



Supply Base Report: **Meža Birojs SIA**

First Surveillance Audit

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Completed in accordance with the Supply Base Report Template Version 1.4

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: Meža Birojs SIA

Producer address: Meža iela 4, LV-1048 Rīga, Latvia

SBP Certificate Code: SBP-08-12

Geographic position: 57.517290, 24.742460

Primary contact: Agnese Trojanovska, +37128337390,trojanovska@gmail.com

Company website: N/A

Date report finalised: 04 Jun 2021

Close of last CB audit: 08 Jun 2020

Name of CB: NEPCon OÜ

SBP Standard(s) used: SBP Standard 2: Verification of SBP-compliant Feedstock, SBP Standard 4: Chain of Custody, SBP Standard 5: Collection and Communication of Data Instruction, SBP Standard 1: Feedstock Compliance Standard, Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.4

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

SBP Endorsed Regional Risk Assessment: Latvia

Weblink to SBR on Company website: not applicable, company does not have webpage

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

2 Description of the Supply Base

2.1 General description

Feedstock types: Primary, Secondary

Includes Supply Base evaluation (SBE): No

Feedstock origin (countries): Latvia

2.2 Description of countries included in the Supply Base

Country:Latvia

Area/Region: Latvia

Exclusions: No

Meža Birojs 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).

Forest cover

Latvia has the fourth highest forest cover among all EU countries, surpassed only by Finland (77 %), Sweden (76 %) and Slovenia (63 %). Forests in Latvia take up 3.412 million hectares of land, or 53% of the country's territory. The Latvian state owns around one-half of the country's forests, while most of the rest of the forest belongs to approximately 135,000 private owners. 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.

In 2019, the predominant forest species in Latvia are: Pine 33%, Birch 30 %, Spruce 19%, Grey Alder 7%, Aspen 7%, Black Alder 3 %, Other Species 1%. (State Forest Service data in Latvian Forest Sector in Facts & Figures 2020, published by the Ministry of Agriculture:

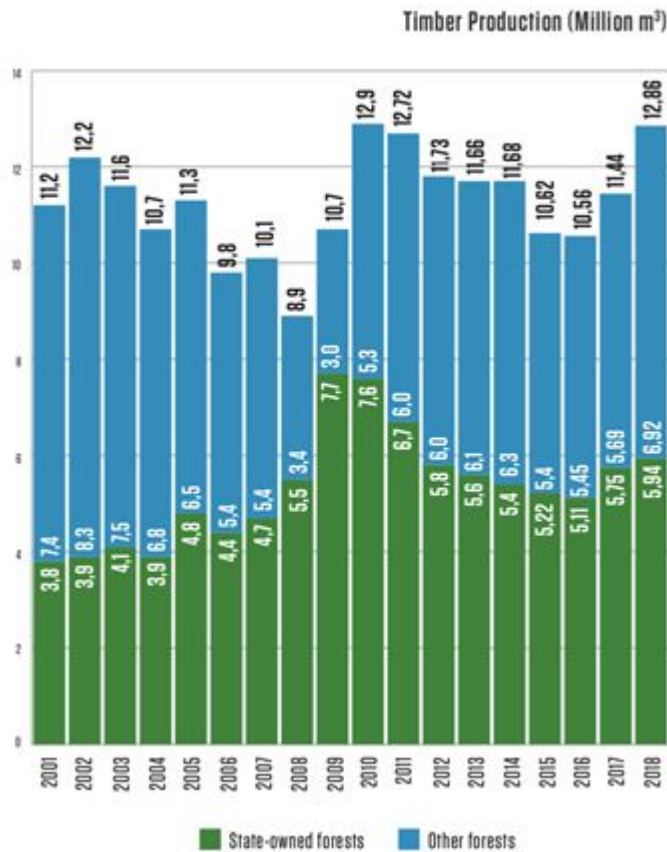
https://www.zm.gov.lv/public/ck/files/ZM/mezhi/skaitlifakti_ENG20.pdf)

Forestry sector

The forestry sector in Latvia is managed by the Ministry of Agriculture, which, in cooperation with the sector interest groups, develops forest policy, sector development strategy as well as forest management, forest resource use, nature conservation and hunting draft regulatory enactments (the Ministry of Agriculture: www.zm.gov.lv). The implementation of the regulatory requirements included in the Latvian laws and the Cabinet of Ministers regulations in the management of forests, regardless of the type of property, is controlled by the State forest service under the supervision of the Ministry of Agriculture (the State forest service: www.vmd.gov.lv). The company pursues national interests by ensuring the preservation and enhancement of the value of the forest as well as by increasing the contribution of the forest sector to the national economy (www.lvm.lv). In 2016, export reached EUR 2.084 billion in revenue (www.zm.gov.lv)

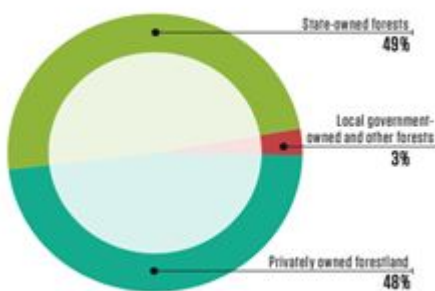
Forest industry

An average of approximately 11 million m³ 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. (State Forest Service data in Latvian Forest Sector in Facts & Figures 2020, published by the Ministry of Agriculture: https://www.zm.gov.lv/public/ck/files/ZM/mezhi/skaitlifakti_ENG20.pdf)



Ownership

The Latvian state owns around one-half of the country's forests, while most of the rest of the forest belongs to approximately 135,000 private owners. Forest ownership by status, 2019 (State Forest Service).



Management practices

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. www.zm.gov.lv. 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. www.vmd.gov.lv. 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.

Limitations on economic activity apply to 28,2% 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 are included in the unified and pan-European NATURA 2000 network of protected territories.

There are various restrictions on economic activity in the specially protected areas, ranging from a complete ban on forestry throughout the calendar year to a ban on tree felling in certain months of the year or on specific conditions for felling. Overall, in around 13.5% of Latvia's forests there are some form of forest management restrictions in place, in 3.4% of these areas all forest management activities are prohibited.

Due to the dramatic increase in forest cover in the last 100 years, the current proportion of old-growth forests in Latvia is low and as such, a major challenge of forest conservation in Latvia is to ensure that such old-growth forests and features are protected and allowed to develop. www.lvm.lv

According to the State Forest Service data, the total growing stock volume was 682 million m³ in 2019.

Biodiversity

Historically, the extensive use of Latvian forests for economic purposes began relatively later than in many other European countries, therefore, greater biodiversity has been preserved in Latvia. For the preservation of nature values, 683 specially protected nature territories have been created (Nature Conservation Agency, 2017). Part of these territories is included in the Natura 2000, unified network of protected territories of European importance. The most part of the protected territories are in State ownership. 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 2018 was 43 527,40 ha. The identification of biologically valuable forest stands and the implementation of protective measures are performed continuously. In turn, for the conservation of biodiversity in the forest management process, general nature conservation requirements have been developed that apply to all forest managers. They stipulate that during logging work the older and larger trees, dead wood, underwood and brushwood must be kept separately in wet microlowlands and other structures to promote the preservation of many habitats. Latvia has ratified the CITES Convention (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) in 1997. In Latvian forests the species of trees mentioned in the CITES lists do not grow.

FOREST AND SOCIETY

Forest territories in which provision of recreation is one of the main objectives of forest management account for up to 8 % of the total forest area or 293,000 hectares (2012). Sight towers, cognitive trails, cultural heritage natural sites and recreational areas – these are just a few of the recreational infrastructure facilities available in forests that can be used by anyone. Particular attention to development of such territories is paid in the State-owned forests (JSC Latvijas valsts meži, Nature Conservation Agency). Recreation functions are also performed by specially protected nature territories (except in areas with a strict nature conservation regime) – national parks, nature parks, protected landscape areas, protected dendrological plantations and protected geological and geomorphologic objects, nature parks of local

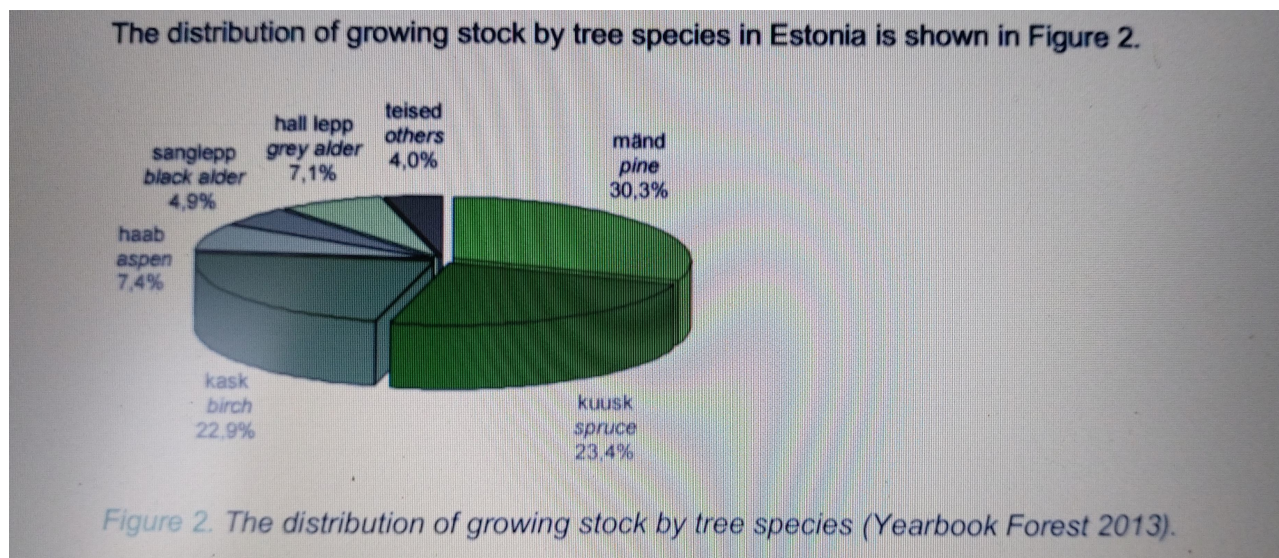
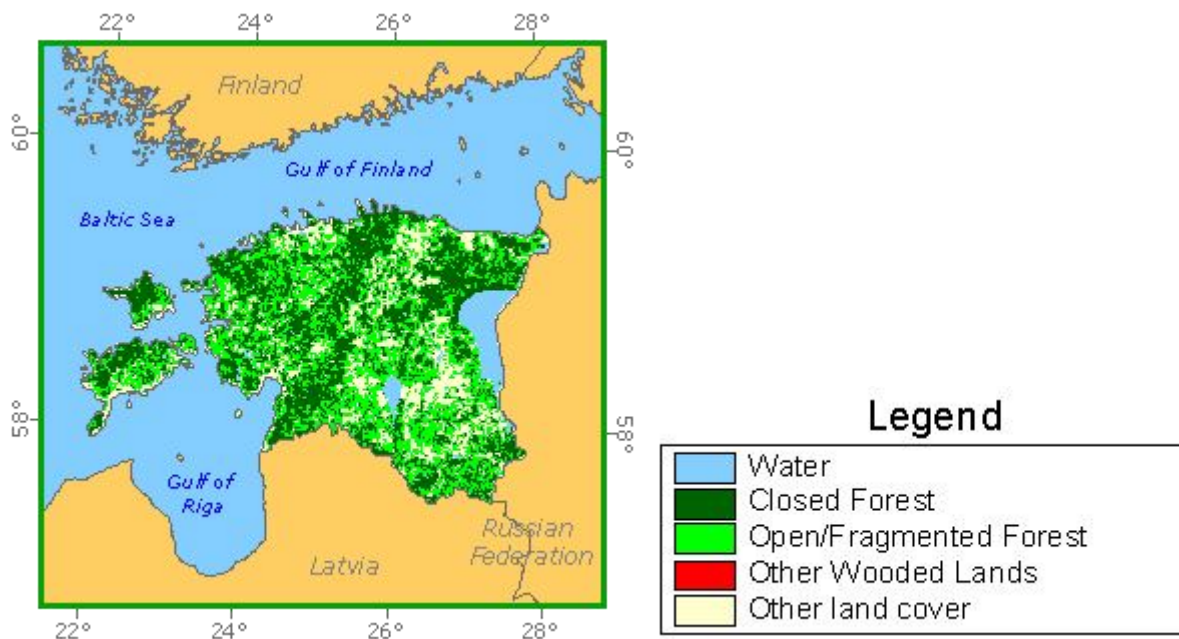
importance,. The management of the specially protected nature territories (SPNT) of Latvia is provided by the Nature Conservation Agency under the authority of the Ministry of Environmental Protection and Regional Development. Some of the specially protected nature territories (SPNT) of Latvia are managed by the Nature Conservation Agency and some of them – by land owners, legal possessors. In addition, land owners, legal possessors establish rest areas in forests also outside specially protected nature territories (for example, Latvijas valsts meži – see <http://www.lvm.lv/par-mums/sociala-atbildiba/atputasplaces> [1]). Certification Forests of JSC Latvijas valsts meži and part of private forests are certified according to FSC and PEFC certification systems. Approximately 1.737 million ha of Latvian forests from the total forest area of 3,056,578 ha are certified according to FSC and/or PEFC certification systems. Both these systems are operating in Latvia.

ESTONIAN forest resources

Estonia is a member of the European Union since 2004. The Estonian legislation is in compliance with the EU's legislative framework and directives. National legislative acts make references to the international framework. All legislation is drawn up within a democratic system, subject to free comment by all stakeholders (1.) The Estonian legislation provides strict outlines in respect to the usage of forestry land and the Estonian Forestry Development Plan 2020 (2.) has clear objectives and strategies in place to ensure the forestland is protected up to the standards of sustainable forest management techniques. The Ministry of the Environment coordinates the fulfilment of state duties in forestry. The implementation of environmental policies and its supervision are carried out by two separate entities operating under its governance. The Estonian Environmental Board monitors all of the work carried out in Estonia's forests whereas the Environmental Inspectorate exercises supervision in all areas of environmental protection. The forest is defined in the Forest Act. There are three main forest categories are described in this legislation: commercial forest, protection forest and protected forests. According to the ownership, forests are also divided into private forests, municipality forests and state owned forests. The state owned forest represent approximately 40% of the total forest area³ and is certified according to FSC and PEFC forest management and chain of custody standard in which the indicators related to forest management planning, maps and availability of forest inventory records are being constantly evaluated and addressed⁴. The state forest is managed by State Forest Management Centre (RMK) which is a profit-making state agency founded on the basis of the Forest Act and its main duty lies in a sustainable and efficient management of state forest. Currently more than 2 230 000 ha, equal to 51% of the Estonian land territory, is covered by forest as indicated in Figure 1 and the share of forest land is growing. According to FAO data, during 2000 - 2005, average annual change in the forest cover was +0.4 %⁵ . Forestry Development Plan 2012-2020 and Yearbook Forest 2013, that gives annual reports and facts about the forest in Estonia, state that during last decade the cutting rate in Estonian forests is from 7 to 11 mill m³ per year⁶. The amount is in line with sustainable development principle when the cutting rate doesn't exceeds the annual increment and gives the potential to meet the long-term the economic, social and environmental needs. According to the Forestry Development Plan 2012-2020 the sustainable cutting rate is 12-15 mil ha per year.

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

2. Original title: „Eesti metsanduse arengukava aastani 2020“; approved by Estonians parliament decision nr 909 OE 15.February 2011.a



For logging in any type of forest, it is required that a valid forest inventory or forest management plan, along with a felling permit issued by the Environmental Board, is available. All issued felling permits and forest inventory data is available in the public forest registry online database (7). Area of protected forests accounts to 25.3% of the total forest area whereas 10% is considered to be under strict protection. The majority of protected forests is located on state property. The main regulation governing the preservation of biodiversity and the sustainable use of natural resources is the Nature Conservation Act (8). Estonia has signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in 1992 (9) and joined the International Union for Conservation of Nature (IUCN) in 2007 (10). There are no CITES or IUCN protected tree species naturally growing in Estonia.

7. <http://register.metsad.ee/avalik/>

8. <https://www.riigiteataja.ee/en/eli/517062015004/consolide>

9. <http://www.envir.ee/et/cites>

10. <http://www.envir.ee/et/iucn>

According to the Forestry Yearbook 2013 the wood, paper and furniture industry (503.5 million euro) contributed 21.6% to the total sector providing 3.3% of the total value added. Forestry accounted for 1.6% of the value added. In Estonia, it is permitted to access natural and cultural landscapes on foot, by bicycle, skis, boat or on horseback. Unmarked and unrestricted private property may be accessed any time and pick berries, mushrooms, medicinal plants, fallen or dried branches, unless the owner forbids it. On unmarked and unrestricted private property camping is allowed for 24 hours. RMK creates exercising and recreational opportunities in nature and in recreational and protection zones and provides education about the natural environment which are free to access. (11)

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

2.3 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 and start own FSC forest certification process. 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. Company also buys input secondary material from companies which are certified

2.4 Quantification of the Supply Base

Supply Base

- a. **Total Supply Base area (million ha):** 5,92
- b. **Tenure by type (million ha):** 2.89 (Public), 3.03 (Privately owned)
- c. **Forest by type (million ha):** 5.92 (Boreal)
- d. **Forest by management type (million ha):** 5.92 (Managed natural)
- e. **Certified forest by scheme (million ha):** 2.65 (FSC), 1.90 (PEFC)

Describe the harvesting type which best describes how your material is sourced: Clearcutting

Explanation: Maximum clear cut area accepted for Latvia case is 2 ha but if 10 retention trees per 1 hectare is left then allowable cutting area is 10 ha. 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.

Was the forest in the Supply Base managed for a purpose other than for energy markets? Yes - Minority

Explanation: The primary raw material has been procured from the Supply Base area and it consists of round wood/firewood. The raw materials are procured in well developed, free and open market with competition of other customers. Different assortments of raw materials are obtained from the logging. All companies of forest industry have public price lists for the assortments. The price lists reflect the solvency of the industry for different assortments. The price lists clearly indicate that logs and veneer logs are the most valuable assortments while firewood (e.g. for pellet production) is less valuable assortment. This information is derived from the documents and data submitted by suppliers and forest developers. According to the Latvian Ministry of Agriculture, 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 2,645 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. The forest industry has always been Latvia's export leader. About 71 % of forestry-sector output is exported. The foreign trade balance of the Latvian woodworking industry is positive, having reached EUR 1.7 billion in 2018. In 2018, the value of forest product exports was EUR 2.645 billion, 17 % higher than in 2017, while the value of forest products import was EUR 939 million. The main export destinations traditionally are the EU countries: the United Kingdom, Germany, and Sweden that together account for more than 40% of Latvia's wooden product exports.

For the forests in the Supply Base, is there an intention to retain, restock or encourage natural regeneration within 5 years of felling? Yes - Majority

Explanation: Requirement for governmental institutions such like state forest service are artificial regeneration is some specific forest types but also other types of forests are described where natural regeneration can be left.

Was the feedstock used in the biomass removed from a forest as part of a pest/disease control measure or a salvage operation? Yes - Minority

Explanation: Company used biomass from sanitary cuts.

Feedstock

Reporting period from: 01 May 2020

Reporting period to: 30 Apr 2021

- a. **Total volume of Feedstock:** 1-200,000 tonnes
- b. **Volume of primary feedstock:** 1-200,000 tonnes
- c. **List percentage of primary feedstock, by the following categories.**
 - Certified to an SBP-approved Forest Management Scheme: 1% - 19%
 - Not certified to an SBP-approved Forest Management Scheme: 60% - 79%
- d. **List of all the species in primary feedstock, including scientific name:** Picea abies (Spruce); Pinus sylvestris (Pine); Alnus glutinosa (Black alder); Alnus incana (Grey alder); Populus tremula (Aspen); Betula pendula (Birch); Betula pubescens (Downy Birch); Fraxinus excelsior (Ash tree);
- e. **Is any of the feedstock used likely to have come from protected or threatened species?** No
 - Name of species: N/A
 - Biomass proportion, by weight, that is likely to be composed of that species (%): N/A

- f. **Hardwood (i.e. broadleaf trees): specify proportion of biomass from (%):** 0,33
- g. **Softwood (i.e. coniferous trees): specify proportion of biomass from (%):** 99,67
- h. **Proportion of biomass composed of or derived from saw logs (%):** 0,00
- i. **Specify the local regulations or industry standards that define saw logs:** LVS 80:1997 Kokmateriālu sortimenti mežizstrādē
- j. **Roundwood from final fellings from forests with > 40 yr rotation times - Average % volume of fellings delivered to BP (%):** 48,00
- k. **Volume of primary feedstock from primary forest:** 0 N/A
- l. **List percentage of primary feedstock from primary forest, by the following categories. Subdivide by SBP-approved Forest Management Schemes:**
- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme: N/A
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme: N/A
- m. **Volume of secondary feedstock:** 1-200,000 tonnes
- Physical form of the feedstock: Chips, Sawdust
- n. **Volume of tertiary feedstock:** 0 N/A
- Physical form of the feedstock: N/A

Proportion of feedstock sourced per type of claim during the reporting period				
Feedstock type	Sourced by using Supply Base Evaluation (SBE) %	FSC %	PEFC %	SFI %
Primary	90,00	7,00	3,00	0,00
Secondary	98,00	2,00	0,00	0,00
Tertiary	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00

3 Requirement for a Supply Base Evaluation

Is Supply Base Evaluation (SBE) is completed? Yes

SBP biomass supply evaluation includes:

- primary wood (round wood)
- secondary wood (chips, sawdust after processing)

To Meža Birojs SIA which confirms the supplied primary feedstock for the production of biomass as SBP - compliant. The evaluation process use the SBP endorsed risk assessment for Latvija and Estonia.

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

4 Supply Base Evaluation

4.1 Scope

Feedstock types included in SBE: Primary

SBP-endorsed Regional Risk Assessments used: Latvia

List of countries and regions included in the SBE:

Country: Latvia

Indicator with specified risk in the risk assessment used:

2.1.1 The BP has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation value in the Supply Base are identified and mapped.

Specific risk description:

Company has procedure in place called 2_Procedura_riska izvertesana un LPS sistema_01_10_2020_v1_2 dd 01.10.2020 where mechanisms of verification of HCV areas are described using data basis OZols as basis and on site visits of certified and approved expert.

Risk minimisation measures are applicable to the following categories of raw material:

Ø Primary raw material supply from Latvian forest properties before logging and after logging, as well as during logging. Primary biomass cannot be qualified and is not applicable to such tree species as the oak, ash, maple, elm, fluttering elm, if their diameter at the stump exceeds 70cm;

Ø Secondary raw material supply. Supplier testing programme and selection criteria are described in the company SBE system procedure. General description of the testing programme:

Ø Suppliers submit information on the properties planned for logging, additional documents, and the volumes supplied are tested at the moment of delivery according to available databases to identify risks.

Ø Having assessed the location of the properties, regional nature value mapping, the presence of protected territories, and information on possible biotopes, a plan is designed and sites are selected for visiting.

Ø Together with the supplier or without their presence, properties are visited where biotopes are possible and nature values are shown in available databases.

Ø Property audits can be performed regardless of whether wood will be supplied from the plot or not.

Ø During an audit, general, expert-approved biotope and occupational safety surveys are applied.

Ø If during the surveying, a possible biotope, bird nest, or a historical and cultural object is found, an expert is immediately invited to provide a complete report. The result achieved by the supplier testing programme is that only such wood is received from suppliers which comes from production forests with low biological value, from properties without threatened nature values, where bird nests are surveyed and left intact, and where historical and cultural objects are preserved. An independent international audit company performs approved supplier compliancy assessment and verification. If during an audit it is found that a supplier has ignored a risk category determined by the audit, the SBE system effectiveness and risk assessment programme is reviewed. Additional property assessment is performed together with the proprietor. As a result of ineffective cooperation, further supply is discontinued.

Country: Latvia

Indicator with specified risk in the risk assessment used:

2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.

Specific risk description:

Procedure call 2_Procedura_riska izvertesana un LPS sistema_01_10_2020_v1_2 dd 01.10.2020 was established and description is made to identify such areas and further actions which must be done to avoid timber purchase in such territories.

Country: Latvia

Indicator with specified risk in the risk assessment used:

2.8.1 The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).

Specific risk description:

Company has procedure on place 2_Procedura_riska izvertesana un LPS sistema_01_10_2020_v1_2 dd 01.10.2020 where internal audit practice is described.

All suppliers which are not certified against PEFC or FSC scheme or has been delivered less than 150 m³ of timber are not subject of internal auditing but others are in 100% cases to define H&S issues risk low at the gates of port.

Audits are performed before logging, during or after logging. All the wood that is supplied or is going to be supplied to company, or for which information is provided as for planned forest properties from SBE NR-certified suppliers, is audited regardless of the location of the felling site. Property plots with signs of possible biotopes have priority, and all the logging teams of all suppliers are assessed in accordance with the company audit plan.

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.

Indices, as well as information given in risk indicators were not changed during risk assessment. Thus, the risk assessment report for Meza Birojs SIA is no different from the Regional risk assessment project for Latvia.

4.3 Results of risk assessment and Supplier Verification Programme

Risk assessment general country is 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 Conclusion

From **March 1, 2020**, 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, Meža Birojs SIA has confirmed all 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 all suppliers at the forest plot level to confirm the correspondence of all feedstock to SBP compliant material.

5 Supply Base Evaluation process

Meža Birojs SIA assessment of the SBP-compliant biomass is related to supplies from Latvia and Estonia, 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 tool 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 Anita Freija - Meža Birojs SIA board member -with 25 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 Cdirector Māris Pētersons who has 12 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 **May and June 2021**, SIA Meža Birojs 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 ~35

During the public consultation, the meetings with stakeholders face-to-face and both correspondence and telephone interviews are planned. Interview with experts such as M. Kalniņš, V. Kreile was done.

SBP risk assessment is available in the company's office.

6.1 Response to stakeholder comments

Description: Certified biotope expert Martins Kalnins

Comment: No comments are received

Response: No comments are received

7 Mitigation measures

7.1 Mitigation measures

Country: Latvia

Specified risk indicator: 2.1.1 The BP has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation value in the Supply Base are identified and mapped.

Specific risk description: Company has procedure in place called 2_Procedura_riska izvertesana un LPS sistema_01_10_2020_v1_2 dd 01.10.2020 where mechanisms of verification of HCV areas are described using data basis OZols as basis and on site visits of certified and approved expert.

Risk minimisation measures are applicable to the following categories of raw material:

Ø Primary raw material supply from Latvian forest properties before logging and after logging, as well as during logging. Primary biomass cannot be qualified and is not applicable to such tree species as the oak, ash, maple, elm, fluttering elm, if their diameter at the stump exceeds 70cm;

Ø Secondary raw material supply. Supplier testing programme and selection criteria are described in the company SBE system procedure. General description of the testing programme:

Ø Suppliers submit information on the properties planned for logging, additional documents, and the volumes supplied are tested at the moment of delivery according to available databases to identify risks.

Ø Having assessed the location of the properties, regional nature value mapping, the presence of protected territories, and information on possible biotopes, a plan is designed and sites are selected for visiting.

Ø Together with the supplier or without their presence, properties are visited where biotopes are possible and nature values are shown in available databases.

Ø Property audits can be performed regardless of whether wood will be supplied from the plot or not.

Ø During an audit, general, expert-approved biotope and occupational safety surveys are applied.

Ø If during the surveying, a possible biotope, bird nest, or a historical and cultural object is found, an expert is immediately invited to provide a complete report. The result achieved by the supplier testing programme is that only such wood is received from suppliers which comes from

production forests with low biological value, from properties without threatened nature values, where bird nests are surveyed and left intact, and where historical and cultural objects are preserved. An independent international audit company performs approved supplier compliancy assessment and verification. If during an audit it is found that a supplier has ignored a risk category determined by the audit, the SBE system effectiveness and risk assessment programme is reviewed. Additional property assessment is performed together with the proprietor. As a result of ineffective cooperation, further supply is discontinued.

Mitigation measure:

Risk mitigation measures are related to the following feedstock categories:

Ø supplies of primary feedstock from Latvian forest properties before logging and after logging as well as during logging;

Ø secondary feedstock suppliers;

Ø 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

Ø 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.

Ø Cadastre plots of the wood supplied are checked in Ozols to find the indication "Protected forest biotope may be present or environmental protection limitations established".

Ø Additional information, survey data are obtained from databases or forest proprietors, loggers.

Ø For all property plots that have the indication "Protected forest biotope may be present or environmental protection limitations established" an assessment in available databases is performed and/or the plots are physically visited in real life.

Ø For properties with the indication "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, a biotope expert is invited. 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. Primary wood extractions from private forest proprietors in Latvia are performed with all supply CA registers. Assessment is performed for all plots with the indication "Protected forest biotope may be present or environmental protection limitations established".

In the reporting period, ~13 forest property plot assessments have been performed and visits in real life have been made after and before logging.

Country:	Latvia
Specified risk indicator:	2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.
Specific risk description:	Procedure call 2_Procedura_riska izvertesana un LPS sistema_01_10_2020_v1_2 dd 01.10.2020 was established and description is made to identify such areas and further actions which must be done to avoid timber purchase in such territories.
Mitigation measure:	Risk mitigation measures are related to the following feedstock categories: - Ø supplies of primary feedstock from Latvian forest properties before logging and after logging as well as during logging; - Ø secondary feedstock suppliers; - Ø 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 - Ø 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. - Ø Cadastre plots of the wood supplied are checked in Latbio to find the indication "Protected forest biotope may be present or environmental protection limitations established". - Ø Additional information, survey data are obtained from databases or forest proprietors, loggers. - Ø For all property plots that have the indication "Protected forest biotope may be present or environmental protection limitations established" an assessment in available databases is performed and/or the plots are physically visited in real life. - Ø For properties with the indication "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, a biotope expert is invited. 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. As the result of last period no nests were identified via site visits. Totally identified 11 compartments were potential biotope exists. Biotope expert was sent to these compartments for review. As the result from 11 compartments 7 are identified as biotopes but rest 5 are still left on stump.

Country:	Latvia
Specified risk indicator:	2.8.1 The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).
Specific risk description:	Company has procedure on place 2_Procedura_riska izvertesana un LPS sistema_01_10_2020_v1_2 dd 01.10.2020 were internal audit practise is described. All suppliers which are not certified against PEFC of FSC scheme or has been delivered less then 150 m3 of timber are not subject of internal auditing but others are in 100% cases to define H&S issues risk low at the gates of port. Audits are performed before logging, during or after logging. All the wood that is supplied or is going to be supplied to company, or for which information is provided as for planned forest properties from SBE NR-certified suppliers, is audited regardless of the location of the felling site. Property plots with signs of possible biotopes have priority, and all the logging teams of all suppliers are assessed in accordance with the company audit plan.
Mitigation measure:	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 98% of all supplies are made with forest machinery. 5 labour safety audits of loggers and their subcontractors, service providers, have been performed (the majority of the properties are logged using machinery).
Country:	Estonia
Specified risk indicator:	2.1.2 The BP has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.
Specific risk description:	According to procedure 2_Procedura_riska izvertesana un LPS sistema_01_10_2020_v1_2 company do internal audits at such suppliers to verify if timber is not coming from protected areas. Self - declaration is the basis of such deals as well as agreements.
Mitigation measure:	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. Internal audit at supplier is also done.

7.2 Monitoring and outcomes

Accepting the wood of all suppliers with cutting licenses that meets the origin criteria, the company during the annual review has found that suppliers are not forced to select and specify the CA number and submit a CA 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 period the number of indications with the reference “Protected forest biotope may be present or environmental protection limitations established” has decreased.

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

8 Detailed findings for indicators

Detailed findings for each Indicator are given in Annex 1 in case the Regional Risk Assessment (RRA) is not used.

Is RRA used? Yes

9 Review of report

9.1 Peer review

Peteris Kaleinikovs , biotope expert. Graduate forestry engineer (Mg.sc.ing.), Member of the International nature group FSC Latvia, species and habitat expert. Certifacate Nr.155.

9.2 Public or additional reviews

The public version of the supply base report in English language is publicly available at SIA Meža Birojs office for interested parties. After familiarization with the report, comments and clarifications can be sent to anita@mezabirojs.lv

10 Approval of report

Approval of Supply Base Report by senior management			
Report Prepared by:	Māris Pētersons	Director	04 Jun 2021
	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:	Anita Freija	Board Member	04 Jun 2021
	Name	Title	Date

Annex 1: Detailed findings for Supply Base Evaluation indicators

N/A