



# Supply Base Report: LSEZ SIA “LASKANA”

Third Surveillance Audit

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



**The promise of good biomass**



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

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

## *Document history*

*Version 1.0: published 26 March 2015*

*Version 1.1 published 22 February 2016*

*Version 1.2 published 23 June 2016*

*Version 1.3 published 14 January 2019; re-published 3 April 2020*

*© Copyright Sustainable Biomass Program Limited 2020*

# Contents

<b>1</b>	<b>Overview</b> .....	<b>1</b>
<b>2</b>	<b>Description of the Supply Base</b> .....	<b>2</b>
2.1	General description .....	2
2.2	Actions taken to promote certification amongst feedstock supplier .....	8
2.3	Final harvest sampling programme .....	8
2.4	Flow diagram of feedstock inputs showing feedstock type [optional] .....	9
2.5	Quantification of the Supply Base .....	9
<b>3</b>	<b>Requirement for a Supply Base Evaluation</b> .....	<b>10</b>
<b>4</b>	<b>Supply Base Evaluation</b> .....	<b>11</b>
4.1	Scope .....	11
4.2	Justification.....	11
4.3	Results of Risk Assessment.....	11
4.4	Results of Supplier Verification Programme .....	11
4.5	Conclusion.....	11
<b>5</b>	<b>Supply Base Evaluation Process</b> .....	<b>12</b>
<b>6</b>	<b>Stakeholder Consultation</b> .....	<b>13</b>
6.1	Response to stakeholder comments .....	13
<b>7</b>	<b>Overview of Initial Assessment of Risk</b> .....	<b>15</b>
<b>8</b>	<b>Supplier Verification Programme</b> .....	<b>16</b>
8.1	Description of the Supplier Verification Programme .....	16
8.2	Site visits .....	16
8.3	Conclusions from the Supplier Verification Programme.....	16
<b>9</b>	<b>Mitigation Measures</b> .....	<b>17</b>
9.1	Mitigation measures .....	17
9.2	Monitoring and outcomes .....	20
<b>10</b>	<b>Detailed Findings for Indicators</b> .....	<b>23</b>
<b>11</b>	<b>Review of Report</b> .....	<b>24</b>
11.1	Peer review.....	24
11.2	Public or additional reviews .....	24
<b>12</b>	<b>Approval of Report</b> .....	<b>25</b>
<b>13</b>	<b>Updates</b> .....	<b>26</b>
13.1	Significant changes in the Supply Base .....	26
13.2	Effectiveness of previous mitigation measures .....	26
13.3	New risk ratings and mitigation measures.....	26

13.4 Actual figures for feedstock over the previous 12 months ..... 26

13.5 Projected figures for feedstock over the next 12 months ..... 27

# 1 Overview

On the first page include the following information:

Producer name: SIA LSEZ LASKANA

Producer location: Brīvostas 40, Liepāja, Latvija, LV-3405

Geographic position: 56.521610, 20.987067

Primary contact: Krisjanis Vesmins (Member of the Board); Phone: +371 63423111;  
Email: k.vesmins@laskana.lv

Company website: www.laskana.lv

Date report finalised: 22.05.2020.

Close of last CB audit: 15.01.2020.

Name of CB: SCS Global Services

Translations from English: No

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

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

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

Weblink to SBE on Company website: <http://laskana.lv/laskana/lv/sakums/>

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

## 2 Description of the Supply Base

### 2.1 General description

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

Data from deliveries period 01 Dec 2018 – 30 Nov 2019:

*Controlled Feedstock 1 % (FSC controlled Wood feedstock)*

*SBP-compliant Primary Feedstock, 99%*

*SBP-compliant Secondary Feedstock, 0%*

*SBP-compliant Tertiary Feedstock, 0%*

*SBP non-compliant Feedstock 0%*

Species: Norway spruce - *Picea abies*; Scots pine - *Pinus sylvestris*; Black alder - *Alnus glutinosa*; Grey alder - *Alnus incana*; European aspen - *Populus tremula*; Silver birch - *Betula pendula*; downy birch - *Betula pubescens*; Pedunculate Oak - *Quercus robur*; Norway Maple - *Acer platanoides*; Ash - *Fraxinus excelsior*; wych Elm - *Ulmus glabra* Huds; Fluttering elm - *Ulmus laevis*

#### LATVIAN forest resources

In Latvia, forests covers area of 3,412 million hectares. According to the data of the State Land Service forest land amounts to 48% from the entire territory of the country. Other types of land by use in Latvia are: agricultural land (36%); bushes (2%); marshes (3%); ground of water (4%); land under buildings and courtyards (2%); land under roads (2%); other lands (3%).

The Latvian State owns 1,672 million ha of forest (49% of the total forest area), while the other 1,740 million ha (51% of the total forest area) belong to other owners. Private forest owners in Latvia amount to approximately 135 thousand.

The amount of forestland, moreover, is constantly expanding, both naturally and thanks to afforestation of infertile land and other land that is not used for agriculture. More important, however, is another indicator – the volume of timber in the forest is increasing three times more than the area of forestland. This proves that the forest area in Latvia is not expanding because of bushes that are not counted as part of the area of forest. On the contrary, forestry work in Latvia has been very targeted. An average of approximately 11 million m<sup>3</sup> of timber have been harvested each year in Latvia's forests during the past decade. That is less than the annual increment, and so forestry in Latvia can be described as sustainable.

*(Ministry of Agriculture: Latvian forest sector in facts & figures 2020; zm.gov.lv).*

#### Forest land consists of:

- forests 3,05 million ha (90,6%);
- marshes 0,17 million ha (5,0%);
- glades (forest meadows) 0,03 million ha (0,9%);

- flooded areas 0,017 million ha (0,5%);
- objects of infrastructure 0,083 million ha (2,5%);
- other forest lands 0,017 million ha (0,05%).

(State Forest Services: [vmd.gov.lv](http://vmd.gov.lv), 2020)

#### **Distribution of forests by the dominant species:**

- pine 33 %;
- spruce 19 %;
- birch 30 %;
- black alder 3 %;
- grey alder 7 %;
- aspen 7 %;
- other species 19 %.

(Ministry of Agriculture: *Latvian forest sector in facts & figures 2020*; [zm.gov.lv](http://zm.gov.lv)).

#### **Share of species used in reforestation, by planting area (2018):**

- pine 15%;
- spruce 20%;
- birch 29%;
- grey alder 14%;
- aspen 18%;
- other species 4%.

(Ministry of Agriculture: *Latvian forest sector in facts & figures 2020*; [zm.gov.lv](http://zm.gov.lv)).

#### **Timber production in terms of felling type (ha), 2018:**

- final felling 44,96 %;
- thinning 30,30 %;
- sanitary felling 19,53 %;
- other felling 4,82 %;
- unlawful felling 0,39%.

(Ministry of Agriculture: *Latvian forest sector in facts & figures 2020*; [zm.gov.lv](http://zm.gov.lv)).

#### **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](http://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](http://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](http://www.lvm.lv)).

The forest sector is one of the cornerstones of the national economy at this time. Forestry, wood processing and furniture manufacturing represented 5,1% of GDP in 2018, while exports amounted to EUR 2,6 billion – 21% of all exports. There is no parish in Latvia with no larger or smaller wood processing company.

Often these are the most important employers in the surrounding area, thus being the main pillar of support for local economies and residents.

In 2018 a total of 12,86 million m<sup>3</sup> of wood resources were harvested from Latvian forests, of which 14% (1,78 million m<sup>3</sup>) were used in the production of wood biomass, the rest of amount is used in other wood industries, such as wood production, furniture production, etc. Types of energy-wood in total output is:

- firewood – 32%
- briquettes – 1%
- Pellets – 21%
- Wood scraps – 15%
- Wood chips – 32%

*(Ministry of Agriculture: Latvian forest sector in facts & figures 2020; zm.gov.lv).*

#### **Net turnover of forest sector, 2018:**

- Manufacturing of timber and wood production – 2609 million EUR;
- Forestry and wood processing – 1328 million EUR;
- Furniture sector – 266 million EUR.

*(Ministry of Agriculture: Latvian forest sector in facts & figures 2020; zm.gov.lv).*

#### **Employment in the forest sector, 2018:**

- Manufacturing of timber and wood production – 23 thousand people;
- Forestry and wood processing – 10 thousand people;
- Furniture sector – 6 thousand people.

*(Ministry of Agriculture: Latvian forest sector in facts & figures 2020; zm.gov.lv).*

#### **Biological diversity**

Historically, extensive use of forests as a source of profit began later than in many other European countries, therefore a greater biological diversity has been preserved in Latvia.

For the sake of conservation of natural values, a total number of 674 protected areas have been established. Part of the areas has been included in the European network of protected areas *Natura 2000*. Most of the protected areas are state-owned.

In order to protect highly endangered species and biotopes located without the designated protected areas, if a functional zone does not provide that, micro-reserves are established. According to data of the State Forest Service (2015), the total area of micro reserves is 40 595 ha. Identification and protection planning of biologically valuable forest stands is carried out continuously.

On the other hand, for preservation of biological diversity during forest management activities, general nature protection requirements binding to all forest managers have been developed. They stipulate that at felling selected old and large trees, dead wood, underwood trees and shrubs, land cover around wet micro-lowlands (terrain depressions) are to be preserved, thus providing habitat for many organisms.

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



## Conservation CITES or IUCN species:

Species	CITES status	IUCN classification
Oak ( <i>Quercus robur</i> )	Not on the list	Least concern (LC)
Oak ( <i>Quercus petraea</i> )	Not on the list	Least concern (LC)
Other CITES / IUCN registrations	<p>Accession 1997</p> <p><a href="https://cites.org/eng/cms/index.php/component/cp/country/LV">https://cites.org/eng/cms/index.php/component/cp/country/LV</a></p> <p>Other CITES species are present but do not include softwood or deciduous trees which are threatened.</p> <p>Full list:</p> <p><a href="https://checklist.cites.org/#/en/search/country_id=LV&amp;cites_appendices=I&amp;cites_appendices=II&amp;cites_appendices=III&amp;output_layout=alphabetical&amp;level_of_listing=0&amp;show_synonyms=1&amp;show_author=1&amp;show_english=1&amp;show_spanish=1&amp;show_french=1&amp;scientific_name=Plantae&amp;page=1&amp;per_page=20">https://checklist.cites.org/#/en/search/country_id=LV&amp;cites_appendices=I&amp;cites_appendices=II&amp;cites_appendices=III&amp;output_layout=alphabetical&amp;level_of_listing=0&amp;show_synonyms=1&amp;show_author=1&amp;show_english=1&amp;show_spanish=1&amp;show_french=1&amp;scientific_name=Plantae&amp;page=1&amp;per_page=20</a></p>	<p>Common Ash (<i>Fraxinus excelsior</i>) – Near Threatened</p> <p><a href="https://www.iucnredlist.org/species/203367/67807718">https://www.iucnredlist.org/species/203367/67807718</a></p> <p>Full list</p> <p><a href="https://www.iucnredlist.org/search?andRegions=LV&amp;searchType=species">https://www.iucnredlist.org/search?andRegions=LV&amp;searchType=species</a></p>

## Socio-economic conditions

Territories in which recreation is one of the main areas of forest management took up 8% of forestland (293,000 hectares) in 2018. Viewing platforms, educational trails, cultural and historical destinations, areas for picnics – those are just a few of the leisure infrastructure objects that are found in Latvia's forests. They are open to one and all at no cost at all. Special attention to improving such areas has been paid to state-owned forests.

The areas of recreation-based forestland include national parks (except reserves), nature parks, protected landscape areas, protected dendrology plants, protected geological and geomorphologic monuments, nature parks of local importance, the protected zone of dunes along the shores of the Baltic Sea, protected zones around cities, and forests in the administrative territories of cities.

Specially protected natural areas are supervised and managed by the Nature Conservation Agency of the Ministry of Environmental Protection and Regional Development.

Education in the area of the forest sector can be obtained at 14 professional educational institutions, the Forest Faculty of the Latvian Agricultural University (LLU), and the Textile Technology and Design Institute of the Rīga Technical University's Faculty of Material Sciences and Applied Chemistry. The Latvian Chamber of Craftsmanship has offered informal wood processing training sessions taught by experienced craftspeople. Graduates from such programmes receive a craftsman's card or a diploma as an apprentice or master craftsman.

## Certification

All forest area of Latvijas Valsts Meži as well as some part of forests in private and other ownership is FSC and PEFC certified. From all forest area approximately 1,737 million ha of Latvian forest are certified according to FSC and/or PEFC certification scheme. Both the FSC and PEFC systems have found their way into Latvia.

## BELARUS forest resources

In the Republic of Belarus forests are one of the main renewable natural resources and the most important national wealth. Forest-covered lands occupy 8.26 million hectares. Forest cover of the territory of the Republic of Belarus reached 39.8%. The total standing stock is 1,796 million cubic meters including 296 million cubic meters of ripe and overripe plantings. As a result of focused work on the reproduction of forests the area covered by forests is increasing. So, over the past 60 years the forest cover of the republic has almost doubled and reached its maximum value for more than a century. The increase occurs both naturally and due to the afforestation of infertile land unsuitable for agriculture. In Belarus along with an increase in the total area of the forest fund a steady growth in the areas of ripening, ripe and overripe stands is observed. The share component of ripe and mature forests is 14.7%. The average age of stands is 56 years.

In the forests of Belarus 28 species of trees and about 70 species of shrubs grow. The most common tree species are: common pine -50.3%, birch -23.2%, European spruce -9.2%, black alder -8.5%, oak -3.4%, aspen -2.1%.

According to the State Land Cadaster the total land area in Belarus is 20.76 million ha, including 9.54 million ha (46.0%) of agricultural land, 8.26 million ha (39.8%) of forest land, 540.0 thousand ha (2.6%) of meadows, 859.2 thousand ha (4.1%) of bogs, 469.2 thousand ha (2.3%) of water areas, 504.2 thousand ha of built-up areas and 396.0 thousand ha of transport and communication areas.

Depending on the functions performed the lands of the forest fund are divided into forests of the first and second groups. The first group includes specially protected natural territories the share of which is 52%, the second group includes production forests intended for timber harvesting (48%).

In accordance with the legislation of the Republic of Belarus all the lands of the forest fund are in state ownership and transferred to state forestry institutions for the use and management. Forest management in Belarus is based on the principle of continuity and sustainability. The average annual wood harvest is about 18 million cubic meters per year, of which:

- Final felling (in mature forest stands) 40%;
- Tending felling and sanitary felling (in young, middle-aged and ripening stands) 48%;
- Other types of felling 12%.

Ensuring of high-quality reproduction of forest resources and protective afforestation are prerequisites for the use of forests. So in 2018, reforestation and afforestation were carried out on a total area of 41.82 thousand hectares, including 34.8 thousand hectares of new forests laid due to sowing and planting forests.

## Biological diversity

When harvesting wood, according to the forest legislation of the Republic of Belarus, species listed in the Red Book and their habitats are subject to preservation. Cutting of valuable, endangered and specially protected tree species are prohibited.

There are two republican reserves on the territory of Belarus -the Berezinsky Biosphere Reserve (85.2 thousand hectares) and the Polesie State Radiation and Ecological Reserve (216.1 thousand hectares), and four national parks -Belovezhskaya Pushcha (152.962 thousand hectares), Braslav Lakes (69.115 thousand hectares), Narochansky (93.3 thousand hectares) and Pripyatsky (85.841 thousand hectares), 334 reserves of national and local significance and 874 natural monuments.

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

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

## Conservation CITES or IUCN species:

Species	CITES status	IUCN classification
Oak ( <i>Quercus robur</i> )	Not on the list	Least concern (LC)
Oak ( <i>Quercus petraea</i> )	Not on the list	Least concern (LC)
Aspen ( <i>Populus tremula</i> )	Not on the list	Least concern (LC)
Spruce ( <i>Picea abies</i> )	Not on the list	Least concern (LC)
Birch ( <i>Betula pubescens</i> )	Not on the list	Least concern (LC)
Birch ( <i>Betula pendula</i> )	Not on the list	Least concern (LC)
Alder ( <i>Alnus incana</i> )	Not on the list	Least concern (LC)
	Full list: <a href="http://checklist.cites.org/#/en/search/country_ids%5B%5D=193&amp;output_layout=alphabetical&amp;level_of_listing=0&amp;show_synonyms=1&amp;show_author=1&amp;show_english=1&amp;show_spanish=1&amp;show_french=1&amp;scientific_name=&amp;page=1&amp;per_page=20">http://checklist.cites.org/#/en/search/country_ids%5B%5D=193&amp;output_layout=alphabetical&amp;level_of_listing=0&amp;show_synonyms=1&amp;show_author=1&amp;show_english=1&amp;show_spanish=1&amp;show_french=1&amp;scientific_name=&amp;page=1&amp;per_page=20</a>	Full list: <a href="https://www.iucnredlist.org/search/grid?query=Belarus&amp;searchType=species">https://www.iucnredlist.org/search/grid?query=Belarus&amp;searchType=species</a>

## Certification

Forest certification is an effective tool to combat illegal logging and illegal timber trafficking. Two schemes of forest certification have found their place in the Republic of Belarus -the forest certification system FSC (Forest Stewardship Council) and the forest certification system of the National Conformity Certification System, recognized by the Pan European Forest Council (PEFC). 9.027 million hectares of forest fund are certified taking into account the requirements of the international scheme of the Forest Stewardship Council (FSC) (94.2% of the total forest fund). Forest management and forest using systems of 105 legal entities that conduct forestry on an area of 8.8 million hectares of forest fund are certified according to the PEFC scheme.

## The field of forestry

In Belarus the forest industry consists of forestry (13.5%), woodworking (69.5%) and pulp and paper industry (16.4%). The woodworking industry is one of the largest industries in Belarus. Woodworking accounts for approximately 2% of the total manufacturing industry of the Republic of Belarus. The share of the forest industry in the country's GDP is approximately 1.1%. Forest products and services are exported to 30 countries of the world.

Annual average logging is 10,0 to 11,2 million m<sup>3</sup> including 4,3 to 4,5 million m<sup>3</sup> (40%) of final cutting (in mature stands), 5,4 million m<sup>3</sup> (48%) of maintenance and sanitary cutting (young, middle aged and ripening forests), 1,0 to 2,3 million m<sup>3</sup> (12%) of other felling types. Approximately 23% of all wood harvested, which is around 2.4 million m<sup>3</sup> of wood, is used in the production of biomass.

## 2.2 Actions taken to promote certification amongst feedstock supplier

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

The company policy is directed at cooperation with certified suppliers. In year 2019 company established differentiated prices for material purchase in Liepaja terminal, price is higher for FSC certified material.

Biomass is formed from obtaining logging waste, after non-forest land processing. Round timber chipping in port wasn't necessary in this reporting period, because more economically efficient was woodchip purchase. SIA LASKANA initiates and offers better supply conditions to FSC certified suppliers and raises interest of non-certified round timber processors, as well as motivates forest owners to obtain certification.

At the time of preparation for SBP certification, the company increased the amount of feedstock certified by FSC– from 40 to 75 %. In 2019. increased the amount of FSC certified feedstock to 99 %.

## 2.3 Final harvest sampling programme

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

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

## 2.5 Quantification of the Supply Base

### Supply Base

- a. Total Supply Base area (ha): 11,672 milj. ha cumulative area of all forest types within SB
- b. Tenure by type (ha): privately owned – 1,74 milj ha / Government – 9,932 milj ha
- c. Forest by type (ha): Temperate 41% / Hemi boreal 59%
- d. Forest by management type (ha): managed natural- 11,672 milj. ha
- e. Certified forest by scheme (ha): 9,772 milj. ha of FSC; 10,407 milj. ha PEFC-certified forest. Double certified forest area – 9,173 milj. ha.

Actual information about certified forest areas:

<https://fsc.org/en/facts-figures>

<https://www.pefc.org/discover-pefc/facts-and-figures>

### Feedstock

- f. Total volume of Feedstock: 90041.00 tonnes (Data from deliveries period 1Dec 2018 - 30 Nov 2019)
- g. Volume of primary feedstock: 90041.00 tonnes (Low grade round wood; Wood chips from Branch wood)
- h. 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 99%
  - Not certified to an SBP-approved Forest Management Scheme 1%
- i. List all species in primary feedstock, including scientific name  
Norway spruce - *Picea abies*; Scots pine - *Pinus sylvestris*; Black alder - *Alnus glutinosa*; Grey alder - *Alnus incana*; European aspen - *Populus tremula*; Silver birch - *Betula pendula*; downy birch - *Betula pubescens*; Pedunculate Oak - *Quercus robur*; Norway Maple - *Acer platanoides*; Ash - *Fraxinus excelsior*; wych Elm - *Ulmus glabra* Huds; Fluttering elm - *Ulmus laevis*
- j. Volume of primary feedstock from primary forest – 100%
- 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 – 99%
  - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme – 1%
- l. Volume of secondary feedstock: specify origin and type –  
0 tonnes Slab wood (the exterior portion of a log removed by sawing for lumber) tonnes (origin Latvia).  
0 tonnes Other residues of wood industry (origin Latvia)
- m. Volume of tertiary feedstock: specify origin and composition – 0 tonnes

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

### 3 Requirement for a Supply Base Evaluation

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

SBP-endorsed Regional Risk Assessment for Latvia (accepted 28.09.2017.) has been used as a base for SBE.

SBP Biomass supply evaluation includes:

- Primary feedstock (firewood and branch chip after processing)
- Non-forest land feedstock (overgrown agricultural areas.)

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

## 4 Supply Base Evaluation

### 4.1 Scope

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

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

### 4.2 Justification

Company uses SBP-endorsed Regional Risk Assessment for Latvia (accepted 28.09.2017.).

### 4.3 Results of Risk Assessment

3 indicators are stated as specified in SBP-endorsed Regional Risk Assessment for Latvia: 2.1.1.; 2.1.2.; 2.8.1.

Indicator 2.1.1. states that forests and other areas with high conservation values in the Supply Base should be identified and mapped.

Indicator 2.1.2. states that potential threats to forests and other areas with high conservation values from forest management activities should be identified and addressed.

Indicator 2.8.1. states that appropriate safeguards are put in place to protect the health and safety of forest workers. This applies to loggers in BP supply base.

### 4.4 Results of Supplier Verification Programme

N/A

### 4.5 Conclusion

Since September of 2017 company uses SBP-endorsed Regional Risk Assessment for Latvia. Supply Base Evaluation is applied only to primary feedstock. Company has been created and developed strong system for Supply Base Evaluations as it is working in both – SBP and FSC systems.

# 5 Supply Base Evaluation Process

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

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

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

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

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

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

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

SBE was performed by employees of LASKANA. The risk categories, risk mitigation and approval audits defined by the SBE shall be carried out by a specific group of employees under the management of the Production Director. Employees are selected according to their competence, which can be attested by an educational document, a certificate or a certificate of acquired knowledge/skills in courses, as well as work experience in the field of assignment.



## 6 Stakeholder Consultation

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

### 6.1 Response to stakeholder comments

**Comment 1: J.Rozītis, the Director of World Wildlife Fund:**

"The Supply Base report includes a general forest management description of the supply base, provides an insight into the management of the forestry field, describes the measures implemented in Latvia for ensuring biodiversity and social needs in the forest. The report also includes supply base assessment, including initial risk assessment overview, supplier verification programme, and risk mitigation measures. Having analyzed the initial risk assessment overview and understanding the huge importance of biodiversity protection and work safety, as well as preservation of socially valuable sites in forest management in Latvia, the company prepared a supplier verification programme appropriate to the current situation and a plan of risk mitigation measures.

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

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

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

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

**Response 1:**

According to the requirements of the SBP standards, company shall annually assess the risk mitigation measures taken and their effectiveness. The risk mitigation measures taken by the company and the supplier, their relevance and quality, are also evaluated by the certification body in the annual monitoring audit.

The staff involved in risk mitigation processes regularly keep up to date with information on the measures for the recognition and protection of habitats and cultural and historical sites. Consultations are conducted with industry experts, such as the National Inspection for Heritage Protection, Nature Expert Sandra Ikauniece, etc.

Training of employees is regularly carried out with a view to transferring the information obtained to all employees and suppliers of the company involved in the SBP processes.

**Comment 2: V.Ķerus, Chairman of the Board of Latvian Ornithological Society**

The Latvian Ornithology Society is familiar with the risk mitigation arrangements developed by the SIA LASKANA and expresses its opinion on its suitability for minimizing the risks posed to the protection of birds.

The assessment form of potential habitats developed by SIA "LASKANA", makes it possible to avoid logging in specially protected habitats, which can also be important bird habitats. Additional safety is caused by the fact that the questionnaire also includes elements of particular importance to birds, such as dead standing trees or stumps, birds' chiseled growing and dead trees and large nests.

However, the identification and removal of specially protected habitats from logging poses high risks for birds (including specially protected species), and we recommend that suppliers take a break from logging from 1 April to 30 June or, if this is not possible, in a period as close as possible but not less than two months

**Response 2:**

Before the material is included in the SBP material flow, its origin is assessed: the forest unit has been studied in the public database of the Nature Protection Board "Ozols", including the identification of designated bird breeding sites, their protection zones and buffer zones. The result is compared with the time of harvesting and the determination of micro-reserves and buffer zones specified in Cabinet Regulation No. 940 from 18 December 2012 (Regulations regarding the Procedures for the Establishment and Management of Micro-Barriers, their Protection, as well as micro-reserves and their buffer zones).

During the period from April 01 to June 30, the company's logging volume is reduced to such a level as to avoid harming the economic activity of the company.

# 7 Overview of Initial Assessment of Risk

SIA LASKANA uses SBP-endorsed Regional Risk Assessment for Latvia (accepted 28.09.2017.).

3 indicators are stated as specified in SBP-endorsed Regional Risk Assessment for Latvia: 2.1.1.; 2.1.2.; 2.8.1.

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

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

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

# 8 Supplier Verification Programme

## 8.1 Description of the Supplier Verification Programme

Since there is a published SBP-endorsed regional risk assessment a Supplier Verification Programme is not applicable.

## 8.2 Site visits

N/A

## 8.3 Conclusions from the Supplier Verification Programme

N/A

# 9 Mitigation Measures

## 9.1 Mitigation measures

**Risk mitigation measures refer to the following feedstock categories:**

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

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

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

**SIA LASKANA groups SBP suppliers in two categories:**

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

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

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

**The audit process:**

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

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

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

After the results of surveillance audits and the assessment of a supplier, the company management makes a decision on further co-operation with the supplier, the conditions and amount of wood supply. The

suppliers that refuse to inform SIA Laskana on the planned amount of logging and refuse to cooperate with SIA LASKANA during audits may be excluded from the list of suppliers.

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

The employees involved in the SBP process generally have the necessary knowledge and experience to assess the compliance of the raw materials of the SBP and their supply base with the standard in the local context, including:

- Knowledge of the ecological and social values associated with SBP;
- Knowledge of applicable law and rules;
- knowledge of business management practices;
- Knowledge of suppliers, their scope, reliability, quality and access to documents;
- Knowledge of the specificities of local forest resources;
- Competency in assessing the requirements of SBP standards
- Competencies for the implementation of SBE audits
- Language skills relevant to all stakeholders
- Auditing and reporting skills
- Supplier interception skills
- Control skills for the relevant process.

The staff responsible and those involved in the SBP process have been selected on the basis of their level of education (secondary education or higher education), training courses carried out, language knowledge and work experience in the field.

Audits are carried out both for approved suppliers by carrying out checks at least 1 x 12 months, in order to ensure compliance with SBP requirements and for unapproved suppliers at least 1x a year before or after the logging period. Unapproved suppliers that are competent in risk category assessment and have expressed an interest in supplying SBP compliant biomass are included into the additional monitoring programme, which involves testing prior to commencement of logging. The minimum criteria for approving SBP compliant suppliers are described in the company procedures.

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

**General measures of risk mitigation:**

<b>Mitigation measure</b>	<b>Indicator`s risk, that is mitigated</b>
The purchase of FSC certified wood as priority for procurement of SBP-compliant biomass	2.1.1., 2.1.2., 2.8.1.
Signing suppliers self-declaration and including the conditions of SBP standards for biomass supply, identifying and decreasing in a timely manner the risks of supplying SBP non-compliant feedstock.	2.1.1., 2.1.2.
Collecting documents of origin of purchased material, make sure the product can be tracked back to the logging site.	2.1.2.
Performing biotope risk assessment procedures prior to logging, during or after logging, which includes the following measures: <ul style="list-style-type: none"> <li>○ Checking cadastre numbers prior to logging, during or after logging, using the „Biotope Tool” available in Latbio database <a href="http://latbio.lv/MBI/search_db">http://latbio.lv/MBI/search_db</a> and Natural data management system “Ozols” <a href="http://ozols.daba.gov.lv/pub/">http://ozols.daba.gov.lv/pub/</a></li> <li>○ An assessment audit form is designed where all four risk categories are included. The form has been designed in collaboration with forest biotope experts to identify and minimize the impact on possible biotopes, to recognize and protect cultural and historical objects and bird nesting sites.</li> </ul>	2.1.1., 2.1.2.
Collect information from suppliers about logging company, which harvested delivered material.	2.8.1.
The process of work protection and work safety risk assessment takes place during logging, during which a competent person performs checks according to a special form that includes minimal requirements for maintaining work safety in the forest. The form is designed in collaboration with a company licensed work safety specialist	2.8.1.
Trainings and seminars are provided for the company employees and biomass suppliers. The objective of the trainings is to teach involved parties to recognize the signs of potential possible biotopes, bird nesting sites, cultural and historical objects, and to fully guarantee work safety requirements at our own company and the companies of service providers.	2.1.1., 2.1.2., 2.8.1.

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

For obtaining additional information, the following information sources are used: Latbio Potential Biotope Database ([www.latbio.lv/MBI](http://www.latbio.lv/MBI)), Natural data management system “Ozols” of Nature Protection Board (<http://ozols.daba.gov.lv/pub/>), information available at the Nature Protection Board, recommendations of forestry and nature protection experts. In the auditing process during interviews with suppliers, confirmation is obtained that the supplier understands the risks associated with sustainable biomass sourcing, the supplier correctly identifies risk categories and takes measures necessary to mitigate the risks.

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

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

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

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

*FMU*- planned number of fellings per year

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

During risk mitigation process all the possible felling sites are inspected and audited at the website of potential biotope signs <http://latbio.lv/MBI/> and at data base of mapped biotope signs - Natural data management system "Ozols" (<http://ozols.daba.gov.lv/pub/> ).

## 9.2 Monitoring and outcomes

SIA LASKANA at least every 12 months assess the results of the audit, their effectiveness, risk mitigation factors, suppliers' compliance with the SBP risk mitigation factors.

When assessing the effectiveness of risk mitigation measures, it is examined whether each of the risk mitigation measures taken has achieved the desired outcome:

<i>Risk mitigation measure</i>	<i>Desired outcome</i>
Checking documents (cutting licence; documents as invoices, contracts between forest owner and supplier)	To obtain proof that the timber purchased is of legal origin. If the person in the cutting licence does not match the supplier, be assured that the supplier has obtained the material by legal means.
Assessment of potential habitats (latbi.lv; ozols.lv; assessment audit form)	Using the Forest Habitats Instrument available in the latbio.lv to provide a proof of the potential or absence of habitats in the forest unit concerned. If the database shows the potential for habitats, full information can be obtained by environmental habitat assessment. Double check in Natural data management system "Ozols" which shows mapped expert conclusions about habitat sites.
Work security audit for forest harvesters	To verify the conformity of forest harvesters with the work safety requirements specified in Latvian legislation. To draw the forest developers' attention to the incompleteness, to inform them of the requirements, thereby avoiding accidents and non-conformities in the case of a 3-party inspection.
Signing suppliers self-declaration	Documented evidence that, where necessary, the supplier is prepared to cooperate with the organisation, both by providing on-demand information and by receiving third-party checks.
Inspection of the supplier's yard or place of production and documentation at least every 12 months	Obtaining reliable evidence that materials are not mixed in the storage or production process. The assurance that the supplier's employees are aware of the risk mitigation system and that this system is maintained in the company on a daily basis.
Switching off suppliers	Mitigate any risks associated with that supplier if they have failed to be mitigated by other risk mitigation measures.



### **Primary feedstock supplies from Latvia:**

- The amount of certified wood purchased has increased to 99% of the total amount of SBP-compliant material.
- Enhanced cooperation with 1 SBP approved material supplier.

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

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

The wood sourcing regions included in the audit programme are: Kurzeme.

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

- 3 forest properties - before logging was started;
- 2 non-forest land properties were visited prior and after logging;
- 0 producers that supply chips after processing;
- 3 work safety audits at the loggers and their sub-contractors, and service providers.

### **Work protection and work safety audit results and monitoring programme**

The audits were pre-planned and carried out for one supplier, 3 audits in total during logging, having requested information from suppliers about logging sites and service providers in advance. The auditable areas and suppliers are selected so that both supply regions and a variety of wood harvesting companies and their sub-contractors are maximally covered. Records and observations are made for each supplier audit.

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

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

Audits of health and safety are performed by selection. In none safety audits were detected non-conformity. Total results of audits confirm that risk is low and mitigation measures are effective.

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

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

5 audits of high conservation values (biotopes) were carried out. Audit results confirms that mitigations measures ensure that risk is low.

- During audits in 0 cases there were identified areas with woodland key habitats. In all cases the biological value of the forest land was very low.
- There were identified 0 cultural heritage object.

- During audits there were identified 0 nesting places. There were no identified any case when the birds' nest be destroyed.

The following conclusions were made from the audits:

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

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

For supplier audits of origin took place and results of audits ensure that material is sourced within supply base.

In 2019, communication and cooperation with the SBP compliant material supplier resulted in the acquisition of FSC COC and FSC FM certificates for the supplier.

### **Primary feedstock supplies from Belarus**

In 2019 there was purchased only FSC certified material from Belarus.

All material sold in reporting period as SBP-compliant was purchased as FSC certified. There was no need of using material from SBE programme.

# 10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in SBP-endorsed Regional Risk Assessment for Latvia (28/09/2017).

# 11 Review of Report

## 11.1 Peer review

No external peer review of this report was done prior to finalisation.

## 11.2 Public or additional reviews

No review was done prior to finalisation of this report.

# 12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Ojārs Zeme</i>	<i>Director of manufacturing</i>	<i>22.05.2020.</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>Krišjānis Vēsmiņš</i>	<i>Member of the board</i>	<i>25.05.2020.</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date
Report approved by:	<i>[name]</i>	<i>[title]</i>	<i>[date]</i>
	Name	Title	Date

# 13 Updates

Report updated with data from 01.12.2018. – 30.11.2019.

## 13.1 Significant changes in the Supply Base

In 2019 supply region was the same as in year 2018., but the amount of certified material received has increased significantly.

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

## 13.2 Effectiveness of previous mitigation measures

1 supplier was included in SBE system, therefore a small number of risk mitigation measures were applied.

<i>Risk mitigation measure</i>	<i>Effectiveness</i>
Checking documents (cutting licence; documents as invoices, contracts between forest owner and supplier)	All documents of origin are collected.
Assessment of potential habitats (latbi.lv; ozols.lv; assessment audit form)	One minor nonconformity was acquired on this risk mitigation measure. Organization and involved personell will improve assessment of potential habitats.
Work security audit for forest harvesters	Work security audits in felling areas were carried out at random. No significant irregularities were identified in safety audits at work. The overall results of the audit show that the risk is considered to be low for non-compliance with safety at work.
Signing suppliers self-declaration	Supplier self-declaration signed. Needed information for audits obtained without problems.
Inspection of the supplier's yard or place of production and documentation at least every 12 months	During the supplier audit, organisation examine how the supplier takes risk mitigation measures when examining the completed habitat expert-approved audit forms. The differences between the questionnaire completed by the supplier and the organisation were minor.
Switching off suppliers	2 suppliers were switched off the SBE system.

## 13.3 New risk ratings and mitigation measures

In year 2019 there are no new risks identified for supply base.

Company started using Natural data management system "Ozols" after directions from certification body in the last surveillance audit.

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

90 041 tonnes

# 13.5 Projected figures for feedstock over the next 12 months

80 000- 100 000 tonnes