

Biomass Producer

SIA “AVOTI SWF”
Supply Base Report



Version 1.2 June 2016

For further information on the SBP Framework and to view the full set of documentation see www.sustainablebiomasspartnership.org

Document history

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1 Overview

On the first page include the following information:

Producer name: **“AVOTI SWF” SIA**

Producer location: **“Avoti”, Lizums, Gulbene’s region, Latvia, LV4425**

Geographic position: 57.194944, 26.374747

Primary contact: Janis Misins, phone: +371 26540255; email: janis.misins@avoti.lv

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

Date report finalised: December 1, 2017.

Close of last CB audit: [Date and location of the closing meeting CB]

Name of CB: NEPCon SIA

Translations from English: yes

SBP Standard(s) used: SBP Standard 2-V1.0; SBP Standard 4-V1.0.; SBP Standard 5-V1.0 (instructions documents 5A; B; C V1.1.)

Weblink to Standard(s) used: <http://www.sustainablebiomasspartnership.org/documents>

SBP Endorsed Regional Risk Assessment: not applicable

Weblink to SBE on Company website: http://www.avoti.lv/lv/sbp_eng.pdf

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

2 Description of the Supply Base

2.1 General description

AVOTI SWF SIA receives the most part of feedstock from Latvia as round wood and wood residues after processing as well as a small part of feedstock from Lithuania; Estonia, Sweden; Finland indirectly after wood processing as tertiary feedstock.

SBP-controlled primary feedstock: 45,8 % (from ~ 9 suppliers)

SBP-controlled secondary feedstock: 28,02 (from ~ 7 suppliers)

SBP- controlled tertiary feedstock: 0 %

SBP-compliant primary feedstock: 9,60 % (from ~ 8 suppliers)

SBP-compliant secondary feedstock: 16,58 % (from ~ 8 suppliers)

SBP-compliant tertiary feedstock: 0 %

SBP-noncompliant feedstock: 0 %

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

Information about LATVIAN forest resources

Forests in Latvia cover 3,01 million ha (State forest service, Public report, 2016). According to the data of the State forest service (regarding the areas under consideration, which are subject to economic activity regulated by the Forest Law), the forest land territory occupies 51 % (the percentage of the forest land area (3,32 million ha) to the total area of the State territory) (State forest service, Public report, 2016. In Latvia, the State owns the forest, area of which is 1,48 million ha (49 % of the total forest area), while the total area of forests of other owners is 1,52 million ha (51 % of the total forest area) (State forest service, Public report, 2016). The number of private forest land owners in Latvia is about 144 thousand.

The area occupied by forests is increasing. The increase in forest areas occurs both naturally and artificially by afforestation of barren and non-agricultural land.

Wood production in the last decade in Latvia varies from 9 to 13 million cubic meters (the State forest service: vmd.gov.lv, 2017).

Forest lands consist of:

- forests: 3,01 million ha (90,7 %);
- marshes: 0,17 million ha (5.1 %);
- clearings: 0,032 million ha (0,96 %);
- flooded territories: 0,015 million ha (0.5 %);

- infrastructure facilities: 0,062 million ha (1.9 %);
- other land: 0,016 million ha (0,5 %).

(the State forest service: vmd.gov.lv, 2017)

Breakdown of forests by dominant species:

- Pine: 34 %
- Spruce: 18.0 %
- Birch: 30 %
- Black alder: 3 %
- White alder: 7 %
- Aspen: 7 %
- Oak: 0.3 %
- Ash: 1 %
- Other species: 0.1 %

(the State forest service, Public report, 2016)

Share of tree species in forest renewal, breakdown by area (2016):

- Pine: 18 %
- Spruce: 18 %
- Birch: 29 %
- White alder: 13 %
- Aspen: 18 %
- Other species: 4 %

(the State forest service: vmd.gov.lv, 2017)

Wood extraction according to types of cutting, breakdown by volume of production (2016):

- Final harvest: 80 %
- Thinning: 13 %
- Sanitary cutting: 5 %
- Deforestation cutting: 1 %
- Other types of cutting 1 %

(the State forest service: vmd.gov.lv, 2017)

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). Management of the State-owned forests is ensured by JSC Latvijas valsts meži, established in 1999. 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).

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 2016 was 42600 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 micro-lowlands 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, protection zones of the Baltic Sea coastal dunes, protective zones around cities, forests in administrative territories of cities, etc. 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]).

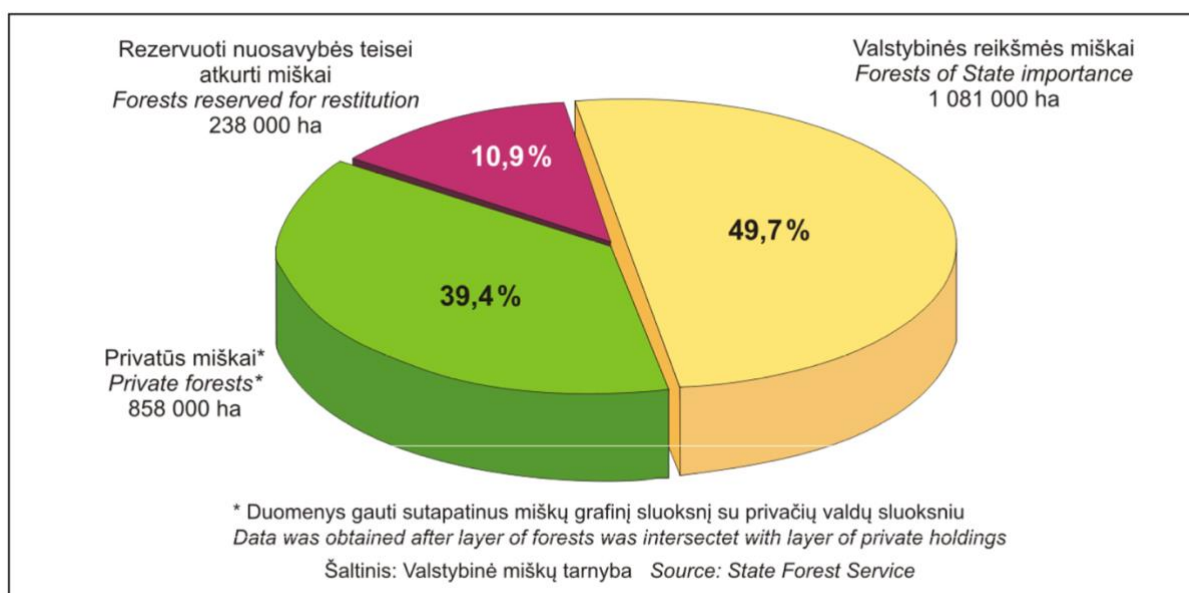
CERTIFICATION

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.

Information about LITHUANIAN forest resources

Agricultural land covers more than 50 % of Lithuania. The forested land occupies about 28 % or 2.18 million ha, while the land classified as forest occupies about 30 % of the total land area. The south-eastern part of the country is most heavily forested, and here forests cover about 45 % of the land. The total land area belonged to the State forest enterprises is divided into forest and non-forest land. Forest land is divided into forested and non-forested land. The total value added in the forestry sector (including manufacture of furniture) reached LTL 4.9 billion in 2013 and was 10 % higher than in 2012.

FOREST LAND BY OWNERSHIP 01.01.2014



Forest land is divided into four protection categories: reserves (2 %), ecological category (5.8 %), protected category (14.9 %) and commercial category (77.3 %). All types of cuttings are prohibited in reserves. Clear

cuttings are prohibited in national parks, while thinning and sanitary cuttings are allowed there. Clear cutting is permitted, however, with certain restrictions, in protected forests; and thinning as well. Almost no restrictions as to logging methods exist in the forests of commercial category.

Lithuania has signed the CITES Convention in 2001. CITES requirements are respected in forest management, although there are no species included in the CITES lists in Lithuania.

Lithuania is situated within the so-called mixed forest belt with a high percentage of broadleaves and mixed conifer-broadleaved stands. Most of the forests – especially spruce and birch – often grow in mixed stands. Pine forests are the most common type of forests, covering about 38 % of the woodland. Spruce and birch forests account for 24 % and 20 % respectively. Alder forests occupy about 12 % of the forest area, which is a relatively high figure that indicates the moisture level on specific sites. Oak and ash account for about 2 % of the forest area each. The area occupied by aspen stands is almost 3 %.

The growing stock in Lithuanian forests is about 180 m³ per hectare. In nature stands, the average growing stock in all Lithuanian forests is 244 m³ per hectare. Total annual growth is almost 11,900,000 m³ and the average annual wood increase has reached 6.3 m³ per hectare.

The expected annual logging volume is 5.2 million m³, 2.4 million m³ of which are sawn wood and the remaining 2.8 million m³ are small dimension wood for production of paper pulp or boards or for using as firewood. The calculations refer to the nearest 10-year period. If more intensive and efficient forest management systems are implemented, successful growth should be achieved.

Certification of all State forests in Lithuania is performed according to the FSC (Forest Stewardship Council) certification system. The audit of this certification confirms the fact that Lithuanian State forests are managed responsibly, in compliance with the requirements of protection and conservation of biodiversity. (Source: <http://www.fao.org/docrep/w3722e/w3722e22.htm>)

ESTONIA forest resources

Estonia is a member of the European Union since 2004. The Estonian legislation is in compliance with the EU's legislative framework and directives. National legislative acts make references to the international framework. All legislation is drawn up within a democratic system, subject to free comment by all stakeholders¹. The Estonian legislation provides strict outlines in respect to the usage of forestry land and the Estonian Forestry Development Plan 2020² 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

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 no. 909 OE 15. February 2011.a
http://www.envir.ee/sites/default/files/elfinder/article_files/mak2020vastuvoetud.pdf

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 represents 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 does not exceed the annual increment and gives the potential to meet the long-term the economic, social and environmental needs. According to the Forestry Development Plan 2012-2020 the sustainable cutting rate is 12-15 mil ha per year.

³ <http://www.rmk.ee/organisation/operating-areas>

⁴ <http://www.rmk.ee/organisation/environmental-policy-of-rmk/certificates>

⁵ <http://www.fao.org/forestry/country/32185/en/est/>

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

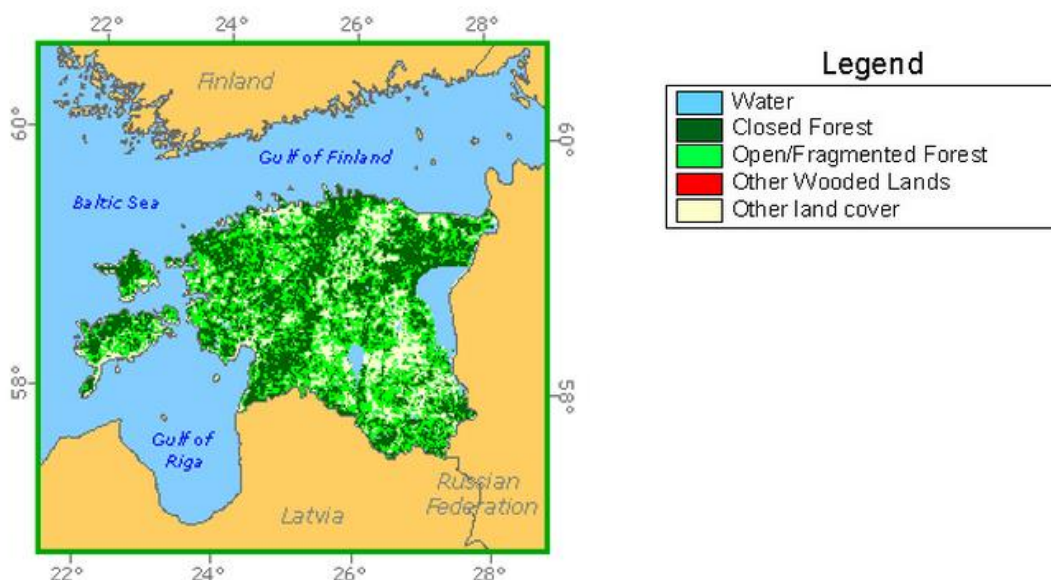


Figure 1. Forest cover of Estonia (FAO: <http://www.fao.org/forestry/country/en/est/>).

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

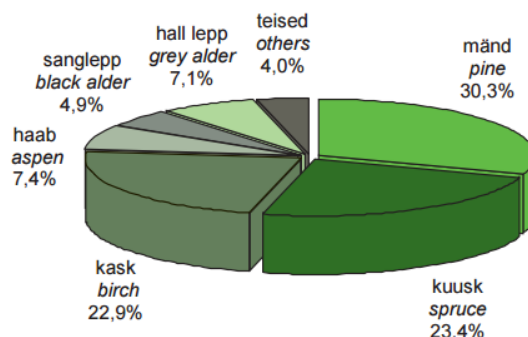


Figure 2. The distribution of growing stock by tree species (Yearbook Forest 2013).

For logging in any type of forest, it is required that a valid forest inventory or forest management plan, along with a felling permit issued by the Environmental Board, is available. All issued felling permits and forest inventory data is available in the public forest registry online database⁷.

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 are located on state property. The main regulation governing the preservation of biodiversity and the sustainable use of natural resources is the Nature Conservation Act⁸. Estonia has signed the Convention on International Trade in Endangered Species of Wild

⁷ <http://register.metsad.ee/avalik/>

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

Fauna and Flora (CITES) in 1992⁹ and joined the International Union for Conservation of Nature (IUCN) in 2007¹⁰. There are no CITES or IUCN protected tree species naturally growing in Estonia.

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

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

SWEDEN forest resources

Sweden is parliamentary constitutional monarchy that joined EU in 1995.

The Swedish Forest Agency is the national authority responsible for matters relating to the forest. It strives to ensure that the nation's forests are managed in such a way as to yield an abundant and sustainable harvest while at the same time preserving biodiversity. The Agency also strives to increase awareness of the forest's significance, including its value for outdoor recreation. The Agency has offices throughout the country. Its most important tasks are to give advice on forest related matters, supervise compliance with the Forest Act, provide services to the forest industry, support nature conservation efforts and conduct inventories.

Sweden has Europe's second biggest afforested area after Russia. Sweden's productive forests cover about 23 million hectares. However, if this area is calculated according to international forest land definitions, it is 27 million hectares. Spruce and pine are by large the predominant species in Swedish forests. These two species count more than 80 % of the timber stock. In northern Sweden pine is the most common species, whereas, spruce, mixed with some birch, dominates in southern Sweden.

Due to effective and far-sighted forest management, the timber stock in Sweden has increased by more than 60 % in the last hundred years and it is now 300 million m³. In recent years felled quantities have been between 85 and 90 million m³, whereas annual growth amounts approximately to 120 million m³.

The amount of protected forests in Sweden amounts to circa 1.9 million hectares. A great extent, about 90 % of these forests are the kind of forests in which minor interventions are allowed. The share of strictly protected forests, where no human interventions are allowed is 0.3 % from the forest area. National parks, nature reserves and nature conservation areas cover an area of 4.2 million hectares, i.e. 10 % of Sweden's

⁹ <http://www.envir.ee/et/cites>

¹⁰ <http://www.envir.ee/et/iucn>

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

land area. There are at least 220.00 hectares of protected forests which still in terms of forest growth are productive. In addition, there are about 12.000 hectares of protected habitat types and 25.000 hectares of wood land set aside and protected by environment conservation agreements. Large forest areas are also protected through forest owners' voluntary activities. Sweden signed the Convention on International Trade in Endangered Species of Wild Fauna and Flora in August 1974 and the convention entered into force in July 1975. Sweden has also established an IUCN National Committee.

Private forest owner families hold about 50 % of Swedish forests, privately owned forestry companies about 25 % and the State and other public owners have the remaining 25 %. The ownership of forests in Sweden varies between regions. In Southern parts of the country forests are mainly owned by private persons whereas in Northern Sweden companies own more significant amounts of forests.

80 % of the Swedish forest land is certified under either the FSC or under PEFC certification schemes. FSC certified forests amount to 10.2 million hectares and PEFC certified to 7.5 million hectares. Of the total 7.5 million hectares certified under the PEFC scheme, 3 million hectares are family owned.

FINLAND forest resources

Finland is a Parliamentary Republic that is a member of the EU since 1995.

The Forest Act regulates the felling of timber in Finland. Regional Forestry Centres control the implementation of the forestry legislation and accept forest use declarations in which forest owners inform about the stand characteristics, intended measures, regeneration and ecological concerns on the site before the felling can take place. Regional Environment Centres control the implementation of Nature Conservation Act. The Finland's National Forest Programme also states the importance of legal wood and lists measures to promote sustainable wood and to control illegal logging both nationally and internationally.

The forest area of Finland is 22 million hectares. Different types of conservation areas cover over 3 million hectares (14.5 % of the forest area). Strictly protected areas, which are beyond any economic activity, cover 10 % of the forests.

Private forest owners (mostly families) own the majority (60 %) of Finnish forests. The owner of the forest sells the timber which means that the obtaining logging authorisation through bribes does not exist in Finland. Owner needs to get acceptance for forest use declaration from regional forest centres. The state owns 26 percent of the Finnish forests, private industries, such as forest companies nine and other bodies five percent

The state forests are mainly situated in the north of Finland, and 45 percent of them are under strict protection. State lands are managed by Metsähallitus. Certification is voluntary for the forest owner however around 95 % of Finnish commercial forests have been certified under the PEFC certification system (Programme for Endorsement of Forest Certification). Certification criteria are stricter than decrees or

legislation, which means that in practice, certification determines the standard of silviculture in Finland. Some Finnish forests have also been certified under the Forest Stewardship Council (FSC). The area of these forests is slightly below 2 percent of Finnish forests.

Approximately 90 % of the forest base is PEFC Forest Management certified and approximately 10 % of the forest base is FSC Forest Management certified.

According to a report by UNECE the amount of illegal logging in Finland is negligible. An extensive national forest inventory, national forest programme and regional forest programmes, widely spread individual forest management plans and large share of private non-industrial ownership of forests contribute to almost non-existence of markets for illegal timber and negligible amount of illegal logging in Finland.

Finland joined CITES in 1976. Nowadays the national legislation for the implementation of CITES and relating EU regulations is the Nature Conservation Act (1096/1996), which came into force in the 1st of January 1997. IUCN National Committee of Finland was approved by IUCN Council in 1999.

The forest sector is one of key supporters of Finland's economy. In 2011, it employed directly about 70,000 people in Finland, which was 2.8 percent of all employees. One fifth of Finland's export income comes from forest industries. More than 60 percent of the value added generated by the forest industries came from pulp and paper industries and the rest wood products industries in 2011. Regionally, the importance of the forest sector is largest in south-eastern corner of Finland and in Etelä-Savo and Central Finland regions, where the sector produces some ten percent of the regional GDP.

Similar to Estonia Finland has a relatively rare concept of Everyman's rights (Jokamiehenoikeus) which gives everyone, Finns and other nationalities alike, the right to move freely outdoors. Picking berries and mushrooms is permitted even on privately owned land thus free forest access provided, in addition to products for local or family consumption, income-earning opportunities for those who sell non-wood forest products. Everyman's right has traditionally been exercised with due concern for the environment and common courtesy to the landowner or those living in the vicinity.

A group considered as an indigenous people in Finland is the Sámi. Their rights have been secured in many laws e.g. the Constitution, the Sámi Parliament Act, the Act on the Finnish Forest and Park Service and the Act on Reindeer Husbandry. The Sámi Parliament is the supreme political body of the Sámi in Finland. The Sámi Parliament represents the Sámi in national and international connections, and it attends to the issues concerning Sámi language, culture, and their position as an indigenous people. The Sámi Parliament can make initiatives, proposals and statements to the authorities. The Sámi Parliament Act also states that the authorities have an obligation to negotiate with the Sámi Parliament for all important measures that concern the Sámi people. These include for example the use of state land and conservation areas.

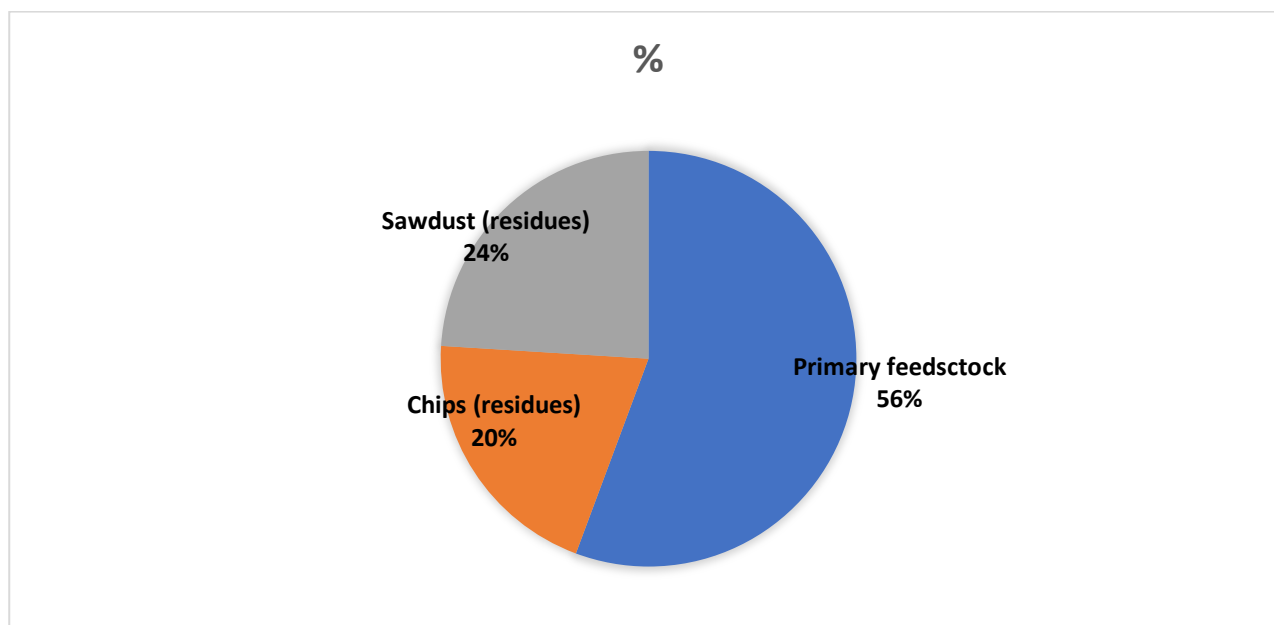
2.2 Actions taken to promote certification amongst feedstock supplier

For the production of SBP pellets are used FSC and PEFC certified supplier material 25-30 %. The company policy is to give a preference to certified suppliers. Raw material (sawdust) consists of wood waste from main production of suppliers. Therefore, uncertified and new suppliers are invited to certify their base production and get benefit from residues. During preparation for SBP certification, the company has increased the share of FSC-certified or SBP compliant raw materials from 20-30 %, and the management of the company has decided to increase procurement of *FSC and PEFC certified* materials by more than 90 % till December 2018.

2.3 Final harvest sampling programme

The proportion of biomass quantity as primary raw material after final felling is about 55,68 % compared to quantity of other raw material assortment. 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

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



2.5 Quantification of the Supply Base

Provide metrics for the Supply Base including the following. Where estimates are provided these shall be justified.

Supply Base

Total Supply Base area (ha): ~ 52456477 ha cumulative area of all forest types within SB

Tenure by type (ha): ~33961661 ha privately owned / ~ 18494816 ha public / community concession

Forest by type (ha): ~ 41 % temperate; 59 % Hemi boreal

Forest by management type (ha): ~ 52456477 ha managed natural / natural

Certified forest by scheme (ha): 34889000 ha of FSC and 12590000 ha PEFC-certified forest)

Feedstock

- Total volume of Feedstock: 250 000 - 300 000 m³
- Volume of primary feedstock: 150 000 - 200 000 m³
- List percentage of primary feedstock. Subdivide by SBP-approved Forest Management Schemes:
 - Certified to an SBP-approved Forest Management Scheme – 18 %
 - Not certified to an SBP-approved Forest Management Scheme – 0 %
- List all species in primary feedstock, including scientific name:

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

- e. Volume of primary feedstock from primary forest – 0 %
- f. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme - 0 %
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme - 0 %
- g. Volume of secondary feedstock: 32300 berm3 of sawdust and chips (residues at sawmills) as production waste
- h. Volume of tertiary feedstock: 0 tonnes

3 Requirement for a Supply Base Evaluation

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

The SBE system of the Organisation is not finished and is not ready at the moment. As soon as SBE system implementation is time consuming and needs long term preparation and Organization is having a share of the FSC certified (SBP-compliant) feedstock entering their production already, it was decided to divide certification process into 2 parts: a) SBP assessment without SBE; b) scope expansion assessment, after SBE system is completed. It is planned that SBE evaluation will take place after 2 months from the main assessment.

4 Supply Base Evaluation

Not applicable

4.1 Scope

Not applicable

4.2 Justification

Not applicable

4.3 Results of Risk Assessment

Not applicable

4.4 Results of Supplier Verification Programme

Not applicable

4.5 Conclusion

Not applicable

5 Supply Base Evaluation Process

Not applicable

6 Stakeholder Consultation

Not applicable

6.1 Response to stakeholder comments

Not applicable

7 Overview of Initial Assessment of Risk

Not applicable

8 Supplier Verification Programme

Not applicable

8.1 Description of the Supplier Verification Programme

Not applicable

8.2 Site visits

Not applicable

8.3 Conclusions from the Supplier Verification Programme

Not applicable

9 Mitigation Measures

Not applicable

9.1 Mitigation measures

Not applicable

9.2 Monitoring and outcomes

Not applicable

10 Detailed Findings for Indicators

Not applicable

11 Review of Report

11.1 Peer review

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

The report was sent for review to:

Jānis Rozītis – CEO and Forest Programme Manager, Pasaules Dabas Fonds (WWF associated partner in Latvia) – experience in sustainable forestry practice, assessment:

The base supply report includes a general description of the base supply forest management, offering an insight into the governance of the forest sector, and describes the measures implemented to ensure biological diversity and social needs in the forest. The information provided in the report is current and corresponds to the information sources used.

The company's decision to configure a procurement of timber raw materials originating from forest managed in accordance with the requirements of the FSC forest management certification standard is commendable. It is recommended that the company should increase the proportion of procurements of timber raw materials sourced from forest managed in this way.

Realizing the huge degree to which protection of biological diversity and social needs are relevant to forest management in Latvia, the employees responsible within the company need to develop their knowledge of environmentally friendly and socially responsible forest management, which is also required through the introduction at the earliest opportunity of the SBE system, as well as developing a supervisory system and conducting audits at site where the timber resources of raw materials suppliers are produced.

11.2 Public or additional reviews

The public version of the supply base report in the Latvian and English languages is publicly available at http://www.avoti.lv/lv/sbp_eng.pdf for interested parties. After familiarization with the report, comments and clarifications can be sent to arnita.apine@avoti.lv

31, 2018 - 200 000 - 350 000 tones

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Arnita Apine 	Quality Manager	04.12.2017.
	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:	Uldis Misins 	Chairman of the Board	04.12.2017.
	Name	Title	Date
Report approved by:	Janis Misins 	Key Account Manager	04.12.2017.
	Name	Title	Date

13 Updates

Note: Updates should be provided in the form of additional pages, either published separately or added to the original public summary report.

13.1 Significant changes in the Supply Base

Provide a description of any significant changes to the supply base.

13.2 Effectiveness of previous mitigation measures

For each mitigation measure identified during the evaluation, give a detailed account of whether the measures were shown to be effective or not.

13.3 New risk ratings and mitigation measures

Provide an update of risk ratings for all relevant Indicators.

13.4 Actual figures for feedstock over the previous 12 months

The company has started its operation from August 2017. Total purchases until October 31, 2017 – 15000 m3 roundwood, 33000 berm3 sawdust and chips.

13.5 Projected figures for feedstock over the next 12 months

Project data for a new plant from January 1 – December 31, 2018 - 200 000 - 350 000 tones