

Supply Base Report: SIA LSEZ Laskana

Second Surveillance Audit & Transfer 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

Document history

Version 1.0: published 26 March 2015

Version 1.1 published 22 February 2016

Version 1.2 published 23 June 2016

Version 1.3 published 14 January 2019

© Copyright The Sustainable Biomass Program Limited 2019

Contents

1	Overview	1
2	Description of the Supply Base	2
2.1	General description	2
2.2	Actions taken to promote certification amongst feedstock supplier	2
2.3	Final harvest sampling programme	6
2.4	Flow diagram of feedstock inputs showing feedstock type [optional]	6
2.5	Quantification of the Supply Base	6
3	Requirement for a Supply Base Evaluation	8
4	Supply Base Evaluation	8
4.1	Scope	9
4.2	Justification	9
4.3	Results of Risk Assessment	10
4.4	Results of Supplier Verification Programme	10
4.5	Conclusion	10
5	Supply Base Evaluation Process	11
6	Stakeholder Consultation	12
6.1	Response to stakeholder comments	12
7	Overview of Initial Assessment of Risk	12
8	Supplier Verification Programme	15
8.1	Description of the Supplier Verification Programme	15
8.2	Site visits	15
8.3	Conclusions from the Supplier Verification Programme	16
9	Mitigation Measures	17
9.1	Mitigation measures	19
9.2	Monitoring and outcomes	20
10	Detailed Findings for Indicators	20
11	Review of Report	22
11.1	Peer review	22
11.2	Public or additional reviews	22
12	Approval of Report	23
13	Updates	24

13.1	Significant changes in the Supply Base.....	24
13.2	Effectiveness of previous mitigation measures.....	24
13.3	New risk ratings and mitigation measures	25
13.4	Actual figures for feedstock over the previous 12 months	25
13.5	Projected figures for feedstock over the next 12 months.....	25

1 Overview

Producer name: SIA LSEZ LASKANA
Producer location: Brīvostas 40, Liepāja, Latvija, LV-3405
Geographic position: 56.521610, 20.987067
Primary contact: Krisjanis Vesmins (Member of the Board); Phone: +371 63423111; Email: k.vesmins@laskana.lv
Company website: www.laskana.lv
Date report finalised: 12/Feb/2019
Close of last CB audit: 28/Feb/2019
Name of CB: SCS Global Services
Translations from English: Yes
SBP Standard(s) used: SBP Standard 1 version 1.0, SBP Standard 2-V1.0 ; SBP Standard 4-V1.0. ; SBP Standard 5-V1.0 (instructions documents 5A;B;C V1.1.)
Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/standards>
SBP Endorsed Regional Risk Assessment: <https://sbp-cert.org/docs/SBP-endorsed-Regional-Risk-Assessment-for-Latvia.pdf>
Weblink to SBE on Company website: <http://laskana.lv/laskana/lv/sakums/>

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"/>	X	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

SIA LASKANA purchases the most of its feedstock for production of biomass (woodchip) as round timber, forest branch chip and non-forest land chip. Biomass is mainly obtained from our own forestry. The region of biomass origin is Latvia and Belarus via direct purchase and supply.

Data from deliveries period 01 Dec 2017 – 31 Jan 2018:

Controlled Feedstock 17 % (FSC controlled Wood feedstock)

SBP-compliant Primary Feedstock, 83%

SBP-compliant Secondary Feedstock, 0%

SBP-compliant Tertiary Feedstock, 0%

SBP non-compliant Feedstock 0%

Picea abies (L.) H. Karst.); Pinus sylvestris (L.); Alnus glutinosa (L.) Gaertn.); Alnus incana (L.) Moench)
Populus tremula (L.); Betula pendula (Roth; silver; Betula pubescens (Ehrh.)

LATVIAN forest resources

In Latvia, forests cover area of 3 056 578 hectares. According to the data of the State Forest Service (concerning the surveyed area allocated to management activities regulated by the Forest Law), forest Land amounts to 51.8 % (ratio of the 3 347 409 hectares covered by forest to the entire territory of the country). The Latvian State owns 1 495 616 ha of forest (48.97% of the total forest area), while the other 1 560 961 ha (51.68 % of the total forest area) belong to other owners. Private forest owners in Latvia amount to approximately 144 thousand.

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture.

Within the last decade, the timber production in Latvia has fluctuated between 9 and 13 million cubic metres (State Forest Services: vmd.gov.lv, 2015).

Forest land consists of:

- forests 3 056 578 ha (91.3%);
- marshes 175 111.8 ha (5.3%);
- glades (forest meadows) 35 446.7 ha (1.1%);
- flooded areas 18 453.2 ha (0,5%);
- objects of infrastructure 61 813.4 ha (1.8%).

State Forest Services: vmd.gov.lv, 2015.

Distribution of forests by the dominant species:

- pine 34.3 %;
- spruce 18.0 %;
- birch 30.8 %;
- black alder 3.0 %;
- grey alder 7.4 %:

- aspen 5.4 %;
- oak 0.3 %;
- ash 0.5 %;
- other species 0.3 %.

State Forest Services: vmd.gov.lv, 2015.

Share of species used in reforestation, by planting area (2014):

- pine 20 %;
- spruce 17 %;
- birch 28 %;
- grey alder 12 %;
- aspen 20 %;
- other species 3 %.

State Forest Services: vmd.gov.lv, 2015.

Timber production by types of cuts, by volume produced (2014):

- final cuts 81.00 %;
- thinning 12.57 %;
- sanitary clear-cuts 3.63 %;
- sanitary selective cuts 1.43 %;
- deforestation cuts 0.76 %;
- other types of cuts 0.06 %.

State Forest Services: vmd.gov.lv, 2015.

The field of forestry

In Latvia, the field of forestry is supervised by the Ministry of Agriculture, which in cooperation with stakeholders of the sphere develops forest policy, development strategy of the field, as well as drafts of legislative acts concerning forest management, use of forest resources, nature protection and hunting (www.zm.gov.lv). Implementation of requirements of the national law and regulations notwithstanding the type of tenure is carried out by the State Forest Service under the Ministry of Agriculture (State Forest Services: www.vmd.gov.lv). Management of the state-owned forests is performed by the *Joint Stock Company "Latvia's State Forests"*, established in 1999. The enterprise ensures implementation of the best interests of the state by preserving value of the forest and increasing the share of forest in the national economy (www.lvm.lv). Export yielded 1.978 billion euro (approx. 20 % of the total amount in 2014).

Biological diversity

Historically, extensive use of forests as a source of profit began later than in many other European countries, therefore a greater biological diversity has been preserved in Latvia. For the sake of conservation of natural values, a total number of 674 protected areas have been established. Part of the areas has been included in the European network of protected areas *Natura 2000*. Most of the protected areas are state-owned. In order to protect highly endangered species and biotopes located without the designated protected areas, if a functional zone does not provide that, micro-reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves is 40 595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously. On the other hand, for preservation of biological diversity during forest management activities, general nature protection requirements binding to all forest managers have been developed. They stipulate that at felling selected old and large trees, dead wood, underwood trees and shrubs, land cover around wet micro-lowlands (terrain depressions) are to be preserved, thus providing habitat for many organisms.

Latvia has been a signatory of the CITES Convention since 1997. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Latvia.

Forest and community

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

Certification

All forest area of Latvijas Valsts Meži as well as some part of forests in private and other ownership is FSC and PEFC certified. From all totally forest area 3 347 409 ha is approximately 1.737 million ha of Latvian forest are certified according to FSC and PEFC certification scheme. Both the FSC and PEFC systems have found their way into Latvia.

BELARUS forest resources

In Belarus forests cover area of 9,5 milj hectares. According to the data of the State Forest Ministry Woodenness amounts to 39,3 %

Country area 20760 (1000 Ha);

Agricultural area 8796 (1000 Ha);

Land area 20291 (1000 Ha);

Forest area 8707.6 (1000 Ha);

Forest industry input into IKP is 1,1%;

The area covered by forest is increasing. The expansion happens both naturally and by afforestation of infertile land unsuitable for agriculture.

Within the last decade, the timber production in Belarus has fluctuated aprox., 11 million cubic metres (<http://www.mlh.by> , 2015.)

Forest land consists of:

	Area (1000 hectares)
Forest	7 894
Other wooded land	914
Forest and other wooded land	8 808
Other land	11 94
Total land area	20 748
Inland water bodies	12
Total area of country	20 76

Source: <http://www.mlh.by> , 2015.

Distribution of forests by the dominant species:

- pine 50,4%;
- spruce 9,2%;
- birch 23,1%;
- black alder 3,3%;
- grey alder 3,3 %;
- aspen 2,1%;
- other species 3,3%.

Source: <http://www.mlh.by> , 2015.

Timber production by types of cuts, by volume produced (2013):

- final cuts 34,5 %;
- thinning 45,79 %;
- other types of cuts 19,62 %.

Source: <http://www.mlh.by>,

The field of forestry

Management of the state-owned forests is performed by different types of state organizations.

Biological diversity

Belarus has been a signatory of the CITES Convention since 1995. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Belarus.

Forest regeneration is carried out annually over an area of 32,000 ha, including 81% of the forest planting and seeding and 19% by natural regeneration.

Source: <http://belstat.gov.by/> (2015.y.)

There are 2 strictly protected Nation reserves and 4 National parks present in Belarus at the moment. Area of National reserves accounts 2,98 milj ha and area of National parks is 3,98 milj ha.

Forest and community

In 2014 in all kinds of felling there were harvested 12,5 million m³ marketable timber.

Foreign trade surplus made USD 104 million. 1.9 million cubic meter round timber and 191.8 thousand cubic meter sawn timber were sold abroad.

Forest products and services were exported to 25 states, including 95,3% to the near abroad and 4,7% to the remote countries. Among the main forest export directions are Poland (47,9% of the total export volume in value terms), Germany (11,4%), Lithuania (10%), Latvia (8,62%), the Netherlands (3,3%), Belgium (3,46%), Sweden (3,25%).

Certification

All forest area is certified by PEFC certification scheme. 8,1milj. ha (95 floristries) are certified according to PEFC.

FSC 6,8 milj. ha (81 forestry's) are certified according to FSC FM standards.

Both the FSC and PEFC systems have found their way into Belarus.

2.2 Actions taken to promote certification amongst feedstock supplier

Biomass is obtained after logging, round timber, branch chip, a part of which is from our own FSC certified areas (total area 4600 ha).

The company policy is directed at cooperation with certified suppliers.

Biomass is formed from obtaining logging waste, after non-forest land processing, round timber chipping in port. SIA LASKANA initiates and offers better supply conditions to FSC certified suppliers and raises interest of non-certified round timber processors, as well as motivates forest owners to obtain certification.

At the time of preparation for SBP certification, the company increased the amount of feedstock certified by FSC– from 40 to 75 %. In 2018. increased the amount of FSC certified feedstock to 83 %.

2.3 Final harvest sampling programme

The proportion of *Provide* Biomass from primary feedstock from the base logging area is approximately 25–35% compared to other types of feedstock. Primary feedstock is obtained from Supply Base Area and is formed by round timber (firewood, pulpwood assortment). Feedstock is obtained on well developed, free and open market where competition of other consumers is present. The price-lists of the assortment offered are publically available to all companies in the field of forestry. The price-lists clearly state that saw log (including finishing log) is the most valuable product, whereas wood intended for fuel (for SBP biomass) is significantly less valuable. This information is obtained from documents and data submitted by suppliers and persons involved in forest development.

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): 12,055 milj. ha cumulative area of all forest types within SB
- b. Tenure by type (ha): privately owned – 1,747 milj ha / Government - 10,308 milj ha
- c. Forest by type (ha): Temparate 41% / Hemi boreal 59%
- d. Forest by management type (ha): managed natural- 12,055 milj. ha
- e. Certified forest by scheme (ha): 10 552 537 ha of FSC (Latvia, Belarus) and 10 250 405 ha PEFC-certified forest. Actual information about certified forest areas: <https://ic.fsc.org/en/facts-and-figures>; <https://www.pefc.org/about-pefc/who-we-are/facts-a-figures>.

Feedstock

- f. Total volume of Feedstock: 73 134.00 tonnes (Data from deliveries period 1Dec 2017 - 31 Jan 2019)*
- g. Volume of primary feedstock: 73 134.00 tonnes (Low grade round wood; Wood chips from Branch wood and Arboricultural arising)*

- h. List percentage of primary feedstock (g), by the following categories. - *percentages may be shown in a banding between XX% to YY% if a compelling justification is provided**. Subdivide by SBP-approved Forest Management Schemes:
 - a. Certified to an SBP-approved Forest Management Scheme 83%
 - b. Not certified to an SBP-approved Forest Management Scheme 17%
- i. List all species in primary feedstock, including scientific name
Picea abies (L.) H. Karst.); Pinus sylvestris (L.); Alnus glutinosa (L.) Gaertn.); Alnus incana (L.) Moench)
Populus tremula (L.); Betula pendula (Roth; silver; Betula pubescens (Ehrh.)Species: Picea abies (L.) H.
Karst.); Pinus sylvestris (L.); Alnus glutinosa (L.) Gaertn.); Alnus incana (L.) Moench) Populus tremula
(L.); Betula pendula (Roth; silver; Betula pubescens (Ehrh.)
- j. Volume of primary feedstock from primary forest – 0%
- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - a. Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme – 83%
 - b. Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme – 17%
- l. Volume of secondary feedstock: specify origin and type - *
0 tonnes Slab wood (the exterior portion of a log removed by sawing for lumber) tonnes (origin Latvia).
0 tonnes Other residues of wood industry (origin Latvia)
- m. Volume of tertiary feedstock: specify origin and composition - 6000 tonnes.*

* 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.

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
✓	<input type="checkbox"/>

SBP Biomass supply evaluation includes:

- **Primary** feedstock (firewood and branch chip after processing)
- **Secondary** feedstock (chips, sawdust after processing)
- **Non-forest land** feedstock (overgrown agricultural areas.)

Laskana SIA defines the biomass received from approved biomass sources and supply as SBP compliant biomass.

Regional Risk assessment for Latvia (accepted 28.09.2017.) has been used as a base for LSEZ SIA Laskana risk assessment

4 Supply Base Evaluation

4.1 Scope

4.1.1. It refers to primary feedstock supplies from the Latvian forest properties prior to logging, during the logging process or after logging.

4.1.2. It refers to primary feedstock supplies from the Latvian overgrown agricultural land areas, ditches and roadsides.

4.2 Justification

The risk assessment has been developed in accordance with SBP standards No1; No2 version 1.0 of March 2015, assessing the risk category for each SBP indicator. After describing and assessing the risks, the company acquired an in-depth understanding of the wood supply risks that could affect the acceptance of SBP non-compliant material for biomass production.

By introducing efficient risk mitigation measures, the company has the option to purchase SBP approved and compliant assortment to produce the required amount of SBP compliant biomass products.

The classification of developed risk indicators is graded from potential risks to lower risks.

At the risk developing stage, the risk assessment for Latvia available during the consultation process on SBP website was taken into account.

SIA Laskana LSEZ reviewed risk level for each indicator of the draft version of SBP Regional Risk assessment for Latvia, developed by NEPCon and based on SBP standard No. 1 version 1.0 of March 2015.

The designated risk specifications for “specified risk” indicators and those indicators whose risk level has been changed during the risk assessment process (for example, 1.1.2, 1.4.1, 2.2.5, see draft version of Regional Risk Assessment for Latvia) were reviewed, evaluated in line with requirements of national legislation, national policies (forest sector, nature protection, biodiversity etc), annual reports and publications of national responsible institutions and authorities). In addition to this, the risk specification has been consulted with stakeholders and leading experts in nature protection and forestry sectors.

During consultation with interested parties and through communication with biomass suppliers, additional information related to current “specified risk” and “low risk” indicators has been obtained, however, no changes in risk designation for given indicators were made.

SIA LASKANA as a wood processing and forestry company with 25 years of experience, and by attracting independent experts of biotope and nature conservation specialists, has developed risk mitigation and control mechanisms to assess and validate the biomass suppliers whose products correspond to SBP compliant biomass status.

4.3 Results of Risk Assessment

The requirements of Latvian normative acts were included in the risk assessment analysis.

Taking into account the specific character of Latvia and expert advice and recommendations, "specified risk" was applied to biotope protection (HCV category 3), work safety, bird habitat conservation (HCV category 1) and cultural and historical sites (HCV category 6).

4.4 Results of Supplier Verification Programme

SBP approved supplier audits and results described below and associated with specific risks are available to third parties and interested parties by documentary evidence of the audits performed.

The information obtained during risk assessment from both the legislative and the physical information verification on site on all SBE risk categories has confirmed that specific risks are applicable to 4 categories – biotope protection (HCV category 3), work safety, bird habitat conservation (HCV category 1) and cultural and historical sites (HCV category 6), whereas the risk for other categories is low.

Risk assessment and risk mitigation mechanism in primary feedstock compliance audits confirmed the urgency of defined risks in forestry and non-forest lands.

Confirmation of secondary feedstock is possible to only those suppliers that have no more than 3 round timber suppliers and who have agreed to cooperation in order to assess and mitigate risks prior to logging at the wood acquisition site.

4.5 Conclusion

Since August 1, 2016 when the requirements of SBE standards were initiated and introduced, the compliance of feedstock suppliers to specific risks was reviewed. Only a small part of suppliers who have direct logging and the competence to assess potential risks are confirmed as SBP suppliers for wood that is not certified according to the requirements of FSC or PEFC standards.

The amount of FSC or PEFC certified forests and access to certified wood is insufficient to ensure that at least 70% of the biomass is SBP compliant biomass.

As a result of risk mitigation measures, SIA LASKANA has confirmed that risk mitigation measures can be provided at our own forestry and by two (2) suppliers and conform to SBE low-risk category at supply level.

5 Supply Base Evaluation Process

LASKANA SIA SBP biomass compliant assessment refers to supplies from Latvia only and obtaining of biomass from:

- SBP-approved forestry certification scheme;
- SBP low risk feedstock sourced within SBE system;
- SBP approved supply chain (CoC) system;
- SBP approved supply after processing as wood waste;
- SBP approved supply from non-forest lands.

Risk assessment results were obtained by carrying out audits at logging companies which approved taking necessary measures for risk mitigation. Additional consultation with other forestry and logging companies was carried out, and the results and experience obtained was publically discussed with non-governmental organizations.

During confirmation of fulfilment of SBP requirements and assessment of the competence of suppliers, loggers and processors, experts in work safety, biotope and bird nest exploration and identification of possible cultural and historical sites were involved.

The company has developed and implemented a risk mitigation procedure where the identified risk mitigation measures and tools are described.

Questionnaires to test each risk indicator were designed and applied to objectively assess and obtain all information on each wood acquisition site, which is or is not approved as SBP compliant biomass.

Audit frequency and plan is designed so that timber from felling (forest management units) that originates from approved suppliers is audited in a 12-month period. Audits are performed prior to and during logging. The audit procedure is available at the company only by request, taking into account confidentiality, and is presented and discussed with interested parties to improve it effectively.

6 Stakeholder Consultation

On 19 September 2016, the company published SBP risk assessment on its website. An informative letter was sent electronically to the interested parties on the risk assessment developed according to SBP standard. The list of interested parties was created so that it includes the maximum number of recipients that represent economic, social and environmental interests of society, as well as local municipalities. The total number of recipients is 86 correspondents.

SBP risk assessment is available on the company website: <http://laskana.lv/laskana/lv/sakums/>

6.1 Response to stakeholder comments

At the time of the SBR final version is published and submitted to NEPCon SIA, no recommendations, comments or complains regarding the risk assessment or risk mitigation measures actions as a such and risk mitigation process implementation had been obtained.

7 Overview of Initial Assessment of Risk

SIA Laskana LSEZ reviewed risk level for each indicator of the draft version of SBP Regional Risk assessment for Latvia, developed by NEPCon and based on SBP standard No. 1 version 1.0 of March 2015.

The designated risk specifications for “specified risk” indicators and those indicators whose risk level has been changed during the risk assessment process were reviewed, evaluated in line with requirements of national legislation, national policies (forest sector, nature protection, biodiversity etc), annual reports and publications of national responsible institutions and authorities). In addition to this, the risk specification has been consulted with stakeholders and leading experts in nature protection and forestry sectors.

After the publication of the risk assessment SIA LASKANA had started risk mitigation process for 3 specified risk categories. Results are indicated in point 7 and 8 below.

Risk assessment results are summarised in the table below.

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	

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	

2.2.9		X	
-------	--	---	--

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

Risk mitigation measures refer to the following feedstock categories:

- Primary feedstock supplies from Latvian forest properties prior to and after logging;
- Primary feedstock supplies from Latvian overgrown agricultural land areas;
- Not applicable to secondary feedstock and other regions of origin;
- Primary biomass is not qualified and is not applicable to tree species such as oak, ash, maple, wych, fluttering elm, if the diameter on the stump exceeds 70cm.

SIA LASKANA SBP groups SBP suppliers in two categories:

1st category: SBP compliant supplier - the suppliers who have signed an agreement on the supplies of SBP compliant feedstock and are trained in identification of risk categories; the supplier tests feedstock supplies from all wood units of origin; the supplier has been audited and received written confirmation from SIA LASKANA. If the supplier has not assessed the logging unit and has ignored any of the risk categories that it has not identified or has concealed, the supplier is excluded from SBP compliant feedstock supplier list.

2nd category: SBP non-compliant supplier – includes all suppliers that have not performed risk assessment for the entire amount of supplied wood and with whom an agreement has not been signed on SBP compliant feedstock supplies. The supplier has been trained on risk identification, but the supplier does not carry out risk mitigation measures using SIA LASKANA risk mitigation tools. The supplier may be audited, but has not received written confirmation from SIA LASKANA.

An independent, international auditing company performs the compliance assessment and verification of the suppliers approved by SIA LASKANA. If the audit finds that any of the suppliers has ignored risk categories during audit, the assessment programme is reviewed, and the supplier is excluded from SBP compliant feedstock supplier list.

During the development process of SBP certification, the company assessed SIA Laskana related logging companies on forest and non-forest land and 3 suppliers who have agreed and signed an agreement on implementation of SBE requirements to perform felling area assessment prior to logging and to identify all risk categories.

Audits are carried out both for approved suppliers by carrying out checks at least 1 x 12 months, in order to ensure compliance with SBP requirements and for unapproved suppliers at least 1x a year before or after the logging period.

Unapproved suppliers that are competent in risk category assessment and have expressed an interest in supplying SBP compliant biomass are included into the additional monitoring programme, which involves testing prior to commencement of logging. The minimum criteria for approving SBP compliant suppliers are described in the company procedures.

The number and selection of sites to be visited is planned in advance, one month before the logging, receiving information on planned logging sites, cadastral numbers, and felling coordinates from both approved and unapproved suppliers.

For obtaining additional information, the following information sources are used: Latbio Potential Biotope Database (www.latbio.lv/MBI), information available at the Nature Protection Board, recommendations of forestry and nature protection experts. In the auditing process during interviews with suppliers, confirmation is obtained that the supplier understands the risks associated with sustainable biomass sourcing, the supplier correctly identifies risk categories and takes measures necessary to mitigate the risks.

The objective of SIA LASKANA within SBP certification is to verify all feedstock suppliers by performing audits and assessing their compliance with the requirements of SBP standards, the competence and skills of risk identification associated with the three aforementioned risk categories for Latvia.

All suppliers, whether approved or unapproved, are subjected to assessment of the work safety system of the logging company, a set of measures taken by the company to conserve biotopes, including identification of possible signs of biotopes prior to the start of logging, preservation of cultural and historical values and protection of bird nests.

During the suppliers audit, the way the company carries out risk mitigation measures is examined by reviewing the completed audit forms approved by a biotope expert (check form, control form) - reports, which makes it possible to conclude whether the company is ready to supply SBE compliant feedstock, whether the supplier needs to take corrective measures and the audit needs to be repeated.

During risk mitigation process all the possible felling sites are inspected and audited or at the website of potential biotope signs of non-forest land <http://latbio.lv/MBI/>.

8.2 Site visits

The audits are carried out selectively prior to logging or during logging.

As a priority, those properties and plots are visited that show signs of potential biologically valuable stands – forest biotopes of European significance, natural forest biotopes.

For planning the number of audits for each supplier, SIA LASKANA uses the following formula:

$$0,8\sqrt{FMU} = x \text{ FMU}$$

FMU- planned number of fellings per year

X FMU- the number of fellings to be visited prior or during logging

Or SBE included supplier audits 1x 6 months, or after each 5000m³.

The auditable areas and suppliers are selected so that both supply regions and a variety of wood harvesting companies and their sub-contractors and service providers are maximally covered. The wood sourcing regions included in the audit programme are: Kurzeme.

9 forest management units - forest properties (farms) were visited within the framework of the programme for identification of potential biotopes, bird nests, cultural and historical sites and work safety risks, and risk mitigation;

1 forest property units were visited after logging was ended;

4 forest properties - during logging;

4 non-forest land properties were visited prior and after logging;

0 producers that supply chips after processing;

5 work safety audits at the loggers and their sub-contractors, and service providers.

8.3 Conclusions from the Supplier Verification Programme

Work protection and work safety risk monitoring programme

The audits were pre-planned and carried out for two suppliers, 5 audits in total during logging, having requested information from suppliers about logging sites and service providers in advance. The auditable areas and suppliers are selected so that both supply regions and a variety of wood harvesting companies and their sub-contractors are maximally covered. The regions included in the audit programme are: Kurzeme. Records and observations are made for each supplier audit.

Work protection and work safety risks related to logging for both forest lands and non-forest lands can be divided into two categories:

- 1) Logging with mechanized multi-operational harvesting machines (harvesters) maximally minimizes risks related to work protection and work safety. Minor deficiencies were found during the audits.
- 2) Suppliers and their contactors are performing logging forest fellings using hand motor-saws as well. Audits did not find significant discrepancies in work safety.

Identification of biotopes, bird habitats and cultural and historical sites, and monitoring risk programme

In the framework of the programme, prior to, during and after logging, those fellings and adjoining areas were audited where according to Latbio, potential possibility of natural forest biotopes was identified.

The auditable areas and suppliers are selected so that a variety of supply regions and wood harvesting companies and their sub-contractors are maximally covered. Kurzeme is included in the audit programme. Records and observations are made for each audit.

The following conclusions were made from the audits:

- 1) The suppliers have an understanding of the biotope evaluation mechanism; the suppliers are aware of the need for biotope assessment audit prior to starting the logging. During audits, potential felling areas in economic forests or on agricultural lands were inspected on site with a small possibility of a forest biotope. Suppliers have evidence of competence about biotope assessment in field.
- 2) In the logging process, no objects of cultural or historical value were found in the selected forest areas. The audits found that suppliers are aware that the protection of cultural values is governed by Latvian legislation. It has been concluded from the survey of the logging companies that if before logging an object of cultural or historical value is found in the felling area, the State Forest Service and State Inspection for Heritage Protection are informed about it in written manner. The logging is suspended until an appropriate decision and rules from the competent authorities is received.
- 3) No large bird-nests (over 50 cm) and trees with diameter above 80 cm in chest height were found during audit of inspected felling areas. The suppliers are aware of the actions to be taken if large bird-nests (over 50 cm) are found. The logging companies are aware of the need to leave deadwood and ecological trees, as well as to comply with the other requirements of nature protection in forest

management. It was found during audits that different logging restrictions set by administrative territories are observed.

Suppliers are informed that SIA LASKANA do not accept cargos, within timber from potentially high biologically valuable areas, if the risk is not reduced. Suppliers are signed self-declarations, which demonstrate understanding of the company's policies and procedures for high-value forests.

9 Mitigation Measures

9.1 Mitigation measures

Risk mitigation measures refer to the following biomass supply risk categories:

- Identification of the signs of forest biotopes and natural forest biotopes of European significance,
- Identification of cultural and historical monuments and objects of cultural and historical value in the process of logging,
- Identification of bird nesting sites,
- Mitigation of work protection and work safety risks.

The audit process:

Surveillance audits are performed just for suppliers, which are approved as SBP suppliers.

For the suppliers that are approved as SBP-compliant feedstock suppliers, audits and assessment of all categories is performed only prior to, during or after logging.

Audits for the harvesting of agricultural lands during logging are performed prior to, during or after logging for all logging objects with assessment of all possible risks.

After the results of surveillance audits and the assessment of a supplier, the company management makes a decision on further co-operation with the supplier, the conditions and amount of wood supply. The suppliers that refuse to inform SIA Laskana on the planned amount of logging and refuse to cooperate with SIA LASKANA during audits may be excluded from the list of suppliers.

By involving appropriate biotope experts, specialists, and forest management work safety specialists, SIA LASKANA provides additional informative seminars for suppliers in order to better inform suppliers with SBP requirements for the conditions of supplying compliant feedstock and of potential risks, thus minimizing the risks of supplying feedstock that does not comply with the requirements of SBP standards.

General measures of risk mitigation:

- The purchase of FSC certified wood as priority for procurement of SBP-compliant biomass.
- Signing suppliers self-declaration and including the conditions of SBP standards for biomass supply, identifying and decreasing in a timely manner the risks of supplying SBP non-compliant feedstock.
- Performing biotope risk assessment procedures prior to logging, during or after logging, which includes the following measures:
 - Checking cadastre numbers prior to logging, during or after logging, using the „Biotope Tool” available in Latbio database http://latbio.lv/MBI/search_db;
 - An assessment audit form before logging is designed where all four risk categories are included. The form has been designed in collaboration with forest biotope experts to identify and minimize the impact on possible biotopes, to recognize and protect cultural and historical objects and bird nesting sites.
- The process of work protection and work safety risk assessment takes place during logging, during which a competent person performs checks according to a special form that includes minimal requirements for

maintaining work safety in the forest. The form is designed in collaboration with a company licensed work safety specialist.

- Trainings and seminars are provided for the company employees and biomass suppliers. The objective of the trainings is to teach involved parties to recognize the signs of potential possible biotopes, bird nesting sites, cultural and historical objects, and to fully guarantee work safety requirements at our own company and the companies of service providers.

The assessment of the efficiency of risk mitigation measures and results of audit are available upon request from the interested parties by meeting in person and explaining the mechanism and benefits of general risk mitigation measures, and by promoting further cooperation in the process of identifying risk identification mitigation.

9.2 Monitoring and outcomes

Since the introduction of the SBP, the company has been working with several suppliers to identify the biotopes, as well as to reduce the risk of inappropriate supply of raw material to SBP. During supplier audits, have found work safety breaches and unwillingness to cooperate with LASKANA SIA, so the company continues to collaborate on delivering SBP-compliant material with 2 suppliers.

Supply Region - Kurzeme.

After SBP risk mitigation audits, as well as supplier training for suppliers who are forest owners, logging companies have developed an understanding of SBE requirements regarding risk categories, their recognition and mitigation mechanism.

As a result of audits, 2 supplier companies were approved to be recognized as SBP Compliant biomass suppliers.

Detailed information on each indicator is provided in the risk assessment.

Risk assessment is available at <http://laskana.lv/laskana/lv/sakums/>

10 Detailed Findings for Indicators

Detailed findings for each Indicator are found at SBP Endorsed Regional Risk Assessment: <https://sbp-cert.org/docs/SBP-endorsed-Regional-Risk-Assessment-for-Latvia.pdf>

11 Review of Report

11.1 Peer review

The final version of SBR report was sent to professionals in wood industry, forestry and processes of forest environment.

The report was reviewed and comments were received from:

J.Rozītis, the Director of World Wildlife Fund:

"The Supply Base report includes a general forest management description of the supply base, provides an insight into the management of the forestry field, describes the measures implemented in Latvia for ensuring biodiversity and social needs in the forest. The report also includes supply base assessment, including initial risk assessment overview, supplier verification programme, and risk mitigation measures.

Having analyzed the initial risk assessment overview and understanding the huge importance of biodiversity protection and work safety, as well as preservation of socially valuable sites in forest management in Latvia, the company prepared a supplier verification programme appropriate to the current situation and a plan of risk mitigation measures.

With an increase of incompliance of supplier practices or at least once a year, it is recommended to assess the surveillance audit system and risk mitigation measures in general to eliminate or minimize risks related to work safety violations, as well as negative impact of forest management on biologically and socially valuable forests.

Even though indicator 2.2.4 of risk assessment for Latvia shows low risk, still when implementing field checks and organizing training activities for company employees, suppliers need to pay attention to implementation of well-considered nature protection measures (deadwood removal, selection of wrong ecological trees, cutting the entire underwood, not preserving micro-lowland etc.) in forest management.

To ensure biotope protection, trainings are to be organized when new suppliers begin supply, but also at least once in 2 years for existing suppliers, refreshing the knowledge on biotopes and their identification.

The company stand to increase procurement of primary wood feedstock that originates from forest management in compliance with the requirements of FSC forest management standard is to be evaluated positively.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Ojārs Zeme</i>	<i>Manufacturing director</i>	<i>12.02.2019.</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>Krišjānis Vēsmiņš</i>	<i>Member of the board</i>	<i>12.02.2019.</i>
	Name	Title	Date

13 Updates

Report updated with data from 01.12.2017. – 30.11.2018..

13.1 Significant changes in the Supply Base

In 2018 was started supply of wood chips from Belarus.

An updated quantification of the Supply Base accessible in part 2.5.

13.2 Effectiveness of previous mitigation measures

Primary and secondary feedstock supplies from Latvian forest properties

In 2018 there were in force previously identified risks (see public Supply Base Report section 7). Following control of mitigation measures took place:

- ✓ The amount of certified wood purchased has increased to 83% of the total amount of SBP-compliant material.
- ✓ Enhanced cooperation with 2 SBP approved material suppliers, where following control of mitigation measures took place:
 - 9 audits of high conservation values (biotopes). Audit results confirms that mitigations measures ensure that risk is low
 - During audits in 0 cases there were identified areas with woodland key habitats. In all cases the biological value of the forest land was very low.
 - There were identified 1 cultural heritage object, for which the supplier has requested permission and conditions for the State Inspection for Heritage Protection before development.
 - During audits there were identified 0 nesting places. There were no identified any case when the birds' nest be destroyed.
 - Audits of health and safety are performed by selection. In some safety audits detected minor infringements (e.g. personal protective equipment was not in compliance with LR legislation). In the case of violations during the audit, the logger was pointed out to preventable imperfections. Total results of audits confirm that risk is low and mitigation measures are effective.
 - For all suppliers audits of origin took place and results of audits ensure that material is sourced within supply base.

Primary feedstock supplies from Belarus

In 2018 there was purchased only FSC certified material from Belarus.

13.3 New risk ratings and mitigation measures

There is no new risks identified for supply base and mitigation measures shows the sufficient effectiveness to reduce all identified specified risks to low level.

Indicator with risk / Indikators, kurā pastāv risks		Main comments and Mitigation Measure / Galvenie komentāri un mazināšanas pasākumi
2.1.1. un 2.1.2.	<p>Forests and other areas with high conservation values in the Supply Base are identified and mapped.</p> <p>Meži un citas zemju platības, kas iekļautas pamatpiegādē, ar augstu saglabāšanas vērtību tiek identificētas un kartētas.</p> <p>Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed.</p> <p>Iespējamie draudi mežos un citās platībās ar augstām aizsardzības vērtībām, tik identificētas un novērstas meža apsaimniekošanas procesā.</p>	<p>Felling`s audit table “the potential habitat assessment questionnaire” (includes points about bird nesting sites, old country estates, trees with great diameter) LATBio database assessment questionnaire Supplier`s trainings respect forest`s habitat Timber purchase specification, which does not permit diameter greater than 80 cm.</p> <p>Cirsmu pārbaude pēc “mežaudzes iespējamo biotopu novērtējuma anketas” (iekļauti punkti par putnu ligzdām, kultūrvēsturiskiem pieminekļiem, kokiem ar lielu diametru) LATBio datu bāze Piegādātāju apmācības atpazīt meža biotopus Koksnes iepirkuma specifikācija, kas nepieļauj kokmateriāla diametru lielāku par 80 cm</p>
2.8.1	<p>Appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).</p> <p>Mežizstrādē tiek izmantoti noteiktie drošības un veselības aizsardzības pasākumi.</p>	<p>Safety audit table, which is done for each forest developer every 12 months performed by competent employees.</p> <p>Darba drošības audita anketa, kuru izlases kārtā katram meža izstrādātājam vismaz 1 reizi 12 mēnešos veic uzņēmuma kompetentās personas.</p>

13.4 Actual figures for feedstock over the previous 13 months

73 134 tonnes

13.5 Projected figures for feedstock over the next 12 months

70 000 – 90 000 tonnes

Disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage.