

# Supply Base Report: AKZ SIA

Fourth Surveillance Audit

[www.sbp-cert.org](http://www.sbp-cert.org)



## Completed in accordance with the Supply Base Report Template Version 1.3

*For further information on the SBP Framework and to view the full set of documentation see [www.sbp-cert.org](http://www.sbp-cert.org)*

### *Document history*

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# 1 Overview

**Producer name:** SIA AKZ (here in after referred to as AKZ)  
**Producer location:** Jaunceltnes street 7, Aizkraukle, LV-5101, Latvia  
**Geographic position:** Lat E 25 degrees 14 minutes, Long N 56 degrees 36 minutes  
**Primary contact:** Germans Savickis, t. +371 25915552, germans.savickis@akz.lv  
**Company website:** [www.akz.lv](http://www.akz.lv)  
**Date report finalised:** 11/Jun/2019  
**Close of last CB audit:** 14/Jun/2019  
**Name of CB:** NEPCon  
**Translations from English:** No  
**SBP Standard(s) used:** Standard 2 version 1.0;  
 Standard 4 version 1.0;  
 Standard 5 version 1.0;  
**Weblink to Standard(s) used:** <https://sbp-cert.org/documents/standards-documents/standards>  
**SBP Endorsed Regional Risk Assessment:** not applicable  
**Weblink to SBE on Company website:** <http://www.akz.lv/en/fsc-certificate>

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>X</b>	<input type="checkbox"/>

## 2 Description of the Supply Base

### 2.1 General description

AKZ is one of the largest softwood sawmills in Latvia. AKZ only uses FSC certified and controlled wood, in the form of wood wastes from its own wood working plant. The wood working and pellet production facilities are located at the same location.

FSC Certified Wood is sourced from:

- Latvian State Forest Enterprise (Latvijas Valsts Meži),
- Latvian Certified Private Forest,
- Lithuanian State Forest Enterprise,
- Lithuanian Certified Private Forest,

FSC Controlled Wood is sources from:

- Latvia,
- Lithuania,

The Forest Management practices of these enterprises and regions are described below.

Each of the supply regions where sawn logs are sourced have the following main principles of sustainable forest management (SFM) and land management:

Latvia:

- Around 52% (3,383 milj ha) of the total land area is covered with forests.
- Forest management is described in a special law, called the Forest Law.
- 49% of all forests are state forests and 50% are private forests and 1% forests of the other ownership.
- [http://data.csb.gov.lv/pxweb/lv/lauks/lauks\\_ikgad\\_mezsaimn/MS150.px/table/tableViewLayout1/?rxid=cdbc978c-22b0-416a-aacc-aa650d3e2ce0](http://data.csb.gov.lv/pxweb/lv/lauks/lauks_ikgad_mezsaimn/MS150.px/table/tableViewLayout1/?rxid=cdbc978c-22b0-416a-aacc-aa650d3e2ce0)
- To secure and maintain SFM both state and private forests are monitored and inspected by the Latvian Forest Department, which also develops the main forestry regulations.
- Before commercial activities in the forests can commence, the State Forest Department requires a long-term forest management plan for every forest unit and owner. After acceptance of the plan, the State Forest Department issues a Harvesting Licence for separate sites. The Harvesting Licence determines what kind of forest felling system is allowed, and which species and in what amount can be harvested in the area. It also determines the forest regeneration method at each harvesting site.
- After the harvesting operation, the site owner signs a report on the harvested volumes and planned forest regeneration method. The site is inspected by a representative of the State Forest department.
- The Harvesting Licence (licence number) is the main document for suppliers to track the supply chain and secure sustainable log purchases.
- Forests in protected territories and protected forests account for 28% of total forest area, or 862.8 thousand hectares. Forests in strict conservation areas account for 46.2% by area. One-fifth of the area of forests in protected territories is located in National parks (various protection tenures); with the remainder made up as follows: 16%: protected landscape areas; 13%: Baltic Sea and Riga Bay belt zone; 12%: nature parks; 7%: micro reserves; 4%: city protection belts; 3%: specially protected forest areas; 2%: strict nature reserves and protected Baltic Sea and Riga Bay coastal dune forests. Most of the protected forests and forests in protected areas are owned by the State. The highest proportion of privately owned forests is in protected landscape forests (57%), National parks and

nature parks (51%). There is a relatively smaller area of private forests in protected territories with more strictly regulated protection regimes: protected coastal forests (Baltic Sea and Riga Bay belt 33%, Baltic Sea and Riga Bay protection zone 34%); strict conservation areas (20%); and micro reserves (7%). All other forests apart from forests in protected territories and belts and their buffer zones are considered production forests.

- The Republic of Latvia has signed and ratified the Convention on International Trade in Endangered Species of Wild Fauna and Flora (The Washington Convention, 1973). In addition to the CITES Convention, trade in endangered species of wild fauna and flora is regulated by a number of EU directives that extend the scope of species within the European Union.
- Latvia's forests are regenerated either naturally or artificially. Natural regeneration of pine, spruce and deciduous species take place according to the site conditions on wet mineral and wet peat soils. Artificial rejuvenation involves the use of genetically improved seed and planting stock; forest seed orchards cover a total area of 12.6 thousand ha. The main forest tree species are: pine (5682.09 ha); spruce (5868.61 ha); birch (845.72 ha); aspen (6.43 ha); and others (180.91 ha).
- Wood specie composition: Pine- 34%; Spruce-18.0%; Birch- 30%; Aspen- 7%; Black alder -3%; Other – 1%
- Timber production by types of cuts, by volume produced (2016): final cuts 40.4 %; thinning 32.8 %; sanitary cuts 22.3 %; other types of cuts 4.5 %.
- Information about land structure in Latvia:
  - o Total land area in Latvia: 6.45 mil. Ha: Agricultural land 1.8725 milj ha.
  - o Forest land consists of: forests 3.08 mil. ha (90.6%); marshes 0.17 mill. ha (5.1%); open areas 0.031 mill. ha (0.9%); flooded areas 0.016 mill. ha (0.5%); objects of infrastructure 0.081 mill. ha (2.4%), other forest land 0.017 mill. Ha (0.5%).
- The share of forestry, wood-working industry and furniture production amounted to 5.2 % GDP (2016), export counts for 20%.
- Appr. 7% of inhabitants are employed in the industry, which is 80 000 people (forestry, wood-working industry and furniture production).  
Overall statistics is available at: <http://www.csb.gov.lv>
- Sources of information: <https://www.csb.gov.lv/lv/statistika/db>; <http://www.vmd.gov.lv/valsts-meza-dienests/statiskas-lapas/-meza-apsaimniekosana-?nid=1472#jump>; <https://www.lvm.lv/sabiedribai/meza-apsaimniekosana/latvijas-meza-nozare>; [https://www.zm.gov.lv/public/ck/files/skaitlifakti\\_LV\\_2018web.pdf](https://www.zm.gov.lv/public/ck/files/skaitlifakti_LV_2018web.pdf)

#### Lithuania:

- Around 33.5% (2.2 mill. ha) of the total land area is covered with forests.
- Around 49.8% of all forests are state forests; 39.9% are private forests and 10.3% of Forests reserved for restitution
- To secure and maintain SFM both state and private forests are monitored and inspected by the Lithuanian State Forest Department, which also develops the main forestry management rules.
- Before commercial activities in the forests can commence, the State Forest Department requires a long-term forest management plan for every forest unit and owner. After acceptance of the plan, the State Forest Department issues a Harvesting License for separate sites. The Harvesting Licence determines what kind of forest felling system is allowed and which species and in what amount can be harvested in the area. It also determines the forest regeneration method at each harvesting site.
- The Harvesting Licence (licence number) is the main document for suppliers to track the supply chain and secure sustainable log purchases.
- Adjacent lands: agricultural land covers more than 52.6% of Lithuania.
- According to the National Forest Inventory data (2016), the total forest land area of Lithuania was 2,186,700 ha, covering 33.5% of the country's territory. Since the 1st January 2003, the forest land area has increased by 141,500 ha corresponding to 2.2% of the total forest cover. During the same

period, forest stands expanded by 107,300 ha to 2,058,300 ha. Lithuania forest land ownership is divided into: Forests of state importance (1 088 000 ha or 49.8 %), Private forests (873 000 ha or 39.9 %) and Forests reserved for restitution (225 000 ha or 10.3 %). By 1st January 2016, the number of private forest owners amounted to almost 249,100, with forest estates averaging 3.4 ha. Forty two State forest enterprises and 1 national park, under subordination of the Ministry of Environment, managed 1,050,200 ha of forest land. The number of forest districts during the last year decreased from 350 to 341 reaching an average size of 3,200 ha.

- According to functional groups Lithuania forest is divided into:
- group I (strict nature reserves): 26,500 ha (1.2%);
- group II (ecosystem protection and recreational): 266,500 ha (12.2%);
- group III (protective): 333,400 ha (15.2%);
- group IV (exploitable): 1,560,300 ha (71.4%).
- Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests - especially spruce and birch - often grow in mixed stands. Forest composition: Scots pine - 34.8%, spruce - 20.9%, birch - 22.2%, alder – 13.4%, Ash - 1%; Aspen – 4.4%, Oak – 2.2%, other species – 1.1%.
- CITES came into force in the Republic of Lithuania on 9 March 2002. The rules for trade in wild animals regulating bringing into and taking out of the Republic of Lithuania animals, parts thereof or articles made of them are prepared following the requirements of the CITES, provisions of Council Regulation (EC) No 338/97 of 9 December 1996 on the protection of species of wild fauna and flora by regulating trade therein and Commission Regulation (EC) No 1808/2001 of 30 August 2001 laying down detailed rules concerning the implementation of the protection of species of wild fauna and flora by regulating trade therein. No CITES tree species growing in Lithuania.

[https://www.hdforest.com/media/Lithuania\\_Statistical\\_Yearbook\\_2016.pdf](https://www.hdforest.com/media/Lithuania_Statistical_Yearbook_2016.pdf)

## 2.2 Actions taken to promote certification amongst feedstock supplier

AKZ is promoting Sustainable Forest Management (mainly FSC) certification. We explain to our suppliers its criteria and importance. AKZ give priority to FSC certified suppliers. AKZ promote only FSC controlled and FSC certified wood supply with that action certified wood purchase is promoted.

## 2.3 Final harvest sampling programme

AKZ production is organized with 0 waste technologies. AKZ uses round wood in their sawing operations and does not harvest trees with the goal to produce pellets. AKZ only use wood wastes, originating from woodworking. The resources originate from well-managed multifunctional forests with a long rotation period. AKZ sources are either FSC certified wood, or FSC controlled wood.

## 2.4 Flow diagram of feedstock inputs showing feedstock type [optional]



## 2.5 Quantification of the Supply Base

### Supply Base

- a. Total Supply Base area (ha): 5.583 million Ha,
- b. Tenure by type (ha): 2.75 million Ha state owned, 2.57 mill ha privately owned.
- c. Forest by type (ha): 5.583 million ha temperate zone,
- d. Forest by management type (ha): 5.583 million ha managed natural forests
- e. Certified forest by scheme (ha): 5.583 million ha FSC certified forest)

### Feedstock

- f. Total volume of feedstock: Chips 148 815 m3; Sawdust 354 087 m3; Shavings 29 196 m3 to pellet mill
- g. Volume of primary feedstock: 438 411 m3 round wood to the saw mill
- h. List percentage of primary feedstock (g),
  - Latvia: 51% private forest, 49% State forest FSC controlled wood (SBP controlled), 2% Private forest and 98% State forest FSC Mix Credit (SBP compliant)
  - Lithuania: 100% Private forest FSC Controlled wood (SBP controlled), 84% Private forest and 16% State forest FSC 100%(SBP compliant).
- i. List all species in primary feedstock, including scientific name
  - Norway Spruce (*Picea abies* L.)
  - Scotch Pine (*Pinus sylvestris* L.)
- j. Volume of primary feedstock from primary forest

0 m<sup>3</sup> of primary feedstock. We only use wood wastes to produce pellets. The supply base does not include any known primary, or old growth forests. The Forest management systems in place ensure the identification of primary and other High Conservation Value Forests.

- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:

0% of primary feedstock. We only use wood wastes to produce pellets. The supply base does not include any known primary, or old growth forests. The Forest management systems in place ensure the identification of primary and other High Conservation Value Forests.

Volume of secondary feedstock: Chips 148 815 m3; Sawdust 354 087 m3; Shavings 29 196 m3 to pellet mill, from our own saw mill.

- l. Volume of tertiary feedstock:  
Not applicable.

- \* Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands for (f) and (g) are:

1. 0 – 200,000 tonnes or m<sup>3</sup>
2. 200,000 – 400,000 tonnes or m<sup>3</sup>
3. 400,000 – 600,000 tonnes or m<sup>3</sup>
4. 600,000 – 800,000 tonnes or m<sup>3</sup>
5. 800,000 – 1,000,000 tonnes or m<sup>3</sup>
6. >1,000, 000 tonnes or m<sup>3</sup>

Bands for (h), (l) and (m) are:

1. 0%-19%
2. 20%-39%
3. 40%-59%
4. 60%-79%
5. 80%-100%

NB: Percentage values to be calculated as rounded-up integers.

### 3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
<input type="checkbox"/>	<b>X</b>

## 4 Supply Base Evaluation

### 4.1 Scope

N/A

### 4.2 Justification

N/A

### 4.3 Results of Risk Assessment

N/A

### 4.4 Results of Supplier Verification Programme

N/A

### 4.5 Conclusion

N/A

## 5 Supply Base Evaluation Process

N/A

## 6 Stakeholder Consultation

N/A

### 6.1 Response to stakeholder comments

N/A

## 7 Overview of Initial Assessment of Risk

N/A

## 8 Supplier Verification Programme

### 8.1 Description of the Supplier Verification Programme

N/A

### 8.2 Site visits

N/A

### 8.3 Conclusions from the Supplier Verification Programme

N/A



## 9 Mitigation Measures

### 9.1 Mitigation measures

N/A

### 9.2 Monitoring and outcomes

N/A

## 10 Detailed Findings for Indicators

N/A

## 11 Review of Report

### 11.1 Peer review

N/A

### 11.2 Public or additional reviews

N/A

## 12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Germans Savickis</i>	<i>Sales manager</i>	<i>12.06.2019</i>
	Name	Title	Date
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	<i>Aigars Abolins</i>	<i>Mill director</i>	<i>[date]</i>
	Name	Title	Date
Report approved by:	<i>Ilze Silina</i>	<i>Certification specialist</i>	<i>[date]</i>
	Name	Title	Date
Report approved by:	<i>Ingrida Rozukalne</i>	<i>Managing director</i>	<i>[date]</i>
	Name	Title	Date

## 13 Updates

### 13.1 Significant changes in the Supply Base

N/A

### 13.2 Effectiveness of previous mitigation measures

N/A

### 13.3 New risk ratings and mitigation measures

N/A

### 13.4 Actual figures for feedstock over the previous 12 months

#### Supply Base

- m. Total Supply Base area (ha): 5.583 million Ha,
- n. Tenure by type (ha): 2.75 million Ha state owned, 2.57 mill ha privately owned.
- o. Forest by type (ha): 5.583 million ha temperate zone,
- p. Forest by management type (ha): 5.583 million ha managed natural forests
- q. Certified forest by scheme (ha): 5.583 million ha FSC certified forest)

#### Feedstock

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- t. List percentage of primary feedstock (g),
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- u. List all species in primary feedstock, including scientific name
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  - Scotch Pine (*Pinus sylvestris* L.)
- v. Volume of primary feedstock from primary forest

0 m<sup>3</sup> of primary feedstock. We only use wood wastes to produce pellets. The supply base does not include any known primary, or old growth forests. The Forest management systems in place ensure the identification of primary and other High Conservation Value Forests.

- w. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:

0% of primary feedstock. We only use wood wastes to produce pellets. The supply base does not include any known primary, or old growth forests. The Forest management systems in place ensure the identification of primary and other High Conservation Value Forests.

- x. Volume of secondary feedstock: Chips 148 815 m<sup>3</sup>; Sawdust 354 087 m<sup>3</sup> from our mill.  
y. Volume of tertiary feedstock: Shavings 29 196 m<sup>3</sup>

- \* Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands for (f) and (g) are:

1. 0 – 200,000 tonnes or m<sup>3</sup>
2. 200,000 – 400,000 tonnes or m<sup>3</sup>
3. 400,000 – 600,000 tonnes or m<sup>3</sup>
4. 600,000 – 800,000 tonnes or m<sup>3</sup>
5. 800,000 – 1,000,000 tonnes or m<sup>3</sup>
6. >1,000, 000 tonnes or m<sup>3</sup>

Bands for (h), (l) and (m) are:

1. 0%-19%
2. 20%-39%
3. 40%-59%
4. 60%-79%
5. 80%-100%

NB: Percentage values to be calculated as rounded-up integers.

## 13.5 Projected figures for feedstock over the next 12 months

Chips 150 000 m<sup>3</sup>

Sawndust 350 000 m<sup>3</sup>. Shavings 35 000 m<sup>3</sup>

Species: Picea abies; Pinus sylvestris

- \* Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands are:

1. 0 – 200,000 tonnes or m<sup>3</sup>
2. 200,000 – 400,000 tonnes or m<sup>3</sup>
3. 400,000 – 600,000 tonnes or m<sup>3</sup>
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5. 800,000 – 1,000,000 tonnes or m<sup>3</sup>
6. >1,000, 000 tonnes or m<sup>3</sup>