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

Re-assessment

www.sbp-cert.org

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

Document history

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1 Overview

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SBP Certificate Code:	SBP-01-84
Date of certificate issue:	31 Aug 2022
Date of certificate expiry:	30 Aug 2027
Audit closing meeting date:	20 May 2022
Audit cycle:	Re-assessment

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:	Trader	☐
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; Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5	☐
Includes Supply Base Evaluation (SBE):	Yes	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	No	☐
Includes Group Scheme	No	☐
Products	Chips	☐

Feedstock types:	Primary	☐
Feedstock origin (countries):	Latvia, Lithuania	☐
SBP-endorsed Regional Risk Assessments used: **Public link:** **https://sbp-cert.org/documents/standards-documents/risk-assessments/**	Latvia	☐
Chain of custody system implemented:	FSC: NC-COC-013350, NC-CW-013350	☐
	Credit	☐

2.1 Description of the company

The BP is a wood chips producer with office in Riga and the facilities situated in Liepaja and Riga ports and Skulte, Mērsrags harbours. The BP is wood chip producer and trader. The BP is buying biomass - chips from FSC certified suppliers and also produce biomass itself – by producing chips from harvesting residues and roundwood from forests and chipping arboricultural arisings in non-forest lands. The BP is buying harvesting residues and bush/brush from owners of forest land, harvesting companies and owners of non-forest land for chipping. The share of biomass sourced from non-forest lands used for production of chips constitutes about a half of the total biomass volume. The other half of primary feedstock is sourced as logging residues or roundwood and chipped from low quality wood (pulpwood and firewood) in harbour terminals. The BP is also buying wood chips (secondary feedstock) from primary wood processors with FSC certified /FSC Controlled wood claims. All feedstock is originating from Latvia and some minor share could originate from Lithuania within the indirect/secondary (co-product) feedstock flow. In audit period no inputs of secondary feedstock from Lithuania registered. FSC Controlled Wood system of the Organization does cover procurement of the feedstock originating from Latvia, Lithuania and Estonia. Wood (roundwood) from Estonia is not included in the scope of the SBP. Material of Estonian origin is segregated from feedstock originating from the defined Supply Base. BP is implementing both the FSC transfer and the FSC credit system. The FSC credit system is applied in harbours, whereas the transfer system is used in direct trade activities, direct supplies of feedstock to clients. All feedstock is delivered to Liepaja, Mērsrags, Riga port terminals and Skulte harbor by trucks, where chips are stored. Roundwood chipping may take place in port terminals, where, low grade, roundwood logs of fuel wood assortment are chipped in minor volume. In case of the export, wood chips are loaded into the ship. Biomass (wood chips for energy production) are sold on FOB incoterm conditions in Liepaja port and FOB incoterm conditions in Riga port, Mērsrags and Skulte harbour. The scope of the certification does not include activities outside Kurzeme and Vidzeme and Zemgale regions and activities that are related to other harbour terminals, except the above mentioned terminals in Riga, Liepaja ports, Mērsrags and Skulte harbour.

2.2 Detailed description of the Chain of Custody system

The BP is sourcing wood chips from FSC certified or FSC Controlled wood certified suppliers. The BP is buying logging residues from logging companies or forest owners and arboricultural arisings from owners of non-forest land for subsequent processing in chips with own processing capacities. The BP also has own transport capacity. Wood chips are also produced from low quality roundwood and fuelwood that are purchased at Liepāja, Rīga ports and Skulte harbour with FSC certified, FSC Controlled Wood claims or verified according to the BP's own Controlled Wood verification system for Latvia and Lithuania. The BP is also sourcing roundwood from Estonia, which is included in the scope of BP's own FSC Controlled Wood verification system, but the roundwood from Estonia is not used for biomass (chips) production. The BP is implementing both FSC transfer and credit systems for certified material flow control. Material flow control in ports is carried out according to the FSC credit system, whereas trading without storage (physical possession of material) is carried out within the FSC transfer system All feedstock (both chips and roundwood) is delivered to Liepaja, Riga, Mērsrags and Skulte ports by trucks. Chips are stored in ports and roundwood logs are chipped in Liepāja,Rīga ports and Skulte harbour. Chips are sold on FOB incoterm conditions in Liepaja, Rīga ports and Skulte, Mērsrags harbours.

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 Mērsrags harbour;
- 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 standards SBP Standard #1 V1.0, SBP Standard #2 V1.0, SBP Standard #4 V1.0, SBP Standard #5 V1.0;
- Review of the updated Supply Base Report;
- Evaluation of mitigation measures implemented for both primary and secondary feedstocks;
- Field visits of the primary and secondary feedstock suppliers;
- Interviews with responsible staff;
- Review of the reports and records .

4 Evaluation process

4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	***Auditors***	**Auditor hours**
1. Preparation	Girts Karss, Liene Suveizda, Edgars Baranovs	8,0
2. On-site (excl. travel time)	Girts Karss, Liene Suveizda, Edgars Baranovs	60,0
3. Report writing	Girts Karss, Liene Suveizda, Edgars Baranovs	24,0
4. Other	N/A	N/A

Audit Schedule			
Activity	**Location**	**Auditor name**	**Date/time**
Opening meeting, office work	Riga	Girts Karss, Liene Suveizda, Edgars Baranovs	21 Mar 2022/8
Office work	Riga	Girts Karss, Liene Suveizda, Edgars Baranovs	22 Mar 2022/8
fieldwork	FMUs, Vidzeme, Zemgale regions	Liene Suveizda, Edgars Baranovs	23 Mar 2022/8
fieldwork	FMUs, Kurzeme region	Girts Karss	24 Mar 2022/8

fieldwork	Port visits	Liene Suveizda	29 Mar 2022/2
fieldwork	port visits	Edgars Baranovs	04 Apr 2022/2
office work	Riga	Girts Karss, Liene Suveizda, Edgars Baranovs	06 Apr 2022/4
office work	Riga	Girts Karss, Liene Suveizda, Edgars Baranovs	08 Apr 2022/3
Closing meeting	Riga	Girts Karss, Liene Suveizda, Edgars Baranovs	20 Apr 2022/1

Auditor qualification		
Auditor name	**Role**	**Qualification**
Ģirts Karss	Lead auditor	Works for NEPCon since 2011. Girts Karss holds M.Sc 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 had acquired SBP auditor qualification in 2016 and has participated in capacity of auditor and lead auditor in a number of SBP assessments, scope change audits and annual surveillance audits, including Supply Base Evaluation in Latvia and other countries.

Liene Suveizda	auditor	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 and FSC Chain of Custody operations and obtained the FSC lead auditor qualification. Liene has participated as an auditor in training is several SBP assessment and scope change (SBE) audits in Latvia. She has obtained the SBP auditor qualification.
Edgars Baranovs	auditor	Works for NEPCon SIA since 2018. Graduated from the Faculty of Forestry (University of Life Sciences and Technology) and holds a masters degree in environmental science from University of Latvia. Previous work experience in State Forest Service. Edgars acquired SBP auditor qualification in in 2020 and had participated in several SBP audits.

4.2 Description of evaluation activities

Re-assessment audit was carried out as a partial on-site and remote audit. The main part of audit and field work was conducted as an on-site audit.

The remote audit part covered a part of office audit solving remaining issues, but 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.

March 21, 2022.

Audit began with an onsite opening meeting attended by the responsible person – Quality and Environmental manager of the organisation, where auditors introduced themselves, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope. During the opening meeting the auditor explained CB’s accreditation related issues and discussed the audit timetable and planned activities. Informed about actual changes in SBP and FSC Chain of Custody systems.

Following the opening meeting, auditors started the office audit, related to changes in the management, scope, mitigation measure system etc. The audit followed with interview with Commercial director of BP

who informed about Health and Safety system and interview with Logistic specialist. The interview covered logistic, sales issues and risk mitigation measures regarding health and safety risk indicator.

The Production Director informed about general management of production in the BP. The auditors checked the Chain of Custody system, including control points, procurement documents, related risk mitigation documents, credit table data, transfer system, mass balance, conversion factors, sales documentation, conducted interview with accountant.

The auditors reviewed the supplier lists, supply chains, Supplier verification program, implementation of mitigation measure system, SBP Risk Assessment.

March 22, 2022

On second day auditors conducted onsite audit in office primarily focusing on SBP documentation, procedures in line with SBP Standards #1 and #2. Auditors reviewed documented procedures for primary feedstock supplies within the SBE system, contracts with suppliers containing requirements on health and safety requirements as well as requirements on evaluation and protection of high conservation values. Those have been evaluated and discussed with the responsible person at the organisation. Auditors checked the control points analysis and reviewed the records of risk mitigation measures. Review of procedures, documents and interviews with responsible staff (verification of SBP compliant feedstock). Implementation of mitigation measure system, SBP Risk Assessment, Supplier verification program, risk mitigation measures.

Auditors reviewed the applicable SBP documentation, including SBP procedures, instructions, training records, risk mitigation measure effectiveness, internal management (SBP standard 2).

After that auditors reviewed the part of GHG data, data collection and communication related SBP documentation, including SBP procedures, instructions, records, and other (SBP standard Nr 5).

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:

23.03.2022

Auditor visited Skulte harbour and Riga port Central Terminal. On the same day auditor conducted field visits in Vidzeme region Field inspections to non-forest land where harvesting of arboricultural arisings was conducted with primary focus on mitigation of HCV risks in non-forest lands. Inspection to one forest FMU was conducted on focus how to mitigate HCV3 risks.

24.03.2022

One auditor conducted remote audit and reviewed the Supply Base Report (SBP Standard 2).

One auditor visited Liepāja port Terrabalt Terminal. On the same day auditor conducted field visits in Kurzeme region by evaluating BP’s practices in mitigating health and safety risks. Field inspections to forest FMU was conducted with focus on evaluating BPs practices in HCV risk mitigation.

26.04.2021

On 26.04.2020. auditor visited Mērsrags harbour terminal. Auditor undertook the site tour at the terminal, observed the feedstock reception process, reviewed the records (GHG data related), reviewed the terminal staff and evaluated the FSC chain of custody system critical control points.

On the same day auditor conducted field visits in Zemgale region. Field inspections to forest FMU was conducted with focus on evaluating BPs practices in HCV risk mitigation.

04.04.2022

Auditors remotely conducted audit regarding the evaluation of risk mitigation measure effectiveness (SBP Standard 2).

06.04.2022.

Auditors remotely evaluated SBP Audit Report (SAR) on Energy and Carbon Data for chips and compliance to SBP Standard 5, Instruction Document 5E.

08.04.2022

Auditors remotely evaluated the open NCRs, ASI Compliance audit Follow up measures, corrective actions provided by BP.

Audit closing meeting was conducted on April 20. The results of field audit observations, gaps in risk mitigation system, SBR, SARs and other documents were discussed. Overall audit finding were summarised and formulated based on use of 3 angle evaluation method were provided to the responsible persons at the company – Quality and Environment manager during closing meeting.

4.3 Sampling methodology

The following considerations have been taken into account to establish as sample and the sampling intensity: 1) Geographical area; 2) Type of the operations and activities; 3) Risk mitigation measures related to origin and mixing. Geographical area: BP sources the primary feedstock included into SBE from Latvia. The BP distinguishes 3 operation regions in Latvia: Kurzeme region, Rīga (Zemgale) region and Vidzeme region. There are 3 procurement specialists responsible for feedstock procurement and biomass production. So, FMUs and properties of non-forest lands from all 3 feedstock sourcing regions within the responsibility of each forest foremen 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. The sample size and intensity: The sampling process has been changed due to changes in BP's HCV risk mitigation system with switching completely to desk-based risk mitigation system ("Ozols" database). Random sampling at supplier, FMU/compartment level has been opted-out due to a small margin of error. Instead, all feedstock origin data have been checked for HCV presence using desk based tools and only those FMUs containing HCV attributes (for example, compartments containing HCVs in felling permit, HCV border/topology issues etc) were included in the sample pool. This approach in auditor opinion is more efficient as only those FMUs/compartments are selected that have substantiated reason to be inspected in the field. It is considered sufficient to cover all major risk aspects and provide sufficient level of assurance for compliance with the standard. Desk based review of origin data as per Felling Permit data shows there are 38 compartments containing HCVs in 32 FMUs. The total number of FMUs were considered, no subsets (forest lands/non-forest lands) were used, but all FMUs were included in the sample. Auditors sampled sites for field inspections in all 3 BP feedstock sourcing regions (Kurzeme, Zemgale and Vidzeme) using the risk based approach. The part of sampling sites were selected in forest and part in non-forest land where presence of habitats of EU importance or locations of RTE species were identified and registered in the data base "Ozols". The total number of FMUs selected to visit in field evaluations was determined based on information from the database "Ozols", where FMUs with presence of EU habitats/WKHs were identified in any of compartment. The approximate target number of 4-5 FMUs to inspect in each feedstock sourcing region was determined using following relationship: $0.8\times\sqrt{x}$,where x- the total number of FMUs with HCV attributes (32). No subsets (forest lands/non-forest lands) were used, but both forest and non-forest lands were included in the sample. As to non-forest land, only agriculture lands with HCVs (non-forest habitats) registered were visited. Field inspections were conducted in 3 groups. In addition, in order to evaluate the field based risk mitigation approach, several FMUs were chosen after analysis and review of HCV checklist records. Those were identified and visited in Kurzeme and Zemgale region. 3 FMUs were selected and visited based on this. In order to evaluate health and safety risk mitigation measures, FMUs where on-going harvesting take place were included in the list of FMUs for inspection. 1 supplier in Zemgale region was inspected. In total 15 FMUs were inspected, including 3 FMUs in Zemgale region, 7 FMUs in Kurzeme region and 5 FMUs in Vidzeme region. 1 ongoing logging works sites were visited. Inspections to 4 properties took place in non-forest lands where harvesting of arboricultural arisings was conducted with primary focus on mitigation of health and safety risks, but also mitigating HCV risks in non-forest lands.

4.4 CB stakeholder engagement

On January 25, 2022, Sveaskog Baltfor published the Supply Base Report on its website https://www.sveaskog.se/en/sveaskog-baltfor-sia/sbp-certification/ . An informative letter (25 January 2022) was sent electronically to the interested parties. The interested parties – stakeholders were selected so that those would include the maximum number of recipients that represent economic, social and environmental interests of society, as well as local municipalities. The total number of recipients – 63.

Notification letter regarding the planned re-certification were sent to following key stakeholder groups (see full list of stakeholders that were involved in the stakeholder consultation process in Exhibit 11):

· state institutions/authorities (State Forest Service, Nature Conservation Agency, National Cultural Heritage Board, etc.),

· non-governmental organizations (Latvian Fund for Nature, World Wildlife Fund, Ornithological Society, etc.),

· trade associations (Latvian Foresters' Union, Latvian Timber Industry Federation, etc.),

· forest owners' associations and unions,

· research/academic institutions (Latvia University of Life Sciences and Technology, Latvian State Forestry Since Institute "Silava").

In first stage of stakeholder consulations only comments from Nature Conservation Agency were received. The BP proactively contacted State Labour Inspection, Latvian Forest Owners Association, Forest Industry competence center, Latvian Biomass Association, Latvian State Forest Research Institute, Latvian Association of Timber Producers and Traders and Latvian State Forest Service. No objections from mentioned organisations received.

The stakeholder consultation by the Certification Body was carried out on 16th February, 2022 by sending direct email to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions. No comments or concerns from stakeholders regarding the Sveaskog Baltfor SBP re-certification audit stakeholder consultation process were received.

4.5 Stakeholder feedback

In first stage of stakeholder consultation process only following comments from Nature Conservation Agency were received:

“The section “Biological Diversity” provides information on forest micro-reserves in Latvia: “according to the data of the State Forest Service in 2015, the territory of micro-reserves is 40,595 ha, the territory of micro-reserves increases slightly every year”. The Agency considers that the current information with the data of 2021 on the areas of micro-reserves should be indicated in the report and it is publicly available in the public reports of the State Forest Service. The Agency also requests a clarification on the identification and protection of potential large veteran trees. The natural data management system "Ozols" indicates only a part of large veteran trees that have been identified so far. According to the Cabinet of Ministers Regulations of March 16, 2010 No. 264 "General Regulations for the Protection and Use of Specially Protected Nature Areas", when a large dimensional tree exceeds the dimensions specified in Annex 2 to these Regulations, then the tree is automatically classified as a large veteran tree and is protected, regardless of whether it is recorded in the nature data management system "Ozols" and whether it is marked by an information plate with the designation of a large tree.”

The BP had responded to stakeholder via e-mail. Comments have been taken into account and adjustments made accordingly to the actual information from the State Forest Service public report. Sveaskog Baltfor is evaluating potential large veteran trees according to the Cabinet of Ministers Regulation No. 264 General Regulations for the Protection described in Annex 2 “Protected trees - large trees of local and foreign species (by circumference or height)”, indicating the dimensions from which the tree is classified as large veteran tree. The same Cabinet Regulation No. 264 38.2.point specifies that no logging shall be carried out in the area around the tree stem in the projection area, as well as in a 10 meter from it. Sveaskog Baltfor is performing clearing-up vegetation in non-forest land well as forest undergrowth cleaning in forest, which does not entail cutting of large trees, so the risk of cutting or otherhow damaging a potential big veteran tree is low. Prior to initiating harvesting works, Sveaskog Baltfor is surveying and assessing the planned logging works area in FMU/property with a Forest Biotope Assessment checklist. According to the SBP procedures Sveaskog Baltfor shall provides information on any large size / dimension (veteran) trees regardless of the status of large trees.

The BP had proactively contacted key stakeholders such as State Labour Inspection, Latvian Forest Owners Association, Forest Industry competence center, Latvian Biomass Association, Latvian State Forest Research Institute, Latvian Association of Timber Producers and Traders and Latvian State Forest Service.

No objections or comments regarding the organisation’s risk mitigation measures or other information contained in the Supply Base Report from mentioned organisations has been received.

The stakeholder consultation carried out by the CB prior to the re-assessment audit showed that BP’s stakeholder consultation process was transparent and comprehensive, and all principal stakeholders were involved in the process.

5 Results

5.1 Main strengths and weaknesses

Strengths: Core SBP system elements implemented at the time of the assessment and maintained during the audit period. Small number of the management staff and clearly designated responsibilities within the staff members. SBE processes are well documented. Database system for material accounting is rigorous and well maintained and all relevant information can be easily retrieved and reported in various cross-sections required by SBP standards. The BP and suppliers of primary feedstock have participated in the training for High Conservation Value identification and health and safety training courses with respected Latvian experts. Strong commitment in implementation of SBP system and positive approach has been observed during the audit.

Weaknesses: See NCRs in section 10

5.2 Rigour of Supply Base Evaluation

Sveaskog Baltfor is implementing the Supply Base Evaluation process for primary feedstock (forest products) originating from Latvia and is sold 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 designed 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 using 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 during the audit that BP has assessed options for risk mitigation measures and selected the most 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.

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

5.3 Collection and communication of data

The organization has established a GHG data collection system and had compiled emission data as a part of preparation process for the SBP assessment in 2017 and had been instantly improving. The BP has implemented a system to collect and record data on Greenhouse Gas emissions. The BP has provided detailed overview of the systems and databases to collect and record Greenhouse Gas data during the audit. All the GHG information is indicated in the SAR document. All evidence was provided to auditors, auditors considered it sufficient enough to fulfil the requirements.

5.4 Competency of involved personnel

The SBP and Supply Base Evaluation system is implemented by internal personnel of the company that have undergone external training and are supervised by the overall responsible person at the organization. Different staff members are responsible for various aspects of the SBP certification system. Quality and

Environment manager who is also responsible for FSC chain of custody certification system holds the overall responsibility for SBP and SBE system. She has overtaken the new responsibilities during last audit period. The new Quality and Environmental manager has qualification in ISO 9001, has gained training in FSC system. She has sufficient knowledge of the SBP requirements.

Production manager is responsible for entering agreements with supplier and buyers as well as claim review and management decisions. Forest foremen are responsible for actual on-ground implementing of the SBE – controlling the implementation of risk mitigation measures and controlling the suppliers.

All involved personnel, including responsible staff demonstrated sufficient knowledge in relevant fields (recognition and identification of HCVF, health and safety requirements) during the sites visits. Relevant certificates and diplomas were presented during 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 he SBP system with both primary feedstock 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.

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and 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) according SBP-endorsed RRA for Latvia. The BP is also requiring suppliers to take necessary actions – conduct risk mitigation measures to identify "specified risk" feedstock and avoid supplying material of "specified risk".

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.	see the description of risk in SBP Regional Risk Assessment for Latvia: https://sbp-cert.org/documents/standards-documents/risk-assessments/latvia/	The BP is using nature data management system "Ozols" (IS "Ozols") as a primary source for forest (and non-forest) habitat identification. "Ozols" contains information from the EU habitat inventory conducted as part of the project "Priekšnosacījumu izveide labākai bioloģiskās daudzveidības saglabāšanai un ekosistēmu aizsardzībai Latvijā" on HCVs – habitats of EU importance in private owned forests in Latvia. Outcomes of the project upon completing are compiled in the database "Ozols". FMUs where the EU habitat inventory is finalised. In case the EU habitat is identified and registered in IS "Ozols" the BP doesn't purchase feedstock from such sites. In areas where the habitat inventory has not yet been performed or its results have not yet been included in the database, habitat identification may be performed using a questionnaire approved by the habitat expert. In parallel and as a backup solution the BP is using '"Latbio" database maintained by the Latvian Biomass Association. Data base is being checked before

			sourcing the feedstock purchase or preparation of harvesting sites in case the cutting is performed in BPs forests or purchased wood on stamp. For external suppliers the requirements are included in mutual agreements and checked by BP before feedstock purchase and delivery. Latbio database was developed by biomass producers in Latvia united under the Latvian biomass association “LATBio”. The tool is used in private forest land and identifies “risk” areas which may comprise stands with high conservation value attributes. The tool is based on existing forest inventory data and implements filtering forest inventory databases using the algorithm from “Inventory of woodland key habitats; methodology” (Ek at al 2002). The BP has defined the following approach for risk mitigation with regard to identification of high conservation values –harvesting sites in the SBE system shall be checked in both databases and inspected by the supplier of primary feedstock prior to harvesting and screened for presence of high conservation values according to WKH checklist. The checklist has been elaborated by forest habitat experts in Latvia and are used by many SBP certified biomass producers and forest management companies. Both approaches are considered appropriate means for risk mitigation by stakeholders. Audit team considers the mitigation measure sufficient to address the risk identified. <u>HCVF category 1:</u> 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. HCV category 1 risks are mitigated using desk based tools, such as database "Ozols" or other specialised databases. If large-dimension trees with potential bird habitat are located in the area, a field audit may be conducted; though, suppliers are conducting routine inspections of logging sites prior to conducting harvesting activities. Suppliers are required to identify the bird nesting sites and conserve habitats as far as possible. The BP is paying attention to preserving large bird nests during supplier audits. 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 during routine inspections.

			Suppliers are required to evaluate all sites prior to harvesting and evaluating the presence of large diameter nest or RTE 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, feedstock is not sourced from particular FMU. The BP is monitoring the evaluation of the sites using the desk-based tools and by conducting supplier audits. Auditors carried out an assessment of the effectiveness of the BP's system by inspecting completed and on-going harvesting sites and evaluated the approach of risk mitigation measure carried out by the BP and contractors. Field inspections as well as review of risk mitigation measure records at the time of onsite audit and interviews to BP personnel show that BP and its suppliers are evaluating the logging sites for bird nesting sites before commencing harvesting works. BP is also using other desk-based tools to obtain information on bird nests. A non-conformity was identified during the audit. See NCR 01/22. <u>HCVF category 3:</u> Every supplier of primary feedstock that is going to supply feedstock as low risk material

			claim shall provide the information about harvesting site (the felling permit) to BP to check the area planned for harvesting is not designated as HCV area using data base “Ozols”. 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. Field inspections show that the BP and suppliers are evaluating the planned logging sites for the potential High Conservation Value attributes using desk based tools. If information on HCV is not available in the database “Ozols” the BP is evaluating the HCV *in-situ* using the HCV checklist. Auditors evaluated the BPs approach and practices in risk mitigation using both the database “Ozols” and the field based tool by visiting the sites and observing the actual situation onsite with checklist records. There are no comments regarding application of database “Ozols” in mitigating of HCVF category 3 risks. As to application of Latbio database and field checklists auditor field observations show that HCV identification methodoloy in several cases has ben applied incorrectly, i.e. information contained in the organisation’s completed HCV field evaluation (forest habitat) checklists (”Biotopu anketa”) does not correspond to actual situation in the field. While it does not represent risk of failing to identify HCVs – forest habitats of high biodiversity potential, it may influence decision taking in cases when the points in checklist are close to treshold where biotope expert opinion shall be requested as per high conservation value habitat identification methodology. See NCR 02/22 for additional details. See also NCR 04/22 related to implementing

			organisation’s internal procedures regarding risk mitigation measures. Despite identified deficiencies in overall, the audit team is concluding that the mitigation measures implemented by the BP are effective,. 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 species are not sourced and in case it will be the diameter can´t exceed 70cm. The chipping machinery has also maximum dimeter restriction of this size. Field inspections at harbour terminal showed that responsible staff showed 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. Audit team considers the mitigation measure implemented enough to address the risk identified. No deficiencies have been identified.
Latvia	2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas	see the description of risk in SBP Regional Risk Assessment for Latvia: https://sbp-cert.org/documents/standards-documents/risk-assessments/latvia/	The BP is using nature data management system "Ozols" (IS “Ozols”) as a primary source for forest (and non-forest) habitat identification. “Ozols” contains information from the EU habitat inventory conducted as part of the project “Priekšnosacījumu izveide labākai bioloģiskās daudzveidības saglabāšanai un ekosistēmu aizsardzībai Latvijā” on HCVs – habitats of EU importance in private owned forests in Latvia. Outcomes of the project upon

	with high conservation values from forest management activities.		completing are compiled in the database “Ozols”. FMUs where the EU habitat inventory is finalised. In case the EU habitat is identified and registered in IS “Ozols” the BP doesn’t purchase feedstock from such sites. In areas where the habitat inventory has not yet been performed or its results have not yet been included in the database, habitat identification may be performed using a questionnaire approved by the habitat expert. In parallel and as a backup solution the BP is using ‘”Latbio” database maintained by the Latvian Biomass Association. Data base is being checked before sourcing the feedstock purchase or preparation of harvesting sites in case the cutting is performed in BPs forests or purchased wood on stamp. For external suppliers the requirements are included in mutual agreements and checked by BP before feedstock purchase and delivery. Latbio database was developed by biomass producers in Latvia united under the Latvian biomass association “LATBio”. The tool is used in private forest land and identifies “risk” areas which may comprise stands with high conservation value attributes. The tool is based on existing forest inventory data and implements filtering forest inventory databases using the algorithm from “Inventory of woodland key habitats; methodology” (Ek at al 2002). The BP has defined the following approach for risk mitigation with regard to identification of high conservation values –harvesting sites in the SBE system shall be checked in both databases and inspected by the supplier of primary feedstock prior to

			harvesting and screened for presence of high conservation values according to WKH checklist. The checklist has been elaborated by forest habitat experts in Latvia and are used by many SBP certified biomass producers and forest management companies. Both approaches are considered appropriate means for risk mitigation by stakeholders. Audit team considers the mitigation measure sufficient to address the risk identified. <u>HCVF category 1:</u> 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. HCV category 1 risks are mitigated using desk based tools, such as database "Ozols" or other specialised databases. If large-dimension trees with potential bird habitat are located in the area, a

			field audit may be conducted; though, suppliers are conducting routine inspections of logging sites prior to conducting harvesting activities. Suppliers are required to identify the bird nesting sites and conserve habitats as far as possible. The BP is paying attention to preserving large bird nests during supplier audits. 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 during routine inspections. Suppliers are required to evaluate all sites prior to harvesting and evaluating the presence of large diameter nest or RTE 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, feedstock is not sourced from particular FMU. The BP is monitoring the evaluation of the sites using the desk-based tools and by conducting supplier audits. Auditors carried out an assessment of the effectiveness of the BP's system by inspecting completed and on-going harvesting sites and evaluated the approach of risk mitigation measure carried out by the BP and

			contractors. Field inspections as well as review of risk mitigation measure records at the time of onsite audit and interviews to BP personnel show that BP and its suppliers are evaluating the logging sites for bird nesting sites before commencing harvesting works. BP is also using other desk-based tools to obtain information on bird nests. A non-conformity was identified during the audit. See NCR 01/22. <u>HCVF category 3:</u> Every supplier of primary feedstock that is going to supply feedstock as low risk material claim shall provide the information about harvesting site (the felling permit) to BP to check the area planned for harvesting is not designated as HCV area using data base “Ozols”. 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. Field inspections show that the BP and suppliers are evaluating the planned logging sites for the potential High Conservation Value attributes using desk based tools. If information on HCV is not available in the database “Ozols” the BP is evaluating the HCV *in-situ* using the HCV checklist. Auditors evaluated the BPs approach and practices in risk mitigation using both the database “Ozols” and the field based tool by visiting the sites and observing the actual situation onsite with checklist records. There are no comments regarding application of database “Ozols” in mitigating of HCVF category 3 risks. As to application of Latbio database and field checklists auditor field observations show that HCV identification methodoloy in

			several cases has ben applied incorrectly, i.e. information contained in the organisation's completed HCV field evaluation (forest habitat) checklists ("Biotopu anketa") does not correspond to actual situation in the field. While it does not represent risk of failing to identify HCVs – forest habitats of high biodiversity potential, it may influence decision taking in cases when the points in checklist are close to treshold where biotope expert opinion shall be requested as per high conservation value habitat identification methodology. See NCR 02/22 for additional details. See also NCR 04/22 related to implementing organisation's internal procedures regarding risk mitigation measures. Despite identified deficiencies in overall, the audit team is concluding that the mitigation measures implemented by the BP are effective,. <u>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 species are not sourced and in case it will be the diameter can´t exceed 70cm. The chipping machinery has also maximum dimeter restriction of this size. Field inspections at harbour terminal showed that responsible staff showed 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.

			Audit team considers the mitigation measure implemented enough to address the risk identified. No deficiencies have been identified.
Latvia	2.8.1 The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).	see the description of risk in SBP Regional Risk Assessment for Latvia: https://sbp-cert.org/documents/standards-documents/risk-assessments/latvia/	Indicator 2.8.1: Each supplier/contractor 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 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. 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 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.

7 Non-conformities and observations

NC number NC-001568 (01/22)	NC Grading: Minor
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:	
During the SBP re-assessment audit the auditors verified the effectiveness of risk mitigation measures to HCV category 1. The auditors used the database “Ozols” data layer of protected species sites to verify all the locations of all origin places (FMUs) of primary feedstock. The initial desk results showed two FMUs where protected species habitats are registered. Further data analysis indicated that one FMU as potential sourcing site is registered in the organisation’s internal data base and was visited by purchase manager, but feedstock has not been sourced from particular FMU. In other case a potential habitat of protected species Pygmy Owl (Glaucidium passerinum L.) was identified in the database “Ozols”, which is also used by the organisation for HCV category 1 risk mitigating. Onsite field inspections showed that the forest stand was completely felled, and the habitat destroyed. Procurement and accounting records at the organisation show that the feedstock from FMU and felling site has been registered as SBP-Compliant feedstock. The case was not identified in the SBP risk mitigation measure efficiency evaluation (management review). According to organisation’s procedures feedstock from rare, threatened and endangered bird species nesting sites shall not be accepted (or accepted by preserving the nesting site) within the SBP Supply Base Evaluation process. A minor NCR 01/22 has been raised due to isolated and non-systematic nature of the case.	
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:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

NC number NC-001569 (02/22)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	16.2 Mitigation measures shall be justified and recorded.

Description of Non-conformance and Related Evidence:	
A weakness was identified in relation to implementing the field based HCV identification approach and HCV category 3 risk mitigation. According to the metholodogy, the BP shall seek (forest) habitat expert opinion in case the sum of points in the field checklist is exceeding 10 points, which indicates on the presence of valuable biodiversity forest stand structure elements. Habitat expert opinion is required to decide upon the habitat status of the stand. It was revealed in the office audit that in 2 cases the BP had evaluated the logging site with 12 points. However the BP was not able to provide evidence that any follow-up action (i.e. requesting habitat expert opinion) had taken as required by the methodology. A minor NCR raised due to isolated nature of cases and the fact that database “Ozols” does not contain information on the presence of woodland key habitats/EU forest habitats in given FMU compartments.	
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:	Documented procedure “SBP sertifikācijas sistēmas apraksts v.4 01.03.2022, see Exhibit 1
Findings for Evaluation of Evidence:	The BP has taken a decision to exclude field checklists fom the scope of the HCV category 3 risk mitigation instruments and will use only database “Ozols” for this purpose. The BP had updated its procedures and removed using of WKH field checklists as a mean for HCV cat. 3 risk mitigation. The BP will use only database “Ozols” as a primary mean for risk mitigation.
NC Status:	Closed

NC number NC-001570 (03/22)	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:	
It was revealed during the audit by reviewing the risk mitigation records that for a number of sites (cadastral numbers: 16086412854; 40203208710; 40003194846; 43603015253; 90560040046) with potential WKH (”high risk” according to Latbio database), the BP was not able to present field evaluation results. A minor NCR raised. According to information from responsible person missing records mentioned in the finding are related to a human mistake in document management system since none of mentioned sites can be found in BP’s data management system . Auditors also checked the mentioned cadaster numbers and concluded that properties (FMUs) with mentioned cadaster numbers can not be found in the national cadaster system.	
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:	Pending

Findings for Evaluation of Evidence:	Pending
NC Status:	Open

NC number NC-001571 (05/22)	**NC Grading: Minor**
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	16.3 The BP shall implement a plan to monitor the effectiveness of the mitigation measures, at least annually (i.e. every 12 months).
Description of Non-conformance and Related Evidence:	
The BP has evaluated the effectiveness of its risk mitigations measures and review reports from 2020 and 2021 were demonstrated during the re-assessment audit (Risk mitigation measures effectiveness evaluation document 2020 and 2021: Riska mazināšanas pasākumi_efektivitāte-2020.pdf, Riska mazināšanas pasākumi_efektivitāte-2021.pdf). However discrepancies mentioned in NCRs 02/22, 03/22, 04/22 have not been identified and analyzed by the BP as part of internal audits.	
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:	Pending
Findings for Evaluation of Evidence:	Pending
NC Status:	Open

NC number NC-001572 (02/21)	**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:	
2021 Surveilance audit: During field visits the auditors identified a deficiency in methodology used by	

procurement specialists. In some cases in forest compartments smaller than 1 ha, the BP staff had scored 1 point for such forest stand structure elements as the number of deadwood trunks in the plot, standing deadwood, trees with hollows etc., whereas in fact it is highly likely that due to the scale effect. i.e. extrapolating the parameter to 1ha size, the score should be given 2 points, thus the actual score should be higher. For example in FMU “e.g. “Pagasta Mežs” 2 large dimension trees in compartment of size 0,4 ha are evaluated with score 1 instead of 2. As result total scores are less than using correct methodology. According to interviews the procurement specialists are familiar with requirement but don’t pay sufficient attention to this. Also, review of BP’s risk mitigation records revealed that the BP in one case (Cadaster No. 80440060033, block 1, compartments 4,6) had sourced the twigs for chipping from the EU habitat 2180. Further analysis of chain of custody reveals that the chips produced from the mentioned compartments were registered in the CoC system as SBP-Compliant feedstock. A minor NCR 02/21 raised due to the isolated nature of the case, one-time occurrence and a small volume. As to checklists (scale issue) it is considered minor non-conformity due to low relevance of the issue, i.e. in none of occasions scale issue had resulted in substantially higher points in HCV checklist as from auditor evaluation of sites. 2021: ASI (Assurance Services International GmbH) compliance audit During the field visits ASI observed that the CH's completed HCV field evaluation checklists (Biotopu anketa) does not include presence of such forest structural elements observed as large dimension trees, wet places, trees with bracket fungus, deadwood and advanced growth. 2022: Re-assessment audit: The organisation had been using the field checklist in evaluating identify of High conservation value category 3 forests – from biodiversity viewpoint valuable forest habitats. The organisation is using this approach as a backup to desk based approach entailing use of the ”Ozols” database. During the field visits verification of risk mitigation measures in completed logging sites in 3 FMUs auditors observed that HCV identification methodoloy has ben applied incorrectly, i.e. information contained in the organisation’s completed HCV field evaluation (biotope) checklists (”Biotopu anketa”) does not correspond to actual situation in the field. It was observed that certain forest stand structural elements such as large dimension trees, wet places, trees with bracket fungus, deadwood and advanced growth had not been reflected in checklists. Also the scale factor has not been taken into consideration. See further details in in p. 9.2. findings. While it does not represent risk of failing to identify HCVs – forest habitats of high biodiversity potential, it may influence decision taking in cases when the points in checklist are close to threshold where biotope expert opinion shall be requested as per high conservation value habitat identification methodology. Due to repeated nature of the non-conformity the minor NCR has been upgraded to major NCR 01/21.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Documented procedure “SBP sertifikācijas sistēmas apraksts v.4 01.03.2022, see Exhibit 1
Findings for Evaluation of Evidence:	The BP has taken a decision to exclude field checklists from the scope of the HCV category 3 risk mitigation instruments and will use only database “Ozols” for this purpose. The BP had updated its procedures and removed using of WKH field checklists as a mean for HCV cat. 3 risk mitigation. The BP will use only database “Ozols” as a primary mean for risk mitigation.
NC Status:	Closed

NC number NC-001573 (03/21)	**NC Grading: Minor**
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	15.3 The BP management system shall document all necessary procedures.

Description of Non-conformance and Related Evidence:	
During the document review a descripancies were identified in SBP certification system procedures. The Quality and Environment manager provided the procedure “SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process ” (Approval, verification and risk mitigation process of SBP compliant material) and document “Sveaskog Baltfor SIA Biomasas piegādes ķēdes risku mazināšanas pasākumi” (Risk mitigation measures for SIA Sveaskog Baltfor biomass Chain of Custody). The document analysis shows that document content regarding risk mitigation system and measures is partly overlapping. The procedure “SBP atbilstoša materiāla apstiprināšana, verifikācija, riska mazināšanas process “ contains terms “SBE NR” or “SBE NE” which are not used in practise, and the procedure does not describe the risk mitigation measures on non-forest land. A minor NCR 03/21 raised.	
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:	Updated procedure “Sveaskog Baltfor SIA Biomasas piegādes ķēdes risku mazināšanas pasākumi” (Risk mitigation measures for SIA Sveaskog Baltfor biomass Chain of Custody).
Findings for Evaluation of Evidence:	After the re-assessment audit the BP provided an updated procedure “Sveaskog Baltfor SIA Biomasas piegādes ķēdes risku mazināšanas pasākumi” (Risk mitigation measures for SIA Sveaskog Baltfor biomass Chain of Custody). The updated procedure reflects the actual risk mitigation measures system and process in BP. The shortcomings identified in surveillance audit in 2021 thus in auditor opinion are resolved and the non-conformity may be closed.
NC Status:	Closed

NC number NC-001574 (04/22)	**NC Grading: Minor**
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:	
According to the BP’s documented procedures (Risk mitigation measures effectiveness evaluation document 2020 and 2021 / Riska mazināšanas pasākumi_efektivitāte-2020.pdf and Riska mazināšanas pasākumi_efektivitāte-2021.pdf; clause 3, 3.1 and 4.1), the BP shall visit at least 80% of Latbio "red" sites (where Latbio database shows indication of potential WKH). It is accepted not to visit sites for those suppliers that have been trained on field evaluation and have done field evaluation (biotope checklist completed) if results from previous field evaluations does not significantly differ. At the time of audit the BP was not able to present such supplier evaluations. A minor NCR raised.	
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:	documented procedure, see Exhibit 1
Findings for Evaluation of Evidence:	After the office audit the BP had updated its documented procedures to exclude the requirement since the BP has switched fully to using of ”Ozols” database and is not using the Latbio database, leaving it as backup option only. The BP clarified that the organisation could not present supplier evaluations to check only 80% of Latbio "red" sites because the BP is currently checking all sites, irrespective if nominal risks. This procedure was prepared as a backup for the situation when the BP would not have the capacity to check 100% of “red” logging sites. Auditor findings show that in 2022 100% of sites have been evaluated by the BP using desk based tools (”Ozols” database). Given that the BP had switched to ”Ozols” database for risk mitigation and all sourcing areas are being checked, a minor NCR has been closed.
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):	Ondrej Tarabus
Date of decision:	20 Jul 2022
Other comments:	N/A