and non-forest lands. Thus, both FMUs in forest lands and properties of non-forest lands shall be included in the sample. Risks identified in the SBP risk assessment for Latvia: Regarding the feedstock origin for Latvia, the following risks considered as specified in Regional Risk Assessment endorsed by SBP: 2.1.1 Forests and other areas with high conservation values in the Supply Base are identified and mapped; 2.1.2 Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed; 2.8.1 Appropriate safeguards are put in place to protect the health and safety of forest workers. To evaluate the risk mitigation measures implemented by BP for indicators 2.1.1 and 2.1.2, planned harvesting sites and sites after harvesting should be included in the sample. To evaluate the risk mitigation measures implemented by the BP for indicator 2.8.1, ongoing harvesting site should be included in the scope of sampling plan. Sampling intensity: The sampling process has been changed due to changes in BP's HCV risk mitigation system with switching to desk-based risk mitigation system ("Ozols" database). Therefore,

sampling by supplier, FMU/compartiment level has been dropped due to a very small margin of error. Instead, all origin data have been checked for HCV presence using desk tools and only those FMUs were selected for field inspections which contain HCV attributes (compartments of HCV in felling permit, HCV border/topology issues etc). This approach in auditor opinion is more efficient and sensible by selecting only those FMUs/compartments that have some reason to inspect in the nature. It is considered sufficient to cover all major risk aspects and provide sufficient level of assurance for compliance with the standard. Initial desk based analysis of HCVs in primary feedstock origin data at FMU level shows that ca 11 FMUs are showing up HCV attributes in primary feedstock origin data (cadastral unit level) level. Those include both High Conservation Value Forests category 1 (nesting sites of RTE bird species) and primarily - HCV cat. 3 – forest habitats of EU importance. Non-forest (grassland) habitats had not been included in the field inspections, due to negligible occurrence and scale in origin data. The nominal number of FMUs to be included in the field visit programme – 3 FMUs has been determined using the relationship $x \sim \sqrt{y} \times 0.8$, where y – number of FMUs containing HCV attributes. 5 logging plots/compartments in 5 FMUs were determined to be visited in field inspections. The total number of FMUs were considered, no subsets (forest lands/non-forest lands) were used, but only forest lands were included in the sample as no HCVs in non-forest lands had been identified upon spatial analysis of feedstock origin data. In order to evaluate health and safety risk mitigation measures, FMUs where on-going harvesting (manual logging works with chainsaws) took place at the time of audit were included in the list of FMUs for inspection. In overall, auditors decided to visit one site with on-going logging works. 1 contractor were possible to visit and evaluate for compliance to H&S requirements.

4.4 CB stakeholder engagement

Stakeholder consultation was carried out by both the Biomass Producer and the Certification Body prior to the assessment audit and scope change audit in 2020. The BP had not carried out additional stakeholder consultations during the audit period. The risk mitigation measures have been described in the Supply Base Report and are relevant and appropriate to the scale of the organization.

4.5 Stakeholder feedback

No stakeholder input received

5 Results

5.1 Main strengths and weaknesses

Strengths: Small number of staff involved in management of the SBP system. The staff has long term experience in FSC CoC/ CW certification, including experience in risk mitigation in the FSC Controlled Wood system. The BP staff had participated in the training for High Conservation Value identification and health and safety training courses with respected Latvian experts. Proactive use of forest habitat expertise in routine work.

Weaknesses: See in the NCR section of the report.

5.2 Rigour of Supply Base Evaluation

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

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

The BP had undertaken implementation of the mitigation measures for individual SBP standard indicators. This mitigation measures were designed in cooperation with external expert - nature/forest habitat experts, and expert on health and safety issues. The stakeholder consultation process has been conducted through notification of stakeholders and distributing the SBR report to stakeholders. Some stakeholders were also contacted directly. The BP is keeping records of communication with stakeholders.

5.3 Collection and communication of data

The BP has implemented a system to collect and record data on Greenhouse Gas emissions. A more detailed review of systems and databases (internal registers and sources of information) to collect and record Greenhouse Gas data were reviewed during the first surveillance audit. The BP also has provided detailed overview of the systems and databases to collect and record Greenhouse Gas data during the audit. All the GHG related information is indicated in the SAR document. All evidence was provided to auditors. In overall, auditors consider it is sufficient to fulfil the requirements of SBP standards.

5.4 Competency of involved personnel

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

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

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

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

The organization has elaborated and is implementing mitigation measures of risks for non-certified feedstock including FSC Controlled Wood and PEFC Controlled Sources originating from Latvia. The organization has designed and is implementing mitigation measures for 3 indicators evaluated as specified risk (2.1.1, 2.1.2 and 2.8.1) according SBP-endorsed RRA for Latvia . The BP is also requiring suppliers to take necessary actions – risk mitigation measures to avoid supplying material of “specified risk”. The same risk mitigation measures are applied to feedstock sourced from both forest and non-forest lands.

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
Latvia	2.1.1 The BP has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation value in the Supply Base are identified and mapped.	for specified risk description see Regional Risk Assessment for Latvia	Indicator 2.1.1/2.1.2 (HCVF category 1): According to the SBP endorsed risk assessment for Latvia, HCVF category 1 risks are related to Bird Directive's Annex 1 species (forest birds) whose populations are decreasing in the country. Risk mitigation measures envisages protection of existing bird habitats and protecting the nesting sites. The feedstock shall not be sourced from areas where the bird nesting sites had been destroyed as a result of forestry activities or feedstock sourced without proper forest management activities to preserve nesting sites. The BP staff involved in sourcing of primary feedstock within the SBE had undergone a training course for identification high conservation values in forest ecosystems, recognize HCVs (woodland key habitats, forest habitats of EU importance) and recognize important bird habitats and nesting sites and how these shall be protected. The BP is using following risk mitigation measures to reduce the

			risk of threatening HCVF category 1 values: use of forest inventory data, if large-dimension trees with potential bird habitat are located in the area, a field audit is performed; information from the database „Ozols“; 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 that 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 a special attention to preservation of large bird nests is paid. The BP is also considering necessity for training of the primary feedstock 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. For all harvesting sites that are evaluated for the presence of Woodland Key Habitats with help of HCV checklist, a presence of large diameter (>50cm) nest or protected bird species is evaluated and noted in the checklist. Interviews with BP staff as well as review of records show that the responsible staff is aware of the procedure. See more details in findings in Appendix B (section 9.1 Mitigation measures) Indicator 2.1.1 (HCVF category 3): The BP is utilizing a two step approach in assessing risks of
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			indicator 2.1.1. The BP is using the Nature Conservation Agency's database "Ozols" as a primary source of information on High Conservation Value Forests. The database contains information on existing HCVs, including habitats of EU importance and/or Woodland Key Habitats. Database covers information on HCVs in all private owned forests, but is specifically focused on private forests due to risk designation in the SBP risk assessment. The database also contains the results of EU forest habitat inventory currently being undertaken in the private forests in Latvia. The BP has registered user (expert) level access to the database and has access to results of the inventory. If the information on HCV is not confirmed in the database, the BP shall carry out field verification. The BP has defined the following approach for risk mitigation with regard to identification of high conservation values – within the SBE system all harvesting sites that are not confirmed by the "Ozols" shall be inspected by the supplier of primary feedstock or the BP prior to harvesting and screened for presence of high conservation values using the WKH checklist. The BP is also accepting the supplier evaluation of HCV risks, but the supplier must have undergone training in identification of HCVs – biologically valuable forest habitats and the BP would verify data on a sampling basis. The checklist has been elaborated by forest habitat experts in Latvia and are used by many FSC and SBP certified biomass producers and forest management companies. See more details in findings in Appendix B (section 9.1 Mitigation measures)
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			During the reporting period the BP had conducted on-site field audits for those areas where the FMU has not been inventoried and evaluated by national EU habitat inventory managed by Nature Conservation Agency. From review of risk mitigation measures and field audit observations audit team considers the mitigation measures related to HCV category 3 are implemented sufficiently to address the risk identified. <u>Indicator 2.1.1/2.1.2 (HCVF category 6):</u> The specified risk for this sub-indicator relates to large diameter noble tree species potentially originating from objects of cultural heritage value, for example, old manors, parks, tree alleys etc. The BP has implemented procurement policy specifying that noble tree species will not be sourced and in case it will be the diameter can't exceed 70cm. The chipping machinery has also maximum diameter restriction of this size. Field inspections showed that responsible staff demonstrated awareness of the requirement. Interviews with the responsible personnel as well as site tour through the storage area show that large sized noble tree species are not being put in the production processes and processed. See more details in findings in Appendix B (section 9.1 Mitigation measures) From review of risk mitigation measures and field audit observations audit team considers the mitigation measures related to HCV category 6 are implemented sufficiently to address the risk identified.
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Latvia	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.	for specified risk description see Regional Risk Assessment for Latvia	Indicator 2.1.1/2.1.2 (HCVF category 1): According to the SBP endorsed risk assessment for Latvia, HCVF category 1 risks are related to Bird Directive's Annex 1 species (forest birds) whose populations are decreasing in the country. Risk mitigation measures envisages protection of existing bird habitats and protecting the nesting sites. The feedstock shall not be sourced from areas where the bird nesting sites had been destroyed as a result of forestry activities or feedstock sourced without proper forest management activities to preserve nesting sites. The BP staff involved in sourcing of primary feedstock within the SBE had undergone a training course for identification high conservation values in forest ecosystems, recognize HCVs (woodland key habitats, forest habitats of EU importance) and recognize important bird habitats and nesting sites and how these shall be protected. The BP is using following risk mitigation measures to reduce the risk of threatening HCVF category 1 values: use of forest inventory data, if large-dimension trees with potential bird habitat are located in the area, a field audit is performed; information from the database „Ozols“; 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 that 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 a
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		special attention to preservation of large bird nests is paid. The BP is also considering necessity for training of the primary feedstock 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. Indicator 2.1.2 (HCVF category 3): Every source of primary feedstock shall be checked for presence of HCVF by verifying the “Ozols” database. In case the FMU/compartiment is not included in the “Ozols” database, the BP screens the compartment using tool “Latbio”. If tool “Latbio” indicates potential WKH, the site is visited and evaluated with the help of the checklist as potential woodland key habitat or forest habitat of EU importance, it can not be sourced as SBP Compliant feedstock. According to the procedure, the BP in such situation shall inquiry for a certified forest habitat expert advice to evaluate the harvesting site for presence of WKH or forest habitat of EU importance and determine the status the logging site. In case the decision is negative, the site can be harvested and supplied to BP as SBP Compliant feedstock. Feedstock from area of identified HCVs – WKHs/EU habitats (i.e. if the information on HCVF is included in the database “Ozols” or confirmed by expert opinion) is not accepted by the BP. Field inspections showed that responsible staff demonstrated knowledge on how to identify HCV areas by using HCV checklists. See more details in findings in
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			Appendix B (section 9.1 Mitigation measures) From review of risk mitigation measures and field audit observations audit team considers the mitigation measures related to HCV category 3 are implemented sufficiently to address the risk identified. Indicator 2.1.2 (HCVF category 6): The specified risk for this sub-indicator relates to large diameter noble tree species potentially originating from objects of cultural heritage value, for example, old manors, parks, tree alleys etc. The BP has implemented procurement policy specifying that noble tree species will not be sourced and in case it will be the diameter can't exceed 70cm. The chipping machinery has also maximum diameter restriction of this size. Field inspections showed that responsible staff demonstrated awareness of the requirement. Interviews with the responsible personnel as well as site tour through the storage area show that large sized noble tree species are not being put in the production processes and processed. See more details in findings in Appendix B (section 9.1 Mitigation measures) From review of risk mitigation measures and field audit observations audit team considers the mitigation measures related to HCV category 6 are implemented sufficiently to address the risk identified.
Latvia	2.8.1 The BP has implemented appropriate control systems and	for specified risk description see Regional Risk Assessment for Latvia	Indicator 2.8.1: Each supplier/contractor shall be checked for H&S compliance by the BP prior to accepting him as a supplier/contractor under the SBE system. The BP uses the

	procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).		dedicated H&S checklist elaborated by the BP in consultation with H&S experts. The checklist is filled in during the supplier audit, via interviews with the workers in the forest. Each supplier/contractor shall be checked before accepting it as a „low risk“ feedstock supplier. Surveillance/monitoring of suppliers of SBP Compliance feedstock is carried out through sampling, but at least one surveillance audit per calendar year. The supplier audits are conducted by the BP itself using the H&S checklist. The process of supplier verification with regard to H&S compliance has been observed by the CB during the assessment audit. See more details in findings in Appendix B (section 9.1 Mitigation measures) The supplier audits are conducted by the BP. Field inspection observations and records 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 as can be concluded from field inspection records and auditor observations in the field. It is thus concluded from the field inspections, BP is conducting the H&S compliance related risk mitigation measures properly.
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7 Non-conformities and observations

NC number NC-001680 (05/21 (61274))		NC Grading: Major	
Standard:		SBP Standard 2: Verification of SBP-compliant Feedstock	
Requirement:		16.1 Where an indicator is rated as specified risk, mitigation measures shall be taken to reduce the risk level to low risk.	
Description of Non-conformance and Related Evidence:			
Two weaknesses related to risk mitigation measures were identified from review of risk mitigation system and records as well as dispute resolution process: • As an outcome of dispute - ASI incident IN-2776 resolution process a minor NCR was issued for SBP standard 2 clause 16.1, related to inefficient risk mitigation measures for identification and protection of RTE bird species and included in the annual audit report of the certificate holder. The organisation had carried out logging works in FMU “Eglīši” (Cadastral No. 42680090006, block 1, compartment 9), a logging site from July 2020, logging conducted shortly prior to SBP certification scope change audit to include SBE in the scope in August, 2020. The dispute resolution team conclusion is that the certificate holder did not implement adequate control measures to mitigate the Specified risk identified by the SBP Regional Risk Assessment for Latvia and Centralized National Risk Assessment of Latvia for category 3.1. NCR raised because control measure for FSC CNRA category 3.1 is identical to SBP risk mitigation measure for HCV category 1: “The control measure includes the identification of RTE bird species by surveying the felling area before the start of logging operations”. The organisation had failed to identify a bird nesting place and/or did not use the best available information from other sources. In addition, the organisation has not conducted field risk mitigation measures for feedstock supplies received in Salacgrīva harbour to confirm supplier information that no bird nesting places were destroyed in logging works; • Auditors reviewed the organization's risk mitigation system and records related to SBP 2.8.1 (occupational health and safety) risk mitigation. Review showed that the organisation had implemented field inspections for its contractors engaged by the organisation in logging works. From the information gathered during the audit, it has been revealed that the organisation had not conducted control measures to mitigate Occupational Health and Safety risks for suppliers delivering timber to the Salacgrīva harbour, and logyard suppliers (procurement of roundwood from logyards at forest). Auditors are considering this a major non-conformity because the BP has been accepting timber delivered to Salacgrīva harbour logyard as “low risk” feedstock. Also, external suppliers of roundwood can be characterized as higher risk in terms of compliance to Occupational Health and Safety requirements rather than contractors/sub-contractors of the organization, who are being monitored on a daily basis by the organisation. Due to the cumulative effects and prevalent major nature of weakness in relation to mitigation of indicator 2.8.1 risks, the grading of the non-conformity is thus considered “major”.			
Timeline for Conformance:		3 months from the report finalisation	
Evidence Provided by Company to close NC:		Documented procedures, see Exhibit 1 Records of risk mitigation measures, supplier H&S field audit records (see Exhibit 10)	
Findings for Evaluation of Evidence:		The organisation had made the following improvements in the risk mitigation system: • mitigation of risks related to RTE bird species. The BP had updated SBP procedure by adding a detailed description of the duties and responsibilities of those in direct contact with the accepted timber at the port, as well as in the procurement process when collecting documents from suppliers. The risk mitigation process has been added in updated procedure for mitigating risks related to RTE	

	bird species. Upon sourcing feedstock from stacks at the forest, or receiving feedstock at the Salacgrīva port, the BP shall check the Ozols database for presence of RTE species in compartments outlined in the Felling permit. In case of presence of nesting site of RTE bird species, it is noted in the DDS and the feedstock shall not be accepted. There is communication between the office staff and the person at the port who accepts the timber. The organisation is using available sources of information related to bird nesting sites. One of commonly used sources of information is database "Ozols". "Ozols" contain a layer of rare, threatened and endangered species, including bird species. During field inspections auditors sampled a logging site where a nesting site of the Eurasian three-toed woodpecker (<i>Picoides tridactylus</i>) is located. Auditors inspected the site and observed that the area of bird nesting site is not touched upon by logging activities.. • mitigation of risks related to health and safety. The BP has updated procedures on data acquiring and is collecting information from suppliers on type of felling works conducted at the stage of the feedstock procurement process. Suppliers are required to fill in the form "Informācija par mežizstrādes darbu veicējiem" (Information on loggers for each felling certificate. The information is collected as part of the FSC Controlled Wood DDS and SBP risk mitigation system. Filled in forms are available and stored on the server. Based on information obtained, the BP is conducting field audits. Auditors reviewed records of H&S audits conducted to several suppliers of roundwood (fuel wood) and chips. See records of supplier H&S audits in Exhibit 2.
NC Status:	Closed

NC number NC-001681 (06/21 (21675)) NC Grading: Minor	
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	6.1 The BP shall record the place of harvesting of inputs classified as SBP-compliant primary feedstock.
Description of Non-conformance and Related Evidence:	
Auditors verified the information on the origin of wood from felling permits and compared the sourced volume with the volume of purchased wood (per hectare), and found out that in few cases the organisation had purchased more wood from particular FMU than could actually be harvested, i.e. exceeding the average yield of 250m³ per hectare. And no further details justifying the difference were available. From the interview with responsible persons, it appears that the organisation's procedures do not provide for verification of the volume of timber purchased against the area indicated in the felling permit. From this, auditors are drawing conclusion about the weaknesses in the organisation's procedure for verifying the origin of the wood and that the organisation might not have complete information on the origin of the wood supplied. The auditors raised a minor non-conformity NCR 06/21 due to isolated nature	

of cases.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Felling Permits, feedstock origin data, information on sourced feedstock volume
Findings for Evaluation of Evidence:	Auditors verified on the sampling basis the information on the origin of wood from felling permits and compared the sourced volume with the volume of purchased feedstock (per hectare). A sample-based review of Felling permit data (areas and felling types) compared with actual sourced volumes of showed that the volumes per area ratio is within typical range of harvesting yield of private owned forests. Based on the findings, auditors took a decision to close the non-conformity.
NC Status:	Closed

NC number NC-001719 (01/22)		NC Grading: Major
Standard:	SBP Standard 4: Chain of Custody	
Requirement:	5.2.2 Only the following feedstock inputs shall be considered to be SBP-compliant feedstock • Feedstock received with an SBP-approved Forest Management Scheme Claim or SBP-approved recycled claim. • Feedstock sourced from within the BP's defined Supply Base (SB) and for which a valid Supply Base Evaluation (SBE) has determined that all the indicators in the SBP Feedstock Compliant Standard are low risk. • Feedstock sourced within the scope of the BP's own SBP-approved Chain of Custody (CoC) System certification, for example, non-certified reclaimed feedstock sourced in compliance with FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC. Note: Feedstock received in compliance with SFI Fiber Sourcing requirements is not considered to meet SBP-certified feedstock or Controlled Feedstock requirements. Note: Section 5.2.4 below specifies requirements relating to partial claims. • Post-consumer tertiary feedstock sourced following the requirements of Instruction Note 4A, SBP tertiary feedstock requirements.	
Description of Non-conformance and Related Evidence:		
Review of the SBP credit account system and feedstock procurement data shows the BP had been sourcing secondary feedstock (chips) from 2 suppliers - sawmills and the feedstock has been received with FSC Controlled Wood claim. The BP had, however, accounted all volume of feedstock with FSC Controlled Wood status as SBP-Compliant feedstock and used for production of SBP-Compliant biomass. The whole volume of biomass also has been sold as SBP-Compliant. See further information in the checklist p. 2.1 (Appendix C: STANDARD checklist (Standard #4: Chain of Custody). Review of roundwood (fuelwood) procurement data and SBP credit system reveals that the BP had accounted controlled (sourced within the Supply Base Evaluation process) primary feedstock from 2 suppliers of primary feedstock without ensuring		

“low risk” status with regard to SBP indicator 2.8.1 (Health and Safety) and had classified the feedstock as SBP-Compliant. The total volume of incorrectly classified and registered primary feedstock <400m3. A major NCR raised.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Records of secondary feedstock supplier audits, review of mass balance records (see Exhibit 10); Records of risk mitigation measures, supplier H&S field audit records (see Exhibit 10)
Findings for Evaluation of Evidence:	The BP had conducted a supplier audit to both suppliers of secondary feedstock and clarified the status of the feedstock with regard to risk designation. According to information from the field audit records, both suppliers – sawmills are sourcing major share (>80%) of primary raw material (roundwood) from “low risk” sources – AS Latvijas Valsts meži (LVM) (Latvian state forests). Review of mass balance data at sawmills show that the share of secondary feedstock sourced by the BP does not exceed the volume of produced “low risk” secondary feedstock at each sawmill during the audit period. Accordingly, the BP can classify the secondary feedstock as “low risk” (SBP-Compliant) using the mass balance principle. See further details in the audit checklist p. 2.1 (Appendix C: STANDARD checklist (Standard #4: Chain of Custody)). Regarding the primary feedstock, after the onsite audit the BP had conducted Health and Safety supplier audits to both suppliers – the logging company and the forest owner and had confirmed the “low risk” status with regard to health and safety risks (2.8.1). See the audit records in Exhibit 10. See further details in the audit checklist p. 2.1 (Appendix C: STANDARD checklist (Standard #4: Chain of Custody)). Thus, it is concluded that the BP had conducted corrective actions in sufficient extent to clarify and justify the status of the incorrectly classified feedstock/biomass status and the non-conformity may be closed. Root cause of the non-conformity is considered gaps in knowledge about SBP standard 4 requirements in sourcing (secondary) feedstock. Root cause has been addressed as can be concluded from documentary evidence provided by the BP.
NC Status:	Closed

NC number NC-001720 (02/22)	
NC Grading: Major	
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2C; 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest version of the SBR template for Biomass Producers downloaded from the SBP website.

Description of Non-conformance and Related Evidence:	
The BP had compile the Supply Base Report using the latest available template of the document. In 2022 annual surveillance audit the following shortcomings in the SBR were identified: - information on the supply base in section 2.4.a is not accurate or lacking. Information on Estonia as Supply Base is lacking, although the BP has been sourcing secondary feedstock of Estonia origin during the audit period; - an update on results of the risk mitigation measures within the Supply Base Evaluation process and monitoring results and outcomes have not been recorded in the Supply Base Report. Given the repeated occurrence of the non-conformity for this indicator, a major NCR 02/22 has been raised.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Updated Supply Base Report (see Exhibit 2);
Findings for Evaluation of Evidence:	By the time of completing the audit report the BP had updated the Supply Base Report and had corrected the issues mentioned in the description of the non-conformity. Auditors reviewed the updated Supply Base Report and decided to close the non-conformity based on the updated content.
NC Status:	Closed

8 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
Date of decision:	14 Oct 2022
Other comments:	N/A