Sustainable Biomass Program

Supply Base Report: United Loggers OÜ

Scope Change Audit

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

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Contents

1 Overview

Producer name: United Loggers OÜ

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Close of last CB audit: 09/Jan/2018 Keava Raplamaa

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SBP Endorsed Regional Risk Assessment: https://sbp-cert.org/documents/risk-assessments/estonia

Weblink to SBE on Company website: http://www.united-loggers.ee

	Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	**First Surveillance**	**Second Surveillance**	**Scope Change**	**Third Surveillance**	**Fourth Surveillance**
☐	☐	☐	X	☐	☐

2 Description of the Supply Base

2.1 Introduction and general description

United Loggers OÜ is an Estonian company specialised in the sales and production of wood chips. Our raw material is sourced from various Estonian suppliers, including forest stocking companies and forest owners, agricultural co-operatives, forestry products intermediaries. The primary raw material comes from cross-cut round wood, unlopped trunks, timber offcut, tops and branches. The material originates from a variety of forests, where clear cutting, salvage cutting or thinning have been undertaken according to management plans. Raw material may also originate from land improvement or crop land restoration and renewal sites.

UL OÜ also sources from EU Member States Poland, Latvia and Germany. In Poland, the material is sourced from the Polish state forest, from a region struck by a storm in August 2017. Primary raw material sourced outside Estonia meets the requirements of the FSC supply chain certificate.

In Latvia we source wood chips collected and loaded at the Port of Ventspils. The chips have been sourced from within 70 km of Ventspils. 50% of the raw material used for the wood chips comes from non-forest areas (arable land, sides of the roads) and 50% from forests. It is mostly residuals - cuttings and waste wood - that are sourced from forests. All timber purchased in Latvia carries an FCS CW certificate.

In Germany, we source wood from bark beetle damaged spruce forests in Lower Saxony and Hesse. The series of last consecutive warm and dry summers has favoured their spreading. The dried spruce is acquired from PEFC and FSC certified forests.

United Loggers was issued with an FSC certificate in 2014 and, at present, some of the feedstock we use carries an FSC 100% or FSC Controlled Wood marker. You can find an overview of the feedstock product groups and their share used in the last 12 months below:

Table 1: Overview of Feedstock profile (01.09.2017-31.08.2018)

Feedstock product groups	**Estimated proportion, %**	**Indicative nr of suppliers**	**Species mix**
Controlled Feedstock (primary)	85	58	Picea abies, Pinus sylvestris, Betula spp, Populus spp, Alnus spp, Carpinus spp., Fagus spp., Fraxinus spp., Larix spp., Quercus spp., Acer platanoides, Salix spp., Tilia cordata Mill. = Winterlinde (Syn.: T. parvifolia)
Controlled Feedstock (secondary)	0	0	Picea abies, Pinus sylvestris, Betula spp, Populus spp, Alnus spp, Carpinus spp., Fagus spp., Fraxinus spp., Larix spp., Quercus spp., Acer

			platanoides, Salix spp., Tilia cordata Mill. = Winterlinde (Syn.: T. parvifolia)
SBP- compliant Primary Feedstock	15	1	Picea abies, Pinus sylvestris, Betula spp, Populus spp, Alnus spp, Carpinus spp., Fagus spp., Fraxinus spp., Larix spp., Quercus spp., Acer platanoides, Salix spp., Tilia cordata Mill. = Winterlinde (Syn.: T. parvifolia)
SBP-compliant Secondary Feedstock	0	0	Picea abies, Pinus sylvestris, Betula spp, Populus spp, Alnus spp, Carpinus spp., Fagus spp., Fraxinus spp., Larix spp., Quercus spp., Acer platanoides, Salix spp., Tilia cordata Mill. = Winterlinde (Syn.: T. parvifolia)
SBP non-compliant	0	0	Picea abies, Pinus sylvestris, Betula spp, Populus spp, Alnus spp, Carpinus spp., Fagus spp., Fraxinus spp., Larix spp., Quercus spp., Acer platanoides, Salix spp., Tilia cordata Mill. = Winterlinde (Syn.: T. parvifolia)

2.1.1 Estonia

Estonia has been a member of the European Union since 2004 and Estonian legislation is in conformity with the Community acquis. National legislative acts refer to the international legal framework and law-making is based on democratic principles, e.g. stakeholder engagement[1]. Almost half of Estonian mainland - 2.2 million hectares - is covered by forests. The usage of forests and woodlands is regulated by law. The Estonian Forestry Development Plan 2020[2] sets out the strategy and targets for the protection and sustainable management of forests and woodlands. Departments in the Ministry of the Environment coordinate and monitor forest management and legislative compliance in the sector. The Environmental Board carries out the national policy for the use and protection of natural resource and the Environmental Inspectorate exercises supervision of environmental protection.

The Forest Act divides forests into managed, partially managed and protected forests. Forests are either in state, local government or private ownership. Around 40% of all forests and forest land belongs to the state[3]. State forest land has been certified according to the FSC and PEFC land management and supply chain standards. The State Forest Management Centre, aiming at sustainable and effective forest management, is

[1] https://europa.eu/european-union/law_et

[2] Original title*: "Eesti metsanduse arengukava aastani 2020";* approved *https://europa.eu/about-eu/countries/member-countries/estonia/index en.htm* by Estonian parlament decision nr 909 OE 15. february 2011 http://www.envir.ee/sites/default/files/elfinder/article files/mak2020vastuvoetud.pdf

[3] http://www.rmk.ee/organisation/operating-areas

responsible for managing state forests. Continuous forest inventory data monitoring and renewal of forest maps enable forest management planning[4].

During the last decade, the annual felling volume has been between 7-11 million scbm[5]. The annual increase, according to the Forest Management Development Plan, is between 12-15 million scbm. These figures demonstrate that forest management has been sustainable and that there is enough resource and potential. This provides assurance for achieving economic, environmental and social goals in the long term perspective.

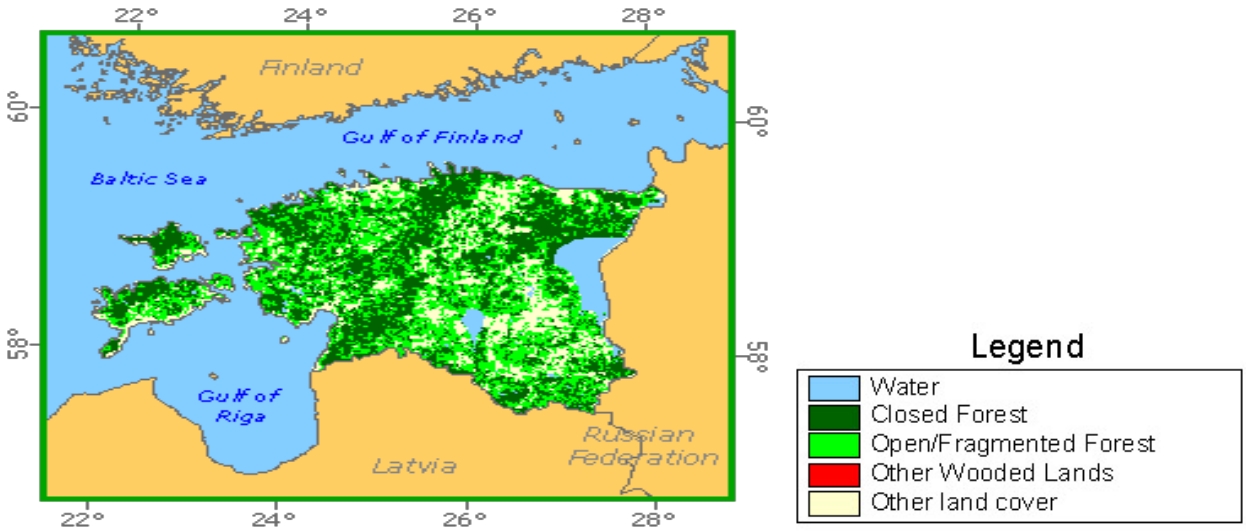


Figure 1. Forest cover of Estonia (http://www.fao.org/forestry/country/en/est/)

The distribution of growing stock by tree species in Estonia is showing on figure 2.

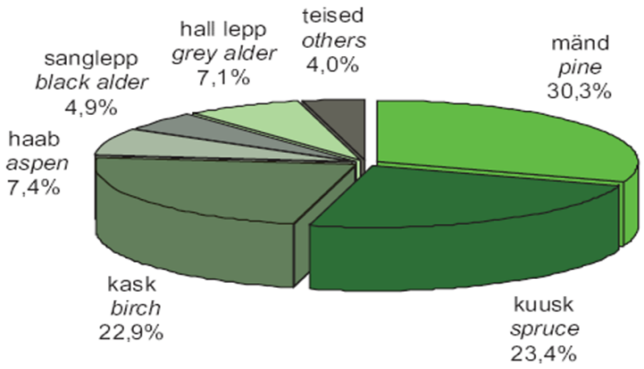


Figure 2. The distribution of growing stock by tree species (Yearbook Forest 2013)

[4] http://www.rmk.ee/organisation/environmental-policy-of-rmk/certificates

[5] Yearhttp://www.rmk.ee/organisation/operating-areasbook Forest 2013 http://www.keskonnainfo.ee/failid/Mets 2013.pdf (all key figures, graphs and tables are bilingual)

A forest management plan must be drawn up for forest management and felling, serving as a basis for the Environmental Board to issue felling licences. All relevant data can be accessed through a public database[6].

23% of all forest land is under protected forest, the majority of it in state ownership. Nature Conservation Act regulates the use of natural resources promoting biodiversity[7] in Estonian forests. Estonia signed the 1973 Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) in 1992[8] and joined the World Conservation Union IUCN (International Union for Conservation of Nature) in 2007[9]. No tree species under protection by CITES or IUCN grow naturally in Estonia.

2.1.2 Poland

Poland is a parliamentary democracy and joined the European Union in 2004.

29.1% or 9088 thousand hectares of Polish territory is covered in forests and that area is growing. Of the forests, 52.6% is coniferous forest and 47.4 forests of deciduous trees. Pines dominate the flat- and more fertile lands, spruce more mountainous areas. The domination of coniferous trees, especially in fertile areas and often as monocultural coppice, is a direct result of once popular regeneration felling. The past 20 years have seen a restructuring of coppice areas and giving up of renewal felling.

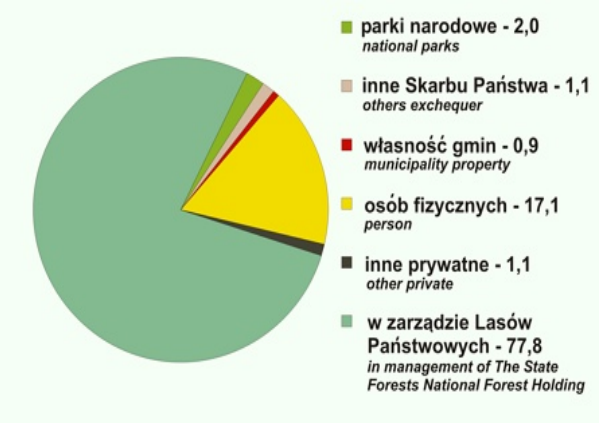


Figure 3. Forest land according to ownership and function

Share of species in Polish forests:
Pine 70%
Oak 7,3%
Birch 7%
Spruce 5.5%
Beech 5%
Alder 4.4%
Silver fir 2%

[6] http://register.metsad.ee/avalik/
[7] https://www.riigiteataja.ee/en/eli/517062015004/consolide
[8] http://www.envir.ee/et/cites
[9] http://www.envir.ee/et/iucn

Other broad leaved species (maple, poplar, etc) 1%

A dominant part of Polish forests are public forests (82.5%), 94% (7 million hectares) of that is in state ownership, 16.4% in private ownership (1.6 million hectares). The principles of forest management are laid down in the Forest Act of 1991 (Ustawa o lasach). This Act regulates all forests, regardless of form of ownership. State forests are under the jurisdiction of the Ministry for the Environment, private forests of county heads. The state forests are managed by the National Forest Trust (PGL LP), lead by its General Manager with help from the members of the State Forest Board and heads of the 17 forestry areas. Forests are divided into districts, managed by forest inspectors. Inspectors are independent in their forest management decisions, but follow forest management plans. There are 428 such districts in the country.

Poland has 23 national parks, covering an area of 300 000 hectares or roughly 1% of the national territory. 60% of the parks are forests.

At the end of 2008, there were 1200 protected zones in the state forests, totalling about 120 000 hectares. Poland is one of the Natura 2000 European Committee members. 2.2 million hectares were SAC certified areas – 29% of state forests. 1.1 million hectares were certified as protected bird habitat (SPA approval) – 15.1% of forests[10].

2.1.3 Latvia

Latvia is a parliamentary democracy and since 2004 a Member State of the European Union. 54% or 3 356 000 ha of the territory is covered by forests. 1 755 00 ha of the forests are in state ownership, 1 594 000 ha are private.

The area under forests is expanding, partly through the course of nature, partly due to planting activities on infertile lands unsuitable for agriculture. During the last decade, timber production volumes have remained between 9 and 13 million cubic meters.

The composition of forests:
pine 34,3%
spruce 18,0%
birch 30,8%
alder (black and grey) 10%
aspen 5,4%

The forestry sector is managed by the Latvian Ministry for Agriculture. In cooperation with other interest groups they draft forestry policy in general, but also develop forestry strategies and legislative acts on forest management, the exploitation of forests, nature protection and hunting. The National Forestry Service, under the Ministry of Agriculture, is responsible for the execution of requirements set down in legislation. The management of forests is the responsibility of the Latvian State Forest PLC, a public limited company created in 1999. Their task is to enforce conservation and forest expansion measures in the interests of the state.

[10] https://www.metsaring.files.wordpress.com/2012/03/14_ypef-booklet-2011-12_poola.pdf

Forestry, timber and furniture industry accounted for 6% of GDP in 2012.

There are 674 protected nature preservation areas in Latvia. Some of these are part of the Natura 2000 network and most of them are on state lands. There are also micro-conservation areas to protect rare and endangered species and biotopes, according to the National Forestry Service, 40 595 ha were covered by such areas in 2015. The process of identifying and protecting endangered areas is an ongoing one, but there are also requirements regulating forest management that are compulsory for all actors in forestry to protect biodiversity. Such requirements include, for example, the requirement to keep certain old and big trees, to maintain dead trees, undergrowth, shrubs and flora to preserve habitat diversity.

Latvia signed the CITES Convention in 1997 and its requirements have been taken into account in forest management, although no tree species from the CITES list grow in Latvia.

Around 8% or 293 000 ha (2012 data) of forest land are identified as recreational areas. Observation towers, nature study trails, nature and culture related objects, rest areas are only a few examples of the infrastructure made available for the population to enjoy. Such areas are mainly on state lands and are often in national parks (under strict protection), nature reserves, areas under protection, in regions under standing timber, in areas with geological or geomorphological objects on them or in smaller, local protected areas. The management of Baltic Sea dunes, protected areas surrounding towns and forests within town limits is in the hands of the Nature Protection Service, operating under the Ministry of Nature Protection and Regional Development.

All of the Latvian State Forest and part of private forests have an FSC and PEFC certificate. 1 022 196 ha of the forests carry an FSC certificate and 1 700 889 ha a PEFC certificate[11].
Potential nature protection areas can be checked on the Latbio Potential Biotope Database website[12].
For any additional information please visit the Natural Data Management System "Ozols" website of the Nature Protection Board.

2.1.4 Germany

The Federal Republic of Germany, a member of the European Communities already since 1958, is a country with one of the biggest share of forests in Europe. Forests spread over 11.4 hectares and cover a third of the territory of the country, 2/3 of which are coniferous and 1/3 deciduous forests. The forests are growing year-on-year.

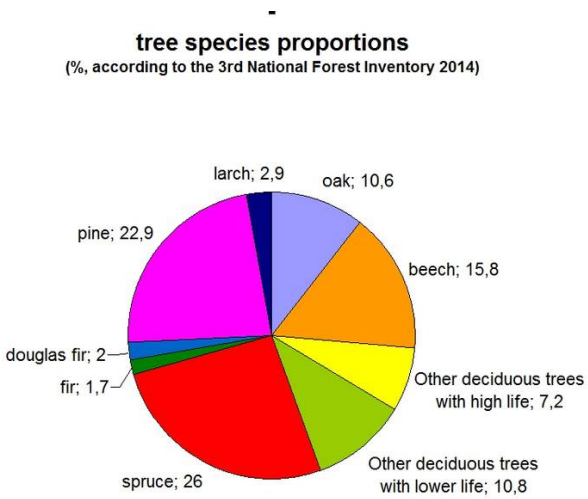
The *Länder* own 29%, the federal government 4%, municipalities (towns and villages) 19% of the forests and 48% are in private ownership. There are around 2 million private forest owners in the country, the average of 2.4 ha per inhabitant. 53 million hectares of forest were harvested in 2006.

Both German federal legislation and forestry acts guarantee a sustainable ecological, economic and social management of the forests. In most *Länder*, the state forest is divided between regional forestry authorities that are made up of districts ranging between 1.500 – 3.000 hectares. These districts are presided over by a forester. The main tasks of the regional forestry authorities entail the management of assets and the

[11] www.lvm.lv
[12] www.latbio.lv/MBI

economic side of forest management, including timber production as well as the acquisition and marketing of timber and non-timber products. They also have to maintain the protection and recreational function of forests. Around 1.2 million people are employed in Germany in the forestry sector, for example in forestry authorities, in scientific institutions, sawmills and the paper industry. There are various trade unions and interest groups formed in the sector.

There are around 71 species of trees in modern Germany. The most widespread are scots pine (Pinus sylvestris), European spruce (Picea abies), European beech (Fagus sylvatica) and oak (Quercus ssp).



https://www.forstwirtschaft-in-deutschland.de/german-forestry/forest-facts/?L=1

Figure 4. Tree species proportions (%, acoording to the 3rd National Forest Inventory 2014)

Germany's forests have been managed according to sustainability principles for over 200 years already. Sustainable management has a very low impact on the structure of forests and has a positive effect on the structure of the eco-system. The sustainability principle has been enshrined in the federal forest act and in other forestry legislation. The frontrunner of introducing sustainable forest management was Hans Carl von Carlowitz, who in his book "Sylvicultura oeconomica" (1713) called for a direct link between logging and the growth of forests - you can harvest only as much as you plant and grow. This requirement is still in place today.

There are 14 national parks in Germany. The first of them, the Bavarian National Park, was established in 1970. The total territory covered by national parks stands at 194 182 ha or ca 0,54 % of the territory. 5% (11,1 million ha) of German forests is nature reserves.

Natura 2000 areas were brought in by legislation in 1998. There are 4 621 of them, spreading over three biogeographical areas (the Alps, the Atlantic and continental areas). 57% of German forests are protected areas, where the recreational functions of forests are at the forefront and the focus is on the general productivity and functional capacity of the natural environment. 8.7% of the forests have a FSC certificate and 66,7 % are PEFC forests.

Germany signed the CITIES convention already in 1978, although none of the listed tree species grows on its territory[13].

2.2 Actions taken to promote certification amongst feedstock suppliers

United Loggers OÜ promotes FSC certification for Sustainable Forest Management. We explain to our suppliers the requirements and regulations involved in the chain of custody. United Loggers has prepared a suppliers code of conduct that is signed with all suppliers. These documents promote legal and sustainable forest management and exclude timber from undefined sources and from Woodland Key Habitats (WKH).

2.3 Final harvest sampling programme

The Estonian Environmental Agency, a governmental agency operating under the Ministry of Environment, analyses regularly the different types of fellings and proportion of sortments by collecting data from The State Forest Management Centre, private forest owners and Environmental Board. In addition a statistical forest inventory has been carried out on selected sample sites to collect additional data for the statistical analyses. Since 1994 this data is published by the Environmental Agency in the “Yearbook Forest”. According to the latest issue “Yearbook forest 2014”[14] the proportion of firewood from the final felling volume in years 2002-2013 is estimated to be 24%, other sources put the estimations between 26% and 27% for the years 2007-2009[15].

In Poland the timber is sourced from an area devastated by the worst storm in the country's history. The storm hit the Pomorski region, where most of the forest belongs to the state, on the 9th of August 2017. Therefore, it was largely state FSC certified forests that were affected.
Link: https://www.youtube.com/watch?v=LIgNhyomxh0

The raw material for wood chips production comes from timber damaged by the storm, slash, brush and undergrowth material obtained from salvage logging. Up to 5% of the raw material is gained from sub-standard quality timber – material that has become unusable due to weather or market conditions. All the timber sourced from Poland carries an FSC 100 label.

In Latvia we buy FSC CW wood chips collected at the Port of Ventspils and loaded onto vessels. Around 40% is produced from slash, 60% from cutting salvage and cleaning logging material and damaged timber. For information on forests under protection, please visit the websites of the Latbio Potential Biotope Database[16] and the Natural Data Management System “Ozols” of the Nature Protection Board[17].

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[13] http://checklist.cites.org/#/en/search/country_ids%5B%5D=23&output_layout=alphabetical&level_of_listing=0&show_synonyms=1&show_author=1&show_english=1&show_spanish=1&show_french=1&scientific_name=&page=1&per_page=20

[14] http://www.keskkonnaagentuur.ee/sites/default/files/aastaraamat_mets_2014.pdf

[15] https://www.ki.ee/publikatsioonid/valmis/Ylevaade_Eesti_bioenergia_turust_2010._aastal.pdf

[16] www.latbio.lv/MBI

[17] http://www.daba.gov.lv/public/lat/dati1/dabas_datu_parvaldibas_sistema_ozols/

In Germany we source timber from the forests in Lower Saxony (Niedersächische Landforsten), around the Harz region and from Hesse (Hessen Forst), from the area between Kassel and Frankfurt. Timber obtained from Hesse is taken by barges to the Port of Rotterdam where it is loaded onto ships.

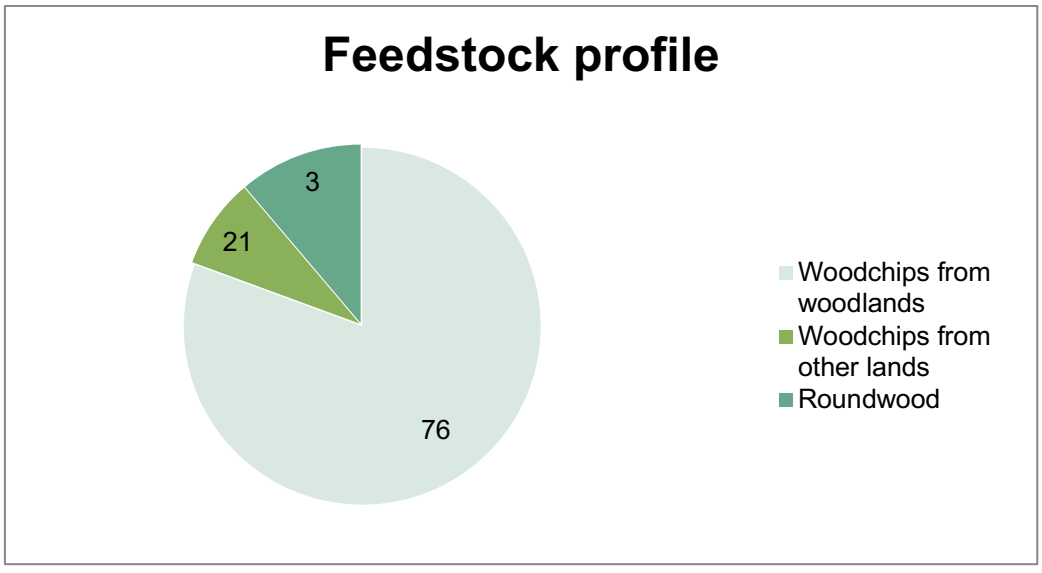
German spruce forests were hit by an extraordinarily heavy attack by the spruce bark beetle after consecutive warm and dry summers. Various estimations put the scale of damaged or dried out forests at around 100m cubic metres.

Link: https://m.spiegel.de/video/waldsterben-im-harz-brokenkaefer-hat-katadtrophale-folgen-video-99028976.html

It is evident, that there are two options as to what to do with dried-out spruce. Either one leaves it in the forest, where with rotting it will release CO^2 into the atmosphere or it is collected and the dry wood is used as a renewable energy source. The best of course would be, if in European regions healthy trees are left to grow and release oxygen and the damaged forests are cleared.

In Germany we source dried-out spruce from PEFC and FSC forests.

2.4 Flow diagram of feedstock inputs showing feedstock type 01.09.2017-31.08.2018



2.5 Quantification of the Supply Base

Supply Base

Supply Base

a. Supply base volume (ha): Estonia 2.2 million, Poland 9.1 million, Latvia 3,1 million, Germany 11,2 million
b. Ownership (ha): Estonia – state forest 1.09 million, municipal 4.2 thousand, in private ownership 0.98 million. Poland – state forest 7 million, municipal or in church ownership 0.5 million, in private

ownership 1.6 million. Latvia – state forest 1,7 million, private 1,6 million. Germany - 11,2 million owned by the *Länder*, 5,8 million by municipalities and 5.4 million are in private ownership.

c. Type of forest (ha): boreal 25,4 million
d. Type of management (ha): sustainable
e. Certified forests (ha): FSC certified 10,1 million, PEFC certified 16,8 million

Feedstock

f. Total volume of Feedstock: **30 247 scbm**
g. Volume of primary feedstock: **30 247 scbm**
h. Of which:
    a. Certified to an SBP-approved Forest Management Scheme – 15%
    b. Not certified to an SBP-approved Forest Management Scheme – 85%
i. List all species in primary feedstock, including scientific name: Picea abies, Pinus sylvestris, Betula spp, Populus spp, Alnus spp, Carpinus spp., Fagus spp., Fraxinus spp., Larix spp., Quercus spp., Acer platanoides, Salix spp., Tilia cordata Mill. = Winterlinde (Syn.: T. parvifolia).
j. Volume of primary feedstock from primary forest: N/A
k. The division of primary feedstock from primary forests according to forest management certificates: N/A
l. Volume of secondary feedstock: N/A
m. Volume of tertiary feedstock: N/A

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
x	☐

The demand for SBP-compliant biomass is exceeding the volumes of FSC/PEFC certified feedstock that is available for woodchips production in the Baltic region. To meet the demand United Loggers OÜ will undertake a supply base evaluation for primary feedstock that is originating from Estonia according to the SBP Framework Standard 1: Feedstock Compliance Standard and Standard 2: Verfication of SBP-compliant Feedstock.

The risk assessment of the SBE is based on the SBP endorsed Regional Risk Assessments for Estonia and Latvia. These assessments were approved by SBP secretariat on 22.04.2016 for Estonia and on 28.09.2917 for Latvia, publicly available under:

https://sbp-cert.org/documents/risk-assessments/Estonia

https://sbp-cert.org/wp-content/uploads/2019/06/SBP-endorsed-Regional-Risk-Assessment-for-Latvia.pdf

The scope of the SBP was chosen based on the availability of the SBP-endorsed Regional Risk Assessments whereas the possibility to mitigate the identified “specified risk” with reasonable efforts was considered.

4 Supply Base Evaluation

4.1 Scope

United Loggers OÜ will carry out the SBE for primary feedstock that is originating from Estonia and Latvia and is sold without:

- a SBP-approved Forest Management Scheme claim;
- a SBP-approved Forest Management Scheme partial claim;
- a SBP-approved Chain of Custody (CoC) System claim.

The mitigate the risks associated with primary feedstock, United Loggers will verify the origin of all primary feedstock. For a more detailed description of the risk mitigation measures please refer to Chapter 9 of the SBR.

4.2 Justification

United Loggers will rely on SBP-endorsed Regional Risk Assessments for Estonia (2016) and Latvia (2017) that meet the requirements of SBP Framework Standard 1 and 2. The SBP secretariat approved it for Estonia on 22.04.2016 and for Latvia on 28.09.2017.

United Loggers OÜ agrees with all the findings, conclusions and mitigation measures set out in the reports for Estonia and Latvia and will not undertake an independent risk assessment.

4.3 Results of Risk Assessment

The risk evaluation and mitigation will be based on SBP-endorsed Regional Risk Assessment for Estonia (2016), where the only indicator evaluated as “specified risk” was indicator 2.1.2: “The BP has control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities”.

According to the Estonian legislation, protection of Woodland Key Habitats (WKH) is optional for private forest owners. They can choose to sign a contract with the state to protect WKHs. In this case the state pays compensation to the owner for the protection of a WKH. If the private forest owner does not want to protect a WKH, the agreement ends and they are then allowed to cut it. In state forest and in FSC/PEFC certified private forest WKHs are protected.

In case where the sourced material derives from private forests, it is important to know exactly from where the material was cut (FMU, sub-compartment). Public databases that can be used to control if the material comes from a WKH or not, are available. In cases where no felling permits are issued and the FMU contains WKH, an on-site visit is required if material is subject to the SBE.

All other indicators were assigned as “low risk”. For more details please refer to the SBP-endorsed Regional Risk Assessment for Estonia (2016).

The SBP endorsed risk assessment for Latvia (2017) sets the following as risk-related indicators:

2.1.1 “The biomass producer applies a verification system and procedures to identify and map forests and other areas with a high conservation value”,

2.1.2 “The biomass producer applies a verification system and procedures to identify risks arising from forestry on forests and other areas with a high conservation value”,

2.8.1 “The biomass producer applies a verification system and procedures to guarantee the adherence to work safety requirements and the deployment of safety gear during forestry work”.

Most of Latvian forests of a high conservation value have been identified and mapped. WKHs are continuously identified in state and FSC forests. Information is therefore mostly lacking about high conservation value areas in private forests.

To protect nature, 674 nature areas have been created, some of which are part of the Natura 2000 network and the majority of them are on state land. Forest stewardship activities identify and take under protection areas with endangered species or that are bird rearing grounds. However, forestry databases do not contain enough information about the latter, including when it comes to state forests.

A significant part of high conservation value forests is private. Therefore, the risk exists, that logging also takes place in key habitat zones. To make sure no timber is sourced from such areas, control measures such as verification from open databases, checking logging areas for possible WKHs, logging permit checks and contracts signed by the suppliers that no material is sourced from key habitat areas are employed. If necessary, on-spot audits will be conducted.

The largest biomass producers use either mechanical or highly qualified manual labour for logging works. Work safety related checks and trainings are carried out on a regular basis. But also smaller companies are used who do not carry out regular safety checks or use inadequate safety equipment.

All other indicators are marked as” low-risk” in the SBP endorsed risk assessment for Latvia (2017).

4.4 Results of Supplier Verification Programme

According to article 14.1 of the SBP Framework Standard 2: Verification of SBP-compliant Feedstock a Supplier Verification Programme will not be undertaken, as none of the indicators in the final risk assessment were assessed as “unspecified risk”. The need for a Supplier Verification Programme will be re-evaluated during the review of the risk assessment.

4.5 Conclusion

Based on the information available during the regional risk assessment process, the level of risk for each of the criteria was chosen. For Estonia all except one criterion were assigned low risk. The only “specified risk” was associated with the indicator 2.1.2: “The biomass producer applies a verification system and procedures to identify risks arising from forestry on forests and other areas with a high conservation value (HCV)”. The indicator was assigned as “specified risk” due to the protection status of HCVs.

For Latvia, the following indicators were marked as “specific risk”:

2.1.1 “The biomass producer applies a verification system and procedures to identify and map forests and other areas with a high conservation value”,

2.1.2 “The biomass producer applies a verification system and procedures to identify risks arising from forestry on forests and other areas with a high conservation value”,

2.8.1 “The biomass producer applies a verification system and procedures to guarantee the adherence to work safety requirements and the deployment of safety gear during forestry work”.

Based on the findings of the SBE it can be concluded: as long as the risks associated with indicator 2.1.2 are mitigated, feedstock from Estonia is low risk and is meeting the requirements for SBP-compliant feedstock.

When risks 2.1.1, 2.1.2 and 2.8.1 currently identified in Latvia are mitigated during supply base evaluation, then raw-material and forest maintenance related risks can be classified as low.

For detailed mitigation measures in Estonia and Latvia please refer to Chapter 9 of the SBR.

5 Supply Base Evaluation Process

In Estonia the supply base evaluation process entails the verification of accompanying documents, purchase agreements, invoices and delivery documents to identify the origins of SBP material. The suppliers sign a contract stating they do not source from HCV areas. In addition, public databases are consulted to avoid sourcing from WKHs: http://geoportaal.maaamet.ee/ , https://register.metsad.ee/#/, the key habitat database of the Estonian Environment Agency, updated at least twice a year and the Land Registry helps to identify land ownership.

When necessary, an inspection is carried out in harvesting sites to identify HCV areas as well as an on-site audit.

In Latvia, verification of accompanying documents and logging permits and forest notifications are used as control measures. In addition, public LATBIO and state databases are consulted to identify WKHs:

http://latbio.lv/MBI/
http://www.daba.gov.lv/public/lat/dati1/dabas_datu_parvaldibas_sistema_ozols/,
http://www.daba.gov.lv/public/lat/publikacijas/parskati_zinojumi/

In addition, purchase agreements, invoices and delivery documents are checked to identify the origins of goods and supplier contracts stating no HCV materials are signed.

To check the adherence to SBP standard requirements, an on-site audit is conducted at least every six months during a contract period. The audit is carried out selectively, either before or during logging. The requirements for Latvian primary suppliers are:

FSC material is preferred for SBP compliant biomass.

Supply contracts include SBP standard requirements to mitigate the risk of SBP non-compliant supplies. Suppliers take upon themselves the obligation of identifying, in cooperation with United Loggers, endangered species and bird breeding habitats as well as objects of cultural or historical value to avoid SBP non-compliant supplies.

In Poland, the supplier is a national authority managing state forests. The origin of supplies is proved by purchase agreements signed with them, invoices and accompanying documents. A separate document is issued by the authority for all transport carriers for each shipment. The goods come exclusively from FSC forests.

In Germany, goods are sourced from PEFC and FSC forests. The origin of supplies is proved by purchase agreements, accompanying documents and invoices. All individual patches of goods as well as loading areas are inspected and fixed together with the forest management authorities of the *Länder*, who also issue separate accompanying documentation for each shipment.

To avoid risks related to raw material and forestry activities, United Loggers inspects, together with suppliers, the origin of all primary raw material and requirements at logging.

For detailed supply base evaluation and mitigation measures please refer to Chapter 9 of the SBR.

6 Stakeholder Consultation

The first stakeholder consultation round of the Estonian RRA was completed from 26.03.2015 to 26.04.2015 and the second round from 05.05.2015 to 20.05.2015. The information about the risk assessment process development, along with the draft risk assessment, was sent out to all key stakeholders. The list of stakeholders can be seen in Annex 4 of the RRA. Three stakeholders, the Estonian Fund of Nature (EFN), Graanul Invest AS and the Estonian Forest and Wood Industries Association (EMPL) provided their feedback.

During the first consultation period (23.032015-26.04.2015) SBP received comments and additional information from several stakeholders and from state institutions. Based on this information some of the specified risk designations were changed to low risk. The second stakeholder consultation period was from 05.05.2015 to 20.05.2015. During this consultation, some additional comments were raised. A detailed description of the situation for each criterion is presented in Annex 1 of the RRA along with the chosen level of risk, which was based on the information provided.

SBP secretariat conducted an additional round of stakeholder consultations from 17.09.2015 to 16.10.2015. The results of these consultation process are available at:
http://www.sustainablebiomasspartnership.org/documents/risk-assessments/regional-risk-assessments-for-the-baltic-states/estonia

United Loggers conducted its stakeholder consultation process of the SBE from *29.09.2016-29.10.2016*, by e-mail message to local municipalities, state institutions and authorities, State Forest Management Centre, Foundation Private Forest Centre, Estonian Private Forest Association, FSC Estonia, PEFC Estonia, Estonian Forest and Wood Industries Association, Estonian Forest Society. No comments were received from stakeholders.

The initial stakeholder consultation in Latvia took place from 16.04.2015-31.05.2015. Additional consultations were carried out in June 2015. Around 102 institutions and 118 representations participated in the process. A more detailed overview can be found in Annex 5 of the stakeholder consultation report.

During the additional consultation in June-July 2015, stakeholders suggested SBP change the risk level for some indicators from “specified” to “low”. One suggestion was made to change the risk level of some indicators from “low” to “specified”. The suggestions were looked at, but no risk levels were changed. A detailed overview for each criterion is presented in Annex 1 of the RRA along with the chosen level of risk.

The results of these consultation process, including the feedback are available at:

https://sbp-cert.org/documents/risk-assessments/latvija

United Loggers carried out its own stakeholder consultation in the framework of the supply base evaluation from 07.10.2019 – 07.11.2019. E-mails were sent to relevant state bodies and companies: Valsts Mezi, State Forest Service, Latvian Ministry for the Environment, FSC Latvia, PEFC Latvia, Natural Conservation Agency, State Forest Institute “Silava”, Latvian Fund of Nature, Forest and Wood Products Research and Development Institute, Latbio, Latvias Finieris.

In addition NEPcon, acting as the SBP approved certification body of United Loggers, will undertake an additional consultation process prior to the SBP audit.

6.1 Stakeholder comments and replies

N/A

7 Overview of Initial Assessment of Risk

Based on the information available during the regional risk assessment process, the level of risk for each of the criteria was chosen in the RRA. All except one criteria were assigned low risk. Below is the summary of the indicator for which specified risk was identified.

Table 1. Overview of results from the risk assessment of all Indicators (prior to SVP)

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
1.1.1		x	
1.1.2		x	
1.1.3		x	
1.2.1		x	
1.3.1		x	
1.4.1		x	
1.5.1		x	
1.6.1		x	
2.1.1		x	
2.1.2	x		
2.1.3		x	
2.2.1		x	
2.2.2		x	
2.2.3		x	
2.2.4		x	
2.2.5		x	
2.2.6		x	
2.2.7		x	
2.2.8		x	
2.2.9		x	

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
2.3.1		x	
2.3.2		x	
2.3.3		x	
2.4.1		x	
2.4.2		x	
2.4.3		x	
2.5.1		x	
2.5.2		x	
2.6.1		x	
2.7.1		x	
2.7.2		x	
2.7.3		x	
2.7.4		x	
2.7.5		x	
2.8.1		x	
2.9.1		x	
2.9.2		x	
2.10.1		x	

WKHs (Woodland Key Habitat) are forest habitats with high probability of present occurrence of endangered, vulnerable and rare species. The WKH system is a tool to address high conservation value forest habitats in managed forests thus they are the primary mechanism for protection of ecologically valuable areas which are located within commercially managed forests.

According to Estonian legislation WKHs protection is optional for private forest owners. They can sign a contract with the state and protect the WKH. In this case, the state pays compensation to the owner for protecting the WKH. If the private forest owner do not want to protect the WKH, then it is allowed to cut it. It is possible to determine the location of WKHs in Public Forest Registry and in case felling permit is issued it is possible to see if the material is cut from WKH or not. In case the felling are done without felling permit (it is allowed to do small scale sanitary cutting without felling permit) the on-site visit is only way to see if the WKH is untouched or not. Please see section 9 for a description of the detailed mitigation actions.

In state forest and in FSC/PEFC certified private forest and in private forests where WKH contract has been signed, WKH are protected.

The results of the risk assessment in Latvia can be found in the following table.

Table 2. Results of the risk assessment (prior to SVP).

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
1.1.1		x	
1.1.2		x	
1.1.3		x	
1.2.1		x	
1.3.1		x	
1.4.1		x	
1.5.1		x	
1.6.1		x	
2.1.1	x		
2.1.2	x		
2.1.3		x	
2.2.1		x	
2.2.2		x	
2.2.3		x	
2.2.4		x	
2.2.5		x	
2.2.6		x	
2.2.7		x	
2.2.8		x	
2.2.9		x	

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
2.3.1		x	
2.3.2		x	
2.3.3		x	
2.4.1		x	
2.4.2		x	
2.4.3		x	
2.5.1		x	
2.5.2		x	
2.6.1		x	
2.7.1		x	
2.7.2		x	
2.7.3		x	
2.7.4		x	
2.7.5		x	
2.8.1	x		
2.9.1		x	
2.9.2		x	
2.10.1		x	

For Latvia, the following indicators were marked as “specific risk”:

2.1.1 “The biomass producer applies a verification system and procedures to identify and map forests and other areas with a high conservation value”,

2.1.2 “The biomass producer applies a verification system and procedures to identify risks arising from forestry on forests and other areas with a high conservation value”,

2.8.1 “The biomass producer applies a verification system and procedures to guarantee the adherence to work safety requirements and the deployment of safety gear during forestry work”.

For additional information please refer to section 4.3.

All other indicators are marked as low risk in the SBP endorsed Latvian risk assessment (2017).

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

According to article 14.1 of the SBP Framework Standard 2: no Supplier Verification Programme will be implemented in Estonia or Latvia as all of the indicators are assessed as “low” or “specified in the risk assessment. The need for a Supplier Verification Programme will be re-evaluated during the review of the Estonian and Latvian risk assessments.

8.2 Site visits

N/A

8.3 Conclusions from the Supplier Verification Programme

N/A

9 Mitigation Measures

9.1 Mitigation measures

The mitigation measures described below will only be applied for feedstock that is in the scope of the SBE as described in section 4.1. The responsible person for the implementation of the SBE is the Executive Director of United Loggers who is also the overall responsible person for the company's FSC and SBP certification systems.

Primary feedstock

All deliveries of primary feedstock that has been harvested in Estonia, but is not FSC or PEFC certified, United Loggers will verify that it has not been sourced from WKHs. Additional control procedures, e.g. procedures according to FSC-STD-40-005: FSC Standard for Company Evaluation of FSC Controlled Wood, are applied if applicable. All feedstock subject to SBE must meet prior the evaluation at least SBP-approved Controlled Feedstock System requirements.

United Loggers will use the delivery documents, a list of approved suppliers and publicly available databases (e.g. maps at: *http://register.metsad.ee/avalik/* or at least biannually renewed databases from competent authorities[19]) to verify that the delivered primary feedstock has not been sourced from WKHs. During the reception and registration of primary feedstock, will be carried out the following control procedure within the SBE:

1. Has the supplier signed an agreement and committed not to supply wood from WKHs?
1.1 If yes, go to 2.
1.2 If no, the products cannot be sourced.
2. Can the products be traced back to the logging site in forest?
2.1 If yes, go to 3.
2.2 If no, the products cannot be sourced.
3. Is there a felling permit issued?
3.1 If yes, go to 5.
3.2 If no, go to 4.
4. Fellings from not woodlands and without felling permit (according to forest act).
4.1 Is there is no WKHs on the FMU according to available information: the products can be sourced.
4.2 Is there is a WKHs on FMU an on-site the products cannot be sourced as SBP-compliant.
5. Does the logging site defined in the felling permit, match with the WKH location?
5.1 If yes, the products cannot be sourced as SBP-compliant.
5.2 If no, the products can be sourced.

The control procedures carried out by the regional manager of feedstock delivered both with and without a felling permit are described under section 9.2. The regional manager shall forward approved feedstock

[19] The Environmental Agency of Estonia is the competent authority, in charge of the KH database. The database is shared with SBE suppliers.

verification and data to the recipient of the feedstock, who then carries out a control of origin on delivery. The recipient shall compare the data on delivery documents to that in the felling permit and other previously databases. No goods are to be accepted in case of irregularities or false data. All instances, were primary feedstock from WKHs have been offered will be recorded in a register.

United Loggers developed requirements for Latvian primary feedstock suppliers:

- A complete check of documents for the entire supply chain and for each felling site separately
- Check of data and identification of WKH areas in public databases:
  http://latbio.lv/MBI/
  http://www.daba.gov.lv/public/lat/dati1/dabas_datu_parvaldibas_sistema_ozols/
  http://www.daba.gov.lv/public/lat/publikacijas/parskati_zinojumi/
- A declaration from suppliers that no material is sourced from WKH and that work safety and protection measures are complied with
- An audit by the supplier of their list of approved suppliers

FSC material is preferred for SBP compliant biomass.

Supply contracts include SBP standard requirements to mitigate the risk of SBP non-compliant supplies. Suppliers take upon themselves the obligation of identifying, in cooperation with United Loggers, endangered species and bird breeding habitats as well as objects of cultural or historical value to avoid SBP non-compliant supplies.

At least every six months during the contract period, an on-site audit is conducted at a supplier's site to confirm SBP compliance. The audits are carried out selectively, either before or during logging. Felling permits and purchase documents are inspected against the LATBIO database (www.latbio.lv/MBI) and bird breeding areas under protection are identified.

At felling sites, measures taken explicitly for protecting nature and the eco-system are inspected. Further inspections are carried out for safety clothing, helmets and vests of harvester, forwarder and saw operators and of first-aid and fire safety equipment.

During the supply base evaluation, each patch is inspected for:

- a signed declaration by the supplier, that material is not sourced from WKH areas
- a match between accompanying documents and felling permits and forest notifications
- a check of the supply areas against the WKH areas listed in the public LATBIO database

Should the inspection reveal that material was sourced not compliant to the rules or that the accompanying documents we non-compliant, then no material will be accepted as SBP compliant.

9.2 Monitoring and outcomes

WKHs can be checked from the Environment Agency database. Valid forest notices are listed in the Forest Registry database. Proof of ownership is checked in the Land Register. The regional manager is responsible for all the checks.
Felling permits can be checked against *WKHs*. In case of smaller scale loggings, not requiring a felling permit and when a WKH is concerned, an on-site audit must be carried out, to verify the situation in and integrity of the WKH. The on-site audit shall be performed by the regional manager.
WKH material is verified on-site on the basis of the forestry plan and forest notice and according to the felling allocation. The regional manager shall compile a separate report on every control visit, including a summary of the results of the visual inspection.
The regional manager will check all deliveries without an FSC or PEFC certification, to guarantee, that they are not sourced from a WKH. Documents of origin and databases mentioned above are used for the purpose.
The regional manager conducts regular controls of sourcing sites, to gather information on the nature and processing of material and meets suppliers, after which a control visit report will be compiled. These on-site controls also serve the purpose of making sure, that the technical equipment used has not harmed the eco-system or natural balance in the sourcing site.
United Loggers will keep register of all cases were material originating from WKH been offered and the suppliers are in violation with the code of conduct and feedstock purchase agreement. An investigation in all these cases will be carried out and the reason of such deliveries will be analysed. Suppliers who violate these terms repeatedly or on purpose and are not willing to take measures to avoid sourcing material from WKHs in the future will be excluded from the suppliers list and all deliveries will be stopped latest with the implementation of the FSC-STD-40-005 V3-0. The Code of Conduct is available on company web-site and reference in feedstock purchase agreement.
The results of these findings will be reviewed and updated annually with the SBR along with other available data about the protection status of WKHs in Estonia.

The controls by the regional manager have not shown any instances of material that has been sourced from WKH areas or that is of dubious origin. All documents are inspected for each client and each patch, on-site checks are conducted when necessary.

In Latvia, WKH areas can be identified from the LATBIO database. Public databases, logging sites checks to identify possible WKH areas, supply chain documentation checks, supplier declarations of non WKH goods are the control measures employed. When necessary, an on-site audit will be carried out. At least every six months during the contract period, an on-site audit is conducted at a supplier's site to confirm SBP compliance. The audits are carried out selectively, either before or during logging. Felling permits and purchase documents are inspected against the LATBIO database (www.latbio.lv/MBI) and bird breeding areas under protection are identified.

Should the inspection reveal that material was sourced not compliant to the rules or that the accompanying documents we non-compliant, then no material will be accepted as SBP compliant. All such instances are registered and documented.

United Loggers does not cooperate with suppliers who refuse to comply with the SBP supplier requirements.

10 Detailed Findings for Indicators

Detailed findings for each Indicator for Estonia are given in Annex 1 of the SBP-endorsed Regional Risk Assessment (2016): https://sbp-cert.org/documents/risk-assessments/estonia

Detailed findings for each Indicator for Latvia are given in Annex 1 of the SBP-endorsed Regional Risk Assessment (2017): https://sbp-cert.org/documents/risk-assessments/latvia

11 Review of Report

11.1 Peer review

The SBR has been reviewed and signed by senior management.

The EBÜ expert has reviewed and approved the report in January 2017

11.2 Public or additional reviews

The SBR is publicly available at United Loggers homepage http://www.united-loggers.ee. Received comments will be addressed and the certification body will be notified.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Raido Maisvee	district manager	12.09.2019
	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:	Peeter Volke	executive director	12.09.2019
	Name	**Title**	**Date**

13 Updates

13.1 Significant changes in the Supply Base

The ports of Darlowo and Gdansk in Poland were incorporated to the SBP system.

The Port of Ventspils in Latvia was incorporated to the SBP system.

The Port of Wismar in Germany was incorporated to the SBP system.

The volume of traded goods has changed.

13.2 The volume of traded goods has changed Effectiveness of previous mitigation measures

No material sourced from key habitat areas or in any other illegal way was detected during thorough and effective checks of origin.

13.3 New risk ratings and mitigation measures

Supply base report has been amended and risk assessment for Latvia has been added, see section 7. The mitigation measures employed in Latvia are described in chapter 9 of the supply base report.

13.4 Actual figures for feedstock over the previous 12 months

Volume of input material 30 247 scbm.

13.5 Projected figures for feedstock over the next 12 months

We estimate a 20% increase in input material.