SBP

Sustainable Biomass Program

Supply Base Report: SIA “Latgran” Jēkabpils

Second Surveillance Audit

www.sbp-cert.org

Completed in accordance with the Supply Base Report Template Version 1.2

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

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Contents

1 Overview

Producer name:	SIA “LatGran”, production site Jekabpils
Producer location:	“Abeles”, Zilani, parish Kuku, district Krustpils, LV-5222
Geographic position:	56°30’24”; 25°54’31”
Primary contact:	Līga Hermane (quality manager), telephone: +371 26317722, email: liga@latgran.com
Company website:	www.latgran.com
Date report finalised:	29/Aug/2016, last update: 24/Oct/2018
Close of last CB audit:	10/Nov/2017
Name of CB:	NEPCon SIA
Translations from English:	Yes
SBP Standard(s) used:	Standard 1, version 1.0; Standard 2, version 1.0; Standard 4, version 1.0; Standard 5, version 1.0
Weblink to Standard(s) used:	https://sbp-cert.org/documents/standards-documents/standards

SBP Endorsed Regional Risk Assessment:

Latvia – https://sbp-cert.org/docs/SBP-endorsed-Regional-Risk-Assessment-for-Latvia.pdf
Estonia - https://sbp-cert.org/docs/SBP-endorsed-Regional-Risk-Assessment-for-Estonia.pdf

Weblink to SBE on Company website: http://www.latgran.com/en/policy/sustainable-biomass

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

2 Description of the Supply Base

2.1 General description

SIA “Latgran” most of the raw materials as feedstock primary and secondary from feedstock originating from Latvian, as well as a small part of the raw material, which is indirectly supply after wood processing as secondary feedstock from Lithuania and Belarus. In future raw material can be received from Estonia, information of wood resources in Estonia is included in this report.

Table 1. 2017

SBP feedstock clasification	Proportion	Number of suppliers
Controlled Feedstock	3,35 %	7
SBP-compliant Primary Feedstock	39,80 %	17
SBP-compliant Secondary Feedstock	56,85 %	9
SBP-compliant Tertiary Feedstock	0 %	0
SBP non-compliant Feedstock	0 %	0

Following species are used in pellet production: Picea abies (L.) Karst.; Pinus sylvestris (L.); Alnus glutinosa (L.) Gaertn.; Alnus incana (L.) Moench; Populus tremula (L.); Betula pendula; Betula pubescens.

LATVIA 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 milj.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 have 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.

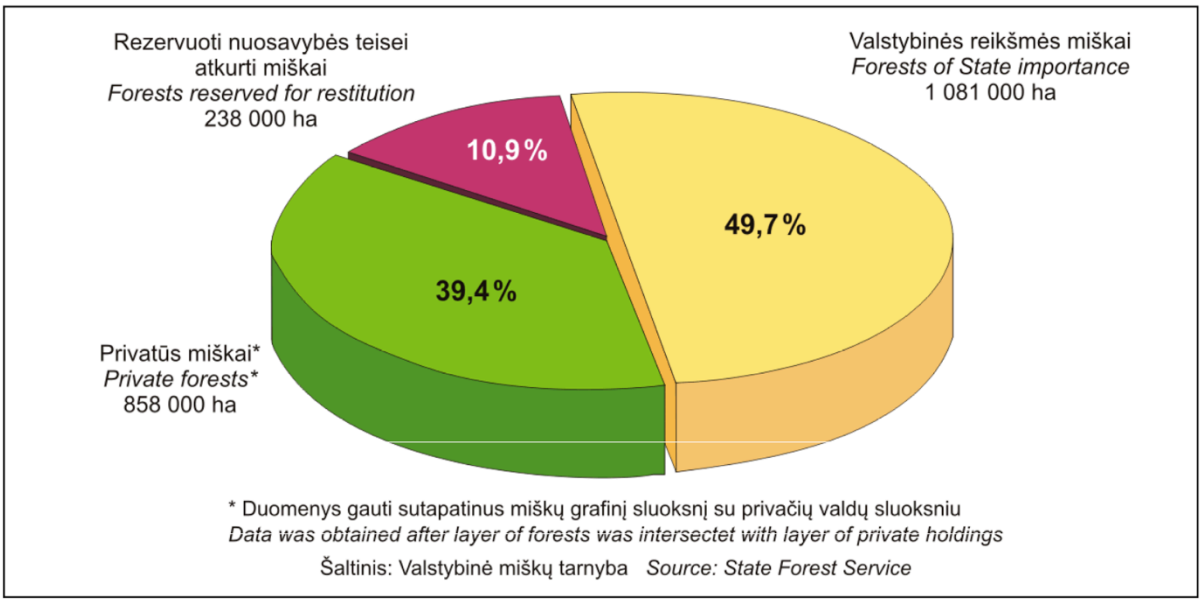
Forest and community
Areas where recreation is one of the main forest management objectives add up to 8 % of the total forest area or 293 000 ha (2012y). Observation towers, educational trails, natural objects of culture history value, picnic venues: they are just a few of recreational infrastructure 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 (Latvian State forests) as well as some part of forests in private and other ownership are FSC and PEFC certified. From all totally forest area 3 347 409ha is approximately 1,737 thousand 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.

LITHUANIA forest resources

Agricultural land covers more than 50 percent of Lithuania. Forested land consists of about 28 percent, with 2,18 million ha, while land classified as forest corresponds to about 30 percent of the total land area. The south-eastern part of the country is most heavily forested, and here forests cover about 45 percent of the land. The total land area under the state Forest Enterprises is divided into forest and non-forest land. Forest land is divided into forested and non-forested land. The total value added in the forest sector (including manufacture of furniture) reached LTL 4.9 billion in 2013 and was 10% higher than in 2012.

FOREST LAND BY OWNERSHIP 01.01.2014



Forest land is divided into four protection classes: reserves (2 %); ecological (5.8 %): protected (14.9 %); and commercial (77.3 %). In reserves all types of cuttings are prohibited. In national parks, clear cuttings are prohibited while thinnings and sanitary cuttings are allowed. Clear cutting is permitted, however, with certain restrictions, in protected forests; and thinnings as well. In commercial forests, there are almost no restrictions as to harvesting methods.
Lithuania has been a signatory of the CITES Convention since 2001. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Lithuania.

Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests - especially spruce and birch - often grow in mixed stands. Pine forest is the most common forest type, covering about 38 percent of the forest area. Spruce and birch account for about 24 and 20 percent respectively. Alder forests make up about l2 percent of the forest area, which is fairly high, and indicates the moisture quantity of the sites. Oak and ash can each be found on about 2 percent of the forest area. The area occupied by aspen stands is close to 3 percent.

The growing stock given as standing volume per hectare is on the average of l80 m^3 in Lithuania. In nature stands, the average growing stock in all Lithuanian forests is about 244 m^3 per hectare. Total annual growth comes to 11 900 000 m^3 and the mean timber increment has reached 6.3 m^3 per year and per hectare.

Current harvest has reached some 3.0 million m^3 u.b. per year. The consumption of industrial wood in the domestic forest industry, including export of industrial wood, is estimated to be less than 2.0 million m^3. The remainder is used for fuel or stored in the forests, with a deteriorating quality as a result.

The potential future annual cut is calculated at 5.2 million m^3, of which 2.4 million m^3 is made up of sawn timber and the remaining 2.8 million m^3 of small dimension wood for pulp or board production, or for fuel. The figures refer to the nearest 10-year period. Thereafter a successive increase should be possible if more intensive and efficient forest management systems are introduced.

Certification of all state forests in Lithuania is done according to the strictest certification in the world – the FSC (Forest Stewardship Council) certificate. The audit of this certificate testifies to the fact that Lithuanian state forests are managed especially well – following the principles of the requirements set to protection of and an increase in biological diversity.

(Resources: http://www.fao.org/docrep/w3722e/w3722e22.htm)

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 area20291 (1000 Ha);
Forest area8707.6 (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 planting and seeding and 19% by natural regeneration. 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.

ESTONIA forest resources

Estonia is a member of the European Union since 2004. The Estonian legislation is in compliance with the EU's legislative framework and directives. National legislative acts make references to the international framework. All legislation is drawn up within a democratic system, subject to free comment by all stakeholders[1].The Estonian legislation provides strict outlines in respect to the usage of forestry land and the Estonian Forestry Development Plan 2020[2] has clear objectives and strategies in place to ensure the

[1] http://europa.eu/about-eu/countries/member-countries/estonia/index_en.htm

[2] Original title: „Eesti metsanduse arengukava aastani 2020"; approved by Estonians parlament decision nr 909 OE 15.February 2011.a
http://www.envir.ee/sites/default/files/elfinder/article_files/mak2020vastuvoetud.pdf

forestland is protected up to the standards of sustainable forest management techniques. The Ministry of the Environment coordinates the fulfilment of state duties in forestry. The implementation of environmental policies and its supervision are carried out by two separate entities operating under its governance. The Estonian Environmental Board monitors all of the work carried out in Estonia's forests whereas the Environmental Inspectorate exercises supervision in all areas of environmental protection.

The forest is defined in the Forest Act. There are three main forest categories are described in this legislation: commercial forest, protection forest and protected forests. According to the ownership, forests are also divided into private forests, municipality forests and state owned forests. The state owned forest represent approximately 40% of the total forest area[3] and is certified according to FSC and PEFC forest management and chain of custody standard in which the indicators related to forest management planning, maps and availability of forest inventory records are being constantly evaluated and addressed[4]. The state forest is managed by State Forest Management Centre (RMK) which is a profit-making state agency founded on the basis of the Forest Act and its main duty lies in a sustainable and efficient management of state forest.

Currently more than 2 230 000 ha, equal to 51% of the Estonian land territory, is covered by forest as indicated in Figure 1 and the share of forest land is growing. According to FAO data, during 2000 - 2005, average annual change in the forest cover was +0.4 %[5]. Forestry Development Plan 2012-2020 and Yearbook Forest 2013, that gives annual reports and facts about the forest in Estonia, state that during last decade the cutting rate in Estonian forests is from 7 to 11 mill m³ per year[6]. The amount is in line with sustainable development principle when the cutting rate doesn't exceeds the annual increment and gives the potential to meet the long-term the economic, social and environmental needs. According to the Forestry Development Plan 2012-2020 the sustainable cutting rate is 12-15 mil ha per year.

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

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

[5] http://www.fao.org/forestry/country/32185/en/est/

[6] Yearbook Forest 2013 http://www.keskkonnainfo.ee/failid/Mets_2013.pdf (all key figures, graphs and tables are bilingual)

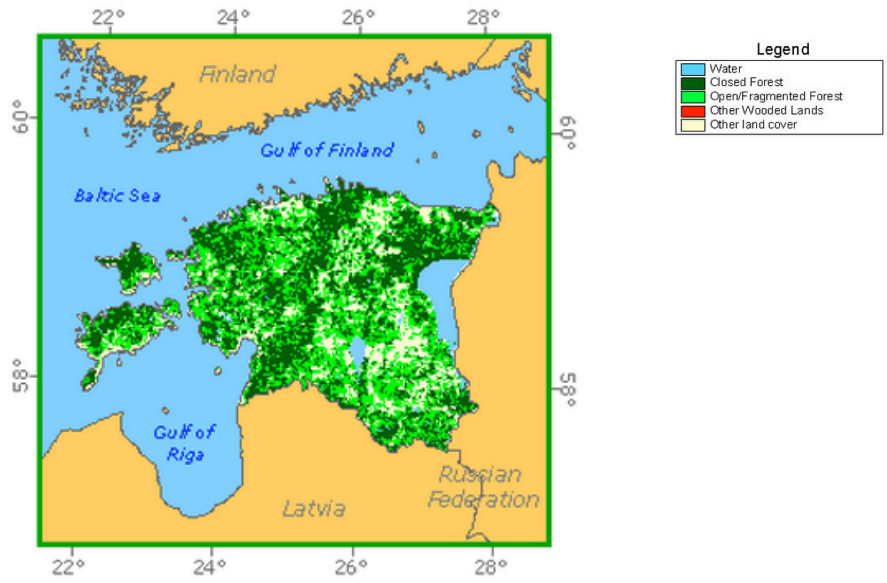


Figure 1. Forest cover of Estonia (FAO: http://www.fao.org/forestry/country/en/est/).

The distribution of growing stock by tree species in Estonia is shown in Figure 2.

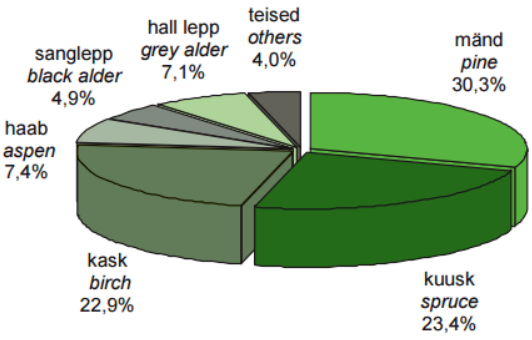


Figure 2. The distribution of growing stock by tree species (Yearbook Forest 2013).

For logging in any type of forest, it is required that a valid forest inventory or forest management plan, along with a felling permit issued by the Environmental Board, is available. All issued felling permits and forest inventory data is available in the public forest registry online database[7].

Area of protected forests accounts to 25.3% of the total forest area whereas 10% is considered to be under strict protection. The majority of protected forests is located on state property. The main regulation governing the preservation of biodiversity and the sustainable use of natural resources is the Nature Conservation Act[8]. Estonia has signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora

[7] http://register.metsad.ee/avalik/

[8] https://www.riigiteataja.ee/en/eli/517062015004/consolide

(CITES) in 1992[9] and joined the International Union for Conservation of Nature (IUCN) in 2007[10]. There are no CITES or IUCN protected tree species naturally growing in Estonia.

According to the Forestry Yearbook 2013 the wood, paper and furniture industry (503.5 million euro) contributed 21.6% to the total sector providing 3.3% of the total value added. Forestry accounted for 1.6% of the value added.

In Estonia, it is permitted to access natural and cultural landscapes on foot, by bicycle, skis, boat or on horseback. Unmarked and unrestricted private property may be accessed any time and pick berries, mushrooms, medicinal plants, fallen or dried branches, unless the owner forbids it. On unmarked and unrestricted private property camping is allowed for 24 hours. RMK creates exercising and recreational opportunities in nature and in recreational and protection zones and provides education about the natural environment which are free to access.[11]

2.2 Actions taken to promote certification amongst feedstock supplier

For the production of SBP pellets are mostly used FSC and PEFC certified supplier material.

During preparation for SBP certification, the company has increased the share of FSC and PEFC certified raw materials and most significant increasing was for secondary feedstock - from 0% in 2014 to 13 % at December 2015 and 59% in 2017 (together in all Latgran four plants). In 2017 together certified primary and secondary material constitutes 46% of the total amount of incoming raw materials. In cooperation with suppliers of controlled wood, the company prefers suppliers who undertake to take risk mitigation measures in accordance with the procedures developed by the company to obtain SBP-compliant materials.

2.3 Final harvest sampling programme

The primary raw material has been procured from the Supply Base area and it consists of round wood/firewood. The raw materials are procured in well developed, free and open market with competition of other customers. Different assortments of raw materials are obtained from the logging. All companies of forest industry have public price lists for the assortments. The price lists reflect the solvency of the industry for different assortments. The price lists clearly indicate that logs and veneer logs are the most valuable assortments while firewood (e.g. for pellet production) is less valuable assortment. This information is derived from the documents and data submitted by suppliers and forest developers.

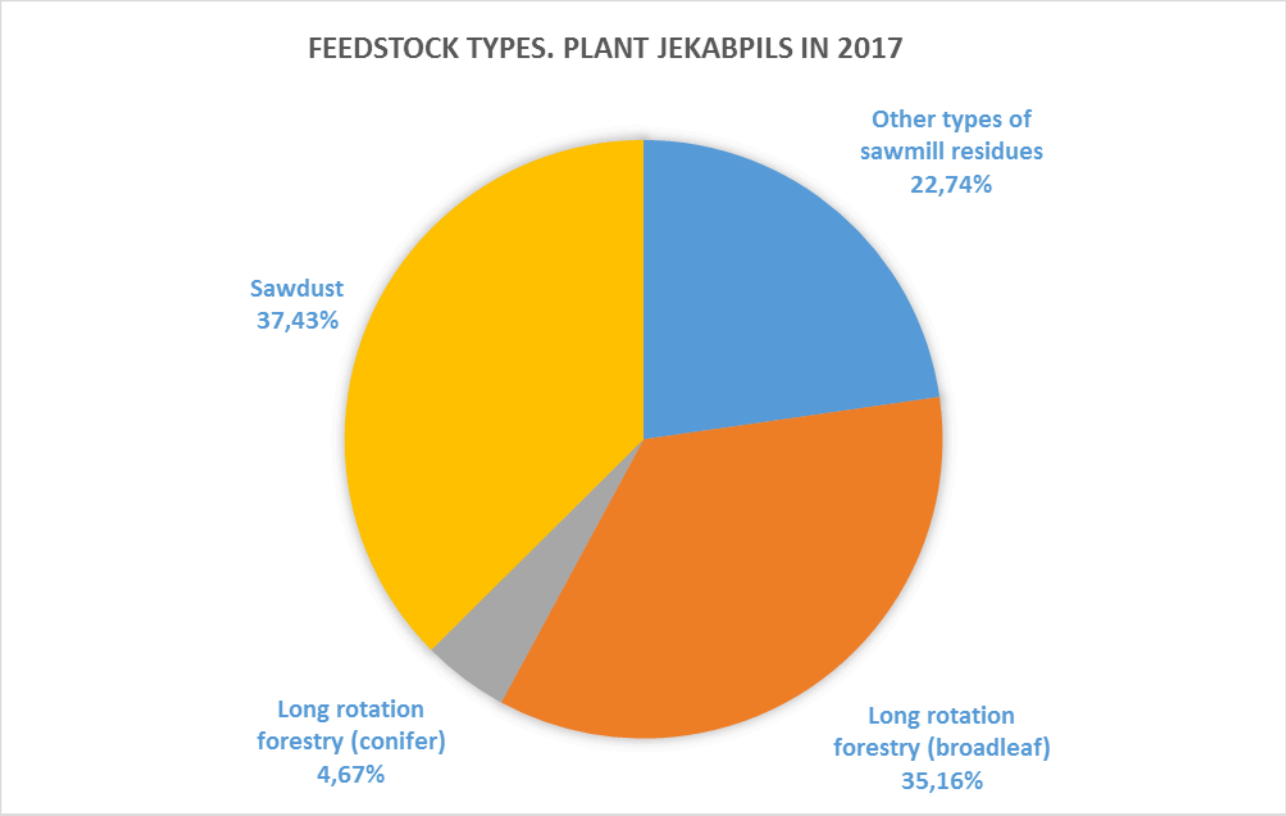
[9] http://www.envir.ee/et/cites

[10] http://www.envir.ee/et/iucn

[11] https://www.eesti.ee/eng/topics/citizen/keskkond_loodus/maa/metsandus_1

2.4 Flow diagram of feedstock inputs showing feedstock type

Feedstock types in Jekabpils. 2017



2.5 Quantification of the Supply Base

Supply Base

a. Total Supply Base area (ha): 14 306 616 cumulative area of all forest types within SB
b. Tenure by type (ha): Government 13 213 916 ha; Privately owned 1 092 700 ha;
c. Forest by type (ha): boreal/16 966 578 ha,
d. Forest by management type (ha): Managed Semi- Natural 16 966 578 ha
e. Certified forest by scheme (ha): 11 689 000 hectares of FSC and 10 990 000 ha PEFC-certified forest

Feedstock

a. Total volume of Feedstock: 200,000 – 400,000 tonnes
b. Volume of primary feedstock: 0 – 200,000 tonnes
c. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
    - Certified to an SBP-approved Forest Management Scheme 38 %
    - Not certified to an SBP-approved Forest Management Scheme 62 %
d. List all species in primary feedstock:

Species: Picea abies (L.) Karst.; Pinus sylvestris (L.); Alnus glutinosa (L.) Gaertn.; Alnus incana (L.) Moench; Populus tremula (L.); Betula pendula; Betula pubescens.

e. Volume of primary feedstock from primary forest- 0%
f. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
    - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme 0%
    - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme 0%
g. Volume of secondary feedstock: **SAWDUST and WOOD chips (Sawmill** residues) feedstock as production waste from producers comes from Latvia (85%), Lithuania (12%) and Belarus (3%): 0 – 200,000 tonnes
h. Volume of tertiary feedstock: 0 tonnes

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
X	□

In SBP biomass supply evaluation is included the supply of primary and secondary feedstock, which confirms the supplied primary feedstock for the production of pellets as SBP-compliant. The evaluation process uses the risk assessment developed by the company, as in Latvia there is no single unified risk assessment approved by SPP, as well as inspection programme to reduce supply risks has been developed.

Risk assessment (RA) has been sent to a public consultation on August 12th, 2016.

Risk assessment has been divided into: “Low risk", "Certain risk” or "Uncertain risk".

4 Supply Base Evaluation

4.1 Scope

4.1.1. Refers to primary feedstock supplies from Latvian forest properties after logging.

4.1.2. Refers to primary feedstock supplies from overgrown agricultural lands of Latvia.

4.1.3. Refers to secondary feedstock supplies from Latvia

4.1.4. Does not refer to secondary feedstock or other areas of origin.

4.1.5. Refers to primary feedstock supplies from Estonian forest properties after logging.

4.2 Justification

SIA “Latgran” since July 2015 is owned by company AS “Graanul Invest” and according to owner decision, preparing for SBP certification were done together with other AS “Graanul Invest” plants based in Latvia: SIA “Graanul Invest” and SIA “Graanul Pellets”. The representatives of the group of companies of "AS “Graanul Invest” in Latvia on behalf of all three companies (SIA “Latgran”, SIA “Graanul Invest” un SIA “Graanul Pellets”) provided information to stakeholders regarding risk assessment for Latvia and the planned risk mitigation measures.

To reduce the supply risks, the primary and secondary feedstock in pellet production, pursuant to the risk assessment indicators, is subject to classification of risks of origin from potential risk to lower risk, in order to ensure full risk assessment and exclude feedstock supplies.

4.2.1. Primary and secondary feedstock supplies from Latvian forest properties

The assessment has been designed in compliance with the SBP standard No. 1; No. 2 version 1.0, March 2015, by developing and introducing a mitigation programme to reduce risks of primary and secondary feedstock purchases.

During the risk development stage, the risk assessment version for Latvia was taken into account which was available during the consultation process on the SBP website.

Initially, the company developed risk assessment, by assessing each risk indicator of SBP standard No. 1 version 1.0., March 2015. The risk assessment was created, based on the laws of Latvia, abidance by the laws, publications, stakeholder consultations, and leading expert guidance, as well as other resources of information.

Upon consulting with stakeholders, communicating with logging / primary feedstock suppliers and wood processors (secondary raw material suppliers), the situation was studied, and, by defining certain risks, the company developed a risk mitigation system.

n September, 2017 the SBP has endorsed the Regional Risk Assessment for Latvia.
https://sbp-cert.org/documents/risk-assessments/latvia

The SBP endorsed version of RRA does not differ in relation to risk level for individual indicators from the risk assesment developed by Graanul Invest Group.

4.2.2. Primary feedstock supplies from Estonian forest properties

SBP-approved risk assessment available on https://sbp-cert.org/documents/risk-assessments/estonia was applied to supplies from Estonia.

4.3 Results of Risk Assessment

4.3.1. Primary and secondary feedstock supplies from Latvian forest properties

Risk assessment analysis included regulatory activities prescribed in national laws and regulations.

Having regards to the peculiarities existing in Latvia, as well as expert proposals and recommendations, the following was used “Specified risk with regard to biotopes, labour safety, bird habitats and cultural heritage objects.”

4.3.2. Primary feedstock supplies from Estonian forest properties

In the regional risk assessment, “Specified risk” is applied with regard to potential threats to the protection of high conservation value biotopes.

4.4 Results of Supplier Verification Programme

4.4.1. Primary and secondary feedstock supplies from Latvian forest properties

On-site inspection results, which are described below and are linked to a specified risk, as well as documentary evidence on the performed audits that are available to third parties, allow obtaining information about the risk of supplies of each supplier at the supply level, to timely identify potentially possible threats in any of the specified risk indicators.

Information obtained during risk assessment from legislation and from on-site information verification about all SBE risk categories confirmed that specified risk is applicable to 4 categories (HCV category 3), labour safety and bird habitats (HCV category 1), and cultural history objects (HCV category 6), whereas in other categories, the risk is low.

Within the framework of the mitigation audit, the relevance of the specified risks in the forest management sector was confirmed.

4.4.2. Primary feedstock supplies from Estonian forest properties

It is known that Estonia has performed inventory of high conservation value biotopes, but logging in these territories is not prohibited, therefore the specific risk is topical.

4.5 Conclusion

4.5.1. Primary and secondary feedstock supplies from Latvian forest properties

By performing SBE since 2015 and upon reviewing co-operation with companies falling within risk categories, effective information exchange has been ensured and timely mitigation of risks has been made possible. The implemented mitigation measures have resulted in 8 primary suppliers being implemented risk mitigation system and after positive results of audit will be evaluated as SBE low risk category supply level. In co-operation with stakeholders and environmental organisation members, the desirable co-operation effect with suppliers has been achieved, by explaining the risk factors and obtaining the desirable SBP compliant result of feedstock supplies.

Simultaneously, a risk mitigation system is implemented for wood processors (secondary feedstock suppliers). The system is based on monitoring of primary feedstock and introduction of a credit system of SBP compliant material.

By the end of 2016, it is planned to assess the conformity of all suppliers to the SBE requirements. In 2017, all requirements established for primary and secondary feedstock suppliers will correspond to the SBE requirements.

It is a potential risk that roundwood is supplied by such a supplier, who commits violations with regard to specified risk forest units, but who is included and confirmed as a supplier of SBP compliant assortment; additional audits are performed within the framework of procedures depending on the supplier's logging intensity.

4.5.2. Primary feedstock supplies from Estonian forest properties

It is defined in the company's feedstock acceptance procedure that, upon accepting feedstock from Estonian forest properties, documentary references must be checked to make sure that certain biotopes are not found at the site of origin. No feedstock from biotope regions is accepted, therefore feedstock from Estonia is SBP compliant.

5 Supply Base Evaluation Process

Risk assessment results, based on site visits and consultations with forest management/ logging and wood processing companies regarding mitigation measures, were subjected to public discussion, public consultation was carried out with non-governmental organisations and societies. The company organises seminars for loggers, primary and secondary feedstock suppliers, by engaging experts, concerning certain risk indicators.

To reduce supply risks for primary and secondary feedstocks in pellet production, pursuant to risk assessment indicators, the risks of origin are classified from potential risk to lower risk, to ensure full risk assessment and exclude the supply of non-compliant feedstock.

The supply risk assessment system includes an audit mechanism plan for risk assessment within the framework of the supply base. The plan and inspection criteria are available at the company only upon special request due to confidentiality considerations.

To develop an SBE system, supply assessment and risk mitigation measures have been performed at SIA Latgran, by attracting the existing staff, quality manager Liga Hermane, raw material purchasing manager Mareks Latkovskis and SIA “Graanul Invest” procurement manager Dainis Lukins.

Līga Hermane has been working at SIA “Latgran” for over 5 years now and is responsible for all types of certifications in all four plants of the company, including for the maintenance of FSC and PEFC systems. Mareks Latkovskis has been a part of the company since 2009, and initially he was in charge of the maintenance of FSC systems at the company. Mareks received his education as a forest management technician and his work experience in areas related to forestry management spans over more than 15 years.

SIA “Graanul Invest” procurement manager Dainis Lukins is trained as a forest management engineer with a 20 years’ experience on the wood procurement market in the Baltic States. The manager has a long-standing experience in maintaining an FSC system and wood origin assessment in forest management, 20 years of experience and knowledge in forest management and wood supplies, procurement and legislation matters.

The development of the SBP SBE mitigation system is based on experience with FSC supply chain and FSC forest certification system and knowledge in forest management, as well as timber industry education and forestry supplies from the legislative viewpoint; consultations with governmental and non-governmental organisations.

6 Stakeholder Consultation

SIA Latgran on 12 August 2016, SBP risk assessment was published on the website.

On 12 August 2016 a letter was sent electronically by informing the stakeholders about the risk assessment developed in accordance with the SBP standard. The list of stakeholders was created so as to include the maximum number of recipients, including economic, social and environmental representatives, as well as local governments. The list was sent to more than 60 recipients

Simultaneously, by the representatives of the group of companies of "AS “Graanul Invest” in Latvia face-to-face and over the phone stakeholder consultations were held, and seminars were attended regarding SBP implementation; lists are available at the company.

In September, 2017 the SBP has endorsed the Regional Risk Assessment for Latvia.
https://sbp-cert.org/documents/risk-assessments/latvia

The SBP endorsed version of RRA does not differ in relation to risk level for individual indicators from the risk assesment developed by Graanul Invest Group.

6.1 Response to stakeholder comments

The representatives of the group of companies of "AS “Graanul Invest” in Latvia on behalf of all three companies (SIA “Latgran”, SIA “Graanul Invest” un SIA “Graanul Pellets”) provided information to stakeholders regarding risk assessment for Latvia and the planned risk mitigation measures, and a summary of received recommendations is given in this section.

Latvian World Wildlife Foundation — opinion, SBP risk assessment and recommendation

Comment 1: The special risk of the indicator 2.1.1 is applicable **to all uncertified forests**, and not only to private forests. Explanation — no evidence in practice that a better situation is observed in local government- or church-owned forests.

Remark — must promote the knowledge of logging work managers/performers regarding biodiversity protection measures, felling works, incl., recognisability of biotope signs, and experts of forest ecology should be involved in practice in special cases.

Response 1: Corrections have been included in the risk assessment, by including “…applicable **to all uncertified forests”**

Comment 2: The special risk of the indicator 2.1.2 is applicable **to all uncertified forests**, without emphasising the problem in privately owned forests. Explanation — no evidence in practice that a better situation is observed in local government- or church-owned forests.

Response 2: The indicator 2.1.2 has been updated to include “….applicable **to all uncertified forests”**

Comment 3: In the findings part of the indicator 2.2.5, the last paragraph should emphasise that **currently** no risks are observed. Explanation — ever more often, discussions arise among forest ecology experts,

nature specialists, non-governmental organisations in the sphere of wildlife, by voicing concerns of potential future risks as biomass extraction in felling sites is intensified.

Response 3: Additions have been made to the relevant part of indicator 2.2.5.

Comment 4: It can be agreed that special risk should not be applicable to indicator 2.3.2 should, however it must be indicated in the "Finding" section that the logging performers must improve (increase qualification) knowledge about the implementation of environmental and nature protection requirements in felling works, incl., in biotope protection.

Response 4: updated indicator 2.3.2, seminars are organised by L SIA to improve qualification for loggers and forest owners, by including a full spectrum of biotope characteristics, cultural history objects and bird habitats.

World Wildlife Foundation in Latvia — opinion about the SBP risk mitigation system and recommendation:

Comment 5: It is planned to involve a biotopes expert in the assessment of biotopes. By employing a specialist evaluation on site or by developing and updating questionnaires, it is necessary to engage experts, who are certified in compliance with Cabinet Regulations No. 267 of 16 March 2010 "Procedures for Certification of Experts in the Field of Conservation of Species and Biotopes and Supervision of the Activities Thereof" (The publicly available register of experts certified in the field of conservation of species and biotopes at daba.gov.lv);

Response 5: Certified biotope experts are and will be used in the creation of the system.

Comment 6: Identification of bird nesting sites and the risk mitigation mechanism training is planned 1x per year for new primary biomass suppliers, by engaging ornithologists or biotope experts. Training is to be included also in the part of biotopes

Response 6: To carry out supplies, a supplier must be trained and informed about the protected biotopes, bird and heritage values

Comment 7: Training must be organised at least once in 2 years also for the existing suppliers, in order to update their knowledge about biotopes and their identification. The training of the new and existing primary biomass suppliers must include also topics of general natural protection requirements in logging;

Response 7: The comment will be taken into account and procedures will be updated

Comment 8: In the future, it is necessary to assess the possibility of including in the audit also a general assessment of nature protection requirements in logging, because primary biomass development has a significant impact also on the preservation of deadwood and keeping certain underwood tree/shrub groups, specimen in felling sites;

Response 8: According to information at our disposal, this matter is topical near cities

Comment 9: Update with the applicable system of Nature Date Management of the Nature Protection Council *Ozols* (http://www.daba.gov.lv/public/lat/dati1/dabas_datu_parvaldibas_sistema_ozols/).

Response 9: Procedure updated

Comment 10: From time to time, every several years, it is necessary to evaluate the risk mitigation practice and, if necessary, review the frequency of inspections and audits.

Response 10: Will be assessed every year

Over-the-phone comments from the Nature Protection Council:

Comment 11: In Latvia, secular trees are protected by law and, to mitigate the risk, it is necessary to include the relevant clauses in the contract and specifications.

Response 11: The assortment is controlled with the relevant restrictions in the material specifications

The Latvian Ornithological Society has studied the SBP defined risk mitigation schemes and principles developed in 2016 by SIA "Graanul Invest":

We appreciate the possible biotope assessment questionnaire developed by AS "Graanul Invest" group, which allows excluding especially protected biotopes, which can be important bird habitats, from logging. Additional security is offered by the fact that the said questionnaire includes also elements that are directly significant to birds, such as dried out deadwood or stumps, growing and dead trees pecked by birds, and large nests.

However, the identification and exclusion of especially protected biotopes from logging does not eliminate high risks for birds (including for especially protected species), therefore, we recommend the following mitigation measures:

Comment 12: To establish an obligation for the suppliers to suspend logging from 1 April until 30 June or if that is not feasible, during a period that is as close to the said period as possible, however not shorter than two months.

Response 12: We will be negotiating with suppliers, because, bearing in mind that April always corresponds to road closures and low logging intensity, works often are resumed only after reopening of roads.

Comment 13: In the biotope assessment questionnaire, assign 10 points to large nests, if any are found, or determine an obligation to obtain a certified bird expert opinion. Each large nest should be examined to make sure that it does not belong to a species, for the protection of which a micro-reserve should be created. Cases when there are more than three large nests per hectare (which would allow allocating 2 points), will be extremely rare, therefore there will be significant risks to the large nests that are not found in especially protected biotopes.

Response 13: We will take the proposal into account and will update the questionnaire, as well as will make changes in the procedures regarding the evaluation and recording of large nests.

Opinion of experts of species and biotopes:

Comment 14: With the help of a questionnaire, it is possible to identify forest stands that could be good quality protected biotopes (incl., forest stand key biotopes), and the quality criteria of which are based on structures important for biological diversity. The survey will help identify also several potential biotope places in cases when a large part of structural elements are not decisive factors in identification — these are quagmires, marshy forests and gorge and slope forests. Assessment of deadwood allows to evaluate the food base available for birds.

Labour safety consultations:

Comment 15 The questionnaire is expected to identify the key risk factors that employees working at a felling site might be subjected to. The questionnaire has been developed based on Cabinet Regulations No. 310 "Labour safety requirements in forest management"

7 Overview of Initial Assessment of Risk

7.1. Primary and secondary feedstock supplies from Latvian forest properties

The below table offers a summary of risk assessment. The risk assessment was performed based on theoretical information that is obtained from laws, scientific materials, publications, State Forest Service data. After the publication of the risk assessment, SIA Latgran started on-site verification of two identified risks. The results are shown in Paragraphs 7vand 8.

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

Indicator	Initial Risk Rating		
	Low	Specified	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		
	Low	Specified	Unspecified
2.2.9.	X		
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		

7.2. Primary feedstock supplies from Estonian forest properties

Table 2. Overview of risk assessment results of all indicators (prior to supplier verification programme (SVP))

Indicator	Initial Risk Rating		
	Low	Specified	Unspecified
1.1.1.	X		
1.1.2.	X		

Indicator	Initial Risk Rating		
	Low	Specified	Unspecified
2.2.9.	X		
2.3.1.	X		

1.1.3.	X			2.3.2.	X		
1.2.1.	X			2.3.3.	X		
1.3.1.	X			2.4.1.	X		
1.4.1.	X			2.4.2.	X		
1.5.1.	X			2.4.3.	X		
1.6.1.	X			2.5.1.	X		
2.1.1.	X			2.5.2.	X		
2.1.2.		X		2.6.1.	X		
2.1.3.	X			2.7.1.	X		
2.2.1.	X			2.7.2.	X		
2.2.2.	X			2.7.3.	X		
2.2.3.	X			2.7.4.	X		
2.2.4.	X			2.7.5.	X		
2.2.5.	X			2.8.1.	X		
2.2.6.	X			2.9.1.	X		
2.2.7.	X			2.9.2.	X		
2.2.8.	X			2.10.1.	X		

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

8.1.1. Primary and secondary feedstock supply from Latvian forest properties

The risk mitigation audit programme is coordinated with the senior management of the group of companies of AS “Graanul Invest” in Latvia. The supplier audit plan was divided according to the possible biotopes that are included in the database of Latbio. The main goal during the audit is to make sure that raw material suppliers understand the established risks and observe requirements set to jointly mitigate the risks. The objective is to audit all suppliers and evaluate their conformity to the selected criteria.

The supplier audit considers the following values: logging organisation’s work safety and logging organisation’s evaluation of biotope presence before initiating forest logging, preserving the cultural heritage objects and bird protection, the additionally implemented monitoring system and the implemented credit system for secondary suppliers.

During the audit, the following forms are filled in:

(1) Audit template approved by the biotope expert — a report, whereby it can be established whether a company is ready to supply an SBE conformant assortment, or the supplier has to introduce corrections and the audit has to be repeated.

(2) Approved labour safety audit form for logging.

(3) Resource origin audit template, which includes also auditing the implementation of a credit system for wood processing.

During the risk mitigation process, the company will encourage the acceptance of feedstock from suppliers who are ready to implement the proposed mitigation system. The Supplier Verification Programme procedures are available at the company.

8.1.2. Primary feedstock supplies from Estonian forest properties

Based on the biotope inventory performed in the state and the available documentary information in the consignment documentation accompanying the feedstock, the risk mitigation programme included only document inspection to make sure that high conservation value biotopes are not found at the sites of feedstock origin.

8.2 Site visits

8.2.1. Primary and secondary feedstock supplies from Latvian properties

The selection of audited territories and suppliers was performed so as to include most of the supply regions and various logging companies and subcontractors, service providers..

Within the framework of the risk identification and mitigation programme of possible biotopes, bird nests, cultural heritage objects and labour safety, 11 suppliers and 50 forest management units were visited. 3 of suppliers are evaluated as SBP-compliant, audits of remaining suppliers are still in progress.

8.2.2. Primary feedstock supplies from Estonian forest properties

No site visits required.

8.3 Conclusions from the Supplier Verification Programme

8.3.1. Primary and secondary feedstock supplies from Latvian forest properties

The labour safety risk programme procedures are available at the company

Labour safety audits were previously planned and were carried out in 6 companies, altogether 11 audits. Audits were performed during logging, the information from suppliers about the logging sites and service providers was requested in advance. The audited territories and suppliers were selected so as to include inasmuch of the supply regions and various logging companies and their subcontractors as possible. Records and observations were made about each audit.

The conclusion after the performed audits is that logging can be divided in two categories:

1) Logging process with machinery considerably reduces labour safety risks. Insubstantial shortcomings were found and defined as low risk

2) Logging process with handheld chainsaws is defined as high risk

Identification of biotopes, bird habitats, cultural heritage objects and monitoring risk programme

A biotope monitoring risk programme audits were prearranged and 11 forest audits have been carried out. Territories and adjacent areas audited: before logging, during logging and after logging, which according to the Latbio database were possible forest biotopes.

The audited territories and suppliers were selected so as to include most of the supply regions and various logging companies and their subcontractors. Records and observations were made about each audit.

The conclusion made after the audits:

1) Suppliers understand the mechanism of biotope evaluation and the necessity to perform it before logging.

2) During the audit, no violations concerning bird monitoring were found — deadwood and standing trees are left in cutovers. Furthermore, various logging restrictions defined in the administrative territories are followed.

During the audit, logging companies are ready to show the territories that are left as biotopes and logging will not be performed.

8.3.2. Primary feedstock supplies from Estonian forest properties

By the time of preparing the report, no supplies have occurred.

9 Mitigation Measures

9.1 Mitigation measures

9.1.1. Primary and secondary feedstock supplies from Latvian forest properties

After site monitoring audits, upon evaluating possible biotopes and labour safety risks, the management of the company has decided to exclude those suppliers from the suppliers' list that, at repeated audit, did not conform to the mitigation programme's criteria of permissible outcomes established in the company.

SIA "Latgran", by hiring biotope experts, as well as forest management and labour safety experts, hold additional informative seminars for suppliers to better inform the suppliers about the supply conditions and potential risks, thereby reducing the supply of noncompliant feedstock assortment according to the requirements of SBP/SBE standards..

From 01.01.2016, the number of roundwood suppliers and secondary suppliers has been substantially reduced. The FSC or PEFC requirements for organisation of logging and woodworking were implemented as a criterion, along with readiness to comply with the requirements set by SBE.

Supply contracts include conditions of additional requirements for biotope identification, labour safety, restrictions of hardwood tree species and the restriction of maximum diameter. See the following table.

Riska		Main coments and Mitigation Measure/Galvenie komentāri un mazināšanas pasākumi
2.1.1. and 2.1.2.	The BP has control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped BP ir kontroles sistēmas un procedūras, lai pārbaudītu, ka meži un citas teritorijas ar augstu saglabāšanas vērtības tiek identificētas un kartētas	
	The SBP has control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities SBP ir kontroles sistēmas un procedūras, lai identificētu un novērstu iespējamos draudus mežos un citās jomās ar augstu aizsardzības vērtībām no meža apsaimniekošanas darbībām	
	Woodland Key Habitas (WKH)/ Mežu biotopi (MB)	GI approach “Habitat identification system”. LATBio database Felling’s audited but table, which is approved by licensed biotope expert, like good tool to identify WKH. Supplier’s trainings respect to WKH, by licensed biotope expert. GI izveidota "Meža biotopu identifikācijas sistēma". LATBio datu bāze Cirsmas audita uzskaites tabula, kuri ir apstiprinājis licenzēts biotopu eksperts, lai identificētu MB. Piegādātāja treniņi atpazīt MB, licencētās biotopu eksperts līdzdalību.
	Wood from Old Country Estates/ Koksne no Old Country Estates	Nobel tree species in cargo can be no more like 20%, and no bigger like 70cm in diameter. It is written in raw material supply contracts. From secondary feedstock GI do not purchase material which is produced from Oak, ash, elm. Cietās lapu koku sugas nevar būt vairāk kā 20%, un nav lielāks diametrs par 70cm. Tas ir rakstīts izejvielu piegādes līgumiem. No sekundāro izejvielu GI nepērk materiālu, kas tiek ražots no ozols, osis, goba.
	Bird Nesting sites/Putnu ligzdošanas vietām	GI approach “Habitat identification system”. LATBio database Felling’s audited but table, which is approved by licensed biotope expert, like good tool to identify BIRD NESTING SITES. Supplier’s trainings respect to bird nesting sites, by licensed biotope expert GI izstrādāta "Biotopu identifikācijas sistēma". LATBio datu bāze Cirsmas audita uzskaites tabula, kuri ir apstiprinājis licenzēts biotopu eksperts, tāpat kā labs instruments, lai noteiktu putnu ligzdošanas vietas. Piegādātāja treniņi atpazīt putnu ligzdošanas vietas, ar licencētās biotopu eksperts.
2.8.1.	The SBP has control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers SBP ir kontroles sistēmas un procedūras, lai pārbaudītu, vai attiecīgie drošības pasākumi ir ieviesti, lai aizsargātu veselību un drošību, mežā strādājošiem	GI approach “Work safety system”. Felling’s audited but table, which is approved by licensed work safety specialist, like good tool to identify work safety in fellings. GI izstrādāta "Darba drošības sistēma". Cirsmas audita uzskaites tabula, kura ir apstiprinājis ar licencētā darba drošības speciālistu, instruments, lai noteiktu darba drošību mežizstrādē.

9.1.2. Primary feedstock supplies from Estonian forest properties

The consignment documents of each truckload is checked before the cargo is inspected. The feedstock acceptance procedures provide that feedstock from areas, which, according to the results of biotope inventory of the state, have biotope presence, will not be accepted.

9.2 Monitoring and outcomes

9.2.1. Primary and secondary feedstock supplies from Latvian forest properties

After reducing the number of suppliers, and also by including conditions of supply in the contracts regarding additional requirements for labour safety and biotope identification by suppliers, biotope characteristics according to http://latbio.lv/MBI/ , feedstock flow from risk areas is monitored.

After on-site monitoring audits, upon evaluating the possible biotopes and labour safety risks, the management has decided to exclude those suppliers from the suppliers’ list that, during the audit, did not conform to the mitigation programme criteria of permissible outcomes established at the company. By the time of preparing the report, one roundwood supplier was excluded.

Logging companies have developed an understanding about the SBE requirements and have accepted the necessary procedures to fulfil them, and the process is ongoing.

By the time of preparing the report, there are 3 supply companies that can be recognised as SBP Compliant Biomass Suppliers to 100 %, and other suppliers that are in the process of implementing the system and the implementation process is planned to be finished until the end of year 2016. It is planned that by the year 2017 all proposed requirements for primary and secondary feedstock suppliers will correspond to the SBE requirements.

9.2.2. Primary feedstock supplies from Estonian forest properties

It has been confirmed by reviewed examples of documentation that cargo consignment documents for feedstock from Estonian forest properties contain sufficient information to consider that the risk of receiving feedstock from biotope regions is low.

10 Detailed Findings for Indicators

Detailed information about each indicator is provided in risk assessments.

Risk assessment for Latvia is available at https://sbp-cert.org/documents/risk-assessments/latvia

Risk assessment for Estonia is available at https://sbp-cert.org/documents/risk-assessments/estonia

11 Review of Report

11.1 Peer review

The end version of the report was sent to specialists working with wood industry, forest management and forest environment processes.

The report was reviewed and returned with comments by:

Regarding the SBP section: Henrik Välja — Estonian Forest and Wood Industries Association Tallinn Technical University

Regarding the SBP/ SBE section: Jānis Rozītis — World Wildlife Foundation (WWF Latvia) — experienced in sustainable forest management practice, assessment.

11.2 Public or additional reviews

No public or additional reviews have been made.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	*Līga Hermane*	*Quality Manager*	*24.10.2018*
	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:	*Martins Zvejnieks*	*COO*	*24.10.2018*
	Name	**Title**	**Date**

13 Updates

Period: 01.01.2017 – 31.12.2017

13.1 Significant changes in the Supply Base

In 2017 there is no significant changes in the supply base.

In September, 2017 the SBP has endorsed the Regional Risk Assessment for Latvia.
https://sbp-cert.org/documents/risk-assessments/latvia

The SBP endorsed version of RRA does not differ in relation to risk level for individual indicators from the risk assesment developed by Graanul Invest Group. SBP endorsed RRA defines “specified risk” for the same indicators:

2.1.1 (only HCVF category 3),
2.1.2 (HCVF categories 1, 3 and 6)
2.8.1.

SBP-endorsed Regional Risk Assessment for Estonia was used by the Graanul Invest Group. Risk ratings have been taken from the approved risk assessment, where one indicator has been evaluated as specified risk (indicator 2.1.2).
https://sbp-cert.org/documents/risk-assessments/estonia

13.2 Effectiveness of previous mitigation measures

The risks identified in Section 7 of the Supply Base Report are still current. In the framework of these risk mitigation measures, in 2017:

13.2.1 Primary and secondary feedstock supplies from Latvian forest properties

13.2.1.1 147 habitat audits were performed. The results of the audits confirm that the risk is mitigated and the company's risk mitigation program are effective and ensures that the risk is low.

13.2.1.1.1 During the audits, in 2 forest sections were identified a high risk for habitats and a habitat expert should be involved in forestry operations. In these cases, logging in these areas was not carried out and the potential habitats were kept untouched.

There were identified 2 forest sections with a potential risk of the habitat presence where forestry operations were already done without a habitat expert conclusion. In these situations, negotiations were held with suppliers for breaches, repeated violations were no longer observed in recurrent audits, feedstock from these areas are not received.

13.2.1.1.2 During the audits 2 forest sections were close to the cultural-historical objects. In both cases before the start of forestry activities the license was arranged and the exit routes were

organized in a way that these objects stays intact.

13.2.1.1.3 Audit results confirms that suppliers evaluate the presence of a bird nest prior to logging, and no nest destroying cases have been detected.

13.2.1.2 36 work safety audits were performed. The results of the audit show that the risk of non-observance of work safety is considered to be low. It can be concluded that most logging is carried out with harvesters, and consequently the occupational safety risk for logging workers is significantly reduced.

When conducting audits in the felling areas where the chainsaw is used it can be concluded that the safety requirements are met at a satisfactory level. In some cases, minor non-compliances have been detected and negotiations with the supplier were conducted with a view to improving compliance with the instructions.

13.2.1.3 Audits of the origin of the wood are carried out for all suppliers and observations indicate that the supplies the reference limits are respected, the origin of the wood is controlled and the requirements of the EUTR are respected.

When evaluating the results of audits it can be concluded that the developed risk mitigation measures are effective in reducing the risks.

13.2.2 Primary feedstock supplies from Estonia

In 2017, there were no supplies from Estonia's forests, so no mitigation measures have been taken.

13.3 New risk ratings and mitigation measures

In 2017, no new risks were identified within the specified basic supply base, and based on the results of the monitoring program carried out by the company and the predefined risk mitigation measures, it can be concluded that the measures developed are effective and provide low risk for wood deliveries at all risk assessment points.

13.3.1 Risk mitigation measures for primary and secondary wood supplies from Latvian forests

Specified risks		Risk mitigation measures
2.1.1	The BP has control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped	• Identification of habitats with the database http://latbio.lv/MBI/ • A field audit questionnaire approved by a certified habitat expert to identify HCVs. • Supplier training for the identification of HCVs with the participation of a certified habitat expert. • Field testing • Contracts and procedures impose requirements for the diameter of the wood (not more than 70 cm). Do not buy species such as oak, ash, elm.
2.1.2	The BP has control systems and procedures to verify that potential threats of forest management activities to the HCVs are identified and safeguards are implemented to protect them	
2.8.1	The BP has implemented appropriate control systems	• A questionnaire system and field tests have been

	and procedur es for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers	developed

13.3.2 Risk mitigation measures for primary wood supplies from Estonian forests

Specified risks		Risk mitigation measures
2.1.2	The BP has control systems and procedures to verify that potential threats of forest management activities to the HCVs are identified and safeguards are implemented to protect them	Inspection of cargo documents to ensure that the HCVs are not identified in the region of wood origin.

13.4 Actual figures for feedstock over the previous 12 months

Reason for the volume banding is to prevent the company from publishing commercially sensitive data.

Supply Base

See Supply Base Report section “2.5 Quantity of the Supply Base” a.-e.

Feedstock

i. Total volume of Feedstock: 200,000 – 400,000 tonnes
j. Volume of primary feedstock: 0 – 200,000 tonnes
k. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
   - Certified to an SBP-approved Forest Management Scheme 38 %
   - Not certified to an SBP-approved Forest Management Scheme 62 %
l. List all species in primary feedstock:

Species: Picea abies (L.) Karst.; Pinus sylvestris (L.); Alnus glutinosa (L.) Gaertn.; Alnus incana (L.) Moench; Populus tremula (L.); Betula pendula; Betula pubescens.

m. Volume of primary feedstock from primary forest- 0%
n. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
   - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme 0%
   - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme 0%

o. Volume of secondary feedstock: **SAWDUST and WOOD chips (Sawmill** residues) feedstock as production waste from producers comes from Latvia (85%), Lithuania (12%) and Belarus (3%): 0 – 200,000 tonnes
specify origin and type - the volume may be shown as a % of the figure in (f) if a compelling justification is provided
p. Volume of tertiary feedstock: 0 tonnes

13.5 Projected figures for feedstock over the next 12 months

Reason for the volume banding is to prevent the company from publishing commercially sensitive data.

Feedstock

01.01.2018–31.12.2018

q. Total volume of Feedstock: 200,000 -400,000 tonnes
r. Volume of primary feedstock: 0 – 200,000 tonnes
s. List all species in primary feedstock:

Species: Picea abies (L.) Karst.; Pinus sylvestris (L.); Alnus glutinosa (L.) Gaertn.; Alnus incana (L.) Moench; Populus tremula (L.); Betula pendula; Betula pubescens.

t. Volume of secondary feedstock: **SAWDUST and WOOD chips (**Sawmill residues) feedstock as production waste from producers comes from Latvia, Lithuania and Belarus: 0 - 200,000 tonnes
u. Volume of tertiary feedstock: 0 tonnes