

Supply Base Report: BALTIC FOREST SIA

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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

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1 Overview

Producer name: BALTIC FOREST SIA

Producer location: Juras 18, Salacgriva, Latvia, LV-4033

Geographic position: 57.753475, 24.352483

Primary contact: Andris Gailums, E-mail andris@balticforest.lv ; phone +371 26513960

Company website: <http://www.balticforest.lv>

Date report finalised: 14/Feb/2020

Close of last CB audit: 29/Apr/2020

Name of CB: NEPCon SIA

Translations from English: No

SBP Standard(s) used: 1 version 1.0, SBP Standard 2-V1.0 ; SBP Standard 4-V1.0. ; SBP Standard 5-V1.0 (instructions documents 5E)

Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/standards>

SBP Endorsed Regional Risk Assessment: '<https://sbp-cert.org/documents/standards-documents/risk-assessments/latvia/>'

Weblink to SBE on Company website: <http://www.balticforest.lv>

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

2 Description of the Supply Base

2.1 General description

BALTIC FOERST SIA purchases the most of its feedstock for production of biomass (woodchip), wood residues after processing, chips as biomass is obtained after the branches as wood residues, barks and branches from forest and non-forest lands, firewood for chipping, also wood residues after processing, chips as biomass.

The region of biomass origin is Latvia (FSC or PEFC certified)

Data from deliveries period: 1,January 2019 / 31.12. 2019

Controlled Feedstock:

SBP-compliant Primary Feedstock: ~1% (~4-6 suppliers FSC or PEFC certified)

SBP-controlled Primary Feedstock: ~69% (~200 suppliers FSC or PEFC controlledWood or SBE process)

SBP-compliant Secondary Feedstock: ~ 15% (~1-5 suppliers)

SBP-controlled Secondary Feedstock: ~15% (~1-5 suppliers)

SBP-compliant Tertiary Feedstock: 0%

SBP non-compliant Feedstock: 0 %

Generic: Picea abies (L.) H. Karst.; Pinus sylvestris L.; Alnus glutinosa (L.) Gaertn.; Alnus incana (L.)

Moench; Populus tremula (L.); Betula pendula (Roth); Betula pubescens (Ehrh.)

Actions taken to promote certification amongst feedstock supplier

Provide a description of actions taken to promote certification amongst feedstock supplier

Latvia

In Latvia, forests cover area of 3,29 million ha. According to the data of the State Forest Service (concerning the surveyed area allocated to management activities regulated by the Forest Law), woodenness amounts to 52 %. Latvia is one of the most forested EU member states.

The Latvian State owns 1,77 million ha of forest (49 % of the total forest area), while the other 1,52 million ha (51. % of the total forest area) belong to other owners. Forests owned by the state are managed by state stock company Latvijas Valsts Meži (Latvian State Forests). Private forest owners in Latvia amount to approximately 144,000.

For most of forest the dominant tree species are coniferous trees - pine and spruce. Latvia forests mainly consists of coniferous trees, but significant part are also occupied by other species.

Forest area by dominant species:

- pine 35%
- spruce 18.1 %
- birch 30.6 %
- gray alder 7.2 %
- black alder 2.9 %
- aspen 5.0 %
- oak 0.3 %
- ash 0.5 %
- other species 0.3 %.

The amount of forestland is constantly expanding, both naturally and thanks to afforestation of infertile land and other land that is not used for agriculture.

In historical terms, the intensive use of Latvia's forests for economic purposes began comparatively later than in many other European countries, and that has allowed to preserve extensive biological diversity. Limitations on economic activity apply to 12% of Latvia's forests at this time, and most of this territory is owned by the state. 683 especially protected environmental territories have been set aside to protect nature. Many of the areas have been included in the European network of protected areas Natura 2000. In order to ensure the protection of a specially protected species or a biotope outside specially protected nature territories, micro-reserves are created, if any of the functional zones does not provide it. According to the State forest service, the total area of the micro-reserves in October 2016 was 43 217.30 ha.

The forest sector in Latvia is under the supervision of the Ministry of Agriculture. It works with stakeholders to draft forest policies, development strategies for the sector, as well as regulations on forest management, the use of forest resources, environment protection and hunting.

The state forest service, under the ministry of agriculture, is the responsible agency for supervising how the provisions of the laws and regulations are observed in forest management irrespective of the ownership type.

State-owned forests are managed by stock Company "Latvian State Forests", which was established in 1999. It implements the state's interests in terms of preserving and increasing the value of the forest and enhancing the contributions of the forest to the national economy.

During the past decade, forest owners and manufacturing companies in Latvia have sought to receive certification of the sustainable use of forest resources. Forest management processes and timber product delivery chains in Latvia are certified on the basis of the two most widely used systems in the world – FSC and PEFC. This proves that the country's forests are managed according to internationally acknowledged standards of good forestry.

In December 2018 total PEFC Certified Forest Area in Latvia was 1,71 milj hectares and 96 Chain of Custody Certificates. (PEFC Global Statistics: SFM & CoC Certification, December 2018).

In December 2018 total FSC Certified Forest Area in Latvia was 1,13 milj hectares and 317 Chain of Custody Certificates. (FSC Facts & Figures, December, 2018)

CITES came into force in Latvia on 12/05/1997.

Resources:

www.zm.gov.lv <http://www.vmd.gov.lv/valsts-meza-dienests/statiskas-lapas/-meza-apsaimniekosana;>
<http://www.liaa.gov.lv/en/trade/industry-profiles/forest-industry;>
PEFC Global Statistics: SFM & CoC Certification, December 2018;
FSC Facts & Figures, December 2018.

Estonia

Estonia has been a member of the European Union since 2004. Estonian legislation is in line with EU legislation and directives. National legislation refers to a body of international law. All legislation is in a democratic system and can be freely commented on by all stakeholders. Estonian legislation sets strict requirements for the use of forest land, and the Estonian Forestry Development Plan 2020 sets out clear objectives and strategies to ensure that forest land is protected to the standards of sustainable forest management techniques. The Ministry of the Environment coordinates the fulfillment of state obligations in the forestry sector. The implementation and monitoring of environmental policies are carried out by two separate bodies under its authority. The Estonian Environmental Board supervises all work carried out in Estonian forests, while the Environmental Inspectorate supervises all protected environmental areas.

The concept of forest is defined in the Forest Law. The legislation delineates three main forest categories: commercial forest, protection forest and the protected forest. Based on ownership, forests can be divided into private forests, municipal forests and state forests. National forests cover about 40% of the total forest area and are certified according to the FSC and PEFC forest management systems and a number of different standards in which indicators related to forest management planning, maps and the availability of forest inventory records are continuously assessed and recorded. State forests are managed by the State Forest Management Center (RMK), a state profit organization established on the basis of the Forest Law, and its main responsibility is sustainable and efficient state forest management.

The main wood species are pine 30.3%, spruce 23.4% and birch 22.9%. Other wood species are aspen, alder, grey alder,

At present, more than 2,230,000 ha or 51% of Estonia's land area is covered by forests and the forest covered area is growing. The Forest Yearbook 2013, which provides annual reports and facts on forests in Estonia, states that the rate of deforestation in Estonian forests has ranged from 7 to 11 million tonnes over the last decade. m³ per year. This indicator is in line with the principle of sustainable development, where the harvesting rate does not exceed annual growth and allows for long-term economic, social and environmental needs. According to the Forestry Development Plan 2012-2020. The sustainable felling rate for 2006 is 12-15 million tonnes. ha per year.

The territory of protected forests makes up up to 25.3% of the total forest area, while 10% of the forest is under strict protection. Most protected forests are state-owned. The main regulation governing the conservation of biological diversity and the sustainable use of natural resources is the Nature Protection Act. Estonia signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in 1992 and joined the International Union for Conservation of Nature and Natural Resources (IUCN) in 2007. In Estonia, tree species protected by CITES or IUCN do not grow naturally.

State forests are FSC/ PEFC certified. In addition to state forest enterprise, 8 private forest managers are managing forests in accordance with FSC standard requirements. The FSC certified area in the country amounts to a total of 1524.35 thousand ha, including 157.7 thousand ha of private forestland. A total of 1 248.04 thousand ha forests are PEFC certified. The area of forests that are both FSC and PEFC certified is 1 115.88 thousand ha.

2.2 Actions taken to promote certification amongst feedstock supplier

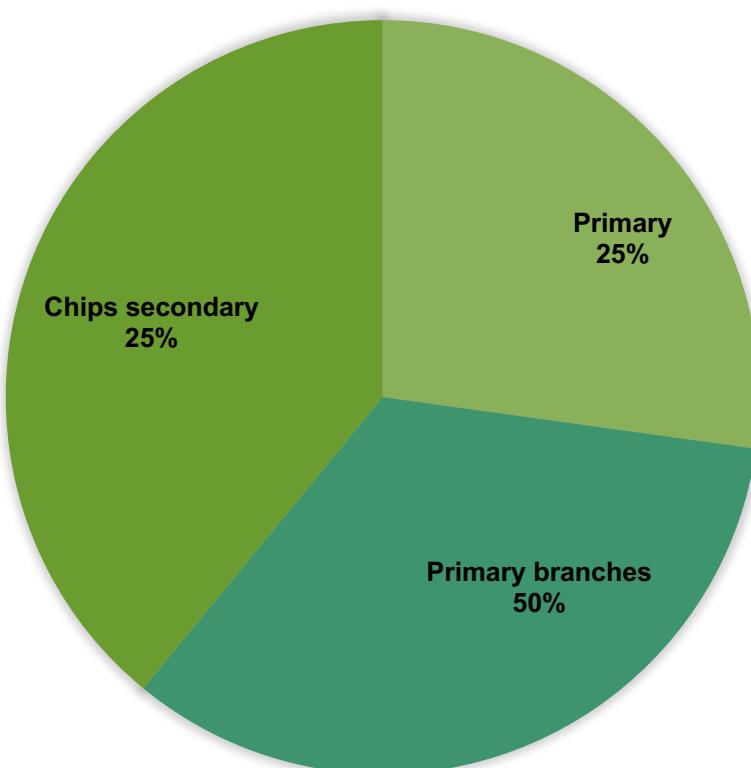
As a priority, materials for the production of SBP biomass are purchased from suppliers certified by FSC or PEFC or compliant with the FSC Controlled Wood requirements. The company policy is directed at cooperation with certified suppliers. Feedstock (saw dust, woodchips) is comprised of wood by-products from the suppliers' production of their primary product. For this reason, uncertified and new suppliers are encouraged to have their primary product certified and put the leftovers to good use. Since March 2018, the amount of FSC certified and FSC Controlled Wood tends to decrease, which is related to the national risk assessment and the performance of risk mitigation measures. This is why the decision of the company management is to assess overall supply risks and decrease these in accordance with SBP risk assessment in Latvia, both for FSC Controlled and uncertified primary and secondary feedstock, so that the entire amount meets at least the SBP Compliant biomass or SBP Controlled Biomass status..

2.3 Final harvest sampling programme

Share of biomass as the primary feedstock after final harvest is approximately 95 % compared to other types of feedstock. Primary feedstock is extracted from the supply base area and is made up of round wood. Feedstock is extracted in a well-developed, free and open market where other consumers compete. Various types of feedstock are extracted by performing work in the forest. All companies in the forestry sector have publicly available price lists of the offered assortment. They clearly indicate that the timber (including finishing timber) is the most valuable product, but the round wood (firewood) (for example, biomass) is significantly less valuable product. This information is obtained from documents and data provided by suppliers and persons involved in forest development.

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

Insert flow diagram.



2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): Latvia 3.29miljha, Estonia 2.30milj.ha
- b. Tenure by type (ha): Latvia 1,52 mln/ha, Estonia 1.22 mln/ha state forests; Latvia 1,77 mln/ha, Estonia 1.08 mln/ha private forests
- c. Forest by type (ha): boreal; (hemi boreal)
- d. Forest by management type (ha): Managed, partly natural forests 5.59 million ha
- e. Certified forest by scheme (ha): (Latvia FSC ~1,13 mil/ ha are certified according to FSC and/or ~1,71 milj ha PEFC certification systems)

Feedstock

- f. Total volume of Feedstock: 200,000 – 400,000 tonnes
- g. Volume of primary feedstock: 0 – 200,000 tonnes
- h. List percentage of primary feedstock (g), by the following categories. -
 - Certified to an SBP-approved Forest Management Scheme ~50%
 - Not certified to an SBP-approved Forest Management Scheme~50%
- 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); Betula pubescens (Ehrh.)

- j. Volume of primary feedstock from primary forest 50%
- k. 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 50%
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme 50%
- I. Volume of secondary feedstock: 0 – 200,000 tonnes.
- m. Volume of tertiary feedstock: 0

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

Bands for (f) and (g) are:

1. 0 – 200,000 tonnes or m³
2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³
5. 800,000 – 1,000,000 tonnes or m³
6. >1,000,000 tonnes or m³

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

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

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

3 Requirement for a Supply Base Evaluation

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

SBP biomass supply evaluation includes:

- primary wood (round wood)
- secondary wood (chips)

To Baltic Forest SIA which confirms the supplied primary feedstock for the production of biomass as SBP -compliant. The evalution process use the SBP endorsed risk assessment for Latvia.

Baltic Forest SIA defines the biomass received from the approved biomass extraction sources and supplies as a SBP-compliant biomass.

Risk assessment:

BP uses the SBP- endorsed Regional Risk Assessment for Latvia.

The risk assessment is divided into: "Low risk" and "Defined risk".*Provide a concise summary of why a SBE was determined to be required or not required.*

4 Supply Base Evaluation

4.1 Scope

Applies to pre-logging, logging or post-logging time.

Applies to the secondary feedstock after round wood processing as wood residues: chips..

4.2 Justification

The risk assessment has been developed in accordance with SBP standard No. 1; No. 2 version 1.0, March 2019, evaluating the risk categories for each SBP indicator. In describing and evaluating the risks, the company acquired an in-depth understanding of the risks of wood supply that could affect the acceptance of inappropriate SBP material for biomass production.

By implementation of effective risk mitigation measures, the company has the ability to purchase a SBP-approved and appropriate assortment to produce the required volume of SBP-compliant biomass products. The classification of developed risk indicators has been graded from the potential risk to the lower risk.

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

Indicators of the specified risk category "defined risk" and those indicators, the risk level of which was changed during the risk assessment process (for example, 1.1.2, 1.4.1, 2.2.5, see the draft version of the Regional Risk Assessment for Latvia), were reviewed, assessed in accordance with requirements of the State laws and regulatory enactments, State policies (in the area of forest sector, nature protection, biodiversity, etc.), an annual report and publications for the responsible State institutions and bodies). In addition, the risk assessment has been carried out through communication and consultation with stakeholders and leading experts in the nature protection and forestry sectors.

During the public consultation with the stakeholders as well as contacting biomass suppliers, additional information related to the current "defined risk" and "low risk" indicators has been obtained.

as well as indices, information given in risk indicators were not changed during risk assessment. Thus, the risk assessment report for Baltic Forest SIA is no different from the Regional risk assessment project for Latvia. In consultation with stakeholders, communicating with biomass suppliers, information and approval were obtained which of the risk indicators are of immediate interest in the Latvian forest sector.

Baltic Forest SIA has developed risk mitigation and control mechanism for the evaluation and confirmation of its biomass supplies and suppliers, delivered products of which comply with the SBP-compliant biomass status, by attracting independent biotope experts, professional logging companies' experts and nature protection specialists

4.3 Results of Risk Assessment

The risk assessment analysis included requirements regulated by the regulatory enactments of the Republic of Latvia.

Taking into account the specifics of Latvia as well as the recommendations and advice of experts, "Defined risk" was used for biotope protection (HCV category 3), occupational safety, conservation of bird habitats (HCV category 1) and cultural heritage objects (HCV category 6)..

4.4 Results of Supplier Verification Programme

Audits of the SBP-approved suppliers and results described below and related to the defined risks are available to third parties and stakeholders as documentary evidence of audits performed.

In the course of the risk assessment, information was obtained based on both regulatory enactments and physical check of information on site for all SBE risk categories; it was confirmed that a certain risk may be assigned to four categories – biotope protection (HCV category 3), occupational safety, conservation of bird habitats (HCV category 1) and cultural heritage objects (HCV category 6), while risk for the other categories is low.

Risk assessment and risk mitigation mechanism compliance audits for primary wood confirmed the relevance of the defined risks in forestry.

Secondary wood supply verification, direct supply from saw mills, for which risk mitigation measures are taken at the forest plot supply level.

4.5 Conclusion

From **December 1, 2019**, when requirements of the SBE standards were initiated and implemented, compliance with the defined risks of wood suppliers was reviewed. Only a small percentage of suppliers having direct logging and competence to assess potential risks that are approved as SBP suppliers for wood are not certified according to FSC or PEFC standard requirements.

The volume of FSC- or PEFC-certified forests and access to certified wood is not enough to ensure that at least 100 % of the biomass is a SBP-compliant biomass.

As a result of the implementation of risk mitigation measures, Baltic Forest SIA has confirmed 50% suppliers (loggers that extract wood from their own or other owners' forests) can provide risk mitigation measures and meet the SBE low risk category at supply level.

In the reporting year period, the company is taking risk mitigation measures for the supplies of 50% suppliers at the forest plot level to confirm the correspondence of all feedstock to SBP compliant material.

5 Supply Base Evaluation Process

Baltic Forest SIA assessment of the SBP-compliant biomass is related to supplies from Latvia only, as well as to the extraction of the biomass from:

- the SBP-approved forestry scheme;
- the SBP – low-risk feedstock source that was approved within the SBE system;
- the SBP-approved supply chain in compliance (CoC) with system requirements;
- the SBP-approved supply after processing as wood residues.

The results of the risk assessment were obtained through audits of logging companies, which confirmed the necessary actions to be taken in order to reduce risks. Additional consultations with other forestry, logging companies were carried out, and the results and experience gained were discussed publicly with non-governmental organizations.

When confirming the fulfilment of the SBP requirements and assessing the competence of suppliers, loggers and processors, the experts were involved, both for occupational safety and for the identification of biotopes and bird nests as well as for identification of potential cultural heritage objects.

The company has developed and applies a risk mitigation procedure that describes the identified risk mitigation measures and tools.

The company has prepared and applied verification questionnaires for each risk indicator in order to objectively evaluate and obtain general information for each wood extraction site that has been approved or not approved as the SBP-compliant biomass.

The frequency and plan of the audits has been developed in such a way that the wood from the cutting sites (forest management units), which came from approved suppliers (using the testing tools Ozols) has been audited during the six-month period. Audits are carried out before and during logging. The audit procedure is available in the company only on request, subject to confidentiality, and is presented and discussed with stakeholders in order to effectively improve it.

SBE system development for supply assessment and risk mitigation measures are performed by Baltic Forest SIA company manager. Baltic Forest SIA is the company with 18 years long experience in the procurement market of Latvia, long-term experience in maintaining FSC system and assessment of wood origin at forest management and 18 years long experience and knowledge in forestry, supplies of wood, procurement and legislation.

As the basis for the establishment of the SBP and SBE risk mitigation system, there were taken requirements of the FSC supply and FSC Forest certification system standards, staff competence in the wood supply chain as well as knowledge in forestry, wood industry and the legality of wood supplies.

6 Stakeholder Consultation

On **1.february**, SIA BALTIC FOREST published a SBP risk assessment on the website. A letter of information on the developed risk assessment in accordance with the SBP standard was sent electronically to stakeholders. A list of stakeholders has been developed in such a way that to include the maximum number of recipients representing the economic, social and environmental interests of the society as well as local governments. The total number of recipients is 80

During the public consultation, correspondence and telephone interviews with stakeholders are planned.

SBP risk assessment is available on the company's website. <http://www.balticforest.lv>

7 Overview of Initial Assessment of Risk

A summary of the Risk assessment results is provided in the table below.

The risk assessment level for each indicator revised by SIA BALTIC FOREST has been developed with the SBP Regional risk assessment in Latvia,

The risk assessment is divided into: "Low risk" and "Defined risk". *the BP uses the SBP- endorsed Regional Risk Assessment for Latvia.*

Indicators of the defined risk specification "specified risk" and those indicators, the risk level of which was changed during the risk assessment process, were reviewed, assessed in accordance with requirements of the laws, State policies (in the area of forest sector, nature protection, biodiversity, etc.), an annual report and publications for the responsible State institutions and bodies). In addition, the risk mitigation proces has been carried out through consultation with stakeholders and leading experts in the nature protection and forestry sectors.

Prior to and after the publication of the risk assessment, SIA BALTIC FOREST has started the risk mitigation process for the specified risk categories. The results are shown in Table 7 and Table 8 below.

The results of the risk assessment are summarized in the table below.

After publication of the risk assessment, SIA BALTIC FOREST began verification of two selected defined risks on site. The results are presented in Paragraph 7 and Paragraph 8.

Table 1. Risk assessment results report for all indicators (before the supplier verification programme (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	
2.3.1	X		
1.2.2	X		
2.2.2	X		
2.3.2	X		
2.2.4	X		

Indicator	Initial Risk Rating		
	Defined	Low	Unspecified
2.3.1	X		
2.3.2	X		
2.3.3	X		
2.4.1	X		
2.4.2	X		
2.3.4	X		
1.5.2	X		
2.5.2	X		
1.6.2	X		
2.7.1	X		
2.7.2	X		
2.3.7	X		
2.7.4	X		
2.7.5	X		
2.8.1		X	

2.2.5	X		
2.2.6	X		
2.2.7	X		
2.2.8	X		
2.2.9	X		

2.9.1	X		
2.9.2	X		
2.10.1	X		

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

Risk mitigation measures are related to the following feedstock categories:

- supplies of primary feedstock from Latvian forest properties before logging and after logging as well as during logging;
- secondary feedstock suppliers;
- the primary biomass cannot be qualified and does not apply to tree species such as oak, ash, maple, wych elm, elm, if their diameter on the stump is more than 70 cm
- For primary feedstock supplies, the company registers and checks all the information on the origin of incoming wood at the forest plot level to exclude the possibility that logging certificates are submitted by suppliers for other properties, not related to the wood supply.
- Cadastre plots of the wood supplier are checked in database Ozols to determine if protected forest biotope may be present or environmental protection limitations established.
- Additional information, survey data are obtained from databases or forest proprietors, loggers.
- For all property plots that have protected forest biotope may be present or environmental protection limitations established, are physically visited in real life.
- For property plots that have protected forest biotope may be present or environmental protection limitations established, during the audit, biotope expert confirmed audit forms are checked and filled in (check page, control page). For the plots audited after or before logging and where signs of possible biotopes are found, the material is separated separately. If a possible biotope is confirmed, the company assesses future cooperation with the supplier, does not accept the wood from the corresponding cadastre plot, in case of delivery cancels the amount of the corresponding assortment. In the risk mitigation process, when assessing plots before logging, adjacent plots are also examined to check for the presence of possible bird nests or historical and cultural objects.

Information on the involvement of subcontractors in logging is obtained from all suppliers. Work safety risk mitigation audits are planned or performed spontaneously for all suppliers which outsource or do the logging themselves with manual teams. Taking into account the deficit of human resources in logging, companies use forest machinery more and more. In the report for the audit year it was found that approximately 65% of all supplies are made with forest machinery.

8.2 Site visits

Risk mitigation measures are related to the following feedstock categories:

- supplies of primary feedstock from Latvian forest properties after logging
- the primary biomass cannot be qualified and does not apply to tree species such as oak, ash, maple, wych elm, elm, if their diameter on the stump is more than 70 cm
- For primary feedstock supplies, the company registers and checks all the information on the origin of incoming wood at the forest plot level to exclude the possibility that logging certificates are submitted by suppliers for other properties, not related to the wood supply.
- Cadastre plots of the wood supplier are checked in database Ozols to determine if protected forest biotope may be present or environmental protection limitations established.
- Additional information, survey data are obtained from databases or forest proprietors, loggers.
- For all property plots that have protected forest biotope may be present or environmental protection limitations established, are physically visited in real life.

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Information on the involvement of subcontractors in logging is obtained from all suppliers. Work safety risk mitigation audits are planned or performed spontaneously for all suppliers which outsource or do the logging themselves with manual teams. Taking into account the deficit of human resources in logging, companies use forest machinery more and more. In the report for the audit year it was found that approximately 65% of all supplies are made with forest machinery..

8.3 Conclusions from the Supplier Verification Programme

Labour protection and occupational safety supervision risk programme

Labour protection audits were launched in December 2019. The audits were previously planned and carried out 6 audits of logging companies were carried out during logging work, previously requesting information from suppliers on logging sites and service providers. The selection of territories and suppliers to be audited was carried out in such a way that to cover both the supply regions and the different logging companies and their contractors. The regions included in the audit programme are: Vidzeme. Records and observations have been made for each supplier's audit performed.

After the performed audits it can be concluded that labour protection and occupational safety risks associated with logging work on both forest lands and non-forest lands are divided into two categories:

- 1) Logging with mechanized logging machines (so called harvesters) performing many operations decreases the risks associated with labour protection and occupational safety as much as possible. The performed audits revealed insignificant shortcomings.
- 2) Occupational safety and labour protection violations; no discrepancies were found where logging was done with hand-operated chainsaws.

Biotopes, bird habitats and cultural heritage objects identification and supervision risk programme.

The audits of the biotopes supervision risk programme began in December 2019. Within the framework of the programme, before the beginning of the logging work and during logging, those cutting sites and areas adjacent to the cutting site were audited, where, according to database Ozols, Nature protection board the potential of natural forest biotopes has been identified.

The selection of territories and suppliers to be audited was carried out in such a way that to cover both the different supply regions and the different logging companies and contractors. The audit programme includes Vidzeme. Records and observations have been made for each audit.

The following conclusions were made from the performed audits:

- 1) Suppliers have an understanding of the biotope evaluation mechanism, suppliers are aware of the need for a biotope evaluation audit before the beginning of the logging work. Potential cutting sites in managed forests or on agricultural lands, where there was a small possibility for the existence of a forest biotope, have been inspected in audits on site.
- 2) There were no sites of cultural heritage value found in the forest plots selected during the logging process. The audits found that suppliers are aware that the protection of cultural heritage values is regulated by the legislation of the Republic of Latvia. A survey of logging companies concluded that if a cultural heritage object was detected on the cutting site during the logging work, the State forest service and the relevant local government are informed about it in writing. The logging work is terminated until the relevant decision is received from the responsible authorities.

- 3) No large bird nests (over 50 cm) were found on the cutting sites visited during the audit. Suppliers have an understanding of what to do if they spot large bird nests (over 50 cm). Logging companies understand the need to leave dead wood and ecological trees on the cuttings sites as well as to comply with other requirements for nature conservation in forest management. Audits have found that various logging restrictions imposed by the administrative territory are being observed.

During the audit, it was found that logging companies are ready to present to the auditor of SIA BALTIC FOREST the forest properties that are left as biologically valuable forests (forest biotopes of EU importance, natural forest biotopes), where logging will not be carried out or about which the management of the SIA BALTIC FOREST company will be informed. Wood from these forest units/properties (enterprises) will not be purchased or delivered. *Company uses the SBP- endorsed Regional Risk Assessment for Latvia.*

9 Mitigation Measures

9.1 Mitigation measures

Risk mitigation measures are related to the following biomass supply risk categories:

- Identification of signs of forest biotopes of European importance, natural forest biotopes,
- Identification of cultural heritage monuments, sites of cultural heritage value in the logging process,
- Identification of bird nesting sites,
- Reduction of labour protection and occupational safety risks.

9.1.2. Audit process:

9.1.2.1. Monitoring audits are performed for all plots of the wood supplied by the suppliers that have protected forest biotope may be present or environmental protection limitations established

9.1.2.2. For suppliers that are approved as SBP-compliant feedstock suppliers, audits and evaluation for all categories are performed only before or during logging.

9.1.2.3. Following the results of surveillance audits and supplier evaluation, the management of the company takes a decision on further cooperation with the supplier, wood supply conditions and the volume of supply. Suppliers that refuse to inform SIA BALTIC FOREST on planned logging volumes as well as refuse to cooperate with SIA BALTIC FOREST during audits may be excluded from the list of suppliers.

9.1.2.4. SIA BALTIC FOREST by attracting relevant biotope experts, specialists as well as forestry occupational safety specialists carries out additional informative seminars for suppliers in order to familiarize as much as possible the suppliers with SBP-compliant feedstock supply conditions and potential risks, thus reducing delivery risks of feedstock that is not compliant with SBP standards.

9.1.3. General description of the risk mitigation system:

9.1.3.1. General measures for risk mitigation:

9.1.3.1.1. Purchase of the FSC-certified wood as a priority for the purchase of the SBP-compliant biomass.

9.1.3.1.1.1. Concluding supply contracts and including provisions of SBP standards for biomass supply, timely identification and mitigation of SBP-noncompliant feedstock supply risks.

9.1.3.1.2. Carrying out a biotope risk assessment procedure before logging, during logging or after logging, which includes the following set of measures:

- a) check of cadastral numbers before the beginning of logging on cutting sites, during logging or after logging, using the database Ozols;

Check of the existence of the forest biotope of European importance, the potential forest biotope (FB) in each territory of the potential cutting site, using the Natural data management system "OZOLS".

- a) http://www.daba.gov.lv/public/lat/dati1/dabas_datu_parvaldibas_sistema_ozols/
http://www.daba.gov.lv/public/lat/publikacijas/parskati_zinojumi/

- b) An evaluation form (questionnaire) before logging has been developed, which includes all three risk categories. The form has been developed together with forest biotope experts to identify and minimize impact on potential biotopes, recognize and protect cultural heritage objects and bird nesting sites.

9.1.3.1.3. The process of assessment of labour protection and occupational safety risks takes place during the logging work, within which the logging master performs checks based on a developed form that includes the minimum requirements for occupational safety in the forest

9.1.3.1.4. The company's logging masters and biomass suppliers are undergoing training and seminars. The purpose of the training is to enable loggers, suppliers to identify signs of potentially available biotopes,

bird nesting sites, cultural heritage objects as well as to fully ensure the occupational safety requirements at their and service provider companies.

9.1.3.1.5. Evaluation of the effectiveness of risk mitigation measures and the results of audits are available upon request from stakeholders, meeting face-to-face and explaining the general mechanism of risk mitigation measures, benefits as well as encouraging further collaboration in the risk identification and mitigation process

9.2 Monitoring and outcomes

Accepting the wood of all suppliers with cutting license that meets the origin criteria, the company during the annual review has found that suppliers are not forced to select and specify the cutting license number and submit a cutting license copy to the company, which does not correspond to the actual wood origin.

The company has also refused to accept wood from suppliers for which a field evaluation was performed before logging or recommended to preserve the possible natural values.

Supply regions - Vidzeme,

After the SBP risk mitigation audits, training is recommended for suppliers – forest proprietors, logging companies. An understanding of SBE requirements has formed regarding risk categories, their identification and risk mitigation mechanism.

As a result of the risk assessment, during the past 5 months the number of indications with places where protected forest biotope may be present or environmental protection limitations established has decreased.

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

10 Detailed Findings for Indicators

The risk assessment is available on the website of SBP.

11 Review of Report

11.1 Peer review

The company uses the database "Ozols" to identify forest habitats. The assessment is performed for all plots specified in cutting license by analyzing forest taxation data and soil composition. An independent forest habitat expert (Aija Karlīvāne) found this inspection mechanism appropriate.

11.2 Public or additional reviews

The public version of the supply base report in the English languages is publicly available at SIA BALTIC FOREST <http://www.balticforest.lv> for interested parties.

After familiarization with the report, comments and clarifications can be sent to dana@balticforest.lv

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Dana Ramba</i>	<i>Cheaf accountant</i>	<i>14.02.2020</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>Andris Gailums</i>	<i>Chairman of the board</i>	<i>14.02.2020</i>
	Name	Title	Date

13 Updates

13.1 Significant changes in the Supply Base

N/A

13.2 Effectiveness of previous mitigation measures

N/A

13.3 New risk ratings and mitigation measures

N/A

13.4 Actual figures for feedstock over the previous 12 months

N/A

13.5 Projected figures for feedstock over the next 12 months

N/A